T R A N S C R I P T

STANDING COMMITTEE ON THE ECONOMY AND INFRASTRUCTURE

Inquiry into infrastructure projects

Melbourne — 18 October 2016

Members

Mr Joshua Morris — Chair
Mr Khalil Eideh — Deputy Chair
Mr Jeff Bourman
Mr Nazih Elasmar
Mr Bernie Finn
Ms Colleen Hartland
Mr Shaun Leane
Mr Craig

Participating member

Ms Samantha Dunn

Staff

Secretary: Lilian Topic

Witnesses

Mr John Mulder, chief executive officer, and
Mr Peter Faulkner, executive director, Bendigo Hospital project, Bendigo Health; and
Ms Michele Morrison, chief executive officer, Exemplar Health.

The CHAIR — I declare open the Standing Committee on the Economy and Infrastructure public hearing. Thank you to our witnesses for being present today. Today we are hearing evidence in relation to our infrastructure inquiry, and this is to inform the third of at least six reports of the inquiry as we proceed through it. I will just remind you that all evidence taken today is being recorded and is protected by parliamentary privilege, therefore you are protected for what you say here today, but if you were to go outside and repeat the same things, those comments may not be protected by the same privilege.

Once again, thank you for your attendance today. I see you have got a presentation that you might like to take us through. To begin I might ask you to state your names, your titles and your relative organisations and then move on to your presentation. Then we will have some questions from the committee to follow.

Mr MULDER — John Mulder, chief executive officer, Bendigo Health.

Ms MORRISON — Michele Morrison, chief executive officer of Exemplar Health.

Mr FAULKNER — Peter Faulkner, executive director of the Bendigo Hospital project, working for Bendigo Health.

The CHAIR — Great. Who would like to kick off the presentation?

Mr MULDER — I will kick off if you like. Thank you, Chair, and thank you to the committee for the opportunity to come along today and provide you with an update on what we think is the largest and probably the most significant health infrastructure project yet undertaken in regional Victoria. I am joined by Peter, who is not only my executive responsible for the new Bendigo Hospital project but also chief nursing officer at Bendigo Health; and Michele Morrison, CEO of Exemplar Health, which is the company that was formed to bid for, design, build and finance this project and operate several of the services in the new building as well. Michele will speak to Exemplar Health's perspective on the project and Peter will run through some slides to give you a feel for the journey to date and also some recent images that will show you progress as to what has been achieved.

It is almost four years now since the Victorian government made a commitment to build a new hospital to replace the existing Bendigo Hospital and to service the people of Bendigo and the Loddon Mallee region. After an extensive expression of interest and tender process, Exemplar Health was chosen as the preferred bidder for that, and contracts were signed on 30 May 2013. At that stage a commitment was made by the Victorian government to deliver this new world-class hospital prior to the end of 2016, which has not got far to run. I am pleased to come here today and report that the commitment will indeed be met — the practical completion of the project is scheduled for next month and the building will be handed over to Bendigo Health not long after. Following the completion of a comprehensive transitioning and commissioning process, we will move patients into the new building after Christmas and treat our first patients probably in the last week of January, at this stage.

The building is a stunning piece of health infrastructure. Everybody associated with it is very excited and should be rightly pleased as to what we have achieved to date. I am also pleased to report that the delivery process for the project has been particularly uneventful. I do not think we have lost any days due to industrial disputation, unexpected site closures or delays. I am also very pleased to report that the cost of the project remains within budget. As we sit here today, I think we are close to about 50 per cent of the available contingency that has been used, and the rest remains available. And that is following the completion of the very substantial stage 1, which is the new hospital.

Stage 2 will start shortly afterwards, and that is the demolition of several existing buildings where the hospital operates across the road — across Arnold Street. That will allow for the construction of a large, multistorey car park, with a chopper landing on top, and also for a two-storey link bridge across Arnold Street — very similar to what you see in Grattan Street, linking the Royal Melbourne Hospital with the new comprehensive cancer centre. That work will take place next year. The third stage of the project is not funded, and I know Peter has a slide that he will speak to later on, in his presentation, about what we are hoping to do there. It is my pleasure to now hand over to Michele.

Ms MORRISON — Thank you, John. I am responsible for the consortium that consists of Capella Capital, Siemens, Lendlease and Spotless. It is a pleasure to be here today to present a brief update on the new Bendigo

Hospital project from our perspective. I am going to share with you some of the milestones we have achieved by working with Bendigo Health, the state government and the community on this wonderful new Bendigo Hospital project.

As you probably know, the Bendigo Hospital project is being delivered by the Victorian state government through a public-private partnership, and the state engaged our consortium, Exemplar Health, to design, construct, finance and commission the project, in addition to the significant role of operating the hospital for the next 25 years. We will be utilising Spotless to provide our full range of services in the operational phase. This operational phase consists of building management, utilities management, waste management, grounds and garden maintenance, pest control, cleaning, car park management, security services, portering services along with materials distribution. We are also very pleased to advise that we have already achieved an early milestone — we are now already providing all the food from the new hospital kitchen and the FM system. We met that milestone in July this year.

Much has happened since April 2013 when it was announced that Exemplar Health was the consortium that would deliver the new Bendigo Hospital project. The then Premier, Denis Napthine, turned the first sod in August of that year, and just a few months later construction work commenced. We had four cranes on the Bendigo skyline that all became familiar icons for the city, each of them fondly named by a local child through a competition. These cranes were photographed possibly more than any other construction site cranes in Australia. In January 2015, 60 new workers were inducted on the site each week, and at its construction peak we had 790 workers on site at the Bendigo Hospital project. By May 2015 the tower cranes were removed. Towards the end of 2015 we welcomed Premier Daniel Andrews, touring the site with local MPs Jacinta Allan and Maree Edwards.

However, now is the time that it is getting very exciting at the Bendigo Hospital project. We believe that the regional community in the central and northern Victoria region will be very impressed with what they find in their new, state-of-the-art hospital. Exemplar Health, utilising Lendlease Building, have designed and constructed a hospital that has been tailor made for Bendigo Health, and a significant number of hours have been spent by Bendigo Health's various departments, the state government and our Exemplar Health team to ensure that the right outcomes are delivered. We are very grateful to Bendigo Health and the state government teams for working so hard with us to ensure that we got it right. We have provided solutions that will anticipate the future needs of the Loddon Mallee region and that will create a world-class hospital.

Additionally, we have already provided significant commercial developments that include the Schaller hotel, a 128-bed hotel which was opened in 2014 — a hotel that has integrated into the community, works alongside Bendigo Health Foundation and has an alliance with Bendigo's very impressive art gallery. This year it achieved record occupancy numbers, and we are proud of its achievements.

Our childcare centre, Jenny's Early Learning Centre, opened in November 2014. After being awarded an overall accreditation rating of exceeding national quality standards in its first ever review cycle, it now has a waitlist for children in 2017. We are equally proud of our childcare centre.

We are also investing in public art. In collaboration with the Bendigo Art Gallery we have co-contributed to secure as a gift to Bendigo Health and the state government a significant piece of public art, and we recently announced Louis Pratt as our commissioned artist for the project's forecourt. We look forward to seeing his two sculptures being showcased in the hospital's therapeutic gardens adjacent to the Mercy Street main entrance in early 2017.

