

Aide-Mémoire

Update on Health Capital Projects as at 31 March 2024

To:	Hon Dr Shane Reti, Minister of Health	Reference:	HNZ00044154
From:	Jeremy Holman, Chief, Infrastructure and Investment Officer, Infrastructure and Investment Group, Health New Zealand	Due Date:	31 May 2024
Copy to:	Hon Nicola Willis, Minister of Finance Hon Matt Doocey, Minister for Mental Health	Security level:	In Confidence

Contact for telephone discussion (if required)			
Name	Position	Telephone	1st contact
Jeremy Holman	Chief Infrastructure and Investment Officer	S9(2)(a)	x
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The following departments/agencies have been consulted
The Ministry of Health

Attachments
Annex 1: Report 'Update on Health Capital Projects as at 31 March 2024' including Appendices 1-5

Purpose

1. This Aide-Mémoire provides you with the report 'Update on Health Capital Projects as at 31 March 2024' (monthly report), which is attached at Annex 1 and key updates since the last monthly report.

Key Updates since the last Monthly Report

2. We continue to improve the report based on feedback. This month we have provided:
 - a. Further analysis on forecast completion dates and changes since the last report (page 6 of the monthly report).
 - b. Further analysis on forecast cashflow and a review of the major contributors to the cashflow forecast variance (page 7 of the monthly report).
 - c. An update on progress on the post completion review (page 13 of the monthly report).
 - d. New analysis on the rate and volume of changes in schedule across the portfolio (page 14 of the monthly report).
3. The table below shows the project status for the 73 in-flight projects.

Table 1: Project status as at 31 March 2024

	Green rated projects	Amber rated projects	Red rated projects	Total
Number of projects	34	22	17	73
\$ value	\$2,403.8m	\$912.7m	\$3,134.3m	\$6,451m
Movement	-2	-	-	-2

4. Details of the Red-rated projects and the mitigation actions we are taking are provided in Appendix 4 of the monthly report. A summary is provided in Tables 2 below.

Table 2: List of Red-rated projects as at 31 March 2024 over \$10 million

Project Phase	Project name (and ID)	Reason for Red rating
Define	Project Pihi Kaha - Whangārei Hospital Redevelopment (10230)	S9(2)(b)(ii), S9(2)(f)(iv) [Redacted]
Deliver	Manaaki Hōhonu - Construction of inpatient ward and ICU, Waitākere Hospital (10204)	Unforeseen ground conditions. High quantities of asbestos. Unfunded local authority development levies. Delays ensuing from previous change request.
Design	Endoscopy Unit Expansion, Christchurch Hospital (10246)	S9(2)(b)(ii), S9(2)(f)(iv) [Redacted]

Project Phase	Project name (and ID)	Reason for Red rating
Deliver	Hillmorton Child, Adolescent and Family Relocation, Christchurch (10259)	S9(2)(b)(ii), S9(2)(f)(iv) [Redacted]
Deliver	Construction of Waitākere Primary Birthing Unit (10238)	S9(2)(b)(ii), S9(2)(f)(iv) [Redacted]
Deliver	Taranaki Base Hospital Redevelopment - Project Maunga - Stage 2 (10079)	S9(2)(b)(ii), S9(2)(f)(iv) [Redacted] Several risk items require further investigation.
Design	New Specialised Rehabilitation Centre, Manukau Health Park (10225)	S9(2)(b)(ii), S9(2)(f)(iv) [Redacted]
Deliver	Manaia House – Community Mental Health – Whangārei (30025)	Significant water damage occurred just before practical completion due to burst water pipe. Extensive remediation will delay the project by at least 10 months. Budget risk remains until insurance claim complete.
Design	Mental Health Inpatient Facility Replacement, Grey Base Hospital (30041)	S9(2)(b)(ii), S9(2)(f)(iv) [Redacted] Revised programme has been issued with 13 weeks delay.
Design	Project Whakatuputupu New Dunedin Hospital - Inpatient Building (100251)	S9(2)(b)(ii), S9(2)(f)(iv) [Redacted]
Deliver	Project Whakatuputupu New Dunedin Hospital - Outpatient Building (10025)	S9(2)(b)(ii), S9(2)(f)(iv) [Redacted]
Design	Hawke's Bay Hospital Radiology Facilities Redevelopment (10208)	S9(2)(b)(ii), S9(2)(f)(iv) [Redacted]
Define	Hawke's Bay Hospital Linear Accelerators (102118)	Scope increased to include medical oncology chemotherapy and haematology. S9(2)(b)(ii), S9(2)(f)(iv) [Redacted]

Key Upcoming Construction Dates

5. Table 3 below provides a list of upcoming construction starts or completion until the first month of the new Financial Year. This table is provided in addition to the monthly report.
6. 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. Verbal updates will be provided at the monthly health infrastructure meeting.
7. The dates in Table 3 are as at 3 May 2024 and based on the latest information available. This may differ from those shown in the monthly report.

