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Health Services Precinct Plan

Report on Findings

Presented by



Supported by



Contact

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EXECUTIVE SUMMARY

In March 2016, consultants from NAJA Business Consulting Services and Green Eleven Strategy were asked to determine the 'merit or otherwise of creating a Health Services Precinct' adjoining the current Kojonup Hospital in Kojonup. The consulting team, led by Paul Rosair, undertook weeks of pre-research, consulted with Councillors and stakeholders, collected follow-up feedback from stakeholders, cross-checked strategic ideas against government health strategies and analysed other health precincts in metropolitan and regional areas. The outcome is a list of seven recommendations as seen on pages 4 and 23.

In its most simple form, and to help in the decision-making process, the consulting team states:

- Are the current health provisions adequate? **No**
- Is there merit in creating a Health Services Precinct Plan? **Yes**
- Is this development achievable for the people of Kojonup? **Yes**
- Is the development affordable for the people of Kojonup? **Unknown**
Progressing investigation into a Health Services Precinct Plan will determine this, however in the short term the costs are forecast to be exponentially greater than those recognised by the community drivers behind this process, and the long-term costs are not at all recognised.
- Should the Shire of Kojonup progress to creating a Health Services Precinct Plan? **Yes**
With the proviso that ongoing sustainability can be demonstrated and third party involvement in development and operations is viable.
- Should the Shire of Kojonup go to market to test third party support for the Health Services Precinct: **Yes**
This stage is considered Stage One of implementation. Stage One is a test: is the market supportive of the Precinct? If the market is not supportive, the Shire should not develop the Precinct. If it is supportive, the Shire should develop the Precinct. Both ways, the stakeholders should understand that the cost of building and sustaining the Precinct is based on market drivers and competition, in both building and ongoing commercial viability, and not initial investment.

Seven recommendations in short

1. The consulting team has found **there is merit in advancing a Health Services Precinct Plan** for the Shire of Kojonup.
2. The consulting team suggests further work is required to **determine the formula for the ongoing management** of the Precinct, which may not be completely managed by the Shire.
3. The consulting team believes the Shire of Kojonup should complete a study to **determine its asset management** which will help ascertain the Precinct's short-term and long-term affordability.
4. The consulting team believes if Kojonup residents choose to build the Health Services Precinct, they may wish to **increase the town's prosperity** which could increase the commercialisation of the new Precinct.
5. The consulting team recommends a thorough **stakeholder engagement process** to communicate the pathways forward and effect of the proposed Health Services Precinct and to educate all regarding changing behaviours and trends in the use of medical services worldwide.
6. The consulting team offers to help with **funding and business case strategies** to expedite the creation of the Health Services Precinct.
7. The Shire considers developing **an Expression of Interest process** to test the market to see if a developer/service provider can propose a construction, maintenance and service delivery model which is feasible and sustainable.

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Introduction and scope of works

It was requested that the consulting team visit Kojonup in March 2016 to **'facilitate a workshop on progressing the merits or otherwise of developing a Health Services Precinct Plan within the area bound by Loton Close, Soldier Road, Spring and Barrack Streets'**.

A three-hour workshop was completed with Council members on Friday March 11, 2016.

The Council CEO and consulting team, also conducted a second workshop, this time directly with selected stakeholders including community members who have driven the development for many years, and current providers of health in and around Kojonup.

Both workshop groups were provided with a questionnaire and email address to supply further feedback after the meeting, resulting in about one third of participants giving electronic feedback.

This report summarises all of the information collected before, during and after the workshops and provides a response to the question about 'the merit or otherwise of developing a Health Services Precinct Plan'.

Feedback from stakeholder workshop

Participants at the two workshops were given the opportunity to provide further feedback by email after the face-to-face meetings.

Attendees included:

Kojonup Shire Council Members

Cr Ronnie Fleay – Shire President
Cr Graeme Hobbs
Cr Judith Warland
Cr Ian Pedler
Cr Ned Radford
Cr Jill Mathwin
Cr Frank Pritchard

Stakeholder Group members

William Harvey
Lyn Boys
Joan O'Halloran
Jo Webb
John Benn
Helen Bignell
Emily Webb
Sam Weaver
Claire Fleming
Jean Daly
Jenny Matthews

Apologies

Cr Robert Sexton - Deputy Shire President

Collective feedback scribed from both workshops is covered on the next few pages.

Objective of a Health Services Precinct would be:

- To feel safe
- To have accessible services
- Timely and efficient
- Affordable for patient, Shire and Community
- Consistent
- Quality
- To provide user choice
- Commercial outcomes for the town and supplier
- To provide a point of interest to visitors, or attract new residents

What a Health Services Precinct could include:

- General practitioners
- Physiotherapy
- Pharmacy 24/7
- Pathology collection
- Hearing
- Drug and alcohol services
- After hours hospitalisation

- Emergency and accident care
- Dental
- Occupational therapy
- Podiatry
- Men's health
- Sexual health
- Oncology
- Diabetes
- Dementia
- Preventative medicine
- Exercise and therapy rehabilitation
- Eye care and ophthalmology
- Ambulance
- Visiting specialist rooms
- Pre-natal
- Community health
- Mental health
- Palliative care
- Community health
- Maternity
- Obesity
- Chronic disease

What do we have to do next?