We are delivering retail opportunities. We opened the retail expression of interest phase earlier this year, utilising the ICN — industry capability network — which is supported by the Australian state and territory governments, to manage this process on our behalf. We also embarked on an extensive local advertising campaign to call for businesses interested in securing the retail tenancies available within the hospital. Exemplar Health, in conjunction with the state government and Bendigo Health, will be announcing the successful applicants in the next few weeks. Cafes, healthy eateries and retail gift outlets are all in the mix of the retail services that will be provided. Retail is spread across the two stages of our project, and more information will be announced in our upcoming press release.

We have developed strong community partnerships in the last four years. Our partnerships within the community are strong, and our project's community highlights include the work dedicated to this region's

heritage, including the Bendigo Chinese Association and the local Indigenous Dja Dja Wurrung Clans. As we move through the late part of this year and into 2017, further exciting projects will be revealed that will showcase our strong community collaboration. They include artworks, gardens and cultural symbols reflecting the history of the great Loddon Mallee region and its people.

We are funding a research project that is significant with regard to psychiatry services, and we are doing that with RMIT and Bendigo Health. We are funding the research that will take place from 2016 to 2018. RMIT have partnered with Bendigo Health to investigate what a hospital building and its design points feel like for those that use it the most — the staff, the patients and the supporters of those that will be in the psychiatric facilities. We look forward to getting the feedback from that study.

Next year, once we commence operations of the new hospital with Bendigo Health and the state government in early 2017, we will finalise the design and commence construction of stage 2, which will consist of a multideck car park, which will realise a total car parking capacity in the hospital precinct of approximately 1300 car parks; a conference centre, accessible to Bendigo Health, Spotless and the community groups; a vibrant and well-balanced range of retail outlets and hospitality services in stage 2; a helipad and a bridge link that will connect both medical and emergency staff and visitors to the hospital across Arnold Street; and an affordable accommodation hub that will offer 15 apartments — low-cost accommodation for families of patients that need accommodation.

Thank you. I will now hand over to Peter Faulkner, who will give you some more information and some pictures.

Visual presentation.

Mr FAULKNER — Chair, committee, thank you very much for the opportunity. We think this is a great project, and it is terrific to showcase it. I have got a few slides. If you think I am taking too long, please tell me, but we will try and get through it. If I go back to the first slide, just to give a high-level overview: it is a PPP, as we know. It is the largest regional hospital development in the state. It is a brownfield project; it is not a greenfield project. As a consequence it is quite complex, and there are a few challenges associated with that. There has been a substantial enabling works program which has achieved things not only for Bendigo Health but also for the Bendigo community, with the establishment of four new ambulance centres across the city of Bendigo, which has been a great outcome for the city.

Because it is being built within some heritage constraints we have had a parallel program for improving a number of heritage buildings and associated infrastructure. There is an integral demolition program. There has been substantial demolition take place to enable the program, running in parallel with the construction, and in stage 2 there is further significant demolition to occur.

We have been through two stages of design, so a very rigorous design process, which I think has not only enabled a very good outcome in terms of a workplace for our staff and a treatment venue for patients, but it has also enabled very good cost management of the project.

It does have the most expensive soft services — which Michele overviewed — of all Victorian PPPs, so we have gone a little bit further than others. The technical completion date is 14 December, and the scheduled commercial acceptance is 23 January. We have nothing to indicate that those dates will not be achieved. We hope that we might achieve them earlier, or certainly the technical completion.

Just to give a bit of an overview, it is 372 inpatient beds, 932 bed wards over three floors for the acute inpatients and 72 same-day beds/chairs. The emergency department, ICU and all of these services are significantly increased in capacity over what Bendigo currently has. Women's and children's: we provide birthing and maternity, a special care nursery and a children's ward. There are 11 operating theatres. Just to illustrate, currently Bendigo Health has 5 operating theatres, and we will be moving to 11, which is significant growth.

There is an integrated cancer centre. We are bringing together radiotherapy and medical oncology services, which are currently at either end of the existing hospital campus. So they are coming together, which really provides a very good outcome for cancer patients.

There is a large outpatient department. Uniquely we are bringing all of the psychiatric inpatient services in Bendigo into the acute hospital site, and we are delighted to be commissioning the first parent and infant psychiatric unit outside of the metropolitan area. We think that is a terrific benefit for our community, not only in Bendigo but also Loddon Valley more broadly.

Stage 2 has been highlighted — there is a multideck car park. Car parking has been a constant challenge with 700 workers turning up to work each day. So that has been a challenge for us. There is the link bridge and the helipad. The helipad is clinically a real benefit, both for patients coming in and for patients being transferred out. We think that is very important, and there are the commercial developments that Michele touched on in the stage 2 works as well.

The commercial developments I will not go over again, except simply to say that we are pretty excited and they have been very successful — at least those that have started.

Patient amenity and safety were two things that we focused on very strongly in the design process. Every inpatient room in the facility has natural light, which we think is a huge bonus for the amenity of patients. We have predominantly single rooms, but there are some twin rooms, and we have created a high-dependency room, which is essentially a four-bed room, on each of the wards, so that is an option between ward care and intensive care; it is designed as a four-bed room for a specific function. That is a great improvement on what we currently have. There are some great external views from the inpatient rooms — the best views in Bendigo. We have also worked very hard in the design process to separate patient and service travel. So trolleys and so forth go via their own pathways, as distinct from sharing them with patient pathways. We believe that improves amenity significantly.

We have real-time location services, so there is a lot of technology in the facility. There is mother-baby matching, so there is no risk of the wrong baby going out with the wrong mum — that kind of thing. We are using technology to support that and using technology to support identifying patients who might be lost, wandering or trying to elope for other reasons.

The hospital design evidence tells us that standardisation equals reduced error and reduced risk, so we have applied standardised design wherever is appropriate throughout the facility, even so far as to define that every storeroom in an inpatient unit will have the same items stored in the same place. So if a nurse is working in one ward today and a different ward tomorrow, they go to the storeroom and it will look and feel exactly the same. We know that that will reduce error. We have installed a very high-end nurse call system. I suppose the most relevant feature of that from a patient's perspective, but it is also very relevant for staff, is that it has two-way verbal communication. So patients can ask a nurse for a drink of water, for example, rather than ringing the bell, waiting for someone to come and then for them to go away and come back and so forth. That provides greater efficiency for our nursing services but also a great improvement, we think, for the safety and amenity of patients.

Technology: this is probably the most technologically advanced hospital in the state. We have 100 per cent wi-fi coverage within the facility. Technically they call it 'at telemetry depth', which means the wi-fi system will actually support patient monitoring. Patients who are being monitored for various reasons can wander the facility — perhaps go to the coffee shop — but still be monitored by clinical staff for changes in their vital signs. That is really important. Real-time location and nurse call, I talked about. There is extensive audiovisual equipment deployed throughout the meeting rooms in the hospital, and this gives us great telehealth opportunities to support our rural partner hospitals with clinical consulting support. There are patient-checking kiosks and patient-queueing technologies. We have autoguided vehicles, which is the picture in the bottom right — little kind of robot things. They slide under the trolleys, lift them up and move them around. Most of the bulk logistics movement is done by the autoguided vehicles. They have their own travel path and they have their own elevators, so they are not sharing the space with people, which we know from experience in other hospitals can be a real problem — when the machine tells you to hop out of the lift because they are getting in. That is pretty exciting.

At the same time, Bendigo Health is moving to electronic patient records. That in itself is a significant journey and a significant task. We have taken a two-stage approach. We are implementing in the first stage a digital medical record, which is essentially what I call the sort of 'form behind glass'; and the second stage is the electronic medical record, which actually has clinical decision support technologies embedded in it as well. We

will be tracking our theatre instruments, and many of our clinical equipment items are automatically interfaced to those records.

