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# BUSINESS CASE STUDY

## Illawarra International Health Precinct

### Business Case Study



**THE BUSINESS PLANNING GROUP  
MANAGEMENT CONSULTANTS  
SYDNEY — CANBERRA**

25 August 2008

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*Nothing in the world can take the place of persistence. Talent will not; nothing is more common than unsuccessful men with talent. Genius will not; unrewarded genius is almost a proverb. Education will not; the world is full of educated derelicts. Persistence and determination alone are omnipotent. The slogan “Press On” has solved and always will solve the problems of the human race*

**Calvin Coolidge**  
**30<sup>th</sup> President of the United States (1872 – 1933)**



## Preface

25 August 2008

### **Report initialisation**

The Business Planning Group was commissioned by La Vie Developments Pty Limited (Dr Brett Gooley) to develop a Business Case Study which evaluated La Vie's proposal to establish a State-of-the-Art Tertiary Private Referral Hospital in the Illawarra Region.

### **The Brief**

The brief was to review three major independent feasibility studies which generated the key elements of the Business Case for the establishment of the Private Hospital. These studies were commissioned by La Vie to meet the requirements of the various authorities, including The NSW Department of Planning, NSW Health Department, Local Government and other NSW Regulatory Authorities and in support of their assessment of the application by La Vie to develop their proposed Private Tertiary Referral Hospital. These independent studies will accompany this Business Case Study in support of La Vie's Application.

### **Business Case Method of approach**

This Business Case Study reviews the key elements of the project; assumptions, constraints, forecasts, outcomes and all other key findings of the independent feasibility studies; and comments on the viability and value of the development proposal in terms of the key decision-making variables, which will be considered by the various planning authorities in their deliberations.

### **Who is The Business Planning Group**

The Business Planning Group is a Management Consultancy specialising in assignments in and around the Process of Management, with a particular focus on the development of strategic and operational plans. Our experience has been gained across a wide range of sectors and industries and our Sydney and Canberra Principals have more than 20 years consulting experience in both private and public sectors. Both Principals are Certified Management Consultants, the highest grade of membership of the Institute of Management Consultants.

This review was undertaken by Ivan Watt, Principal Consultant of the Sydney office of The Business Planning Group. A brief CV is attached at Section 9 of this document.

Our summary and conclusions in respect of the Proposed Illawarra International Health Precinct are set out at the conclusion of this Business Case Study

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# **BUSINESS CASE STUDY**

## **Illawarra International Health Precinct**

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### **1. Introduction**

#### **1.1 Background**

In late 2005, La Vie Developments Pty Ltd (Dr Brett Gooley) purchased land fronting the Illawarra Highway and Tullimbar Lane in the Illawarra with the aim of developing a major private hospital and health care campus. Following advice by the NSW Department of Planning to lodge a rezoning application, a submission to that effect was lodged with Shellharbour City Council, which subsequently resolved not to approve the application on grounds relating to the flood-prone nature of the site, and traffic issues.

Subsequently, Dr Gooley investigated alternative sites which would fulfill the necessary criteria, and purchased a site adjacent to the existing suburb of Penrose. This site is described as Lot 22 DP607750 and Lot 4 DP258024 situated on the corner of Avondale and Huntley Roads, Huntley. The site is quite large, totaling some 10.5 Hectares.

#### **1.2 Reports commissioned in support of the Planning application**

To meet the requirements of the NSW Departments of Planning, Health and other relevant Regulatory Organisations, La Vie determined that it needed to commission independent feasibility analyses which addressed the core requirements, in order to develop and validate the Business Case. These included;

1. A review of the Physical Environmental and Socio-Economic variables impacted by the project.
2. An Epidemiological Analysis of Private Hospital Development Opportunities in the Illawarra region, and
3. A suite of Financial Feasibility Studies covering all planned activities and units of the proposed hospital.

La Vie also appointed Mr Michael Wilkinson, Principal Consultant of Illawarra Regional Development Pty Ltd as Project Manager, to handle the day to day promotion and implementation of the project including liaison with the other consultant and professional organisations involved in the project planning.

## 1.3 Report #1: Preliminary Environmental Assessment undertaken by Cardno Forbes Rigby

### 1.3.1 Background

In June 2006, La Vie commissioned Cardno Forbes Rigby to provide an objective review of all key environmental factors relevant to the development of a hospital and health precinct on the original site at Tullimbar Lane. When this project failed to proceed, Dr Gooley briefed Cardno Forbes Rigby (CFR) to undertake a fresh Preliminary Environmental Assessment on the new site at Huntley, described above.

### 1.3.2 Recent project developments

During June 2008, Dr Gooley and the project team met with representatives of Department of Planning and Wollongong City Council to discuss the project. The outcome of this meeting was most positive, and La Vie were encouraged to lodge a Clause 6 application with the Department of Planning seeking a declaration from the Minister for Planning for the major project status.

- ☐ The declaration was received on 20 June 2008 **confirming the Major Project Status** and is included at Appendix A in the CFR report.

Due to the scale of the proposed development, La Vie is seeking Consent approval for the master-planning of the project. The Concept Approval will be followed by individual Project Applications / Project Approvals for each stage. Cardno Forbes Rigby were then commissioned to undertake the development of a *Preliminary Environmental Assessment (PEA)* to support a Concept Application for the proposed development at the Huntley site. CFR has assessed all relevant environmental impacts of the project and their compliance with all necessary environmental planning considerations.

### 1.3.3 The Following direct extract from the Cardno Forbes Rigby report summarises the key elements from their reports' Executive Summary.

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#### Physical Land use Constraints

**Cardno Forbes Rigby has reviewed all known physical constraints affecting the site and mapped such constraints using its GIS database. The results of such investigation show that:**

- \* The subject site is not constrained by contamination, instability, significant vegetation, bushfire impacts and riparian corridors.
- \* An existing easement traverses the site. We are investigating the opportunity to relocate the power lines underground and utilise the easement land for non structural development.

- \* The subject site has a considerable frontage to Huntley and Avondale Roads, which offer flexibility in the location and design of access.
- \* The majority of the subject site is relatively level and appropriately designed structures can address the topography to minimise impacts on existing views and vistas.
- \* The subject site is located within 2.5km from existing Regional Centre and railway station at Dapto. Dapto provides a range of commercial, community and retail services to service the current and future population. The railway line provides current services to enable interstate and intrastate patient arrivals.
- \* The location of the subject site is ideal to service the current population and the emerging growth corridor of West Dapto. Existing and immediate populations in the Illawarra, Shoalhaven, Eurobodalla, South Coast and Southern Highlands are also conveniently serviced by this proposal.
- \* The proposal is consistent with the objectives of the Illawarra Regional Strategy and provides the needed health services and employment within the Region over time.

[CFR recommendation is that “...**The site is well suited to the proposed use.**]

## **Net Public Benefits**

**The proposal will result in a number of significant public benefits, including:**

- \* Approximately 3,500 direct jobs and significant numbers of other support service role including upfront construction and ongoing maintenance roles.
- \* Provision of 280 needed aged care places (high dependency care) including separate care facilities for dementia.
- \* Proposed aged care facilities and research will increasing help address the issue of an aging population and Region as a retirement destination.
- \* Creation of strong links with the University of Wollongong for medical students and post graduate medical ensuring cutting edge medical deliveries through education and research.
- \* State of the art technology and procedures will be accommodated and further improve the range and quality of health services in the region.
- \* Provision of a private referral hospital that lessens the burden on the public system which is also coping with private patients.
- \* Provision of an additional casualty and emergency facility with a dedicated ambulance facility.
- \* The proposed facilities will provide services to increasing numbers of people with private health care insurance and seeking a quality private health service.
- \* The proposal will reduce overcrowding in public hospitals and work to meet increasing demands through significant population growth.
- \* Opportunity to meet private health care demands as the region expands and numbers of people with health care insurance increases.
- \* Helps reverse the trend of health care provision in metropolitan areas as opposed to the regional provision where it is required.
- \* Wollongong TAFE association for nurse and Trade apprenticeship and education.



## Project Justification

**The Illawarra Region and adjoining regions such as the Southern Highlands, South Coast Region and parts of South Western Sydney will benefit from the proposal.**

**Key justifications for the proposal include:**

- \* The Illawarra and South Coast Regions have an undersupply of hospital beds (currently there are only 100 beds servicing the region).
- \* Both regions have bed occupancy levels that indicate hospital overcrowding.
- \* Existing private hospital bed numbers have not increased significantly over the last 16 years, despite increased private health insurance (47.6% of residents in Illawarra) and increased private hospital procedures.
- \* Hospital bed licensing will soon be deregulated removing the existing bed cap and allowing increased participation in the health system by private organisations.
- \* The existing burden on the public system will be relieved and future growth accommodated without the need to provide extensive new public infrastructure.
- \* The proposed staging and integration of Day Procedural Facilities will avoid the ongoing commercial difficulties experienced by the existing private hospitals.
- \* The proposal will capture much of the existing 8800 plus Illawarra residents leaving the region for treatment elsewhere.
- \* Specialist treatment in the demand areas of Cardiology, pulmonary rehabilitation will significantly improve the quality of health care in the region.
- \* The Illawarra has the lowest number of GPs in the SESIAHS. The proposal will attract and retain general and specialist practitioners and provide ongoing opportunities for graduates in medicine from University of Wollongong.

## Recommendations

**The Cardno Forbes Rigby Report has Recommended the following action:**

*It is recommended that La Vie Development*

- *Lodge this PEA as an initial application for the part 3A process, to support the proposed Illawarra International Health Precinct project.*
- *Request the Department of Planning to issue a set of Director General's Requirements to guide the preparation of the full Environmental Assessment as part of the Concept Application.*

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### 1.3.4 Cardno Forbes Rigby Credentials

- \* Cardno Forbes Rigby is a major, multidisciplinary professional services firm with an operating track record with origins dating back over 60 years. The firm operates world-wide and has 27 national and international offices.
- \* Cardno delivers a wide range of professional engineering services and international development assistance capabilities.