- Continuous process
- Gap analysis
- Not undersell ourselves
- Decision needs to be made
- Analysis, not emotion
- Bring entire community with us
- Asset management (what we need and what others should provide)
- Asset/whole-of-life costs need to be presented
- Prosperity planning to attract more customers/users of primary health
- Consider 'River of Gold' analogy
- Involve community at every stage going forward
- Rationalise assets/too many buildings
- Stop loss of customers
- Stop loss of practitioners

Follow-up Stakeholder Feedback

In order to provide an overview of the personal perspectives of individual Stakeholders and Council Members, a selection of feedback provided by these groups is listed below (with names omitted). This is not intended as recommendations of what *should* occur, rather to provide insight into local opinions on possibilities. It may well be that some community perspectives are not feasible; however it is important to recognise the various positions and preferences of stakeholders when considering the way forward.

"In comparison, the Kojonup hospital is beautiful! The staff are friendly and lovely. The child health service is brilliant, with the availability of appointments and an open service. The St Luke's Medical Centre has excellent staff from doctors, nurses to practice manager and reception. Integration and co-ordination between hospital, practice, nursing home within Kojonup and with the outside medical world. We wish for community engagement and pride over our services."

"My aim is to make Kojonup a 'happy health services' town. A new building with community engagement and 'ownership' is essential to this. With good medical, allied health, Aboriginal health, mental health and X-ray and pathology services. Same with happy workforce providing up-to-date evidence-based care to large group of happy community members. A large aged

care unit is needed to service the needs of the older members of the community, and a nice medical centre that provides room for the medical and allied health needs of the community."

"We have a good IGA so people from Darkan, Boyup Brook should come to shop. If we have an appealing medical centre with doctors with good reputations, and I think we most likely do, we would attract people from the west side of town. Availability of appointments is also a factor; so the easier it is to get in, the better we can attract visitors."

"I think the community is absolutely sick to death of this issue and further cost to the ratepayers over this issue will probably be unacceptable to most people, including myself. However, the current building does not cope with the needs of the March

2016 Kojonup community so some vision is needed to serve the community into the future."

"A good thriving medical centre attracts people from quite a distance and they then spend money on lunch, pharmacy, petrol and maybe other shopping. I know Rural Health West has information about this."

"I understand the financial limitations which is why as a business model connection to Katanning with the SIHI funding is probably essential to keep the medical centre afloat. I am not sure a large rent will be sustainable for practitioners."

"Incorporate women's wellness clinics, aboriginal health clinics, so there is a focus

on preventative and aged health care. The ETS is a great back up re health services with doctors available as needed at the hospital. The only way we can achieve this is through community engagement and teamwork of all stakeholders. The current building is a big improvement and has enabled more choice in terms of doctor for the patient - but has not enabled teamwork with allied health professionals within the town."

"We will be limited with patients from Katanning for the reason of limited pathology and radiology services (similar to Boyup Brook; so for me where I live my current closest X-ray machine is two hours from here)."

"Women's health, aged care, mental health and Aboriginal health are definitely areas we would have the in-town expertise to gain from currently. If we had good visiting specialists then this would further attract more people."

"We should first build the George Church Memorial Medical Centre and then proceeds can be used to fund future

projects/initiatives. Obtain community engagement through an email/community meeting or publication to explain our vision and hear alternatives/improvements/suggestions/criticisms (probably not been done well in past) and plan to put something into next Kojonup News which is signed by key stakeholders - community, local doctors, hospital, Shire."

"Access to X-ray and pathology services. Community engagement and 'ownership' over its medical services."

"WACHS will be on board once we have a plan, costings (have had conversations to this extent). Apply for grants once the ducks have been lined up. This time put the building back into hands of the Shire if negotiated and then tender the building for businesses."

"St Luke's practice location is poor; too far for elderly to walk to, inappropriate buildings with no room for extra health practitioners of any description, lack of privacy, disconnected from the hospital itself, ambulance needed for transfer of

sick patients at the surgery. There's a lack of availability for practitioners to rent rooms which are appropriate to practice in town. Chiropractor from Katanning operates once a fortnight from a room at the resource centre."

"I would wish to see a Holistic Centre of Health, so the Medical Centre (located close as possible to the Hospital) could facilitate doctors/nurses and adequately have rooms available for visiting practitioners such as allied health, counselling, chiropractic and much more."

"We used to have a visiting Dietician, however we had to ask them to find an alternative location as we needed to provide an extra GP to the Kojonup community on the days they required a room."

"I feel we need to focus on preventative health in the future and have much more of a holistic focus rather than the current generation of 'fix-it'. Ideally if we had more residents, doctors willing to share on call over the weekends, Kojonup Health Services hospital could manage less adult patients in their own home town. Patients

need to be seen daily often in the recovery stages after an acute illness.”

“Throughout the past two years the medical practice on Katanning Road, St Luke's Family Practice has grown immensely and there's no room available for any extra services.”

