

Aide Memoire

Update on Health Capital Projects as at 31 January 2024

To:	Hon Dr Shane Reti, Minister of Health	Reference:	HNZ00038968
From:	Jeremy Holman, Chief Infrastructure and Investment Officer, Infrastructure and Investment Group	Due Date:	28 March 2024
Copy to:	Hon Nicola Willis, Minister of Finance Hon Matt Doocey, Minister for Mental Health	Security level:	In Confidence

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The following departments/agencies have been consulted

N/A

Attachments

Annex 1: Report 'Update on Health Capital Projects as at 31 January 2024' including Appendices 1-3

Update on Health Capital Projects as at 31 January 2024

Purpose

1. This Aide-Mémoire provides you with the monthly report 'Update on Health Capital Projects as at 31 January 2024' and key updates since the last monthly report.

Key Updates since the last monthly report

2. Changes signalled in the last report to 31 December 2023 from our Capital and Infrastructure Committee, as well as feedback received from you during the initial December 2023 BIM briefing, have been incorporated into this latest update. These include:
 - a. More detailed RAG ratings
 - b. A break-down of monthly actual spend
 - c. Greater detail on Amber-rated projects
 - d. A summary of total spend and funds remaining by phase
 - e. More reporting on procurement (only one project moved to procurement this reporting cycle, but future reports will contain more detail)
 - f. New programme overview for linear accelerator projects.
3. Table 1 below shows the key construction milestones completed in March 2024.

Table 1: Project RAG status as at 31 January 2024

Project	Type	Description
Waitemata Infrastructure Services Programme (ISP) Tranche 1A (10049)	Practical Completion & Go Live	Mitigation of risks in relation to critical assets and building resilience, focused on demolition of facilities, and relocation and provision of new infrastructure at the North Shore Hospital campus to support Tōtara Haumarū.
Wellington Hospital, Front of Whare (10256)	Construction Start of Enabling Works	Addresses seismic, configuration and capacity issues. Significant planning required so this will deliver first phase only.

Performance Reporting

4. The Update on Health Capital Projects (Annex 1) reports on the performance of the 74 in-flight health sector capital projects that require Crown funding or exceed \$10 million. These 74 projects have a combined total value of \$6.64 billion, as at 31 January 2024.
5. The report includes updates on:
 - a. Infrastructure and Investment Portfolio Performance
 - b. Projects with significant risks
 - c. Health Capital Envelope Allocation
 - d. Upcoming Ministerial decisions
 - e. Key programmes overview:
 - f. Project photos
6. The table below shows the RAG status for the 74 in-flight projects.

Table 2: Project RAG status as at 31 January 2024

	Green rated projects	Amber rated projects	Red rated projects	Total
Number of projects	36	20	18	74
\$ value	\$2,600m	\$1,543.8m	\$2,495.6m	\$6,640m
Movement In	2	3	2	
Movement Out	3	2	2	

7. Details of the Red-rated projects and the mitigations actions we are taking are provided in the report at Annex 1. A summary is provided in the table below.

Table 3: List of Red-rated projects as at 31 January 2024

Project name (and ID)	Reason for Red rating
Project Whakatuputupu New Dunedin Hospital (10025)	S9(2)(b)(ii), S9(2)(j)
E Tū Wairua Hinengaro – Forensic Psychiatric Services Facilities Replacement, Mason Clinic, Auckland (10050)	<ul style="list-style-type: none"> • Cost escalation due to progressive trade letting and necessary piling methodology change requiring \$28.4 million additional funding
Taranaki Base Hospital Redevelopment - Project Maunga - Stage 2 (10079)	<ul style="list-style-type: none"> • Initial review of the forecast S9(2)(b)(ii), S9(2)(j) • Several risk items require further investigation
Te Rau Kawakawa Buller Integrated Family Health Centre, Westport (10112)	<ul style="list-style-type: none"> • S9(2)(b)(ii), S9(2)(j) demolition of asbestos contaminated old buildings

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Project name (and ID)	Reason for Red rating
Hawke's Bay Hospital Radiology Facilities Redevelopment (10208)	<ul style="list-style-type: none"> Delays to updated business case S9(2)(b)(ii), S9(2)(j)
New Specialised Rehabilitation Centre, Manukau Health Park (10225)	<ul style="list-style-type: none"> The cost estimate for the recently completed Developed Design phase S9(2)(b)(ii), S9(2)(j)
Starship Paediatric Intensive Care Unit (PICU) Bed Expansion and Atrium Redevelopment (30002)	<ul style="list-style-type: none"> Pending change request to allow for additional S9(2)(b)(ii), S9(2)(j) donations from Starship Foundation to be included into the project budget to cover construction cost escalation and scope changes
Parkside Building Refurbishment, Christchurch Hospital (30006)	<ul style="list-style-type: none"> Scope increased after issues were identified when wall linings were removed including slab penetrations made over time that did not meet IL4 in the building impacting time and budget
Hawke's Bay Hospital Procedure Rooms Upgrade (30013)	<ul style="list-style-type: none"> Project is on hold due to pending scope change and operational cost implications
Woman, Child and Family Facility Upgrade at Rotorua Hospital (30017)	<ul style="list-style-type: none"> Significant delays with joinery and air handling unit and funding constraints A change request will be submitted to request a 6 months' extension
Manaia House – Community Mental Health – Whangārei (30025)	<ul style="list-style-type: none"> Significant water damage occurred just before practical completion Extensive remediation will delay the project by at least 10 months Budget risk remains until insurance claim has been completed
Rural Primary Birthing Unit Construction, Wanaka and Clyde (30030)	<ul style="list-style-type: none"> \$4 million increase in construction costs Mitigating the cost pressures has also resulted in programme delays
Gisborne Hospital New Child and Youth Health Community Hub (30032)	<ul style="list-style-type: none"> Pending change request to address Developed Design cost estimate \$2.9 million above current budget
Wairarapa Hospital Outpatients Refurbishment (30037)	<ul style="list-style-type: none"> Extensive programme delay due to Covid response, constrained market for professional services and mitigation of cost increases Tender submissions for 3 remaining elements have come in over budget, 2 of these will be covered by budget of the Rapid Hospital Improvement Programme
Mental Health Inpatient Facility Replacement, Grey Base Hospital (30041)	<ul style="list-style-type: none"> Cost pressures were identified as part of the Design costing Revised programme has been issued with 13 weeks delay
Waimarino Health Centre Extension (30045)	<ul style="list-style-type: none"> Construction cost estimates have increase by \$1.2 million since the project was approved
Linear Accelerators Replacement, Auckland City Hospital (102115)	<ul style="list-style-type: none"> Pending change request to increase depleted contingency pool by \$0.5 million Formalise scope change to the IT system Extend the schedule by four months

Project name (and ID)	Reason for Red rating
Hawke's Bay Hospital Linear Accelerators (102118)	<ul style="list-style-type: none"> Scope increased to include medical oncology chemotherapy and haematology Cost estimate for new scope, enabling works and price escalations now requires \$54.3 million additional funding New business case to cover revised scope, programme and budget is pending approval

Key Upcoming Construction Dates

- Table 4 below provides a list of upcoming construction starts or completion over the next three months. This table is provided in addition to the Update on Health Capital Projects report at Annex 1.
- There is a time lag between the completion of the Update on Health Capital Projects Report, and it being provided to you. This is due to the time needed to compile the information and to give the Capital and Infrastructure Committee the opportunity to consider the report.
- The dates in Table 4 are as at 22 March 2024 and based on the latest information available. This may differ from those shown in the Update on Health Capital Projects report which is as at 31 January 2024.

Table 4: Upcoming key construction dates

Project	Type	Description	Planned Date
Tokoroa ED Reconfiguration (30048)	Practical Completion	Reconfiguration of Tokoroa Hospital to improve infectious disease management, enlarge front of house, provide flexible space, and repurpose a consultation room as a plaster room.	April 2024
Christchurch Hospital, Parkside Enhancements - Tranche One (30006)	Practical Completion & Go Live	Refurbishment of the wards in Parkside building at Christchurch Hospital.	April 2024
Surgical Services Expansion Project (SSEP), Hawke's Bay Hospital (10218)	Practical Completion	Bringing the previously shelled theatre eight online, expanding the post anaesthesia care unit (PACU), and minor modifications to the central sterile services department (CSSD).	May 2024
Radiology Relocation to Harley Gray at Middlemore Hospital (10045)	Construction Start	Relocation of existing radiology department from earthquake prone Galbraith building to Harley Gray building.	Main works begin June 2024
Construction of Waitakere Primary Birthing Unit (10238)	Construction Start	Construction of a 970sqm primary birthing facility, which includes six birthing/postnatal suites, to meet the urgent demand for maternity services in the West Auckland area.	May 2024 S9(2)(b)(i), S9(2)(j)

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Project	Type	Description	Planned Date
Te Kotuku Redevelopment, Whangārei Hospital (Critical Works - Package 2) (10047)	Practical Completion	Addressing capacity constraints and provide relief until the new hospital is commissioned, including Special Care Baby Unit, Acute Assessment Unit, Ambulatory Care/Outpatients and Laboratory	Practical completion March 2024 Go live May 2024
Building For the Future - Fit-out of shelled theatres, inpatient wards and procedure rooms, Tōtara Haumaru, North Shore Hospital (10222)	Practical Completion	Increasing capacity in Northern region with the fit-out of four surgical theatres, one 30-bed ward and two endoscopy procedure rooms within Tōtara Haumaru.	April 2024
Boiler Replacement, Wairau Hospital, Blenheim (30024)	Practical Completion	Replacement of boilers with an energy efficient, sustainable option.	April 2024
Wairarapa Hospital Outpatients Refurbishment (30037)	Practical Completion & Go-Live	Refitting of outpatients' area for a triaging area, plus new office and clinic space.	June 2024

Next steps

- The next Update on Health Capital Projects Report, based on 29 February 2024 assurance reports, will be provided to you in April 2024.

Update on Health Capital Projects

as at 31 January 2024

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Executive Summary

1. Most projects in the Health Capital Envelope (HCE) portfolio are progressing well and were rated Green or Amber in January.

Table 1 Current RAG ratings as at 31 January 2024

	Green rated projects	Amber rated projects	Red rated projects	Total
Number of projects	36	20	18	74
\$ value	\$2,600 m	\$1,544 m	\$2,496 m	\$6,640 m

2. Two projects have changed their rating from Amber to Red:
 - a. the new Specialised Rehabilitation Centre in Counties Manukau (10225) is now rated Red due to escalating costs that will require a decision from Cabinet to resolve.
 - b. Taranaki Base Hospital Redevelopment - Project Maunga - Stage 2 awaits further investigation and a Change Request to confirm cost pressures.

Progress

3. There was reduced activity on projects over the January holiday period with no additional projects reaching completion.
4. One project, the Specialist Mental Health Services Relocation from the Princess Margaret Hospital (TPMH) to Hillmorton (10010) was moved back from practical completion to construction due to an earlier reporting error.

Health Capital Envelope

5. Ninety five percent, S9(2)(b)(ii), of the HCE has been approved to date. There has been no change in approvals or projected remaining funds since the last report.

