

## Stage 6

The nurses and medical staff accommodation is integral with the Tertiary Referral and Teaching Hospital status of the Illawarra International Hospital. It is appropriate that it be owned and operated by the hospital.

It is imperative that there are adequate accommodation facilities available within close proximity to the hospital, which are affordable for the trainees and junior doctors. Such a facility within the grounds of the Precinct will be attractive to intending nursing staff and junior doctors and will be a factor in their decision about where to undergo training.

Staff residing within the accommodation facility will also benefit from the proximity to their workplace, shopping facilities and the like, making a motor vehicle unnecessary. This will provide both environmental benefits together with economic benefit to the individual.

The facility will provide:-

- Accommodation Units
- Meeting Rooms
- Training Rooms
- Parking



## Stage 7

As an essential component of a teaching hospital and strategic alliances with educational institutions, including the University and TAFE, the Educational Facility & Serviced Apartment Complex will be owned by the Illawarra International Hospital.

The hospital will be able to cater for the training requirements of its nursing and medical staff, together with the short term residency requirements of patients undergoing extended therapy, together with relatives and carers.

The facilities will provide a commercial return to the operator and services will include:-

- Serviced accommodation
- Training rooms
- Conference facilities
- Parking
- Restaurant

### Stage 8a

The La Vie Group will own and operate the Aged & Disability Centre. The La Vie Group has achieved 'Approved Provider Status' under the Commonwealth Government's Aged Care Act 1997. And will operate the facility in keeping with the most efficient and advanced methods available.

The facility will obviously forge close alliances with the other units within the precinct for the requisite delivery of health care services for the residents.

Several unique features of the design will ensure the attractiveness of the facility to intending occupants, not just the ambience and facilities which will be provided, but design elements such as individual wings catering for specific ethnicities, allowing residents to interact within their own familiar communities, provision of bi-lingual staff for each ethnic group resulting in better communication, better care, better outcomes.

Another innovation will be the provision of dedicated accommodation for aged residents with disabled dependants, including children.

Design flexibility allows for the development to be completed in stages as demand requires thus contributing to the financial viability of the centre.

The facility will provide:-

- Accommodation
- Therapy facilities
- Community and Recreation areas
- Open space, Gardens and Walking areas

### Stage 8b

The Seniors Independent Living Units will also be operated by the La Vie Group. The financial model will ensure that residents can access affordable living in a secure environment for those requiring minimal care, but the benefit of emergency call assistance if required.

The residences will all be constructed in accordance with the latest standards for the health, safety and comfort of the occupants, ensuring that those wishing to enjoy independent living are able to do so for as long as possible.

Construction of apartments will be staged according to demand and will be built in groups of four, consolidating the commercial viability of the proposal.

In accordance with the Act, the residents will purchase a lifetime "right to occupancy" by payment of a bond. Investment income from the bond payment will be utilised by the operator to operate the facility. Upon the vacating or death of a resident 85% of the bond paid will be returned to the resident or their estate.

Medical services provided by the precinct will be charged in the same manner as services provided to non residents.

### Ancillary Developments

Additional to the health care facilities provided throughout the precinct ancillary service developments will be constructed. These will include:-

- Transformer station
- Uninterruptable Power Supply plant room
- Cogeneration plant room
- Steam and hot water generating plant room
- Sewer pumping facility
- Maintenance workshop

## Allied Services

In addition to the services mentioned previously in this document the precinct will offer a wide range of allied services and patient care regimens which will complement existing facilities and provide new opportunities with others.

### Mental Health

There are currently no Psychiatrists practising south of Sutherland and very limited mental health facilities within the Illawarra, particularly for inpatient care. Illawarra International Hospital will have a major psychiatric unit within the hospital and in fact, anticipates being the first private hospital to be permitted to admit patients under a Schedule "2" in New South Wales.

Under the guidance of the Chair of Psychiatry from the university and attending Psychiatrists attracted to the facility, the unit will perform a much needed and vital role within the community.

### Drug & Alcohol Rehabilitation

Within the Psychiatric unit there will be a drug and alcohol rehabilitation unit established for the treatment of patients suffering from simple substance dependency.

### Outreach Programmes

A range of community outreach programmes will be established covering a diverse range of health issues. These programmes will provide the community with a better understanding of their own health issues, through dissemination of information and practical advice and protocols. Participants will be better able to make informed decisions with regard to their own health outcomes.

Programmes will focus on preventative health and support for rehabilitation of patients back into the community.

### Rehabilitation

Within the Aged Care facility there will be a wide range of programmes and services for residents, patients and outpatients. Exercise Physiologists from the university, training on site, will conduct programmes including water aerobics, swimming and gymnasium exercise programmes.

The unit will offer day-only programmes for visiting aged and community groups utilising the facilities within the centre. The large surrounding gardens will also be open to these groups for community functions.

### Palliative Care

The precinct will represent a major new referral centre for palliative care, including complex prostheses and rehabilitative advice and pain management. State of the art facilities, equipment and procedures will be available to the regions existing facilities for referral of both inpatients and outpatients.

## Market Strategy

### Population and Growth

The Illawarra Statistical District is composed of the Local Government area of:-

- Wollongong
- Shellharbour
- Kiama
- Shoalhaven
- Wingecaribee

According to the Australian Bureau of Statistics, as of June 2007 the resident population of the Illawarra reached an estimated 417,784 persons. The Illawarra International Health Precinct will principally attract patients and staff from the region but will also be accessed by many people from the South Eastern region and the southern Sydney suburbs.

#### Wollongong

Wollongong, being the tenth largest city in Australia, is the major population base of the region. Covering some 714 square kilometres, Wollongong's population, as at June 2007, reached 195,678 persons. The growth rate for the Wollongong Local Government Area (LGA) averaged 0.53% per annum for the years 2001 to 2007. Projections by the New South Wales Department of Urban affairs indicate that the Wollongong LGA will continue to sustain modest but steady growth to the year 2031.

Much of the estimated growth is projected to be centred on the West Dapto Urban Release Area, immediately adjacent the proposed Illawarra International Health Precinct.

#### Shellharbour

One of the major regional growth centres for the area, Shellharbour had a resident population of 64,269 persons at June 2007, according to the Australian Bureau of Statistics, and a growth of 7.4% between 2001 and 2007. This represented an increase of 4,434 new residents.

Projections provided by the NSW Department of Infrastructure, Planning and Natural Resources indicate that the population will continue to grow strongly and, using medium level growth rates, should reach 81,500 by 2021, representing a 27% increase on the current population.

Shellharbour covers the main urban centres of Shellharbour, Albion Park and Oak Flats and Warilla with new estates at Flinders and Tullimbar and others planned at Dunmore. The proposed Health Precinct is immediately to the West of the Shellharbour LGA and is ideally located to serve the needs of Shellharbour residents.





### Kiama

The Kiama LGA is a smaller area consisting of only 256 square kilometres and having a resident population of only 20,095 at June 2006. Population growth is modest at about 0.1% per annum due to low availability of land and relatively high prices. Kiama is only fifteen minutes drive south of the proposed Health Precinct and a high proportion of its 8,910 person workforce is concentrated in the Health and Community Services Sector (Source IRIS Research).

Kiama has long been regarded as a premier tourist holiday location and during the summer months and school holidays enjoys a significant growth in residents. Tourists need access to quality health care while holidaying and the subject development will be ideally located to provide all necessary services.



### Shoalhaven

Stretching from Berry in the north to Ulladulla in the south the Shoalhaven covers some 4,660 square kilometres and at June 2007 had a resident population of 92,880 growing at an annual rate of 1.0% since 2001.

Projections provided by the NSW Department of Infrastructure, Planning and Natural Resources indicate that the population will continue to grow strongly and, using medium level growth rates, should reach 113,500 by 2021, representing a 22.2% increase on the current population.

Like Kiama, Shoalhaven LGA is a well developed tourist destination with 109 beaches and 300,000 hectares of National Park within its boundaries, significantly swelling the region's population during peak seasons. Wollongong Hospital is currently the principal Tertiary Referral facility for the area and the proposed development will complement available overstretched services.

### Wingecaribee

Spreading to the southwest the Wingecaribee LGA extends over approximately 2,700 square kilometres with a resident population at June 2007 of 44,862. The NSW Government predictions indicate that the LGA will enjoy strong growth over the next 20 years and the population is expected to reach 65,000 residents by 2021.

The Wingecaribee is a popular tourist destination all year round with one of the highest levels of tourist expenditure in any non-coastal area in NSW. In the 2007 calendar year tourist establishments reported approximately \$16.3 million in takings for accommodation businesses alone. The Illawarra International Health precinct will be well located to service the additional needs of the Wingecaribee LGA.

## Continuing Population Trends

The NSW State and Regional Population Projections 2001-2051 (2004 Release) prepared by the Department of Infrastructure, Planning and Natural Resources, Transport and Population Data Centre provides additional information on population trends, including for the Illawarra Region.

The report states

*"The regions within coastal NSW are projected to have the greatest growth between 2001 and 2031. Illawarra Balance is projected to have the greatest growth of any region in NSW over the projections period (45 per cent)."*

The "Illawarra Balance" is defined as the Illawarra Statistical Division excluding the Wollongong LGA.

The report further goes on to state

*"The other Major Urban Centres of Wollongong and Newcastle are projected to grow by 21.8 per cent and 18.9 per cent respectively between 2001 and 2031."*



## Wollongong Growth

The population of Wollongong LGA in 2001 was assessed as 269,600 residents. By 2031 the projected population is anticipated to be 328,400 residents. A substantial increase for a region already under resourced in terms of health care facilities.

The main contributor to the resident population increase from 2009-10 is expected to be net overseas migration.

To further compound the inadequacy of health resources the ageing population of Australia is placing increasing demand upon hospitals, medical services and aged care facilities. In the Wollongong LGA alone the number of residents aged 65 years and over is projected to be almost 81,000 representing almost one quarter of all residents.

Integrated facilities, such as the Illawarra International Health Precinct, with its range of dedicated facilities from Medical, Pathology and Radiology, Casualty and Hospital facilities, together with aged and disability units will be well placed to meet the growing demand.

Within the Wollongong LGA the number of births per annum is projected to remain reasonably stable at around 3,200 per year, but people are expected to live longer and the number of deaths will increase due to the ageing population.

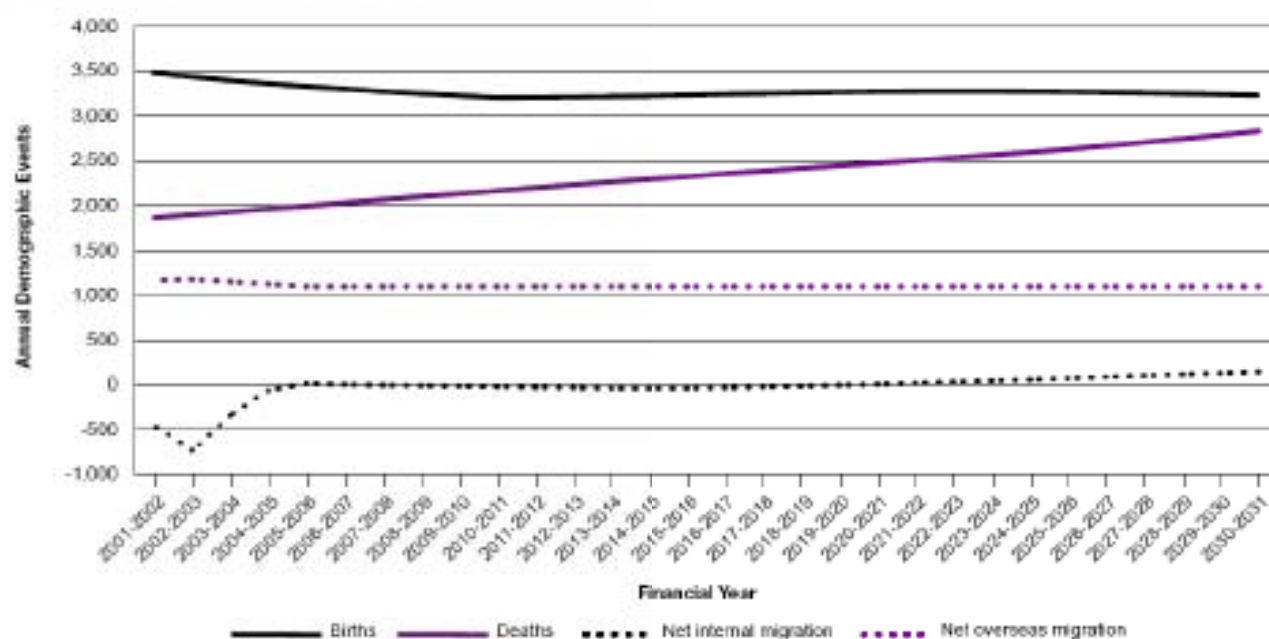
Natural change is currently the main contributor to growth in the Wollongong LGA but the immediate future is expected to see overseas migration become established as the major factor.

**Figure 1. Projected Population and Average Annual Growth Rates, Wollongong, 2001-2031**

Year ending 30 June	Projected population Number	Average annual growth rate <sup>a</sup> Per cent
2001	269,600	
2006	280,800	0.82
2011	291,800	0.77
2016	301,800	0.67
2021	311,000	0.62
2026	320,000	0.57
2031	328,400	0.52

<sup>a</sup> Growth rates are an annual average of the 5-year period ending at the year shown in the first column.