There are a number of sustainability features with the building. It has a green roof, there are 770 solar voltaic panels on the roof generating a significant amount of electricity and 95 per cent of the roof area is used to collect rainwater, so there has been quite a bit of effort put into sustainable environmental features in the facility.

Some photographs, because they probably tell a better story than I: this is the cleared site back in September 2013. Just to be clear, Bendigo's only ambulance station was there, Bendigo Health laundry was there and a few other buildings, so they were removed from site.

Then in January the building starts to be laid out and take shape. The cranes started to appear and the concrete infrastructure started to come out of the ground.

Continuing on — so that was January 2015. In 2016 that is what the building looks like. Largely you would say the building was complete when you look at it now, and construction wise it is. Of course hospitals are complex on the inside and it will take a bit to get going. That is the work that is in progress now.

In April some of the external infrastructure — the roadworks and so forth — are starting to take shape, and last week that is pretty much what it looked like. The roads that were put in place were temporary; they have been pulled out and new roads put in place.

We are looking at the facility from where that kind of crane boom is in the centre of the screen. That is pretty much the main street and the prime entrance. The roadway leading up runs into the main hospital street, and that street runs through to the other side of the building for the other entrance.

Mr MULDER — Just before you go on, just with that one before, it is a good slide to also show, straight up that road, the existing building, the existing hospital. The white building and the cream brick building; they are the two that come down where the six-storey car park goes. The chopper lands on top, and the bridge comes straight across the road.

Mr FAULKNER — Very good point. We are also looking at Monash University's clinical school to the right of the main building, and further to the right, out of shot, is the La Trobe University clinical school. There is also a vibrant academic precinct situated in the forecourt, largely.

Critical for us of course is the patient move. We have planned for this to occur on 24 January, which is the day after commercial acceptance. So we are not leaving a lot of time between getting the keys and moving in. We do have some go/no-go criteria that we need to satisfy before we will make the decision to move. We are planning to move all of the clinical services on the one day, so we estimate between 150 to 200 patients will move. We have put a lot of planning into this, including a full-day move simulation. So we actually simulated the move to make sure we could achieve it. All patients will move in a vehicle appropriate to their clinical needs. Even though it is very close, we think that being subject to the vagaries of the weather is something we would rather not do, so we have just planned for vehicle transfers for everybody. We will maintain continuity of hospital services for the Bendigo community throughout the move, and communicating with our community is key to success in this one.

The final slide I have is the stage 3, which is the retained building strategy as such. One of the outcomes — and John will probably add a few comments — of the project is that while it addresses many needs of the Bendigo community for health infrastructure, it does not eliminate all the risks that exist with retained buildings, and they are well documented and understood. The age of services infrastructure in retained buildings on the Anne Caudle site, which is not the current hospital site, requires intention. When I say 'intention', it requires investment, and that is a challenge. But once we move in we will have under-utilisation of good building stock on the current hospital site, and this represents a whole-of-life inefficiency of some magnitude. If we do nothing about it, we would estimate we would have something like 20 per cent occupancy on what is quite good building infrastructure.

Bendigo Health have prepared a retained buildings master plan. We have been working with the Department of Health and Human Services and seeking to fund a third project stage that would resolve those residual issues.

We had also approached the federal government support of this project element, but I think it is fair to say that at this point there has not been huge interest.

Mr MULDER — We are conscious that the Victorian government has been particularly generous in terms of the investment in Bendigo, but the main issue for us once we move is — the commitment was to build a new hospital including all of the psychiatric services, but those two main cream brick towers in that image up there remain. They are an issue for us. They no longer satisfy fire regulations, although we have got them as safe as they possibly can be. We need to find a strategy. So, yes, we have certainly been talking to anybody in the federal government who will listen to us about an opportunity to invest in such a fantastic project and be part of it.

Bendigo is unfortunate; last time we were one of few regional cities to miss out in the federal government's health infrastructure funding rounds, so we are looking forward to seeing what future infrastructure programs might be about to try and finish the project off and finish the site off. You would imagine that once those buildings are removed you will have the classic old 1850s buildings that have all been brought back to their former glory and a stunning new glass and concrete structure behind it, which is, as we quite unashamedly acclaim, Australia's first world-class regional hospital.

The CHAIR — Excellent. Thank you very much for that overview. It certainly is a very exciting development for, I think, the people of not only Bendigo but surrounding regions as well — the opportunities that are provided by the new hospital. I was hoping just to go back to the Anne Caudle Centre. You mentioned that some investment will be needed into that particular centre. I am wondering: is it still fit for purpose at this point, or what needs to be done?

Mr MULDER — At the moment the buildings that we are talking about — we refer to them as the towers; they are the key buildings — are 1950s buildings. The buildings on the Anne Caudle Centre were built as nursing homes in the 1950s, and they have some challenges in complying with current fire regulations, which have been well documented. From the moment that had been pointed out to Bendigo Health we have been working with government to try and find a solution. Until we move out of the current buildings on the acute hospital site we really do not have anywhere to go anyway. That is an opportunity that now gets presented next year.

At the moment in those buildings they have got 24-hour subacute care and ambulatory subacute, which we would call rehabilitation services, where people come back after they have had their total hip; they come in from the community. We have got a hydro pool there as well. Some of those services are 24-hour services, which gives us some comfort. Those patients will move into the new building, so there will not be patients there out of the 9-to-5 area or period of the week or of the day. But we do have on two of the floors, or three of the floors, a large dental service as well. The infrastructure plan and the retained buildings plan that Peter spoke of seeks to move all of those remaining services back across the road to the vacated Bendigo Health site, the Bendigo Hospital site, and demolish the current buildings. It will be a sensational plan. We would essentially be reversing what we have had on the two sites. Anne Caudle was always the subacute aged-care site. The Bendigo Hospital provided acute care. The two would reverse, and that would be a fantastic solution, but it is probably around a $50 million solution, so it is challenging in the current economic climate.

The CHAIR — You have mentioned some fire safety issues on the site. I am wondering if there are any asbestos concerns about the site. Is any asbestos present?

Mr MULDER — Could I say that there is absolutely no asbestos in the 1950s building? There is certainly nothing that is active or would present any concerns or issues. I am not sure that we could say we have removed every bit of asbestos from the building — there have been substantial eradication programs in all of our buildings over time, and some of that has involved making good or keeping safe and covering rather than removing. I could not tell you for sure, but I suspect there is asbestos still in some of those buildings on the Anne Caudle site.

The CHAIR — Certainly. In terms of the move to change the use of the buildings, that is only going to be coming about as a result of significant funds; that is really the only way that that is going to be able to occur?

Mr MULDER — Yes, we really could not move those types of services, the subacute rehab services, back across the road. The hydrotherapy pool needs to be rebuilt, so it will take a substantial investment. Without

investment we will continue to work out of the current buildings and leave the services where they are. It is just not possible to move into what are 30-year-old acute hospital wards and try and have them function as a subacute ambulatory centre.

The CHAIR — Do you currently have submissions before, say, DHHS to help with the funding of these moves, or is that something that is further down the track?

Mr MULDER — When you say 'submissions', there has not been a formal program as such, but we work very closely with the Department of Health and Human Services through the steering committee; they sit on the steering committee for the project with us. The department are very much aware of the challenges we have had with those buildings and are also aware of our efforts in trying to convince the commonwealth to invest in the project as well.

The CHAIR — Indeed. There were some commentary around bed numbers. I am just wondering how many inpatient beds you currently have at Bendigo Hospital.

