

# New Dunedin Hospital

Market Briefing

July 2019



# Welcome

**Michelle Arrowsmith**  
Deputy Director-General  
DHB Performance, Support and Infrastructure  
Ministry of Health





# Agenda



- 1 Welcome**  
Michelle Arrowsmith,  
*Deputy Director-General, DHB Performance, Support and Infrastructure*
- 2 Project overview**  
Pete Hodgson,  
*Chair, Southern Partnership Group*
- 3 New Zealand infrastructure market and pipeline**  
Karen Mitchell,  
*Acting Head, Infrastructure Transactions Unit, New Zealand Treasury*
- 4 Project details and delivery planning**  
Waren Warfield,  
*Strategic Advisor, RCP, New Dunedin Hospital*
- 5 Next steps and Q&A**



# Welcome



- ▶ Lead role in delivering major health infrastructure projects
  - ▶ Building capacity and capability to provide better support to District Health Boards
  - ▶ Client for the delivery of the New Dunedin Hospital
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- ▶ NZ Government is committed to investing more into health capital projects
  - ▶ A strong project pipeline over the next decade
  - ▶ New Dunedin Hospital will support more contemporary models of care which will better meet the future health needs of people in the region



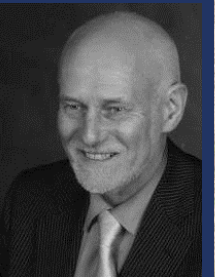


# Project overview

**Pete Hodgson**

Chair


Southern Partnership Group





# Project overview

- ▶ New Zealand's largest ever hospital building
- ▶ A transformational opportunity for:
  - Dunedin city
  - the Southern health system
  - NZ health education
  - our construction industry
- ▶ We are already working closely with the local community and stakeholders to maximise long term value
- ▶ There is an urgent clinical need – programme is important
- ▶ We know the scale and location of the project presents challenges
- ▶ We are keen to leverage the private sector's valuable expertise, experience and insights
- ▶ We want this project to involve the best contractors and subcontractors



*What do we need to  
do to set up the  
project for success?*

# New Zealand infrastructure market and pipeline

**Karen Mitchell**

Acting Head  
Infrastructure Transactions Unit  
New Zealand Treasury





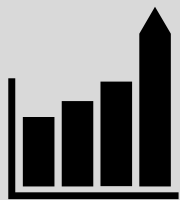


- ▶ The New Zealand Government is establishing an independent infrastructure entity to improve the coordination and planning of infrastructure investment
- ▶ Government is aiming for the New Zealand Infrastructure Commission – Te Waihanga to be operational from October 2019
- ▶ As an interim step the Infrastructure Transaction Unit has been established to support the delivery of major infrastructure projects across central and local government. Its functions are:
  - 1 Establish an infrastructure procurement pipeline
  - 2 Develop best practice guidance
  - 3 Provide procurement and delivery support



# Construction Sector Accord

- ▶ Jointly developed by Ministers, government agencies and industry leaders from across the construction sector, the Construction Sector Accord was signed in April 2019
- ▶ The Construction Sector Accord signals a stronger government and industry partnership on a range of commitments and initiatives to transform the sector
- ▶ The shared goals articulated in the Construction Sector Accord include:



## **Increase productivity**

A productive, value-driven and efficient construction sector able to produce more for each dollar spent



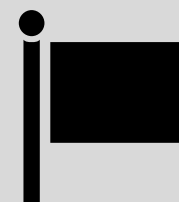
## **Improve resilience**

Strong, sustainable businesses with the capacity to innovate and adapt to change and disruption



## **Raise capability**

A skilled and capable workforce that meets New Zealand's growing housing and infrastructure needs

