

ILLAWARRA INTERNATIONAL HEALTH PRECINCT

Cnr Huntley and Avondale Roads , Huntley

FEASIBILITY STUDY

STAGE 5

310 BED PRIVATE HOSPITAL

	Page #
Feasibility Study Summary	1
Revenue	2
Labour Cost Summary	3
Salaries & Wages Worksheets	4-5
Supplies	6
Contract Services	7
Administration Costs,Depreciation,Construction Costs	8
Notes Accompanying Feasibility Study	9-16

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ILLAWARRA INTERNATIONAL HEALTH PRECINCT

Cnr Huntley and Avondale Roads , Huntley

STAGE 5

310 BED PRIVATE HOSPITAL FEASIBILITY STUDY - SUMMARY

Occupancy Levels

	50%	%	75%	%	90%	%
	\$000's		\$000's		\$000's	
INCOME						
Revenue - Inpatients	56,575		93,349		117,110	
Other Revenue	5,775		6,319		7,583	
Total Income	62,350		99,668		124,693	
EXPENSES						
Labour Costs	29,461	52.1%	43,040	46.1%	51,185	43.7%
Supplies	11,943	21.1%	17,450	18.7%	20,423	17.4%
Contract Services	2,426	4.3%	3,461	3.7%	3,941	3.4%
Administration Costs	2,781	4.9%	4,276	4.6%	5,243	4.5%
Total Expenses	46,610		68,228		80,792	
EBITDA	15,740		31,440		43,901	
Depreciation	3,875	6.8%	4,500	4.8%	4,744	4.1%
EBIT	11,865	19.0%	26,940	27.0%	39,157	31.4%
ROI	7.19%		16.33%		23.73%	

REVENUE

Revenue By Hospital Occupancy Levels

		Occupancy	Occupancy	Occupancy
		50%	75%	90%
Inpatient Revenue		\$ 56,575,000	\$ 93,348,750	\$ 117,110,250
Other Revenue				
Parking Hospital	sq mtrs	1,825,000	2,737,500	3,285,000
Rent Shopping Plaza	3,000	825,000	1,237,500	1,485,000
Rent Consulting Rooms	125	1,562,500	2,343,750	2,812,500
Total Other Revenue		5,775,000	6,318,750	7,582,500
TOTAL HOSPITAL REVENUE		\$ 62,350,000	\$ 99,667,500	\$ 124,692,750

Activity Levels

Number of beds:	310	310	310
Occupancy %	50%	75%	90%
Projected Patient Days:	56,575	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 (Assumes each space used twice)	\$ 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

Shopping Plaza

Additional 15 Shops & Offices			
Rental Space	3,000	3,000	3,000
Average Size Per Office/Shop	200	200	200
Rental \$/Square Metre	\$ 550	\$ 550	\$ 550

LABOUR COST SUMMARY

	Occupancy		Occupancy		Occupancy	
	50%	FTE's	75%	FTE's	90%	FTE's
Executive	460,000	3.00	460,000	3.00	460,000	3.00
Administration	683,656	11.74	850,957	15.14	1,062,109	19.11
Nursing Administration	240,000	3.00	240,000	3.00	407,500	5.00
Medical Records	141,438	2.86	204,579	4.14	237,030	4.80
Catering	1,216,363	28.63	1,824,544	42.95	2,189,453	51.54
Housekeeping	475,230	11	712,845	17	855,414	21
Maintenance	120,000	2.00	150,000	2.50	180,000	3.00
Operating Theatres & CSSD	7,467,900	114.52	10,801,784	165.65	12,515,170	191.93
Intensive Care	4,818,000	60.96	7,227,000	91.43	8,672,400	109.72
Physiotherapy & Rehabilitation	961,775	14.32	1,442,663	21.47	1,731,195	25.77
Nursing Wards	8,048,250	116.37	12,072,375	174.56	14,486,850	209.47
	24,632,611	368.86	35,986,747	541.02	42,797,121	643.94
On Costs						
Superannuation	9%	2,216,935	3,238,807		3,851,741	
Payroll Tax	6%	1,477,957	2,159,205		2,567,827	
Workers Compensation	2%	492,652	719,735		855,942	
Other Allowances/Amenities	1%	246,326	359,867		427,971	
Provision Long Service Leave	1.6%	394,122	575,788		684,754	
	19.6%	4,827,992	7,053,402		8,388,236	
Total Labour Cost		29,460,602	43,040,149		51,185,356	
% of Inpatient Revenue		52.1%	46.1%		43.7%	