Mr MULDER — I might let Peter have a go at that.

Mr FAULKNER — At Bendigo Hospital there is approximately — the direct comparison, if I can just draw a distinction between the hospital, the subacute site and the psychiatry sites, because they are all different of course. On the Bendigo Hospital site itself, beds and chairs, including emergency department bays and so forth, are in the order of 260. The psychiatric service is in the order of 56, I think, and that is across three sites. The subacute service, or the rehab wards, have 60 beds currently, and they will remain much the same. Most of the growth in the new hospital is in acute beds and services and psychiatry.

The CHAIR — I am of the understanding that the Travis review of Bendigo Health said that you are currently funded to operate 317 inpatient points of care.

Mr FAULKNER — Yes.

The CHAIR — Which of those that you mentioned would not have been included there?

Mr FAULKNER — Points of care. We are not relocating into the new hospital our renal service. The renal service will remain where it is. So that will be 12 renal chairs that are not relocating into the new hospital. In that points of care number there will also be day surgery chairs, which I have not included in the numbers that I have given you, Chair.

The CHAIR — So the new hospital, 444 beds; is that correct?

Mr FAULKNER — The new hospital has 372 inpatient beds.

The CHAIR — Inpatient, yes. And 72 same-day?

Mr FAULKNER — Yes, and when I say 372 inpatient beds, there are 72 same-day beds. There are 282 acute inpatient beds in that 372. So we do define in some other services those inpatients beds, the psychiatry beds and all of that as well.

The CHAIR — The 317 beds that were referred to in the Travis review, is that like for like in terms of the services that will be provided by the 372 inpatient beds? Are they comparable?

Mr FAULKNER — The Travis report would have included the same-day beds and chairs in that 317, and it would have also included renal, which we are not relocating and there is no expansion in the program for.

Mr MULDER — But it is fair to say that there is a substantial increase in acute beds, and it will be a long time before we would ever see that hospital at capacity. It is significantly larger than what we have to function with at the moment. The challenge will be more about funding and providing operating funds to open it and providing the workforce for the increase in capacity. It will not be about beds, sufficient theatre space, sufficient ED cubicles and ICU spaces. It is a significant increase in what we have at the moment, and as we told our community, we are building a hospital not for 2016 but for the next 50 years.

The CHAIR — Indeed. I think you read my mind, because that was my next question. Have you been given extra funding in the 2016–17 budget to open more beds or to cover other costs associated with the move to the new hospital?

Mr MULDER — Absolutely. The Department of Health and Human Services has been particularly generous. We have had our largest increase in funding year on year than we have ever had, and it is rare for a CEO to say it, but the biggest challenge and issue will be recruiting the staff, actually spending that money and doing the work. But we have had a very generous allocation — exactly what we needed — for the initial year of that new facility.

The CHAIR — Obviously there are three months or so until moving into the new building. I am wondering how many inpatient and same-day beds will be operational in that first period of the hospital being opened?

Mr MULDER — We can both have a go at this one.

Mr FAULKNER — Absolutely. Our current planning is essentially to relocate the total of our existing bed stock to commission one additional ward as growth. How much of that is utilised really depends on how much elective surgery is done and what the emergency demand is, because they are the two essential feeders of inpatient demand — emergency presentations and elective surgery activity. With the funding growth that John mentioned, that has gone to those two services, so we are targeting to do more elective surgeries, to tackle waiting list challenges and to improve emergency department access. So we think there will be demand, but there are 60 acute inpatient beds that we do not plan to utilise immediately. They will be for future growth and demand, and rightly so.

Similarly, the ICU, for example, is a 20-bed ICU. We would expect to utilise 50 per cent of that in the short term. The emergency department is pretty much double its current size. We will not use all of that capacity, but we will use some. Certainly the recruitment John refers to applies pretty much to those departments. One area where there is growth and where there will be additional activity is through the maternity service — through the women's services — so we do expect an increase in maternity demand. There is recruitment to support that as well — and psychiatry.

Mr FAULKNER — And with that, in terms of maternity and psychiatry, we will open regional Victoria's first parent-infant unit — a mother-baby unit — for mums struggling with postnatal depression. So that will be a big bonus to the community. That five-bed unit will open not long after the doors open. In addition to that, as Peter mentioned, there will be additional adult psychiatry beds that will be opened. That is a big pressure point for us at the moment, as well as aged psychiatry secure extended care. So we have a significant increase in psychiatry capacity.

The CHAIR — I was just hoping to go back to ICU. How many ICU beds are currently available in the hospital?

Mr FAULKNER — ICU is a bit tricky, because ICU runs ICU and HDU — high-dependency unit — currently, and it also has our cardiac care unit in it. We are currently funded, from memory, for six ICU beds. Now, that might mean that at any time we have got six ICU patients or potentially a mix of high-dependency and ICU patients, so you might have 10 patients in the unit. That is about its capacity. So it is a bit of a mix. Similarly in the new hospital it will also be the same in terms of operating both ICU and HDU together. So it is very hard to draw a direct correlation in bed numbers, because one nurse in HDU can care for two patients, and one nurse in ICU can care for one patient. But even with that said, we do not anticipate using the full 20-bed capacity in the short-term, and nor do we expect to. It has been future-proofed, we trust.

Mr LEANE — You mentioned the challenge in recruiting health workers and health specialists. How many more health workers are required due to your fabulous new hospital and the increased capacity that you have gained with it?

Mr MULDER — Sure. At the moment we run 3300 staff. Bendigo Health itself is a business of 6000 staff, volunteers and students. About 3300 staff is the equivalent of about 2200 full timers. We expect at full capacity this service would require another 1000 staff, mainly health professionals.

Mr LEANE — Wow!

Mr MULDER — In the early days, recruitment was around trained nursing staff and trained psych nursing staff as well. That is the key area of focus, as well as some early work around specialists. One of the challenges when you are given the opportunity to try and staff a new facility such as this is that you are never quite sure what your budgetary climate looks like. So you cannot rush out a year before and start having specialists sitting around, being paid significant money without the work. You can do a little bit of preliminary work, but until you sign your annual statement of priorities with government, it is very hard to make firm commitments to staff.

We had pretty good notice this year, so we are out in the market. We are doing what we can in Australia. It is likely we will have to be overseas for nursing, because there is a lot of growth not just across Victoria but right across the country; everyone seems to be growing. There are a few areas, and particularly psych nursing, where it is challenging to recruit, given the frontline challenges in psych nursing at the moment. That will probably have us overseas trying to fill those places, but it is a large number if we were to fill all of our psych beds up-front. There is significant demand. I think our team is telling me that something like 90 additional psych nurses need to come to Bendigo. That would be huge number, and we could never do that.

Mr LEANE — Do you complement that by bringing new entries in? Are you training nurses in other areas?

Mr MULDER — I will let Peter speak to that. He is our chief nursing officer as well.

Mr FAULKNER — Bendigo is well positioned and quite fortunate in many respects, particularly because of La Trobe University. They do nurse training in Bendigo, and they do support postgraduate psychiatric nurse training. So compared to some of our peers around the state we are in a reasonably good position as a consequence.

The ability to take new graduates is something that we always endeavour to do. We do not exclusively take graduates from La Trobe University; we take students and graduates from about 14 or 15 universities across the country, but the majority do come from La Trobe, so that is a benefit for us. That said, the reality is getting experience. The real pressure points are psychiatry, as John mentioned, perioperative theatre nurses — theatre and anaesthetic nurses are a pressure point across the system — and midwives also are a pressure point across the system. So, in spite of new graduates coming through, they do not necessarily have the requisite experience and postgraduate qualifications, so that is part of our challenge. But, as I say, compared to some of our peers we are in a very good place.

