2012 (No. 19)

PARLIAMENT OF TASMANIA

PARLIAMENTARY STANDING COMMITTEE ON PUBLIC WORKS

North West Cancer Care Centre

Presented to His Excellency the Governor pursuant to the provisions of the Public Works Committee Act 1914.

MEMBERS OF THE COMMITTEE

Legislative Council	House of Assembly
Mr *Harriss* (Chairman)	Mr *Booth*
Mr *Hall*	Mr *Brooks*
	Ms *White*

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1. INTRODUCTION

To His Excellency the Honourable Peter Underwood, AM, Governor in and over the State of Tasmania and its Dependencies in the Commonwealth of Australia.

MAY IT PLEASE YOUR EXCELLENCY

The Committee has investigated the following proposal: -

North West Cancer Care Centre

and now has the honour to present the Report to Your Excellency in accordance with the Public Works Committee Act 1914.

2. BACKGROUND

This reference recommended that the Committee approve the North West Cancer Care Centre Stage 1 project scope encompasses the new build of the cancer centre over three levels situated near the current main entrance, a new main entrance/reception will be included in the project. Additionally the new build of the MRI facility will be co-located between the DEM and Medical Imaging area of the private medical centre.

Preliminary enabling works such as the relocation of the main hospital access road provides the space at the front of the hospital to enable integration of the centre with the current facility.

The construction of the new Cancer Care Centre will incorporate;

- 12 Chemotherapy Chairs
- MRI facilities
- Teaching and education facilities
- Clinical trial facilities
- Specific consulting rooms
- Palliative care
- Patient waiting area

The NW CCC Stage 2 project scope will deliver a ground floor construction of 889 m2 and include

- Linac Bunker an control area
- Spare bunker and control area
- Simulator room

- Planning room
- Consulting rooms
- Patient waiting area
- Office space for physicists, engineers and radiation oncologist

The DEM project scope encompasses the redevelopment of 827 m2 of existing floor space and extensions of 869 m2 additional floor space.

Preliminary enabling works to create a new Ambulance Bay will be incorporated within the road relocation project, creating suitable ambulance access to the Emergency Department during the construction stages of the DEM redevelopment.

The redeveloped Department of Emergency Medicine facility will incorporate a significant expansion of available treatment spaces and an improved patient flow configuration. The expanded Department of Emergency Medicine will broadly incorporate;

- A relocated public waiting area with associated amenities space and adjoining paediatric waiting area, adjacent to a repositioned DEM reception
- A central clinical staff station with clear visibility through into the resuscitation and acute treatment bays
- A large reception/triage station with an adjoining triage treatment or interview room for maintaining patient privacy
- A reconfigured ambulance bay to house three vehicles, including the large bariatric ambulance
- Two enlarged resuscitation bays with improved facilities
- 11 acute treatment bays around the new centralised doctors and nurses station
- A brand new Acute Medical Unit (AMU) which will incorporate a Short Stay facility and Discharge area
- Two separate paediatric patient rooms
- A secure Mental Health room
- A pressurised treatment room for isolation purposes with an airlock and ensuite
- Four fast track observation bays just inside the Emergency Department
- Centralised drugs and utility spaces
- Specific DEM offices, change rooms and staff room

The full submission of the Department of Health and Human Services in support of the reference is published on the website of the Committee at:

http://www.parliament.tas.gov.au/ctee/Joint/works.htm

3. PROJECT FUNDING & COSTS

The cost of the programmed redevelopment was submitted to be:-

The NW Cancer Care Centre

The available total funding for the **NW Cancer Care Centre (Stage 1)** is $16,500,000 which is made up of;

- $4,780,000 in the 2009/2010 from the Health and Hospital Fund – Regional Cancer Centres
- $7,910,000 from the Tasmanian Government
- $1,060,000 from other Australian Government funds
- $2,750,000 from private donations

The cost of the development is currently advised at:

