

Goulburn Valley Health - Stage 2 Development

October 2018

abn: 78 034 374 113

PO Box 1010
Greythorn VIC 3104

m: 0408 351 549


e: eugenie@emsconsulting.com.au

w: www.emsconsulting.com.au

The Committee for Greater Shepparton (C4GS) has engaged emsConsulting to undertake a desktop assessment of the likely costs associated with the delivery of the second stage of the Goulburn Valley Health Development.

The core objective of the study was to assess the funding required for full delivery of the Goulburn Valley Health (GV Health) Masterplan (in the absence of departmental release of detailed cost estimates).

This report is intended for research purposes and for internal use by the Committee for Greater Shepparton. Any public release of information contained within this report will be done so only with the prior consent of emsConsulting.



abn: 78 034 374 113

PO Box 1010
Greythorn VIC 3104

m: 0408 351 549
e: eugenie@emsconsulting.com.au
w: www.emsconsulting.com.au

Contents

Executive Summary	5
1. Methodology.....	6
1.1 Inference based cost estimates.....	6
1.2 Data Sources	6
1.3 Reliability	6
2. Goulburn Valley Health.....	7
2.1 Service and Infrastructure Planning	7
2.1.1 Acute Services Plan Infrastructure and Capacity Measures	8
2.1.2 Statement of Priorities (SoP) - Commitments	9
2.2 Asset Value by Health Service	9
2.2.1 Snapshot - GV Health Asset Challenges.....	11
2.3 GV Health Redevelopment Masterplan	12
2.4 Stage 1 Redevelopment	13
2.4.1 Stage 1 Scope.....	13
2.4.2 Stage 1 Contribution to Required Capacity Increases	14
2.4.3 Key Points	14
3. Remaining Scope (Stage 2)	15
3.1 Capacity Works	15
3.2 Local Cancer Services.....	15
3.2.1 Reference Projects	16
3.3 Integrated Mental Health and Aged Care Precinct	17
3.3.1 Reference projects	17
3.4 Helipad and Car Park	18
3.4.1 Reference Projects	19
4. Stage 2 – Total Estimated Investment	20
5. References	22

6.	Appendices.....	24
6.1	Appendix A – Public Health Funding.....	24
6.1.1	Rural and Regional Health.....	24
6.1.2	Funding.....	25

Executive Summary

This report was developed to provide the Committee for Greater Shepparton with relevant information to inform discussions regarding the level of health infrastructure investment in the Goulburn-Valley, specifically – grant funding for infrastructure.

The core objective of the study was to assess the funding required for full delivery of the Goulburn Valley Health (GV Health) Masterplan (in the absence of departmental release of detailed cost estimates).

Significant investment is required beyond the delivery of Stage 1 to enable GV Health to meet objectives articulated in its service plan and commitments outlined in the 2017-18 Statement of Priorities.

The requirement for additional funding and works beyond Stage 1 was flagged in VAGO's 2015-16 Public Hospital Audit. The audit notes that after completion of the Stage 1 redevelopment, GV Health *will have to use aged equipment because the funding for the redevelopment will not be enough to replace all of the existing medical equipment.*

ems consulting understands that a GV Health Stage 2 Masterplan has been developed detailing the scope and indicative costs to deliver the remaining works, however, this has not been made available to the public.

In the absence of the of the Stage 2 Masterplan, a high-level inference-based estimate has been developed by assessing *like* projects delivered in other regional areas that align to GV Health's needs post completion of the Stage 1 redevelopment.

Notwithstanding the limitations of inference-based estimates, the funding required to deliver the Stage 2 works may be in the order of \$272 to \$374m.

1. Methodology

The health sector in Australia is one of Australia's largest industries. At the 2016 census over 1.35m people worked in the health and community services sector. The scale and complexity of the industry is immense and the way in which services are delivered and funded, reflects this scale and complexity.

Health services and infrastructure are majority funded by the state and federal governments; funds are also provided through private investment via public-private partnerships and charitable donations. The allocation of funding for major capital renewals and new infrastructure such as hospitals is determined by the state government and appropriated via specific purpose grants.

The level of detail in this report reflects a necessarily high-level approach. No attempt has been made to add to the volumes of existing reports, data, performance reviews and evaluations of the funding arrangements themselves.

This report is not positioned as a technical paper or a comprehensive reconciliation of health funding in its entirety. Existing, publicly available data from credible sources has been used to develop this report.

1.1 Inference based cost estimates

Cost estimates for the provision of health services and health-related capital programs were developed using an inference forecast method drawing on publicly available data from comparable projects delivered or approved in the preceding ten years to 2018.

This report does not attempt in any way to appraise, evaluate or challenge the merits of projects delivered in other areas. The projects referenced are only considered in the context of state government decisions on the allocation of funds between regions of comparable designation, scale and need.

Indicative costs are suitable to support discussions regarding the funding needs for Goulburn Valley Health and are not suitable for use beyond this purpose. This approach has been taken to provide an indicative cost estimate in the absence of the public release of the Goulburn Valley Health Masterplan and any associated Service Plans and development cost information.

1.2 Data Sources

The research and analysis in this report leveraged multiple data sources, primarily state and federal government agency websites and publications. A list of data sources and references are outlined in Sections 5 and 6 of this report and where relevant, appended to this report.

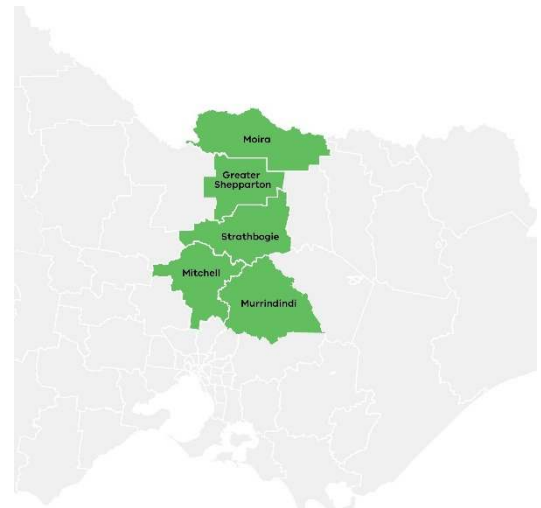
1.3 Reliability

There are instances where discrepancies have been noted between data sets such as budget papers, media releases and other statutory information. Small discrepancies (+/- 5%) are not considered material in the context of this report. Any material discrepancies have either being reconciled or noted.