- \* Cardno partners with a diverse range of clients in both the public and private sector to deliver effective and comprehensive solutions in the areas of Physical and Social Infrastructure. Forbes Rigby
- \* Cardno acquired Forbes Rigby in April 2006. Established in 1970, Forbes Rigby has been highly regarded in the Illawarra with a loyal and diverse client base servicing the property development, mining, heavy industry, government and infrastructure sectors.
- \* Forbes Rigby is well known for its innovation and commitment to excellence, being the first New South Wales engineering firm to achieve AS/NZS ISO: 9001:2000 Quality Assurance certification. In addition it was awarded the Institution of Engineers, Australia “Engineers Excellence Award” for the refurbishment of the 150 year old Wollongong Lighthouse.

## **1.4 Report #2: Hardes & Associates Epidemiological Analysis of Private Hospital opportunities in the chosen location**

Hardes & Associates, the leading Hospital Modelling Company in Australia, were commissioned by La Vie to undertake a review and analysis of market opportunities including the extent of unmet demand for private hospital services in the region, and research the potential to establish a Major Private Tertiary Hospital in the Illawarra as part of an overall health precinct.

**This feasibility study was conducted in three parts, the summary conclusions and findings of which are detailed in Section 6.1 of this Business Case Study.**

The findings of Hardes and Associates are based on a very strong and positive methodological approach to the forecasting of demand for such a facility as well as the clinical justification for the development to proceed. They were surprised at the magnitude of the unmet demand, and the numerous flow-on effects which would beneficially and synergistically impact the prospective private hospital, as each of the stages of development were put in place.

The decision of La Vie to undertake this project in a phased approach, perhaps over a 15 year time frame, will contribute significantly to the likely economic and socio-demographic benefits which will flow to the stakeholder groups in the Illawarra, with many synergistic benefits identified as the various stages of the hospital are developed.

### **Hardes and Associates Credentials**

- \* Hardes and Associates were recommended to La Vie Developments Pty Limited by the National Australia Bank, as having the expertise to undertake the market demand feasibility Study, and that outcomes of their studies, should they be positive in the establishment of demand, etc., would be acceptable to the Bank in any future funding negotiations.
- \* Hardes has undertaken analysis of acute hospital demand/supply (both current and projected) for the Departments of Health in NSW, Qld, SA, WA, Tas, and the ACT.
- \* Similar services have been provided to many private hospital groups.

## **1.5 Report #3: Financial Feasibility Studies on the proposed Units to be developed in the Illawarra International Health Precinct**

A Chartered Accountant, Mr John Boulous, was commissioned by La Vie to undertake a series of financial feasibility studies for each of the major units in the proposed facility. Each of these studies has computed highly detailed Revenue and Expense forecasts for between 3 and 5 years, depending on the unit. Furthermore, the analysis details forecast profitability and return on investment forecasts at three levels of occupancy / utilisation.

These financial feasibility studies forecast that from an investment stand point, the project would be viable at just 50 % capacity / utilisation, but with the likelihood that this figure would rise to 75 % and beyond within 2 to 3 years of establishment, thus making the project very satisfactory in terms of financial viability.

**The detailed summary findings and conclusions of these studies will be found in Section 6.2**

John Boulous has a thorough understanding of the financial intricacies of Private Hospital Operation, which have been gained through years of working within the sector.

### **John Boulous Credentials**

- ✧ John Boulous runs a Chartered Accountant's practice in the Western Suburbs of Sydney. He has had considerable experience in various areas of private health care over the years and has been involved at various times in all areas covered in the proposed Illawarra International Health Precinct
- ✧ John has worked in the Illawarra region at Shellharbour Private Hospital and as a consultant to Figtree Private Hospital as well as being Finance Director for Clinical Associates of Australia Pty Ltd, who owned South Coast X-Ray for a 2 year period
- ✧ He has also worked with Hospital Corporation of Australia (HCOA) for many years in a senior position and is currently providing consulting services to Dalcross Private Hospital as their Chief Executive Officer 4 days a week
- ✧ John Boulous is also the Chief Financial Officer the Australian Medical Co-Operative Limited (AMCL)

## **2. Corporate Structure of the Development Entity**

The location of the property on which the proposed facility will be built is the corner of Huntley and Avondale Roads, Huntley.

The owner of this property is La Vie Developments Pty Limited, which acts as Trustee for the Dobre Trust. The entity which will operate the private hospital business units, as distinct from those unit rental operators and the real estate on which the facility is built, will also be La Vie Developments Pty Limited, in this case acting as Trustee for the La Vie Trust.

## **3. Knowledge, Skills and Experience of the Proponent**

### **Proponent**

Dr Brett Gooley J.P., M.B., B.S., (U.N.S.W.) Dip. ( Obs.), D.C.H., F.R.A.C.G.P. is the controlling Director of La Vie Developments Pty Limited.

Dr Gooley is also the controller of three health care centres in Woolloomooloo, Kingsgrove and Kirrawee and a day hospital located in Kingsgrove.

Dr Gooley is an experienced Physician with over 30 years experience in Australia, England and the USA as a General Practitioner. Dr Gooley has visiting medical officer (VMO) rights at several Sydney Hospitals including Prince of Wales and St Vincent's Hospitals.

### **Business structures**

The current business structures are

1. Baydoor Pty Limited trading as Australian Health Care Centres and Oreanda Pty Limited trading as Blue Cross Medical Centre
2. Baydoor Pty Limited trading as Kingsgrove Day Hospital

### **Knowledge, Skills and Experience in managing health centres and day hospital.**

Dr Gooley is highly experienced and successful operator in the establishment and development of financially stable Medical Centres and Day Hospitals over many years.

- \* The Medical Centres conduct General Practice and Casualty type operations within wholly owned premises, seeing approximately 140,000 patients per year.
- \* The Kingsgrove Day Hospital performs approximately 2,000 operations per year.
- \* A review of these group financial accounts confirms that the enterprises are all trading profitably.

**Strategic Thinking which underpins the plan for the tertiary referral hospital**

Dr Gooley has developed a vision for the proposed tertiary referral hospital which is at the cutting edge of hospital design in the private sector. The excellence of the structure, breadth of state-of-the-art equipment and facilities, patient amenities and facilities are laid out in detail in the tables in Section 5 which follows. The 8 stage phasing is a key element of this vision, ensuring that the structural, organisational, clinical, human resource and financial viability of each stage is well established and audited, prior to undertaking detailed operational planning for the subsequent phase.

- \* There is ample confirmation that there is no private hospital in Australia which comes close to the design concept which he has developed.
- \* Dr Gooley's Vision is to develop the proposed hospital into the "Johns' Hopkins" of Australia, and should this vision be fulfilled, the facilities and amenities envisaged would be unrivalled by most public sector teaching hospitals. This vision has the total support of the Department of Health and Behavioural Sciences at the University of Wollongong
- \* Given the state of public sector hospitals resources and funding in New South Wales, all regulatory authorities should welcome a development of this nature, given the huge range of benefits which have been identified by the independent consulting organisations that have contributed to this development to date.

Dr Gooley is an innovator who initially developed the Australian Health Care Centre at Kirrawee and then went on to develop Blue Cross Medical Centre and Kingsgrove Day Hospital as a result of his vision. He was responsible for purchasing the sites, commissioning the development proposals and obtaining the finance.

- \* From a management perspective this is an impressive track record. Few individuals are capable of creating an achievable vision for a concept which is capable of realisation, and then go on to create and manage the detail and implementation of the vision into a viable undertaking.

## 4. Vision / Mission Statement for the Illawarra International Health Precinct

Following is the detailed Vision and Mission Statement and core Strategy for this proposed facility, as developed by Dr Brett Gooley over the past 2 decades.

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- ☐ To establish the Johns' Hopkins of the Southern Hemisphere.
- ☐ To go beyond excellence in every field, and to achieve this end from the ground up through the aesthetics of the whole site with buildings in symbiosis with nature, and to so establish a healing environment through integrated ambience.
- ☐ To ensure the internal design, format and floor plan is in keeping with 'best practice guidelines' and in keeping with the needs of the people who work within this environment, achieved through consultation.
- ☐ To be built in a staged programme so that appropriate systems and people can be brought on board to ensure effective outcomes, and never compromising economic viability.
- ☐ It is the aim of the precinct to promote and encourage the staff to:
  - ✱ Take pride in their work
  - ✱ Accept that they are part of a team
  - ✱ Accept that they are responsible for the end results of the combined labours
  - ✱ Utilise the onsite facilities to maintain a high level of fitness and health regime in line with the precinct's philosophy
  - ✱ Maintain and manifest the principle aim of the precinct, which is to inevitably deliver better health to all
- ☐ The establishment of an aged care facility which has separate wings devoted to separate ethnicities, with each of those communities ensuring nurse professionals for their particular ethnicity so that those nurses working in that particular wing are bilingual.
  - ✱ For example, an Italian having had a stroke really only wants to eat Italian food and talk in his mother tongue.
  - ✱ Youth in aged care facility (not covered under C/w) is permissible. These will be private beds for younger people suffering with M.S., motor neurone disease and MVA victims etc., funded privately or under insurance company payouts.
- ☐ The key to the above is our intimate and strong desire to have close associations with the Graduate School of Medicine at the University of Wollongong, whose Professors will sit on our Medical Advisory and Ethics Board.

- ✱ It is that University's concept of returning holistic practitioners to communities that will be emulated within this facility in that general practitioners will be the admitting doctor, caring doctor and the discharging doctor.
  - ✱ Specialists will be invited to do their specialist procedures. This ensures general practitioners are not deskilled but reskilled, and that Specialists work at the upper echelons of their training, not wasting time on minor procedures which could be done by other people. Thus ensuring that our diminished medical workforce has a more productive outcome.
  - ✱ Education and training are paramount to the facility. Education ensures long term survival, improvement in staff and Doctors moral and a 'feel good' effect in which to work.
- This site would be a first for New South Wales in that no green field site has ever been taken to a complete and holistic tertiary referral centre entailing all facets of medicine. Not since the 1896 establishment of the Seventh Day Hospital at Fox Valley Road, Wahroonga, has anything of this nature been planned or developed.