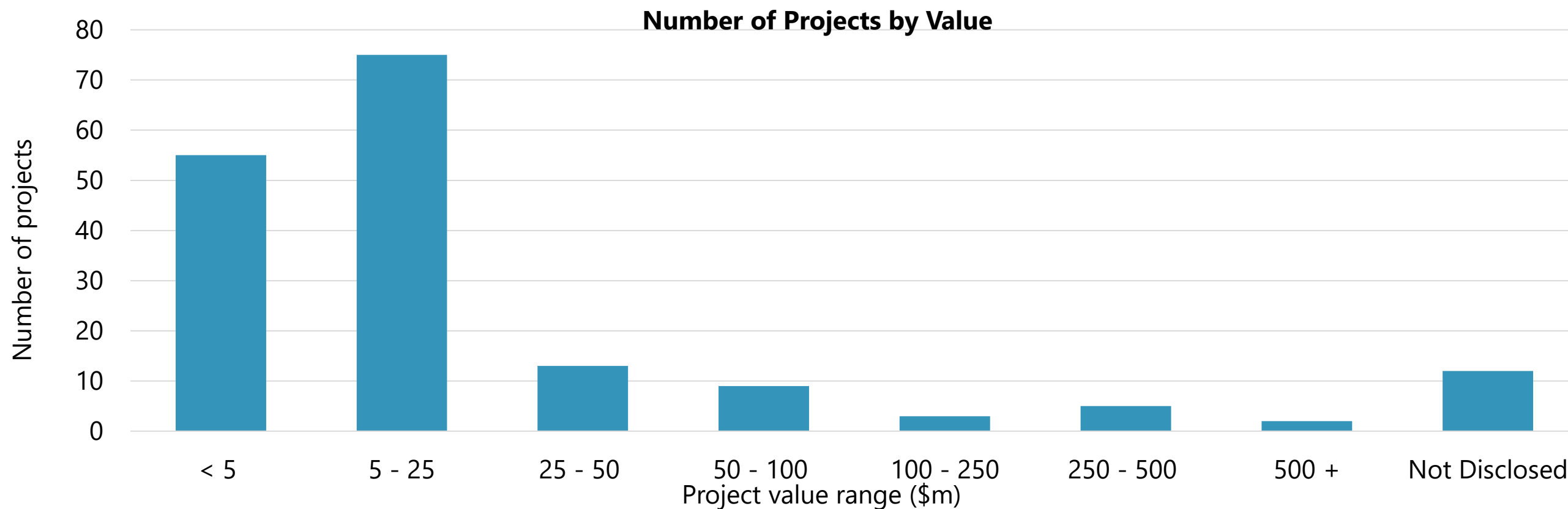


## **Restore confidence, pride and reputation**

A high-performing, transparent and trusted sector we can all be proud of



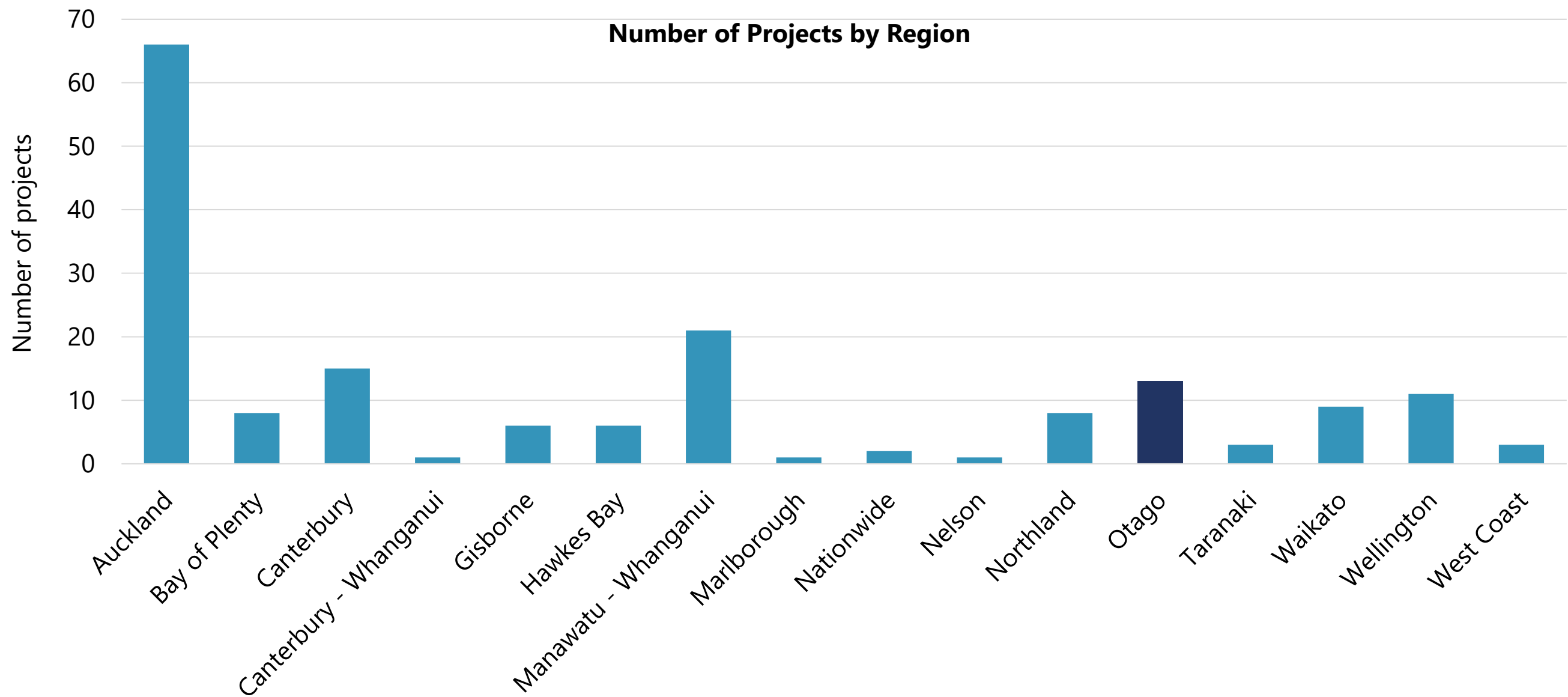
- ▶ **Five government agencies, including the Ministry of Health, contributed project data to a prototype of the pipeline**
- ▶ 174 projects in the pipeline valued at \$6.1b
- ▶ Two projects valued over \$500 million, including New Dunedin Hospital
- ▶ Post Budget 2019 update currently being undertaken