Table 3: Upcoming key construction dates

Project	Type	Description	Planned Date
Christchurch Hospital, Parkside Enhancements - Tranche One (30006)	Practical Completion	Refurbishment of the wards in Parkside building at Christchurch Hospital.	May 2024
Surgical Services Expansion Project (SSEP), Hawke's Bay Hospital (10218)	Practical Completion	Bringing the previously shelled theatre eight online, expanding the post anesthesia care unit, and minor modifications to the central sterile services department.	May 2024
Te Kotuku Redevelopment, Whangārei Hospital (Critical Works - Package 2) (10047)	Go live	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	June 2024
Christchurch Hospital Endoscopy Expansion (10246)	Construction Start	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.	June 2024
Radiology Relocation to Harley Gray at Middlemore Hospital (10045)	Construction Start (Main works)	Relocation of existing radiology department from earthquake prone Galbraith building to Harley Gray building.	June 2024
Christchurch Central City Energy Centre and Services Tunnel (10005)	Practical Completion & Go Live	Redevelopment of Energy Centre and Services Tunnel post 2011 Canterbury Earthquakes.	June 2024

Project	Type	Description	Planned Date
Linear Accelerators Replacement, Auckland City Hospital (102115)	Practical Completion	Replacement of linear accelerator cancer radiation machines	June 2024
Wairarapa Hospital Outpatients Refurbishment (30037)	Practical Completion & Go-Live	Refitting of outpatients' area for a triaging area, plus new office and clinic space.	July 2024
Bay of Plenty Seismic Strengthening (Building 20 and Kitchen Refurbishment) (10252)	Construction Start	Structural upgrade of building to protect IL4 services (includes relocation of kitchen).	June 2024
Generator and Electrical Upgrade and Electrical Supply to Site (10258)	Construction Start	Electrical upgrade, including supply to site and replacement of ageing generators, replacement of coal boilers	June 2024
Construction of new building, Tōtara Haumaru North Shore Hospital (10036)	Go Live	Increasing capacity across the Northern region with a new build.	July 2024
Nelson Hospital ED Reconfiguration (30020)	Construction Start	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.	July 2024
Rotorua Hospital Woman, Child and Family Facility Upgrade (30017)	Practical Completion & Go Live	Women, Child and Family Facility upgrade incorporating the Birthing Unit, Perinatal Unit, Childrens Unit, Special Care Baby Unit and a 24-bed general ward.	July 2024
Mental Health Inpatient Facility Replacement, Grey Base Hospital, West Coast (30041)	Construction Start	A purpose-built, resilient facility to provide a modern, therapeutic environment and enable contemporary models of care.	July 2024
Construction of Waitākere 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.	August 2024

Next steps

- The next Update on Health Capital Projects Report, based on 30 April 2024 assurance reports, will be provided to you in June 2024.

Appendix 1 Health Capital Project Update

Reporting Period: Period ending 31 March 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-25	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	Apr-24	\$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	May-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 APPROVED	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
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	S9(2)(b)(ii)	Red	Red	Amber	Red	Amber
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.	Jan-25	Mar-27	\$33.8 m		Amber	Amber	Amber	Amber	Amber
10230	1 - Northern	Te Tai Tokerau Northland	Project Pihi Kaha - Whangārei Hospital Redevelopment	Replacement of a large section of the main hospital block to address building issues and increase capacity	Oct-26	Feb-31	\$759.0 m		Amber	Red	Amber	Red	Red
30026	1 - Northern	Te Tai Tokerau Northland	Kaitiāia Hospital Weathertightness Remediation	Weatherproofing to extend building lifespan.	May-25	Jul-26	\$12.9 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
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		Green	Green	Amber	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).	TBC	TBC	\$24.8 m		Green	Amber	Amber	Amber	Green
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	Apr-24	Jun-25	\$25.0 m		Green	Green	Green	Green	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.	May-24	Feb-25	\$5.0 m		Red	Red	Amber	Red	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.	Dec-25	Dec-27	\$25.0 m		Amber	Amber	Green	Amber	Amber
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	\$10.0 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.	Apr-24	Dec-25	\$9.5 m		Amber	Amber	Red	Amber	Green
10208	3 - Central	Te Matau a Māui Hawke's Bay	Radiology Facilities Redevelopment, Hawke's Bay Hospital	Refurbishment of Radiology Buildings.	Apr-24	Oct-26	\$25.1 m		Red	Red	Red	Red	Amber
30045	3 - Central	Whanganui	Waimarino Health Centre Extension	Health Centre redevelopment to co-locate primary and community services.	Aug-24	Sep-25	\$3.3 m		Red	Green	Green	Green	Amber
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.	Dec-26	TBC	\$73.0 m		Green	Green	Green	Green	Green
30020	4 - Te Waipounamu	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.	Apr-24	Oct-25	\$1.4 m		Green	Amber	Green	Amber	Green
100251	4 - Te Waipounamu	Southern	New Dunedin Hospital (Inpatient Building)	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 Energy Centre.	Dec-24	Mar-29	\$1296.0 m		Red	Red	Red	Red	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.	Apr-24	Mar-25	\$9(2)(b)(ii)		Green	Red	Green	Red	Green