## **5. Overview & proposed sequence of the staged development of the Illawarra International Health Precinct.**

### **5.1 Macro view of the project**

The facility will ultimately include the following elements, the detail and phasing of which is outlined in tables in the pages following.

#### **5.1.1 Medical facilities proposed**

- ☐ 310 Bed Tertiary Referral Hospital (total 352)
- ☐ Day Procedure Centre
- ☐ 2 ICU Beds, 10 Overnight Beds, 30 Day Beds
- ☐ Specialist Rooms
- ☐ 24 Hour Medical Centre with (Bulk Billing)
- ☐ 24 Hour Pharmacy
- ☐ 24 Hour Emergency
- ☐ Pathology
- ☐ Radiology
- ☐ School Of General Practise
- ☐ 10 overnight Beds
- ☐ Obstetrics Unit
- ☐ 20 Overnight Beds, 6 Delivery Suites, dedicated C section Theatre, 1 Birthing Centre
- ☐ Neonatal Intensive Care
- ☐ 280 Bed Aged Care Facility

#### **5.1.2 Ancillary facilities to be included**

- ☐ Education Centre & Associated Accommodation for relatives & patients undergoing extended therapies
- ☐ Living Quarters for Nursing Staff, Medical Students,
- ☐ Living Quarters for Resident Medical Officers and Registrars
- ☐ Shopping Plaza, consisting of various shops & offices
- ☐ A large open space courtyard looking north over a majestic water feature
- ☐ 42 self contained independent living units
- ☐ Open Spaces throughout the site
- ☐ Commercial Laundry/Dry Cleaner
- ☐ Ambulance Station



## 5.2 Project Drivers

The key ‘Driver’ in the realisation of Dr Gooley’s Vision, is to develop the facility in a series of discrete phases, which will be developed, constructed, staffed and commissioned as independent elements.

- ❑ Progression to the next phase of development will only occur when the current stage is operating efficiently and has been shown to be financially viable, meeting its forecast return on investment.
- ❑ The attraction of the desired levels of excellence in clinical staff will be fundamental to the success of each phase, as well as the facility moving satisfactorily towards its forecast demand, both in the form of overnight bed days and same day admissions.

## 5.3 The Model

### 5.3.1 Patient care

The Business Model incorporates the following philosophical approaches which integrate the roles of GP’s, Specialists and Patients in a manner designed to deliver efficient and effective outcomes. This model makes individuals responsible for the delivery of desirable outcomes as distinct from having everyone relying on the “system”. Some key elements of this model are;

- \* The GP of your choice (accredited) admits and is responsible for your inpatient care and discharge.
- \* Specialists are involved at the procedure level, only ensuring productive and effective outcomes negating time wasted on less menial tasks.
- \* Medical Advisory and Ethics Committee along with credentialing, will be performed by the professors of the various disciplines from the University of Wollongong .
- \* The planned ‘sequence of staged development’ will be phased in direct association with population growth and needs.

### 5.3.2 Medical staff training

It is known that Private Hospitals perform 56% of all surgery and 68% of same day mental health treatments. As a Tertiary Referral Hospital with the University associations, The Illawarra International Health Precinct will undertake to train the Doctors within the Hospital and help ensure that they remain in the area.

- \* The proposed hospital will facilitate the University of Wollongong’s Graduate Training Program to ensure synergies for the Illawarra.

## **5.4 Direct Macro Economic Benefits to the Illawarra Region**

During the proposed 15 year development timetable, during which all 8 stages of the project will be commissioned, it is estimated that the following economic benefits will be achieved, benefitting the local community.

- ☐ Major capital expenditure exceeding \$250 million in total
- ☐ Estimated annual turnover of \$400 million
- ☐ Annual salary expenditure of \$280 million
- ☐ Reduced patient/family travel expenditure \$3 million
- ☐ Catalyst for local investment \$30 million
- ☐ Major opportunities for local Services, Trades, Professionals, Hospitality and I.T. businesses and individuals
- ☐ Improved Employment opportunities and Salary choices
- ☐ Stronger capital growth to surrounding Real Estate

## **5.5 Proposed stages of development**

The proposed sequence of the staged development is as follows. Each Unit will be developed in turn and brought up to a satisfactory level of efficiency and effectiveness, before active consideration is given to the detailed operational planning for the development of the next stage.

It is anticipated at this time, that the total development will occur over a period of some 12 years. This strategy aims to provide time for management to implement and develop each stage to the required level of clinical excellence and financial return to allow and facilitate a successful transition to the subsequent stage.

The tables at Section 5.6 which follows, outline the nature and scope of the proposed stages of the development.

## 5.6 Overview of the Sequence of Construction Staging & Services to be delivered

|  |  |  |
|--|--|--|
| <p><b>1. Specialist &amp; Surgicentre</b></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> <b>Construction; Two Storey/Concrete/Glass</b></li> <li><input type="checkbox"/> <b>2 Levels @ 6,000 m<sup>2</sup>/Level</b></li> <li><input type="checkbox"/> <b>Gross floor Area – 12,000 m<sup>2</sup></b></li> <li><input type="checkbox"/> <b>Basement Car Park – 200 cars</b></li> <li><input type="checkbox"/> <b>External Car Park – 50 cars</b></li> </ul>  | <p><b>Consisting of;</b></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> <b>Specialist Consultation Suites.</b> <ul style="list-style-type: none"> <li>* 50 rooms</li> </ul> </li> <li><input type="checkbox"/> <b>Day Surgery:</b> <ul style="list-style-type: none"> <li>* 4 x theatres</li> <li>* 30 x day beds</li> <li>* 40 x ‘stage 2’ chairs</li> <li>* 10 x overnight beds</li> <li>* 2 x ICU beds</li> </ul> </li> <li><input type="checkbox"/> <b>Training Rooms:</b> <ul style="list-style-type: none"> <li>* 4 Briefing Rooms</li> </ul> </li> </ul> | <ul style="list-style-type: none"> <li><input type="checkbox"/> <b>Procedures:</b> <ul style="list-style-type: none"> <li>* dialysis</li> <li>* paediatric surgery</li> <li>* ophthalmic surgery</li> <li>* orthopaedic surgery</li> <li>* ENT surgery</li> <li>* general &amp; endoscopic surgery</li> <li>* neurosurgery</li> <li>* plastic &amp; reconstructive surgery</li> </ul> </li> <li><input type="checkbox"/> <b>Anaesthesia:</b> <ul style="list-style-type: none"> <li>* general</li> <li>* spinal/epidural</li> <li>* IV sedation/nerve block</li> </ul> </li> </ul> |
| <p><b>2. 24 Hour Radiology &amp; 24 Hour Pathology</b></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> <b>Construction; Two Storey/Concrete/Glass</b></li> <li><input type="checkbox"/> <b>2 Levels @ 2,000 m<sup>2</sup>/Level</b> <ul style="list-style-type: none"> <li>* Radiology – Ground Floor</li> <li>* Pathology – First Floor</li> </ul> </li> <li><input type="checkbox"/> <b>Gross floor area – 4,000 m<sup>2</sup> in total</b></li> <li><input type="checkbox"/> <b>Basement Car Park – 80 cars</b></li> <li><input type="checkbox"/> <b>External Car Park – 38 cars</b></li> </ul> | <p><b>Consisting of;</b></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> <b>Radiology</b> <ul style="list-style-type: none"> <li>* Simple Radiology</li> <li>* Ultrasound</li> <li>* CT Scan</li> <li>* MRI</li> </ul> </li> <li><input type="checkbox"/> <b>Pathology</b> <ul style="list-style-type: none"> <li>* NATA accredited category 1 Laboratory</li> </ul> </li> </ul>   |  |

|   |  |  |
|---|--|--|
| <b>3. Casualty</b> <ul style="list-style-type: none"> <li><input type="checkbox"/> <b>Construction; Two Storey/Concrete/Glass</b></li> <li><input type="checkbox"/> <b>2 Levels @ 6000 m<sup>2</sup>/Level</b></li> <li><input type="checkbox"/> <b>Gross floor Area – 12,000 m<sup>2</sup></b></li> <li><input type="checkbox"/> <b>Basement Car Park – 200 cars</b></li> <li><input type="checkbox"/> <b>External Car Park – 60 cars</b></li> </ul>                   | <b>Consisting of:</b> <ul style="list-style-type: none"> <li>* School of General Practice</li> <li>* 24 Hour Medical Centre</li> <li>* 24 Hour Pharmacy</li> <li>* 24 Hour Casualty</li> <li>* Dental Practitioners</li> </ul>   | <b>Shops;</b> <ul style="list-style-type: none"> <li>* Florist</li> <li>* Newsagent</li> <li>* Hairdresser</li> <li>* Café / Food Court</li> <li>* Administration &amp; Staff Education</li> <li>* Training Rooms</li> </ul>   |
| <b>4. Obstetric Unit (Stand Alone)</b> <ul style="list-style-type: none"> <li><input type="checkbox"/> <b>Construction; Two Storey/Concrete/Glass</b></li> <li><input type="checkbox"/> <b>2 Levels @ 1500 m<sup>2</sup>/Level</b></li> <li><input type="checkbox"/> <b>Gross floor Area – 3,000 m<sup>2</sup></b></li> <li><input type="checkbox"/> <b>Basement Car Park – 60 cars</b></li> <li><input type="checkbox"/> <b>External Car Park – 27 cars</b></li> </ul> | <b>Consisting of:</b> <ul style="list-style-type: none"> <li><input type="checkbox"/> <b>Ground Floor</b> <ul style="list-style-type: none"> <li>* 6 x Delivery Suites</li> <li>* 1 x Birthing Centre</li> <li>* Dedicated Caesarean Section Theatre</li> <li>* Private Suites for on-site Obstetricians and Gynaecologists</li> </ul> </li> </ul> | <b>Consisting of:</b> <ul style="list-style-type: none"> <li><input type="checkbox"/> <b>First Floor</b> <ul style="list-style-type: none"> <li>* 20 x 1 bedroom patient accommodation with ensuite</li> <li>* Well Baby Nursery</li> <li>* Stage 2 Critical Care Nursery</li> <li>* Training Rooms</li> </ul> </li> </ul> |