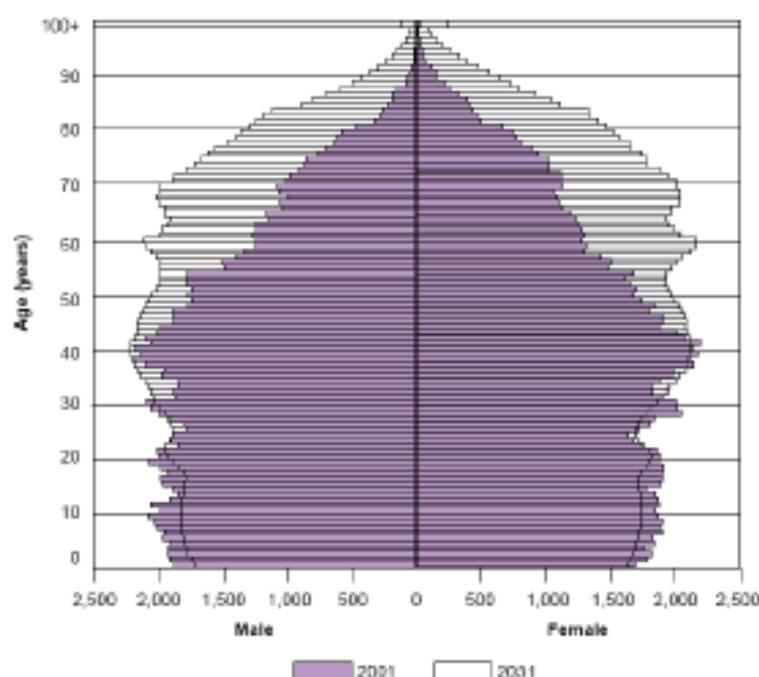
Figure 2. Components of Change, Wollongong, 2001-02 to 2030-31



The Wollongong population will continue to age. By 2015, the number of people aged 65 years or more will outnumber those aged less than 15 years. By 2031, those aged 65 years and over will have more than doubled to almost 81,000 and will comprise

one-quarter of the total Wollongong population which is significantly higher than the proportion of the NSW population aged 65 years or more in 2031 (22 per cent).

Figure 3. Age and Sex Distribution, Wollongong, 2001 and 2031



April 2009



## Illawarra Balance Growth

"Illawarra Balance" is the term used by the Department to refer to the remainder of the Illawarra Statistical Division. The resident population for the Illawarra Balance in 2001 was 130,400 persons but by 2031 is projected to increase to 189,600 residents. Over the 30 year projections period Illawarra Balance is expected to average the highest rate of growth of any region in New South Wales, together with the highest projected rate of life expectancy for females.

By 2031 projections indicate that one third of the Illawarra Balance population will be 65 years of age or over.

*Figure 4. Projected Population and Average Annual Growth Rates, Illawarra Balance, 2001-2031*

Year ending 30 June	Projected population Number	Average annual growth rate <sup>a</sup> Per cent
2001	130,400	
2006	141,600	1.67
2011	151,600	1.36
2016	161,100	1.23
2021	170,700	1.16
2026	180,300	1.10
2031	189,600	1.01

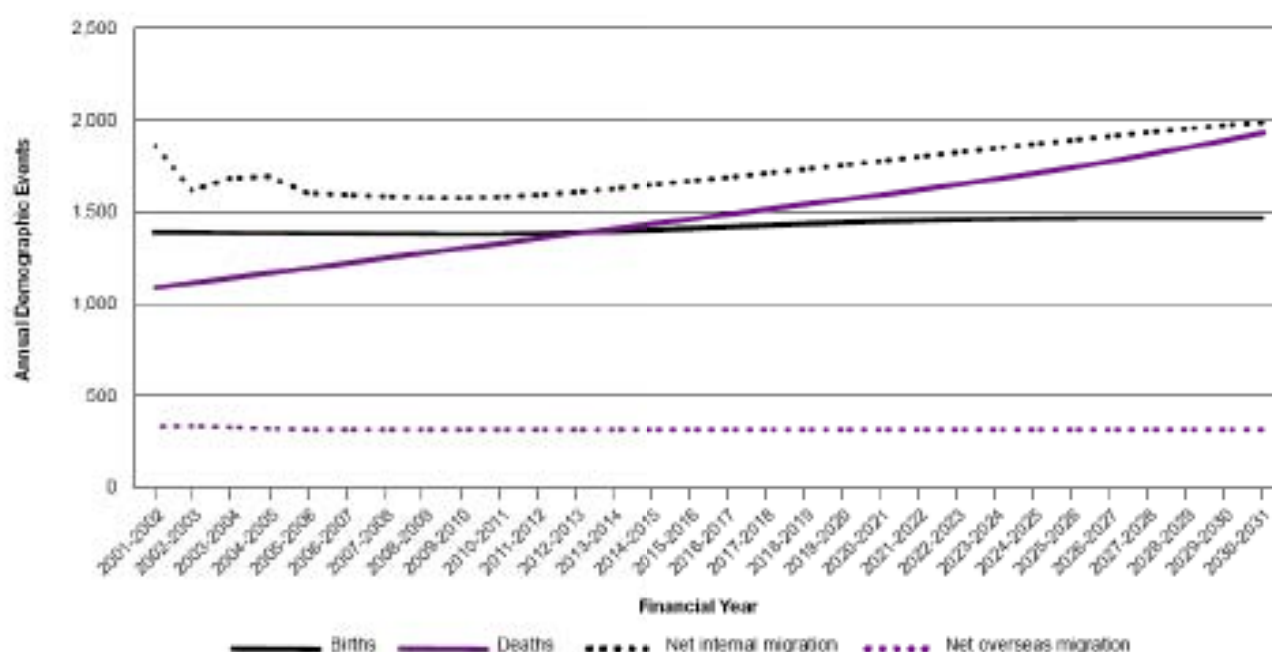
<sup>a</sup> Growth rates are an annual average of the 5-year period ending at the year shown in the first column.

It is projected that births will remain stable at approximately 1,400 per annum but deaths will rise due to the ageing population, and will exceed births by 2014.

Population growth will be maintained with the underlying factor for the Illawarra Balance being

internal migration. The region tends to attract large numbers of older migrants while losing its younger residents to Sydney, where greater employment and educational opportunities are seen to be available. This trend results in significant ageing of the population.

Figure 5. Components of Change, Illawarra Balance, 2001-02 to 2030-31



The Illawarra Balance's population will continue to age. The median age is expected to increase dramatically from the current 40.4 years to 53.5 years in 2031. This will result in a much older population compared with the State as a whole

(42.6 years in 2031). As early as 2007, those aged 65 years or more will outnumber those aged less than 15 years. By 2031, those aged 65 years and over will almost treble to 62,800 and will comprise one-third of the Illawarra Balance's population.

Figure 6. Key Statistics – Illawarra Balance, 2001-2031

Statistic	2001	2011	2021	2031
Persons less than 15 years (per cent)	21.7	18.1	16.0	14.9
Persons 65 years and over (per cent)	17.9	21.6	27.6	33.1
Median age (years)	40.4	45.6	50.1	53.5
Dependency ratio <sup>a</sup>	65.7	65.7	77.2	92.5

<sup>a</sup> The dependency ratio is the number of 'dependants' (under 15 and over 64 years) per 100 of the population aged 15-64.

The Illawarra International Health Precinct will be staged and developed to cater for these emerging markets, together with the under supply in existing health resources. Commercial considerations and

careful planning in the development of the precinct will ensure the financial viability of the project whilst delivering world class health care for residents and visitors alike.

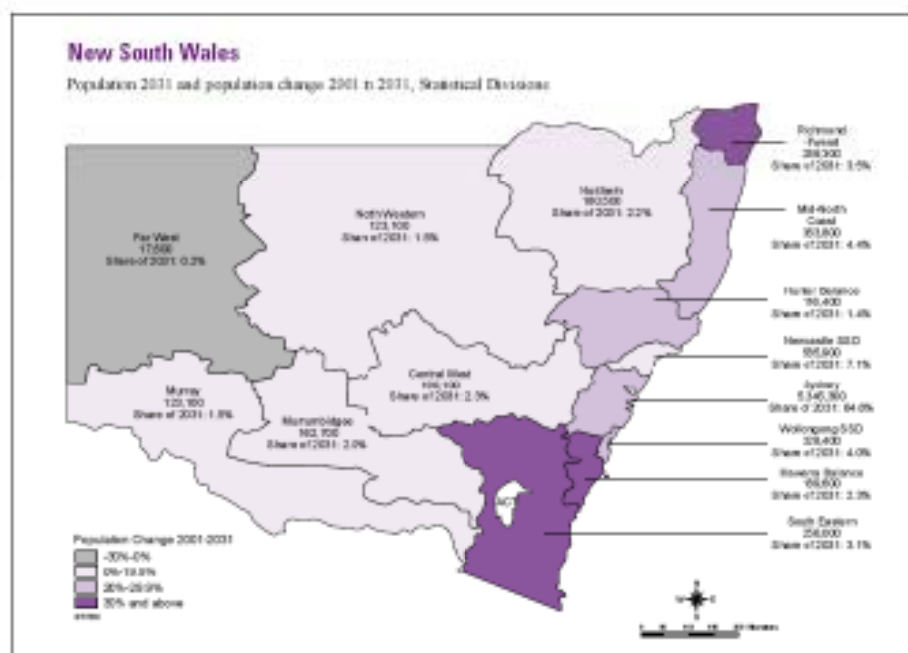
## Extended Markets

### South Eastern Region

As the precinct is developed and capacity expanded it is expected that the Precinct will cater to more patients from further afield, particularly the South Eastern Statistical Division, covering the south eastern portion of the state.

It is therefore important to consider the potential level of demand from that region.

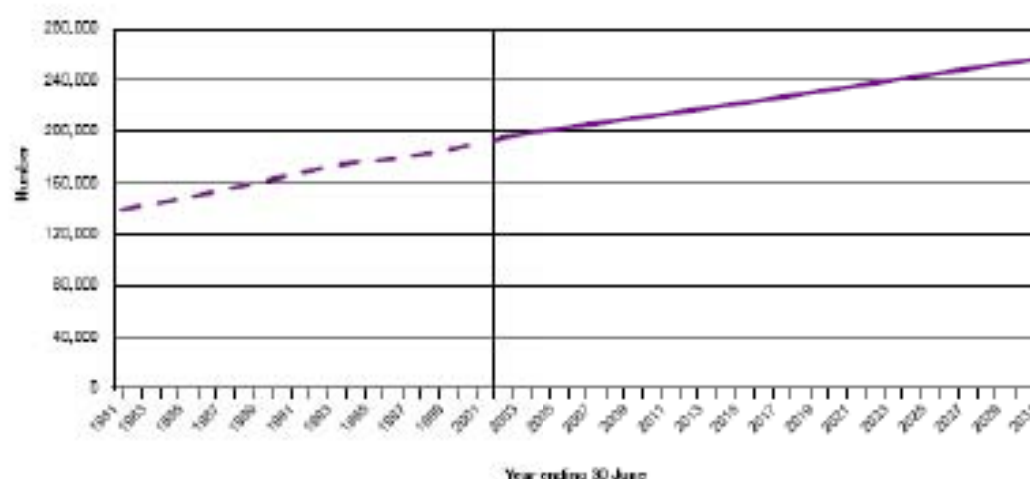
Figure 7. Population of NSW Regions 2031 and Population Change 2001-2031



Projected population growth for this region see the population rise from 193,100 in 2001 to an estimated 256,000 by 2031, among the highest rates of growth projected for New South Wales.

Health care facilities catering to the region will be of major importance as the rate of population ageing is projected to be higher than other regions. This is primarily as a result of the significant migration of older people into the area.

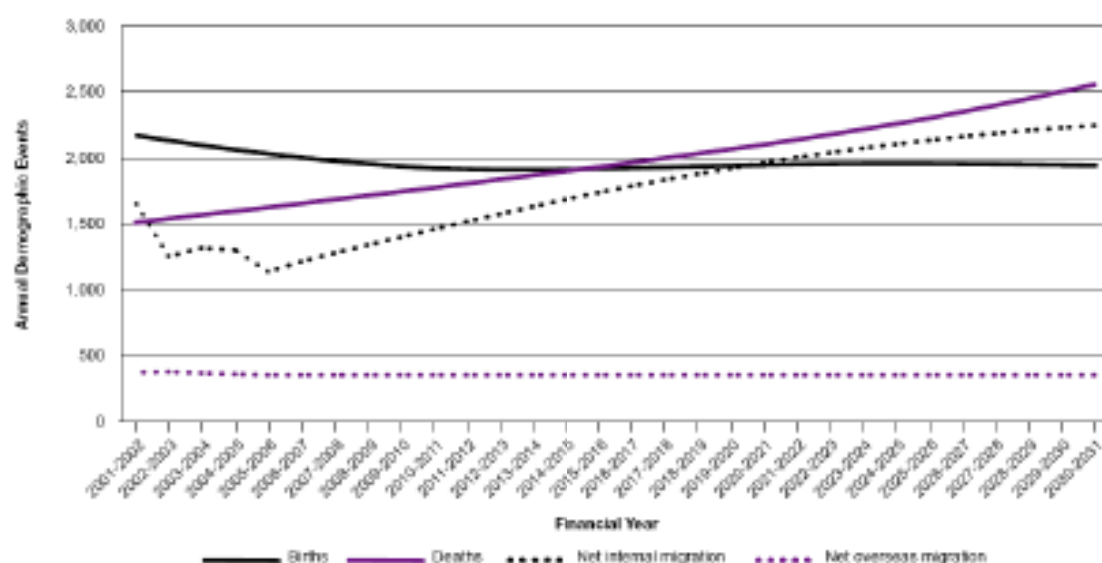
*Figure 8. Actual and Projected Population, South Eastern, 1981-2031*



Births in the South Eastern Statistical Division are set to decline from 2,200 per annum in 2001 to a projected 1,900 by 2031. Deaths are projected to rise from 1,500 per annum to 2,600 per annum over the same period and will likely exceed births by 2016.

Net internal migration is projected to underpin regional population growth with anticipated increases of about 2,200 residents per annum by 2031.

*Figure 9. Components of Change, South Eastern, 2001-02 to 2030-31*





## International Opportunities

As the Illawarra International Health Precinct develops and its reputation for providing high quality care by dedicated staff builds, it is expected that significant demand will be generated from more well off international patients. These would be generally elective procedures where patients were seeking the best of care with successful outcomes performed in an advanced health facility. This Precinct will cater ideally to these needs by providing the most advanced technology, well trained and dedicated practitioners and a well planned environment conducive to patient and visitor well being.

Whilst it appears there are no reliable statistics for migration of patients, either from or to Australia, for medical and surgical procedures, it is well known that such a market exists and is increasing. This may be as a result of many reasons including cost, opportunity and timely service delivery. Sadly, many patients travelling to less developed countries to avail themselves of less costly procedures often find themselves unsatisfied with the outcomes.

Others travel to such countries as a result of the opportunity to more quickly obtain the required procedure, again with a high level of adverse outcomes.

Illawarra International Health Precinct will alleviate the need for patients to accept the risks associated with travel to less developed places for procedures by negotiating Preferred Provider Agreements with major Health Insurers, thereby making quality care more affordable for insured patients, and providing much needed operating theatre time, allowing many more procedures to be completed. This will provide the opportunity for members of the community to receive their medical procedure in a much more timely fashion.