Table 2: Summary of HCE allocation

Health Capital Envelope	S9(2)(b)(ii)
Less: Allocated and approved to date	
Less: Allocated to new projects yet to be approved	
Less: Projects in Deliver seeking additional funding	
Surplus (Deficit) of HCE Available for Allocation	
Other known cost pressures	
Potential Capital Returns	
Proposed Funding Reallocations	
Projected surplus of funds	

Infrastructure and Investment Portfolio

Portfolio Life Cycle Performance

6. We oversee a portfolio of 74 in-flight projects that are over \$10 million or funded by the HCE. These have a combined value of \$6.6 billion, across the range of phases in the project life cycle.
7. We have 17 projects that are scheduled to reach practical completion before the end of June 2024.
8. There is usually reduced activity on projects in January due to the holiday period. Table 3 below shows the movement in the project life cycle phases over this period.

Table 3: Project life cycle phases as at 31 January 2024

	Define	Design	Deliver	Total
Number of projects	4	22	48	74
\$ value	\$88m	\$1,557m	\$4,995m	\$6,640m
Movement In			1	1
Movement Out				

9. Within the Deliver phase, the Acute Radiology Unit Relocation at Middlemore Hospital (10045), progressed from procurement to construction. The contract was awarded to Hawkins NZ S9(2)(b)(ii) against the total project budget of S9(2)(j)
10. Although the Specialist Mental Health Services Relocation from the Princess Margaret Hospital (TPMH) to Hillmorton (10010) is now live, the project completion documentation is being finalised. This was reported as complete in the last period but we have moved it back to Deliver until the Practical Completion documentation is finalised. Further details are provided in the Mental Health Infrastructure Programme (MHIP) section below.

Portfolio Financial Performance

11. In January we spent S9(2)(b)(ii). As can be seen in Figure 1, this is consistent with the average level of spend this financial year.

S9(2)(b)(ii)



12. The projects have spent a total of S9(2)(b)(ii) to date or S9(2)(b)(ii) of the total allocated funding of \$6.6 billion.

13. Figure 2 provides a breakdown of the total spend and remaining funds for the portfolio noting that:

- The majority of spend occurs during the Deliver phase.
- The majority of the unspent money in the Deliver phase is contractually committed.
- Some spend still occurs after practical completion.
- Once all financial commitments are paid, the project is closed, and any unused funds are returned to the HCE.
- There are currently S9(2)(b)(ii) of potential capital returns expected from completed projects.

S9(2)(b)(ii)



Portfolio Risk Performance

14. Project performance is measured using a Red/Amber/Green (RAG) assessment rating system, which broadly covers project risk against time, budget, and scope.
15. The RAG ratings presented in this report are based on an assessment of the RAG ratings applied to the categories of time, budget, and scope for each project.

Overall programme status rating	GREEN	AMBER	RED
	No significant risks and issues are impacting the overall project.	Some risks and issues could impact the overall project. These are being actively managed	Ministers should be aware of one or more significant risks and issues that require decisions from the Capital and Infrastructure Committee, Health NZ Board and potentially Ministers.

16. Based on the January 2024 assurance reports, Table 4 below shows the number and value of projects in each of the risk categories.

Table 4: Current RAG ratings as at 31 January 2024

	Green rated projects	Amber rated projects	Red rated projects	Total
Number of projects	36	20	18	74
\$ value	\$2,600m	\$1,544m	\$2,496m	\$6,640m
Movement In	2	3	2	
Movement Out	3	2	2	

17. Two projects have changed their rating from Amber to Red:
 - a. the new Specialised Rehabilitation Centre in Counties Manukau (10225), has changed its rating from Amber to Red due to escalating costs that will require a decision from Cabinet to resolve.
 - b. Taranaki Base Hospital Redevelopment - Project Maunga - Stage 2 awaits further investigation and a Change Request to confirm cost pressures.
18. Further details on Red-rated projects (with total costs over \$10 million) are provided in Table 5 and Table 6 below.
19. Two projects improved and have moved from Amber to Green:
 - a. Waitākere – Electrical Infrastructure Upgrade (10241) following successful budget risk mitigation.
 - b. Whanganui Infusion Therapy Unit (30044) following completion of construction within budget and operationalisation.
20. Three projects moved from Green to Amber based on schedule changes that pose moderate risk.

Amber rated projects

21. There are 20 projects with an assessed overall rating of Amber. Of these:
- 13 are in the Deliver phase
 - 5 are in Design
 - 2 are in Define.

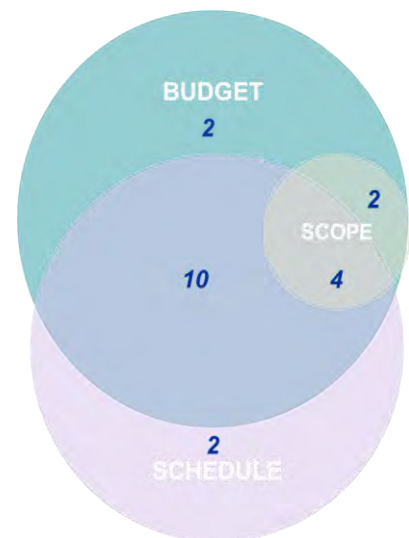
22. For a project to have an overall Amber rating it will have a combination of two or more issues for time, scope, or budget.

23. Figure 3 shows the various combinations that result in an overall Amber rating:

- Scope and Budget are the primary drivers of risk. Often a budget issue first presents, and the project goes on hold while reduced cost options are assessed and/or requests for additional funding are prepared and presented for approval.
- Fourteen projects have a combination of two or three risk issues being presented.
- Scope issues rarely present as causes of project risk but this is because standard performance metrics and reporting templates are focused on the easily quantified metrics of schedule and budget.

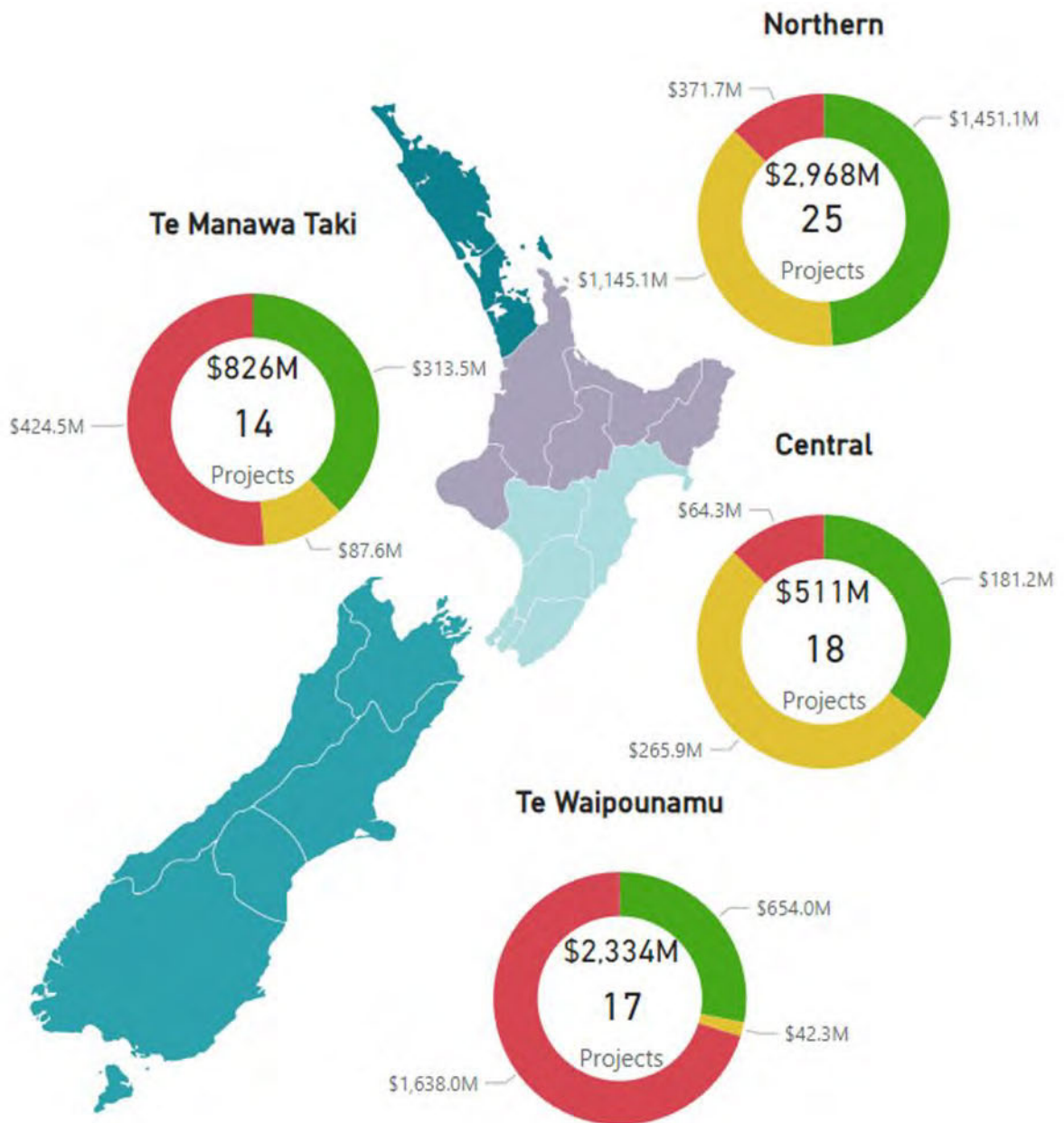
24. Further details of the Amber rated projects are available at Appendix 1 and Appendix 2.

Figure 3: Drivers of an overall AMBER rating



25. Figure 4 shows the value of active projects in each of the risk categories by region.

Figure 4: Portfolio risk for active projects by region



Projects with Significant Risks

26. Table 5 and Table 6 below provide commentary on progress and mitigations for **Red-rated projects with total costs over \$10 million as at 31 January 2024**. A list of all projects, their stage and RAG rating is provided in Appendices 1 and 2.