“In terms of GPs, the third room at the Katanning Rd facility is below the recommended 20 square metre. It has definitely been a bit of a deterrent. It is not possible to fit the trolley with Pap smear/minor tools. As we practise predominately mental health, women's health and paediatrics there really isn't room for a pram, kids to play and a Pap smear to occur. They are also stuffy so the current building is in need of air conditioning or improved ventilation. There is no room for an office that is private and not in earshot of patients (though the lunch room does suffice for that). Also the fact that staff have to walk past the patients to get a cup of tea is not ideal. The flooring makes it very echoey and carpet is much more pleasant and 'homely' and quiet. The waiting room is

very small and people feel like they are sitting on top of each other which is not pleasant when you're feeling uncomfortable or ill. The toilets are good though!”

“As our patient numbers and GP's are increasing, the waiting room is not sufficient and also provides poor privacy to the reception area when patients are checking in and leaving.”

“The current location of the medical centre is not entirely wasted. It is on a main road which is easy to get to for people who travelling between towns, therefore making it relatively easy to locate. The parking however is definitely not sufficient and sometimes quite hazardous when patients are trying to pull out onto the main road. There is also no designated disabled parking area, which needs to be considered given the aged population of the community.”

“If we had good visiting specialists then this would further attract more people.”

“The scope for this is exponential with doctors/ nurses able to gain skills and

interests in areas that suit the population all the time. For example, Q- fever immunisation for the abattoirs and skin checks, lesions and even Botox which is currently provided at the local hairdressers.”

“We are on the highway which makes us highly visible and a RV friendly town. We will attract new visitors with the new Medical Centre.”

“This obviously extends to psychologists; physiotherapists, nurses, speech therapists who are an essential part of the community health team. Maybe visiting palliative care and Solaris practitioner which is an acupuncture or massage specialist for cancer patients.”

“We have access to accident and emergency at the local hospital, aged care facilities including Leschenaultia House and Springhaven, a child health clinic located in hospital and a telehealth room. We need more consulting rooms available for visiting specialists or allied health, facilities such as x-ray and pathology, GP's being in closer proximity and an increase

in community's use of telehealth. We need a special room for this."

"I think Kojonup has a wide variety of services already including GPs, dental, an ambulance service, some access to visiting allied health e.g. speech and OT although I think it is limited. There is a lack of mental health service available and midwifery services. There is a lack of co-ordination of services already in Kojonup therefore client continuity of care may be compromised. There will always be some specialist areas of health care that the community will always have to access from Regional towns however with adequate telehealth services, follow-up appointments provided in the local area will benefit community members."

"I hope there is a more coordinated approach to health, which allows the community to access a wide variety services within the local area. Hopefully using a purpose built building located where the current health precinct is now. A purpose built medical building located where the current health precinct is to accommodate several resident GP's as well as having available rooms for visiting GP's,

consultants and allied health. Have appropriate facilities for a practice nurse, pathology and x-ray service. Access telehealth to allow specialist/GP/client consults and follow up reviews. This will also enable health professionals (GPS, nurses) to maintain mandatory professional development standards. The wider community want to maintain and improve health services offered to them."

"The St Luke's practice is too small which means we aren't to teach registrars and students. There is money there and they need to have their own room (you get about \$6000 for a four or five-week student placement); and you employ the registrar. If we are able to do this, we can encourage a culture of learning within the practice. It will keep us up-to-date, is a moral imperative given the rural doctor shortage and will be good for recruitment (and the circulation of doctors is good for rural patients for anonymity reasons)."

"Obviously visiting specialists is a tricky one to assess - most would probably visit Katanning currently through the WACHS network but if we had rooms and it was known there might be some who are

happy to visit on their way down to Albany (thinking private paediatrics, dermatology, geriatrics) or come across from Bunbury (we are closer to both centres than Katanning)."



Discussion items to support recommendations

On top of the personal stakeholder feedback, attention is drawn to topical issues canvassed in these documents listed below as these provide support for the recommendations made by the team of consultants and are relevant to the situation in Kojonup.

The documents include:

- Caring for the Carers
- Funding models; the difference between Commonwealth and State funding in Health
- Primary health care in the future will look different to primary health care of today
- Southern Inland Health Initiative Stream 2b: Primary Health Services Report for January, February 2016, Prepared by Raquel Willis
- Royalties for Regions Service Plan, Central Great Southern Health District (2011/12 to 2021/22)
- Notes from a telephone interview with Goomalling CEO Clem Kerp
- How this work is aligned to Kojonup's Corporate Plan, 2013-2017 and Community Plan 2013-2023
- Kojonup Health Facility Needs Assessment, Hames Sharley 2014

Future Solutions in Australian Healthcare ~ White Paper Innovative Ideas and Strategies for Sustainable Healthcare, 2014

Kojonup Shire Council must remember to 'care for the carers' and consider providing support for the staff and visiting caregivers considering that rates of depression amongst doctors and associated staff is far higher than the rest of the population.

According to the White Paper, under the heading of 'Caring for the Care Givers' a sustainable healthcare system to work, the people that drive it - from healthcare workers to administrators – also need the emotional, mental and physical health to manage and sustain their roles.

Their overall wellbeing and ability to manage stress is critical to dealing with people's problems on a daily basis and ensure the workforce can remain highly motivated and productive.