Additionally, through working with the various Schools of Medicine, sponsoring high profile conferences within the precinct and offering the highest standard of clinical care, the reputation of the precinct will be enhanced and lead to a growing number of international visitors for the purpose of obtaining quality health care, with desirable outcomes. Whilst this growth in reputation will be measured over time, the business model and strategic alliance with the university and other training facilities will ensure the opportunity exists.

## Mortality

Life expectancy in Australia has increased significantly since the mid 1840's and is expected to continue to increase. It is fair to say that most Governments have underestimated the improvements in life expectancy, with consequent effect.

This underestimation of the expected size of their ageing populations has meant that there are now shortages in health services, particularly for that group.

New South Wales life expectancy at birth for 2001-02 was 82.7 years for females and 77.3 years for males. By 2050-51 these are projected to be 91.3 years for females and 88.0 years for males. This will increase the rate of demand for medical services for the elderly, evidencing the need for additional and enhanced facilities for geriatric care.

Illawarra International Health Precinct will be well positioned to cater for the demand created by this ageing of our population, and its consequent effects.

Figure 10. Mortality Assumptions, NSW and its Regions, 2001-02 to 2046-47

	Life Expectancy at Birth (Years)									
	2001-02	2006-07	2011-12	2016-17	2021-22	2026-27	2031-32	2036-37	2041-42	2046-47
Sydney (SD)										
Males	77.9	79.3	80.7	81.9	83.0	84.0	85.0	85.9	86.9	87.8
Sydney (SD)										
Females	83.0	84.3	85.4	86.3	87.2	88.0	88.8	89.6	90.3	91.0
New South Wales										
Males	77.3	78.8	80.1	81.3	82.4	83.4	84.4	85.3	86.3	87.2
New South Wales										
Females	82.7	84.0	85.1	86.0	86.9	87.7	88.5	89.2	90.0	90.7

Region	Life Expectancy at Birth - Males (Years)						Life Expectancy at Birth - Females (Years)					
	2001-02	2006-07	2011-12	2016-17	2021-22	2026-27	2001-02	2006-07	2011-12	2016-17	2021-22	2026-27
Newcastle (SSD)	76.7	78.2	79.5	80.7	81.8	82.8	82.5	83.7	84.8	85.7	86.6	87.4
Hunter Balance	77.0	78.5	79.8	81.0	82.1	83.1	83.0	84.2	85.3	86.3	87.2	88.0
Wollongong (SSD)	77.5	79.0	80.3	81.6	82.7	83.7	82.8	84.0	85.1	86.1	87.0	87.8
Illawarra Balance	77.5	79.0	80.3	81.6	82.7	83.6	83.5	84.7	85.8	86.8	87.7	88.5
Richmond-Tweed (SD)	77.6	79.0	80.4	81.6	82.7	83.7	83.4	84.6	85.7	86.7	87.6	88.4
Mid-North Coast (SD)	76.7	78.2	79.5	80.7	81.8	82.8	82.9	84.1	85.2	86.2	87.0	87.8
Northern (SD)	75.5	77.0	78.3	79.5	80.6	81.5	82.4	83.5	84.7	85.7	86.5	87.3
North Western (SD)	74.9	76.3	77.5	78.8	79.9	80.8	80.2	81.4	82.4	83.4	84.2	85.0
Central West (SD)	75.7	77.1	78.4	79.6	80.7	81.6	82.0	83.2	84.3	85.3	86.1	86.9
South Eastern (SD)	77.2	78.6	80.0	81.2	82.3	83.3	82.2	83.4	84.5	85.5	86.3	87.1
Murrumbidgee (SD)	76.2	77.6	79.0	80.2	81.2	82.2	81.8	83.1	84.1	85.1	86.0	86.8
Murray (SD)	77.1	78.5	79.9	81.1	82.2	83.2	82.6	83.8	84.9	85.9	86.8	87.6
Far West (SD)	74.1	75.5	76.8	77.9	79.0	79.9	80.5	81.7	82.8	83.7	84.5	85.3

Hunter Balance = Hunter SD excl Newcastle SSD

Illawarra Balance = Illawarra SD excl Wollongong SSD

## Community

Interaction with the community is essential in the development and successful operation of such a facility. A positive view of the project within all interest groups within the region is critical to the timely approval and construction of the facilities. Throughout the process the proponent has informed the public, medical professionals and relevant authorities to ensure that all interested parties are aware of the intentions of the developer and the opportunities presented.

A series of meetings and information seminars have been held for members of the medical fraternity, meetings and briefings arranged with both Commonwealth and State Members of Parliament, briefing sessions have been held with Local Government Authorities throughout the region, discussions with University and TAFE and other training institutions, together with general media releases to ensure that the information is as widely disseminated as possible.

Consultations have also been held with many regional associations representing various community groups, ethnic groups, aged and disability groups and those interested in Psychiatric care.

The benefit to all interested parties of the proposal is well recognised by their representatives and there have been many letters of support.

Apart from the obvious benefits to the community of an enhanced availability of first class health care facilities, of all disciplines, there are the less obvious benefits. The development will provide:-

- Enhanced employment opportunities, both during the construction phases and permanent employment for a variety of workers, in substantial numbers, as each stage is commissioned

- Attraction of many new Specialists and clinicians to the region, reducing waiting times for treatment and procedures
- Community facilities within the precinct such as meeting rooms, conference rooms and rehabilitation facilities
- Outreach programmes will focus on the needs of mental health
- The precinct will offer preventative health programmes
- Monthly community seminars on relevant health issues
- Annual screening service
- Social workers within the hospital
- Improved roads and share-ways throughout the precinct, cycle and pedestrian friendly corridors, separated from vehicular traffic
- Community church within the precinct
- Open space for use by all

Further community consultation will continue as the development process progresses, to ensure all relevant information is available to interested parties. Further seminars, information sessions and meetings will be conducted for the public and interested professionals alike, ensuring continued and enhanced community support.

The developer recognises the strong community value of the proposed health precinct and its role as a place accessible to the public. It will provide a place of real and perceived safety, enhancing community wellbeing and there will be a flow through of benefit from the economic and social activity generated by the precinct staff, visitors and associated medical services.

The residents of the various facilities within the precinct will particularly benefit from the strong community networks which will be developed with an ongoing community consultation programme, facilitating integration of new residents into the community.

The precinct incorporates design features which recognise that sustainability has grown from a purely environmental basis to a broader dimension, incorporating positive social and economic outcomes. The design adopts a more holistic approach than considering only increased demand for health care services, infrastructure and facilities.

Research conducted by Kearns and Turok (Sustainable Communities – Dimensions and Challenges 2003) states:-

*"...Settlements which meet diverse needs of all existing and future residents contribute to a high quality of life ....They also limit the adverse external effects on the environment, society and economy."*

While this specifically relates to residential developments it applies equally to the health care precinct, in particular the residential facilities including Aged & Disability and Seniors Living. This development will incorporate features which are designed to fulfil the role of social and environmental sustainability.

Some features of the Illawarra International Health Precinct will be:-

- Access and mobility, particularly for the disabled
- Availability of diverse services
- Support for community networks
- Community facilities

- Perceptions of safety
- Broad range of Health services
- Employment
- Recreational facilities
- Advanced design

Community groups which have written and expressed their support for the project include:-

- Illawarra Older Women's Network
- SESIH Illawarra Aged Care and Community Rehabilitation Team
- Combined Pensioners and Superannuants Association
- RSL Macquarie Day Care Club
- Wollongong Croatian day Care
- Italian Social Welfare Network
- Autocephalic Greek Orthodox Church (Illawarra) Community



## Complimentary Roles

There will be further market opportunities for the health precinct as a result of complementary services and inter-relationships with other health service providers. As the precinct develops there will be increasing opportunity and capacity to develop complementary relationships between it, the public sector and other private service providers.

The public hospital system, particularly in the Illawarra region is operating at or above safe capacity and Governments currently utilise the services of private providers to relieve pressure on waiting lists and the like. The Illawarra International Hospital, Surgicentre, Obstetrics Unit and 24 Hour Casualty facility will be well placed to offer this role and benefit therefrom.

Opportunities which could be developed and provide revenue streams for the precinct will include:-

### Theatre (Bed Block)

Theatre "bed-block" is one of the main problems associated with the public hospital system within the region, leading to extended waiting times for patients needing medical and surgical procedures. The initial stage of the precinct, the Illawarra Specialist and Surgicentre, will be well placed to cater for the excess load, particularly for privately insured patients presenting to casualty and emergency at the public hospitals. The patients could easily be transferred to the centre where adequate theatre time can be provided and where ICU beds and overnight stay beds will be available. This will assist in reducing waiting times within the public hospital system. The Surgicentre is also open to performing public work on contract to NSW Health

### 24 Hour Casualty (Bed Block)

Once the 24 Hour Casualty Unit of the precinct is commissioned in Stage 3, the unit will be able to take advantage of the overload currently existing at the public services provided by Wollongong and Shellharbour hospitals. Bulk billing arrangements are provided for in the business model for the 24 Hour Medical Centre and the unit will incorporate facilities for Ambulance drop off and pick up of patients.

### Obstetrics and Birthing Centre

The recent closure of the Shellharbour Public Hospital obstetrics beds, together with increasing population will, on present capacity, lead to a shortage of beds within the area. The capacity of the unit, expected to handle in excess of 1,200 confinements in its first year of operation, will provide additional opportunity for mothers and babies. The unit will have the capacity to handle any overload from the public hospitals, including post natal care.

### Hospital Occupancy

The major hospital in the area currently operates at near 100% capacity. Benchmark standards deem this to be unsafe for effective desirable outcomes and should not exceed 85%. The development of the Illawarra International Private Hospital will have the capacity to play a major role in alleviating the pressure from Wollongong Hospital in particular, and allow a reduction in occupancy to the much safer 85% levels, deemed acceptable. This will present significant opportunity for the precinct.

### Referral Hospital

As a tertiary referral hospital, the Illawarra International Private Hospital will be able to offer services to smaller regional hospitals where more advanced or complicated procedures are not normally offered. With long waiting times in public hospitals and extended delays in accessing “elective” procedures, the capacity of the precinct will attract referrals from smaller facilities, with patients possibly returning to the referring facility, once stabilised, for post procedure care and rehabilitation. Full ambulance facilities, including a helipad, will be available.

### Contract Services to Public Hospitals

In the past, government has contracted cases to the private sector to alleviate waiting lists for public hospital beds and service shortages. The Illawarra International Hospital will provide competitive tenders to government in such instances and will be able to provide a wide range of services to the public sector as required.



## MARKET SHARE

Hardes and Associates were engaged by la Vie developments Pty Ltd to provide a detailed Epidemiological Analysis of the development opportunities for the Illawarra International Health Precinct. Together with the analysis Hardes and Associates were engaged to assess the potential market share which could be captured by the proposed facility.

Hardes and Associates are the leading hospital demand modelling company in Australia with its services being utilised by every State Government in Australia and throughout the private sector.

The Hardes report, presented August 2008, states:-

*"Under the assumptions modelled in this report it is evident that there is potential for development of a large scale private hospital consistent with the vision outlined by La Vie Developments."*

The report further endorses the location of the proposed development and confirms its role in meeting the needs of a wider catchment, stating:-

*"The proposed development is well located in terms of both access and future population growth. While the nature of the proposed hospital is such that it will have a Regional and wider role rather than simply catering for the local catchment it is important that the site has good access. The current site at West Dapto is well located. It is only 700 metres from the proposed Huntley/Penrose railway station, 800 metres from the old Princes Highway and 1.1km from the Expressway. The development site has flood free road access and is located within a planned urban release area."*

The report has modelled higher than average utilisation rates, which is consistent with available data for a well serviced area, and forecasts a strong market share, also consistent with expectations for a major private hospital.

The assumption that a first class private hospital will result in above average rates of utilisation is clearly supported by evidence from across the State and throughout Australia.

Residents of the Newcastle/Lake Macquarie region in New South Wales enjoy private hospital utilisation rates 10% above the State average. The area is similar in its industrial base and socioeconomic profile to the Illawarra.

It is therefore reasonable to assume that a similar rate of utilisation for the primary catchment will be achievable.

Hardes and associates go on to state"-

*"Further, it is also noted that the private hospital utilisation rates in NSW are lower than the National average and substantially lower than States such as Queensland where the private sector plays a much larger role."*

This would suggest that a rate of utilisation 10% above the State average may well be conservative.

### Potential Unmet Private Demand

The primary catchment area for the proposed development is the Local Government Areas of Wollongong, Shellharbour, Kiama and Shoalhaven. Hardes and Associates report assesses the potential unmet private demand from this area as being 10,000 same day private patients and 5,000 overnight admissions per annum.

The overnight admissions would generate 28,500 bed days and use 100 hospital beds, as at January 2006.

In order to assess the requirements of the development it is necessary to consider the potential private demand growth that may be achieved.

Hardes and Associates indicate that over the next ten years there could be growth in demand of up to 21,000 same day patients and 8,000 overnight admissions. The overnight admissions would yield an additional 48,000 bed days and require 160 overnight private hospital beds.

It cannot be assumed that the growth will all be captured by the Illawarra International Health Precinct, some will be met by existing or other new providers. However, demand will also come from outside the primary catchment of the Illawarra Statistical District, including South Eastern Statistical District, the ACT and North Eastern Victoria.



