

Lyndoch spends up big on medical clinic, but at what risk?



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Altmann – The Terrier

One of the many concerns swirling around Lyndoch Living is whether its plan to build a multi-million dollar medical clinic will send the place broke.

It is important to understand that when Lyndoch bought the Warrnambool Medical Clinic and the Health Spot for a total of \$1.6 million, it did not buy any physical buildings.

Lyndoch does not own the WMC building on the corner of Liebig St and Raglan Parade: that building remains privately owned by a handful of people.

The \$1.3 million cost for the WMC was almost made up entirely

of buying the goodwill, which basically means paying a lot of money on the hope that patients will still keep coming to that clinic.

Indeed the cost of the WMC assets was only \$153,000, presumably made up of some furniture, some tissue boxes and maybe a couple of boxes of sterile gloves in assorted colours thrown in for good measure.

As part of this goodwill, the doctors sign a contract that they will hang around for a certain time and I believe these contracts are for two years.

Some doctors with the WMC wanted no part of the sale to Lyndoch, so they left early last year.

(Doctors are contractors, so, just like a plumber or a carpenter, they can be contracted to work for a certain time, but they can also leave at the end of that time. This means GPs are in control of their destiny with a clinic, not the other way around.)

And here is the crunch: while Lyndoch has paid \$1.6 million to buy two medical clinics, it is now going to spend many more millions – we don't know how many – to build a brand new clinic at Lyndoch, on Hopkins Rd.

This clinic, according to Lyndoch's own words, will include GPs, allied health services, radiology services and maybe even a dentist.

Holymaloolah. Talk about moving away from your core business of looking after the old folks!

And this is why so many people are nervous. There are too many unanswered questions and too many examples of regional medical clinics that have gone belly up in the past 18 months, including the Tristar Medical Group in Mildura, Traralgon and Wangaratta; the Gunnedah Mackellar Rural Health Service, and,

closer to home, the Ballan District Health and Care which has a model very similar to what Lyndoch is planning and which last year received a State Government bail out.

Google them all for a sobering read on risk.

If a medical clinic is such a great move for Lyndoch, why can't we see the business plan?

Does Warrnambool *need* a brand new medical clinic at Lyndoch? Is there the demand?

Will the elderly residents be forced to use the GPs – and other services – at the clinic? Will the Lyndoch staff?

How much will it cost? Where is all the money coming from? What are the expected returns?

So, so many questions and still no answers, yet the wrecking ball – which will see Tomlinson wing demolished to make way for this clinic – is just a few months away from swinging.