Table 5: Commentary on Red-rated projects with total costs over \$10 million (excludes MHIP)

Project Details	Background	Progress Update	Mitigation actions
<p>NEW</p> <p>Taranaki Base Hospital Redevelopment - Project Maunga - Stage 2 10079</p> <p>Project Maunga Stage 2 is separated into several projects and includes design and construction of the new Renal Unit, Energy Centre and the Enabling works and construction of the New East Wing Building, termed as NEWB.</p> <ul style="list-style-type: none"> • Total project funding: \$403 million • Construction phase • Rated Red since January 2024 	<p>In August 2020, Joint Ministers approved the Final Detailed Business Case for Project Maunga Stage 2 at a total budget of \$336 million Crown funding.</p> <p>In April 2022, Joint Ministers agreed to an increase in Taranaki DHB's Project Maunga Stage 2 budget by \$61.1 million. This was due to cost pressures relating to increased main procurement contract cost and inflationary pressures.</p> <p>Project Maunga was also granted \$6.4 million in baseline funding consisting of EECA grants for boiler and energy efficiency works and donations for the helipad.</p>	<p>S9(2)(b)(ii), S9(2)(f)(iv)</p>	<p>An initial review of the forecast and cost risks is complete, and several risk items require further investigation. In addition, the project team are assessing options to reduce this figure.</p> <p>The Regional Director for Te Manawa Taki is working with the Project Maunga SRO and the project team to clarify options on mitigation of the risk to report to the Committee and Board. Further investigation is occurring this month to pinpoint the pressures.</p>

Project Details	Background	Progress Update	Mitigation actions
<p>NEW</p> <p>Counties Manukau - New Specialised Rehabilitation Centre, Manukau Health Park – 10225</p> <p>Relocation of the Auckland Regional Spinal Unit</p> <ul style="list-style-type: none"> • Total project funding \$136 million • Design phase • Red rated since January 2024 	<p>Joint Ministers prioritised \$110 million from the HCE as part of Budget 2020 for the relocation of the Auckland Regional Spinal Unit and the general rehabilitation ward (Ward 23) from Counties Manukau's Ōtara campus at Middlemore Hospital to a new purpose-built facility with additional capacity at the Manukau Health Park.</p> <p>In April 2022, the project was approved with a budget of \$136.0 million (\$135.4 million Crown funded from the HCE) for a 60-bed facility with Green Star 5 rating.</p>	<p>S9(2)(b)(ii), S9(2)(f)(iv)</p>	<p>The project team is exploring value management options and opportunities to address the cost drivers through a review of the implementation options.</p> <p>Design assurance review is being undertaken to test potential design changes to reduce cost. Hospital and Specialist Services (HSS) has also been engaged on a possible test of the model of care to see if that would support a more efficient design.</p>
<p>Hawke's Bay Hospital - Linear Accelerators 102118</p> <p>This project includes building a one-story facility with two bunkers and one LINAC machine that delivers radiation oncology only as part of regional services.</p> <ul style="list-style-type: none"> • Total project funding of \$33.2 million • Define Phase • Rated Red since June 2022 	<p>In November 2021, Joint Ministers approved the original business case of \$33 million subject to a check of the preferred site location and the future planning of the Regional Hospital Redevelopment Programme (RHRP).</p> <p>In December 2021, a new site was selected. The relocation of relevant clinical services, and the future layout of the hospital grounds was then assessed.</p> <p>In March 2022, the Health Infrastructure Unit endorsed the site change and the testing of scope through the business case process.</p> <p>The updated business case was approved by both the Committee and the Board. It was submitted for Ministerial consideration in August 2023.</p>	<p>The project remains at Red due to the need for confirmation of the agreed option and approach for delivery.</p> <p>A revised business case was not approved by Ministers following differing advice from Manatū Hauora and Health New Zealand - Te Whatu Ora (Health NZ) on funding source and whether the increased costs reflected scope changes.</p> <p>Work will be undertaken to clarify the extent any changes reflect the required change in location and need for service delivery and resubmit the business case in 2024.</p>	<p>A design review has been initiated to determine possible opportunities to reduce building size and total cost of the building.</p> <p>Once Ministers approve the business case, the project will move out of Red.</p>

Project Details	Background	Progress Update	Mitigation actions
<p>Te Matau a Māui Hawke’s Bay Radiology Facilities Redevelopment – 10208</p> <p>This project proposes the refurbishment of the existing Radiology unit to address accreditation issues.</p> <ul style="list-style-type: none"> • Total project funding of \$25.1 million • Design Phase • Rated Red since June 2023 	<p>Joint Ministers have previously approved \$10 million of Crown funding and \$15.1 million of local funding for this project.</p> <p>The project was placed on hold from July 2021 due to an unfavourable seismic assessment.</p> <p>The (then DHB) internally approved a rescope of the project in May 2022 and proceeded with design work. This has not been approved by the Board, Manatū Hauora, or Ministers.</p> <p>In August 2022, an updated business case was initiated, to outline a range of proposed options.</p>	<p>This project remains at Red as an updated business case has not yet been provided.</p> <p>Hawke’s Bay is preparing the updated business case with an estimated cost of S9(2)(b)(ii), which is S9(2)(b)(ii) more than the allocated budget. The increase, if approved, will be funded from baseline.</p>	<p>A new project manager was appointed in May 2023.</p> <p>The Infrastructure and Investment Group (IIG) is providing additional resources to support the development of the business case.</p> <p>Further advice on the business case is expected to be presented to the Board in April 2024.</p>
<p>Project Whakatuputupu - New Dunedin Hospital – 10025</p> <p>This project provides for a new campus built across the ex-Cadbury and Wilson blocks in central Dunedin to replace hospital services currently provided in the Clinical Services Block, Ward Block, and an Energy Centre.</p> <ul style="list-style-type: none"> • Total project funding: \$1,591 million • Construction phase • Rated Red since August 2023 	<p>On 15 April 2021 Cabinet approved in principle the Final Detailed Business Case for the New Dunedin Hospital (NDH) Project at a total budget of \$1,470 million.</p> <p>On 1 November 2022, Ministers approved an additional \$110 million to manage market cost escalation. This resulted from a \$200 million cost increase identified during a review of the cost of all health infrastructure projects. A design update was then implemented to reduce the cost increase by \$90 million.</p> <p>On 10 April 2023, Ministers agreed to further funding of \$10 million from the Day One Health System Capital – Contingency.</p> <p>Significant costs pressures are being experienced on the project.</p>	<p>This project remains at Red due to recent cost pressures on the project.</p> <p>NDH requires an initial urgent additional funding of S9(2)(b)(ii) to enable entering a construction contract for the Inpatient Building.</p> <p>Advice is being provided to Cabinet in relation to options available for funding the shortfall of the project.</p>	<p>Advice on options for Ministers to consider has been developed and is being presented to Cabinet in late February for consideration.</p>

Project Details	Background	Progress Update	Mitigation actions
<p>Te Rau Kawakawa Buller Integrated Family Health Centre (IFHC) – 10112</p> <p>Development and expansion of the IFHC in Westport on the West Coast, including an adult dental service and two additional medical beds.</p> <ul style="list-style-type: none"> • Total project funding \$21 million • Practical completion phase • Red rated since October 2023 	<p>Ministers approved \$20 million on 8 November 2018 to redevelop the Buller Integrated Family Health Centre (IFHC), including adult dental services, on the current Buller Hospital location and not the Boiler House location across the road from the hospital as initially supported by the West Coast Partnership Group.</p> <p>In July 2020, Ministers approved a further \$1 million for asbestos removal from buildings and remediation of soil with asbestos containing material (ACM) for Stage One of the project (enabling works). Assessment of costs for asbestos management for Stage Two and any additional Crown funding was to be addressed later.</p> <p>The IFHC reached practical completion in April 2023 and became operational in May 2023.</p>	<p>This project is now rated Red while it awaits a decision on funding to complete close-out demolition works.</p> <p>Additional funding of S9(2)(b)(ii) is now required for the demolition of the old buildings that has been found to contain significant asbestos and is therefore requiring a “dirty” demolition, hence the significant cost.</p> <p>The Board has endorsed the additional S9(2)(b)(ii) of baseline funding needed to cover the cost of the asbestos contamination in the old buildings. Code of Compliance will not be achieved without this work.</p>	<p>The request for additional funding will be put to Joint Ministers for approval in accordance with the letter of expectations.</p> <p>Once Joint Ministers approve this change request, the project will move out of Red.</p>
<p>Te Toka Tumai Auckland - Starship Paediatric Intensive Care Unit (PICU) Bed Expansion and Atrium Redevelopment – 30002</p> <p>Expansion of PICU to create 10 additional beds and the development of atrium and public spaces at Starship Hospital to accommodate new public spaces, medical day stay and displaced PICU staff.</p> <ul style="list-style-type: none"> • Total project funding \$40 million • Construction phase • Red rated since October 2023 	<p>In December 2020, Joint Ministers approved the Paediatric Intensive Care Unit Bed Expansion and Atrium Redevelopment at Starship Hospital at a cost of \$40 million with \$15 million funded by the Starship Foundation and \$25 million Crown equity contribution.</p>	<p>The project is now rated Red due to the current forecast cost increase of S9(2)(b)(ii)</p> <p>The need for an additional injection of S9(2)(b)(ii) is a result of QS estimates forecasting cost increases for construction and temporary accommodation.</p>	<p>A change request will be submitted to Joint Ministers as part of the Quarterly Update on Health Capital Envelope Cost Pressures.</p> <p>The project is seeking approval for the two injections from the Starship Foundation totalling S9(2)(b)(ii) to fund the forecast additional costs.</p> <p>It also seeks an extension to project schedule by 20 months with a new go-live date for the facility in January 2026.</p> <p>The project will move out of Red once the change request is approved and scope, time and budget are reset.</p>

Project Details	Background	Progress Update	Mitigation actions
<p>Te Toka Tumai Auckland - Linear Accelerators Replacement, Auckland City Hospital – 102115</p> <p>Purchase and installation of two replacement Linear Accelerators.</p> <ul style="list-style-type: none"> • Total project funding \$11.3 million • Construction phase • Red rated October 2023 	<p>Joint Ministers approved a project budget of \$11.3 million, inclusive of \$10 million Crown contribution, in March 2021.</p> <p>The scope of the project included a like-for-like update of the oncology IT system.</p> <p>During 2023, the project encountered multiple issues that required \$1.3 million drawn down from contingency.</p>	<p>The project is now rated Red due to the requirement for an additional \$0.5 million to provide sufficient funds and contingency to complete the project.</p> <p>The project has prepared a change request to formalise the scope change due to the change in IT systems, increase the contingency with additional \$0.5 million internal reserve, and extend the schedule by four months.</p>	<p>The increase in total budget for the project was endorsed by the Board in December 2023 and can now be presented to Joint Ministers for approval.</p> <p>The project will move out of Red once the cost pressures on contingency are addressed.</p>

Table 6: Commentary on Red rated projects in the Mental Health Infrastructure Programme (MHIP) with total costs over \$10 million)