Figure 11. Potential Same Day Separations

Hospital Type	Private				
Stay Type	Day only				
Potential 'Unmet' Private Demand	Place of Residence				
SRG	Wollongong	Sheathaven	Shellharbour	Kama	Total
06 GIT Endoscopy	0	1,351	102	0	1,453
16 Chemotherapy and Radiotherapy	0	297	0	0	297
40 Non-acute	0	597	216	125	938
20 Dentistry	0	77	0	0	77
23 Orthopaedics	0	245	0	0	245
24 Urology	0	156	0	0	156
14 Ophthalmology	645	646	167	43	1,500
30 Gynaecology	344	379	198	29	949
26 General Medicine	0	127	0	0	127
29 Plastic and Reconstructive Surgery	247	238	104	1	691
02 Interventional Cardiology	0	0	0	0	0
13 ENT	0	79	15	0	95
37 Psychiatry	367	0	116	37	540
27 General Surgery	81	107	29	5	222
22 Colorectal Surgery	126	69	10	3	198
12 Haematology	78	78	0	1	155
28 Breast Surgery	0	21	4	0	26
25 Vascular Surgery	0	20	0	0	20
15 Medical Oncology	52	35	23	4	114
01 Cardiology	14	29	8	3	54
19 Head and Neck Surgery	8	22	1	3	33
18 Dermatology	11	15	6	3	35
35 Drug & Alcohol	97	21	15	0	134
17 Rheumatology	13	11	6	3	33
39 Ungroupable	10	9	0	0	19
10 Renal Medicine	3	11	0	1	16
07 Neurology	25	20	8	1	54
05 Gastroenterology	41	22	13	2	78
31 Obstetrics	14	11	7	1	33
08 Neurosurgery	9	8	0	2	19
03 Cardiothoracic Surgery	1	2	0	0	2
11 Renal Dialysis	712	443	208	68	1,451
09 Endocrinology	24	15	8	4	52
32 Babies	12	10	6	2	31
04 Respiratory Medicine	10	7	3	2	22
21 Upper GIT Surgery	11	4	3	0	17
36 Burns	0	0	0	0	0
34 Tracheostomy	0	0	0	0	0
33 Transplantation	0	0	0	0	0
38 Acute Rehabilitation	0	0	0	0	0
Grand Total	2,973	5,173	1,276	363	9,785

Figure 12. Potential Overnight Separations and Bed Days

Hospital Type	Private					
Stay Type	Overnight+					
Potential 'Unmet' Private Demand	Place of Residence					
SRG	Wollongong	Shoalhaven	Shellharbour	Kemps	Total	Beddays
06 GIT Endoscopy	46	38	2	0	86	287
16 Chemotherapy and Radiotherapy	1	1	0	0	1	5
40 Non-acute	0	161	24	0	185	2,961
20 Dentistry	0	0	0	0	0	0
23 Orthopaedics	276	217	121	0	614	3,064
24 Urology	119	106	29	2	256	831
14 Ophthalmology	64	24	25	0	113	123
30 Gynaecology	0	120	2	0	122	438
26 General Medicine	111	71	30	0	212	976
29 Plastic and Reconstructive Surgery	24	18	3	0	45	168
02 Interventional Cardiology	181	144	64	8	398	1,032
13 ENT	0	76	0	0	76	80
37 Psychiatry	55	43	34	14	146	2,880
27 General Surgery	50	152	24	0	226	726
22 Colorectal Surgery	0	44	6	0	51	378
12 Haematology	46	34	19	3	102	531
28 Breast Surgery	0	38	5	0	43	123
25 Vascular Surgery	0	34	17	0	51	297
15 Medical Oncology	58	39	22	9	122	1,297
01 Cardiology	88	79	20	5	192	1,283
19 Head and Neck Surgery	8	35	4	1	49	96
18 Dermatology	9	5	1	2	17	127
35 Drug & Alcohol	10	8	7	2	26	410
17 Rheumatology	5	9	4	0	17	102
39 Ungroupable	0	9	1	0	10	52
10 Renal Medicine	25	15	9	6	54	263
07 Neurology	79	59	26	4	168	1,628
05 Gastroenterology	78	51	23	9	161	921
31 Obstetrics	0	230	53	20	364	1,896
08 Neurosurgery	26	48	9	6	89	690
03 Cardiothoracic Surgery	9	50	7	1	66	589
11 Renal Dialysis	0	0	0	0	0	0
09 Endocrinology	6	18	0	0	24	169
32 Babies	0	330	64	26	440	2,362
04 Respiratory Medicine	149	162	65	17	412	1,491
21 Upper GIT Surgery	0	60	0	1	61	167
36 Burns	0	1	0	0	1	2
34 Tracheostomy	5	4	0	0	9	193
33 Transplantation	0	0	0	0	0	0
38 Acute Rehabilitation	1	1	0	0	2	2
Grand Total	1,530	2,809	739	136	5,012	28,628

Figure 13. Total Potential Separations

Hospital Type	Private				
Stay Type	All				
Potential 'Unmet' Private Demand SRG	Place of Residence				Total
	Wollongong	Sheathaven	Shellharbour	Kiama	
06 GIT Endoscopy	46	1,369	104	0	1,539
16 Chemotherapy and Radiotherapy	1	298	0	0	299
40 Non-acute	0	758	240	125	1,124
20 Dentistry	0	77	0	0	77
23 Orthopaedics	276	462	121	0	859
24 Urology	119	263	29	2	412
14 Ophthalmology	709	670	191	43	1,614
30 Gynaecology	344	499	200	29	1,071
26 General Medicine	111	198	30	0	339
29 Plastic and Reconstructive Surgery	271	255	107	1	635
02 Interventional Cardiology	181	144	64	8	398
13 ENT	0	156	15	0	171
37 Psychiatry	442	43	160	51	696
27 General Surgery	131	259	52	5	448
22 Colorectal Surgery	126	104	17	3	249
12 Haematology	123	110	19	5	257
28 Breast Surgery	0	60	9	0	69
25 Vascular Surgery	0	54	17	0	72
15 Medical Oncology	110	68	46	13	236
01 Cardiology	103	108	27	8	246
19 Head and Neck Surgery	17	56	5	4	82
18 Dermatology	20	21	6	5	52
35 Drug & Alcohol	107	29	22	2	160
17 Rheumatology	18	20	9	3	50
39 Ungroupable	10	19	1	0	29
10 Renal Medicine	28	27	9	6	70
07 Neurology	104	79	34	5	222
05 Gastroenterology	118	74	35	12	239
31 Obstetrics	14	301	61	21	397
08 Neurosurgery	35	57	9	8	109
03 Cardiothoracic Surgery	9	51	7	1	68
11 Renal Dialysis	713	443	208	88	1,451
09 Endocrinology	30	33	8	4	75
32 Babies	12	341	90	28	471
04 Respiratory Medicine	159	169	68	19	434
21 Upper GIT Surgery	11	63	3	1	78
36 Burns	0	1	0	0	2
34 Tracheostomy	5	4	0	0	9
33 Transplantation	0	0	0	0	0
38 Acute Rehabilitation	1	1	0	0	2
Grand Total	4,503	7,762	2,015	498	14,798

### Same Day Admissions

Services are already provided by some existing private hospitals and a Day Surgery centre in Wollongong. Hardes and Associates have therefore assumed that the proposed development will capture a lower share of the market in the Wollongong LGA than in the other areas of the primary catchment.

They have assessed the market share for the Surgicentre will be as follows:-

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

The rate for Renal Dialysis will be 90% as this service is not currently provided by other private providers in the local sector.

### Overnight Admissions

As the major provider of tertiary private hospital services in the region the hospital will capture a high proportion of tertiary work currently being referred elsewhere, but will also attract a high proportion of non tertiary work. Clinicians tend to preferentially refer work to hospitals where there are high levels of support.

Modelling by Hardes and Associates has allowed the following overnight market share:-

- Wollongong 30%
- Shellharbour 70%
- Kiama 85%
- Shoalhaven 50%

Cardiothoracic Surgery, Interventional Cardiology and Neurosurgery will capture 30% of the market in Wollongong but 80% in the other Local Government Areas.



Figure 14. Total Primary Catchment

Same Day Admissions

SRG	Projected Admissions			Projected Days		
	2011-12	2016-17	2021-22	2011-12	2016-17	2021-22
01 Cardiology	85	73	85	85	73	85
02 Interventional Cardiology	580	681	606	580	681	606
03 Cardiothoracic Surgery	16	16	16	16	16	16
04 Respiratory Medicine	16	17	16	16	17	16
05 Gastroenterology	63	79	96	63	79	96
06 GIT Endoscopy	3,584	3,654	3,710	3,584	3,654	3,710
07 Neurology	43	50	59	43	50	59
08 Neurosurgery	21	22	23	21	22	23
09 Endocrinology	42	53	66	42	53	66
10 Renal Medicine	34	43	54	34	43	54
11 Renal Dialysis	2,018	2,746	3,669	2,018	2,746	3,669
12 Haematology	283	343	436	283	343	436
13 ENT	334	348	363	334	348	363
14 Ophthalmology	1,910	2,368	3,023	1,910	2,368	3,023
15 Medical Oncology	150	191	240	150	191	240
16 Chemotherapy and Radiotherapy	1,183	1,138	1,069	1,183	1,138	1,069
17 Rheumatology	47	57	68	47	57	68
18 Dermatology	45	38	31	45	38	31
19 Head and Neck Surgery	67	80	92	67	80	92
20 Dentistry	873	978	1,079	873	978	1,079
21 Upper GIT Surgery	19	22	25	19	22	25
22 Colorectal Surgery	241	271	302	241	271	302
23 Orthopaedics	1,003	1,079	1,154	1,003	1,079	1,154
24 Urology	790	834	891	790	834	891
25 Vascular Surgery	79	97	119	79	97	119
26 General Medicine	582	694	816	582	694	816
27 General Surgery	295	348	403	295	348	403
28 Breast Surgery	95	102	107	95	102	107
29 Plastic and Reconstructive Surge	795	920	1,063	795	920	1,063
30 Gynaecology	1,088	1,081	1,065	1,088	1,081	1,065
31 Obstetrics	24	26	28	24	26	28
32 Babies	15	13	11	15	13	11
33 Transplantation	0	0	0	0	0	0
34 Tracheostomy	0	0	0	0	0	0
35 Drug & Alcohol	133	153	173	133	153	173
36 Burns	1	1	1	1	1	1
37 Psychiatry	649	779	909	649	779	909
38 Acute Rehabilitation	0	0	0	0	0	0
39 Ungroupable	115	136	156	115	136	156
40 Non-acute	1,492	1,922	2,409	1,492	1,922	2,409
Grand Total	18,748	21,454	24,664	18,748	21,454	24,664

Overnight Admissions

SRG	Projected Admissions			Projected Days		
	2011-12	2016-17	2021-22	2011-12	2016-17	2021-22
01 Cardiology	193	221	249	1,176	1,287	1,404
02 Interventional Cardiology	482	576	681	1,342	1,660	2,018
03 Cardiothoracic Surgery	145	147	148	1,388	1,450	1,532
04 Respiratory Medicine	481	526	589	1,916	1,736	1,707
05 Gastroenterology	128	151	180	767	960	1,188
06 GIT Endoscopy	128	138	128	431	436	440
07 Neurology	130	144	160	1,096	1,202	1,306
08 Neurosurgery	259	292	330	1,999	2,066	2,214
09 Endocrinology	71	83	97	523	594	677
10 Renal Medicine	42	49	56	282	349	416
11 Renal Dialysis	0	0	0	0	0	0
12 Haematology	103	114	126	472	579	696
13 ENT	485	442	422	494	475	453
14 Ophthalmology	143	140	135	157	164	156
15 Medical Oncology	101	102	101	1,079	1,062	1,046
16 Chemotherapy and Radiotherapy	2	1	1	4	3	2
17 Rheumatology	33	34	35	220	202	203
18 Dermatology	12	12	12	69	69	67
19 Head and Neck Surgery	96	111	126	303	211	221
20 Dentistry	61	47	35	62	56	43
21 Upper GIT Surgery	294	303	309	811	773	734
22 Colorectal Surgery	176	182	188	1,312	1,297	1,286
23 Orthopaedics	1,219	1,327	1,454	6,085	6,627	7,348
24 Urology	422	466	489	1,321	1,333	1,324
25 Vascular Surgery	198	195	192	1,157	1,065	1,036
26 General Medicine	308	351	402	1,562	1,822	2,093
27 General Surgery	485	521	551	1,694	1,831	2,083
28 Breast Surgery	155	164	170	443	392	353
29 Plastic and Reconstructive Surge	173	177	177	606	646	626
30 Gynaecology	343	309	287	1,280	1,003	789
31 Obstetrics	677	682	685	3,385	3,130	2,905
32 Babies	683	694	715	3,495	3,353	3,279
33 Transplantation	0	0	0	0	0	0
34 Tracheostomy	12	14	15	313	391	456
35 Drug & Alcohol	60	69	77	979	1,167	1,394
36 Burns	2	2	2	2	11	10
37 Psychiatry	222	260	297	4,376	5,439	6,449
38 Acute Rehabilitation	1	1	1	1	1	1
39 Ungroupable	33	31	30	152	132	119
40 Non-acute	581	692	848	6,635	10,158	11,947
Grand Total	8,122	9,751	10,480	51,276	55,151	59,933

These tables indicate that there is a substantial demand and potential for development of a private medical and hospital facility servicing the Illawarra Region. However, La Vie Developments has provided a vision for the development of much more than a medical centre and Hospital facility, proposing a world class, integrated Health Precinct.

The nature of the proposal, the establishment of a large tertiary referral hospital and its intended teaching role, together with the other facilities, particularly accommodation, aged and disabled care units, will see this development service a catchment well beyond the primary catchment area. It would be expected that tertiary work and non tertiary work will be provided to patients from South Eastern New South Wales and North Eastern Victoria. Typically tertiary referral hospitals attract a significant share of their work from outside the primary catchment, mainly overnight admissions but with some impact on same day admissions.

To estimate the impact of the tertiary role on the overall hospital volumes Hades and Associates have assumed that 10% of the same day admissions and 20% of overnight admissions come from outside the primary catchment. The impact of the projected hospital workload is shown in the following table.

The preceding tables take no account of the possible closure or changing role of competing providers in the region. A dominant private service provider could see other facilities alter or even cease their roles. This would significantly increase the workload at the proposed development.

Further, no account has been taken of the potential to contract services to the public hospital system. The proposed hospital would have some capacity to accommodate this additional source of patients.