2. Goulburn Valley Health

Goulburn Valley (GV) Health is a designated regional, tertiary referral hospital and the main referral health service for the Hume region. Services include a 24-hour emergency department, surgery, medical services, women's and children's services, rehabilitation and palliative care, mental health, outpatients, services at Tatura and Rushworth, and community-based health programs.

GV Health's largest facility is located in Shepparton. Shepparton Hospital is an extended care facility which provides surgical, medical, paediatric, obstetrics and gynaecology, intensive care and psychiatry services as well as extended care and regional services. It has two smaller sites at Rushworth and Tatura with acute and aged care beds and primary care services.



GV Health services an immediate population of approximately 105,000 people. By 2021 GV Health's primary catchment is expected to increase to 116,000¹. A total of 70% of the primary catchment lives in Greater Shepparton². Patients also come from Strathbogie, Moira and Campaspe Shires, and increasingly from southern New South Wales. Mental health and community services cover an expanded catchment including the Shires of Mitchell and Murrindindi, including the Wallan Growth Corridor.

2.1 Service and Infrastructure Planning

Information regarding GV Health service planning and infrastructure was gathered from two primary sources.

1. Goulburn Valley Health Acute Services Plan (2015)

In 2015 the Department of Health and Human Services (DHHS) engaged Aspex Consulting to develop the Goulburn Valley Health Acute Services Plan (ASP). The ASP details objectives and enablers to ensure that GVH can meet the growing and increasingly complex health needs of the community they serve in the Goulburn Valley.

¹ .id Community Demographic Resources. (2016)

² **Source:** Department of Health and Human Services. (2017). *Statement of Priorities, 2017-18 Agreement between the Minister for Health and Goulburn Valley Health*. Melbourne: The Victorian Government

2. Statement of Priorities, 2017-18 Agreement between the Minister for Health and GV Health (2017)

The Statement of Priorities between the Minister for Health and GV Health 2017-18 distils the goals, enablers and strategies in the ASP into an agreed set of accountabilities between the Victorian Government and GV Health.

Both documents outline service objectives, goals, strategies and enablers across a number of domains. Examples relevant to this report were selected for analysis.

2.1.1 Acute Services Plan Infrastructure and Capacity Measures

Approximately 28 infrastructure measures were outlined in the ASP to address what were described as *“several areas where the current infrastructure is deficient and will not meet GV Health’s future service requirements”* (Aspex Consulting, 2015).

Infrastructure and capacity measures are summarised in the following table, noting that this does not include infrastructure measures to upgrade and refurbish existing infrastructure.

Patient Treatment Functional Areas	Units	Current Capacity (2015)	Required Capacity (2027)	Required Increase
Day Procedure Unit	Chairs	16	16	0
Dialysis	Chairs	7	16	9
Maternity	Beds	12	10	0
Medical assessment and planning unit (MAPU) & Short stay unit (SSU)	Beds	8	9	1
Medical Day Stay	Chairs	6	5	0
Medical Ward	Beds	32	61	29
Mental Health** (Adult & Aged Acute)	Beds	20	28	8
Mental Health** (Residential Aged)	Beds	20	20	0
Oncology/Haematology	Beds	12	9	0
Paediatric Unit	Beds	12	8	0
Special Care Nursery	Cots	8	10	2
Sub-acute	Beds	44	42	0
Surgical Ward	Beds	30	33	3
Emergency Department Treatment Spaces (includes Resus)	Unit	18	36	18
Endoscopy suites	Unit	1	1	0
Hospital in the Home (HITH)	Unit	13	18	5
Intensive Care Unit (ICU) and Coronary Care Unit (CCU)	Unit	8	9	1
Labour Delivery Recovery - Delivery Suite	Unit	5	4	0
Labour Delivery Recovery – Postnatal	Unit	2	4	2
Outpatient Consultation/Treatment Rooms*	Unit	22	45	23
Theatres - multi-day	Unit	3	4	1
Theatres - same-day	Unit	0	2	2
Therapy Area - Allied Health	Unit	2	4	2
TOTAL		301	394	106

2.1.2 Statement of Priorities (SoP) - Commitments

The following commitments are outlined in the Statement of Priorities 2017-18 Agreement between the Minister for Health and GV Health (2017).

SoP Domain	Commitment/s
Cardiac (Heart) Services	Goulburn Valley Health will introduce cardiac (heart) services in the local area and will broaden the range of associated treatments to ensure we address the growing needs of our community.
Enhanced Maternity Services	Goulburn Valley Health will enhance regional maternity services and continue to support other hospitals in our region. Capacity to deliver high dependency newborn services will be increased and children's services (specialised paediatric services) will continue to grow.
Expansion of Mental Health Services	Access to Mental Health Services will continue to increase in response to growing demand. Services will be integrated and will focus on a recovery-oriented model of care for clients.
Greater Dialysis Capacity	There is an increased demand for renal (kidney) services and an associated need to expand our capacity to deliver this vital service for our community. To meet growth, Goulburn Valley Health will deliver a broader range of renal services and will increase the number of dialysis chairs from 7 to 16 over the next 10 years.
Improving Rushworth's Services	The hospital and hostel sites will be co-located, consolidated and redeveloped to broaden and enhance services for the region.
Increased Emergency Department Capacity	The level of community demand for Emergency Department services has significantly increased and will continue to grow. Goulburn Valley Health aims to improve timely access to emergency care and enhance patient experience through strengthening services and doubling the treatment space capacity.
Increased Palliative Care	Goulburn Valley Health will increase palliative care services to meet the needs of our growing, ageing community and to provide specialist care for patients at their most vulnerable, end-of-life stages.
Local Cancer Services	There is growing demand for cancer services. Goulburn Valley Health will develop an integrated cancer model for the region that minimises patient inconvenience and travel, and provides treatment locally. Access to medical, surgical and a range of cancer treatment services will be enhanced. No person from our catchment should have limited access to the full range of treatment options.
Specialised Surgery Services	Goulburn Valley Health aims to attract more surgeons and strengthen surgical services through the recruitment of specialised surgeons and training of theatre nurses to support services. Enhanced surgery services will include a program to address elective surgery waiting lists for a range of specialities including orthopaedics, ear, nose and throat, urology, gynaecology and endoscopy amongst others.

