



South Burnett Regional Council

Minutes

Of The

Special Council Meeting

Held in the Warren Truss Chamber, 45 Glendon Street Kingaroy

On Thursday 21 January 2016

Chief Executive Officer: Gary Wall

Our Vision

"Individual communities building a strong and vibrant region."

Our Values

- | | | |
|----------|---------------------------|---|
| A | Accountability: | <i>We accept responsibility for our actions and decisions in managing the regions resources.</i> |
| C | Community: | <i>Building partnerships and delivering quality customer service.</i> |
| H | Harmony: | <i>Our people working cooperatively to achieve common goals in a supportive and safe environment.</i> |
| I | Innovation: | <i>Encouraging an innovative and resourceful workplace.</i> |
| E | Ethical Behaviour: | <i>We behave fairly with open, honest and accountable behaviour and consistent decision-making.</i> |
| V | Vision: | <i>This is the driving force behind our actions and responsibilities.</i> |
| E | Excellence: | <i>Striving to deliver excellent environmental, social and economic outcomes.</i> |

SOUTH BURNETT REGIONAL COUNCIL MINUTES

Thursday, 21 January 2016

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 - 2.1 South Burnett Private Hospital..... 1

Minutes of the Special meeting of the South Burnett Regional Council, held in the Warren Truss Chamber, 45 Glendon Street Kingaroy on Thursday 21 January 2016 at 9.01am

PRESENT:

Councillors:

Cr DW Kratzmann (Mayor), Cr KM Campbell, Cr KA Duff, Cr BL Green, Cr DJ Palmer, Cr DP Tessmann, Cr RLA Heit

Council Officers:

Gary Wall (Chief Executive Officer), Lester Schumacher (General Manager Finance), Peter O'May (General Manager Corporate Services), Russell Hood (General Manager Infrastructure); Phil Harding (Manager Economic Development)

1. Leave Of Absence

Nil.

2. Business

2.1 South Burnett Private Hospital

Summary

The South Burnett Private Hospital is owned by South Burnett Regional Council through its wholly owned company South Burnett Community Hospital Foundation Limited which is a not for profit company with charity status. This limited by guarantee company manages the Hospital building and operating licence. Funds donated to the charity are used to purchase hospital equipment.

Pulse Health who hold the operating licence for the hospital ceased operations on 30th June 2015. Pulse Health have kindly agreed to keep the licence open until 31st March to allow Council time to find another operator and transfer the licence, however they have advised they will need to cancel the licence after that date.

The hospital remains open today with the provision of specialists consulting services through a reception function managed by South Burnett Regional Council. QML also still operates from the building.

Council sought expressions of interest from other hospital providers to take over the hospital operating licence. Interest was expressed from a number of providers and various levels of due diligence were undertaken by interested parties. Discussions have been held with four (4) hospital providers from, Brisbane, Toowoomba and Bundaberg. Interest was also expressed from five (5) Day Surgery Operators.

In addition Council received written and verbal submissions to conduct a range of activities at the building for:

- Rural Health Clinic
- Day surgery GP Clinics
- Dial a Home Doctor
- Physiotherapy

My main focus for the last six months has been to try and get the hospital to reopen. As late as last week I was still talking to a major provider from Brisbane who had expressed an interest early in

December. Despite a lot of work and effort I have been unable to obtain an operator who is willing to take over the hospital or day surgery to manage it on Council's behalf. Consequently Council has been looking at the option of operating the hospital itself.

As part of the process in determining the viability of Council running the hospital, we engaged Ernst & Young to model the financial business operation of the South Burnett Private Hospital based on information obtained from Pulse Health, Qld Health, Industry Benchmarks, Private Hospital and Day Surgery Operators and other medical specialists.

The following options were presented from the modelling undertaken by Ernst & Young;

1. Council to Operate a full private hospital – under licence to Qld Health
2. Council to Operate a hospital day surgery – under licence to Qld Health together with leased auxiliary services such as rehabilitation, specialists consulting rooms, mental health services and or other medical services that fill gaps in existing medical services.
3. Council to lease the building to medical practices without a Qld Health Licence.