DESCRIPTION	**SUM**
Building Works	$8,276,000
MRI building	$814,000
Subtotal of Construction Works	
Professional Fees & other fees	$900,000
Art in Public Buildings	$80,000
Loose Furniture and Equipment	$452,000
Design Development Contingency	$460,000
Construction Contingency	$483,000
Post construction contingency	$90,000
IT and Equipment	$1,070,000
MRI	$2,500,000
Radiographer training	$1,500,000
Current unallocated (over budget)	($125,000)
TOTAL	**$16,500,000**

Future committed commonwealth funding for the **NW Cancer Care Centre (stage 2 - Radiotherapy)** is $16,500,000

The cost of the development is currently advised at:

DESCRIPTION	SUM
Building Works	$7,855,000
Subtotal of Construction Works	**$7,855,000**
Professional Fees & other fees	$1,200,000
Loose Furniture and Equipment	$815,000
Design Development Contingency	$400,000
Construction Contingency	$400,000
Post Construction contingency	$50,000
IT and Equipment	$700,000
Radiation Therapy Equipment	$5,000,000
Art in public buildings	$80,000
TOTAL	**16,500,000**

The NWRH DEM Redevelopment

The available total funding for the DEM redevelopment is $6,060,000 which is made up from two separate National Health and Hospitals Network – National Partnership Agreements of;

- $4,110,000 in 2009 Taking Pressure off Public Hospitals agreement
- $1,950,000 in 2011 Improving Public Hospital Services agreement

The cost of the DEM redevelopment is currently advised at:

DESCRIPTION	SUM
Building Works	$4,412,000
External Works including site preparation	$0
Subtotal of Construction Works	
Professional Fees & other fees	$480,000
Loose Furniture and Equipment	$520,000
Design Development Contingency	$220,000
Construction Contingency	$232,000
Post construction contingency	$45,000
IT and Equipment	$350,000
Art in public buildings (Excluded as part of CCC Stage 1)	$0
Current unallocated (over budget)	($199,000)
TOTAL	**$6,060,000**

The current project costs are provided by the project Quantity Surveyor and are based on reasonable allowances for the complexity of the job and current market conditions. A competitive market currently exists, as a resulted may make available additional funds for remaining projects.

It is to be noted that the DEM and Cancer Centre Stage 2 projects will be going to tender as a combined package which brings additional economies of scale which will enable budget savings to be achieved in equipment and IT budgets for example.

Current over-budget issues on the combined DEM and Cancer Centre Stage 2 will be managed through consultants working through design and looking at cost savings, in additional it is noted that approximately $150,000 of external works to the DEM and ambulance bay area will be funded through the current road realignment and Car-park funding as it is already nominated within that scope of works.

4. EVIDENCE

The Committee commenced its inquiry on Thursday, 7 June last. The following witnesses appeared, made the Statutory Declaration and were examined by the Committee in public:-

- Gavin Austin, Acting CEO, North West Area Health Services
- Victoria Brown, Project Manager, North West Area Health Services
- Sheryl Sim, Medical Oncologist, North West Area Health Services
- Greg Cooper, Acting Director, Asset Management Services
- Debbie Thompson, Project Architect, GHD Pty Ltd

Overview

Mr Cooper provided the following overview of the project:

> ***...*** *I thought it would be useful to talk about the global Department of Health capital works program. At the moment we have a total infrastructure spend of $183 million. In excess of $160 million has been allocated for capital works around the state, so as you can see the department is doing a significant amount of investment in health infrastructure.*
>
> *In respect of department of emergency medicine projects, this is the fourth of the sites that are being redeveloped. We started with the Royal Hobart Hospital, which was commissioned back in 2007. We have recently opened the LGH and the Mersey. The cancer centre is part of a statewide cancer centre program, which is in excess of $50 million. We have had the Holman Clinic project at the LGH and we have projects of a new patient centre and medical oncology at the LGH happening at the moment. We have just let the new cancer centre at the Royal Hobart Hospital, so it is a statewide program of which this is just a critical element within that. As we talked about earlier, it is drawing on the resources of, say, the LGH cancer services that it already has.*
>
> ***...*** *This project consists of $16.5 million towards the new oncology service, which is differentiated from the earlier discussion about radiological services. That is a further $16.5 million bid that the commonwealth is still finalising to provide to the state, so we do not have those dollars available yet for this project. In addition to the $16.5 million for the oncology services, we have just over $6 million allocated for improvements to*

the Department of Emergency Medicine, an expansion of that space to improve its ability to handle its current number of presentations. It was originally designed for 12 000 presentations and we are currently seeing approximately 26 000. It has a similar case history to the Mersey, which has recently gone through its upgrade. It is to improve the flowthrough to reduce waiting times and better manage the number of patients who are going through the hospital.