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| <p><b>5. 352 Bed Tertiary Referral Hospital</b></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> <b>HOSPITAL PROPER (310 beds)</b> <ul style="list-style-type: none"> <li>* + 12 beds in SurgiCentre,</li> <li>* + 10 beds in Casualty,</li> <li>* + 20 in Obstetric Unit</li> <li>* Total of 352 beds</li> </ul> </li> <li><input type="checkbox"/> <b>Construction; Eight Storey /Concrete /Glass</b></li> <li><input type="checkbox"/> <b>Basement Car Park – 1000 cars</b></li> <li><input type="checkbox"/> <b>Podium</b> <ul style="list-style-type: none"> <li>* 3 Levels @ 1,800 m<sup>2</sup>/Level</li> <li>* 54,000 m<sup>2</sup> in total</li> </ul> </li> <li><input type="checkbox"/> <b>Tower</b> <ul style="list-style-type: none"> <li>* 5 Levels @ 4,200 m<sup>2</sup>/Level</li> <li>* 20,000 m<sup>2</sup> in total</li> </ul> </li> <li><input type="checkbox"/> <b>Shopping Plaza</b> <ul style="list-style-type: none"> <li>* 2 Levels @ 1,500 m<sup>2</sup>/Level</li> <li>* 3,000 m<sup>2</sup> in total</li> </ul> </li> <li><input type="checkbox"/> <b>Gross floor Area – 78,000 m<sup>2</sup></b></li> </ul> | <p><b>Consisting of:</b></p> <ul style="list-style-type: none"> <li>* 10 Operating Theatres</li> <li>* Intensive Care Unit</li> <li>* Psychiatric Unit</li> <li>* Radiotherapy Unit</li> <li>* Oncology Unit</li> <li>* Nuclear medicine</li> <li>* 8 Training rooms</li> <li>* Mortuary</li> </ul> <p><b>Procedures:</b></p> <ul style="list-style-type: none"> <li>* Cardiac Catheter Lab</li> <li>* dialysis</li> <li>* paediatric surgery</li> <li>* ophthalmic surgery</li> <li>* orthopaedic surgery</li> <li>* ENT surgery</li> <li>* general &amp; endoscopic surgery</li> <li>* neurosurgery</li> <li>* plastic &amp; reconstructive surgery</li> </ul> | <p><b>Anaesthesia:</b></p> <ul style="list-style-type: none"> <li>* general</li> <li>* spinal/epidural</li> <li>* IV sedation/nerve block</li> </ul> <p><b>Shops:</b></p> <ul style="list-style-type: none"> <li>* Mini mart</li> <li>* Florist</li> <li>* News Agent</li> <li>* Bottle Shop</li> <li>* Bank</li> <li>* Real Estate</li> <li>* Cafe</li> <li>* Restaurant</li> <li>* Beauty salon</li> <li>* Hairdresser</li> <li>* Laundromat/Dry-cleaner</li> </ul> |
|--|--|---|

|  |  |  |
|--|--|--|
| <p><b>6. Nurses, Medical Students, Resident Medical Officers &amp; Registrar accommodation</b></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> <b>Construction; Two Storey/Concrete/Glass</b></li> <li><input type="checkbox"/> <b>2 Levels @ 2000 m<sup>2</sup>/Level</b></li> <li><input type="checkbox"/> <b>Gross floor Area – 4,000 m<sup>2</sup></b></li> <li><input type="checkbox"/> <b>External Car Park – 60 cars</b></li> </ul>   | <p><b>Consisting of:</b></p> <ul style="list-style-type: none"> <li>* 30 x 1 bed serviced Apartments</li> <li>* 20 x 2 bed serviced Apartments</li> <li>* 4 Meeting Rooms</li> <li>* 1 Training Room</li> </ul> <p><b>Note;</b></p> <ul style="list-style-type: none"> <li>* Integral with Tertiary Referral Hospital status and Education Programs</li> </ul>   |  |
| <p><b>7. Education Facility</b></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> <b>Construction; Two Storey/Concrete/Glass</b></li> <li><input type="checkbox"/> <b>2 Levels @ 750 m<sup>2</sup>/Level</b></li> <li><input type="checkbox"/> <b>5 Levels @ 1500 m<sup>2</sup>/Level</b></li> <li><input type="checkbox"/> <b>Gross floor Area – 9,000 m<sup>2</sup></b></li> <li><input type="checkbox"/> <b>External Car Park – 120 cars</b></li> <li><input type="checkbox"/></li> </ul> | <p><b>Consisting of:</b></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> 80 x 1 Bedroom Serviced Apartments</li> <li><input type="checkbox"/> 4 Meeting Rooms</li> <li><input type="checkbox"/> 2 Lecture Theatres</li> <li><input type="checkbox"/> Accommodation; <ul style="list-style-type: none"> <li>* Relative of Patient Accommodation</li> <li>* Extended Therapies–Outpatient</li> <li>* </li> </ul> </li> </ul> |  |

|  |   |   |
|--|---|---|
| <p><b>8a. Aged and Disability Centre</b></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> <b>Construction; Two Storey/Concrete/Glass</b></li> <li><input type="checkbox"/> <b>2 @ 2 Levels @ 460 m<sup>2</sup>/Level</b></li> <li><input type="checkbox"/> <b>2 @ 3 Levels @ 460 m<sup>2</sup>/Level</b></li> <li><input type="checkbox"/> <b>Gross floor Area – 4,600 m<sup>2</sup></b></li> <li><input type="checkbox"/> <b>External Car Park – 100 cars</b></li> </ul> | <p><b>Consisting of:</b></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> 3 wings <ul style="list-style-type: none"> <li>* Dedicated Ethnic Wings</li> <li>* Ethnic Kitchen</li> <li>* Dementia Wing</li> </ul> </li> <li><input type="checkbox"/> Rehabilitation Centre; Including <ul style="list-style-type: none"> <li>* A gymnasium</li> <li>* Pool &amp; Spa</li> <li>* Accessible by Day Care Providers</li> <li>* Accessed by outside Rehab providers</li> </ul> </li> </ul> | <p>Note; Integrally designed to allow wings to be constructed to meet a graded development demand and/or opening.<br/><i>(Opening of wings dependent on annual Commonwealth Bed Rounds)</i></p> |
| <p><b>8b. Accommodation For Seniors</b></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> <b>Construction; Two Storey/Brick Veneer</b></li> <li><input type="checkbox"/> <b>2 Levels @ 35 m<sup>2</sup>/Level</b></li> <li><input type="checkbox"/> <b>Gross floor Area – 2,940 m<sup>2</sup></b></li> <li><input type="checkbox"/> <b>Garaged Car Spaces – 42cars</b></li> </ul>  | <p><b>Consisting of:</b></p> <ul style="list-style-type: none"> <li>* 42 x Independent Living Houses with emergency call to Nursing Home</li> </ul>   |   |

## **6. Research studies undertaken to establish the need and viability of a Private Hospital in the Illawarra**

As outlined in the Introduction of this Business Case Study, La Vie Developments Pty Ltd commissioned three major studies whose outcomes underpin the business case for the development of a tertiary referral private hospital in the Illawarra.

These reports provide strong support for the undertaking, copies of which accompany this Business Case Overview. The Findings and Recommendations of the CFR Preliminary Environmental Assessment were detailed in Section 1.3 of this document. Section 6 will now review the other two studies, a summary of whose outcomes is detailed below.

- 6.1** An Epidemiological Analysis of Private Hospital Development Opportunities in the Illawarra undertaken by Hardes & Associates, the premier hospital demand modelling company in Australia, and
- 6.2** A suite of Financial Feasibility Studies covering each of the proposed stages of the establishment of the Illawarra International Health Precinct prepared by a Chartered Accountant, Mr John Boulous.

### **6.1 Analysis of Private Hospital Development Opportunities in the Illawarra by Hardes and Associates**

The Hardes & Associates report has reviewed unmet private hospital demand in the Illawarra area and the potential to establish a major Private Tertiary Referral Hospital as part of an overall health precinct. This study was undertaken in three parts, and the conclusions are summarised as follows.

#### **6.1.1 Part 1: Review of unmet Private Hospital Demand in the Illawarra Precinct.**

This analysis includes all LGA's covered by the Illawarra Health Service. i.e. Wollongong Shoalhaven, Shellharbour and Kiama

##### **Evidence of a Significant current shortfall in private separations in the precinct**

- ☐ The consultants report concluded that “...*there is clear evidence of unmet private hospital demand in the Illawarra Precinct*” ...and that “...*the combined data show a shortfall of up to 15,000 private hospital separations per annum.*”
- ☐ Their data estimates that this “private shortfall” comprises approximately 10,000 same day admissions and 5,000 overnight admissions per annum. The 5,000 overnight admissions would generate approximately 28,500 bed days and use 100 beds
- ☐ This estimate was based upon a potential achievement, across the catchment, of admission rates 10% higher than the State average.



### 6.1.2 Part 2: Review of Projected Private Hospital Demand in the Illawarra precinct

The demand projections used in this review are based on the methodology developed by Hardes and Associates and used by State Authorities throughout Australia to project future acute hospital demand.