Figure 15. Total Acute Hospital

Same Day Admissions

SSG	Projected Admissions			Projected Days		
	2011-12	2016-17	2021-22	2011-12	2016-17	2021-22
01 Cardiology	72	81	94	72	81	94
02 Interventional Cardiology	645	757	867	645	757	867
03 Cardiothoracic Surgery	18	17	17	18	17	17
04 Respiratory Medicine	18	19	20	18	19	20
05 Gastroenterology	70	87	106	70	87	106
06 GIT Endoscopy	3,982	4,080	4,122	3,982	4,080	4,122
07 Neurology	47	56	65	47	56	65
08 Neurosurgery	23	24	25	23	24	25
09 Endocrinology	47	59	73	47	59	73
10 Renal Medicine	38	48	60	38	48	60
11 Renal Dialysis	2,242	3,051	4,077	2,242	3,051	4,077
12 Haematology	292	381	467	292	381	467
13 ENT	371	388	404	371	388	404
14 Ophthalmology	2,122	2,882	3,369	2,122	2,882	3,369
15 Medical Oncology	187	212	267	187	212	267
16 Chemotherapy and Radiotherapy	1,315	1,385	1,210	1,315	1,385	1,210
17 Rheumatology	53	64	76	53	64	76
18 Dermatology	50	43	35	50	43	35
19 Head and Neck Surgery	74	88	103	74	88	103
20 Dentistry	970	1,084	1,189	970	1,084	1,189
21 Upper GIT Surgery	21	24	28	21	24	28
22 Colorectal Surgery	288	301	308	288	301	308
23 Orthopaedics	1,115	1,188	1,282	1,115	1,188	1,282
24 Urology	878	928	960	878	928	960
25 Vascular Surgery	88	108	133	88	108	133
26 General Medicine	646	771	906	646	771	906
27 General Surgery	328	384	448	328	384	448
28 Breast Surgery	106	113	119	106	113	119
29 Plastic and Reconstructive Surgery	883	1,022	1,182	883	1,022	1,182
30 Gynaecology	1,184	1,201	1,208	1,184	1,201	1,208
31 Obstetrics	26	29	31	26	29	31
32 Babies	16	14	12	16	14	12
33 Transplantation	0	0	0	0	0	0
34 Tracheostomy	0	0	0	0	0	0
35 Drug & Alcohol	147	170	182	147	170	182
36 Burns	1	1	1	1	1	1
37 Psychiatry	721	885	1,010	721	885	1,010
38 Acute Rehabilitation	0	0	0	0	0	0
39 Ungroupable	128	151	175	128	151	175
40 Non-acute	1,898	2,113	2,677	1,898	2,113	2,677
Grand Total	20,829	23,838	27,424	20,829	23,838	27,424

overnight Admissions

SSG	Projected Admissions			Projected Days		
	2011-12	2016-17	2021-22	2011-12	2016-17	2021-22
01 Cardiology	241	276	311	1,470	1,808	1,755
02 Interventional Cardiology	615	720	852	1,677	2,075	2,523
03 Cardiothoracic Surgery	182	183	185	1,711	1,813	1,915
04 Respiratory Medicine	601	657	711	2,387	2,170	2,133
05 Gastroenterology	156	169	228	889	1,200	1,490
06 GIT Endoscopy	159	159	158	539	545	550
07 Neurology	163	160	205	1,372	1,502	1,856
08 Neurosurgery	323	365	413	2,469	2,583	2,707
09 Endocrinology	89	104	122	853	742	846
10 Renal Medicine	53	61	70	353	437	519
11 Renal Dialysis	0	0	0	0	0	0
12 Haematology	129	143	158	590	723	823
13 ENT	582	553	528	817	594	596
14 Ophthalmology	179	175	188	196	205	198
15 Medical Oncology	128	127	127	1,348	1,327	1,307
16 Chemotherapy and Radiotherapy	2	2	1	5	3	3
17 Rheumatology	41	43	44	275	253	254
18 Dermatology	15	15	15	86	86	84
19 Head and Neck Surgery	120	136	157	253	264	270
20 Dentistry	77	89	44	78	70	54
21 Upper GIT Surgery	368	378	388	1,013	986	918
22 Colorectal Surgery	220	227	235	1,841	1,822	1,810
23 Orthopaedics	1,524	1,656	1,817	7,696	8,284	9,185
24 Urology	527	570	611	1,651	1,686	1,855
25 Vascular Surgery	246	244	240	1,448	1,331	1,298
26 General Medicine	366	439	502	1,552	2,277	2,816
27 General Surgery	619	652	689	2,105	2,289	2,575
28 Breast Surgery	194	205	213	553	490	441
29 Plastic and Reconstructive Surgery	216	221	221	780	807	765
30 Gynaecology	426	366	334	1,630	1,253	991
31 Obstetrics	847	853	857	4,344	3,913	3,851
32 Babies	854	666	684	4,389	4,191	4,069
33 Transplantation	0	0	0	0	0	0
34 Tracheostomy	15	17	19	362	488	572
35 Drug & Alcohol	76	86	96	1,224	1,483	1,743
36 Burns	2	2	2	3	14	12
37 Psychiatry	278	325	371	5,470	6,799	8,002
38 Acute Rehabilitation	1	1	1	1	1	1
39 Ungroupable	41	39	38	191	185	146
40 Non-acute	702	665	1,083	10,794	12,927	14,934
Grand Total	11,402	12,169	13,075	64,045	68,939	74,913

## Competitors

### Public Hospital Facilities

#### Wollongong Hospital

The Principal Referral facility for the South East Sydney Illawarra Health Service, in the Illawarra, is Wollongong Hospital. The hospital is a 468 bed facility offering surgery, medicine, maternal and neo-natal care, paediatrics, intensive care, emergency and cancer care.

The catchment area for Wollongong Hospital extends from Helensburgh to North Durras and covers approximately 350,000 people.

During 2006-2007 there were 42,557 admissions to the facility for an average stay of 3.8 days. The average occupancy was 103.7%, indicating the demand for additional facilities within the region.

Medical outpatient services contributed to 322,419 non-admitted patient services.

#### Coledale District Hospital

Coledale Hospital is a sub-acute facility with 20 beds and 14 transitional aged care beds and provides inpatient rehabilitation services together with community outpatient services. The hospital provides a wide range of rehabilitation services following medical or surgical conditions.

During 2006-2007 there were 298 admissions for an average stay of 31.7 days at an average occupancy level of 97.06%. Medical outpatient services contributed to 3,874 occasions of patient service.

#### David Berry Hospital

Situated at Berry this sub-acute facility provides rehabilitation and palliative care services for the people of the Shoalhaven area. There are 17 rehabilitation beds and 9 palliative care beds.

During 2006-2007 there were 418 admissions for an average stay of 20.2 days at an average occupancy rate of 87.9%. Medical outpatient services were 2,196 occasions.

#### Gawrawarra Centre

This is a purpose built dementia specific aged care unit located at Waterfall. There is a capacity for 120 residents housed within four cottages, each of 30 beds.

For 2006-2007 there were 52 admissions and 54 discharges and an average occupancy of 99.61%.

#### Kiama Hospital

The hospital has 20 beds being a combination of slow stream medical and nursing home respite beds.

There were 230 admissions during 2006-2007 for an average stay of 25.9 days. The average occupancy rate was 99.7%.

#### Port Kembla Hospital

This is a multi-service sub-acute facility providing rehabilitation, aged care, palliative care, drug and alcohol services. There are 42 beds for rehabilitation services, 15 palliative care beds and a 10 bed inpatient alcohol withdrawal unit.

There were 1,168 admissions during 2006-2007 and the average length of stay was 19.2 days. Average occupancy rate was 91.8%. There were 90,214 medical outpatient services.

### Shellharbour Hospital

This is a major district hospital facility providing emergency, surgical, medical, maternity postnatal and mental health services.

During 2006-2007 there were 15,326 admissions for an average stay of 3.5 days, with the average occupancy rate of 98.8%. There were 55,209 medical outpatient services provided.

### Shoalhaven Memorial Hospital

Predominantly providing for the residents of the Shoalhaven area this major district hospital's services include emergency, surgical, elective orthopaedic and plastic surgery, intensive care, obstetric, gynaecology, paediatric, neonatal care, rehabilitation and aged care.

There were 19,885 admissions during 2006-2007 with an average stay of 2.9 days. Average occupancy of the facility was 90.3%. Medical outpatient services contributed to 156,420 non-admitted patient services.

### Bulli District Hospital

Bulli Hospital is a district facility of 62 beds providing geriatric, medical, surgical and emergency services for the local community.

There were 3,826 admissions during 2006-2007 at an average stay of 5.0 days. Average occupancy was 97.8% and there were 16,606 non-admitted outpatient services.

### Milton Ulladulla Hospital

This is a 25 bed rural acute facility providing general medicine, minor surgical, low risk obstetric, emergency and day centre services.

During 2006-2007 there were 2,756 admissions at an average stay of 3.0 days. Average occupancy was 82.8% and there were 41,202 medical outpatient services provided.



Figure 16. SESIH Facility Activity Levels

FACILITY	Separation	Planned as % of total separation	Same day as % of total separation	Daily average of inpatients	Acute bed days	Overnight acute bed days	Non-admitted patient services	Emergency Department attendances	Expenses (accrual basis \$'000)
Bull District Hospital	3,845	2,112	2,453	52.20	5,800	15,839	16,807	8,043	16,083
Calvary Healthcare, Sydney	4,044	2,711	2,634	83.40	22	N/A	71,716	N/A	N/A
Coledale Hospital	324	40	N/A	26.20	8,136	5,800	4,291	N/A	6,559
David Barry Hospital	503	264	12	23.0	N/A	N/A	2,194	N/A	5,885
Gower Wilson Hospital	21	0	12	0.10	80	10	6,733	121	673
Kiama Hospital	225	15	0	16.00	2,365	7,250	3,257	N/A	3,634
Milton Ulidulla Hospital	2,756	319	887	22.30	53,979	2,353	45,454	12,015	8,586
Port Kembla Hospital	1,174	571	21	61.00	161,650	43,899	94,980	N/A	29,530
Prince of Wales Hospital	41,512	22,632	21,508	523.30	188,617	145,740	871,061	44,609	351,952
Royal Hospital for Women	14,799	2,576	3,527	148.30	42,307	50,561	101,054	N/A	68,370
RHW closed Nov. 2005	N/A	N/A	N/A	1.00	2	365	N/A	N/A	N/A
Sacred Heart Hospice	1,019	1	27	50.6	128,386	N/A	34,164	N/A	N/A
Shellharbour Hospital	15,328	5,303	7,905	148.50	N/A	291	55,209	22,819	34,918
Shoalhaven Hospital	20,199	8,608	10,087	162.90	52,965	143,643	156,420	31,846	78,245
St George Hospital	54,077	25,433	24,381	546.90	80,122	162,259	870,904	53,707	296,311
St Vincent's Hospital	38,641	17,806	22,353	351.70	24,624	106,033	405,341	40,156	N/A
The Sutherland Hospital	18,206	4,260	3,229	268.50	54,084	76,897	533,899	34,389	126,742
Sydney Children's Hospital	14,270	7,266	6,422	117.50	18,288	35,873	236,719	34,034	129,023
Sydney/Sydney Eye Hospital	10,425	4,282	5,326	67.50	365	19,301	417,626	37,051	67,251
War Memorial Hospital	550	30	4	32.50	166,701	80	95,062	N/A	N/A
Wollongong Hospital	41,431	15,744	19,000	443.80	294	45,061	322,417	67,782	231,580
Others							358,126		639,414
<b>TOTAL</b>	<b>283,349</b>	<b>129,973</b>	<b>28,808</b>	<b>3153.20</b>	<b>986,787</b>	<b>861,255</b>	<b>4,714,434</b>	<b>386,572</b>	<b>2,094,756</b>

Figure 17. SESIH Facility Beds and Bed Equivalents

AREA HEALTH SERVICE	Dedicated overnight unit	Dedicated same-day unit	Other unit	Total bed equivalents	General Hospital unit	Nursing Home units	Community Residential	Bed equivalents	Total
Bull District Hospital	50	6	0	55	55				
Calvary Healthcare, Sydney	88	7	0	95	95				
Coledale Hospital	24	0	0	24	24				
David Barry Hospital	26	0	0	26	26				
Gamawana Centre	120	0	0	120	0	120			
Gower Wilson Hospital	3	0	0	3	3				
Kiama Hospital	120	0	0	20	20				
Kiama Hospital Nursing Home	0	0	0	0	0				
Milton Ulidulla Hospital	28	0	0	28	28				
Port Kembla Hospital	68	0	0	68	68				
Prince of Wales Hospital	473	47	0	520	520				
Royal Hospital for Women	192	8	0	200	200				
Sacred Heart Hospice	72	0	0	72	72				
Shellharbour Hospital	143	10	0	153	153				
Shoalhaven Hospital	151	34	0	185	185				
St George Hospital	533	52	0	585	585				
St Vincent's Hospital	293	35	0	327	327				
The Sutherland Hospital	281	13	0	294	294				
Sydney Children's Hospital	130	11	0	141	141				
Sydney/Sydney Eye Hospital	70	7	0	77	77				
War Memorial Hospital	35	0	0	35	35				
Wollongong Hospital	414	41	0	454	454				
<b>SESIH</b>	<b>3,214</b>	<b>270</b>	<b>0</b>	<b>3,484</b>	<b>3,484</b>	<b>120</b>		<b>159</b>	<b>3,634</b>

\*Beds in Emergency Departments, Delivery Suites, Operating Theatres and Recovery Rooms are excluded.

## Private Hospitals

### Figtree Private Hospital

This 101 bed facility is situated approximately 7 kilometres from the Wollongong CBD and provides medical, surgical and maternity services in a range of specialities including coronary care, orthopaedics, obstetrics, urology, and general surgery.

### Shellharbour Private Hospital

A private facility of 59 beds Shellharbour private provides services including acute care, general surgery, ear nose and throat, plastic surgery, oral surgery, gynaecology, colorectal services orthopaedics, endoscopy and rehabilitation.

Shellharbour Private also operates a Day Surgery Unit.

### Lawrence Hargreave Private Hospital

This is a 42 bed facility situated at Thirroul. The hospital provides rehabilitation, medical and palliative care services, together with day only and outpatient services.

## Day Surgery Facilities

### Southern Medical Day Care Centre

Located in Wollongong, this is a day only surgical facility offering specialist cancer procedures.

### Wollongong Day Surgery

A small day procedure facility operating at Wollongong

## Relative Pricing

As pricing for service delivery is in effect regulated by Medicare Rebates and Service Contracts with the major Health Insurance Funds the Health Precinct will be just as well placed as other providers.