Further details on this report can be read at:
<http://www.energesse.com/FutureSolutionsWhitePaper.pdf>

Funding models- difference between Commonwealth and State funding in Health - Roles and responsibilities

The Commonwealth Government has a substantial role to play in national policy making, but tends to fund rather than deliver health care services through Medicare, the Pharmaceutical Benefits Scheme, aged care subsidies and subsidies for private health insurance premiums.

State governments are responsible for funding, delivering and managing a range of public health services, including public hospitals (which the Commonwealth partly funds), community health and mental health services, ambulance and emergency services and public dental care. States also regulate health care providers and private health facilities.

Both the Commonwealth and State governments fund and deliver other health services, such as preventive health programs, community health services, health and medical research, Aboriginal and Torres Strait Islander health, mental health, palliative care, health workforce and health infrastructure.

(from Health 2040, a discussion paper found at <https://www2.health.vic.gov.au/about/publications/researchandreports/health-2040>)

Southern Inland Health Initiative (SIHI) Stream 2b: Primary Health Services Report for January/February 2016, prepared by Raquel Willis

This new report contains SIHI targets and implementation dates for improved services specifically in Kojonup and surrounding areas. Example material includes:

- Increase community access to WACHS telehealth
- Increase access through primary health nurse practitioner
- Lowering avoidable hospital entry
- Increasing capacity in diabetes education
- Integrated oral and speech therapy
- Improved aged care clinical provisions
- Antenatal and postnatal care and support

If Kojonup Shire Council decides to pursue further work towards its Health Services Precinct Plan, coordinating with SIHI is recommended.

Royalties for Regions, Service Plan, Central Great Southern Health District (2011/12 to 2021/22)

In the 115-page report, key points are:

- The number of older people aged 70 and over in this area is expected to increase by 45% by 2021.
- The high percentage of Aboriginal people reflected in mortality, preventable mortality, hospitalisation and emergency indicates the importance of providing culturally secure services, particularly primary health care for Aboriginal health.
- Its strategic directions calls for primary health and non-inpatient care, delivering care closer to home and increased self-sufficiency, improved Aboriginal health, improved aged care services, enhanced demand management strategies, attracting and

retaining a skilled workforce, strengthening partnerships with primary care, private and not-for-profit providers, using ICT advancements for better care and creating a safer environment for all.

- Priorities for local health service reform include 24/7 close-on-call emergency and medical coverage, greater access to visiting medical and surgical specialists, upgraded infrastructure and upgraded ICT to contemporary standards to improve patient health outcomes.

If Kojonup Shire Council decides to pursue the Health Services Precinct Plan, the consultants note there is a wealth of material in this document to create a strategic pitch to government, private and not-for-profit support.

Goomalling Health Centre History, Management and Benefits

The Goomalling Shire Council Chief Executive Officer Clem Kerp was interviewed and provided the following feedback about the Goomalling Health Services Precinct.

Note: Goomalling's population is 1,100 with forecasts for only a slight increase in the future.

- Council took over management of a private medical practice in 1998 when the doctor, who was moving to Queensland, couldn't sell it. He tried three times to sell and eventually council bought it.
- Council ran the practice for 10 years.
- In 2008, Council built a new health centre with funding from Federal and State Government and Lotterywest.
- Council built a 650 square metre facility at a cost of \$2 million.
- It includes dental, general practitioners and a new service where a psychologist visits 1.5 days per week using rooms on Friday, stays overnight each week and practises on Saturday morning before heading home to Perth.
- The large site also houses local newspaper, toy library, library, and Resource Centre.
- The medical revenue does not break even with expenses. The Council pays the \$75,000 shortfall each year. For the past two years, the Shire of Dowerin has contributed \$25 000 to meet this shortfall as it recognises its community members also use the centre.
- The town of Goomalling is only half an hour from Northam Regional Hospital but proudly provides its own health services, so residents do not have to travel.
- The local doctor has just bought a block and she and her husband are going to put down roots here, after 10 years.
- Our population is staying at a status quo, however our farms are getting larger and people are moving into town. We are currently building six new homes in town. This is unusual.
- But people are moving into town and not somewhere else and that can be directly related to our Health Services.
- Our Health Centre is so important to us. We'd be lost without it, no matter what it costs us.

Kojonup Strategic Community Plan and Corporate Plan

The Kojonup 2013-2017 Corporate Business Plan is structured around the four key areas of Economy, Natural and Built Environment, Social, and Governance which includes the eight key focus areas from the Strategic Community Plan.

These eight key areas are Being Well Governed, Feeling Good about Living in Kojonup, Creating Opportunities for Youth, Living in a Safe Community, Staying Active & Entertained, Being Healthy, Supporting Main Street and Building Prosperity.

Recommendations in this report have bearing on achieving the following actions from Kojonup's Corporate Plan:

S2.1.2 Promote Kojonup as a place to visit – tourism.

S2.1.3 Promote Kojonup as a place to live.

S3.1.1 Support the delivery of counselling services in Kojonup by contributing funding to a service provider.

S3.1.2 Advocate for the Department of Health to maintain the presence of existing health services and promote their availability throughout the region.

S3.1.3 Draft a strategy to increase the number of medical doctors residing in Kojonup and servicing the local community.

S3.1.4 Undertake a feasibility study to confirm the financial viability and anticipated use of a medical centre in Kojonup.