- ❑ This stage of the Hardes review has indicated, “...*that subject to available supply, ( of both capital and clinical resources) there could be significant private growth over the next decade.*”
- ❑ “*Growth of up to 21,000 same day separations and an additional 8,000 overnight separations could be achieved over the next decade. This would yield an additional 48,000 bed days.*”
- ❑ “*The projected increase of 48,000 bed days represents approximately 160 overnight private hospital beds.*”
- ❑ The Hardes report identifies the clinical areas with the highest rates of potential growth are;
  - ◆ Ophthalmology
  - ◆ Renal Dialysis
  - ◆ GIT Endoscopy
  - ◆ Plastic Surgery, and
  - ◆ Gynaecology

The Hardes report identified several factors which need to be considered in conjunction with the projects forecast’

1. The projected growth is based upon achievement of rates higher than the projected State average. Achievement of this forecast growth will require a corresponding increase in investment in capital resources and a corresponding increase in clinical support.
2. All growth will not necessarily be captured by a new provider. Demand at the new hospital could be reduced by the activities of existing and / or new providers.

**[The Business Planning Group Comment:** Given the significant investment in capital resources and the lead times required to plan, gain approvals, build and commission new facilities, there is virtually no possible scenario in which a competitive provider could develop new resources without their planning and approval process becoming a matter of public record.

Given that the Illawarra International Health Precinct is planned in 8 stages over at least 12 years, the level of risk that this project could develop under– utilised facilities in successive stages without a reassessment of the financial and clinical ‘drivers’ before the stage is commissioned, is negligible. It is to be assumed that the financial and clinical assumptions underpinning every stage of this project will be exhaustively reassessed in the light of current conditions prior to the formal commissioning of any subsequent stage.]

3. *“The catchment of the proposed new hospital will exceed the primary catchment identified here — and will include the south–eastern corner of NSW and the north–eastern corner of Victoria. This will increase demand at the proposed hospital.”*

### 6.1.3 Part 3: Review of Private Hospital Development Opportunities in the Illawarra precinct.

While this report identifies several key issues such as market share assumptions, and the current difficulty in attracting clinicians, and is based on a series of well considered assumptions ( fully discussed in their report) , Hardes and Associates believe that the proposed facility would deliver many benefits to the region and the key stakeholders

#### 1. Key benefits to the medical profession

- ☐ The establishment of a major Private Tertiary Referral Hospital and associated infrastructure, will provide a highly attractive working environment likely to attract the high quality clinicians necessary to staff the facility.
- ☐ This in turn would expand the pool of clinicians available to the public sector.
- ☐ The existence of this new facility would significantly increase the number of training opportunities, which are currently very limited.
- ☐ This benefit would support the development of tertiary programs at the University of Wollongong Department of Health and Behavioural Sciences.

#### 2. Market Share Assumptions

The Hardes methodology makes market share assumptions as they put it *“...consistent with the role proposed for the development.”* The assumptions they applied to the primary catchment have been *“...inflated to take account of the additional work that can be anticipated from outside the primary catchment.”*

#### 3. Same Day Admissions

These services are currently provided by existing private hospitals as well as a local same day clinic in Wollongong. The consultants have estimated that the proposed hospital would capture the following same day market shares.

- ♦ Wollongong.....30%
- ♦ Shellharbour.....60%
- ♦ Kiama.....80%
- ♦ Shoalhaven.....45%

Hardes estimate that the proposed hospital *“...will capture 90% of Renal Dialysis as it is not currently provided by a local provider.”*

#### 4. Overnight Admissions

The consultants state that the proposed hospital will be the major provider of tertiary private hospital services in the Region.

- ☐ *“This will result both in the capture of a high proportion of tertiary work currently being referred elsewhere, and the capture of a high proportion of non–tertiary work.”* This forecast is based on the knowledge that clinicians preferentially refer to hospitals where there are high levels of support.

- ☐ For modelling purposes, it is assumed that the proposed hospital will capture the following market share of overnight admissions.
  - ♦ Wollongong.....30%
  - ♦ Shellharbour.....70%
  - ♦ Kiama.....85%
  - ♦ Shoalhaven.....50%
- 5. Cardiothoracic Surgery, Interventional Cardiology and Neurosurgery**
  - ☐ The report has assumed that the hospital will capture 30% of the Wollongong market, but up to 80% of the Shellharbour, Kiama and Shoalhaven markets.
- 6. General utilisation of a new private hospital in the Illawarra precinct**
  - ☐ Evidence from around Australia supports the assumption that the existence of a new first class private hospital facility will result in above average rates of private hospital utilisation. Admissions rates at least 10% higher than average have been factored.
- 7. Expansion of the Illawarra catchment through the creation of a tertiary referral hospital**
  - ☐ Provided that the proposed new facility establishes high quality tertiary services, the consultants expect that the catchment would expand to include a significant portion of work from north eastern Victoria and south eastern NSW.
  - ☐ This expansion would be expected to include both tertiary and non-tertiary admissions.
  - ☐ *“ To estimate the impact of the tertiary role on the overall hospital volumes, we have assumed that 10% if same day admissions and 20% of overnight admissions come from outside the primary catchment.”*

#### 6.1.4 Hardes quantitative summary forecast of Performance Indicators

The Hardes analysis forecasts, that by 2021, in full operation, the proposed development could comprise;

- 1. Specialist Medical Centre and Day Procedure Centre (Surgicentre)**
  - ♦ 23,500 same day admissions per annum ( including Interventional Cardiology)
  - ♦ 4,000 Renal Dialysis admissions
  - ♦ A requirement for a modest capacity to allow overnight stays
  - ♦ The inclusion of a high dependency / intensive care unit would allow Interventional Cardiology to introduced early in the development.
- 2. Free Standing Obstetric Unit**
  - ♦ Designed to accommodate 900 deliveries per annum
  - ♦ Given the increasing trend in the birthrate, Hardes have forecast a requirement for 4,250 beddays in 2011 and nominated a prudent plan to ultimately accommodate 4,500 beddays
  - ♦ At an occupancy of 65–70%, this would require 18 –20 beds.

### 3. Tertiary Referral Hospital

- ♦ Hardes forecast a requirement for this hospital to accommodate 11,500 overnight admissions (excluding the free standing obstetrics unit)
- ♦ This rate of utilisation would generate 68,000 beddays, with interventional cardiology generating 2,000 admission split between same day and overnight.
- ♦ Consistent with Hardes assumptions, and assuming a 70% occupancy rate for overnight admissions, and excluding the obstetric requirements, the hospital would have a requirement for 270 beds.
- ♦ If one local private hospital were to close and / or change role, this requirement would be increased by 50 beds.
- ♦ Furthermore, additional workload generated by the public sector suggests “...a planning framework within 270 – 320 + overnight beds excluding the 20 beds in the free standing Obstetric Unit.”
- ♦ Hardes also recommends making allowance for 10 overnight beds in the day surgery centre and a number of holding beds in the proposed casualty.

#### 6.1.5 Hardes and Associates Summary and Conclusions

1. Their report confirms that there is potential for development of a large scale private hospital consistent with the vision outlined by La Vie Developments. **The level of unmet demand now, and forecast, is very substantial, and thoroughly underpins a decision to proceed.**
2. The report confirms and supports the significant liaison and consultation which the developer has already undertaken with community groups, TAFE and Wollongong University to ensure that staffing requirements are likely to be satisfied.
3. While the consultants note that their projections and modelling are ambitious, [i.e. higher than usual admissions rates and strong market share] **the assumptions are realistic and do not depend on any potential closure and / or role change of competing private facilities.**
4. Their report has not taken account of any potential for contracting out to provide public hospital services. **This conservative approach further enhances the likelihood that the forecast demand upon which their conclusions are based will be exceeded over time,** thus enhancing all aspects of the benefits that are forecast to flow to the operators, the patients, the community and the medical profession in the Illawarra.

## **6.2 Financial Feasibility Studies covering each of the proposed stages of the establishment of the Illawarra International Health Precinct**

This report incorporates the financial feasibility studies undertaken for each of the phased stages of the proposed private hospital in the Illawarra. The work was undertaken by John Boulous, Chartered Accountant, and his full report accompanies this document.

### **6.2.1 Methodology**

#### **Structure of the Financial Feasibility Study**

The financial feasibility studies were developed to reflect the way in which the various operating units of the proposed hospital will ultimately be configured, especially in terms of the physical buildings in which each of the units will be housed. Consequently, Mr Boulous feasibility studies have been prepared incorporating a detailed Forecast Revenue and Expense Statements and Return on Investment Analysis for each of the following units.

1. Stage 1: Specialist and Surgicare Centre
2. Stage 2: Pathology and Radiology Units
3. Stage 3: 24 hour Medical Centre, Pharmacy and Casualty Centre
4. Stage 4: 20 bed Obstetric Unit
5. Stage 5: 310 bed Tertiary Referral Hospital

#### **Reason for undertaking the Feasibility Study taking into account 3 levels of Occupancy or Utilisation for each unit**

A review of the Feasibility Study reveals that the detailed analysis of each of these 4 units, has developed Revenue and Expense forecasts and Return on Investment analysis [ROI] at three, increasing levels of Occupancy or Utilisation. This allows a reviewer to understand the likely progress in financial performance over time, especially in respect of return on investment.

- ☐ The lowest level — 50%: Depending on the actual timing of the project, this level of activity or utilisation would normally be expected in the first year of operation of each of the projects.
- ☐ The middle level of activity — 75%: This would be the level of activity or utilisation that most facilities would aim to achieve.
- ☐ The highest level of activity — 90%: This outcome would be achieved if the relevant facilities were running at virtually maximum capacity. Given the level of demand in the hospital catchment, is likely that some or all areas of activity would be operating at capacity in the years following their commissioning.

### **6.2.2 Phasing of the development of the individual units proposed for the hospital**

Earlier in this report, the full detail of the sequence of the staged development of the hospital was outlined, with the ultimate intention of developing eight separate stages. It should be noted here, that the financial feasibility study has focussed on the financial forecasts and analysis of five units. The 24 hour Radiology and 24 hour Pathology Units will be fully

outsourced and total financial responsibility for the operation of these units will be the responsibility of the lessees.