NZ infrastructure pipeline

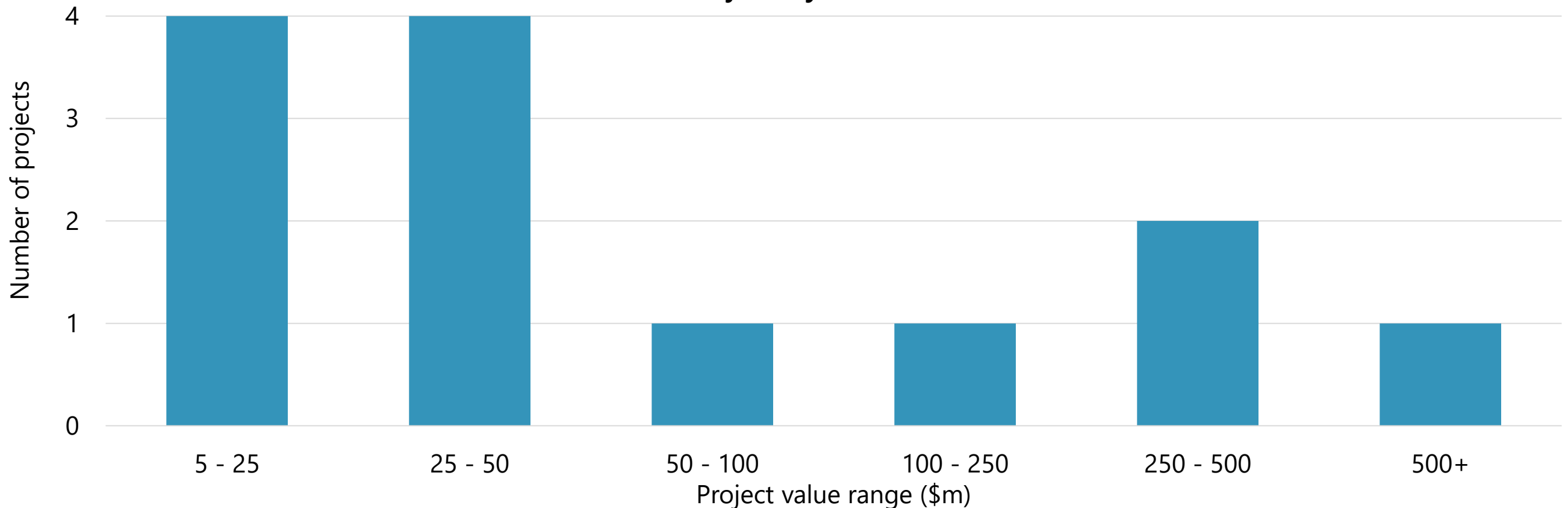
# Regional breakdown





- ▶ The New Dunedin Hospital is the largest vertical infrastructure project in the health pipeline
- ▶ 13 health projects with a total value of \$2.2 billion
- ▶ **Budget 2019 provides an additional \$1.7 billion of capital funding split over two years**

Health Projects by Value





# NZ infrastructure pipeline

## Otago projects

- ▶ 13 projects within the pipeline prototype in the Otago Region totalling \$1.5 billion
- ▶ Projects split across Defence, Health, Education and Transport
- ▶ Outside of the pipeline, the ITU have spoken with the University of Otago, Dunedin City Council and Queenstown-Lakes District Council
- ▶ Capital programmes to be delivered:
  - **Dunedin City Council** - 10 year capital programme totalling ~\$870 million (includes \$165 million vertical)
  - **University of Otago** - 10 year capital programme totalling ~\$1 billion (\$790 million of which is in the Otago and Southland regions)
  - **Queenstown-Lakes District Council** - 10 year capital programme totalling ~\$990 million (includes \$80 million vertical)
  - **Private Sector** – Ngai Tahu Property, Queenstown Airport and Skyline all have considerable planned infrastructure development programmes