## Complementary Services

A range of complementary services will be available across the health precinct. Allied Health Practitioners will be available to service community needs in a wide range of disciplines, including:-

- Psychology and mental Health Nurses
- Podiatry
- Ante and Post natal care
- Chiropody
- Dietetics
- Midwifery
- Physiotherapy
- Occupational Therapy
- Speech Pathology
- Dental Health
- Audiology
- Optometry

As well as a wide range of traditional complementary services being available, alternative therapies will also be encouraged. The principal purpose of the health precinct is to provide high quality, holistic medical care and provide for the well being of the community. As such, any therapies which are scientifically based and can provide for and promote the good health and wellbeing of the community will be encouraged.

## Promotional Strategies

The financial success of the health precinct hinges upon the ability to attract sufficient numbers of Practitioners, in all disciplines to serve the needs of the patients. Careful consideration has been given to the planning and design of each of the proposed facilities, and their integration into the precinct, to ensure that all Practitioners will enjoy the most up to date and efficient working areas, state of the art technology and equipment, up to the minute Electronic Patient Health eRecords and an environmentally friendly and efficient workplace.

Illawarra International Health Precinct will be a facility in which Specialist Doctors, General Practitioners and Ancillary Practitioners will have confidence and where they will have a desire to practise. More importantly, the environment will be set to encourage consultation, communication, professionalism, empathy and camaraderie. This removes the competition and ensures that all work as team members for the betterment of the patients.

### Specialist practitioners

In keeping with the goals of attracting suitable qualified Specialist Doctors early in the life of the precinct a range of incentives will be offered to such practitioners. These will be both financial and operational in nature and will ensure an adequate number of Specialist Doctors will practise from the precinct, in all disciplines.

Financial incentives will include:-

- Ability to purchase strata professional Suites
- Discounts for the purchase of suites early in the offer period
- Car parking incentives and lock up garages

Operational benefits will include

- Adequate theatre time to allow greater productivity
- Greater involvement of General Practitioners will free up Specialist time to operate more productively within their individual disciplines
- State of the art technology and equipment
- Fully integrated health precinct with epatient records

In the case of the Surgicentre and the Obstetrics Unit, a number of high use specialists will also be able to participate by the ability to purchase units in a unit trust which will operate the units, thereby deriving a financial dividend from the overall operations.

## General Practitioners

The location of the precinct, within a West Dapto Urban Release Area, together with the general shortage of general Practitioner facilities within the Illawarra, will result in a demand from doctors to be able to practise within the centre.

The nature of the Medical Centre, being 24 hour and including a Casualty facility, will generate a large number of patient consultations, ensuring an adequate workload for Doctors wishing to practise within the precinct. The current projections for the region attest to the growth of the region ensuring future business development.

Additional attractions for General Practitioners will include:-

- Modern, well managed Medical Centre
- Up to date technology and equipment
- Ability to have patients cared for 24 hours per day
- Potential to earn additional income from achieving Visiting Medical Officer status with the proposed hospital
- Innovative business model whereby the General Practitioner controls patient care
- Access to a large number of Specialists in many disciplines

A reserved share offering will also be available to medical Practitioners as part of the Initial Public offering when floating the Hospital Proper.

## Consumers

As the business will be in effect General Practitioner driven, marketing costs directed at consumers will be relatively low. The Medical Centre and Casualty will attract a large number of patients as a result of the current difficulty in getting access to these services. Throughout the Illawarra region many General Practitioners are unable to take on new patients and delays in accessing Casualty services are well known.

Approximately 48% of residents in the Illawarra Region carry private health insurance so will be well placed to seek surgical procedures and the like within the Surgicentre. Many of these residents currently travel to St George Private Hospital and further afield for elective and planned surgery and a modern, technologically advanced facility within the area will be welcomed.

Preferred Provider Agreements will be negotiated with the private health insurers, in line with industry practice, so that privately insured patients will be fully covered, in the majority of cases, for their hospital expenses.

As the health precinct develops, stage by stage, and each business unit builds its reputation for high quality health service delivery, more and more of the region's residents will seek to avail themselves of the precinct's capacity.

Consumer, and Practitioner, awareness has already been commenced with a series of meetings, seminars and press releases. Interested parties and community groups have been kept informed of the planning and progress of the development and generally welcome the proposal. Aged groups and associations representing various ethnic populations have been most supportive.

## Media

A traditional marketing presence will be maintained by way of mainstream media insertions and may include:-

- Radio
- Television
- Newspaper
- Trade Journals
- Directories

These would be supported by information leaflets, brochures and an internet web site.





## SWOT Analysis

### Strengths

Location	Within urban growth area Strong population growth in region High percentage privately insured persons
Training Facilities	Continuous access to qualified clinical staff
Funding Model	Ensures financial viability Easily manageable debt
Diversity	Total Health Precinct Commercial Content Retail Tenancies

### Weaknesses

Item	Mitigation
Availability of practitioners	Innovative incentive packages for practitioners and clinicians Availability of operating facilities Alliance with training facilities
Availability of Nursing staff	Flexible work arrangements Incentives for staff recruitment and retention Friendly and efficient, well managed workplace Alliance with training facilities
Required collaboration between providers	Contracted service provisions Covenants where appropriate

### Opportunities

Dominate Market	Total facility of this size could dominate private market Dominance will attract practitioners and patients
Innovation	Opportunity to establish unique delivery model Develop International reputation
Single Location	Opportunity to control market

### Threats

Item	Mitigation
Competing Developments	Business model succeeds on low utilisation rate Modern high tech facilities will attract patronage Convenient location Growth area GP driven model with alliances between GP and precinct Specialist Practitioners owning and utilising facilities
Establishment of Superclinics	Inadequate for demand
Government Approvals	Provisional Hospital Licence issued Part 3(a) Application well advanced

## Operations

### Corporate Governance

The La Vie Group has an established history of professional and successful management of its existing medical centres and Day Hospital. Policies and Procedures which have proven so successful and efficient will be implemented within the Medical Centre and, in addition to local management, will be oversighted by the existing management team.

For those units being operated by trusts involving Specialist Practitioner Investors Boards of Directors will be established to ensure the efficient and proper management of the facilities. The boards will have overall responsibility to ensure compliance with regulatory and statutory requirements, together with prudent fiscal controls.

Day to day administration and general operations will be controlled by local management teams, responsible to the boards, as is usual corporate practice.

At the time of the Initial Public Offering being prepared, for the hospital proper, suitably qualified high quality candidates will be sought to act as Directors for the company. These persons will be chosen for their proven abilities in their respective fields of expertise, such as Management, Financial, Marketing and the like, and will be expected to bring much experience and value to the project.

A corporate governance committee will be established to ensure that the public float meets all legal requirements and is conducted in accordance with the requirements of all regulatory authorities.

Relevant Consultants and Advisors will ensure the float is conducted in line with best practice and provide optimum conditions for achieving the required result.

The Illawarra International Hospital will be established in accordance with the most efficient corporate governance model available. The management team will be selected from experienced candidates who have been able to demonstrate the requisite abilities.

The company will operate under the following guidelines, to be instituted:-

- Company Constitution
- Board Charter
- Audit & Compliance Committee Charter
- Risk Management & OHS Committee Charter
- Remuneration Committee Charter
- Accreditation & Ethics Committee Charter
- Code of Contact and Conduct

These documents will govern the operations of the relevant committees established thereunder to oversee the operations of the company.

Upon commencement of operations of the hospital a fully functional management organisation will have been established to conduct the daily activities of the facility.

The Chief Executive Officer will have the responsibility and obligation to ensure that appropriate protocols and procedures are enacted to ensure compliance with all statutory requirements. Further the CEO will be charged with developing and charting the strategic direction of the facility. He/she will be charged with responsibility to monitor:-

- Adherence with the corporate goals and plans
- Compliance with statutory requirements
- Quality of Health Service Delivery
- Maintenance of a Safe Workplace

Various Unit Managers will be responsible for their respective business units and will report to the CEO.

### Clinical Governance

The entire precinct will operate under an ethos of corporate and individual responsibility for establishing, delivering and maintaining high quality clinical care through competence, performance and education. Responsibility and accountability for patient safety, clinical care and health service quality will be shared by all managers and clinicians.

Patient wellbeing, clinical quality and satisfactory outcomes cannot be maintained unless all clinicians and managers are actively involved in the pursuit of excellence. High quality outcomes, superior performance and the sense of trust will engender in staff a sense of pride in themselves and their workplace and a desire to maintain and enhance performance standards.

### Accreditation & Ethics

Accreditation of practitioners for rights to practise within the Illawarra International Hospital will be performed by a committee established under the control of the Professors of the various Schools of Medicine from the University.

The committee will ensure the Practitioners accredited to practise at the facility are of suitable calibre, training and experience and to ensure that clinical care and procedures are conducted in accordance within established ethical boundaries.

The committee will include a management delegate and a community representative. Ethical considerations and directions will also be provided by the committee.

### Service delivery

Service delivery will be controlled by the Director of Clinical Services who will oversee Clinical Managers and work in close liaison with Medical Practitioners and staff. Establishment and maintenance of the highest standards of clinical care will be paramount throughout the precinct.

Managers will be charged with the responsibility to ensure that all clinicians and staff have the ethos that only excellence will suffice.

### Costs and Margins

As with all enterprises careful controls need to be implemented over costs to ensure that margins remain competitive and viable for the longer term. In line with best practice purchasing departments within each business unit will utilise a combination of supply contracts, service agreements and tenders to ensure that the best prices are achieved for high quality services and materials.

### Essential Research and Development

The hospital will participate in research and development programmes which may from time to time be instituted and managed by the university. These would be funded by the university or from grants provided either by government or drug manufacturers.

### Requisite Facilities

For the establishment of an integrated health precinct such as that proposed it will be necessary to source a wide variety of equipment and instrumentation. Research conducted by the proponent has concluded that all equipment will be available within the requisite time frames and will therefore present no impediment to the progress of the development.

### Ancillary Services

Again, research indicates that all requisite services will be available for the development. This includes public infrastructure and specific services required by the health precinct.

All services such as material supplies, contract services, laundry and linen services and food provision are all available or will be available within the given lead times.



## Management

### Key Personnel

Key personnel will be sought widely to ensure applications are received from the best possible candidates. Management Consultants will be engaged to source applicants for key positions and to negotiate beneficial remuneration packages, both for the applicant and the facility.

Remuneration arrangements will be designed to attract and retain high quality personnel.

### General Staff

General administrative staff will likely be sourced within the Illawarra without difficulty. Personnel are readily available through standard employment procedures, such as advertising and personnel agencies.

The region is well placed for clinical staff with both the University of Wollongong and TAFE providing training for Nurses.

Within the Public Hospital system retention of clinical staff has long been an issue. Innovative remuneration packages and flexible working conditions will ensure that staff retention is not an issue for the health precinct.

As a Tertiary Training facility, the precinct, in conjunction with the University and TAFE will have the capacity to train over 100 young Doctors and 100 Nurses on an ongoing basis, providing a well trained and ongoing workforce. Additionally, there will be places created for training in trades, such as Chefs, Hospitality staff and IT workers.

### External contractors

Key services which may be provided by external contractors, other than supply contracts, include:-

- Linen Hire
- Laundry Services
- Plant Maintenance
- IT Maintenance
- Security

Tender and contract arrangements will be administered by the Finance and administration department with day to day oversight of the contractors by the relevant departments of the facility.

### Property

Property management, including sales and leasing, will be controlled by an on-site Property Manager. A suitably qualified and licensed contractor will perform this role from premises located within the precinct.



## Financial Plan

### Overview

A financial feasibility has thus far been produced for Stages 1 to 5 inclusive, with Stages 6 onwards to be completed at a later date. The studies have been completed by Mr John Boulous, Chartered Accountant.

Mr Boulous has a thorough knowledge of Private Hospital operations, having many years working and consulting in the sector. He has worked in the Illawarra Region at Shellharbour Private Hospital, Figtree Private Hospital and Finance Director for Clinical associates Australia Pty Ltd.

In addition to his Accounting practice John is currently Chief Executive Officer for Dalcross Private Hospital (4 days per week). John is also the Chief Financial Officer of the Australian Medical Cooperative Limited.

The studies prepared by Mr Boulous take into account three levels of occupancy and utilisation. The lowest level (50%) is the level that such facilities would expect to achieve within the first twelve months of operation and is generally regarded as the "break even" point for such projects.

The second level of utilisation (75%) is the level that most facilities would aim to achieve, providing realistic returns on investment and meeting future capital investment requirements.

In areas of high demand the third level (90%) would be achievable if the facilities were operating at virtually maximum capacity.

It should be noted that the studies do not take into account financing costs, nor do they consider building write off (2.5%), depreciation schedules etc and are before taxation. Returns are based on Earnings before interest and taxation (EBIT).

### Revenues

#### Specialist and Surgicentre

Revenue from service delivery will come from the following areas:-

- Day stay patients
- Overnight admissions

Non service delivery revenues will include:-

- Consulting rooms
- Car parking

The mid level of utilisation (75%) would see the Surgicentre catering for a projected 14,400 cases, performing 300 procedures per week over 48 weeks per annum. Average revenue per patient is estimated at \$800.00 plus.

Car parking revenue at the mid level would represent \$657,000 per annum.