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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	\$108.1 m	\$316.8 m	S9(2)(b)(ii)	Green	Amber	Amber	Amber	Amber
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	\$3.7 m	\$67.0 m		Amber	Amber	Amber	Amber	Amber
10045	1 - Northern	Counties Manukau	Acute Radiology Unit Relocation, Middlemore Hospital	Relocate existing radiology department from earthquake-prone Galbraith Building to Harley Gray Building.	Jan-26	\$2.6 m	\$44.5 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	Amber	Green	Green
10068	1 - Northern	Te Tai Tokerau Northland	Regional Collaborative Community Care (RCCC)	Implement a new regional platform to support an integrated network of primary, community and hospital-based care.	Sep-24	\$7.6 m	\$17.1 m		Amber	Amber	Amber	Green	Amber
10227	1 - Northern	Te Tai Tokerau Northland	Regional Network Remediation	Replacement of 826 end-of-life network devices.	Jun-24	\$8.3 m	\$12.4 m		Green	Green	Amber	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	\$174.0 m	\$358.1 m		Green	Green	Green	Green	Green
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	\$176.1 m	\$312.8 m		Green	Green	Green	Green	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	\$26.5 m	\$59.6 m		Green	Green	Amber	Green	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	\$18.1 m	\$48.0 m		Red	Green	Green	Green	Green
102115	1 - Northern	Te Toka Tumai Auckland	Linear Accelerators Replacement, Auckland City Hospital	Replacement of linear accelerator cancer radiation machines	Jun-24	\$6.8 m	\$11.7 m		Red	Green	Green	Green	Green
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	\$11.2 m	\$88.9 m		Green	Red	Green	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
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.	May-25	\$1.6 m	\$12.3 m		Red	Red	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.	Aug-24	\$4.0 m	\$6.0 m		Red	Amber	Red	Green	Green
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 includes ED, radiology, laboratory, maternity services, neonatal and ICU.	Apr-25	\$260.0 m	\$403.5 m		Red	Red	Amber	Red	Green
102117	2 - Te Manawa Taki	Taranaki	Linear Accelerators	Replacement of Linac and Bunker as part of regional services.	Aug-25	\$15.7 m	\$56.1 m		Green	Green	Green	Green	Green
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.	Apr-24	\$1.4 m	\$1.5 m		Amber	Green	Red	Green	Green
30008	3 - Central	Capital, Coast & Hutt Valley	Copper Pipes	Replacement of corroding hot-water pipes in Wellington Hospital.	Dec-26	\$70.6 m	\$50.4 m		Amber	Amber	Red	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
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	\$15.5 m	\$18.8 m	Amber	Amber	Amber	Red	Green	
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.	Apr-24	\$7.5 m	\$8.8 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.	Aug-24	\$3.6 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	
10257	3 - Central	Te Pae Hauora o Ruahine o Taranui 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	\$3.3 m	\$30.2 m	Amber	Amber	Amber	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.	Jul-24	\$0.2 m	\$0.9 m	Amber	Amber	Red	Amber	Amber	
30024	4 - Te Waipounamu	Nelson Marlborough	Wairau Boilers	Replacement of boilers with an energy efficient, sustainable option.	Aug-24	\$4.5 m	\$8.1 m	Green	Green	Amber	Green	Green	
10025	4 - Te Waipounamu	Southern	New Dunedin Hospital (Outpatient Building)	New build 15,000m2 Outpatient Building complete with four theatres, as part of wider New Dunedin Hospital. Outpatient be completed first so that local operating theatre capacity restraint is reduced.	Jul-26	\$94.8 m	\$294.0 m	Red	Red	Amber	Red	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	\$32.6 m	Amber	Green	Green	Green	Amber	

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
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	\$2.8 m	\$23.6 m	S9(2)(b)(ii)	Green	Green	Amber	Green	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	\$4.0 m	\$7.0 m		Red	Red	Red	Red	Amber
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.	Jan-25	\$20.8 m	\$27.3 m		Red	Green	Green	Green	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	\$46.3 m	\$183.5 m		Green	Green	Green	Green	Green
10220	4 - Te Waipounamu	Waitaha Canterbury	Compliance Works Programme	Compliance works for the Christchurch Hospital Main Campus. This includes structural strengthening, passive fire compliance works, structural upgrades.	Jun-26	\$33.9 m	\$76.9 m		Green	Green	Green	Green	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	\$64.3 m	\$71.4 m		Green	Green	Amber	Green	Green
10259	4 - Te Waipounamu	Waitaha Canterbury	Child, Adolescent and Family Relocation	Fit-out of the Hillmorton Laundry space to provide a clinically appropriate and economical accommodation solution for the consolidation of Child, Adolescent and Family outpatient service.	Sep-24	\$2.9 m	\$11.1 m		Amber	Red	Green	Amber	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.	May-24	\$7.2 m	\$7.1 m		Red	Red	Green	Red	Green
							\$2,783.0 m						

