

Australian Medical Association (WA) Submission – Inquiry into the management and oversight of the Perth Children’s Hospital project

The Australian Medical Association (WA) thanks the Public Accounts Committee for recognising the necessity to review the failure to deliver the Perth Children’s Hospital project, a critical piece of public infrastructure, in a timely manner and providing the AMA (WA) the opportunity to make a submission. The importance of the issues addressed by the Committee cannot be understated; the building environment where health care services are delivered has a significant impact on both the culture and morale of the staff who provide the services and the outcomes for their patients.

As Perth Children’s Hospital will be Western Australia’s only tertiary children’s hospital, it will play an invaluable role in the delivery of health care in WA. The AMA (WA) has always been supportive of building a replacement children’s hospital and has continued to advocate with the Government over the life of the project, on key issues which the Association believes will be of significant impact to the future operation and longevity of the hospital.

Dr Omar Khorshid
President
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Project Design

Vital to the construction, commissioning and management of any health facility, is meaningful engagement with those who will provide the service. The AMA (WA) has strongly advocated for a project design that is fit for purpose. In particular, the Association has expressed concerns, from the project's inception, over the size and capacity of Perth Children's Hospital.

Initially, Perth Children's Hospital was to have an additional 24 beds compared to Princess Margaret Hospital. The AMA (WA) strongly advocated for an increase in the number of additional beds, stating that at least 100 additional beds would be required. Furthermore, at least two additional floors would be the only way to meet both the current demand for paediatric services, but also would future proof this vital and expensive piece of health infrastructure. This view was shared by parents groups and more than 60 senior doctors who signed a petition calling on the project to be expanded. Unfortunately, the AMA (WA)'s calls for additional capacity were largely ignored by the Barnett Government. At present, Perth Children's Hospital will add approximately 48 beds to the current bed numbers at Princess Margaret Hospital, which includes six beds being relocated from the Bentley Adolescent Unit.¹

The AMA (WA) is aware that the Health Department shared the Association's concerns regarding future capacity of the project, with a 2013 internal Health Department memo forecasting that by 2017, the hospital would no longer be able to meet demand. The subsequent delays in the completion and commissioning of the Perth Children's Hospital project would mean that on opening, Perth Children's Hospital will not be able to cope with demand.

Given that the total cost to increase the building by two floors was only \$70 million, the AMA (WA) cannot comment decisively on why the decision not to future proof the hospital was made. It would appear that ultimately, an overriding (and overindulgent) project focus on a specific aesthetic, as opposed to health delivery, has negatively impacted the dollar value of the state's investment in this project. Consequently, there will be an increased financial and human cost when the hospital opens and begins operating at capacity. Larger elective surgery waitlists and longer waiting times for appointments will result in a larger burden on the health system. The fact that up to 80 per cent of

¹ <http://www.perthchildrenshospitalproject.health.wa.gov.au/Information/QA.aspx>

rooms at Perth Children's Hospital are single occupancy, appears to have reduced the overall possible capacity of the space that the current design offered.

Construction Issues

The AMA (WA) has continued to call for increased transparency and accountability regarding the construction issues that have plagued the project and continue to delay the opening of Perth Children's Hospital. There can be no short term solutions to problems that could impair the operation of the Hospital and the clinical service it delivers. The AMA (WA) continues to demand that Perth Children's Hospital should not open until there is complete confidence in the safety and suitability of the building.

The consequent impact of the delay in opening Perth Children's Hospital must be ameliorated through the provision of sufficient additional funding to Princess Margaret Hospital, to ensure that clinical staff are able to continue to deliver a world renowned health service. Neither this, nor additional project costs and third party contractual damages paid out as a result of delays, should be borne by the health system.

AMA (WA) Questions of Relevance

As outlined above, the AMA (WA) continues to question the rationale of many of the decisions made in relation to the Perth Children's Hospital project. Further questions that the AMA (WA) would like to raise and feels are of significance to the Committee's work and recommendations include:

- What were the criteria for the project design and what were the reasons for selecting the successful tenderer?
- What was the impact, if any, of the tri-partite relationship between QEII Medical Centre Trust, the Department of Treasury and the Director General of Health on the governance of the project?
- What was the rationale behind the abundance of single occupancy rooms at Perth Children's Hospital? Has the cost impact of running a facility with a large number of single occupancy rooms been factored into the future cost of operating the hospital?
- What level of adaptability has been built into the current hospital design, with specific reference to meeting increased demand and any potential redistribution of paediatric health care services in WA?

- What was the rationale behind the decision not to add additional floors to the hospital design and why are there only an additional 48 beds, compared to Princess Margaret Hospital?
- Were there sufficient procedures and governance structures in place to ensure effective management of the project and contractors?
- What is the total cost of the project? What is the value of additional costs borne out of project delays? Are there more appropriate ways to manage contracts for health infrastructure projects?
- Is there any legal action pending between John Holland and the Government in an effort to recover costs?

The AMA (WA) hopes that the recommendations made by the Committee will help avoid similar mistakes being made in future infrastructure projects undertaken by the state. In particular, recommendations should be observed when planning the co-location of King Edward Memorial Hospital's replacement at the QEII Medical Centre and planning the Graylands Health Campus replacement.

The AMA (WA) would welcome any opportunity to address the Committee on the above raised issues and any other matters where you would seek the opinion of the Association.