2.2 Asset Value by Health Service

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as at the measurement date.

The fair value of assets reflects factors such as the scale (physical size/capacity), age, sophistication and condition of assets at the disposal of each health service provider to deliver services. In Victoria,

public hospitals apply to the government for capital funding and submit a business case supporting their application. The government then reviews applications and appropriates funding via grants. Given the pricing model does not enable hospitals to recover capital depreciation costs, there are limited means for health service providers to raise funds for major capital works outside this process.

The fair value of assets reflects, to an extent, the degree to which the government has shared capital funding between health service providers and regions over time.

Table 1 compares the fair value of assets between peer health service providers. Asset values include all sites, locations and facilities within the service providers portfolio.

Table 1 Fair value of assets by health service, 2017³

Asset	Bendigo	Barwon	Ballarat	Latrobe	GV Health
Non-specialised land	\$6,822,000	\$20,419,000	\$11,021,000	\$ -	\$5,886,000
Specialised land	\$12,418,000	\$31,953,000	\$10,845,000	\$6,142,000	\$4,120,000
Non-specialised buildings	\$4,185,000	\$1,199,000	\$127,562,000	\$ -	\$537,000
Specialised Buildings	\$127,519,000	\$461,864,000	\$168,711,000	\$109,584,000	\$74,995,000
Plant, equipment and motor vehicles	\$55,042,000	\$43,148,000	\$25,019,000	\$9,267,000	\$7,657,000
Assets under construction	\$ -	\$ -	\$ -	\$68,915,000	\$5,733,000
PPP Assets	\$740,815,000	\$ -	\$ -	\$ -	\$ -
TOTAL	\$946,801,000	\$558,583,000	\$343,158,000	\$193,908,000	\$98,928,000

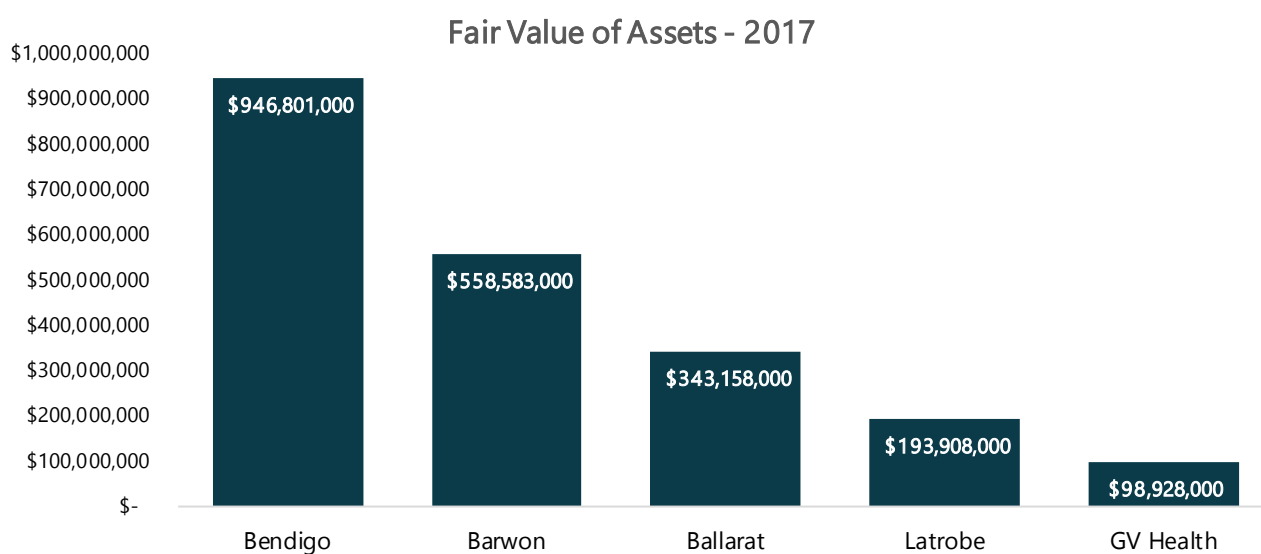


Chart 1: Fair value of assets, 2017

The fair value of assets above are valued as at 2017, and therefore do not reflect the value of any new assets, or refurbishment of existing assets from any planned investment funded from the Victorian 2018-19 State Budget. The 2018-19 State Budget committed \$1.62B in new funding and \$2.2B in

³ Source: Health service provider annual reports 2016-17

existing funding to capital projects within the Health and Human Services portfolio. New funding committed to health projects in regional areas totalled \$667.2m, building on \$536m of previously budgeted funding.

2.2.1 Snapshot - GV Health Asset Challenges

The 2015-16 Victorian Auditor General Office (VAGO) audit of Victorian public hospitals included a case study that described GV Health's challenges in relation to funding asset renewal and replacement. In their report, VAGO stated the following with regard to GV Health⁴.

*Extract A: VAGO Public Hospital Audit 2015-16, GV Health Case Study*⁵

The majority of GV Health's buildings and facilities at its main Shepparton site were built in the 1960s, upgrades and modifications have been made through to the 2000's. Although the condition of the Shepparton site was rated adequate or above in the state's master plan, **its compliance, functionality and efficiency was rated as poor to very poor, and its physical facilities deemed inadequate to provide the required clinical services.**

Fixed assets and funding replacement assets

As at 30 June 2016, GVH had \$102 million (\$103 million in 2014–15) of property, plant and equipment.

In 2015, \$1 million from the State Budget was allocated for planning the GVH redevelopment, and a masterplan was commissioned by DHHS in March 2015. In the 2016–2017 State Budget an allocation of \$168.5 million was made for the GVH redevelopment, with an expected completion date of 2020. The whole hospital will be redeveloped, including an expanded emergency department, three new operating theatres and the refurbishment of existing wards.