Appendix 2 Health Capital Project Update

Reporting Period: to 31 March 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)
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)(j), S9(2)(b)(ii)	TBA
	30003	Hauora a Toi Bay of Plenty	Tauranga Hospital - Te Whare Maiangiangi - Mental Health and Addictions Acute Inpatient Unit redevelopment*	3	Amber	Amber	Amber	Amber	Amber	\$0.2 m	\$23.1 m		Q3 2027
DESIGN	10232	Waitaha Canterbury	Hillmorton Hospital - Masterplan Redevelopment Tranche 1	2	Green	Green	Green	Green	Green	\$6.4 m	\$129.3 m		2028
	30041	Te Tai o Poutini West Coast	Grey Base Hospital - Mental Health and Addictions Facility replacement	3	Red	Red	Red	Red	Green	\$1.6 m	\$20.0 m		Q3 2026
	300151	Hutt Valley	Hutt Hospital – Tranche 2 - Mark Dunajtschik Mental Health Centre**	3D	Amber	Amber	Red	Amber	Green	\$0.0 m	\$80.0 m		Q4 2026
	10073	Waikato	Waikato Hospital - Te Pae Tawhiti - Mental Health Adult Acute Inpatient Facility replacement	2	Green	Green	Green	Green	Green	\$24.5 m	\$175.6 m		Q3 2026
DELIVER	30033	Taranaki	Taranaki Base Hospital - Tukapa House and Te Puna Waiora - Acute Inpatient Mental Health Facility upgrade	0	Green	Green	Green	Green	Green	\$3.7 m	\$9.0 m		Q4 2024 - Tukapa House Complete – Te Puna Waiora upgrade
	10075	Lakes	Rotorua Hospital - Mauri Ora - Mental Health and Addictions Inpatient Facility redevelopment	3	Amber	Amber	Amber	Amber	Green	\$10.5 m	\$50.0 m		Q3 2025
	30015	Hutt Valley	Hutt Hospital Acute Mental Health Unit Tranche 1 - Enabling Works**	0	Amber	Amber	Amber	Red	Amber	\$6.2 m	\$8.0 m		Q3 2024
	30021	Nelson Marlborough	Nelson Hospital - Wāhi Oranga Mental Health Inpatient Unit refurbishment	0	Amber	Amber	Green	Amber	Amber	\$2.8 m	\$5.5 m		Q4 2024
	10207	Tairāwhiti	Gisborne Hospital - Te Whare Awhiora - Acute Mental Health and Addictions Facility	3	Green	Green	Amber	Green	Green	\$17.9 m	\$31.1 m		Q4 2024
	10050	Waitematā	Mason Clinic - E Tū Wairua Hinengaro - Tranches 1A and 1B	1	Red	Green	Green	Green	Green	\$49.7 m	\$192.8 m		Q3 2025
	10020	Te Pae Hauora o Ruahine o Tararua MidCentral	Palmerston North Hospital - Acute Mental Health Unit replacement	2	Green	Amber	Amber	Amber	Green	\$19.2 m	\$66.6 m		Q2 2025
	30025	Northland	Whangarei - Community Mental Health Hub at Manaia House	0	Red	Red	Red	Amber	Green	\$21.1 m	\$21.7 m		Q4 2024
	10010	Waitaha Canterbury	Specialist Mental Health Services Relocation from The Princess Margaret Hospital (TPMH) to Hillmorton Hospital	0	Green	Green	Green	Green	Green	\$81.6 m	\$81.8 m	Q2 2024	
	DEBRIEF	10012	Capital & Coast	Rātonga-Rua-O-Porirua campus - Manawai - Individualised Service Units	0						\$13.3 m	\$13.3 m	
10014		Counties Manukau	Middlemore Hospital - Tiaho Mai - Mental Health Inpatient Unit	0						\$62.9 m	\$67.5 m		

\$990.3 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.

S9(2)(b)(ii)



Appendix 4

Projects with Significant Risks

This document provides commentary on progress and mitigations for **Red-rated projects with total costs over \$10 million** including projects of the Mental Health Infrastructure Programme (MHIP) as at **31 March 2024**. A list of all projects, their stage and RAG rating is provided in Appendices 1 and 2.