Project Details	Background	Progress Update	Mitigation actions
<p>Te Tai Tokerau Northland - Manaia House - Community Mental Health, Whangārei - 30025</p> <ul style="list-style-type: none"> • Total project funding of \$21.6 million • Construction Phase • Red rated since October 2023 	<p>Joint Ministers approved a \$12.1 million budget, of which were \$8.4 million Crown funding, for the Northland Community Mental Health Hub Project on 27 August 2020 to purchase and fit-out Manaia House in central Whangārei to better integrate with community health services in a centralised community hub.</p> <p>On 19 November 2021, additional \$11.1 million Crown funding were approved to cover necessary re-design (\$7.4 million) and Northland DHB's original self-funding contribution (\$3.7 million) as it was unlikely to be able to contribute.</p>	<p>The project is rated Red due to pressure on budget and schedule.</p> <p>Significant water damage has occurred due to a pipe bursting within the facility.</p> <p>Early assessments indicate scoping will take up to 3 months and repairs at least 10 months. The repairs are expected to be covered by insurance.</p> <p>Following the flooding event, the main construction contractor and its holding company went into liquidation. A procurement exemption has been granted to engage a new main contractor. The fiscal impact on the project is being determined.</p>	<p>Health NZ is working with insurers, loss adjusters and the new main contractor to establish the remediation scope, programme, and the insurance claim.</p> <p>Tenancy agreements for the facilities that currently provide mental health and addiction services to the community are being extended.</p> <p>Health NZ legal are working through the ramifications of the liquidation.</p>
<p>West Coast - Grey Base Hospital - Mental Health and Addictions Facility replacement - 30041</p> <ul style="list-style-type: none"> • Total project funding of \$21.6 million • Design Phase • Rated Red since September 2023 	<p>On 20 December 2021, Ministers approved \$20 million in Crown funding for the replacement of the Acute Mental Health Facility at Grey Base Hospital with a six-inpatient bed/six ensuite facility on the current site.</p> <p>As part of the Mental Health Infrastructure Programme, an IIG project director was appointed to this project.</p> <p>Cost pressures were signalled in June 2023 when projected costing of design indicated an excess above the business case budget.</p>	<p>The project remains at Red due to pressure on budget and schedule.</p> <p>Developed Design is complete, and a revised programme has been issued. An updated cost report shows a projected a cost increase of S9(2)(b)(ii) . Subsequent engagement of possible providers through a registration of interest has reduced the funding requested to S9(2)(b)(ii) plus a centrally held contingency of S9(2)(b)(ii) .</p> <p>The Committee has requested the project team review the range of options and test the investment continues to represent value for money value.</p>	<p>A briefing is being prepared for the Committee in March outlining the options for the project.</p> <p>Subject to the direction of the Board, a briefing will be provided to Joint Ministers on the proposed approach.</p>

Project Details	Background	Progress Update	Mitigation actions
<p>Waitematā - E Tū Wairua Hinengaro - Forensic Psychiatric Services Facilities Replacement, Mason Clinic, Auckland – 10050</p> <ul style="list-style-type: none"> • Total project funding of \$162.8 million • Construction Phase • Red rated since October 2023 	<p>Joint Ministers approved \$60 million on 20 February 2020 for Tranche 1A of the Mason Clinic Redevelopment to construct: a 30-bed inpatient building containing 15-bed units on two floors, and plant and administrative spaces on a third floor; a small amount of share activity and support spaces adjacent; and a temporary secure building entry and temporary internal road extension.</p> <p>Additional funding of \$86.8 million was approved on 22 April 2022 for Tranche 1B to complete the Adult Forensic Mental Health Building with a new three storey inpatient wing and a new three storey support wing and further \$16 million for the delivery of a Tier 1 high security unit.</p>	<p>The project is rated Red ^{S9(2)(b)(ii), S9(2)(f)(iv)}</p> <p>The additional costs are a result of progressive trade letting which is substantively higher than budget estimates and variations due to asbestos, earthworks, and ground conditions which required piling methodology changes.</p> <p>The timing for this decision for additional funding is urgent as Health NZ needs to confirm as soon as possible upon receipt of the contract price whether it intends to proceed with construction or to terminate the contract to ensure the critical path and practical completion date is maintained.</p> <p>The project team received approval from the IIG in November 2023 to continue the procurement while the change request is considered to mitigate further cost increases.</p> <p>Securing the budget uplift approval by early March 2024 is on the critical path to maintain project progress on site.</p>	<p>The project team has committed to an agreed target of \$4 million in value management combining commercial gains, design and scope reduction, and potential budget realignment.</p> <p>A change request seeking \$28.4 million additional HCE funding will be submitted to Joint Ministers.</p> <p>The project will move out of Red once the cost pressures are addressed.</p>

Health Capital Envelope Allocation

27. The S9(2)(b)(ii) HCE is almost fully allocated to projects as summarised below. A more detailed report on the allocation of the HCE is attached at Appendix 3.

Table 7: Summary of HCE Allocation

Health Capital Envelope	S9(2)(b)(ii)
Less: Allocated and approved to date	
Less: Allocated to new projects yet to be approved	
Less: Projects in Deliver seeking additional funding	
Surplus (Deficit) of HCE Available for Allocation	
Other known cost pressures	
Potential Capital Returns	
Proposed Funding Reallocations	
Projected surplus of funds	

28. Ninety five percent, S9(2)(b)(ii), of the HCE has been approved to date. There has been no change since the last report.

29. There has been no change in the proposed allocation of the remaining HCE funding or material change to the anticipated cost pressures since the last report.

30. Given the current pressures on the HCE, and signals of a constrained Budget 2024 appropriation, a detailed reconciliation of the HCE has been initiated. The reconciliation will review all transactions and transfers of HCE appropriated funds since its inception in 2019 to confirm the funds that remain available for allocation.

Upcoming Ministerial decisions

31. Table 8 shows projects with near-term submission dates for Ministerial consideration of business case approvals.

Table 8: Upcoming Business Case Approvals

Area	Project Name	Prioritised Crown Funding	Expected Total Funding Request	Indicative Date to Board	Estimated Date to Ministers
Bay of Plenty	Whakatāne Mental Health Inpatient Unit Replacement	S9(2)(b)(ii)		Q2 2024 ¹	Q2 2024
Hawke's Bay	Hawke's Bay Hospital Radiology Facilities Redevelopment			April 2024	May 2024
Hawke's Bay	Hawkes Bay LINAC			April 2024	May 2024

32. Table 9 below shows projects with approved funding seeking increases due to cost pressure funding increases.

Table 9: Approved projects requiring increased funding.

Area	Project Name	Current Crown Funding	Additional Funding Request	Estimated Date to Ministers
Tairāwhiti	New Child and Youth Health Community Hub	S9(2)(b)(ii)		March 2024
Whanganui	Waimarino Health Centre Extension			March 2024
Waitematā	E Tū Wairua Hinengaro - Forensic Psychiatric Services Facilities Replacement, Mason Clinic, Auckland			March 2024
Auckland	Linear Accelerators Replacement, Auckland City Hospital			March 2024

S9(2)(b)(ii)

33. Table 10 shows projects with pending Ministerial decisions.

Table 10: Pending Decisions.

Area	Project Name	Decision Type	Funding Request	Endorsed by Board
Capital, Coast and Hutt Valley	Remedial Works (Copper Pipes Tranche 2)	Business Case	S9(2)(b)(ii)	July 2023
West Coast	Te Nīkau Grey Hospital	Increased funding		July 2023
West Coast	Te Rau Kawakawa Buller Integrated Family Health Centre (IFHC)	Increased funding		July 2023
Hawke's Bay	Procedure Rooms Upgrade	Scope Change	N/A	July 2023
Northland	New Community Mental Health Facility, Manaia House	Increased funding	S9(2)(b)(ii)	July 2023
Southern	Urgent Interim Works – Deferred Main, Gastroenterology, Audiology, and ICU	Increased funding		October 2023

S9(2)(b)(ii)

Key Programme Overview

New Dunedin Hospital (NDH)

Current Costs

Table 11: Current estimates for New Dunedin Hospital Buildings and Contingency

Description	Current Budget	P85 As Reported 20/02/2024
Outpatients Building	S9(2)(b)(ii)	S9(2)(b)(ii)
Outpatients Building Contingency		
Inpatients Building		
Inpatients Building Contingency		
Sitewide Works		
Sitewide Work Contingency		
Enabling Works		
Enabling Works Contingency		
TOTAL	1,590,801,960	

34. S9(2)(b)(ii)

35. S9(2)(b)(ii)

36. An updated cost estimate will be included in the Implementation Business Case that will be due to Cabinet in December 2024.

Outpatient Building

37. There is progress on site with around 65% of the steel structure now erected with approximately 30% of the floors poured.

Table 12: Forecast completions dates for Outpatient Building milestones.

Milestone	Forecast Completion Date
Construction – Main Build	S9(2)(b)(ii)
Go Live (operationally in use)	

Inpatient Building

38. Work on the slab removal works on the ex-Cadbury Inpatient Building site is complete and piling is underway with approximately 60 piles driven to date. The piling contractor is on programme.
39. The cost pressure for the Inpatient Building remains, based on continued inflation and exchange rate changes. ^{S9(2)(i)} [REDACTED] As soon as the additional funding is agreed, early procurement can occur for major subsystems that will avoid further delay and associated cost escalation.

Table 13: Forecast completion dates for Inpatient Building milestones.

Milestone	Forecast Completion Date
Developed Design	26 February 2024 (complete)
Detailed Design	17 December 2024
^{S9(2)(b)(ii)} [REDACTED]	

Mental Health Infrastructure Programme (MHIP)

Mark Dunajtschik Mental Health Centre project resumes

Design

40. Design activities resumed on Hutt Hospital's acute mental health unit replacement project this month after the activities required to take over the project were completed.
41. The project, largely funded by a private donation, was being delivered by the benefactor's appointed team. Following Preliminary Design, it was mutually agreed that Health NZ would take over delivery of the project.
42. Design will continue through to Q3, 2024 at which time we anticipate an investment options paper will need to be considered by the Board.

Relocation of Specialist Mental Health Services from the Princess Margaret Hospital

43. Two new buildings were opened at Hillmorton Hospital last year and are currently in use. The reported stage for the project has been moved back to Deliver to reflect that, while now live, the practical completion documentation is not yet complete due to minor fixes still being undertaken.
44. Practical Completion is a key component of the contractual relationship between the contractor and client and is the official point we use to complete the Deliver phase. It does not impact occupant safety as appropriate Council compliance certificates have been obtained. It is anticipated that Practical Completion will be awarded in March 2024.

Regional Hospital Redevelopment Programme (RHRP)

Overview of RHRP

45. The RHRP programme is comprised of two tranches. Tranche 1 is in the Deliver phase and Tranche 2 is in the planning phase.
46. All projects within the Programme are of significant capital value (\$500+ million), with a dedicated project director allocated from planning to construction completion.

Project Pihi Kaha – Whangārei Hospital Redevelopment

47. The Whangārei Whānau House construction continues to make positive progress onsite with the facility's floor slab milestone completed to schedule. Above floor construction continues with favourable weather as the team works toward closing the building in. Furniture, fittings, and equipment schedules are underway to start procurement. The project remains on track to be delivered within the approved schedule by mid-2024.
48. Good progress is being made on Project Tira Ora with 100% Developed Design completed as per the approved programme and all reviews, both internal and external, completed. Detailed design phase has commenced in accordance with the current programme and is due for completion in mid-2024 ahead of consenting and contractor procurement.
49. Tira Ora contractor procurement planning is underway with planned request for proposals (RFPs) to be released to the open market via GETS following completion of detail design. To date, all Tira Ora milestones and gateways have been met and this milestone procurement activity is planned to start in May 2024 in line with Project Pihi Kaha's master programme to maintain progress across critical path activities.
50. Given the scale and complexity of Tira Ora is within the capability of the local market, risk and opportunity analysis has led to the recommendation of a traditional procurement approach with a fixed price lump sum build only contract. This is also informed from recent learnings on similar projects within the Northland district.
51. The project team is prioritising the development of the overall delivery strategy to deliver the Pihi Kaha investment objectives. The Pihi Kaha investment programme has significant scale and complexity considered to be beyond local market capability. Learnings from recent infrastructure investments of similar and significant scale and complexity is that the traditional approaches have consistently resulted in projects that have not performed well and failed to deliver the desired objectives. The project team are considering alternative approaches (such as collaborative contracts) that motivate industry partners to prioritise working together, innovation and delivery efficiency. The team are engaging with relevant internal stakeholders and considering Health NZ's wider regional programme objectives with a target of presenting a final procurement recommendation to the Project Steering Group in April 2024.
52. Project Management and Cost Management consultant onboarding is going well. Recruitment for key roles continues along with development of the procurement strategy for engaging project partners (design and construction advisors) which is progressing positively, informed by lessons from other recent projects. Drafting of the ward tower business case continues along with the single stage business case for additional car parking.