Developer revenues will be derived from:-

- Sale of Specialist Suites
- Rentals of retained Specialist Suites
- Rentals of Commercial Spaces

Figure 18. Revenue by Surgicentre Utilisation Levels

	Utilisation		
	50%	75%	90%
<b>Day Case Revenue</b>	<b>\$ 7,680,000</b>	<b>\$ 11,520,000</b>	<b>\$ 13,824,000</b>
<b>Other Revenue</b>			
Consulting Rooms	1,750,000	2,625,000	3,150,000
Car Parking	438,000	657,000	788,400
Total Other Revenue	2,188,000	3,282,000	3,938,400
<b>Total Centre Revenue</b>	<b>\$ 9,868,000</b>	<b>\$ 14,802,000</b>	<b>\$ 17,762,400</b>
<b>Activity Levels</b>			
Number of Theatres:	4	4	4
Occupancy %	50%	75%	90%
Projected Cases	9,600	14,400	17,280
Procedures/Theatre/Week	100	100	100
Number of Working Weeks	48	48	48
Revenue Per Patient (Includes case payments & per diem & theatre fees)	\$ 800.00	\$ 800.00	\$ 800.00
Number of Consulting Suites	70	70	70
Rental Space/Square Metre	\$ 400	\$ 400	\$ 400
Parking Spaces	240	240	240
Revenue Per Space/Day	\$ 10	\$ 10	\$ 10

### Pathology and Radiology Units

As the facility is fully leased to Sonic Health Ltd ongoing revenues will be derived from rentals only. An initial premium payment of \$2,500,000 plus GST for each practice is required. Therefore developer revenues will derive from

- Premium payable for Lease of facility
- Rental payments

**Figure 19. Pathology and Radiology Units, Revenue**

* Pathology and Radiology will be housed in a separate building to the hospital.				
* It is anticipated that there will be an up front payment for both Radiology and Pathology to secure the rights to operate the facility in this precinct.				
* The premium payment is anticipated to be \$2,500,000 plus GST from each practice.				
* For the purposes of this study income has only been included on a rental basis				
<b>Rental Income</b>				
		Sq Metres	\$/Sq Metre	\$
	Radiology	2,000	500	1,000,000
	Pathology	2,000	500	1,000,000
				2,000,000
* The rental charge is a premium as both Radiology and Pathology will be provided with fully fit out workspaces as well as having exclusive access to the whole complex pathology and Radiology services				
<b>Expenses</b>				
		Cost	Rate%	\$
	Depreciation	\$ 500,000	10%	50,000
* The cost of constructing this building based upon Huntley Construction Estimates is \$6,000,000.				
* There will be some depreciable items in the building, however the fitout will be the responsibility of the occupants.				
* The depreciable items are not anticipated to exceed \$500,000.				
<b>Net Profit from Pathology and Radiology</b>				<b>\$ 1,950,000</b>

### 24 Hour Medical Centre, Pharmacy & Casualty

Revenue from service delivery will come from the following areas:-

- Medical Centre patients
- After hours patients
- Casualty Patients
- Overnight admissions

Non service delivery revenues will include:-

- Rentals for Pharmacy and specialty shops
- Car parking

At the mid level of utilisation (75%) the Centre would cater for 199,680 patients per annum.

### Obstetric Unit

Service delivery revenue will come from the following:-

Inpatient Revenue being admission income from:

- Normal deliveries
- Caesarean Section deliveries
- Post natal care including nursery and critical care nursery

Non service revenue will be derived from:

- Consulting suites
- Other

At the mid level of utilisation (75%) the unit would cater for 935 births per annum.

Developer revenues will be derived from:

- Sale of Specialist Suites
- Rentals of retained Specialist Suites

### Private Hospital (310 bed)

Service delivery revenue will be achieved from procedures including:-

- Inpatient Revenue
  - Cardiac
  - Dental
  - Endocrinology
  - General surgery
  - Interventional Radiology
  - Neurosurgery
  - Ophthalmology
  - Orthopaedics
  - Oncology
  - Plastic Surgery
  - Vascular Surgery
  - Radiotherapy

Non service income will be derived from:-

- Parking fees
- Rent
  - Shopping plaza
  - Consulting rooms

The mid level rate of utilisation (75%) will see 30,308 admissions per annum with an average length of stay of 2.8 days.

Figure 20. Revenue - 24 hour Medical Centre, Pharmacy and Casualty by Utilisation

	(I) 50%	(II) 75%	(III) 90%
<b>Accommodation Revenue</b>	\$ 912,500	\$ 1,388,750	\$ 1,842,500
<b>General Practitioners</b>	5,070,000	6,084,000	7,098,000
<b>After Hours GP's</b>	1,095,000	1,314,000	1,533,000
<b>GP Total</b>	6,165,000	7,398,000	8,631,000
<b>Emergency Physicians</b>	2,463,750	2,956,500	3,695,625
<b>Coffee Shop</b>	171,000	171,000	171,000
<b>Pharmacy</b>	152,000	152,000	152,000
<b>Florist</b>	38,000	38,000	38,000
<b>Hair Dresser</b>	57,000	57,000	57,000
<b>Newsagent</b>	95,000	95,000	95,000
<b>Child Care</b>	114,000	114,000	114,000
<b>Dentist</b>	57,000	57,000	57,000
<b>Bank</b>	57,000	57,000	57,000
<b>Car Parking</b>	438,000	657,000	788,400
<b>Total Commercial Leasing</b>	1,179,000	1,398,000	1,529,400
<b>Total Revenue</b>	10,720,250	13,121,250	15,498,525
<b>Accommodation Revenue</b>			
<b>Inpatient Beds</b>	10	10	10
<b>Revenue Per Patient day</b>	\$ 500.00	\$ 500.00	\$ 500.00
<b>GP Key Indicators</b>			
<b>Maximum Patients/GP/Wk</b>			
<b>Revenue per patient</b>	\$ 39	\$ 39	\$ 39
<b>No. of GP's Required/Week</b>	10	12	14
<b>Estimated Patients/Week</b>	2,500	3,000	3,500
<b>After Hours GP's</b>			
<b>No. Of GP's</b>	2	2	2
<b>Patients Per GP/Night</b>	25	30	35
<b>Revenue Per Patient</b>	60	60	60
<b>Days Per Year</b>	365	365	365
<b>Patients Per Week for Practice</b>	350	420	490
<b>Revenue per Night</b>	\$ 1,500	\$ 1,800	\$ 2,100
<b>Emergency Physicians</b>			
<b>No. of Emergency Physicians</b>	5	5	5
<b>Patients Per Physician/Shift</b>	10	12	15
<b>Charge Per Patient</b>	\$ 135	\$ 135	135
<b>Patients Per Week for Practice</b>	350	420	525
<b>Number of Days</b>	365	365	365
<b>Income Per Physician</b>	\$ 492,750	\$ 591,300	\$ 739,125
<b>Weekly Patients</b>	3,200	3,840	4,515
<b>Annual Patients</b>	166,400	199,680	234,780
<b>Rent Per Sq Metre Per Annum</b>	\$ 380.00	\$ 380.00	\$ 380.00
<b>Parking Spaces</b>	240	240	240
<b>Revenue Per Day</b>	10	10	10



Figure 21. Revenue - Obstetrics Unit by Occupancy Levels

	Year1	Year 2	Year 5
	Occupancy		
	50%	75%	90%
<b>Inpatient Revenue</b>			
Normal Deliveries	2,500,000	3,740,000	4,480,000
Caesarian Deliveries	750,000	1,122,000	1,344,000
Ante Natal Income	123,863	191,588	234,900
Level 2 Nursery Fees	175,781	262,969	315,000
<b>Total</b>	<b>\$ 3,549,644</b>	<b>\$ 5,316,556</b>	<b>\$ 6,373,900</b>
<b>Other RevenueTotal</b>	<b>100,000</b>	<b>150,000</b>	<b>180,000</b>
<b>TOTAL HOSPITAL REVENUE</b>	<b>\$ 3,649,644</b>	<b>\$ 5,466,556</b>	<b>\$ 6,553,900</b>
<b>Activity Levels</b>			
Number of beds:	20	20	20
Occupancy %	50%	75%	90%
Maximum Available Bed Days	7,300	7,300	7,300
Usage Based Upon % Occupancy	3,650	5,475	6,570
<i>Made up as Follows:</i>			
Bed Days -Normal Births	2,500	3,740	4,480
Bed Days -Caesarian Births	875	1,309	1,568
Ante Natal Bed Days	275	426	522
Normal Birth ALOS	5	5	5
Caesarian ALOS	7	7	7
No.of Normal Births	500	748	896
No. of Caesarian Births	125	187	224
<b>Total Births</b>	<b>625</b>	<b>935</b>	<b>1120</b>
<b>Ante Natal Stays</b>			
% Births Requiring Ante Natal	15%	15%	15%
ALOS Ante Natal Visit	3	3	3
<b>Level II Nursery</b>			
Babies Req.Level 2	234	351	420
ALOS Level 2 Nursery			
Revenue Per Normal Delivery	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00
Revenue/Admission	\$ 6,000.00	\$ 6,000.00	\$ 6,000.00
Revenue Per Ante Natal Day	\$ 450.00	\$ 450.00	\$ 450.00
Revenue Per level 2 Nursery	\$ 750.00	\$ 750.00	\$ 750.00
Car Parking Spaces- Hospital	300	350	400
Car Parking Spaces- Cons. Suites	200	250	300
Rate Per Annum per space	\$ 1,500	\$ 1,500	\$ 1,500
Rental Space/Square Metre	\$ 375	\$ 375	\$ 375
<b>Obstetrician Suites</b>	<b>4</b>	<b>4</b>	<b>4</b>
<b>Rent per Square Metre/Annum</b>	<b>400</b>	<b>400</b>	<b>400</b>

Figure 22. Revenue - Private Hospital by Occupancy Levels

	Occupancy		
	50%	75%	90%
<b>Revenue</b>			
<b>Inpatient Revenue</b>	\$ 58,575,000	\$ 93,348,750	\$ 117,110,250
<b>Other Revenue</b>			
Parking	1,825,000	2,737,500	3,285,000
Rent	825,000	1,237,500	1,485,000
Rent	1,562,500	2,343,750	2,812,500
<b>Total Other Revenue</b>	5,775,000	8,318,750	7,582,500
<b>TOTAL HOSPITAL REVENUE</b>	<b>\$ 62,350,000</b>	<b>\$ 99,667,500</b>	<b>\$ 124,692,750</b>
<b>Activity Levels</b>			
Number of beds:	310	310	310
Occupancy %	50%	75%	90%
Projected Patient Days:	58,575	84,863	101,835
Average Length of Stay	2.7	2.8	2.9
Admissions	20,954	30,308	35,116
Revenue Rate Per Patient Day:	\$ 1,000.00	\$ 1,100.00	\$ 1,150.00
Revenue/Admission	\$ 2,700.00	\$ 3,080.00	\$ 3,335.00
Car Parking Spaces-Available	1000	1000	1000
Car Parking Spaces Utilised	500	750	900
Revenue Per Day Per Space	\$ 10.00	\$ 10.00	\$ 10.00
Number of Consulting Suites	\$ 50	\$ 50	\$ 50
Average Size per Suite	\$ 125	\$ 125	\$ 125
Rental \$/Square Metre	\$ 500	\$ 500	\$ 500
<b>Shopping Plaza</b>			
Rental Space	3,000	3,000	3,000
Average Size Per Office/Shop	200	200	200
Rental \$/Square Metre	\$ 550	\$ 550	\$ 550

## Cost and Feasibility

Figure 23. Specialist and Surgicentre Feasibility

Stage 1			
Specialist and Surgicentre Feasibility Study - Summary			
	Utilisation Levels		
	50%	75%	90%
<b>INCOME</b>			
Revenue Day Stay Patients	7,680	11,520	13,824
Consulting Rooms Rent	2,188	3,282	3,938
<b>Total Income</b>	<b>9,868</b>	<b>14,802</b>	<b>17,762</b>
<b>EXPENSES</b>			
Labour Costs	3,826	5,822	6,899
Supplies	1,025	1,538	1,845
Contract Services	132	183	214
Administration Costs	410	494	546
<b>Total Expenses</b>	<b>5,394</b>	<b>7,837</b>	<b>9,305</b>
<b>EBITDA</b>	<b>4,474</b>	<b>6,965</b>	<b>8,458</b>
Depreciation	375	375	375
<b>EBIT</b>	<b>4,099</b>	<b>6,590</b>	<b>8,083</b>
<b>ROI</b>	<b>20.49%</b>	<b>32.95%</b>	<b>40.41%</b>

Figure 24. 24hour Medical Centre, Pharmacy & Casualty Feasibility

Stage 3			
24 Hour Medical Centre, Pharmacy and Casualty Feasibility Study - Summary			
	(I)	(II)	(III)
	Utilisation Levels		
	50%	75%	90%
<b>INCOME</b>			
Accommodation	912,500	1,368,750	1,642,500
Medical Centre	6,165,000	7,398,000	8,631,000
Casualty	2,463,750	2,956,500	3,695,625
Other	1,179,000	1,398,000	1,529,400
<b>Total Revenue</b>	<b>10,720,250</b>	<b>13,121,250</b>	<b>15,498,525</b>
<b>EXPENSES</b>			
General Practitioners	4,007,250	4,808,700	5,610,150
Emergency Physicians	1,801,438	1,921,725	2,402,156
Salaries & Wages & Oncosts	1,808,378	2,045,696	2,277,258
Supplies	234,025	291,780	361,310
Contract Services	56,200	59,840	65,300
Administration Costs	261,018	282,771	304,758
<b>Total Expenses</b>	<b>7,768,308</b>	<b>9,410,512</b>	<b>11,020,933</b>
<b>EBITDA</b>	<b>2,951,942</b>	<b>3,710,738</b>	<b>4,477,592</b>
Depreciation	125,000	125,000	125,000
<b>EBIT</b>	<b>2,826,942</b>	<b>3,585,738</b>	<b>4,352,592</b>
<b>ROI</b>	<b>14.3%</b>	<b>18.1%</b>	<b>22.0%</b>

Figure 25. Obstetric Unit Feasibility

Stage 4			
Obstetric Unit Feasibility Study - Summary			
	Year1	Year 2	Year 5
	Occupancy Levels		
	50%	75%	90%
<b>INCOME</b>			
Revenue - Inpatients	3,550	5,317	6,374
Other Revenue	100	150	180
<b>Total Income</b>	<b>3,650</b>	<b>5,467</b>	<b>6,554</b>
<b>EXPENSES</b>			
Labour Costs	1,853	2,309	2,731
Supplies	240	359	431
Contract Services	52	77	93
Administration Costs	187	250	289
<b>Total Expenses</b>	<b>2,132</b>	<b>2,995</b>	<b>3,544</b>
<b>EBITDA</b>	<b>1,518</b>	<b>2,471</b>	<b>3,010</b>
Depreciation	188	188	188
<b>EBIT</b>	<b>1,330</b>	<b>2,284</b>	<b>2,822</b>
<b>ROI</b>	<b>22.17%</b>	<b>38.07%</b>	<b>47.04%</b>

Figure 26. Private Hospital Feasibility

Stage 5			
Private Hospital Feasibility Study - Summary			
	Occupancy Levels		
	50%	75%	90%
<b>INCOME</b>			
Revenue - Inpatients	58,575	93,349	117,110
Other Revenue	5,775	6,319	7,583
<b>Total Income</b>	<b>62,350</b>	<b>99,668</b>	<b>124,693</b>
<b>EXPENSES</b>			
Labour Costs	29,461	43,040	51,185
Supplies	11,943	17,450	20,423
Contract Services	2,426	3,461	3,941
Administration Costs	2,781	4,276	5,243
<b>Total Expenses</b>	<b>46,610</b>	<b>68,228</b>	<b>80,792</b>
<b>EBITDA</b>	<b>15,740</b>	<b>31,440</b>	<b>43,901</b>
Depreciation	3,875	4,500	4,744
<b>EBIT</b>	<b>11,865</b>	<b>26,940</b>	<b>39,157</b>
<b>ROI</b>	<b>7.19%</b>	<b>16.33%</b>	<b>23.73%</b>

## Investment Plan

### Investment Summary

To date, La Vie Developments Pty Limited has already invested approximately \$7.0 million into the Illawarra International Health Precinct. A further investment of \$315.7 million, staged over the next ten to fifteen years, will be required to bring the project to completion.