In addition, there are plans for the ultimate construction of stages 6,7 & 8 as follows. These stages are proposed as:

- \* Stage 6: Nurses, Medical Students and Resident Medical Officers and Registrar Accommodation, comprising 50 serviced apartments, meeting & training rooms.
- \* Stage 7: Education Facility consisting of 80 serviced apartments, meeting rooms and lecture theatres together with an external car park for 120 vehicles.
- \* Stage 8a:
  - ♦ Aged and Disability Centre consisting of 3 wings: Dedicated Ethnic Wing, Ethnic Kitchen, and Dementia Wing
  - ♦ Rehabilitation Centre consisting of a Gym, pool and spa
  - ♦ 120 vehicle external car park
- \* Stage 8b: Accommodation for Seniors, consisting of 42 independent living houses and one garage space per unit.

As these stages are scheduled well down the track, no financial feasibility analysis was considered necessary at this time. With the exception of the Radiology and Pathology facilities which will be leased to independent operators, each of the other four stages in the study have been forecast and analysed as independent units over time frames covering 3 years in the case of the Specialist and Surgicentre and the combined GP/Medical Centre/Pharmacy/Casualty/Dental Centre; 4 years for the 310 bed Private Hospital and 5 years for the 20 bed Obstetric Unit.

The total time over which all units of the proposed hospital may be developed, assuming each meets the financial and clinical expectations of the Business Plan, could be as much as 12 years.

Following here are 5 brief summaries of the key revenue, expense and return on investment forecasts for the units examined in the feasibility study, at each of the three utilisation levels applied to the financial model.

### 6.2.3 Stage 1: Specialist and Surgicentre Financial Summary

The Specialist Medical Centre and Day Procedure Centre is planned as stage 1 in the sequence of staged development of the Hospital. The following extracts from the Feasibility Study summarise the forecast financial health of the unit.

|                       | Utilisation Levels |               |               |
|-----------------------|--------------------|---------------|---------------|
|                       | 50 %               | 75 %          | 90 %          |
|                       | \$000's            | \$000's       | \$000's       |
| <b>Total Income</b>   | 9,868              | 14,802        | 17,762        |
| <b>Total Expenses</b> | 5,394              | 7,837         | 9,305         |
|                       |                    |               |               |
| <b>EBIT</b>           | 4,099              | 6,590         | 8,083         |
| <b>EBIT %</b>         | <b>41.5%</b>       | <b>44.5%</b>  | <b>45.5%</b>  |
| <b>ROI</b>            | <b>20.49%</b>      | <b>32.95%</b> | <b>40.41%</b> |

### 6.2.4 Stage 2: Pathology and Radiology Units

These units are to be housed in a separate building to the hospital, and will be fully outsourced. It is anticipated that there will be an up front premium from the successful tenderers which will have the effect of achieving an annual rental of \$1M for each facility.

The combined up front payments of \$5.0 million will almost cover the anticipated construction estimates of \$6.0 million.

Annual net profit from Pathology and Radiology is therefore forecast at \$1.950 million.

### 6.2.5 Stage 3: School of General Practice, 24 hour Medical Centre, Pharmacy, Casualty and Dental Unit

The School of General Practice, and a 24 hour Medical Centre, Pharmacy, Casualty and Dental Unit is planned as stage 3 in the development of the Hospital. The following extracts from the Feasibility Study summarise the forecast financial health of this unit.

|  | Utilisation Levels |               |               |
|--|--------------------|---------------|---------------|
|  | 50 %               | 75 %          | 90 %          |
|  | \$000's            | \$000's       | \$000's       |
| <b>Total Income</b>                        | 10,720             | 13,121        | 15,499        |
| <b>Total Expenses</b>                      | 7,768              | 9,411         | 11,021        |
|  |                    |               |               |
| <b>EBIT</b>                                | 2,827              | 3,586         | 4,353         |
| <b>ROI on Investment of \$19.8 million</b> | <b>14.3 %</b>      | <b>18.1 %</b> | <b>22.0 %</b> |

### 6.2.6 Stage 4: Obstetric Unit — Stand alone Unit

The stand alone 20 bed Obstetric Unit is planned as the fourth stage in the sequence of facility development in this feasibility study. The following extracts from the Feasibility Study summarise the forecast financial health of the unit.

|                       | Year 1           | Year 2         | Year 5         |
|-----------------------|------------------|----------------|----------------|
|                       | Occupancy Levels |                |                |
|                       | 50 %             | 75 %           | 90 %           |
|                       | \$000's          | \$000's        | \$000's        |
| <b>Total Income</b>   | 3,550            | 5,317          | 6,374          |
| <b>Total Expenses</b> | 2,132            | 2,995          | 3,554          |
|                       |                  |                |                |
| <b>EBIT</b>           | 1,330            | 2,284          | 2,822          |
| <b>EBIT %</b>         | <b>36.4 %</b>    | <b>41.8 %</b>  | <b>43.1 %</b>  |
| <b>ROI</b>            | <b>22.17 %</b>   | <b>38.07 %</b> | <b>47.04 %</b> |

### 6.2.7 Stage 5: 310 Bed Tertiary Referral Hospital Financial Summary



The 310 bed Private Hospital is planned as the last of the 5 stages costed in this feasibility study. The following extracts from the Feasibility Study summarise the forecast financial health of the unit.

|                       | <b>Occupancy Levels</b> |                |                |
|-----------------------|-------------------------|----------------|----------------|
|                       | <b>50 %</b>             | <b>75 %</b>    | <b>90 %</b>    |
|                       | \$000's                 | \$000's        | \$000's        |
| <b>Total Income</b>   | 62,350                  | 99,668         | 124,693        |
| <b>Total Expenses</b> | 46,610                  | 68,228         | 80,792         |
|                       |                         |                |                |
| <b>EBIT</b>           | 11,865                  | 26,940         | 39,157         |
| <b>EBIT %</b>         | <b>19 %</b>             | <b>27 %</b>    | <b>31.4 %</b>  |
| <b>ROI</b>            | <b>7.19 %</b>           | <b>16.33 %</b> | <b>23.33 %</b> |

### Comment:

The Financial analysis and feasibility studies completed for the units of the proposed development have provided confirmation of the financial viability of the project, in current terms. The Demand studies detailed in Section 6.1 provide confirmation of the likelihood that the utilisation / occupancy levels of the units are likely to be high. Indeed, such is the potential for rapid growth in demand for the various medical and hospital services to be offered as each successive unit is commissioned, that one may forecast that in time, much of the total facility could be running at full capacity. Thus, in principle, the financial viability in today's dollars seems assured, providing all other aspects of the planning process proceed as envisaged.



## **7. Project Justification**

### **7.1 Major attributes and benefits of the proposed facility and its location**

Discussions with many professional and community groups in the Illawarra region have generated significant interest and excitement in the proposed Illawarra International Health Precinct. The Project Manager Michael Wilkinson has developed a comprehensive presentation covering all aspects of the proposed facility and its phased development, and has delivered this presentation to these professional and community groups, including the University of Wollongong.

These organisations have all written offering their support, the letters may be seen as appendices to the Cardno Forbes Rigby report reviewed earlier. The following analysis documents the wide range of favourable attributes of the project, together with the many benefits which will flow to all sectors of the Illawarra and adjacent communities. This report acknowledges the source of much of this detail to the work of the project manager Michael Wilkinson.

#### **7.1.1 Accessibility and proximity to pedestrian, private and public transport**

The proposed facility has been sited in a most propitious location which delivers a host of benefits to local and regional residents. These include the following;

1. Ideal location at the Epicenter of the Illawarra's expanding population, with close access to the proposed town centre of Huntley via the planned Hospital shopping plaza north facing courtyard
2. Immediate availability of Utilities and Services
3. Only 2.5km away from West Dapto town centre
4. 18.1km/16 minutes drive by car to the Wollongong CBD
5. Central to & situated on the only flood free access road to West Dapto new release area
6. Close proximity to the Albion Park Rail Airport
7. Just 700 metres from the proposed Huntley Railway Station
8. 2.5 km from West Dapto Railway Station
9. Located just 1.1 Km from the F6 Freeway with year round flood free access
10. Located only 1.0 Km from the Princess Highway, also with year round flood free access
11. Uninhibited by Rail Crossings
12. Fronting onto a major Public Bus Transport Service Link

13. Directly adjacent to existing residential developments

### **7.1.2 Employment benefits**

The proposed facility will create a significant number of direct and indirect jobs both within the hospital precinct and the surrounding business communities.

- \* Generate more than 3,500 positions directly generated on site plus other service supporting roles.
- \* 1,500 ancillary jobs created indirectly
- \* A broad range of career opportunities
- \* Reducing youth unemployment

### **7.1.3 Education benefits**

By planning the proposed hospital as a tertiary referral teaching hospital, avenues of support are created to support local University, TAFE and other private teaching providers.

- \* Affiliations with the University of Wollongong have already been established
- \* Training agreements with the Wollongong College of TAFE will be implemented
- \* Strong links with the proposed Private Teaching facility for the WDRA have been discussed

### **7.1.4 Expedition**

The location of the new hospital in the proposed site, will become a significant influence which aids the acceleration of the development of the residential areas of the West Dapto release, and the existing suburb of Penrose.

- \* Drawing approximately 9,000 people to West Dapto daily
- \* Ensuring the planned release of land in West Dapto
- \* Promising accelerated services & amenity to the area

### **7.1.5 Local Amenity**

The development will facilitate and accelerate the development and launch of a range of amenities, which otherwise would not occur.