Project Whakatapuranga – Nelson Hospital Redevelopment

53. The project now has a town planner, health planner and cost consultant onboard. The project team is focused on refining the campus master plan and evaluating the options for new and refurbished facilities on the campus.
54. The planners have reviewed lessons learned across major projects and assessed the market capacity. They are now exploring options for a phased approach with a series of smaller builds that are viable to construct in a regional setting, rather than a very large single building.
55. Clinical and seismic priorities are being considered to inform the sequence of the development.
56. To inform the Test to Fit works, the bed modelling produced in 2018 is being reviewed by the IIG and Hospital and Specialist Services (HSS) analysts to ensure the population and bed modelling outputs are up to date and accurate to inform the design brief. This work is being reviewed by the HSS Senior Leadership Team. A new standardised national methodology is being used to validate the modelling.
57. The procurement planning for the main ECE contractor and design team will take place once the preferred option is confirmed and the size and scale of the programme phases are defined. This will inform the approach to market.
58. The Test to Fit works will be completed late April. Concept Design is scheduled to complete by January 2025, Preliminary Design by July 2025, and Developed Design for Phase One by October 2025.
59. Design works to address the strengthening works required following the Earthquake Prone Building notice are being priced by a contractor with a view to some works starting early in 2024. A seismic report will be developed by the Health NZ seismic advisors, Kestral.

Tauranga Hospital Redevelopment

60. Recent project activities include the development of a Clinical Services Plan, detailed seismic assessments of key buildings, an existing site feasibility study, and work on an early site master plan/options analysis.
61. A Strategic Assessment is in progress, and will be followed by a Programme Business Case, due to be completed in early 2025.
62. A programme approach is being taken in the procurement of the resource required to develop and deliver the RHRP Tranche 2 business cases.
63. The procurement of a supplier for business case development services across Tranche 2 is in progress and a preferred supplier is expected to be identified in March.

Hawke's Bay Fallen Soldier's Memorial Hospital Redevelopment

64. The draft Local Clinical Services Plan (including demand and capacity modelling), future model of care planning, asset management planning, and Site Master Plans for Hawke's Bay Hospital and Wairoa Health have been completed.
65. The Māori health equity plan, cultural narrative and cultural impact assessment will be developed in the first half of 2024.

66. Work on the Programme Business Case for the project is expected to start in the second half of 2024.

Palmerston North Hospital Redevelopment

67. The draft local Clinical Services Plan and asset management planning was completed in 2023 and is currently being reviewed by the national Health NZ planning teams.

68. Site Master planning for Palmerston North Hospital is on hold until the clinical service plan is finalised. This is expected to be restarted in early 2024.

69. Work on the Programme Business Case for the project is expected to start in the first quarter of 2025.

Linear Accelerator Programme

70. The Linear Accelerator programme is not currently managed as a programme but managed individually in each locality. Table 14 below provides a summary of progress for the current in-flight linear accelerator projects.

Table 14: Summary of in-flight Linear Accelerator Projects

Area	Project Name	Project Stage	No. of LINAC Machines	Total Project Cost	Forecast Go-live	RAG Status		
						Time	Scope	Budget
Te Toka Tumai Auckland (102115)	Linear Accelerators Replacement, Auckland City Hospital	Construction	2	S9(2)(j)	Oct 24	Green	Green	Red
Te Tai Tokerau Northland (102116)	Radiation Oncology Project	Procurement (Main Contractor)	1		May 26	Green	Green	Green
Taranaki (102117)	Linear Accelerators	Construction	1		Sep 25	Green	Green	Green
Te Matau a Māui Hawke's Bay (102118)	Linear Accelerator & Bunker, Hawke's Bay Hospital	Detailed Business Case	1		Jul 27	Red	Red	Red

71. There has been no change in the RAG status of these in-flight projects over the past month.

72. The estimated go-live date for the Taranaki Linear Accelerator moved two months from July to September 2025.

73. The estimated go-live date for the Hawke's Bay Linear Accelerator and bunker moved from December 2026 to July 2027.

Project Photos

10001 – Facilities Infrastructure Remediation Programme - Tranche 1 Variable Speed Drive Pump

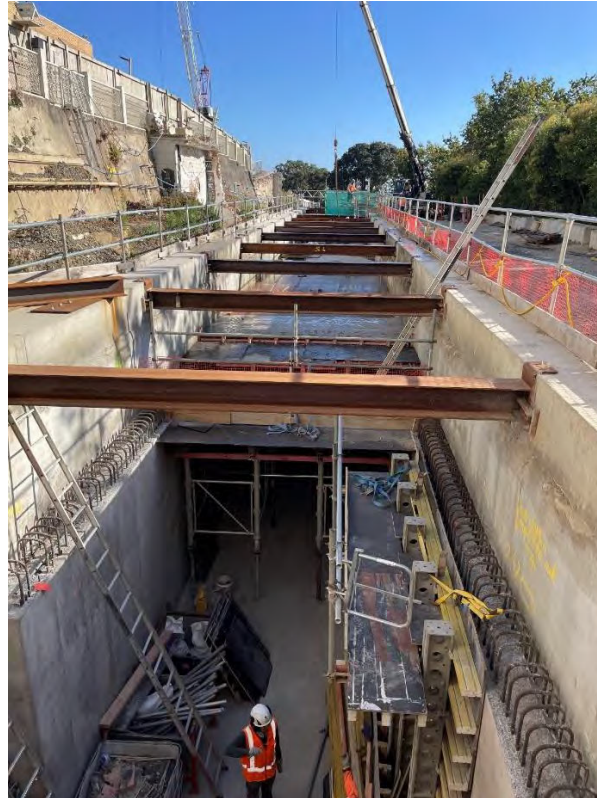


Reverse Osmosis Plant



10056 – Facilities Infrastructure Remediation Programme - Tranche 2, Te Toka Tumai Auckland

Tunnel section



10204 – Manaaki Hōhonu - Construction of inpatient ward and ICU, Waitākere Hospital



102116 – Radiation Oncology Project, Whangārei Hospital



10209 – Manukau Superclinic expansion and planned care capacity increase, Manukau Health Park
North and top of West and East Building



10047 Te Kotuku Redevelopment, Whangārei Hospital (Critical Works - Package 2)
Exterior



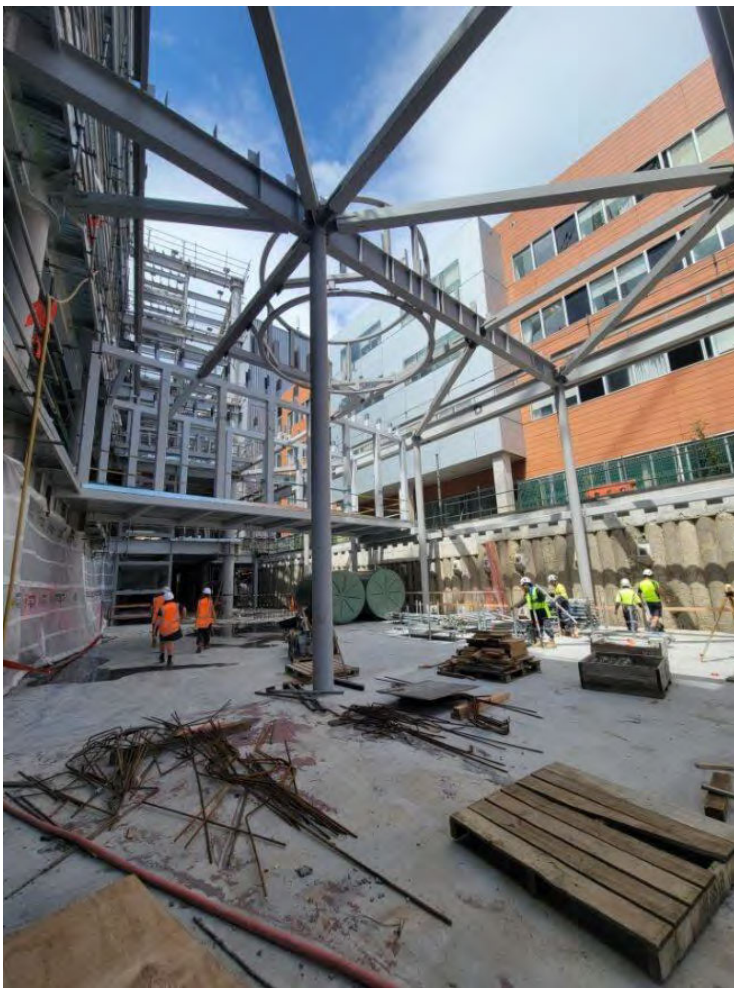
Interior



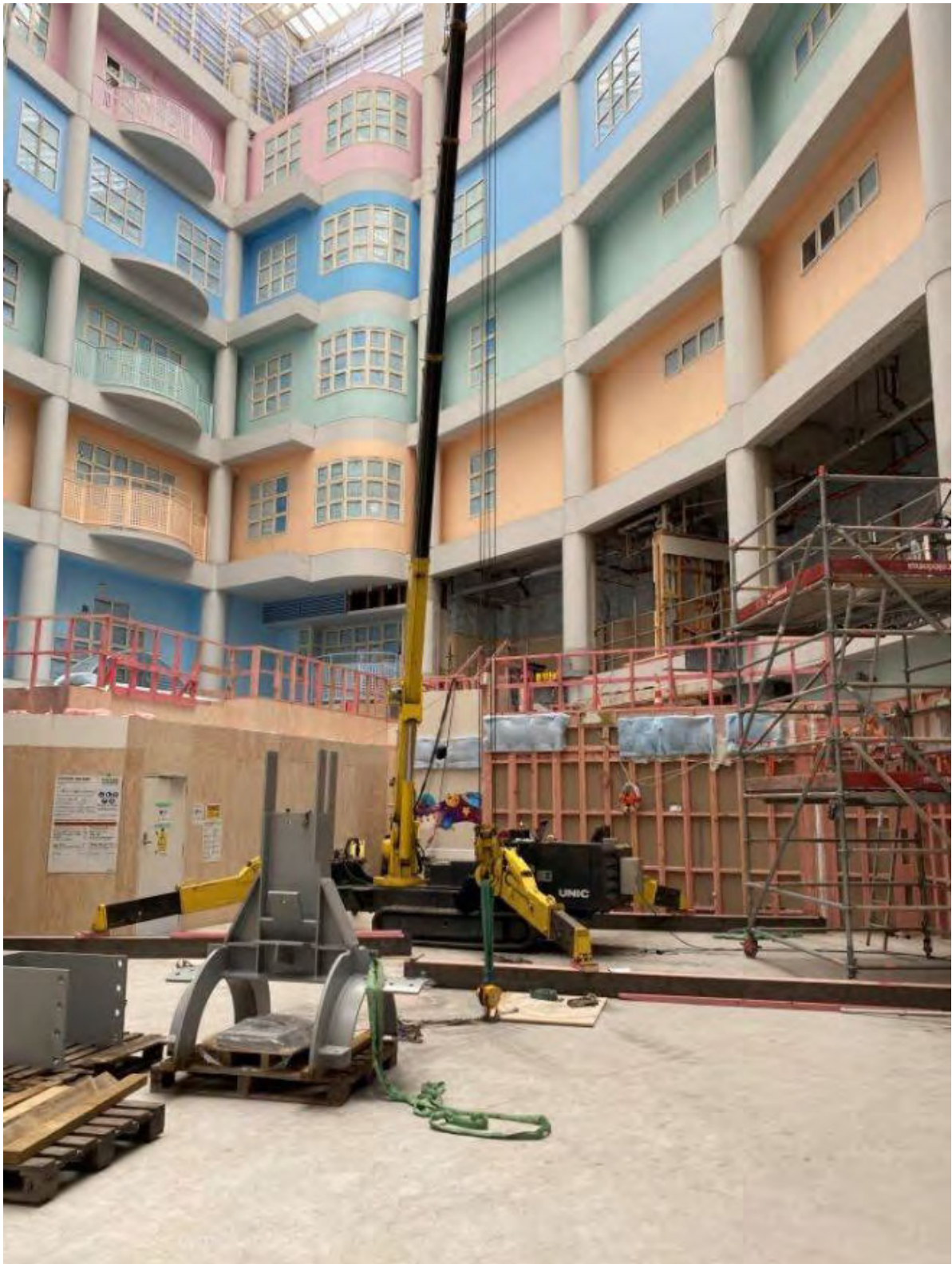
10079 – Taranaki Base Hospital Redevelopment - Project Maunga - Stage 2
East Wing Building