Issues affecting the replacement of assets

GVH has \$15.3 million of aged infrastructure and equipment fully depreciated at 30 June 2016. This has resulted in increasing maintenance costs to keep these assets operational and functioning. GVH needs to prioritise which assets to repair or replace. Although the redevelopment will not be completed until 2020, GVH must continue to deliver full services to the public. **After the redevelopment, GVH will have to use aged equipment because the funding for the redevelopment will not be enough to replace all of the existing medical equipment.**

- GVH received \$600 000 in 2015–16 from DHHS. This is 10 per cent of the capital works budget of GVH.
- **DHHS did not fund any works identified as associated works, such as demolition or installation of funded assets, which have to be funded from GVH's operational revenue.**

⁴ Victorian Auditor General's Office. (2016). *Public Hospitals: 2015-16 Audit Snapshot*. Melbourne

⁵ Victorian Auditor General's Office. (2016). *Public Hospitals: 2015-16 Audit Snapshot*. Melbourne

Solutions to funding issues

- GVH has begun community programs to procure donations to help renew equipment.
- GVH has entered into operating lease agreements for its major medical equipment because such arrangements do not require a large initial cash payment.
- GVH is waiting for the state-funded redevelopment.

Implications for the hospital

Although the GVH redevelopment will help to replace aged infrastructure and equipment, **it currently does not address the underlying issue of equipment being used beyond its economic life. GVH's operating leases might be a short-term solution—long-term leases remain an impost.**

2.3 GV Health Redevelopment Masterplan

ems consulting understands that the DHHS has developed a five-stage masterplan for the redevelopment of the GV Health Shepparton site that details how objectives in the ASP and Statement of Priorities will be delivered. To date, this report has not been made available to the public.

Information published on the Billard Leece Partnership website, the architects responsible for designing and delivering GV Health Redevelopment Stage 1, provides some insight into the content of the masterplan. An extract is provided below:

“Five stage masterplan redevelopment of 280 bed acute and extended care facility in Shepparton.”

“Goulburn Valley Health (GVH) Shepparton is a 280 bed acute and extended care facility which provides surgical, medical, paediatric, obstetrics and gynaecology, intensive care and psychiatry services as well as extended care and regional services. It has two smaller sites at Rushworth and Tatura with acute and aged care beds and primary care services.

*GVH provides community services which complement its inpatient role, such as Hospital in the Home, diabetes education, continence and aged care assessment, home based nursing and allied health. **The hospital is currently constrained in its capacity to fulfil its role as a major regional health service with the facility falling well below space allocations included in current design guidelines.***

The current condition and configuration of clinical care areas, inpatient accommodation and essential services seriously compromise the quality, safety and efficiency of GVH's service delivery. Key functional areas are operating at capacity and the ageing physical layout fails to meet current health standards.

The Masterplan proposes redevelopment in five stages to address functional and operational gaps identified in the service plan, although it is considered that delivery of the first three stages would address the most urgent issues facing Goulburn Valley Health. The redevelopment of mental health is separately staged, and independent of the other five stages.”

Source: Billard Leece Partnership. (n.d.). *Goulburn Valley Health Five stage masterplan redevelopment of 280 bed acute and extended care facility in Shepparton.*

2.4 Stage 1 Redevelopment

The Victorian 2018-19 State Budget committed \$168.5 million to complete works aligned to components of the GV Health Masterplan. Referred to in this report as GV Health Stage 1 (Stage 1) the scope includes a mix of new and refurbishment works. There is limited publicly available information detailing the scope, cost and status of state government delivered capital projects in a consolidated format. Information on the scope of Stage 1 redevelopment has been pieced together from several sources including:

- The Victorian Health and Human Services Building Authority (VHHSBA)
- Buying for Victoria (tenders.vic.gov) GV Health Managing Contractor Expression of Interest Brief (viewed only, no part reproduced or reused)
- Victorian State Government budget papers

2.4.1 Stage 1 Scope

The scope of Stage 1 includes the following.

- Refurbishment of the existing theatres and new theatres (net increase of 3, plus 1 shell to facilitate future capacity increase),
- New, combined Intensive Care Unit (ICU) / Coronary Care Unit (CCU) / High Dependency Unit (HDU) comprising 10 bays (net increase of 2),
- New surgical 32 bed inpatient unit and a new surgical / medical 32 bed inpatient unit (overall net increase of 34).
- Day of Surgery Admission (DOSA) and other support services, including patient change rooms and support offices.
- Complete refurbishment and expansion of the existing Emergency Department (ED), delivering 36 bed bays (net increase of 18),
- New Short Stay Unit (SSU) comprising 9 beds (net increase of 1).
- Special Care Nursery (SCN) and maternity ward will be renovated to deliver a refurbished SCN comprising 10 cots (net increase of 2), Paediatrics comprising 12 beds and Maternity comprising 12 beds (refurbishment only - no change to existing capacity).
- New satellite imaging in the emergency department (additional digital x-ray, CT and US units).
- New Dialysis Unit comprising 16 dialysis chairs (net increase of 9)
- New kitchen and morgue
- Second HV electrical feed offsite and rectification of other non-compliant electrical issues onsite are rectified. Installation of compliant fire sprinkler systems in existing wards throughout the hospital.

2.4.2 Stage 1 Contribution to Required Capacity Increases

Patient Treatment Functional Areas	Current	Stage 1 Works		Remaining
	Increase Required	Refurbished	New	Increase Required
Included in Stage 1 (includes refurbishments)				
Dialysis (Chairs)	9	7	9	-
Emergency Department Treatment Spaces (includes Resus)# (Unit)	18	18	18	-
Endoscopy suites (Unit)	0	1	-	-
Intensive Care Unit (ICU) and Coronary Care Unit (CCU) (Unit)	1	8	2	-
Maternity (Beds)	0	12	-	-
Medical assessment and planning unit (MAPU) & Short stay unit (SSU) (Beds)	1	8	1	-
Medical Ward (Beds)	29	32	-	29
Paediatric Unit (Beds)	0	12	-	-
Special Care Nursery (Cots)	2	8	2	-
Surgical Ward (Beds)	3	30	3	-
Theatres - multi-day (Unit)	1	3	1	-
Theatres - same-day (Unit)	2	-	2	-
Not included in Stage 1				
Hospital in the Home (HITH) (Unit)	5	-	-	5
Labour Delivery Recovery - Postnatal (Unit)	2	-	-	2
Mental Health** (Adult & Aged Acute) (Beds)	8	-	-	8
Outpatient Consultation/Treatment Rooms* (Unit)	23	-	-	23
Therapy Area - Allied Health* (Unit)	2	-	-	2
Total	106	135	38	69

2.4.3 Key Points

Assuming full delivery of Stage 1:

- Total patient treatment areas will increase by 12.6% from 301 to 339.
- Stage 1 will deliver just over a third (36%) of the required capacity increases outlined in the GV Health Acute Services Plan.
- At completion, around half the hospital patient treatment areas will be refurbished or new - 52% of the post-stage 1 capacity of 339 (162 patient treatment areas will not be refurbished).
- These conclusions are consistent with the Victorian Auditor General's view that *"After the redevelopment, GVH will have to use aged equipment because the funding for the redevelopment will not be enough to replace all of the existing medical equipment"*⁶.