The modelling which was based on the traditional operations including a day surgery indicated an operating loss of between zero and \$500,000. The result is entirely based on bed occupancy rates and revenue achieved from private health fund providers. For example at a 40% occupancy which was the lowest level achieved in last couple years the loss could be as high as \$500,000. However, at 52% occupancy which was the normal result the hospital could run at a slight profit.

Following discussions with Queensland Health last week new information came to light on a possible structure to the hospital which could maximise our bed occupancy rates and potentially reduce operating expenditure. This new model needs to be further explored. The revised budget adopted by Council on 13/1/2016 indicated an improved position of our General Operations budget. Accordingly, the funding of Health Specialist costs can be achieved without any further reduction in our current capital works program.

Accordingly it is proposed that we engage a Health Specialist to prepare the transfer of licence and undertake the modelling and business case for a revised operating structure for the hospital. The estimate of cost will be in vicinity of \$150,000.

While the financial implications are important Council as part of its deliberations also need to consider the long term benefits to the region when making a decision of such strategic importance.

- **Community Support:**

The South Burnett Community has demonstrated its support for the private hospital by signing over 10,000 letters of support for the hospital to stay open.

- **Economic Benefit:**

The private hospital employed approximately 15 full time equivalent employment positions, contributing an estimated \$2.6million either directly or indirectly into the local economy.

- **Social & Health Benefit:**

When operating as a full hospital it provided opportunities for local residents to be treated locally by visiting surgical and medical specialists such as Ophthalmology, Orthopaedics, Cardiologist, General Surgery, Gynaecologist, Urologist, Oral & Maxillofacial, Paediatrician, Dentist, Cardiovascular Surgical Consultants and Palliative Care

- **Economic Development:**

The growth of health services is one of the region's priority economic development projects as highlighted in the South Burnett Economic Development Strategy 2014 to 2019. The provision of high quality health services and educational facilities are crucial in attracting businesses to our region.

Mayor's Recommendation

That:

- a) Council agree to apply to Queensland Health to have the operating licence transferred to the South Burnett Community Hospital Foundation Ltd.
- b) Council agree to reopen the South Burnett Private Hospital under licence to Queensland Health with proposed operations to commence from 1 September 2016 subject to:
 - a. National accreditation being obtained
 - b. A revised model that addresses the gaps in the provision of hospital and medical services being established for the hospital operations
 - c. A business plan be developed that ensures the revised model operates on a cost neutral basis
 - d. Financial impacts of the revised model be considered by Council as part of its 2016/17 budget deliberations
- c) The South Burnett Private Hospital be renamed the "Lady Florence Bjelke-Petersen Community Hospital" in recognition of her outstanding contribution to the South Burnett Community.
- d) Council amend its 2015/16 budget to include an allocation of \$150,000 to transfer and undertake the requirements of the Qld Health South Burnett Private Hospital Licence and prepare the hospital for accreditation.
- e) The Chief Executive Officer be authorised to engage a Health Specialist to:
 - 1. Prepare the Hospital Operating Licence transfer application from Pulse Health
 - 2. Negotiate Health Fund Rebate Contracts
 - 3. In consultation with the South Burnett Community Hospital Foundation Ltd Board prepare a revised model and business plan for hospital operations including ongoing financial impacts for consideration of the new Council.
- f) Council continue to provide administration support to visiting specialists operating from the hospital.
- g) Council representatives on the South Burnett Community Foundation Ltd remain on the board in an interim role until representation is decided by new council.

Resolution:

Moved Cr DW Kratzmann, seconded Cr KM Campbell.

That the Mayor's Recommendation be adopted.

Carried 5/2
FOR VOTE - Cr DW Kratzmann (Mayor), Cr KM Campbell, Cr KA Duff, Cr BL Green, Cr DJ Palmer
AGAINST VOTE - Cr DP Tessmann, Cr RLA Heit

There being no further business the meeting was declared closed at 10.01am.

Confirmed before me this day of2016

..... **MAYOR**