G1.2.1 Undertake an asset management planning process to review and rationalise Shire buildings to maximise their use and value to the community.

G1.2.2 Ensure appropriate ratio of rate to total revenue is maintained.

G1.2.3 Incorporate strategic, operational, and asset management plans into a long term financial plan.

G1.2.4 Develop financial models for scenario planning and sensitivity analysis.

G1.2.5 Maintain an effective asset management policy that defines co-location and rationalisation.

G1.3.1 Explore shared services options with neighbouring local governments to improve efficiencies.

G1.3.2 Participate as an active partner in the Southern Link VROC (Voluntary Regional Organisation of Councils).

G1.3.3 Commit appropriate staff and resources to be a leader of regional planning, initiatives and services

G1.5.3 Implement strategies to improve Councillors' role as community leaders and asset custodians.

and possibly

S2.2.6 Prepare building plans, funding applications and specifications in order to call tenders for a day care facility to meet the future early childhood placements.

According to Kojonup's Community Strategic Plan 2013 to 2023 under the outcome - Being Healthy - it states 'the construction of a new medical centre that caters for visiting health professionals and provides upgraded facilities and technology important to achieving improved health outcomes. Ensuring the ongoing availability of local GP services is a community priority'.

Kojonup Health Facility Needs Assessment Hames Sharley June 2014

This report was commissioned by Kojonup Shire Council to analyse the provisions for general practitioners and primary health providers. The report analysed the St Luke's Family Practice, Dr King's Surgery and the Hospital, discussing the demands now and in the future. Predominantly, it compared the costs of the proposed new facility compared to improvements and extensions at the current St Luke's facility. The consultants note there are two proposed layouts for the new facility, one shown in the Needs Assessment, dated June 2014 and another layout provided, separate to the Hames Sharley report, dated December 2014.

Based on the Hames Sharley Needs Assessment Report, the price of the new build is \$2.5 million, excluding fit-out, carparks and art installation. Kojonup's population is not forecast to increase, however the report did state there will be a slight increase in medical services use in the future. Council decided to upgrade the current site, based on the recommendation in the Needs Assessment Report of a steady population and the high estimated cost of new build.

Seven recommendations in detail

1. The consulting team has found there is merit in advancing a Health Services Precinct Plan for the Shire of Kojonup.

The Shire's Community Strategic Plan has a focus area, 1.6, under the heading 'Being Healthy' which states 'ensure and promote adequate health services are available in Kojonup'. If all 'emotional' elements are removed from this decision, the question is, are the current provisions 'adequate' or 'are they not', and 'will they continue to be adequate' according to future health needs of the community.

1.1 Reasons for the development of the Kojonup Health Services Precinct:

- Providing a point of interest for the town of Kojonup and its surrounding regions, placing it 'on the map'
- Creates a feeling of healthy well-being and safety for current customers
- Places Kojonup as a town with modern-day facilities and attracts further business

- Strategically offers specialist health services, which attracts other specialist health services (e.g. women's health, x-ray, preventative health)
- Current set-up and layout considered below par to current customers
- Low levels of privacy witnessed in current facility
- Existing rooms too small for provision of specialists services
- Attracts specialists and general practitioners who could settle in the town
- Strategic development could attract government, grant and private investment or support
- Ensures current residents shop in Kojonup, not other towns
- A well-attended medical site attracts visitors who shop in town (e.g. lunch, pharmacy, petrol)
- Creates a meeting place for Kojonup residents and visitors
- Initial investment has been made with the purchase of the block and the collection of the bequest

1.2 Reasons against the development of the Kojonup Health Services Precinct:

- Costs incurred in initial construction, with potential blow-out against quotes
- The design is not grand enough for future prosperity
- Costs incurred in long-term asset management
- Costs incurred in long-term short-fall of revenue
- Customers are not engaged and continue to use health services in other towns

There is still work to do in changing customer behaviours as future primary health care is not based around a GP facility (see diagram on page 17: Primary Care is wider than GP's).

As well as financial risks to build the facility, there are risks if the project is not completed such as:

- Risk of community disharmony and trust
- Risk of not using the lot of land
- Risk of not using the bequest
- Risk of losing community members for medical visits
- Risk of losing community members permanently
- Risk of not being able to capitalise on future prosperity plans.

2. The consulting team suggests further work is required to determine the formula for the ongoing management of the Precinct, which may not be completely managed by the Shire.

The Precinct Plan and management model should contain:

- Definition of Scope of Works formed through Stakeholder Engagement (by June 2016)
- List potential building costs (by June 2016)
- List potential management costs (by September 2016)
- List potential funding options (by June 2016)
- Include Hames and Sharley Needs Assessment (already completed)
- Include architectural drawings (designs to date are based on sample considerations only)
- Include associated costs (heritage, parking, lighting, environment etc. by June 2016)

According to the Shire's Strategic Plan, it clearly identifies under the heading of Management that the Shire should own and manage the current medical centre facility as a landlord, not a provider of services. Further, the Shire facilitates the delivery of health services, but it does not provide them. Stated on the Shire's Community Strategic Plan it has a focus area 1.6 under the heading 'Being Healthy' which states, 'ensure and promote adequate health services are available in

Kojonup'.