The state purchased the North West Regional Hospital two years ago now, which enables us greater opportunity to get the master planning we require for that site appropriate and to meet our needs with our dollars rather than increasing leasing costs et cetera by getting a third-party private provider to provide those services.

The Committee questioned the witnesses as to what justification, if any, existed for an MRI facility on the North-West Coast when such a service already exists at the Launceston General Hospital (LGH). Mr Austin responded:-

The MRI is a facility that clinicians value highly in diagnosing patients. The facility at Launceston is running at capacity and has a substantial waiting list. This facility will save patients having to travel an hour and a half down and an hour and a half back from the north-west to Launceston. It will free capacity for the Northern Area Health Service and the LGH to decrease the waiting list to more appropriate times.

In terms of the cancer centre, the work done by Helen Tubb at the Northern Area Health Service around cancer modelling shows that the LGH's three bunkers will be running at full capacity until around 2015 and a fourth bunker will be needed by 2016. From the patients' point of view, the people of the north-west travelling for an hour and a half to have a minute of treatment and then travelling an hour and a half back is a substantial burden. For those patients who elect to take the free bus that is provided very graciously by the Cancer Council, the patients have to wait for all the other patients on the bus to have their treatment. Sometimes that is an impost of around six and a half hours on their day, so it is a big difference from a patient point of view. From the state's point of view, it is going to meet an ongoing need for these services which, as you heard earlier this morning from Sheryl, some of the anticipated growth for these patients is around 30 per cent for the state as we are an ageing population with chronic and complex needs.

The Committee questioned the witnesses as to the physical effect of treatment upon patients who currently needed to travel from the North-West Coast to the LGH. Dr Sim responded:-

For patients who have radiotherapy, for example, and travel to Launceston at this stage, they may feel very sick and experience nausea on the trip. For those patients who already have travel sickness, that will be compounded by the radiotherapy effects. The effects of this nausea may last for several weeks or months after their radiotherapy, so for additional trips they may have for consultation that would be a burden for them.

... I have had a few patients who have had to discontinue treatment because of the burden of travel and the illness associated with it.

Cost of service duplication

The Committee questioned the witnesses as to the cost implications of service duplication. Mr Austin responded:-

That is the case. There were moves under the Tasmanian Health Plan for some consolidation but for political reasons that was not carried through. The intervention of the federal government at the Mersey meant the Mersey was retained as a key element. The Mersey currently is seeing 26 000 people in its emergency department, as is the North West Regional Hospital, which is about the same as Launceston sees - approximately 50 000 presentations.

It is split on two campuses and a more expensive model than if you had one hospital, say based at Ulverstone. Historically, having the Mersey funded by the federal government means there is not an additional burden on the state.

*… The long-term consequences (*of the Federal 'intervention'*) are that you would have to migrate roll-delineation across the four hospitals in Tasmania so that you move towards having services provided at each hospital to optimise what they could do efficiently. If you were to say that the Mersey should become a short-stay surgical centre and if you knew that throughout the state of Tasmania if you wanted an endoscopy you could have it within four days at the Mersey or wait for two years at any of the other three hospitals, as a member of the public you may well choose to go to the Mersey. That is where the whole rationalisation of services in Tasmania is under constant review and discussion in terms of achieving efficiency as we move into activity-based funding - where is the most sensible place for services? Otherwise, you can get duplication at the top end, which is what has happened in other areas where you get two cardiology services and two neurological services competing, say at Launceston and in Hobart, and that is not what you want either, so you have to have a rationalisation of services. They can all be very efficient.*

The vision that was articulated for the Mersey in the Tasmanian Health Plan was very much short-stay surgery with an emergency department stabilising the patients and then being able to go on to other centres from there, which is not unlike a lot of other hospitals throughout Australia. I can be efficient but currently a lot of the inefficiencies revolve around the fact that you are doing things because you have made a political decision to do them rather than a clinical decision. A lot of the decisions that are taken around health services are not done by the clinicians; they are done by other people.