- \* Faster/efficient transport systems
- \* Bus stops & Taxi ranks
- \* Huntley Railway Station opening sooner
- \* Walking & Cycle share ways on and around the site
- \* Improved Roads
- \* Access to shops, banks, newsagent, restaurants, cafes
- \* Close and immediate 24 hour medical care

### **7.1.6 Socio–Economic Benefits**

The Illawarra International Health Precinct will be considered as the most significant health care development in the Illawarra. It will deliver a host of socio–economic benefits to residents and visitors to the area, both qualitative and quantitative. The amenity of the facility will provide a world–class range of medical and ancillary services, which in total, will have the most profoundly positive impact on all aspects of the quality of life of all of our citizens who have the opportunity to access the Health Precinct. Some of the more significant benefits include the following.

- \* The Illawarra International Health Precinct will rank as one of the region’s most significant employers
- \* It will become a large consumer of food and other supplies and services, making a major contribution to the regional economy
- \* Provision of an expanded range of Hospital & Medical Services
- \* Patients will gain more quality time with their family
- \* Delivery of Improved Emergency Services
- \* Reduced pressure on Public hospital Services in the region
- \* Creation of quality work & employment choices for local citizens
- \* Improved working conditions and wages
- \* Fostering Community revitalization
- \* Contributing to an escalation in the capital growth of local real-estate
- \* Enabling Reduced travel expenditure for patients and their families

### **7.1.7 State of the Art Facilities and Technology**

- \* State of the art surgical theatres and other specialist units such as Obstetrics, Casualty, Radiology, Pathology and Dialysis Services will provide the highest standard of medical care for the Illawarra population.
- \* The development has the potential to establish the Illawarra at the forefront of health delivery in NSW and in Australia.

### **7.1.8 Strong Support from the University of Wollongong**

- \* Mr. John Hogg, the Foundation Dean of the Graduate School of Medicine of the University of Wollongong, described the proposal as “*a very exciting venture*”. Mr. Hogg, on behalf of the Medical School of the University, strongly supported the initiative to expand the health facilities in the region.
- \* Professor Don Iverson, the Dean of the Faculty of Health and Behavioural Sciences, University of Wollongong has strongly supported the proposal, as outlined in the section 6 in this Business Case Study.
- \* The education resources will provide training for students and graduates and support the new medical degree of the University

### **7.1.9 Address Demand from Growing Population**

- \* Additional 280 aged care places for dementia to service the ageing population in the region.
- \* Provide local services to the existing 8,800 plus Illawarra residents leaving the region for treatment elsewhere.
- \* Reduce overcrowding in public hospital to meet the increasing demand.

### **7.1.10 Strategic Location**

- \* Ideally located in the heart of Illawarra growth centre, servicing the growing population of the Illawarra, Shoalhaven and Southern Highlands and the planned development of the West Dapto-Calderwood corridor.

### **7.1.11 Suitability of the Site**

- \* Physical conditions of the site are ideal. It is not affected by contamination, instability, significant vegetation, bushfire impacts, riparian corridors and

## **7.2 Critical Alliances & Support from stakeholder groups**

Much time and effort has been put into consultation and dialogue with many stakeholders, including over 400 people, Community Groups, Associations, Government Departments, State and Local Politician's have been addressed and presented with this proposal

The Various Stakeholder groups who have been consulted during the gestation period of this project have stated their strong support for the proposal. The University of Wollongong in particular, have indicated very strong support stating a range of reasons why the development of a large private hospital is needed in the Illawarra region.

## **7.3 Support from the Southern Councils Group**

The Southern Councils Group (SCG) is the peak organisation representing Local Government in the Illawarra and South Coast Regions. Member Councils include Bega Valley Shire, Eurobodalla Shire, Kiama Municipal, Shellharbour City, Shoalhaven City, Wingecarribee Shire and Wollongong City Councils.

Following on a presentation by the proponents to the SCG, their Acting Executive Officer has written to La Vie confirming that the Group welcomes the initiative to develop a  
*"...significant private hospital with training facilities for a range of medical and associated professionals in the region subject to all regulatory requirements being met."*

Subsequent to the presentation, the SCG formally resolved to support the application, and on 26 September 2007, have written to Mr Morris Iemma, Premier of New South Wales requesting his consideration of the issue and advice on the State Government's response.

## 7.4 Detailed support from Wollongong University

Professor Don Iverson, Executive Dean, Faculty of Health and Behavioural Sciences, University of Wollongong, and Director of the Illawarra Health and Medical Research Institute, has detailed a range of reasons why he and the University support the development of a tertiary private hospital in the Illawarra region. These reasons for Professor Iverson's support are detailed under two heads, and are summarised as follows.

### 7.4.1 Socio–Economic, Professional, Technological benefits, etc.

- Population growth creates increased demand for medical services
  - \* The gap between demand and supply is growing and there is a current need for a large (250–350) bed private hospital now.
  - \* The current private and public hospital facilities are already stretched, a fact exacerbated by the growth in the proportion of over 65's resident in the region forecast over the next decade.
- Reduction in pressure in the public hospital system
  - \* With 43% of the population having private health insurance, a new private hospital would take some of the load of public hospital facilities.
  - \* This would help reduce public hospital waiting lists, improve the morale of hospital workers and enhance the public health sector to better plan and prioritise their investment strategies.
  - \* The establishment of a new 24 hour minor emergency room would greatly lessen the pressure in the public sector ER's. the high proportion of local residents with private health insurance being encouraged to utilise the new facility for non emergency conditions, which comprise some 60–70 % of persons using emerging rooms.
- Mitigate the current acute shortage of GP's and specialist Physicians and Surgeons.
  - \* A new tertiary private hospital is an essential catalyst in attracting new medical practitioners into the region.
  - \* The value of the new diagnostic, treatment and surgical equipment is of critical importance in attracting new physicians and surgeons to the area.
- A large new private hospital creates new opportunities for training students in nursing, medicine and other allied fields.
  - \* Professor Iverson's Faculty has responsibility for training medical, nursing, midwifery, nutrition/dietetic, exercise science/rehabilitation and psychology students, who are all required to do clinical placements as part of their training.
  - \* Since the number of training places for students exceeds the available places in the Illawarra, the development of a new tertiary private hospital is critical to the University to train and retain medical personnel.
  - \* Moreover, since the AMA recently stated that for medical student and registrar training places to meet demand, it is essential for Medical Schools to enter into agreements with Private Hospitals. Professor Iverson believes that a private hospital is needed to complement current training activities in public hospitals.

### 7.4.2 Other benefits of special interest to the University of Wollongong

- ❑ *“The La Vie proposal will provide the opportunity for general practitioners to admit and coordinate the care of patients within the hospital, seeking advice and diagnostic/treatment services from consultant physicians and surgeons when it is appropriate.”*
- ❑ This model is one which has been used successfully in the USA and Canada for 30 years, and one which Professor Iverson believes has the potential to *“...significantly contribute to the Graduate School of Medicine’s ability to achieve its mission, which is to prepare doctors with the ability and desire to work in regional, rural and remote areas.”*
- ❑ Professor Iverson personally believes that the La Vie model would:
  - ✱ Contribute to the Faculty’s ability to attract and retain GP’s in the area.
  - ✱ Expose the Graduate School of Medicine’s students to a range of general practitioner role models operating within a hospital setting.
  - ✱ Reduce the workload of consultant specialists, especially in the area of post operative care, and
  - ✱ Would facilitate the expansion of General Practitioner registrar training places in the Illawarra and Shoalhaven areas.

In summary, Professor Iverson believes that the La Vie proposal *“...has the potential to address many of the health care service and medical workforce problems that we are currently encountering in the region.”* He has offered his support to the La Vie proposal, and has encouraged the regulatory authorities to give it serious consideration.

## **8. Summary and Conclusions**

The Proponent has commissioned three major reports / feasibility studies in order to generate the range of data necessary to validate the project from Environmental, Socio–Economic, Clinical, Financial and Regulatory standpoints.

### **8.1 Professional excellence of the consultants reports**

The professional consultants selected to develop the feasibilities are of the highest standing in their areas of expertise, and in my opinion, have each delivered outstanding reports in terms of;

- ✧ the respective methodologies employed,
- ✧ the level of detailed analysis and synthesis undertaken,
- ✧ the identification of likely constraints and assumptions employed,
- ✧ the range and scope of the likely outcomes of each of the planned phases of the proposed development, and
- ✧ the identification of the very wide range of benefits which will accrue from the progressive implementation of La Vie's vision and strategy.

### **8.2 Environmental Analysis**

The work undertaken by Cardno Forbes Rigby during the past 2/3 years is of the highest professional order. These consultants are very experienced, and working with the Proponent, Dr Gooley, have progressively addressed all aspects of the analysis needed by the Regulatory Authorities and the Proponent. The range of benefits they identified from their feasibility study has been echoed by the community, and especially from the Wollongong University Faculty of Health and Behavioural Sciences and the Southern Councils Group.

### **8.3 Demand Analysis**

The conclusions of the Hardes and Associates report emerged from an extraordinarily detailed methodology, and have come down firmly in favour of the project having the potential to fill a large and growing unmet demand for private hospital services in the region.

Their conclusions are especially relevant in the current political environment in New South Wales where funding for public sector hospitals is stretched to the limit, strengthening the arguments in favour of the La Vie development put forward so strongly by Professor Iverson from Wollongong University.

### **8.4 Financial Analysis**

The quality and detail of John Boulous report on the Revenue and Expense Expectations of each unit at various utilisation / occupancy levels again is, I believe, at the limit of thoroughness given the data available. Financial forecasting is so often undertaken in



situations of high uncertainty, but it is clear that this analysis has taken account of every variable which is likely to be encountered in the operation of a private hospital. Financial forecasts need to be updated on a regular basis for units which may be years away from implementation, and no doubt that these revisions will be undertaken once the project is given regulatory approval.

The proponent, Dr Brett Gooley, has taken the financially conservative approach in putting forward a strategy which is phased, a position which I strongly endorse.