Mr LEANE — Yes. I imagine it is a challenge, but it is also an opportunity for the people that will fill those roles, so there is an opportunity going forward.

I have got one more question about construction, around challenges around obtaining skills as well. The government has got a pretty ambitious capital works program in health. There is the Joan Kirner, the Children's and the Angliss is getting an extension and then there is a heart hospital and the Maroondah breast care centre. I think, John, you mentioned in your presentation that the fit-out of a hospital is completely different to the fit-out of any other type of big construction. Was it a challenge to get the skills you need as far as the medical gases and the instrumentation and all that? Those particular tradesmen and women are very specialised, I have found. Was it a challenge to get those skills in? You can take it on notice if you want.

Ms MORRISON — No. We seemed to be proceeding with the construction of Bendigo Hospital as an appropriate gap in the market for those specialist skills. We were probably more concerned about potentially getting painters because of the apartment boom in the city.

Mr LEANE — Really? That is interesting.

Ms MORRISON — So, no, we have not had any problems getting labour at all for the hospital.

Mr LEANE — Good. So, as you said, there was a gap in that demand, so that you were in a good space at that time?

Ms MORRISON — Yes. When we commenced the structure there were not a lot of big structures going on, so we managed to secure one of the big Melbourne contractors. Most of our contractors have come from Melbourne as opposed to Bendigo. The Bendigo market priced it generally out of range for us, but a lot of the individuals have worked for the subcontractors that have been there. We also did not want to put the local market out of business, so we were very mindful of how we worked with the local market.

Mr LEANE — Yes. That is interesting around the painters.

Ms MORRISON — We have not had any problems with painters, I might say. We thought that it might be the backend that we had issues, but we have actually been fine.

Ms HARTLAND — A really interesting presentation. Thank you. There were just a few things that came up in it that I would like some more information on. With your helipad, what is the range of distance that people will come to you from?

Mr MULDER — In terms of what the range of the choppers are, a whole range of factors come into that, including what is happening in Melbourne at the trauma centres, what the weather conditions are on the ranges as well. I think that is why people are pretty keen, government was pretty keen and our medical staff are pretty keen to have an alternative north of the Divide. We certainly expect that we will get more traffic than we have at the moment, because at the moment if you require extensive care in a trauma centre, you go by ambulance to the current Bendigo Airport and then off to Melbourne — so the opportunity to get access to care earlier. There seems to be strong confidence in our emergency team, our surgical team and our ICU team as well. There are all of those sorts of factors. There may well be a little bit of the 'build it and they will come'; we expect that certainly through the front door as far as emergency and ambulatory patients go. Also with the chopper there as well we would expect more. In terms of how far they would go and range — —

Mr FAULKNER — The primary catchment for Bendigo Health is clearly Bendigo. The secondary catchment is the Loddon Mallee region, which really goes from Mildura and Swan Hill down to Kyneton. It is quite large — about 25 per cent of the state's geography, but not of the population, obviously. We would see that certainly as the kind of helicopter area. There is always a little bit of leakage of business from Mildura to South Australia, both by choice and by need. Other than that, we would have thought — apart from major trauma. The Alfred, the Austin and Dandenong I think are the designated trauma centres. For clear trauma, it would fly straight through.

The helipad from us will be equally about patient transfers out as for patient transfers in. There are very sick infants that need neonatal intensive care. We do not have intensive care; we have special care. We are a level down, so there is always transfer of very sick neonates to metropolitan hospitals. Similarly for some burns and so forth might arrive at Bendigo but be transferred to the specialist units in the city. From our perspective, it is as much about transfers out as it is transfers in.

Ms HARTLAND — Have you got any sense about how much time it is going to save from, say, a car accident to actually getting treatment?

Mr FAULKNER — Yes. As John said, currently what would happen is a helicopter would land at the Bendigo Airport and transfer. Assuming everything else is equal, with the transfer from road from the airport, usually the most time-consuming part is not actually the road journey; it is the preparation of the patient for that little transfer. For example, in our planning for our move, it will take about 2 minutes for an ICU patient to go from one hospital to the other. It takes 30 to 40 minutes to get the patient ready to move. So for those very ill and unwell people, those things are tight.

Assuming the patient is in the ambulance, it probably takes 20 or 25 minutes out of that journey just to be able to offload them from the helicopter and run them across a bridge over the road. In those time-critical cases, that can be all the difference of course.

Mr MULDER — And then the road journey, depending on traffic conditions in Melbourne, could be a huge difference. I am not sure how long a chopper takes to fly 110 kilometres as the crow flies, compared to sitting in Melbourne traffic.

Mr FAULKNER — Not long. They are pretty quick.

Mr MULDER — It could be 2 hours versus 30 minutes.

Mr FAULKNER — Most of those transfers for us, unless they are absolutely time critical, go by road from Bendigo to go to Melbourne, so that will be a substantial improvement. I think that is, as John rightly points out, where the real benefit for patient care and patient outcomes will be — more rapid transfer from Bendigo to specialist services in Melbourne.

Ms HARTLAND — I am particularly interested in the IT services, especially around patient records. One of the things that we constantly hear from GPs is around discharge notes. Does this mean you are going to be able to send the GP electronically discharge information, and to the chemist?

Mr FAULKNER — Yes, certainly via the national health record. We have also been successful, which we did not mention in the context of the project, in an e-referral project that we are piloting at the moment. That is essentially about inbound information from GPs, but clearly the technologies enable us to do outbound communications as well directly. That is certainly part and parcel of what our journey is about — improving that. Currently we would send a fair swag of our discharge summaries electronically.

The real issues are of course at the practice end, both for referrals and for discharge summaries and integrating them into local records. Certainly the e-referral project is one that enables the GP to send the referral from within their practice software rather than having to go out and use our dedicated software and so forth. We think there will be significant advantages in that. But e-health is complex.

Mr MULDER — The goal certainly is to have an electronic medical record that all players in the system can tap into in real time through a health information exchange, which sounds great in theory no matter what system you are running. It is going to tap in; it is going to read this data perfectly. In theory that is our goal in time, and we hope to get there. We see it as the next great frontier in quality and safety in health care. When we designed this hospital we felt that we could not call it world-class unless it had a fully functioning electronic medical record, and the safety that will come with that will be fantastic for our patients.

Mr FAULKNER — And from our point of view the communication with other regional hospitals is equally as important, and sometimes more important, than the communication with the general practitioner. Often people are more unwell and more time critical, so we are very keen to see a regional outcome, not just a Bendigo outcome.

Ms HARTLAND — One last question on the issue of your solar panels: I am from the Greens, so I have to ask about solar panels. Have you done any kind of calculation on what it costs to install, how much power it will actually supply and what the savings are over, say, a 10-year period?

Mr FAULKNER — I would like to say yes, but I do not know. Michele, I do not know, because it is really in your domain.

Ms MORRISON — We have done lots of modelling. We have not defined the outcome, but we are actually going to present how we are performing with energy savings in the main street of the hospital.

Mr FAULKNER — In real time.

Ms MORRISON — So the environmental sustainability emissions on our building will be on display. Obviously we will manage how that is released to the public. We have already agreed on what our starting position on day one will be, and then as the benefits are realised we will be reporting on all of that. So I cannot answer your question specifically, but we will be able to as the hospital unveils itself in future years.