⁶ Victorian Auditor General's Office. (2016). Public Hospitals: 2015-16 Audit Snapshot. Melbourne. Pg. 22

3. Remaining Scope (Stage 2)

For GV Health to deliver the capacity and infrastructure works required to deliver services to the community in the Goulburn Valley, a significant investment is required beyond the delivery of Stage 1. In this report, all requirements outlined in the GV Health ASP and the GV Health Statement of Priorities not funded by Stage 1 – are referred to as Stage 2.

Stage 2 works consist of

- Capacity works at GV Health’s Shepparton site
- Works to accommodate an integrated cancer centre in the Goulburn Valley
- The construction of an integrated mental health and aged care facility
- Additional car parking and helipad

The estimated scope and cost for each component is discussed in more detail below.

3.1 Capacity Works

Patient Treatment Functional Areas	Increase Required (Post S1)	Estimated Cost
Hospital in the Home (HITH) (Unit)	5	\$181.2m
Labour Delivery Recovery - Postnatal (Unit)	2	
Medical Ward (Beds)	29	
Mental Health** (Adult & Aged Acute) (Beds)	8	
Outpatient Consultation/Treatment Rooms* (Unit)	23	
Therapy Area - Allied Health* (Unit)	2	
TOTAL	69	

Information provided by the Committee for Greater Shepparton suggests an estimate of the investment required to deliver the remaining capacity works is in the order of \$181.2m. Desktop research indicates that not all works required to expand and/or refurbish administrative areas, offices and facilities for specialist services such as obstetrics are included in this estimate.

The Committee for Greater Shepparton appreciates that this estimate was developed some time ago. This estimate may need to be reviewed to account any variations to the Stage 1 scope and escalation in construction costs.

3.2 Local Cancer Services

Objectives relating to local cancer services outlined in the GV Health Statement of Priorities, aligned objectives and strategies in the GV Health ASP are summarised below:

There is growing demand for cancer services. **Goulburn Valley Health will develop an integrated cancer model for the region** that minimises patient inconvenience and travel, and provides treatment locally. Access to medical, surgical and a range of cancer treatment services will be enhanced. **No person from our catchment should have limited access to the full range of treatment options.**

Develop similar service models for patients referred to **Bendigo Health CCC**
7.1. Undertake a business case and feasibility study on all aspects of a **future CCC at Shepparton**

Regional Cancer Centres - key objectives and benefits:

- Regional cancer services work together to ensure coordination of care for patients and consistency in the quality of care.
- Victoria's regional integrated cancer services support high-quality care by building relationships and networks to support best-practice models of care, coordinating care and improving performance.
- Regional cancer centres are the cornerstone of regional cancer care within Victoria's cancer system.
- They plan and deliver services based on their size and their capability to safely provide specialist cancer care.
- Service delivery, patient outcomes and peoples' experiences should be monitored to ensure region-wide access to high-quality cancer services.

Source: <https://www2.health.vic.gov.au/about/health-strategies/cancer-care/regional-cancer-centres>

3.2.1 Reference Projects

Examples of projects delivered to provide integrated cancer care in regional areas.

Project	Key Stats	Cost
Albury-Wodonga Regional Cancer Centre	<ul style="list-style-type: none"> • 30 chemotherapy chairs • 3 radiotherapy bunkers • Built 2016 	\$70m ⁷
Ballarat Regional Integrated Cancer Centre	<ul style="list-style-type: none"> • 12 chemotherapy chairs • 4 radiotherapy bunkers • Built 2013 	\$55m ⁸
Latrobe Cancer Centre	<ul style="list-style-type: none"> • 16 chemotherapy chairs • 1 radiotherapy bunker • Built 2006, expanded 2014 	\$22m ⁹

⁷ ABC News. (2016, September 2). Albury cancer centre reduces stress and cost of travel for patients.

⁸ Department of Health and Human Services. (2010, April 7). NEW \$55 MILLION CANCER CENTRE FOR BALLARAT PATIENTS

⁹ \$22m refers to upgrade works to the existing cancer centre in 2014, Source: Latrobe Regional Hospital. (2015). *Gippsland Cancer Centre*.

3.3 Integrated Mental Health and Aged Care Precinct

Objectives relating to mental health services outlined in the GV Health Statement of Priorities, aligned objectives and strategies in the GV Health ASP are summarised below:

Statement of Priorities	Acute Service Plan – Aligned goals and strategies
Access to Mental Health Services will continue to increase in response to growing demand. Services will be integrated and will focus on a recovery-oriented model of care for clients.	22.4. Master plan a functionally integrated and co-located mental health bed precinct for the acute and aged beds. Develop a business case that demonstrates the operational efficiencies that will accrue from this service redesign

3.3.1 Reference projects

There is limited cost and scope information available for *like-for-like* projects – stand-alone mental health and aged care facilities in Victoria. A higher-level inference approach to estimating the potential costs was necessitated compared to the approach taken for regional integrated cancer centres.

In developing the estimate, the following assumptions were adopted.

Number of beds

- The facility would require approximately 60 beds, comprised of 30 mental health beds, 20 aged mental health beds and 10 assessment beds

Building type

- A new, purpose-built facility would need to be constructed at the GV Health campus in Shepparton

Additional spaces may be required to facilitate community consultation and the delivery of mental health and aged care programs. While not explicitly dealt with in this report, these requirements should be considered in any subsequent scoping and planning work undertaken.

Reference projects include projects delivered in other states and metropolitan areas.