***…** The four hospitals of the north-west can all be efficient and this development will not hinder that. Originally the North West Area Health Service was pushing for just this stage, which is the oncology stage that they saw as absolutely essential. The more expensive stage and the one that was subject to extreme debate was whether you should have radiation treatment at the North West. This part of it is essential. The presentations for the emergency department have the clinicians in the emergency department and throughout the hospital at the North West desperate for access to an MRI. That is being donated, both the build and the machine. In terms of an improved oncology centre, Sheryl would be better to talk to that, but there is an absolute need for an improvement to the current facilities. This bid is probably what you would do regardless for the population of the north-west. It is not going to limit the efficiency of the hospital. There is not the need for a grand number of staff, as there would be if you proceed to radiation therapy, which is another model again.*

Oncology

Mr Cooper made the following submission in respect of Oncology Services:-

***…** the existing space is extremely crowded. There are probably two or three treatment chairs in a space that should really be a single chair. So we are creating an environment*

that gives improved amenity for the clients. The design of the new facility is in three levels, so clients have an opportunity to sit back and relax as best they can and enjoy the views out over the ocean. Below the oncology is where we will have consultants and consulting rooms, and below that are the future radiation bunkers and all the back-of-house spaces associated with that. We are constructing the new MRI facility, as Gavin mentioned, through private donations, and a significant expansion of the Department of Emergency Medicine, which will create short-stay units and fast-track units to improve the treatment and processing time for patients who arrive at the emergency department.

This is following a fairly standard consultation process. We are communicating very broadly with the community. We have ownership from the local community but also at the federal and state levels. We are receiving a lot of peer input from the LGH for the radiology services should we get the funding for that. Having recently undertaken the DEM redevelopment at the Mersey, Victoria project-managed that and so knows a lot of the short cuts and ways we can improve that construction, like the shortcomings of working on an existing site and how we work around maintaining services while still having 26 000 presentations turning up at the front door every year. That is going to be a very complex process for us. That is why we have a staging arrangement at the moment, seven or eight stages just to enable elements to be constructed, then some decanting and moving as we gradually increase the floor space.

Consultation

The Committee questioned the witnesses as to what consultation had occurred. Mr Austin responded:-

We did (consult), especially the neighbours. We hired a cherry-picker and put it at the height the roof will be and made sure the neighbours' views were not going to be interfered with. We've had two or three neighbour meetings now and had them all over to discuss the project and they are now satisfied with the project. We have not had any opposition whatsoever.

…Tasmania Ambulance has been involved too around the modelling of the ambulance bays, and changes were made after consultation with them.

The Committee asked whether the proposal had been peer reviewed. Ms Brown responded:-

Absolutely. There have been a lot of changes to the design.

Budget

The Committee asked the witnesses to provide detail of the budget and in particular the contingency allocation and cost of equipment. Mr Cooper responded:-

In terms of the budget, we had the project costed at the end of the schematic design stage, which was signed off six to eight weeks ago. That was part of the consultation element where we had to work back and forth. A very early cost budget came back where we were probably about $1 million over budget at that stage, so we had to find some savings through the project, which we have done. At the moment for the north-west cancer centre, with the $16.5 million allocated, we look like being $125 000 over

budget. For the DEM, which has just over $6 million allocated, we are about $200 000 over budget. We have already worked out how we are going to manage that. We have quite considerable contingency allowances in the project to allow for ongoing design changes as we get closer into the detail of the project, so they are quite reasonable figures. In these budgets we have identified a doubling-up of some of the cost elements. The works of the new ambulance entry area is costed both in this project and also in the adjacent road realignment project, so that pulls back approximately $200 000.