Entrance



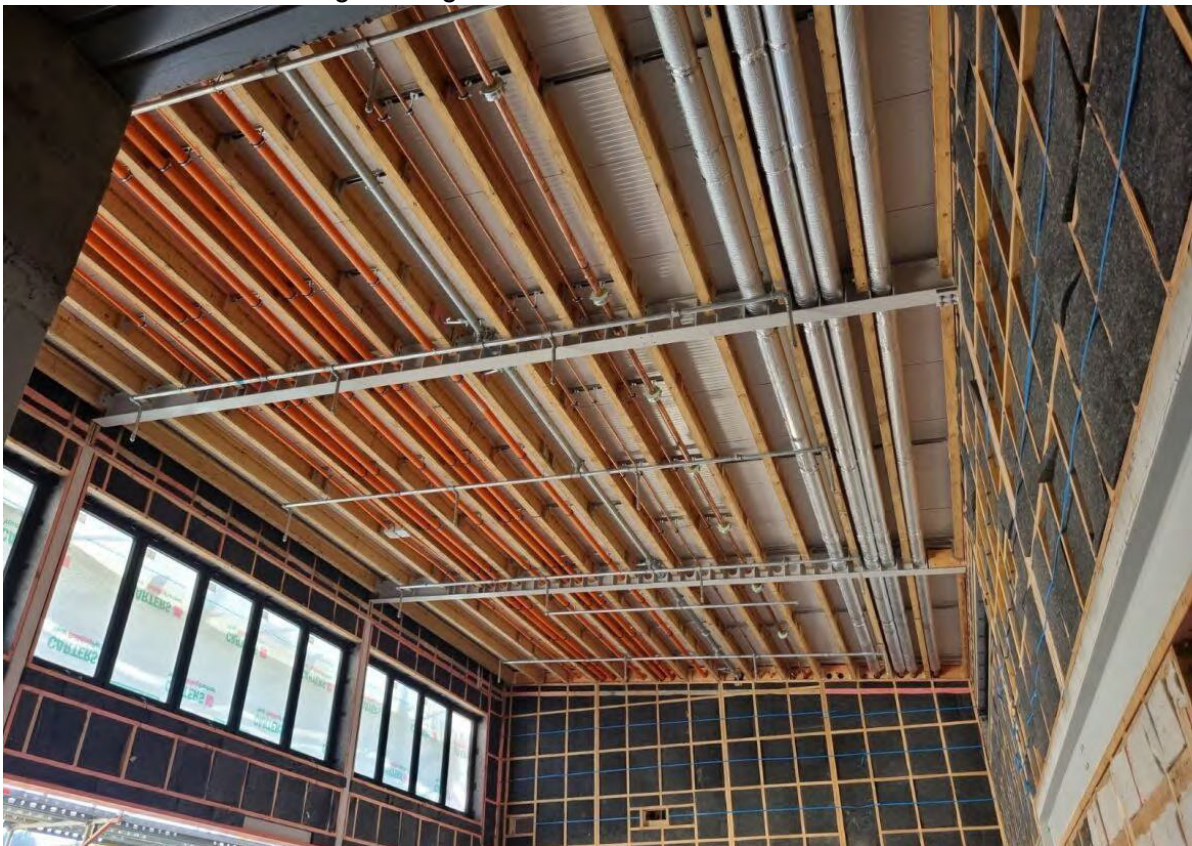
**30002 – PICU/ICU Child Health Expansion (Starship), Auckland
Atrium**



10073 – Adult Mental Health Facility - Tranche 1, Waikato
Second Concrete Pour Completed



10207 – Acute Mental Health and Addictions Facility (Te Whare Awhiora), Tairāwhiti
Services reticulated through ceiling



**10050 – E Tū Wairua Hinegaro - Forensic Psychiatric Services Facilities
Replacement, Mason Clinic, Auckland, Waitematā**
Structural steel frame – view from west



**10027 – Urgent Interim Works, Dunedin Hospital, Southern
Day Surgery Theatre 2 HEPA filters and housing demolition**



Day surgery theatres AHU construction



30024 Wairau Boilers, Nelson-Marlborough
Heat pump and tank for plantroom



New chiller-heat pump in position next to existing chillers



**10025 – New Dunedin Hospital, Southern
Outpatients Building**



Inpatients Building – piling works



Appendices

Appendix 1: Project Performance Summary Period ending 31 January 2024

Appendix 2: Mental Health Infrastructure Programme Performance Summary Period ending 31 January 2024

Appendix 3: Health Capital Envelope – Allocation Summary January 2024 **Withheld under s9(2)(b)(ii)**

Appendix 1 Health Capital Project Update

Reporting Period: Period ending 31 January 2024

	ID	REGION	LOCATION/ CAMPUS	BUSINESS CASE NAME	DESCRIPTION	BUSINESS CASE STAGE	FORECAST BUSINESS CASE COMPLETION	TOTAL FUNDING ALLOCATED	INDICATIVE TOTAL COST	PREVIOUS MONTH RISK RATING	CURRENT MONTH RISK RATING
DEFINE	10239	2 - Te Manawa Taki	Hauora a Toi Bay of Plenty	Tauranga Hospital Redevelopment	Redevelopment of Tauranga Hospital	Programme Business Case	Dec-24	TBD	S9(2)(b)(ii)	Green	Green
	10255	3 - Central	Capital, Coast & Hutt Valley	Copper Pipes (Tranche 2)	Lifts, copper pipes, seismic and other remediation. Programme exceeds this amount. Phasing to be determined. Programme business case has been completed for lifts element but further work required to scope the remaining remediation elements. Funding is for first tranche only.	Single Stage Business Case	TBC	\$40.0 m		Amber	Amber
	102118	3 - Central	Te Matau a Māui Hawke's Bay	Linear Accelerator & Bunker Installation, Hawke's Bay Hospital	Installation of linear accelerator machine and construction of bunker to expand regional cancer services.	Detailed Business Case	Mar-24	\$33.2 m		Red	Red
								\$73.2 m			

ID	REGION	LOCATION/ CAMPUS	PROJECT NAME	PROJECT DESCRIPTION	FORECAST DESIGN COMPLETION	FORECAST CONSTRUCTION COMPLETION	TOTAL FUNDING ALLOCATED	INDICATIVE TOTAL COST	PREVIOUS MONTH OVERALL RISK RATING	CURRENT MONTH OVERALL RISK RATING	CURRENT MONTH SCHEDULE RATING	CURRENT MONTH BUDGET RATING	CURRENT MONTH SCOPE RATING
30026	1 - Northern	Te Tai Tokerau Northland	Kaitiaki Hospital Weathertightness Remediation	Weatherproofing to extend building lifespan.	Mar-25	May-26	\$12.9 m	S9(2)(b)(ii)	Green	Green	Green	Green	Green
10252	2 - Te Manawa Taki	Hauora a Toi Bay of Plenty	Bay of Plenty Seismic Strengthening (Building 20 and Kitchen Refurbishment)	Structural upgrade of building to protect IL4 services (includes relocation of kitchen).	May-24	Aug-25	\$24.8 m		Green	Green	Green	Green	Green
10246	4 - Te Waipounamu	Waitaha Canterbury	Christchurch Hospital Endoscopy Expansion	Fit out of four new procedure rooms, construction of two new procedure rooms, and the refurbishment of two existing procedure rooms to provide additional capacity within the endoscopy unit at Christchurch Hospital.	Mar-24	Mar-25	\$9(2)(b)(ii)		Green	Green	Green	Amber	Green
10059	1 - Northern	Counties Manukau	Core Infrastructure Upgrade	Phased upgrade of essential infrastructure at Middlemore Hospital, e.g., power, lifts, air-conditioning, medical gases, water, etc.	Dec-24	Nov-26	\$33.8 m		Amber	Amber	Amber	Amber	Green
10225	1 - Northern	Counties Manukau	New Specialised Rehabilitation Centre (SRC)	Relocation of the Auckland Regional Spinal Unit from Counties Manukau's Ōtara campus at Middlemore Hospital to a new purpose built facility.	May-24	Jun-27	\$136.0 m		Amber	Red	Amber	Red	Amber
10208	3 - Central	Te Matau a Māui Hawke's Bay	Radiology Facilities Redevelopment, Hawke's Bay Hospital	Refurbishment of Radiology Buildings.	Jan-24	Oct-26	\$25.1 m		Red	Red	Red	Red	Amber
10230	1 - Northern	Te Tai Tokerau Northland	Project Pihī Kaha - Whangārei Hospital Redevelopment	Replacement of a large section of the main hospital block to address building issues and increase capacity	Oct-26	Aug-31	\$759.0 m		Amber	Amber	Amber	Amber	Green
30032	2 - Te Manawa Taki	Tairāwhiti	New Child and Youth Health Community Hub	Centralised location for a one stop shop providing services for children and youth.	TBC	Feb-25	\$5.0 m		Red	Red	Amber	Red	Green
10241	1 - Northern	Waitematā	Waitākere – Electrical Infrastructure Upgrade	Upgrade to critical elements of electrical infrastructure at Waitākere Hospital	Jun-24	Nov-24	\$7.2 m		Amber	Green	Amber	Green	Green
30045	3 - Central	Whanganui	Waimarino Health Centre Extension	Health Centre redevelopment to co-locate primary and community services.	Aug-24	Sep-25	\$2.1 m		Red	Red	Red	Red	Red
10256	3 - Central	Capital, Coast & Hutt Valley	Front of Whare	Addresses seismic, configuration and capacity issues. Significant planning required so this will deliver first phase only	May-25	Dec-27	\$100.0 m		Green	Green	Green	Green	Green
10247	1 - Northern	Waitematā	Waitematā Infrastructure Services Programme (ISP) Tranche 1B	Programme of remediation projects of critical plant and equipment to ensure compliance with relevant standards and legislation, and projects enabling and supporting campus resilience.	Jul-25	May-26	\$40.9 m		Green	Green	Green	Green	Green
10226	3 - Central	Capital, Coast & Hutt Valley	Nga Puna Waiora High Voltage Infrastructure Upgrades, Wellington Regional Hospital	Electrical upgrade, including supply to site and replacement of ageing generators.	Jun-25	Jun-27	\$25.0 m		Amber	Amber	Green	Amber	Amber
10258	2 - Te Manawa Taki	Tairāwhiti	Generator and Electrical Upgrade and Electrical Supply to Site	Electrical upgrade, including supply to site and replacement of ageing generators, replacement of coal boilers	TBC	Mar-25	\$25.0 m		Green	Green	Green	Green	Green
10238	1 - Northern	Waitematā	Construction of Waitākere Primary Birthing Unit	Construction of a 970sqm primary birthing facility, which includes six birthing/postnatal suites, to meet the urgent demand for maternity services in the West Auckland area.	Mar-24	May-25	\$12.3 m		Green	Green	Green	Green	Green
10243	4 - Te Waipounamu	Nelson Marlborough	Project Whakatapuranga (Nelson Hospital Redevelopment)	Design and construction of a new Acute Services Building and refurbishment of existing clinical buildings across the campus to address seismic issues and critical services infrastructure.	TBC	TBC	\$73.0 m		Green	Green	Green	Green	Green
30016	3 - Central	Capital, Coast & Hutt Valley	Maternity Ward and Neonatal Unit Upgrade	Facility redevelopment to improve care and outcomes for hapu mama, pepe and whanau.	Feb-24	TBC	\$9.5 m		Amber	Amber	Red	Amber	Green
30020	4 - Central	Nelson Marlborough	Nelson Hospital ED Reconfiguration	An extension to Nelson ED to support the current and increasing ED attendances until a new ED is completed as part of the broader hospital redevelopment.	TBC	TBC	\$1.4 m		Green	Green	Green	Amber	Green