Ms HARTLAND — In a year's time?

Mr MULDER — We did set out to build one of the greenest hospitals in the country, if not the greenest hospital. I have been up on the roof, as has Peter, and there is no space for another panel up there.

Ms MORRISON — No, there is not.

Mr MULDER — The whole roof is covered in panels.

Ms HARTLAND — Impressive. All right.

Mr FAULKNER — They are big ones from an electrician's perspective.

Ms MORRISON — 770s.

Mr FAULKNER — 770s; that is right. There are 700 of them, but they are two thingos not one thingo, or whatever that might be.

Ms HARTLAND — If we look at the South Australian situation with total blackout across the state, then you would still be able to operate your emergency generators, or do you have battery storage?

Ms MORRISON — No, we have a DRUPS system, which is a diesel generator backup, because Bendigo Hospital is only on one electrical supply grid. Most of the CBD hospitals have two supplies, so one will kick in. Our DRUPS will kick in within 2 to 3 seconds, so if you are a patient on the table in the middle of surgery, you are safe. And that has been tested, tested and tested, and we have tested it again.

Ms HARTLAND — I have seen the criteria for testing at some of the big metropolitan hospitals, and it is quite an amazing process.

Mr FAULKNER — There are generators of course, but the DRUPS bridge the gap between the power outages. When I first came on the project I had no idea what a DRUPS was. I have now learnt that most engineers get really excited by them. It is the diesel rotary uninterrupted power supply; that is the non-acronym description. There are only two places — I think there is a prison in WA and this hospital — that currently have them in the country.

Ms MORRISON — With the same capacity that we have.

Mr FAULKNER — Yes, so it is a particular advance.

Ms HARTLAND — I would be fascinated to keep in touch and just hear about how that is going.

Mr FAULKNER — No worries.

Ms HARTLAND — Thank you.

Mr ONDARCHIE — Michele, Exemplar has been operating across Australia and across the globe and has lots of experience in this sort of thing. Does building a major piece of infrastructure in Victoria change the risk profile as against other states in Australia?

Ms MORRISON — Interesting question. I certainly have had to spend a lot of time with my shareholders since the east–west link situation, explaining that Victoria was safe to invest and welcoming my investors with cuddly arms. But there was a lot of management that we had to do off the back of that. I am suspecting it was not just our consortium and our Capella Capital team that did that.

We have been equally successful in completing Sunshine Coast University Hospital up in Queensland, so we are pleased we are breaking some of the hospital trends, certainly the one that is happening in Adelaide at the moment. And no, we do not think there is a profile risk for Victoria at all.

Mr ONDARCHIE — What did your investors say to you off the back of the east–west link?

Ms MORRISON — I guess it was such a surprising decision from a precedent perspective that there was concern. I was certainly on my way to Germany very quickly after that decision to give my Siemens investors a big hug. Since then we have got a new investor on board that bought out some of the Lendlease investment infrastructure ownership of First State Super, and no, everyone is very happy to be investing in Victoria and we would welcome more opportunities.

Mr ONDARCHIE — I think it is a common phrase issued by investors across the globe about looking for opportunities in Victoria. In saying that, though, one of the issues that the construction industry has faced around Australia is that rising dispute that is happening on construction sites at the moment, particularly in Victoria, where we are seeing bullying and aggressiveness by the CFMEU. Was this factored into the costs of this hospital when you were working through your work plan?

Ms MORRISON — I am sure Lendlease Building probably costed something into that, but we have had no issues at Bendigo.

Mr ONDARCHIE — No, I understand that, but do you think there might have been some costing into that?

Ms MORRISON — I am guessing that our builder, because I am not into that much to do with our builders because they price to us, would have had something in there because with the recent EBA negotiations there was a little bit of concern that there might be impact Australia-wide, but we have had no impact.

Mr LEANE — They make money on it.

Ms MORRISON — Yes, builders on time.

Mr ONDARCHIE — Just one other thing while I think about it, Michele, in your presentation you talked about delivering the project on time. Is it on, under or at budget?

Ms MORRISON — We are on budget.

Mr ONDARCHIE — On budget. Okay. You will not find any little bit in there either way?

Ms MORRISON — We are a public-private partnership, so our modelling and our financial modelling is pretty set from day one, and we are on budget.

Mr ONDARCHIE — John, is the multistorey car park going to be operated by the hospital, or have you outsourced the operation of that?

Mr FAULKNER — Yes, I will answer that. The management of the car park is outsourced to Spotless, so they have obligations to manage it on our behalf. That said, they operate it in accordance with our requirements and our principles of operating, and they collect the car park revenue on our behalf. We receive the revenue, but they do the management.

Mr ONDARCHIE — How was the operator selected, Peter?

Mr FAULKNER — The operator for — —

Ms MORRISON — It is us; it is our consortium. So it was decided on the PPP deal.

Mr ONDARCHIE — What is the expectation of annual revenue from the car park?

Mr FAULKNER — That is something that I have not concerned myself with.

Mr MULDER — It comes on in stages, and this is a little bit challenging. Initially, how many car parks underneath the hospital are we opening up?

Mr FAULKNER — There are about 130 approximately underneath the hospital.

Mr MULDER — Some of those initially will be set aside for medical staff — they all pay — and there will be some public access under there as well, but the large part of the car parking solution comes on when the multistorey building is built next door, so that is several years out. We would have to take that on notice to give you some detail around what the revenue models look like. We expect it will be close to capacity. It has been one of the big issues in terms of our detailed community consultation. The community has said, 'Yes, we're keen on seeing new services come to town and new consultants in town', but car parking is a big issue in a community the size of Bendigo and a growing complexity around the hospital precinct.

Mr FAULKNER — Parking rates will be context sensitive. The Bendigo community does not sustain metropolitan parking rates.

Mr MULDER — If you come and visit us, you will think they are very cheap, but not everyone thinks that.

Mr FAULKNER — Not everybody agrees, though.

Mr ONDARCHIE — Similarly then, Peter or John, how were the array of food and beverage outlets selected? What were the criteria for selecting what goes into a hospital?

Mr MULDER — Michele has just been through the tender process. If we are talking about the commercial, the Spotless contractor provides all of our inpatient food services —

Mr ONDARCHIE — I understand that; I am talking about the retail.

Mr MULDER — and a range of other retail outlets.

Ms MORRISON — That is also part of our contract to deliver. We have just recently concluded the process, and we are waiting for the minister to sign the leases. Basically we are complying with the government's healthy guidelines and coming up with a mix of, I guess, retail outlets that Bendigo was interested in. We invited Peter to join us for interviews just to make sure that he was happy with the process and the journey we were going on.

Mr ONDARCHIE — Okay. So the decision on those tenders — actually, were they tenders?

Ms MORRISON — Yes, we had a detailed expression of interest — or EOI — process, and then we short-listed 22 to take to tender. Those tenders closed probably two months ago, and we have just finalised. The consortium and the successful tenant have signed the leases. We are just waiting on the minister's signature and the minister's advice on whether she wants to announce or how she wants that managed.

Mr FAULKNER — We had indicated that from Bendigo Health's perspective there was a requirement for food and beverage outlets for both staff and patients and that we expected there would be the kind of gift shop function represented somewhere.

Mr ONDARCHIE — Flowers.

Mr FAULKNER — Yes, absolutely. We were not overly prescriptive beyond that to any great degree. I countenanced that there may have been a retail pharmacy, for example, but our prime concern was feeding our staff and visitors.

Mr ONDARCHIE — So is that tender process, if I am reading it right, a decision that was taken by the executive and then taken to the minister? How does that work?