(Equipment purchase) *is part of the overall project budget. For example, in the cancer centre there is $16.5 million. The actual construction of the building is just over $8 million and a further $800 000 for the MRI facility, but then we have around $1 million for IT and equipment. The MRI machine is estimated to be $2.5 million, which is out to tender at the moment. There are quite considerable figures there for the specialist equipment going into the site. We believe we have quite generous budgets in furniture and equipment in the Department of Emergency Medicine redevelopment. The figure for that is almost $500 000, but that is an element we can adjust if we were to receive higher tenders. We could look at reusing more of the existing DEM furniture than ideally we would like to.*

The Committee asked the witnesses to detail the art provision in the budget. Mr Cooper responded:-

We can confirm that the original budgets for the car park had an allowance for art in public buildings, but now we are into the project we have confirmed with Arts Tasmania that it does not meet the criteria, so we are not spending any on art in that project. On that specific question, no, we won't be. It will give us more contingency in the car park construction project should any unfavourable conditions arise.

Within this project we have gained an overall benefit. By combining the two projects together we reached that $80 000 cap, whereas if you had each project go out as separate projects over a different time frame it would probably have been closer to $140 000 or $150 000 that would have needed to be allocated. So combining the projects has been beneficial.

On the issue of art in public buildings, it is a mandatory requirement through Treasury. There is a lot of research that says providing a good, amiable facility rather than stark, white clinical walls also has its benefits.

Tendering

The Committee questioned the witnesses about the tendering process and in particular what scope, if any, there was to support local businesses. Mr Cooper responded:-

I think (the tendering process) will be fairly standard. It will be openly advertised in the three newspapers. There will be weighted criteria, given the value of the project. We want to make sure, particularly in a working environment, that contractors will do all the right things: put up dust-control systems, manage noise, manage the staging appropriately. We will be making sure they are part of the assessment and that the contractors will be capable of doing those things.

... I suppose our opinion is that the scale of this isn't going to attract a mainland organisation. The local building industry now is geared up very well for projects. The

construction value that will go to the market is $12 million to $15 million in terms of its capital dollars. There are probably around six or eight companies statewide that can quite easily manage that scale of project now. I suggest they would have a significant competitive advantage, being local, to any mainland organisations that attempted to come down and price it.

Efficient design

The Committee asked the witnesses to detail the design parameters proposed, in particular what energy-efficient measures have been taken, what the life-cycle energy costs of the building are going to be, double-glazing and insulation amongst other things. Ms Thompson responded:-

We are doing modelling and we are getting as energy-efficient a building as we can afford within the budget. We also have done an EST review of the building using the green star tool. Our buildings don't comply with the green star activity; it is too much of an extension of the existing building. The green star was just used as a guidance thing; we could not get a green star for this building because of the nature of the building and the existing conditions. We have worked through that and I think we are doing reasonably well. We will meet the regulatory requirements for the building and we will go beyond that where we can.

Mr Cooper added:-

Things such as putting in high levels of insulation we endeavour to do wherever we can. It's a fairly minimal capital cost so it is to the benefit of everybody to do that. The reality of this construction is that it is well ahead of the energy efficiency of the rest of the building. The department ultimately needs to bring the rest of the building up to the same energy efficiency as we are constructing now. That is a longer-term process that we have done. We have just undertaken an energy audit of the existing complex and identified a program of works, for which we are seeking separate funding to implement.

Ms Thompson concluded:-

In terms of carbon footprint reduction, that is a far more important process than what we're doing at the moment. We are doing the best we can, and I think we're doing very well.

"Remaining projects"

The Committee sought an explanation of the "remaining projects" referred to in the submission of the Department. Mr Cooper responded:-

There are a number of site infrastructure issues which we need to work through. The nurse-call system, for example, is on its last legs so under this project we're putting in the backbone for a whole new system. Ideally we would like to expand that system. There has been broad master planning.

Mr Austin added:-

Probably the next two key projects for the north-west are moving the pharmacy from the other end of the building - it is in the North West Private Hospital at the moment - and that is not a great thing for patients. It is a substantial walk if you're leaving the ward to collect your pharmaceuticals. Part of this overall master planning is moving the pharmacy. There is a saving in rental costs every year if we were to move the pharmacy. The master plan calls for the pharmacy to be by the front door, and in this development we have that space allocated for the pharmacy.