SALARIES & WAGES

Key Indicators

Patient Days

Admissions

Occupancy		Occupancy		Occupancy	
50%	FTE's	75%	FTE's	90%	FTE's
56,575		84,863		101,835	
20,954		30,308		35,116	

Executive

Chief Executive Officer	Annual Salary	\$ 200,000	200,000	1	200,000	1	200,000	1
Director of Nursing	Annual Salary	\$ 130,000	130,000	1	130,000	1	130,000	1
Chief Financial Officer	Annual Salary	\$ 130,000	130,000	1	130,000	1	130,000	1
Total Executive			460,000	3	460,000	3	460,000	3

Administration

Finance Manager/Accountant	Annual Salary	\$ 90,000	90,000	1	90,000	1	90,000	1
IT Manager	Annual Salary	\$ 100,000	100,000	1	100,000	1	100,000	1
Assistant Accountant	Annual Salary	\$ 60,000	60,000	1	60,000	1	120,000	2
Accounts Payable	Annual Salary	\$ 50,000	50,000	1	50,000	1	50,000	1
Accounts Receivable/Billing	Annual Salary	\$ 50,000	100,000	2	150,000	3	200,000	4
Payroll/HR	Annual Salary	\$ 55,000	82,500	1.5	110,000	2	165,000	3
Reception / Admissions	Mnhrs/Admission	0.40	201,156	4.24	290,957	6.1	337,109	7.1
	\$/Hr	\$ 24.00						
Total Administration			683,656	11.74	850,957	15.1	1,062,109	19.1

Nursing Administration

Deputy Director Nursing	Annual Salary	\$ 95,000	95,000	1	95,000	1	190,000	2.0
Quality Assurance Coordinator	Annual Salary	\$ 70,000	70,000	1	70,000	1	105,000	1.5
Nursing Education	Annual Salary	\$ 75,000	75,000	1	75,000	1	112,500	1.5
			240,000	3	240,000	3	407,500	5.0

Medical Records

Mnhrs/Admission	0.27	141,438	2.9	204,579	4.1	237,030	4.8
\$/Hr	\$ 25.00						

Catering

PPD	1	1,216,363	28.6	1,824,544	42.9	2,189,453	51.5
\$/Hr	\$ 21.50						

SALARIES & WAGES

Key Indicators		Occupancy		Occupancy		Occupancy		
		50%	FTE's	75%	FTE's	90%	FTE's	
Housekeeping/Cleaning	PPD	0.4	475,230	11.5	712,845	17.2	855,414	20.6
	\$/Hr	\$ 21.00						
Maintenance	Average Annual	\$ 60,000	120,000	2.0	150,000	2.50	180,000	3.00
Operating Theatre & CSSD	Operations		18,858		27,277		31,604	
	% of admissions	90%						
	Average Mins/Op	60						
	Operating Minutes		1,131,500		1,636,634		1,896,238	
	Manhours/Opmin.	0.20						
	Manhours		226,300	114.52	327,327	165.65	379,248	191.93
	\$/Hr	\$ 33.00	\$ 7,467,900	114.52	\$ 10,801,784	165.65	\$ 12,515,170	191.93
Intensive Care	No. Beds	30						
	ICU Patient Days		5,475		8,213		9,855	
	Manhrs Per ICUPD	22.00						
	Manhours ICU		120,450	60.96	180,675	91.43	216,810	109.72
	\$/Hr	\$ 40.00	\$ 4,818,000	60.96	\$ 7,227,000	91.43	\$ 8,672,400	109.72
Nursing - Wards	Hospital Pt Days	(Pt days -ICU)	51,100		76,650		91,980	
	Mnhrs PPD Nursing	4.5						
	Manhours Nursing		229,950	116.37	344,925	174.56	413,910	209.47
	\$/Hr	\$ 35.00	\$ 8,048,250	116.37	\$ 12,072,375	174.56	\$ 14,486,850	209.47
Physiotherapy & Rehabilitation	Manhours PPD	0.5						
	Manhours		28,288	14.32	42,431	21.47	50,918	25.77
	\$/Hr	\$ 34.00	\$ 961,775		\$ 1,442,663		\$ 1,731,195	