The consulting team recommends, if the Shire Council decides to progress the Kojonup Health Services Plan, the Shire co-ordinates the project, manages planning and engineering, sources funding, co-ordinates shared services and be the communication channel with the community.

The consulting team does not recommend the Shire owns nor manages the Precinct.

The consulting team recommends the Shire engages an external service provider in the building, ownership and operation of a Precinct. It recommends inducements, such as land equity and initial leasing to stimulate the potential market place, be explored, with an appropriate procurement model to leverage interest and investment.

Once such operating models are in place, a Memorandum of Understanding agreement between Council and provider should be completed. This would include conditions of tenure to bind the service provider to meet the needs of the Council and community.

However, until an Asset Management Assessment is completed, the current management position is still unknown. This assessment may prove that this shared ownership and

management structure is not needed and the above stance, about not getting involved, may change.

Once the Asset Management Plan is complete the Shire may be well-positioned to own the proposed Health Services Precinct completely.

A range of ownership/management models exist, including:

- Completely owned by third party
- Shared model being 50:50, joint ownership, joint operations.
- Shire owns, and maintains with a third part operating the service

- Shire owns and operates completely by itself.

The decision will not be based purely on finances.

The consultants have spoken with LotteryWest and the feedback is that the government could be keen to support the project with \$500,000 being discussed initially.

The first step in seeking LotteryWest support is to lodge an Expression of Interest on a template and provide high-level, detailed and strategic material. If this stage is successful, then a proper proposal will be needed.

3. The consulting team believes the Shire of Kojonup should complete a study to determine its asset management which will help ascertain the Precinct's short-term and long-term affordability.

According to the Corporate Plan, ascertaining Kojonup's asset management status has been budgeted for and could be completed within the next three months. The Shire has allowed \$22,000 to complete this task in this three-year planning cycle.

The Shire is responsible for the provision of many about \$500 million of infrastructure assets, with roads accounting for \$400 million. The Shire has a limited understanding of the composition, location and extent of its asset portfolio, and is

not able to define the status of stormwater, pathways, parks and community meeting sites.

The Shire wishes to consider which assets need enhancement, replacement or rationalised. If the Shire is considering increasing its pool of assets (such as a Health Services Precinct) it needs to understand its current and ongoing affordability of assets.

While the Shire has a check-list of assets, a well-defined asset management plan will show management and affordability over a 10-year period. This knowledge will affect decision making in regard to the Health Services Precinct. To solve this issue either external or internal asset management solutions are available.

4. The consulting team believes if Kojonup residents choose to build the Health Services Precinct, they may wish to increase the town's prosperity which could increase the commercialisation of the new Precinct.

For future growth of the area, in conjunction with the development of this Plan, the Shire could consider the preparation of an Economic Development Plan.

Whilst completing this Plan, the community would look at ways to enhance growth and prosperity of the Town and surrounding communities. It is recommended that the planning process for the Health Services and Economic Development are achieved in tandem, so as to leverage as much industry and growth potential. This would underpin and ensure the ongoing viability of the Health Precinct Services (and as well the community locations noted in the Community Precinct Development).

Developing a Health Precinct may also provide the impetus for increased prosperity. Similarly, increased prosperity provides impetus for the use and needs of health services.

5. The consulting team recommends a thorough stakeholder engagement process to communicate the pathways forward and effect of the proposed Health Services Precinct and to educate all regarding changing behaviours and trends in the use of medical services worldwide.

Kojonup's community shows a degree of fatigue regarding its Health Services with the process being recorded since 2003 (refer to Appendix 1). There are some emotional matters in the town which have swayed decision making, and have the potential to sway decision making in the future. The Shire is acting appropriate considering non-emotional decision making to determine the best outcome for its community, whilst considering long-term financial sustainability.

The Kojonup internal stakeholders' expectation in capacity, costs and co-operation, is different to the Shire's actual capacity. It is recommended a thorough and strong stakeholder engagement process is undertaken to better match expectations with reasons for and against development. Unfortunately, the stakeholder perceptions have become the project's reality and not the reality of Kojonup's health needs, nor needs of the region, state and country. The

expectations are also not in-line with suggested future primary health processes.

It is recommended therefore a thorough stakeholder engagement process is undertaken to better match expectations, perceptions and understandings with any Precinct Plan actions going forward and also increase the potential for better collaborative outcomes (refer to Appendix 2) due to greater stakeholder investment before, during and after development.

6. The consulting team offers to help with funding and business case strategies to expedite the creation of the Health Services Precinct.

The Shire of Kojonup is to consider its level of support it wishes to provide the project. In doing so, the Council may wish to create a business case with the aim to best attract funding and interest in the development. The current consulting team is able to assist with the process.

Within the business case, a list of deliverables will need to be formed. This resulting business case will be used to:

- apply for funding
- attract investment
- attract developer/s
- facilitate government approval processes
- attract customer/practitioner interest
- leverage partnerships
- influence political agenda
- attract philanthropy
- inform and educate stakeholders

The consulting team can assist with government approval processes to expedite the creation of the Health Services Precinct, as well as assistance with overarching project management, delivery timeframes and data collection.