## **9. The Business Planning Group endorsement of the La Vie Proposal**

The Vision / Mission / Overarching Strategy developed by Dr Gooley provides the blueprint for all that has followed. One seldom sees such thorough strategic thinking which necessarily precedes strategic planning. The pursuit of excellence in every facet of this project is evident from the ultimate outcome of some 2 decades of thinking about how to make this the best private hospital in Australia. Dr Gooley is a passionate advocate of his vision for this potentially world class medical facility, which proposes to innovate in the delivery of health care in ways not seen before in this country.

I have reviewed every document produced over the past 2/3 years since this project was conceived, and evaluated each of the reports from a professional Strategic & Operational Planning consultant's standpoint.

I believe that the quality of the work undertaken by the three organisations commissioned to develop the required feasibility studies is of the highest order, and in my professional judgement in respect of the material reviewed, appear to have left no variable unidentified nor untested.

The project is very ambitious, but with such a clear and detailed vision as to the nature of the private hospital under consideration, a vision which when fulfilled will deliver a tertiary referral private hospital the like of which does not exist in Australia, has excited the imagination of all stakeholder groups.

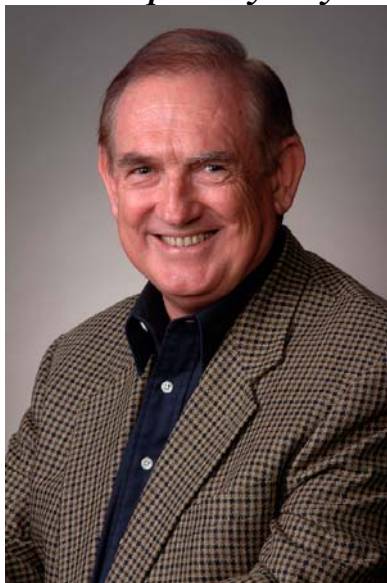
In my view, as a Professional Strategic and Operational Planning Consultant, it is the combination of the clarity of detail and imagination encompassed in Dr Brett Gooley's vision and passion, supported by the excellence of the feasibility studies leading to a range of benefits seldom seen, in such depth and breadth, in development proposals, which sets the seal on the completeness of this submission.

In my opinion, at this stage of the proponents application to the NSW Department of Planning for the purpose of the establishment of a tertiary private hospital, all of the Business Case requirements have been met, and mostly exceeded in relation to known requirements.

Ivan Watt CMC  
Principal Consultant  
The Business Planning Group

## 10. Curriculum Vitae: Ivan Watt Principal Consultant, The Business Planning Group

**Ivan Watt**  
*Principal - Sydney*



### RESUME

#### Qualifications & Professional Affiliations

- \* B.Com [Marketing] UNSW
- \* Graduate, Advanced Management Program, Australian Staff College, Mt. Eliza, Vic.
- \* FAIM - Fellow, Australian Institute of Management
- \* MIMC - Member, Institute of Management Consultants, Australia
- \* CMC.-Certified Management Consultant
- \* FQSA - Fellow, Quality Society of Australasia

### BACKGROUND

Prior to establishing his own management consultancy over 20 years ago, Ivan Watt held middle & senior management positions spanning more than 20 years in major trans-national corporations, including CIG, Amoco [Standard Oil Company of Indiana], American Express International Inc. and Wang Computers.

*During this time, he held positions of responsibility at National and International levels, for: Marketing, Sales, Operations, Administration, Regional Planning & Corporate Policy Development, Training & Development, Management Information Services, Internal Consulting to Management, and Distribution Channel Management, including Franchising.*

He has undertaken major start-up operations, both domestically and internationally, including new functions, products & services, being equally involved in the development of policy and planning as well as managing the implementation.

*Across each of these functional assignments, he played a leading organisational role in the development of strategy and planning.*

### INDUSTRY CONSULTING EXPERIENCE

During the past 20 years, Ivan Watt has undertaken a broad range of assignments, consulting to management in both private and public sectors.

*He has managed assignments in organisations from the following industry sectors;*

- \* Information Technology, including Hardware, Software & Interactive Multimedia Development
- \* Financial Services, including Insurance, Credit/charge Cards, Unit Trusts and Credit Reference Bureaux.
- \* Textiles, Clothing & Footwear Industries
- \* Metal Manufacturing, Plastics & Rubber industries
- \* Agribusiness, Seafood wholesaling
- \* Management Consultancies
- \* Wholesaling & Commodity Broking
- \* Business Networks
- \* Tourism & Hospitality Industry
- \* Indigenous & Cultural Enterprises
- \* Not-for-profit Religious organisations
- \* Aboriginal Commercial Enterprises
- \* Meetings, Incentives, Convention & Entertainment Industries

- ✱ Communications & Business Services

*In the Public Sector, major assignments have been completed for:*

- ✱ The Commonwealth Department of Foreign Affairs and Trade
- ✱ The Federal Bureau of Consumer Affairs
- ✱ The NSW Department of Agriculture
- ✱ AusIndustry & The National Industry Extension Service – NIES
- ✱ The Commonwealth Department of Employment, Training and Youth Affairs (DEETYA) / Australian National Training Authority (ANTA)

## **FUNCTIONAL CONSULTING EXPERIENCE**

*This background provided the opportunity for a broad spectrum of consulting experience, which has included assignments in:*

- ✱ Strategic & Operational Planning at both Corporate and Functional levels
- ✱ Marketing Strategy & Operational Planning
- ✱ Sales Management
- ✱ Management Efficiency Reviews & Management Audits
- ✱ Industry & Trade Research
- ✱ Feasibility studies
- ✱ Economic Research
- ✱ Organisation Structure Reviews
- ✱ Economic Impact Studies
- ✱ Marketing and Sales Management
- ✱ Networking studies
- ✱ Environmental Management

*Some examples of the assignments he has undertaken include:*

- ✱ Large scale projects involving the detailed development and implementation of Corporate restructuring, and strategic and operational planning.
- ✱ International trade and industry studies for both domestic and foreign Governments on the market prospects for products and industries.
- ✱ Development of market entry strategies for new products and services.
- ✱ Development and preparation of Business Plans together with Venture Capital Plans & Investment Proposals.
- ✱ Research and development of many Strategic and Operational plans for a broad range of organisations, including Manufacturers, Entrepreneurs, Business Networks and Service Industry Clients including other Management Consulting Firms.
- ✱ Direct assistance in the implementation phase of plans of all types, mentoring of management teams and key staff, replanning organisations in successive periods to bring about incremental improvement over time.
- ✱ Working with Australia's largest Roman Catholic Religious order, to Project Manage the development of Strategic Business Plans for its NSW Province, as well as for a significant new Rural Community Service which the Order is in the process of establishing.

## INTERNATIONAL BUSINESS EXPERIENCE

During his career, Ivan Watt has benefited from wide-ranging overseas experience including substantial time in Japan, UK, USA, Hong Kong, South East Asia, the ASEAN nations, The Indian Sub Continent, Taiwan, and the Pacific Islands. He was resident in Singapore and the United Kingdom each for a period of two years. He spent a total of four years in the Asia Pacific Region in a number of Senior roles including Regional administration and Corporate Strategy and Policy development [while staff Director of the Asia Pacific Business Committee of The American Express Company], New business Development, and as Regional Director of Training and Development for Amex.

## ENVIRONMENTAL MANAGEMENT

In November, 1994, Ivan Watt and Tony Lamond, the Canberra-based Joint principal of The Business Planning Group were commissioned by CCH, the world's largest publishers of business advisory services, to write an *Environmental Management & Audit Manual*, the methodological basis of which is **The Business Planning Group** planning methodology. The Manual was successfully launched onto the Australian market by CCH in December 1995, with the full support of The Australian Chamber of Commerce and Industry [ACCI].

## MEMBERSHIP OF THE INSTITUTE OF MANAGEMENT CONSULTANTS (IMC)

Ivan Watt is a full member of The Institute of Management Consultants (IMC), and has been awarded the highest professional grade of CMC – Certified Management Consultant.

- ✳ Membership is only available to suitably qualified and experienced professionals who satisfy the standards required by The Institute in respect of qualifications, experience and personal qualities. Members must have earned and maintained a high reputation for integrity, competence and reliability in carrying out their obligations.
- ✳ Members of The Institute must subscribe to, and observe, the Code of Professional Conduct laid down by The Institute. This Code has been specifically designed for the protection of the client and the reputation of the member.

## REGISTRATION BY AUSINDUSTRY

Prior to the demise of AusIndustry's practical, financial support to SME's in Australia, Ivan Watt was a registered AusIndustry Consultant in both NSW and the Australian Capital Territory. His registrations included; Strategic Planning, Marketing, Diagnostic Assessment, & Business Planning Services. Ivan Watt has also completed the training program for the AusIndustry Export Market Planning Program, and was accredited to conduct the program nationally.

## QUALITY MANAGEMENT

Ivan Watt has completed the training program in Quality Assurance and the QA Certification process conducted by Standards Australia, and is able to advise on the detailed requirements of all aspects of the QA Certification Process, including the preparation of the Quality Manual, and the preparation of Quality procedures and Work Instructions.

**In recognition of the work has undertaken in the field of Quality Management over the past 20 years, Ivan Watt has been elected to the grade of Fellow of the Quality Society of Australasia.**

## STRATEGIC MANAGEMENT & PLANNING EXPERTISE

*He has conducted extensive research into planning methodologies & techniques, and is the major contributor to the development of leading edge methodologies, which underpin the work of The Business Planning Group.*



## PRACTICE MANAGEMENT

### Sydney Practice

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Both Practice Heads are *Certified Management Consultants* holding the highest grade of full membership of the Institute of Management Consultants. This certification is internationally recognised by all affiliated institutes of Management Consulting throughout the world, which is governed by ICMCI, the International Council of Management Consulting Institutes.

### Legend:

**FAIM:** Fellow of the Australian Institute of Management

**FQSA:** Fellow of the Quality Society of Australasia

**MIMC:** Member of the Institute of Management Consultants

**CMC:** Certified Management Consultant

**MICD:** Member of the Institute of Company Directors

**FCPA:** Fellow of the Institute of Certified Practising Accountants