Project Name	Location	Rated Red since	Page
Project Pihi Kaha - Whangārei Hospital Redevelopment	Te Tai Tokerau Northland	March 2024	2
Manaaki Hōhonu - Construction of inpatient ward and ICU, Waitākere Hospital	Waitematā	March 2024	3
Christchurch Hospital Endoscopy Expansion	Waitaha Canterbury	March 2024	4
Child, Adolescent and Family Relocation, Christchurch	Waitaha Canterbury	March 2024	5
Construction of Waitākere Primary Birthing Unit	Waitematā	March 2024	6
Taranaki Base Hospital Redevelopment Project Maunga - Stage 2	Taranaki	January 2024	7
New Specialised Rehabilitation Centre, Manukau Health Park	Counties Manukau	January 2024	8
Manaia House - Community Mental Health, Whangārei	Te Tai Tokerau Northland	October 2023	9
Grey Base Hospital - Mental Health and Addictions Facility replacement	West Coast	September 2023 ¹	10
Project Whakatuputupu - New Dunedin Hospital – Inpatient Building	Southern	August 2023	11
Project Whakatuputupu - New Dunedin Hospital – Outpatient Building	Southern	August 2023	12
Hawke's Bay Radiology Facilities Redevelopment	Te Matau a Māui Hawke's Bay	June 2023	13
Hawke's Bay Hospital Linear Accelerators	Te Matau a Māui Hawke's Bay	June 2022	14

¹ This project has now moved to Green since the date of this reporting

**Project Pihi Kaha - Whangārei
Hospital Redevelopment
10230 NEW**

Total project funding: \$759 million

Rated Red since March 2024



ISSUE

The project is rated Red due to cost and scope risk from the dependency of Stage 1 (approved) on Stage 2 (pending) S9(2)(b)(ii), S9(2)(f)(iv)



KEY MITIGATION ACTION

A revised development estimate is underway to capture all known development costs to achieve investment objectives, such as the ward tower and car parking, and utilising current market rates along with other major regional development budget considerations and allowances and will be submitted via a change request in due course.


A concept validation exercise is planned within the revised master programme and design team procurement planning to re-baseline the project scope.


PROGRESS IN THE MONTH

Business cases for the ward tower and car parking have been developed in preparation for circulation and approval.

PROJECT BACKGROUND

- June 2021: Joint Ministers agreed that a programme approach be adopted for the delivery of the Whangārei and Nelson Hospital redevelopment projects, forming Tranche 1 of the Regional Hospital Redevelopment Programme (RHRP).
- The preferred option by the DHB had an estimated cost of \$917 million but was not affordable at the time.
- Budget 22 prioritised \$700 million for the redevelopment of Whangārei Hospital.
- November 2022: Government approved \$759 million from the health capital envelope for the Whangārei Hospital Redevelopment – Project Pihi Kaha.
- The redevelopment is to be carried out in 2 stages. Funding is for Stage 1 only which includes the Acute Services Building – 10 surgical theatres, expanded ED, ICU, coronary care unit, radiology, and support services; a new Child Health Centre; Whānau House; and design only of a Ward Tower.
- The intent was to seek funding for Stage 2 (Ward Tower, plant, decommissioning of old surgical unit, and carparking lost due to the proposed site of the ASB) prior to construction so that both stages could be built together.

Manaaki Hōhonu - Construction of inpatient ward and ICU, Waitākere Hospital 10204 NEW	Total project funding: \$88.9 million
	Rated Red since March 2024
ISSUE The project is rated Red due to costs relating to unforeseen ground conditions, including higher quantities of asbestos, unfunded local authority development levies and cost risk due to delays from the previous change request.	
KEY MITIGATION ACTION The project has indicated in a memo to the Chief Infrastructure and Investment Officer that a change request will be submitted with S9(2)(b)(ii), S9(2)(j) [REDACTED] Value management throughout the design phase and the trade letting process has identified \$0.7 million of savings.	PROGRESS IN THE MONTH Costs are currently being quantified and works are being rescheduled to mitigate delay costs to the project.
PROJECT BACKGROUND <ul style="list-style-type: none"> December 2021: Joint Ministers approve the business case for a new inpatient building accommodating a 30-bed inpatient unit and an Intensive Care Unit at Waitākere Hospital for \$65.1 million. March 2023: A change request for additional \$23.81 million is approved to address cost escalations in the construction market, scope changes and consent requirements. 	

Christchurch Hospital Endoscopy Expansion 10246 NEW	Total project funding: S9(2)(b)(ii)
Rated Red since March 2024	
	
ISSUE The project is rated Red due to S9(2)(b)(ii), S9(2)(f)(iv)	
KEY MITIGATION ACTION S9(2)(b)(ii), S9(2)(f)(iv)	PROGRESS IN THE MONTH Detailed Design was completed, and coordination began prior to building consent application and the main contractor Request for Proposal. The main contractor Registration of Interest was circulated for approval before release to GETS.
PROJECT BACKGROUND <ul style="list-style-type: none"> July 2022: Ministers approved the former Canterbury District Health Board's Endoscopy Expansion project at a total cost of S9(2)(b)(ii) funded entirely from baseline depreciation. The project is to fit out four new endoscopy procedure rooms in the old ICU space to meet bowel screening targets and meet backlog. It has also allowed for two interim procedure rooms in the old Radiology facility as a stop-gap measure and be decommissioned at project completion. This will bring the total number on campus to eight). 	