SUPPLIES

		Occupancy 50%	Occupancy 75%	Occupancy 90%
Key Indicators				
ICU Patient Days		5,475	8,213	9,855
Other Nursing Patient Days		51,100	76,650	91,980
Patient Days		56,575	84,863	101,835
Admissions		20,954	30,308	35,116
Operating Minutes		1,131,500	1,636,634	1,896,238
Medical Supplies				
Theatre				
Supply Cost/Operating Minute	\$ 7.15	8,090,225	11,701,933	13,558,101
Intensive Care				
Supply Cost ICU PPD	\$ 265.00	1,450,875	2,176,313	2,611,575
Nursing				
Supply Cost PPD	\$ 16.00	817,600	1,226,400	1,471,680
Total Medical Supplies		10,358,700 18.31%	15,104,645 16.18%	17,641,356 15.06%
Medical Gases/Operating Minute	\$ 0.50	565,750	818,317	948,119
Catering Supplies				
Food Cost Per Patient Day	\$ 18.00	\$ 1,018,350	\$ 1,527,525	\$ 1,833,030
Total Supply Costs		\$ 11,942,800 21.1%	\$ 17,450,487 18.7%	\$ 20,422,505 17.4%

CONTRACT SERVICES

	Occupancy		Occupancy		Occupancy	
	50%	FTE's	75%	FTE's	90%	FTE's
Key Indicators						
ICU Patient Days	5,475		8,213		9,855	
Nursing Patient days	51,100		76,650		91,980	
Total Patient Days	56,575		84,863		101,835	
Admissions	20,954		30,308		35,116	
Operating Minutes	1,131,500		1,636,634		1,896,238	
Medical						
Resident Medical Officers (RMO's) (24 Hour ,7 days per week cover)	\$ 95 Per Hour	832,200	3	1,109,600	4	1,109,600
Intensivists	\$ 5,000 per week	260,000	1	390,000	1.5	520,000
Total Medical Services		1,092,200		1,499,600		1,629,600
Hospital Management Services						
Laundry & Linen Supplies						
Theatre	\$ 0.63 Per op min.	712,845		1,031,079		1,194,630
Wards	\$ 10.00 PPD ICU	511,000		766,500		919,800
Intensive Care	\$ 20.00 PPD Nursing	109,500		164,250		197,100
Total Linen & Laundry		1,333,345		1,961,829		2,311,530
TOTAL CONTRACT SERVICES		2,425,545		3,461,429		3,941,130

ADMINISTRATION COSTS

	% of Inpatient Revenue	Occupancy 50%	Occupancy 75%	Occupancy 90%
Administration Expenses				
Auditing Fees	N/A	30,000	30,000	30,000
Bad Debts	0.10%	56,575	93,349	117,110
Bank Charges	0.25%	141,438	233,372	292,776
Computer Software Maintenance	N/A	30,000	30,000	30,000
Directors Fees	N/A	100,000	100,000	100,000
Electricity & Gas	0.70%	396,025	653,441	819,772
Fees & Subscriptions	N/A	30,000	35,000	40,000
Insurance - Directors & Officers	N/A	15,000	15,000	15,000
Insurance - General	N/A	100,000	100,000	100,000
Insurance - Professional Indemnity	N/A	120,000	120,000	120,000
Postage, Printing and Stationery	0.80%	452,600	746,790	936,882
Rates & Taxes	N/A	45,000	45,000	45,000
Repairs & Maintenance	1.00%	565,750	933,488	1,171,103
Security	N/A	20,000	20,000	20,000
Telephone	0.50%	282,875	466,744	585,551
Waste Disposal	0.20%	113,150	186,698	234,221
Other Sundry	0.50%	282,875	466,744	585,551
		2,781,288	4,275,624	5,242,965
		4.9%	4.6%	4.5%

DEPRECIATION

Plant & Equipment

Anticipated cost of Plant & Equipment
for hospital of this size (taking into
account different levels of
occupancy)

	31,000,000	36,000,000	37,950,000
Average Depreciation	12.50% 3,875,000	4,500,000	4,743,750

CONSTRUCTION COST

Cost based upon report from
Huntley Construction for 74,000 sq metre

165,000,000	165,000,000	165,000,000
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