Project	Key Stats	Cost
Nepean Hospital – Integrated Mental Health Unit	<ul style="list-style-type: none"> • Construction of a 2/3 storey building to accommodate an Integrated Mental Health Unit (IMHU) • 20 high dependency beds; 24 acute treatment beds; & 20 special mental health service beds for older people • Landscaping, administration offices, lounge areas & informal areas, dining areas, education/workshop areas, family meeting rooms, a gymnasium • Completed 2014 	\$34m ¹⁰
Dandenong Hospital Mental Health Redevelopment and Expansion (stage 1)	<ul style="list-style-type: none"> • 50 bed adult acute mental health facility • Completed 2011 • Delivered as a part of a larger redevelopment with a project value of \$69m 	\$21m ¹¹

3.4 Helipad and Car Park

The need for a helipad at the Shepparton Hospital has been established for some time. In 2011, Noel Maughan, the former chairman of the Goulburn Valley Health Board was quoted in an ABC News article;

"GV Health is major health provider and current facilities are not good enough to cope with increased growth".

"It will reduce the time that the ambulance services spend transferring patients to metro hospitals and in a large regional hospital like Goulburn Valley Health, I think it's self-evident that we do need a state of the art ED [emergency department] ... and a helipad to service it"¹².

A helipad was considered in the Stage 1 redevelopment scope funded in 2016 but not included in the funded works. An article published last year in the Shepparton News quoted Sandy Chamberlin, Goulburn Valley Health's Redevelopment Manager;

"Despite the helipad being off the table for this redevelopment, it is in the master plan for the next redevelopment."

"The cost of a helipad could have added an extra \$5 million to the project"

"But that needs a state government to make a further multimillion dollar investment into Goulburn Valley Health."¹³

Car parking capacity at Shepparton Hospital needs to be expanded to cope with both existing demand and forecast growth. The location of the Hospital in central Shepparton limits the scope for additional

¹⁰ CoreLogic. (2018, Sept 21). *Project : NEPEAN HOSPITAL - MENTAL HEALTH SERVICES - INTEGRATED MENTAL HEALTH UNIT.*

¹¹ Department of Health and Human Services, Victoria. (2011, Aug). *Major mental health boost for Dandenong*

¹² ABC News. (2011, Jul 6). *Health Shake-up to include helipad.* Retrieved from – abc.net.au/news

¹³ Barclay White, S. N. (2017, Oct 19). *Shepparton News "Choppers Chopped".* Retrieved from Pressreader.com

outdoor parking, particularly as redevelopment and expansion works are undertaken. Given these requirements, a combined car-park and helipad facility would appear to be a logical solution.

3.4.1 Reference Projects

Ballarat Hospital received funding for a helipad and multilevel car park in 2011 and the project was completed in early 2015.

A new helipad installed on an existing building at the Geelong Hospital was completed in 2016 at an estimated cost of \$11.5m.

A similar project to Ballarat (in terms of scope and cost) may address Shepparton’s requirements, noting that there are numerous funding options for this type of works, including a co-contribution from local councils.

Project	Key Stats	Cost
Ballarat Hospital Helipad and Car Park	<ul style="list-style-type: none"> • Multilevel car park with rooftop helipad • 2 lifts • Approximately 200 car parks • Completed in 2015 	13.4m ¹⁴
Geelong Hospital Helipad	<ul style="list-style-type: none"> • Construction of a new helipad on an existing building • Completed in 2016 	\$11.5m ¹⁵

¹⁴ Ballarat Health Services. (2015, Jan 01). *Base Hospital car park open / Helipad progress*

¹⁵ CoreLogic. (n.d.). *Project: GEELONG HOSPITAL HELIPAD*. Retrieved Sept 21, 2018

4. Stage 2 – Total Estimated Investment

In the absence of a detailed cost estimate for completing works associated with Stage 2, an indication of the potential costs can be inferred by considering the costs associated with delivering similar projects delivered in regional Victoria and New South Wales.

The Release of the full GV Health Stage 2 Masterplan would be welcomed and may yield substantially different numbers to those presented in this report.

Component	Indicative Investment (lower)	Indicative Investment (Upper)
Stage 2 Capacity Works		
<ul style="list-style-type: none"> Lower bound estimate based on numbers provided by the Committee for Greater Shepparton Upper bound includes 15% contingency 	\$181.2m	\$208.4m
Goulburn Valley Integrated Cancer Centre		
<ul style="list-style-type: none"> Lower bound estimate based on smaller regional cancer centres Upper bound estimate based on larger regional cancer centres 	\$22m	\$70m
Goulburn Valley Mental Health & Aged Care Precinct		
<ul style="list-style-type: none"> Lower bound estimate based on the Dandenong Hospital Mental Health redevelopment and expansion (Stage 1) Upper bound estimate based on Nepean Hospital Integrated Mental Health Unit 	\$21m	\$34m
Helipad and Car Park		
<ul style="list-style-type: none"> Lower bound estimate based on the Geelong Hospital helipad Upper bound estimate based on the Ballarat Hospital helipad and car park 	\$12m	\$13m
Sub-total (excl. 15% Contingency)	\$236.2m	\$325.4m
Contingency (15%)	\$35.4m	\$48.8m
TOTAL	\$271.6m	\$374.2m

4.1 Stage 2 Estimated Investment – Key observations and insights

- Significant investment is required beyond the delivery of Stage 1 to enable GV Health meet objectives articulated in its service plan and commitments outlined in the 2017-18 Statement of Priorities.
- The requirement for additional funding and works beyond Stage 1 was flagged in VAGO's 2015-16 Public Hospital Audit. The audit notes that after completion of the Stage 1 redevelopment, GV Health *will have to use aged equipment because the funding for the redevelopment will not be enough to replace all of the existing medical equipment.*

- ems consulting understands that a GV Health Stage 2 Masterplan has been developed detailing the scope and indicative costs to deliver the remaining works, however this has not been made available to the public.
- In the absence of the of the Stage 2 Masterplan, a high-level inference-based estimate has been developed by assessing *like* projects delivered in other areas that align to GV Health's needs post completion of the Stage 1 redevelopment.
- Notwithstanding the limitations of inference-based estimates, the funding required to deliver the Stage 2 works may be in the order of \$272 to \$374m.