Ms MORRISON — It was a process. We ran a process that was totally transparent to the state and Bendigo Hospital, which is how we have run the project. We went through the process. We used ICN, which is a government-subsidised agency, and we did that consciously because we wanted a very transparent, independent process. I am aware that sometimes retail does not happen the way it should, so we ran a very tight, structured process. Then we short-listed, and I then made recommendation to Bendigo Health and the state government. The state government were basically happy if Bendigo were happy, so we recommended the outcome, which was accepted, and proceeded with preparing lease documentation.

Mr ONDARCHIE — Thanks, Michele. So, was the decision on the successful tenderers made by the Bendigo Health executive or the Bendigo Health board?

Mr FAULKNER — No, by Exemplar Health.

Mr MULDER — Just to get this clear, this is the builder's space and Exemplar Health's space.

Ms MORRISON — So it is Exemplar's space, yes.

Mr MULDER — We were delighted to be invited in and consulted. That was really the extent of our involvement. We were asked, 'We're running this tender process; do you have any issues with the people involved?'. Our comments were taken on board, but at the end of the day it was really an Exemplar Health decision as to who they were going to lease to, but it was certainly with Bendigo Health's support. But unlike the car park, we do not collect the revenue. That is Exemplar Health's space.

Mr ONDARCHIE — Just talk me through that for a minute, then, Michele. Exemplar Health make the decision on who they want to rent their space to.

Ms MORRISON — Yes.

Mr ONDARCHIE — Why then does it go to the minister to sign off?

Ms MORRISON — Because ultimately this hospital is handed back to the government at the end of 25 years, so we need to get the permission to sign the lease from the minister before we can sign the lease. I now have the leases ready to be executed, but until such time as the minister signs off on the lease to approve us leasing, we have no lease.

Mr ONDARCHIE — So the minister's office will not be involved in who decides who the tenants are.

Ms MORRISON — Correct.

Mr ONDARCHIE — That is already done by Exemplar; is that right?

Ms MORRISON — Yes, so that decision has been made.

Mr FAULKNER — The minister essentially signs off as landowner.

Ms MORRISON — Correct.

Mr ONDARCHIE — Yes, okay. I get that then. So are those organisations that are going into the retail space Victorian businesses that are going in there?

Ms MORRISON — It is a Victorian business, and it is a business that is currently operating in 60 other hospitals in Australia.

Mr ONDARCHIE — Sixty, did you say?

Ms MORRISON — Yes.

Mr ONDARCHIE — Okay. So there will not be individual tenants. There is one head tenant; is that what you are talking about?

Ms MORRISON — Correct. We have one head lease arrangement.

Mr ONDARCHIE — So the gift shop and the flowers and the pharmacy and all that might be subbed.

Ms MORRISON — Yes. We actually opened our expression of interest for individuals and consortiums and multiples to sit across the top on our head lease, or what I term as shopping centre type lease arrangement, and to be honest I did not know which way it was going to go until it closed, but there was one stand-out winner.

Mr ONDARCHIE — Okay, thank you. How many jobs do you think there will be as a result of all that?

Ms MORRISON — One hundred and sixty will be the total for stage 1 and stage 2. We will be offering 25 existing hospital employees preference. Some of the hospital employees that are part of the transfer to the Spotless arrangement have been working in cafes, and we have agreed with the new tenant for the retail that they will offer 25 people — I think it is 25 — a first opportunity to work for these people, and if they choose to work for them they will just be accepted. That will be down to the individual employees' decision.

Mr ONDARCHIE — Opt in or opt out.

Ms MORRISON — Opt in, or they can go to Spotless.

Mr ONDARCHIE — Okay, all right. Peter, you made a really interesting comment when it came to the car parking about what the price point is that locals will tolerate. Does the same rationale apply to the retail outlets to make sure there is not price gouging in a captured market?

Mr FAULKNER — That is something that Bendigo Health has no control of other than market forces setting the price. It is pretty much — —

Mr ONDARCHIE — It is not really market forces when there is one head tenant, though, is it?

Mr FAULKNER — Currently we operate our own cafe as such, and I think it would be fair to say that our prices are comparable to what you would pay anywhere else, either in Bendigo or elsewhere. There may be 20 cents or $1 difference on some items, but generally that is tolerated; pricing for car parking is not.

Ms MORRISON — No. I pay more for my coffee in Bendigo than in Melbourne.

Mr ONDARCHIE — How do you feel about that?

Ms MORRISON — Well, I am grateful to get a coffee when I want one.

Mr ONDARCHIE — So it is not price sensitive, then; is that what you are saying?

Ms MORRISON — I do not believe so.

Mr FAULKNER — No, I do not think so. Car parking is a different matter.

Ms MORRISON — Yes. Bendigo's cultural, restaurant and I guess retail opportunity — certainly in the restaurant area — is pretty high standard.

Mr LEANE — There would be more than one florist in Bendigo, then?

Mr FAULKNER — Yes indeed.

Mr ONDARCHIE — Yes, but there is only one at the hospital, though.

Mr LEANE — Yes, but — —

Mr ONDARCHIE — If you are coming to the hospital, there is — —

Mr LEANE — The hospital is not far; the hospital is actually in Bendigo.

Ms MORRISON — Yes, it is.

Mr LEANE — So if you were worried about prices, you could just drop into one of the others.

Mr ONDARCHIE — I am just concerned about the consumers, Shaun. Sorry about that, though. I am sad you are not, but I am.

Mr LEANE — I think you are overly concerned about too much.

The CHAIR — I am concerned about Mr Finn not asking any questions yet, so we might go to Mr Finn.

Mr FINN — Thank you, Chair, and I thank the witnesses for coming in today. It is very informative indeed. In May of this year Frances Diver advised PAEC that any issues of flammable cladding at Bendigo Health had been assessed and resolved. Can you tell us: was the new hospital built with flammable cladding?

Mr MULDER — I think it is a short answer, but I will let you answer that one.

Ms MORRISON — There were actually six very small incidents of it having been installed, and it was removed as soon as we were made aware of this issue.

Mr FINN — So has the issue, the matter, been resolved?

Ms MORRISON — Yes.

Mr FINN — Very good. What was the cost of that resolution?

Ms MORRISON — It was not a cost that I had any visibility of; it was something the builder paid for.

Mr FINN — Okay, fine. On the issue of electronic and medical records, what funding have you had from the state government — and I am not sure who I should be directing this to — for an electronic medical record, and when did you receive that funding?

Mr MULDER — Funding from the state government has been part of this overall project. We have had a contribution of $18 million to go towards the electronic medical record that we have selected. That is a

contribution that will represent around about 30 per cent of the cost of the installation of that medical record and its operation.

Mr FINN — Thirty per cent, did you say?

Mr MULDER — Thirty per cent, over a period of 10 years. The total cost to Bendigo Health over the 10-year period is around $56 million.

Mr FINN — Where would you be getting the rest of that 70 per cent?

Mr MULDER — There is an extensive business case with a benefits realisation plan around that, and we expect to achieve a range of savings over that time. One of the challenges with the EMR, the electronic medical record, of course is that many of the benefits are patient benefits and care benefits and outcome benefits. They are not what we call bankable benefits; they do not result in cash. So it will be a challenge; we do not doubt that. But we could not call ourselves a world-class facility without electronic medical record. It is one of those real challenges in health at the moment that we had to take on.

