



Major Infrastructure Proposal Assessment

**East Metropolitan Health Service
and the Department of Health**

**St John of God
Midland Public Hospital Expansion
Summary Assessment Report**

Infrastructure WA

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Acknowledgment of Country

Infrastructure WA acknowledges the Traditional Custodians of Western Australia and their continuing connection to the land, waters and community. We pay our respects to all members of the Aboriginal communities and their cultures; and to Elders both past and present.

Major Infrastructure Proposal Assessment Summary Report

Purpose

This assessment report has been prepared in carrying out Infrastructure WA's (IWA) legislative function to assess and report to the Premier on major infrastructure proposals. The assessment is of the business case for the proposed St. John of God Midland Public Hospital expansion (SJGMPH). Additional supporting information received from the proponent and consultation with relevant key stakeholders has also been used by IWA to support its analysis.

It is noted that some supporting information is not available and therefore has not informed the analysis on which this report is based. At the time of writing IWA understands that further work is underway and that this information, including Department of Health (DoH) prioritisation of infrastructure requirements supported by modelling of needs across the broader health system, will be provided to Government prior to an investment decision. IWA recommends that once received further review and validation of the business case should be carried out.

1. IWA observations

The business case proposes to expand the existing SJGMPH to deliver 60 new public beds, 30 new 'warm-shell' beds (to be fitted out and made operational at a later date), a 27-bay expansion of the Emergency Department (ED), additional clinical and non-clinical services and a 900 bay multi-deck carpark. The proposed upgrade is intended to address forecast increases in demand within the Swan and Hills catchment area that the SJGMPH services.

While there is demonstrated strategic merit for the proposal and a need to ensure sufficient capacity and appropriate facilities are provided to meet the health care needs of the community, IWA considers that the proposal should be considered in the context of the Department of Health's supporting information prior to an investment decision being made. This includes validating the key scope elements noted above, given broader investment and needs across the health system.

2. Context

2.1 Project background

Opened in 2015 SJGMPH is a 307-bed general public hospital which services the Swan and Hills health district and provides outreach services for some areas of the Wheatbelt region.

SJGMPH was delivered as a public private partnership (PPP) between the State and St John of God Health Care (SJGHC), who operates the public hospital under a Service Agreement. SJGHC also owns and operates a 60-bed private hospital on the site.

Over recent years East Metropolitan Health Service (EMHS) has been investigating and developing options to deal with increases in demand for services at SJGMPH. The submitted business case and supporting work captures the assessment of options considered and provides a recommended solution.

3. Strategic merit

3.1 Alignment

The intent of the business case broadly aligns with IWA's State Infrastructure Strategy – Foundations for a Stronger Tomorrow (SIS), which notes the need for alignment of health infrastructure assets with the 2018 Sustainable Health Review (SHR) and WA Health Clinical Services Framework (HCSF). However, the SIS also highlights the critical need for future health infrastructure investment to be based on a whole-of-health portfolio approach to planning

underpinned by detailed data and modelling, a significant and challenging body of work that is still underway.

Overall, the proposal aligns with the model of care principles outlined in the SHR in relation to providing care closer to people's homes, and designated role of the hospital in the HCSF. However, further work is required to ensure alignment with other important aims of the SHR and the SIS, which are intended to ensure investment in health infrastructure is best targeted to the areas of most need.

3.2 Problems and opportunities

The proposal seeks to ensure that SJGMPH is aligned with the future needs of the local community, meets projected demand for emergency care, and provides an effective and efficient hospital environment.

IWA notes that the DoH and EMHS have provided high level advice regarding the forecast need for an additional 60 beds, expanded Emergency Department, and additional Operating Theatres at the SJGMPH.

To manage the increasing demand, EMHS has implemented a range of non-asset initiatives including admissions avoidance strategies, measures to improve operational efficiency, formation of a multidisciplinary geriatric ED team, and the establishment of 120 additional Transition Care Program places funded by the \$252 million ED Reform Package announced as part of the 2022-23 Budget.

4. Options assessment

Four strategic options were identified to deliver the benefits, including do nothing, build options, virtual delivery options such as delivering more service through telehealth, and redirecting demand to elsewhere across the health system.

A long list of six asset-based solutions were identified and evaluated with no 'non-asset' initiatives included. Notwithstanding that EMHS has already implemented several non-asset initiatives, the business case would have benefitted from the consideration of additional non-asset options as part of the long-list evaluation process, both individually and in combination with asset initiatives. IWA also considers that the options long list would have benefitted from the inclusion of further 'do minimum' build options, informed by DoH modelling of the broader health system.

In addition, most options included a multistorey carpark. Further review and consultation should be undertaken to test the potential impact of a new carpark on the transport network and alignment with planning for the Midland Activity Centre during the next stages of planning.

5. Societal impacts

5.1 Economic and financial assessment

The assumptions underpinning the economic and financial evaluations were logical and reasonably applied to give a relative comparator between the shortlisted options.

The financial impact assessment found that the preferred option had the highest net present cost, and highest net incremental operating cost impact. The economic analysis considered the impact to employment, economic production, and reduced costs to the healthcare system, and demonstrated that the preferred option has the highest Benefit Cost Ratio (BCR).

5.2 Social assessment

An assessment of social benefits is provided in the business case. Five (5) social benefits were identified and quantified over a 30-year evaluation period, including the health benefits arising from improved capacity in inpatient and emergency department services and avoided travel time.

Noting that the identified social benefits lean themselves to those options with the greatest scope, the preferred option was assessed as having the highest quantified social benefits.

5.3 Environmental assessment

A high-level environmental assessment was undertaken to estimate the operational CO₂ footprint per hospital bed, citing figures from various national and international publications.

No information was provided on climate change mitigation strategies or climate change adaptation. IWA considers that the business case would be strengthened by undertaking a comprehensive environmental impact assessment, including proposed climate mitigation and adaption measures to demonstrate the proposal's approach to meeting government targets, and to understand any implications on the project budget.

6. Recommended option and project definition

The preferred option from the business case is to maintain the existing private patient facility configuration and to build 90 beds (inclusive of 30 warm shell beds) and associated clinical and non-clinical service expansion, including two additional operating theatres, expanded 65-bay emergency department, 16-bed ambulatory emergency care unit, a 900 bay multi storey car park and delivery of a mental health emergency centre. The diagram below outlines the current indicative footprints for the key scope items proposed.



At this point in development, the project is estimated to have a capital cost in the order of \$440 million and a delivery program of approximately 5 years and 9 months to complete. It is expected that the cost plan and project schedule will be refined during further stages of planning.

7. Deliverability

Separate DoH advice is intended to address the relative priority and achievability of the Midland Public Hospital expansion amongst WA Health's overall Asset Investment Program (AIP), taking into account other pending priority projects and current market conditions.

Other sections of the business case considering deliverability are reasonably well developed for this stage of the project. Further deliverability work will be required as part of the next step of project development, subject to a government investment decision, to consider existing construction market capacity challenges.