5. References

- .id Community Demographic Resources. (2016). *Index of Relative Socio-economic Disadvantage*. Retrieved from <https://profile.id.com.au/g21-region/seifa-disadvantage>
- ABC News. (2011, Jul 6). *Health Shake-up to include helipad*. Retrieved from ABC News: <http://www.abc.net.au/news/2011-07-06/health-shake-up-to-include-helipad/2783812>
- ABC News. (2016, September 2). *Albury cancer centre reduces stress and cost of travel for patients*. Retrieved from News: <http://www.abc.net.au/news/2016-09-02/albury-cancer-centre-eases-patient-stress/7804516>
- Aspex Consulting. (2015). *Department of Health and Human Services, Goulburn Valley Health Acute Services Plan*. Shepparton: Goulburn Valley Health. Retrieved from <http://www.gvhealth.org.au/publications/service-plan/>
- Australian Bureau of Statistics. (2016). 2016 Census Statistics. Australian Bureau of Statistics.
- Australian Bureau of Statistics. (2016). *ABS.Stat SEIFA by Local Government Area*. Retrieved from http://stat.data.abs.gov.au/Index.aspx?DataSetCode=ABS_SEIFA_LGA
- Australian Bureau of Statistics. (2016). *Census Quick Stats*. Retrieved from Community Profile: <http://www.abs.gov.au/websitedbs/D3310114.nsf/Home/2016%20Census%20Community%20Profiles>
- Australian Bureau of Statistics. (2017). *ERP by LGA (ASGS 2017), 2001 to 2017*. Retrieved from http://stat.data.abs.gov.au/Index.aspx?DataSetCode=ABS_ERP_LGA2017
- Australian Bureau of Statistics. (2018, Jul 27). *6427.0 - Producer Price Indexes, Australia*. Retrieved from Table 17. Output of the Construction industries, subdivision and class index numbers: <http://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/6427.0Jun%202018?OpenDocument#Time>
- Australian Health Policy Collaboration. (2017). *Australia Health Tracker by Area, 2017/AHPC*. Retrieved from <http://www.atlasesaustralia.com.au/ahpc/aust-health-tracker-area.html>
- Australian Institute of Health and Welfare (AIHW). (2018). MyHospitals Admission Data, 5 Years. Canberra, Australia: Australian Institute of Health and Welfare. Retrieved from <https://www.myhospitals.gov.au/excel-datasheets/myhospitals-patient-admission-data.xlsx>
- Australian Institute of Health and Welfare. (2015). *Australian hospital peer groups. Health services series no. 66*. Canberra. Retrieved from <https://www.aihw.gov.au/getmedia/79e7d756-7cfe-49bf-b8c0-0bbb0daa2430/14825.pdf.aspx?inline=true>
- Australian National Construction Review. (n.d.). Project Feature, Dandenong Hospital Mental Health Facility. *Australian National Construction Review*. Retrieved Sept 21, 2018, from http://www.kane.com.au/assets/ancr_dandenong_mental_health.pdf
- Ballarat Health Services. (2015, Jan 01). *Base Hospital car park open / Helipad progress*. Retrieved from <https://www.bhs.org.au/node/506>

- Ballarat Health Services. (n.d.). *Annual Reports / Ballarat Health Services*. Retrieved from <https://www.bhs.org.au/node/19>
- Barclay White, S. N. (2017, Oct 19). *Shepparton News "Choppers Chopped"*. Retrieved from Pressreader.com: <https://www.pressreader.com/australia/shepparton-news/20171019/281565175995634>
- Billard Leece Partnership. (n.d.). *Goulburn Valley Health Five stage masterplan redevelopment of 280 bed acute and extended care facility in Shepparton*. Retrieved 09 8, 2018, from <https://www.blp.com.au/portfolio/goulburn-valley-health/>
- Community Indicators Victoria. (n.d.). *Greater Shepparton / CIV*. Retrieved from http://www.communityindicators.net.au/wellbeing_reports/greater_shepparton
- CoreLogic. (2018, Sept 21). *Project : NEPEAN HOSPITAL - MENTAL HEALTH SERVICES - INTEGRATED MENTAL HEALTH UNIT*. Retrieved from Cordell Connect: <http://www.cordellconnect.com.au/public/project/ProjectDetails.aspx?uid=1328677>
- CoreLogic. (n.d.). *Project: GEELONG HOSPITAL HELIPAD*. Retrieved Sept 21, 2018, from Cordell Connect: <http://www.cordellconnect.com.au/public/project/ProjectDetails.aspx?uid=2037348>
- Deloitte Consulting Pty Ltd. (2016). *Design, service and infrastructure plan for Victoria's rural and regional health system - Discussion Paper*. Melbourne: State of Victoria, Department of Health and Human Services. Retrieved from https://www2.health.vic.gov.au/hospitals-and-health-services/rural-health/rural-system_design
- Department of Environment, Land, Water and Planning, Victoria. (2016). *Land use and population research*. Retrieved from Planning.vic: <https://www.planning.vic.gov.au/land-use-and-population-research/victoria-in-future-2016/victoria-in-future-data-tables>
- Department of Health and Human Services. (2010, April 7). *NEW \$55 MILLION CANCER CENTRE FOR BALLARAT PATIENTS Wednesday, 7 April 2010*. Retrieved from Media Releases: <https://hnb.dhs.vic.gov.au/web/pubaff/medrel.nsf/LinkView/5EC15F3D46CEF976CA2576FE0020B1E5?OpenDocument>
- Department of Health and Human Services. (2015). *Geographical profiles and planning products*. Retrieved from health.vic: <https://www2.health.vic.gov.au/about/publications/data/goulburn-area-2015>
- Department of Health and Human Services. (2017). *Statement of Priorities, 2017-18 Agreement between the Minister for Health and Human Services and Goulburn Valley Health*. Melbourne: State Government of Victoria.
- Department of Health and Human Services, State of Victoria. (2018, 09 08). *Victorian Hospital Locations by Hospital Name*. Retrieved from Victorian Hospital Lists: <https://www.healthcollect.vic.gov.au/HospitalLists/MainHospitalList.aspx>
- Department of Health and Human Services, Victoria. (2011, Aug). *Major mental health boost for Dandenong*. Retrieved from Victorian Government Health Information: <http://www.health.vic.gov.au/healthvictoria/aug11/dand.htm>