S9(2)(b)(ii)

ID	REGION	LOCATION/ CAMPUS	PROJECT NAME	PROJECT DESCRIPTION	FORECAST CONSTRUCTION COMPLETION	SPEND TO DATE	TOTAL FUNDING APPROVED	INDICATIVE TOTAL COST	PREVIOUS MONTH RISK RATING	CURRENT MONTH RISK RATING	CURRENT MONTH SCHEDULE RATING	CURRENT MONTH BUDGET RATING	CURRENT MONTH SCOPE RATING
10001	1 - Northern	Te Toka Tumai Auckland	Facilities Infrastructure Remediation Programme - Tranche 1	Remediation of urgent infrastructure at Auckland City Hospital and Greenlane Clinical Centre	Jun-25	\$169.1 m	\$315.0 m	S9(2)(b)(ii)	Green	Green	Green	Green	Green
10056	1 - Northern	Te Toka Tumai Auckland	Facilities Infrastructure Remediation Programme - Tranche 2	Building Resilience - New central plant, tunnels and future integration at Auckland City Hospital and Greenlane	Dec-25	\$159.7 m	\$355.9 m		Green	Green	Amber	Green	Green
102115	1 - Northern	Te Toka Tumai Auckland	Linear Accelerators Replacement, Auckland City Hospital	Replacement of linear accelerator cancer radiation machines	Jun-24	\$5.9 m	\$11.3 m		Red	Red	Green	Red	Green
30002	1 - Northern	Te Toka Tumai Auckland	Starship Paediatric Intensive Care Unit (PICU) Bed Expansion and Atrium Redevelopment	Expansion of PICU to create an additional 10 beds in the current non-clinical area, and the development of atrium and public spaces on levels two and three in Starship Hospital to accommodate new public spaces, medical day stay and displaced PICU staff.	Jan-26	\$17.0 m	\$40.0 m		Red	Red	Red	Amber	Green
10007	4 - Te Waipounamu	Waitaha Canterbury	Christchurch Hospital Redevelopment, Tower 3	The objective of the project is to provide a new ward tower to the existing IL4 Waipapa building (formerly Acute Services Building) to provide provision for 160 bed spaces across five ward (32 bed wards). The project has approval to fit out two of the wards currently to provide 64 beds, with the remaining three to be constructed as shell floors.	Oct-25	\$39.4 m	\$183.5 m		Green	Green	Amber	Green	Green
10220	4 - Te Waipounamu	Waitaha Canterbury	Compliance Works	Compliance works for the Christchurch Hospital Main Campus. This includes structural strengthening, passive fire compliance works, structural upgrades.	Jun-26	\$33.3 m	\$76.9 m		Green	Green	Green	Green	Green
30006	4 - Te Waipounamu	Waitaha Canterbury	Parkside Enhancements - Tranche One	Upgrade aims to address many facility issues that hinder staff's ability to provide an adequate level of care for their patients. The proposed investment will support the refurbishment of the wards in Parkside building at Christchurch Hospital.	Feb-24	\$6.7 m	\$7.1 m		Red	Red	Amber	Red	Green
30008	3 - Central	Capital, Coast & Hutt Valley	Copper Pipes	Replacement of corroding hot-water pipes in Wellington Hospital.	Aug-26	\$67.5 m	\$50.4 m		Amber	Amber	Red	Amber	Green
10209	1 - Northern	Counties Manukau	Manukau Superclinic Expansion	Critical expansion of capacity at Manukau Health Park with supporting infrastructure, including outpatients, theatres, renal, radiology, integrated breast care and more.	Nov-25	\$98.0 m	\$316.8 m		Green	Green	Green	Green	Green
30014	3 - Central	Te Matau a Māui Hawke's Bay	Main Electrical Supply Upgrade	Replacement the DHB's aging main electrical switchboards in hospital buildings.	Jun-24	\$3.4 m	\$4.0 m		Amber	Amber	Red	Green	Green
30013	3 - Central	Te Matau a Māui Hawke's Bay	Procedure Rooms Upgrade, Hawke's Bay Hospital	Fitout of two procedure rooms in the Ruakopito (Endoscopy) building to enable ophthalmological procedures to be undertaken whilst maintaining endoscopy procedures.	TBC	\$1.6 m	\$3.0 m		Red	Red	Red	Green	Red
10148	3 - Central	Te Matau a Māui Hawke's Bay	Hawke's Bay Hospital Seismic Remediation Works	Seismic strengthening remediation works on theatres, and acute assessment unit.	Feb-24	\$7.1 m	\$8.8 m		Green	Green	Amber	Green	Green
10218	3 - Central	Te Matau a Māui Hawke's Bay	Surgical Services Expansion Project (SSEP), Hawke's Bay Hospital	Bringing the previously shelled theatre eight online, expanding the post anaesthesia care unit (PACU), and minor modifications to the central sterile services department (CSSD).	May-24	\$14.7 m	\$18.8 m		Amber	Amber	Amber	Red	Green
30017	2 - Te Manawa Taki	Lakes	Women, Child and Family Facility Upgrade	Women, Child and Family Facility upgrade incorporates the Birthing Unit, Perinatal Unit, Childrens Unit, Special Care Baby Unit and a 24 bed general ward that is used currently for decanting. These units were in need for substantial investment to bring them standard meeting the needs for both patients and staff.	Jul-24	\$5.3 m	\$6.0 m		Amber	Red	Red	Red	Amber
30048	2 - Te Manawa Taki	Waikato	Tokoroa ED Reconfiguration	Reconfiguration of Tokoroa Hospital to improve infectious disease management, enlarge front of house, provide flexible space, and repurpose a consultation room as a plaster room.	Mar-24	\$1.4 m	\$1.4 m		Green	Amber	Red	Amber	Green
10025	4 - Te Waipounamu	Southern	Project Whakatuputupu - New Dunedin Hospital	New Dunedin Hospital campus built across the ex Cadbury and Wilson blocks in central Dunedin to replace hospital services currently provided in the Clinical Services Block, Ward Block (acute clinical services, birthing, inpatient units, clinical and non-clinical support services and ambulatory services) and an Energy Centre.	Mar-29	\$309.6 m	\$1590.0 m		Red	Red	Amber	Red	Green
10222	1 - Northern	Waitematā	Building For The Future - Fit-out of shelled theatres, inpatient wards and procedure rooms, Tōtara Haumaru, North Shore Hospital.	Increasing capacity in Northern region with the fit-out of four surgical theatres, one 30-bed ward and two endoscopy procedure rooms within Tōtara Haumaru. Funding of this project has been spent and forecast as part of 10036.	Apr-24	\$0.0 m	\$41.4 m		Green	Green	Amber	Green	Green
10036	1 - Northern	Waitematā	Construction of new building, Tōtara Haumaru North Shore Hospital	Increasing capacity across the Northern region with a new build comprising eight surgical theatres, an endoscopy suite with four procedure rooms, five 30-bed wards for post-surgical care and to support acute and elective inpatient bed requirements, and associated clinical support services. Funding from project 10222 has been spent and forecast as part of this project.	Mar-24	\$281.3 m	\$268.2 m		Green	Amber	Amber	Amber	Green
30030	4 - Te Waipounamu	Southern	Rural Primary Birthing Units in Central Otago	Additional facility required due to rapid and sustained population growth in Central Otago.	Oct-25	\$3.3 m	\$7.0 m		Red	Red	Red	Red	Amber
10047	1 - Northern	Te Tai Tokerau Northland	Te Kotuku Redevelopment, Whangārei Hospital (Critical Works - Package 2)	Addressing capacity constraints and provide relief until the new hospital is commissioned, including: Special Care Baby Unit, Acute Assessment Unit, Ambulatory Care/Outpatients and Laboratory	Mar-24	\$44.9 m	\$49.5 m		Green	Green	Green	Green	Green
10026	4 - Te Waipounamu	Southern	Keeping the Lights on - Stage 2 (Dunedin Hospital Transition Programme - Maintenance) (Critical Infrastructure Works)	Essential maintenance projects to maintain services until completion of the new Dunedin Hospital development.	Dec-25	\$2.6 m	\$23.6 m	Green	Green	Amber	Green	Green	
10027	4 - Te Waipounamu	Southern	Urgent Interim Works - Deferred Main, Gastroenterology, Audiology, ICU	Redevelopment of gastroenterology, audiology and ICU facilities, and a deferred maintenance programme at Dunedin Hospital.	Feb-25	\$30.4 m	\$29.7 m	Amber	Amber	Red	Amber	Amber	
10079	2 - Te Manawa Taki	Taranaki	Taranaki Base Hospital Redevelopment - Project Maunga - Stage 2	This is Stage 2 of a 3 Stage inpatient building programme. Stage 1 completed in 2014. Recent seismic assessment informed the DHB had 5 EPB buildings (IL4 <34%) + 4 tunnels carrying essential services - all currently housing key clinical services (ED, ICU/HDU/CCU, Radiology, Renal, Pathology Lab, Maternity services). Further the buildings are aged and not fit for purpose - a few exceeding > 55 years. New building housing core clinical services including ED, radiology, laboratory, maternity services, neonatal and ICU (incorporating High Dependency Unit).	Mar-25	\$243.2 m	\$403.5 m	Amber	Red	Amber	Red	Green	
10227	2 - Northern	Northern Region	Regional Network Remediation	Replacement of 826 end-of-life network devices.	May-24	\$8.0 m	\$12.4 m	Green	Green	Amber	Green	Green	
10049	1 - Northern	Waitematā	Waitematā Infrastructure Services Programme (ISP) Tranche 1A	Mitigation of risks in relation to critical assets and building resilience, focused on demolition of facilities, and relocation and provision of new infrastructure at the North Shore Hospital campus to support Tōtara Haumaru.	Mar-24	\$29.2 m	\$37.6 m	Green	Green	Green	Green	Green	
30024	4 - Te Waipounamu	Nelson Marlborough	Wairau Boilers	Replacement of boilers with an energy efficient, sustainable option.	Apr-24	\$2.2 m	\$8.1 m	Green	Green	Amber	Green	Green	
10068	1 - Northern	Te Tai Tokerau Northland	Regional IT System Platform Implementation, Northern Region	Implement a new regional platform to support an integrated network of primary, community and hospital-based care.	Oct-24	\$6.5 m	\$17.1 m	Amber	Amber	Green	Amber	Green	
10069	1 - Northern	Te Toka Tumai Auckland	Tū Pono Āroha - Hospital Administration Replacement Project	Delivery of a replacement Patient Administration System (PAS) for Auckland to secure business continuity and integrate with other current Northern Region PAS solutions	Apr-24	\$25.0 m	\$55.0 m	Green	Green	Amber	Green	Green	
10045	1 - Northern	Counties Manukau	Acute Radiology Unit Relocation, Middlemore Hospital	Relocate existing radiology department from earthquake-prone Galbraith Building to Harley Gray Building.	Nov-25	\$2.3 m	\$44.5 m	Green	Green	Amber	Green	Green	
10240	3 - Central	Capital, Coast & Hutt Valley	Renewal of Vertical Transport (Lifts) - Tranche 2	Renewal of failing lifts in seven buildings across Wellington Regional Hospital.	Jul-25	\$2.0 m	\$5.8 m	Green	Green	Green	Green	Green	