7. The Shire considers developing an Expression of Interest (EOI) process to test the market to see if a developer/service provider can propose a construction, maintenance and service delivery model which is feasible and sustainable.

The EOI process includes the proponent considering a model whereby they can develop a health precinct which is commercially viable and sustainable. This model needs to take into consideration factors such as: land equity options, construction and build costs, government contribution, private leveraging, operational and maintenance models, service delivery options (addressing issues such as demand, sector competition and population triggers) title, heritage and any other Shire commitments.

This report is based on feedback gathered through a Stakeholder Engagement process. The consultants strongly advise the Shire that this report answers the question: Is there merit in advancing the Health Services Precinct Plan. The consultants found, through stakeholder Engagement that there is merit in advancing the Plan. The Consultants do, however, believe there is a large mismatch between stakeholder expectations and actual short and long-term costs to create such a Precinct.

Therefore, the Shire can say yes, we support stakeholders in their desire to create a Precinct, and yes, we believe the

current health provisions are not as good as other towns, however the Shire is not going to place the town in a poorly management financial position, if outside financial backing is not achieved for this Precinct. Consequently, it is recommended the Shire considers developing an Expression of Interest to test the market to determine external financial interest, real development costs and ongoing management costs.

The consultants can summarise by saying:

- The Shire supports the stakeholders in the desire to advance the Health Services Precinct Plan
- The Shire progresses the Health Services Precinct Plan by going to market through an Expression of Interest for third party involvement/development
- The Shire will decide to progress the Precinct if it's financially viable to do so
- If the market supports the Precinct, the Shire will work hard to support this Precinct and, on as well, work hard to initiate further prosperity of Kojonup.

The consultants recommend to the Shire to add up stakeholder feedback, with financially sound considerations along with future or prosperity planning, and only advance the Precinct if all three elements are considered satisfactory.

Appendices

1. Decision Making History

Kojonup Shire has investigated its health service provisions since 2003. The consulting team believes the Shire has been very strong in making financially sustainable decisions throughout this process.

- 2003 Community Survey showed 62% support to maintain the location of Medical Centre in town. Key issue was proximity to town centre and pharmacy instead of proximity to hospital
- 2006 June Initial concept discussion to extend the existing Medical Centre in an L Shape or side by side with covered walkway to join old and new and allow Medical Centre to continue to operate during construction.
- 2006 Oct Building Inspection of Existing Medical Centre advised not economically viable or structurally appropriate to extend/refurbish.
- 2007 Aug Presentation to Area Consultative Committee to seek funding through Rural Medical Infrastructure Fund. The Fund required a commitment to a different model for General Practitioner services so Rural Health West consulted regarding possible models for operating a Medical Centre if future growth to more than one General Practitioner.
- 2008 May Final presentation to the Area Consultative Committee. Grant Application progressed.
- 2008 Aug Regional Partnerships and the associated Rural Medical Infrastructure Fund ceased. The Medical Centre project was reviewed in light of lack of external funding and high site costs associated with corner of Bragg Street and Harrison Place. Purchase and conversion of a house on Albany Highway that was on the market was investigated but it sold prior to detailed work up. Another property for sale at the time on Soldier Road near the hospital was investigated regarding its suitability for conversion into a Medical Centre, however this

had a high initial purchase price and significant structural changes required. The consideration was then refined to focusing property already owned by the Shire.

- 2009 Feb Council initiated discussions with the Shire of Plantagenet regarding their Medical Centre project and met with Q3 Architects who designed and project managed the Mr Barker facility to start talking concepts. The Shire was approached by members of the community to consider public toilets and possibly a slip lane off Albany Highway to improve the utilisation of Hillman Park. During the site visit with Q3 Architects they suggested that a Medical Centre may actually fit within the grassed areas and have minimal impact on the rest of the park infrastructure.
- 2009/10 The Shire explored general Medical Centre designs that could be easily translated to other blocks, if required, while requesting a feature survey of the area to confirm possible building and parking layouts. The objective was to have detail on several options to put it out to the community to seek feedback on preferred options and value for money. As part of the work up of options some ratepayers were asked their thoughts on the Hillman Park as an option. Unfortunately, the ensuing community debate then proceeded without the chance to consider all options and complete the plans for the broader community.
- 2010 Nov At the community planning day, which was the consultation for the Shires Strategic Plan and Forward Capital Works Plan, the broad concept of the Medical Centre location was discussed and the census of the 50 attendees was the Hillman Park should be preserved and that the options around Spring Street and Pensioner Road should be worked up. The initial budget within the Forward Capital Works Plan was provided without the detailed design and estimates at \$800 000, which would require all of the Shire's Royalties for Regions for 2011/12 plus a \$500 000 loan.
- 2011 May The Southern Inland Health Initiative (SIHI) was announced with funding for Primary Health Care demonstration sites and aged care. It was seen as a potential opportunity to redevelop a health precinct. In a manner that physically linked to the Hospital and Springhaven together to allow more integration operations of aged care.

It was suggested this redevelopment could make the Medical Centre the new front entrance of the health campus with entry and parking off Soldier Road. This could allow expansion of Springhaven to the west to possibly include a Senior Citizens Centre and extra wing, with room for the hospital to expand the high care Leschenaultia House to the east into the existing carpark.