- Department of Health, Victoria. (2018). *Shepparton Hospital, Victorian Health Services Performance*. Retrieved from <http://performance.health.vic.gov.au/Home/Performance-Data-by-Hospital/Hospital-Summary.aspx?HospitalKey=56>
- Department of Health, Victoria. (n.d.). *Goulburn Valley Health, Victorian Health Services Performance - Department of Health, Victoria, Australia*. Retrieved from <http://performance.health.vic.gov.au/Home/Performance-Data-by-Health-Service/Health-Service-Summary.aspx?HealthServiceKey=32>
- Department of Planning and Community Development. (2011). *Change and disadvantage in regional Victoria: an overview*. Retrieved from https://www.planning.vic.gov.au/_data/assets/pdf_file/0009/102420/Change-and-disadvantage-in-regional-Victoria-an-overview.pdf
- Department of Treasury and Finance. (2009). *2009-10 Public Sector Asset Investment Program*. Melbourne: State of Victoria.
- Latrobe Community Health. (2017). *Annual Reports, Quality of Care Reports and other publications*. Retrieved from <https://www.lchs.com.au/publications>
- Latrobe Regional Hospital. (2015). *Gippsland Cancer Centre*. Retrieved from Latrobe Regional Hospital: <http://www.lrh.com.au/services/hospital-based-services/cancer-care/91-gippsland-cancer-care-centre>
- The Victorian Department of Treasury and Finance. (2017). *2017-18 Budget Papers*. Retrieved from Budget.vic.gov.au.
- Victorian Auditor General's Office. (2016). *Public Hospitals: 2015-16 Audit Snapshot*. Melbourne.
- Victorian Auditor-General's Office. (2017). *Results of 2016-17 Audits: Public Hospitals*. Melbourne.

6. Appendices

6.1 Appendix A – Public Health Funding

Source: Victorian Auditor General's Office (VAGO)

Public hospitals are funded by the state, territory and Australian governments, and managed by state and territory governments. Private hospitals are owned and operated by the private sector but licensed and regulated by governments.

6.1.1 Rural and Regional Health

There are 69 public health service providers and hospitals in regional and rural Victoria.

Rural and regional health services comprise:

- **6 Regional health services** – located in the largest population centres, with a catchment typically between 80,000 and 140,000 people.
- **10 Sub-Regional health services**, in medium-sized towns of between 10,000 and 30,000, with a broader catchment of up to 80,000 people.
- **11 local and 35 small rural health services**, which vary considerably in size and function, but play a crucial role in providing care to their communities. They serve communities with catchment populations of between 5,000 and 20,000 people.

6.1.2 Funding

Victoria's funding model is set up so that the costs of providing services is constrained to the amount of funding that is provided to the sector

Health services, including public hospitals, are funded under the National Health Reform Agreement between the Commonwealth and the state government. Public hospitals are funded through activity-based funding (ABF) and block funding models.

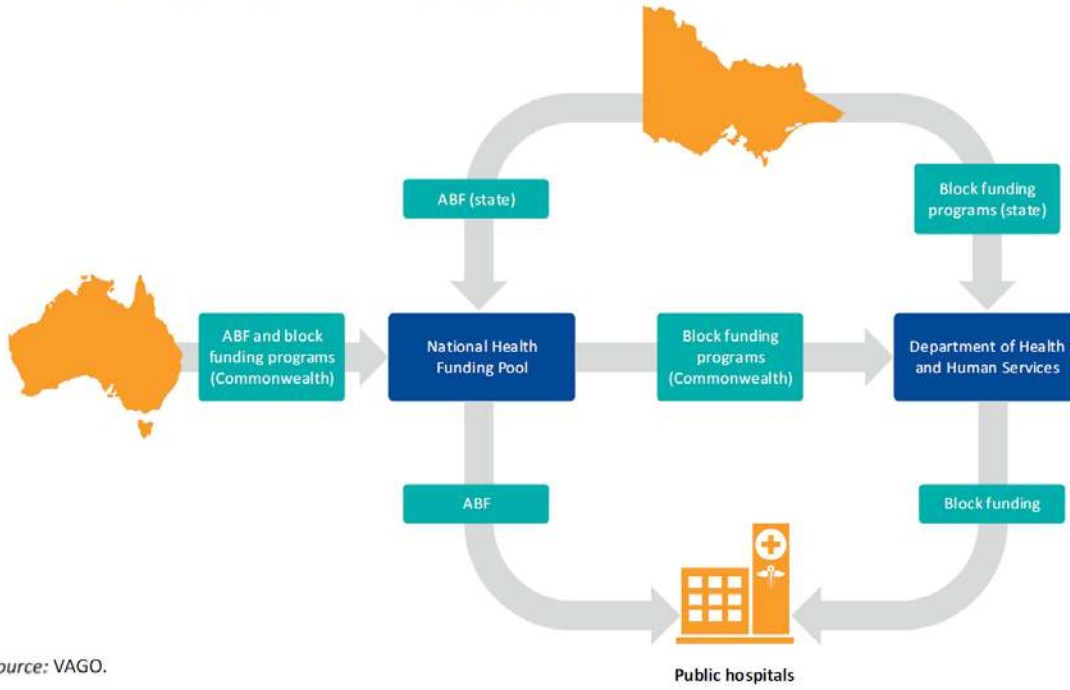
Broadly, hospitals are funded from three streams of revenue, Activity-based funding, block funding and other funding.

A key element of the ABF model is that funding is allocated according to the number and types of activities that the hospital performs in treating patients. Hospitals receive funding for specific activities—for example, treating acute admitted patients, providing emergency services, operating specialist clinics and providing post-operative care.

Where it is not practical to fund activities through the ABF model, hospitals receive block funding. This model is used for services such as small rural hospitals and non-admitted mental health services, as well as to fund teaching, training and research.

Metropolitan hospitals typically perform more complex procedures and treat more patients than rural hospitals, therefore receive most of their funding through the ABF model. Conversely, small rural hospitals—which treat more patients requiring aged and community care—receive mostly block funding.

The flow of activity-based and block funding to Victoria's 86 public hospitals



Source: VAGO.