The next big project is the expansion of the outpatients area because it is woefully inadequate at the moment. If an extra consultant turns up from Hobart to run a session, we have to cancel sessions we already have programmed to fit them in. It is an absolute collision of space at the moment. That is not a very expensive project and a few extra rooms would make an enormous difference to the number of people who could be seen in the outpatient clinics.

Project 'life expectancy' and future demand

The Committee questioned the witnesses as to what was the anticipated 'life expectancy' of the proposed works and what was the projected demand for those relevant services. Mr Austin responded, "we see it as between 10-15 years". The following exchange then ensued:-

***Ms BROWN** - Standards and guidelines are upgraded all the time, so you can only raise to a bar and then the bar is raised.*

***Mr BROOKS** - We heard that Launceston will be at capacity in the next two to three years and the addition of services on the north-west will help alleviate that, given the flow of patients from Burnie. I think it is important it is on the public record what expectations and projections you have on increased potential. I know you can't place an exact date or number on it, but I'm just making sure we're not going to be back here in three years time.*

***Mr COOPER** - It is the other challenge with health. There is so much change, new drugs being created, new tools being invented. We could be back here in, say, 10 years time and instead of bunker spaces of the scale we need now we would probably get three in instead of two because of technology changes. That is probably the biggest problem we have; we can't predict what's going to happen so we need to create a space that is flexible for those changes.*

***Mr BROOKS** - And this addresses that as best you can?*

***Mr COOPER** - Yes.*

***Mr BOOTH** - Are the forward projections based on a population cohort across the whole of Australia or on the actual demographic of the north-west coast?*

***Mr AUSTIN** - It is based on a demographic of the north-west coast. There is quite strong growth in Circular Head and Port Sorell.*

***Mr BOOTH** - But in terms of age demographic and potential medical needs of that area?*

***Ms SIM** - Those statistics we have talked about today - 10 per cent growth, 10 per cent increase of incidence of cancer over 10 years. This is a rise from Australian statistics looking particularly at the north-west.*

Mr BOOTH *- Specifically for the north-west?*

Ms SIM *- Yes.*

Mr BOOTH *- So that takes into account the ageing demographic?*

Ms SIM *- Yes.*

Mr BOOTH *- Will you need a hospital that big in 20 years time?*

Ms SIM *- We have doubled the number of chemotherapy chairs in the new cancer centre. We currently have six and we will have 12 in the new design. We have added on two paediatric wings and an isolation room and separate treatment room, so we've tried to account for a doubling of the treatment we can provide.*

Mr BOOTH *- So it's well thought out in the view of you all, particularly the medical practitioners, that it's going to cater well for the needs of the north-west in the future?*

Ms SIM *- Yes. We have not just accounted for treatment. We know with a cancer journey a patient undergoes issues around prevention, diagnosis, treatment, survival and end of care. We have accounted for all those issues. We have a health promotion area, a wellness centre, support services, palliative care, occupational therapy, allied health, coordinators et cetera all incorporated into that building. Patients with cancer need to have all those services within that one building so we thought that through and thought about the flow and their needs.*

5. DOCUMENT TAKEN INTO EVIDENCE

The following document was taken into evidence and considered by the Committee:-

- Department of Health and Human Services - Submission to the Parliamentary Standing Committee on Public Works – North West Regional Hospital – Department of Emergency Medicine Upgrade and Cancer Care Centre Stage 1 Development - June 2012

6. CONCLUSION

This reference sought the approval of the Committee for the construction of the new North-West Cancer Care Centre and the redevelopment of the Department of Emergency Medicine.

The Committee accepts the evidence of the need for a comprehensive cancer care facility in the North-West of the State. The proposed new facility will provide chemotherapy treatment space; paediatric treatment areas; consulting rooms; palliative care base; teaching and education facilities; and a MRI scanner.

The new Department of Emergency Medicine will replace the current inadequate facility and will meet the increased community need by providing a contemporary major acute care centre.

The Committee recommends the project in accordance with the plans and specifications submitted at an estimated cost of $38.8 million.

18 July 2012
Parliament House
Hobart

Hon. A. P. Harriss M.L.C.
Chairman