**Child, Adolescent and Family
Relocation, Christchurch**
10259 NEW

Total project funding: **\$11.1 million**

Rated Red since March 2024



ISSUE

The project is rated Red ^{S9(2)(b)(ii), S9(2)(f)(iv)} [Redacted]

[Redacted]

[Redacted]

KEY MITIGATION ACTION

^{S9(2)(b)(ii), S9(2)(f)(iv)} [Redacted]

[Redacted]


PROGRESS IN THE MONTH


^{S9(2)(b)(ii), S9(2)(f)(iv)} [Redacted]



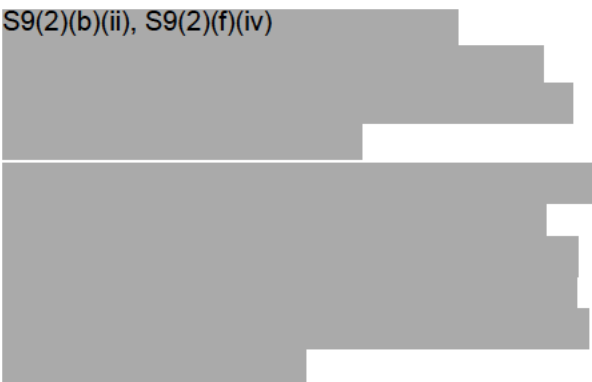
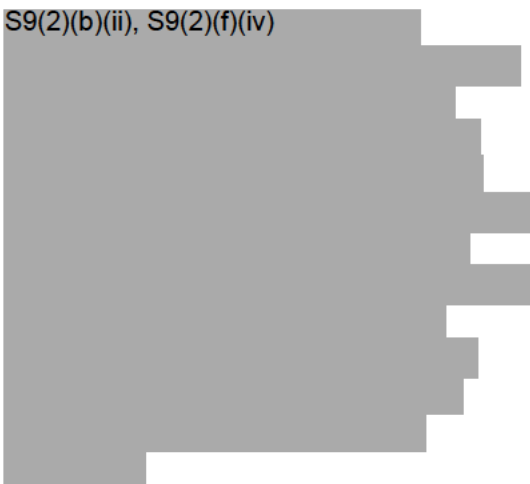
[Redacted]


PROJECT BACKGROUND


- November 2020: The Canterbury District Health Board (CDHB) approved \$7.17 million to fit out about 2,707m² of the Hillmorton Laundry space to provide a clinically appropriate and economical accommodation solution for the consolidation of the Child, Adolescent and Family outpatient service following relocation from The Princess Margaret Hospital.
- November 2021: CDHB approved a budget increase of \$2.4 million following a detailed options analysis.
- June 2022: CDHB approved further funding of \$1.5 million for refurbishment following further provision of detail on the entrance and internal design, and increased costs due to supply and resource constraints.
- The Maia Charitable foundation has supported this project and has raised more than \$5.4 million of the \$6 million they have committed to the project via a series of public campaigns.
- February 2024: The project was newly entered into the Investment Monitoring database.

Construction of Waitākere Primary Birthing Unit 10238 NEW	Total project funding: \$12.3 million
Rated Red since March 2024	
	
ISSUE The project is rated Red ^{S9(2)(b)(ii), S9(2)(f)(iv)} [REDACTED]	
KEY MITIGATION ACTION ^{S9(2)(b)(ii), S9(2)(f)(iv)} [REDACTED]	PROGRESS IN THE MONTH The procurement only closed on 5 April (outside the reporting period). Tender analysis is underway ^{S9(2)(b)(ii), S9(2)(f)(iv)} [REDACTED]
PROJECT BACKGROUND <ul style="list-style-type: none"> • August 2017: Waitemātā DHB approved the development of the West Auckland primary birthing unit on the basis that the facility was to be funded and constructed by a third party with the facility leased back to the DHB. • December 2022: Health NZ received a copy of the business case with a proposal to utilise a social investment model. Capital investment was to be provided through the Well Foundation. • In the same month, Treasury advised the need to allocate a funding source to such investments to account for the liability incurred. Health NZ subsequently suggested to utilise HCE funding instead until a national policy on social investor models has been established. • August 2023: Joint Ministers approved \$12.3 million from the HCE for the Waitākere Primary Birthing Unit. • The preferred option is for a free-standing, purpose-built 970 m² unit in the Waitākere Hospital Campus with six birthing/post-natal suites, whānau room, teaching room, staff areas, ambulance bay and amenities. 	


Taranaki Base Hospital Redevelopment Project Maunga – Stage 2 10079	Total project funding: \$403 million
	Rated Red since January 2024
ISSUE The project is rated Red S9(2)(b)(ii), S9(2)(f)(iv)	
KEY MITIGATION ACTION The Regional Head for Te Manawa Taki is working with the SRO and the project team to clarify options on mitigation of the risk and submit a change request.	PROGRESS IN THE MONTH S9(2)(b)(ii), S9(2)(f)(iv) The project will present a deep dive review paper for consideration by the Capital and Infrastructure Committee in May and then, subject to feedback, submit the change request in May.
PROJECT BACKGROUND <ul style="list-style-type: none"> • August 2020: Joint Ministers approved the Detailed Business Case with Crown funding of \$336 million. • April 2022: The budget increased by \$61.1 million due to increased main contract cost and inflation. • \$6.4 million other funding from EECA grants for boiler and energy efficiency works and donations for the helipad. 	