This amount would be well beyond the resources of most private companies within Australia and consequently a mix of investment; debt financing and capital raising will be required. These funds will be obtained through the structures detailed elsewhere in this plan.

In summary, the investment required will be derived from:-

- Initially, La Vie Developments Pty Limited existing resources
- Stages 1, 2, 3, 4, 8, Debt Financing
- Stages 5, 6, 7, Public Float
- Capital equipment Stages 1, 4, equity participation

### Source of Capital

The capital requirements for the construction, fitting out of premises and equipping of facilities will be sourced as follows:-

#### Stage 1 - \$38.0 million

- La Vie Developments – equity
- Debt Finance
- Equity Participation

Debt will be retired by the sale of 70 of the 92 Specialist Suites to be constructed. The capital raised from the equity participation by practitioners in the Unit Trust will meet the cost of the required

capital equipment and instrumentation necessary for the efficient operation of the unit.

Ongoing sales of units in the Unit Trust will see an additional capital amount of \$2.0 million raised per annum to provide additional equipment and technology required for continued improvement and expansion of services available. This development would be continued until there are 1000 Units, but no more than 18 on offer in any one year, which will allow for the facility to participate in ongoing development and regularly equipping to meet changing technologies.

#### Stage 2 - \$13.0 million

- La Vie Developments – equity
- Debt Finance
- Premium Payment

Residual debt for this stage of the development will be adequately serviced by the lease payments received from the tenants already committed to the project.

#### Stage 3 - \$31.6 million

- La Vie Developments – equity
- Debt Finance

Stage 3 debt will readily be managed by receipts from leasing of space and revenues from the operation of the medical centre.



**Stage 4 - \$9.9 million**

- La Vie Developments – equity
- Debt Finance
- Equity Participation

Partial debt will be retired by the sale of 10 Specialist Suites to be constructed. As in Stage 1 the capital raised from the equity participation by practitioners in the Operating Trust will meet the cost of the required capital equipment and instrumentation necessary for the efficient operation of the unit.

**Stage 5a - \$141.9 million**

- La Vie Developments – equity
- Public Float

The size and scope of the Illawarra International Hospital and the Retail Plaza dictate that it should be funded by Public Float.

**Stage 5b - \$22.1 million**

- La Vie Developments – equity
- Debt Finance

Debt will be serviced from Commercial Leasing revenues together with Car Parking Income.

**Stage 5c**

- No funding requirement. Development by private contractor.

Sale of land will yield income for additional debt reduction.

**Stage 6 - \$7.2 million**

- La Vie Developments – equity
- Public Float

This stage is integral with the hospital proper and it is appropriate that it be owned and operated by that entity.

**Stage 7 - \$22.9 million**

- La Vie Developments – equity
- Public Float

As in Stage 6, this unit should be owned and operated by the hospital.

**Stage 8a - \$9.5 million**

- La Vie Developments – equity
- Debt Finance

Debt will be serviced by Commercial Leasing Income, operating revenues from High and Low Care beds.

**Stage 8b - \$4.5 million**

- La Vie Developments – equity
- Debt Finance

## Staged Capital Requirements

Total capital requirements for the construction of the various stages is as per the following table:-

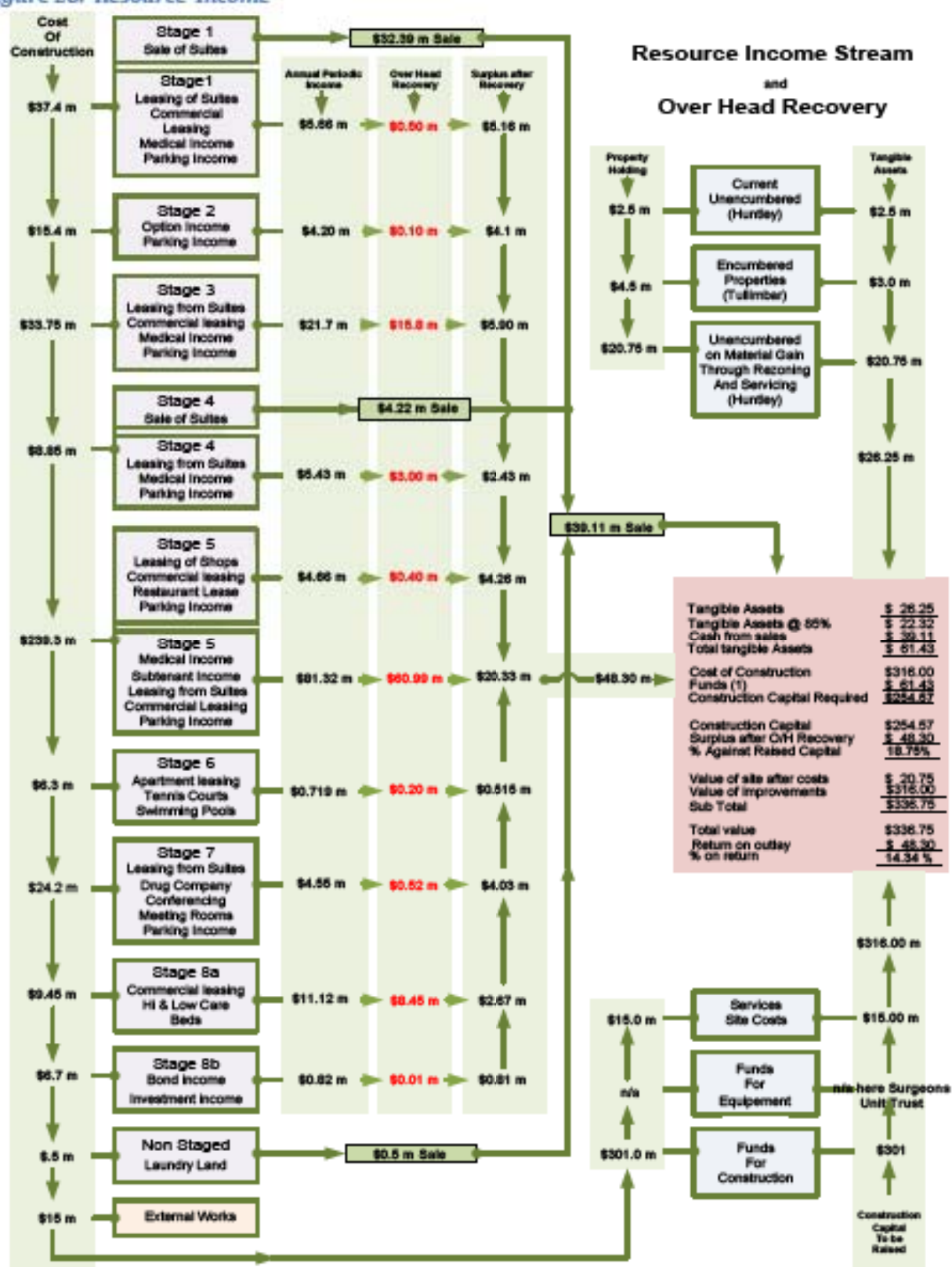
Stage 1 - Surgicentre & Specialist Suites	\$38.0 million - required 2009
Stage 2 - Pathology & Radiology	\$13.0 million - required 2010
Stage 3 - Medical centre & Casualty	\$31.6 million - required 2013
Stage 4 - Obstetrics Unit	\$9.9 million - required 2015
Stage 5 - Hospital & Shopping Plaza	\$164.0 million - required 2019
Stage 6 - Accommodation Unit	\$7.2 million - required 2019
Stage 7 - Education facility	\$22.9 million - required 2021
Stage 8(a) - Aged & Disability Centre	\$9.5 million - required 2021
Stage 8(b) - Seniors Accommodation	\$4.5 million - required 2021

Figure 27. Capital Requirements

Figure 2.7. Capital Requirements

Blawarra International Health Precinct						
Capital Requirements						
Stage		Capital Required Millions	Source of Capital	Revenue Stream		Date Required
				Debt Reduction	Residual debt Servicing	
1	Surgicentre	\$ 38.0	La Vie Developments - Equity	Sale of Specialist suites	Rentals from Suites	2009
			Debt Finance	Option Fees	Rentals from Commercial Space	
			Equity Participation		Car Parking Income	
2	Pathology/Radiology	\$ 13.0	La Vie Developments - Equity	Option Fees	Rentals from Commercial Space	2010
			Debt Finance		Car Parking Income	
3	Medical centre	\$ 31.6	La Vie Developments - Equity	Medical Income	Medical Income	2013
			Debt Finance	Rentals from Suites	Rentals from Suites	
				Rentals from commercial Space	Rentals from Commercial Space	
				Car parking	Car Parking Income	
4	Obstetrics Unit	\$ 9.9	La Vie Developments - Equity	Sale of Specialist suites	Rentals from Suites	2015
			Debt Finance	Option Fees	Rentals from Commercial Space	
			Equity Participation		Car Parking Income	
5(a)	Hospital	\$ 141.9	La Vie Developments - Equity	N/A	N/A	2019
			Public Float			
5(b)	Retail Plaza	\$ 22.1	La Vie Developments - Equity		La Vie Group Revenues	20??
			Debt Finance		Rentals from Commercial Space	
					Car Parking Income	
5(c)	Laundry	N/A		Sale of Land		N/A
6	Accommodation Unit	\$ 7.2	La Vie Developments - Equity	N/A	N/A	2019
			Public Float			
7	Education facility	\$ 22.9	La Vie Developments - Equity	N/A	N/A	2021
			Public Float			
8(a)	Aged and Disabled Unit	\$ 9.5	La Vie Developments - Equity	Operating Revenues	Rentals from Commercial Space	2021
			Debt Finance		Bed revenues	
8(b)	Independent Living	\$ 4.5	La Vie Developments - Equity	Investment Income	Investment Income	20??
			Debt Finance	Bond retentions	Bond retentions	
Site works		\$ 15.0				
TOTAL		\$ 316.8				

Figure 28. Resource Income



## Structure and Ownership

Ultimately the site will be owned and operated by a variety of entities and businesses. This will be facilitated by each stage having its land area separately titled, allowing for independent ownership. Certain areas will be Strata Titled within some of those allotments to facilitate ownership by practitioners of their own facilities.

La Vie Developments Pty Limited will retain ownership of some land holdings and construct facilities thereon for lease to various operators, medical and associated commercial.

Baydoor Pty Limited, a company of which Dr Brett Gooley is the director, will operate the 24 Hour Medical Centre, leasing the premises from La Vie Developments Pty Ltd.

The Illawarra International Specialist & Surgicentre and the Obstetrics Unit will be owned by Owners Corporations with individual Strata Entitlements sold to participating practitioners. The business units of each of these facilities will be owned by Unit Trusts, with units being held by practitioners associated with the facility and controlled by them.

A public Corporation will be floated to own and operate the Illawarra International Hospital and associated facilities, being Stage 6 Accommodation Unit and Stage 7 Educational Facility.

The Aged & Disability Centre, Stage 8(a) and Secure Seniors Living facilities, Stage 8(b), will be owned and operated by the La Vie Group.

Stage 5(c) Laundry & Dry Cleaning Complex will be constructed and operated by an independent party after purchasing the land from La Vie Developments Pty Limited and contracting with it for the provision of services to the precinct.

Ultimately, the Illawarra International Private Hospital will have clinical control of all overnight stay hospital beds throughout the precinct, and the associated floor space. This will be achieved by way of lease or strata title, to the hospital, of the appropriate areas and facilities within ancillary buildings to the hospital proper.

In view of the interlinked facilities and separate entities which will be operating throughout the site it will be necessary to exercise a degree of control to ensure a common goal in the maintenance and presentation of facilities, interlinking structures and public areas. This will be achieved by a mixture of covenants and service contracts to ensure common purpose and the maintenance of the highest and most appropriate facilities and standards.

These arrangements will be overseen by the Ethics and Credentials Committee, consisting of the Professors from the University, Dr Gooley and a community representative to ensure not only transparency but a level of service delivery which is above reproach.



Figure 29. Ownership Summary

Illawarra Health Precinct Ownership Summary			
Stage		Real Property	Business Entity
1	SurgiCentre	Owners Corporation	Unit Trust
2	Pathology/Radiology	La Vie Group	Sonic Health
3	Medical Centre	La Vie Group	Baydoor Pty Ltd
4	Obstetrics Unit	Owners Corporation	Unit Trust
5(a)	Hospital	Public Company	Public Company
5(b)	Retail Plaza	La Vie Group	Various Traders
5(c)	Laundry	Private Company	Private Company
6	Accommodation Unit	Public Company	Public Company
7	Education facility	Public Company	Public Company
8(a)	Aged & Disability	La Vie Group	La Vie Group
8(b)	Independent Living	La Vie Group	La Vie Group

## Future Funding

Due to the very nature of health services delivery, and in particular hospital operations, the need to keep abreast of “world’s best” practice and technology will both necessitate and provide opportunities for future investment.

The ongoing structure of the theatre complexes throughout the precinct will not only ensure their viability by end user participation, expanded annually by ongoing participation of surgeons, but also ensure an annual capital injection of \$2.0 million for the purchase of new equipment.

Operation of the Illawarra International Hospital, and associated units, by a public corporation will provide the most efficient vehicle, not only for the Initial Public Offering, but also for future fundraising requirements.

Expansion, modernisation and restructuring requirements can all be met within the funding potential of a public company. Furthermore, subject to shareholder approval, previously sold or other structures across the precinct could be purchased by the public company if and when they become available.



## Acknowledgements

Australian Bureau of Statistics

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- Preliminary Environmental Assessment

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- Epidemiological Analysis

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- Feasibility Study

Kearns & Turok

- Sustainable Communities – Dimensions and Challenges 2003

NSW Department of Urban Affairs

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