DELIVER

ID	REGION	LOCATION/ CAMPUS	PROJECT NAME	PROJECT DESCRIPTION	FORECAST CONSTRUCTION COMPLETION	SPEND TO DATE	TOTAL FUNDING APPROVED	INDICATIVE TOTAL COST	PREVIOUS MONTH RISK RATING	CURRENT MONTH RISK RATING	CURRENT MONTH SCHEDULE RATING	CURRENT MONTH BUDGET RATING	CURRENT MONTH SCOPE RATING
10210	1 - Northern	Counties Manukau	Building Recladding, Middlemore Hospital & Manukau Health Park	Year 2 of Stage 2 of the recladding programme to address leaky building and cladding issues.	Apr-27	\$3.5 m	\$67.0 m	S9(2)(b) (ii)	Amber	Amber	Amber	Amber	Amber
102117	2 - Te Manawa Taki	Taranaki	Linear Accelerators	Replacement of Linac and Bunker as part of regional services.	Aug-25	\$12.7 m	\$56.1 m		Green	Green	Green	Green	Green
102116	1 - Northern	Te Tai Tokerau Northland	Radiation Oncology Project	New radiation oncology facility and redevelopment of the Jim Carney Cancer Centre	Feb-26	\$5.2 m	\$60.9 m		Green	Green	Green	Green	Green
30037	3 - Central	Wairarapa	Outpatients Refurbishment	This funding will enable the outpatients' area to be re-fitted for a triaging area, new office and clinic space which will better position the DHB for future models of care including virtual consultations.	Jun-24	\$0.2 m	\$0.9 m		Red	Red	Red	Red	Amber
10204	1 - Northern	Waitematā	Manaaki Hōhono - Construction of inpatient ward and ICU, Waitākere Hospital	Increasing capacity at Waitākere Hospital with a new build comprising a 30-bed inpatient ward and an 8-bed ICU (with 6 ICU beds initially fitted out), with future-proofing for additional clinical space.	Feb-26	\$8.9 m	\$88.9 m		Green	Green	Green	Green	Green
10112	4 - Te Waipounamu	Te Tai o Poutini West Coast	Te Rau Kawakawa Buller Integrated Family Health Centre (IFHC)	Development of Buller Integrated Family Health Centre in Westport.	Oct-24	\$20.8 m	\$21.0 m		Red	Red	Green	Red	Green
10005	4 - Te Waipounamu	Waitaha Canterbury	Energy Centre and Services Tunnel	Redevelopment of Energy Centre and Services Tunnel post 2011 Canterbury Earthquakes.	Jun-24	\$64.0 m	\$65.6 m		Green	Green	Green	Green	Green
10257	5 - Te Waipounamu	Te Pae Hauora o Ruahine o Taranua MidCentral	Critical Infrastructure Interim Works, Palmerston North Hospital	This is Phase 2 of the Electrical Systems Strategy and comprises the replacement of the Low Voltage Substation 1 together with the associated essential services cables and installation of a new high voltage and LV substation 6 to support both the Acute Mental Health Unit and other site developments.	Dec-25	\$2.0 m	\$30.2 m		Green	Amber	Amber	Green	Green
							\$4,382.9 m						

Appendix 2 Health Capital Project Update

Reporting Period: Period ending 31 January 2024

PHASE	ID	LOCATION	PROJECT NAME	INTER-VENTION LEVEL	PREVIOUS MONTH RATING	CURRENT MONTH OVERALL RATING	CURRENT MONTH SCHEDULE RATING	CURRENT MONTH BUDGET RATING	CURRENT MONTH SCOPE RATING	SPEND TO DATE	TOTAL FUNDING APPROVED OR ALLOCATED	INDICATIVE TOTAL COST	COMPLETION CALENDAR YEAR (PRACTICAL COMPLETION)	NEXT MILESTONE
DEFINE	30004	Hauora a Toi Bay of Plenty	Whakatāne Hospital - Te Toki Maurere - Mental Health and Addictions Acute Inpatient Unit redevelopment	3	Amber	Amber	Red	Red	Amber	\$0.0 m	\$15.0 m	S9(2)(b)(ii)	TBA	Investment decision
DESIGN	30003	Hauora a Toi Bay of Plenty	Tauranga Hospital - Te Whare Maiangiangi - Mental Health and Addictions Acute Inpatient Unit redevelopment*	3	Green	Green	Amber	Green	Green	\$0.0 m	\$23.1 m		Q3 2027	Completion of extension design
	10232	Waitaha Canterbury	Hillmorton Hospital - Masterplan Redevelopment Tranche 1	2	Green	Green	Green	Green	Green	\$5.9 m	\$129.3 m		2028	Completion of detailed design
	30041	Te Tai o Poutini West Coast	Grey Base Hospital - Mental Health and Addictions Facility replacement	3	Red	Red	Red	Red	Green	\$1.1 m	\$20.0 m		Q3 2026	Completion of detailed design
	300151	Hutt Valley	Hutt Hospital – Tranche 2 - Mark Dunajtschik Mental Health Centre**	3D	Amber	Amber	Amber	Amber	Green	\$0.0 m	\$80.0 m		Q4 2026	Completion of developed design
	10073	Waikato	Waikato Hospital - Te Pae Tawhiti - Mental Health Adult Acute Inpatient Facility replacement	2	Green	Green	Green	Green	Green	\$20.2 m	\$175.6 m		Q3 2026	Completion of civil works (mental health facility)
DELIVER	30033	Taranaki	Taranaki Base Hospital - Tukapa House and Te Puna Waiora - Acute Inpatient Mental Health Facility upgrade	0	Green	Green	Green	Green	Green	\$3.5 m	\$9.0 m		Q4 2024 - Tukapa House Complete – Te Puna Waiora upgrade	Procurement Contract Award
	10075	Lakes	Rotorua Hospital - Mauri Ora - Mental Health and Addictions Inpatient Facility redevelopment	3	Amber	Amber	Amber	Amber	Green	\$6.4 m	\$50.0 m		Q3 2025	Completion of foundation work
	30015	Hutt Valley	Hutt Hospital Acute Mental Health Unit Tranche 1 - Enabling Works**	0	Amber	Amber	Red	Red	Amber	\$5.6 m	\$8.0 m		Q3 2024	Completion of enabling works
	30021	Nelson Marlborough	Nelson Hospital - Wāhi Oranga Mental Health Inpatient Unit refurbishment	0	Amber	Amber	Green	Amber	Amber	\$2.0 m	\$5.5 m		Q4 2024	Practical completion
	10207	Tairāwhiti	Gisborne Hospital - Te Whare Awhiora - Acute Mental Health and Addictions Facility	3	Amber	Amber	Amber	Amber	Green	\$13.2 m	\$31.1 m		Q4 2024	Weather tight structure
	10050	Waitematā	Mason Clinic - E Tū Wairua Hinengaro - Tranches 1A and 1B	1	Red	Red	Amber	Red	Green	\$39.6 m	\$162.8 m		Q3 2025	Completion of sub-structure
	10020	Te Pae Hauora o Ruahine o Taranaki MidCentral	Palmerston North Hospital - Acute Mental Health Unit replacement	2	Green	Green	Amber	Green	Green	\$16.0 m	\$66.6 m		Q2 2025	Weather tight structure
	30025	Northland	Whangarei - Community Mental Health Hub at Manaia House	0	Red	Red	Red	Amber	Green	\$20.8 m	\$21.6 m		Q4 2024	Confirm remediation scope
	10010	Waitaha Canterbury	Specialist Mental Health Services Relocation from The Princess Margaret Hospital (TPMH) to Hillmorton Hospital	0	Green	Green	Green	Green	Green	\$81.1 m	\$81.8 m	Q1 2024	Practical completion	
DEBRIEF	10012	Capital & Coast	Rātonga-Rua-O-Porirua campus - Manawai - Individualised Service Units	0						\$13.3 m	\$13.3 m		Post-occupancy evaluation	
	10014	Counties Manukau	Middlemore Hospital - Tiaho Mai - Mental Health Inpatient Unit	0						\$62.9 m	\$67.5 m		Not applicable	
											\$960.3 m			

The IIG refer to estimated practical completion rather than 'go live' dates. Practical completion refers to the infrastructure component of the project, when the building and fit out is complete. 'Go live' incorporates operational decision-making including service change management and staffing.

Actual cost and practical completion are only confirmed once a project is completed. There are key stage gates where accuracy of an estimate is enhanced, these are generally at business case decision, at the end of each design phase and main contract award. For this reason, IIG recommends that project information is updated (rebaselined) at key stage gates.

*\$30 million was allocated through Budget 2022. The use of \$23.1 million is approved for this project with the remaining \$6.9 million placed in reserve.

** From June 2023, the Mark Dunajtschik Mental Health Centre project at Hutt Hospital was separated into two projects (enabling and main build) for reporting purposes.