Counties Manukau New Specialised Rehabilitation Centre, Manukau Health Park 10225	Total project funding: \$136 million
Rated Red since January 2024	
	
ISSUE The cost estimate for the recently completed Developed Design phase stands S9(2)(j) 	
KEY MITIGATION ACTION S9(2)(b)(ii), S9(2)(f)(iv) 	PROGRESS IN THE MONTH S9(2)(b)(ii), S9(2)(f)(iv) 
PROJECT BACKGROUND <ul style="list-style-type: none"> April 2022: Joint Ministers approved a budget of \$136.0 million (\$135.4 million Crown funded from the HCE) for a 60-bed facility with Green Star 5 rating. 	


Te Tai Tokerau Northland Manaia House - Community Mental Health, Whangārei 30025	Total project funding: \$21.6 million
	Rated Red since October 2023
<p>ISSUE</p> <p>The project is rated Red due to pressure on budget and schedule.</p> <p>In October 2023, significant water damage occurred due to a pipe bursting within the facility.</p> <p>Scoping is still ongoing, and repairs will take 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>KEY MITIGATION ACTION</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>PROGRESS IN THE MONTH</p> <p>The insurance claim has received approval. However, the final remediation scope will need approval.</p> <p>The first workshop session was conducted to define remediation with the loss adjuster despite two reports still outstanding. Due to the ongoing process of scoping and the need for more legal guidance, the completion date has been moved out to December 2024. There are additional operational costs outside of capital funding, such as extending leases on existing facilities, that will need to be considered.</p>
<p>PROJECT BACKGROUND</p> <ul style="list-style-type: none"> • 27 August 2020: Joint Ministers approved a \$12.1 million budget, of which were \$8.4 million Crown funding, for the Northland Community Mental Health Hub Project to purchase and fit-out Manaia House in central Whangārei to better integrate with community health services in a centralised community hub. • 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. 	

West Coast Grey Base Hospital – Mental Health and Addictions Facility replacement 30041	Total project funding: \$20 million
	Rated Red since September 2023²
ISSUE The project remains at Red S9(2)(b)(ii), S9(2)(f)(iv) [redacted] [redacted] Originally total funding of \$25 million was requested from the DHB, however, following discussion with the Ministry of Health, \$20 million was agreed to.	
KEY MITIGATION ACTION The Capital and Infrastructure Committee has requested the project team review the range of options and test if the investment continues to represent value for money. Subject to the direction of the Board, a briefing will be provided to Joint Ministers on the proposed approach.	PROGRESS IN THE MONTH A briefing outlining the options for the project was approved by the Capital and Infrastructure Committee and the Board. A paper to Ministers was drafted and submitted in mid-April. The Quantity Surveyor began scheduling the bill of quantities, which should take six weeks. Contract and evaluation criteria for the Request for Proposals for the main contractors was finalised. <i>April update: Ministers approved \$7million baseline funding increase.</i>
PROJECT BACKGROUND <ul style="list-style-type: none"> 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 ensuites facility on the current site. As part of the Mental Health Infrastructure Programme, an IIG project director was appointed to this project. June 2023: Cost pressures were signalled when projected costing of design indicated an excess above the business case budget. 	

² Note that this project has now turned Green since this reporting period

Project Whakatuputupu – New Dunedin Hospital – Inpatient Building 100251	Total project funding: \$1,296 million
	Rated Red since August 2023
ISSUE S9(2)(b)(ii), S9(2)(f)(iv), S9(2)(j)	
KEY MITIGATION ACTION S9(2)(b)(ii), S9(2)(f)(iv), S9(2)(j)	PROGRESS IN THE MONTH The interim implementation business case progressed well. The independent review team, facilitated by Te Waihangā, commenced in the week beginning 15 April, and therefore the focus has been on the transfer of information and engagement with this team. Weekly status and coordination meetings on the deliverables required by Cabinet are being held between Health NZ, Te Waihangā, the Treasury, and the Ministry of Health. Agencies are aiming for a 21 May meeting of Ministers to present high-level independent review findings and progress on the deliverables required by Cabinet. The Health NZ team will be ready to brief the Specialist Ministerial Advisor as soon as they commence.
PROJECT BACKGROUND <ul style="list-style-type: none"> 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. 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. 10 April 2023: Ministers agreed to further funding of \$10 million from the Day One Health System Capital – Contingency. March 2024: NDH split into two projects for the Inpatient and Outpatient Buildings for reporting purposes. 	