We would like to be a little bit more certain around our savings, finding the last $38 million over that 10-year period. We are trading well at the moment, we expect to continue to trade well and we expect there will be money that will present in bankable savings in terms of going from a paper-based record — running those records around, filing costs, a range of other things associated with a paper-based record — but they will not be to the tune of $38 million. We would love to be paid for some of the care that we avoid due to reduced medication errors and due to other improvements in care and reduced length of stay. That is not how the system is funded at the moment, but it is a challenge we do not underestimate.

Mr FAULKNER — What I would add is that, in terms of Bendigo Health's statement of benefits realisation requirements of this project element, we take it very seriously. We have a very developed benefits realisation plan, we have assigned executive responsibility for every benefit that will be realised and we have submitted that benefits realisation plan to an international benchmarking group, who fed back last week that they thought it was the best they have seen. So we have got as much confidence as we can have that we have a system to ensure delivery of the benefits, but as John rightly points out many of those benefits will in fact benefit the Bendigo community, general practice and others outside of Bendigo Health and will not result in moneys at the bottom line.

Mr FINN — Has the government given any indication it might kick in a little more than the $18 million that it already has?

Mr MULDER — The government have essentially indicated that they will be prepared to support us with cash if we have challenges over the early years. For example, we expect the benefits to accrue more in the later years, so in the first five years we will spend the $18 million up-front and we will need to put some of our own cash in there as well. If we have not returned the benefits we are hoping to over years 3 to 6, we have had a commitment from the Victorian government. I think up to $12 million was the figure if we needed it. So there is cash support over that period, but we are all expecting to get a return on the benefits realisation. Hopefully that money will not be needed.

Ms HARTLAND — Just one further question on the water savings. I should have asked this before. Can you talk about how much water will be collected and what the savings will be because you have been able to establish those systems?

Mr FAULKNER — Do you know the capacity of the tank farm, Michele?

Ms MORRISON — No. I know our tanks look safe after the incident at the Sunshine Coast, which was horrible.

Mr FAULKNER — The builder has installed what they call a tank farm, so quite a capacity. Off the top of my head I do not know the actual capacity. What we do know is that, as I indicated, 95 per cent of the rainwater will be recycled. As to volume, I am happy to take that on notice and provide a response.

Ms HARTLAND — That would be really good. And what it will be recycled for, whether that is for flushing of toilets or whatever processes.

Mr FAULKNER — Yes, okay.

Mr MULDER — We are certainly doing a lot at the moment. One of the other benefits we have in Bendigo is — —

Ms HARTLAND — Is a lot of water.

Mr MULDER — Well, I am not sure that there is another regional health service that has a direct recycled line into their local water supply. Coliban Water run a recycled line through the Bendigo Hospital site, so we have had access to that over time. One of the real benefits and one of the goals is to build a tranquil environment in this new hospital. So there are a lot of open space, a lot of courtyards and a lot of greenery. In the climate that we have had for the last few years — not this year, but for the last few years — access to recycled water was going to be one of the key components to make that happen, so that is certainly in place.

Ms HARTLAND — I would be really interested to hear how that is going to work. That would be great.

Mr ONDARCHIE — I want to come back to the car parks for a minute, Peter, John and Michele. The Victorian Comprehensive Cancer Centre and the Royal Children's Hospital have had their car parks in part funded by Treasury loans, to be repaid by the revenue stream that comes out of those car parks. Has a similar Treasury loan or facility been made available to Bendigo Health to finance a car park?

Mr MULDER — The short answer is no, but also we have never asked for one. Had this project been a traditional capital works build and not a PPP, there is every indication it would not have included parking and it would have been an expectation that we or the community pay for their own parking, but given it was a public-private partnership and the overall scope of the project included parking, there was not that necessity to treat it separately and go to government and ask for a Treasury loan.

Mr FAULKNER — Michele, you might want to add. The nature of the PPP was that the short-listed consortiums advanced their bids. I think at that time both included helipad options. One I think was on hospital. That adds significant cost and issues to construction in terms of vibration, strengthening the infrastructure and so forth, to have a helipad on top. You also have diesel fume intake issues to address and so forth. So the way we have seen it from Bendigo's perspective is that this consortium came forward with a proposal for the helipad off hospital site, which provided then benefits in hospital construction but also gave the opportunity for a car park construction as part of the proposal, which was quite attractive.

Ms MORRISON — Yes, I think that part of our value-add and one of the benefits of the PPP model is not only the car park but the hotel, the childcare centre, the extensive landscaping and gardens and the additional work that we are providing with the conference centre and the retail, which is something that is extra, over, that will be of benefit to Bendigo Hospital and an asset that is left with the state government at the end of the term. So I think that is one of the reasons why we got the job.

Mr ONDARCHIE — And it should be finished in a couple of years time, we think.

Ms MORRISON — The completion date is 30 June 2018.

Mr ONDARCHIE — You are going to need those cash flows as soon as you can.

Mr LEANE — I would imagine that the whole Bendigo region has sort of been advocating for a facility like you are about to open in coming months. What does it mean for the greater Bendigo region community? Will it mean that people might not have to travel to Melbourne for medical services or operations that previously they would have had to?

Mr MULDER — Absolutely, and one of the key criteria was access. We could not call it a world-class facility unless we had self-sufficiency, and there we talk about catering for the needs of our own. So our plan is to ensure that unless it is major trauma, specialist neonates —

Mr FAULKNER — Transplants.

Mr MULDER — transplants — high-end medical specialist procedures, you will have all of those performed for you in your local region. So this is a hospital not just for Bendigo but for the whole Loddon

Mallee region. We have certainly sold it that way, and we have tried to get ownership and support for it right across the region, and so far it has been evident that people are responding particularly well to it, really looking forward to it. As I say, I suspect it will be a case of build it and they will come. Up until now we have struggled. We run a very efficient hospital at the moment. There is no greater way to make a hospital efficient than to have it too small, so some days there might be three people in the one bed — hopefully at different times.

Mr ONDARCHIE — That is interesting. How you hold your management meetings is your business, John.

Mr MULDER — So it will be an enormous relief to the community, but also a challenge too. This building is two and a half times larger than what we currently operate out of. Somebody told me we have got 96 toilets at the moment; we go to 619. They all need to be cleaned, and the building needs to be heated and cooled. It will be challenging in certain areas and aspects, but it is a challenge that we are delighted to have. It is a hospital for the whole Loddon Mallee region, and they are really looking forward to it coming.

Mr LEANE — We have spoken about that challenge before, but I suppose that challenge and opportunity include extra maintenance personnel for the heating and cooling, health workers and workers who do the cleaning and the linen. So there are job opportunities I suppose not just for people at the high end of medical expertise but also in support as well.

Mr MULDER — Absolutely. As I say, there will be about 1000 additional jobs for Bendigo when it is fully operational, but they will come on over the next two decades.

Ms MORRISON — We are transferring over 296 equivalent staff in the cleaning and maintenance areas, and Spotless are already recruiting another 100 people at the moment on top of that.

Mr LEANE — I was going to ask a dumb question, because I was going to say: 'Most of them will be local', because you would not be working there anyway, would you, in that sort of role?

Ms MORRISON — Some of them we may track from somewhere else because we will be getting close to the capacity of Bendigo between us by the time we put these extra people on.

The CHAIR — Thank you very much for your evidence today. We certainly very much appreciate you coming along. This is an exciting opportunity for Bendigo, so it is great to hear from you all about it. You will be provided with a transcript of today's evidence for proofreading in the coming days, and that will ultimately make its way onto the committee's website, but once again thank you for your attendance today.

Witnesses withdrew.