The Shire formally expressed a desire to negotiate, with a willingness to contribute the \$800,000 flagged for a Medical Centre, as long as any proposal was able to meet the criteria and nominated time frames for the Royalties for Regions Funding.

- 2011 Nov Meetings with the Health Department identified some barriers in the stages SIHI funding to support the fully integrated approach in the first instance, and the Shire of Kojonup wanted further detail in the new model of care proposed in the Primary Care demonstration sites, which proposed strengthening ties and referrals to regional centres. Further discussion in Jan and Feb 201 confirmed the timing and priorities wouldn't align and reinforced the need to progress the project to not risk the \$346,598 in external funding.
- 2012 Feb The next stage of the Medical Centre project involves considering detail design to ensure it meets stakeholder needs and more accurate costings. The generic, stand-alone basic concept was costed to form a starting point for discussion with stakeholders. The cost of the concept plus car park was estimated at \$1.1 million excluding GST.
- 2012 June A public meeting was held with the outcome being to form a Medical Centre Advisory Committee, along with Terms of Reference.
- 2012 Oct Acting CEO asked to investigate the feasibility of forming a Community Health Plan for Kojonup and obtain quotes.
- 2013 April Council approves budget for building modification to 34 Katanning Road.
- 2013 Nov CLGF funding withdrawn and Advisory Committee disbanded.
- 2014 March Bequest decision received

- 2014 June Harmes Sharley Needs Assessment Report received.
- 2015 March Dr King sells St Luke's practice.
- 2015 April Advice received that new building will cost in excess of \$2 million. Council decision to upgrade Katanning Road practice
- 2016 Feb Delegation asks status of George Church bequest.
- 2016 March NAJA Business Consulting Services and a team of consultants were asked to investigate the 'merits or otherwise, of a Health Services Precinct Plan', with the location being adjacent to the hospital.

2. South Gippsland Health Precinct Media Story 2013

The Mirror News, Successful health precinct a combined effort

19 JUN 2013 | THE MIRROR | SOUTH GIPPSLAND, FOSTER COMMUNITY

COLLABORATION is the key to the success of Foster's health precinct. That was the message from the representatives of the three key health bodies – South Gippsland Hospital, Foster Medical Centre and Prom Country Aged Care – who addressed South Gippsland Shire Council last Wednesday.

South Gippsland Hospital CEO Peter Rushen, Dr Owen Casson, who is one of the directors of the medical centre, and PCAC CEO Rhett McLennan, gave their public presentation to seek council assistance – but not funding, they hastened to say – for the health precinct's continued growth, specifically for the development of a shared car park.

They emphasised how much they have achieved already by working together and suggested that if they had Council on side to help in such areas as planning and engineering or with sourcing funding, it would be all the better.

Mr Rushen began by saying that Foster had been fortunate in attracting an enormous amount of money for health care in recent years which had enabled it to establish a health precinct with an enviable reputation. The five-acre site in Station Road includes a hospital and community health centre, a medical centre (private health practice) and residential aged care facility.

Mr McLennan said that PCAC had attracted \$12.707 million of mostly federal government funding to establish a new building, due to be completed around mid-October. It will combine the 30 beds of Banksia Lodge with the 30 from Prom View Lodge at Toora in the one place to meet the standards required for the 21st century (which Prom View Lodge will shortly not be able to meet).

PCAC, said Mr McLennan, is currently in talks with other groups, such as Parkinson's Victoria, about the feasibility of renting out space in the old Banksia Lodge facility, which it is intended will stay in PCAC hands and be used for complementary health.

In response to a question from one of the councillors, Mr McLennan said that PCAC was still looking for a buyer for Prom View Lodge. "Ideally we would like another health organisation to purchase it – or at the very least lease it."

“It is an exciting time for all of us to have this collaboration,” said Dr Casson. He explained that the medical centre is a private business which fulfils a public service with the doctors visiting the hospital and the PCAC residents. He pointed out how important it is to have impressive health infrastructure in place to attract staff to the medical centre.

Mr Rushen told Council that the local hospital dates back to the 1940s but has had numerous upgrades. It has 16 beds and offers a range of services, including emergency care, radiology, obstetrics and theatre, so much so that the need to travel for medical procedures is largely avoided. South Gippsland Hospital is one of the biggest employers in the district, employing more than 100 people, many on a part-time basis. It is locally staffed, locally supported and valued enormously.

“We have realised that by working in collaboration we can achieve more [in the health facilities which form the health precinct]. Lately we have been looking at ways we can share services such as cleaning or kitchen,” said Mr Rushen.

He said that the popularity of the health precinct has led to some degree of traffic congestion in surrounding roads – Station Road and Jones Street – and difficulties in parking, which are only likely to worsen as the precinct develops. A car park is planned for the middle of the site, on mainly hospital-owned land (with a small parcel contributed by the medical practice), between the community health centre and the new aged care facility. Council help, said Mr Rushen, would be greatly appreciated in ensuring this project goes ahead smoothly.

The shire councillors were clearly impressed by the presentation. Mayor Kieran Kennedy’s immediate response was that the shire’s directors should meet with the health precinct representatives to investigate how they can help. Steps were taken straight after the presentation to arrange a meeting, including a site tour.