Project Whakatuputupu – New Dunedin Hospital – Outpatient Building 10025	Total project funding: \$ 294 million
	Rated Red since August 2023
	
ISSUE The project needed to change the façade supplier to remain within budget. This caused change to structural elements of the building and has delayed completion by six months.	
KEY MITIGATION ACTION The delay and associated cost has been agreed to. The new façade supplier will be working on the outpatient building and will save the programme approximately \$16m in overall cost.	PROGRESS IN THE MONTH The façade was delivered on time in anticipation of the first panels being installed on 5 June 2024. The quality of the panels looks good and was within budget.
PROJECT BACKGROUND <ul style="list-style-type: none"> See background for NDH Inpatient Building above. NDH was split into two projects for the Inpatient and Outpatient Buildings for reporting purposes in March 2024. 	

Te Matau a Māui Hawke’s Bay Radiology Facilities Redevelopment 10208	Total project funding: \$25.1 million
Rated Red since June 2023	
	
ISSUE This project remains at Red as an updated business case has not yet been provided. Hawke’s Bay is preparing the updated business case S9(2)(b)(ii), S9(2)(f)(iv) [REDACTED]	
KEY MITIGATION ACTION A new project manager was appointed in May 2023. The IIG is providing additional resources to support the development of the business case. Further advice on the business case is expected to be presented to the Board in April 2024.	PROGRESS IN THE MONTH Development of the updated business case has been the focus, including review of the options and recommended way forward. The business case will be finalised in May 2024 and will be submitted for Ministerial consideration in July 2024 following the internal Health NZ review and approval process.
PROJECT BACKGROUND <ul style="list-style-type: none"> • Joint Ministers have previously approved \$10 million of Crown funding and \$15.1 million of local funding for this project. • July 2021: The project was placed on hold due to an unfavourable seismic assessment. • May 2022: The (then DHB) internally approved a rescope of the project and proceeded with design work. This has not been approved by the Board, Manatū Hauora, or Ministers. • August 2022: the IIG initiated an updated business case to outline a range of proposed options. 	

**Te Matau a Māui Hawke’s Bay
Hospital Linear Accelerators
102118**

Total project funding: \$33.2 million

Rated Red since June 2022



ISSUE

The project remains at Red due to the **need for confirmation of the agreed option and approach for delivery.**

In September 2023, 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.

The IIG will work to clarify the extent any changes reflect the required change in location and need for service delivery and resubmit the business case in 2024.

KEY MITIGATION ACTION

A design review has been initiated to determine possible opportunities to reduce building size and total cost of the building.

PROGRESS IN THE MONTH

Concept design is being updated based on the revised scope following peer review. The model of care is also being worked through which may affect the cost to deliver the project. Once these tasks are complete and the estimated cost to complete updated, this information will be incorporated into the finalised business case. The documentation is expected to be submitted for IIG review in in July 2024.

PROJECT BACKGROUND

- 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).
- December 2021: a new site was selected. The relocation of relevant clinical services, and the future layout of the hospital grounds was then assessed.
- March 2022: the Health Infrastructure Unit endorsed the site change and the testing of scope through the business case process.
- S9(2)(f)(iv), S9(2)(b)(ii)


Appendix 5

Portfolio Performance Metrics

Cost Per m² Analysis

1. We have undertaken a review of project business cases for m² information across the HCE portfolio.
2. The analysis in Figure 1 shows that the cost per m² relative to project size (m²) varies considerably across projects.

S9(2)(b)(ii), S9(2)(j)



3. Comparing m² information across projects is challenging due to differences in:
 - Project Scope
 - Timing and currency of information
 - Multiple use buildings (admin, ward, theatre etc)
 - Project Types (mix of refurb, extension, new build)
 - Building standards (IL3/4, seismic, fire systems)
 - Condition of the site.
4. To get further insight from cost per m² information will require the analysis of more granular cost and project information. The next stage of the analysis is to gather detailed information from new project cost estimate reports as they become available.

Cost per Bed Analysis

- During the development of the Infrastructure and Investment Plan (IIP), the IIG conducted a stock take of the total beds, existing and proposed in in-flight projects.
- The bed numbers used in this analysis are taken from the IIP and consist of the below categories of beds:

Figure 2: IIP Bed Categories

Category	Components
Beds	
Emergency department	Emergency department
Inpatient	<ul style="list-style-type: none"> • Adult medical beds • Adult surgical beds • Assessment unit beds • AT&R (Assessment, Treatment and Rehabilitation) • Maternity • Paediatric
Mental health	<ul style="list-style-type: none"> • Youth • Acute adult • Older persons
Critical care	Critical care
Neonatal critical care	Neonatal critical care

- Like the m² analysis, the Cost per Bed varies significantly. Figure 3 below shows the wide range of cost per bed results across the portfolio.

S9(2)(b)(ii), S9(2)(j)



- The chart shows that campus-wide developments such as Taranaki Base Hospital, Nelson Redevelopment and New Dunedin Hospital may have a higher Cost per Bed. This is because the costs cover more infrastructure areas than those that typically generate beds.
- Projects with lower Cost per Bed, such as Front of Whare and Waipapa, are projects more specifically for the purpose of increasing bed capacity.