# Project details and delivery planning

**Waren Warfield**  
Strategic Advisor, RCP  
New Dunedin Hospital



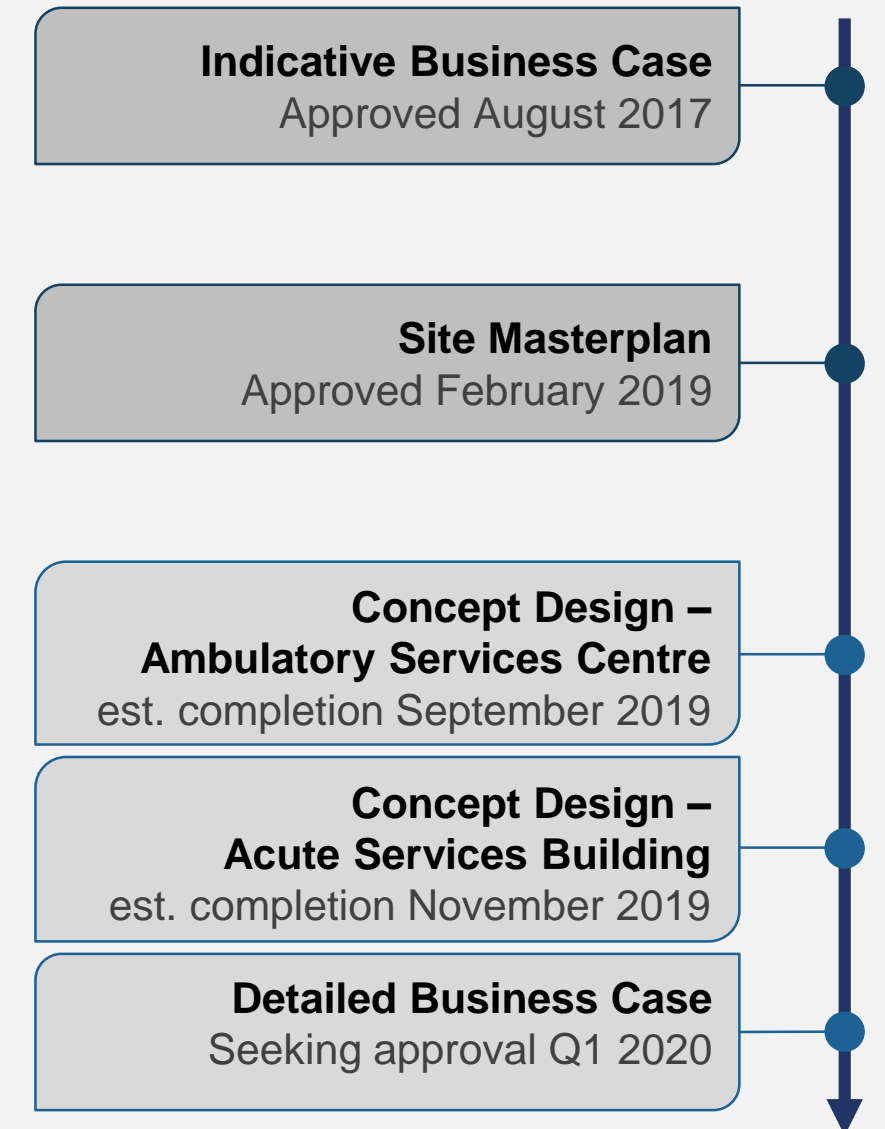


- ▶ Site Masterplan approved in February 2019
- ▶ A Design Team is appointed and progressing Concept Design

Role	Consultant
<b>Project Manager</b>	Resource Co-ordination Partnership Limited (RCP)
<b>Design Manager</b>	RCP
<b>Architect &amp; Health Planner</b>	CCM Architects Limited, Jacobs and BDP
<b>Building Services Engineer</b>	Beca Limited
<b>Fire Engineering and Fire Protection</b>	Beca Limited
<b>Structural &amp; Civil Engineer</b>	Holmes Consulting LP
<b>Traffic Engineer</b>	Stantec

- ▶ RFP for post-Concept Design Architectural Design & Health Planning is in the market (closing 30 July)

### KEY MILESTONES



Project overview

# Site Masterplan





# Project overview

## Site conditions

- ▶ Site is located on two major central city blocks: Wilson Car Parking Site and the Cadbury's Site
- ▶ Site boundaries are subject to finalisation of the project footprint and acquisition of land
- ▶ Site is still occupied by buildings
- ▶ A full building and site survey of existing structures, utilities and topography is underway
- ▶ Significant ground improvement works are anticipated

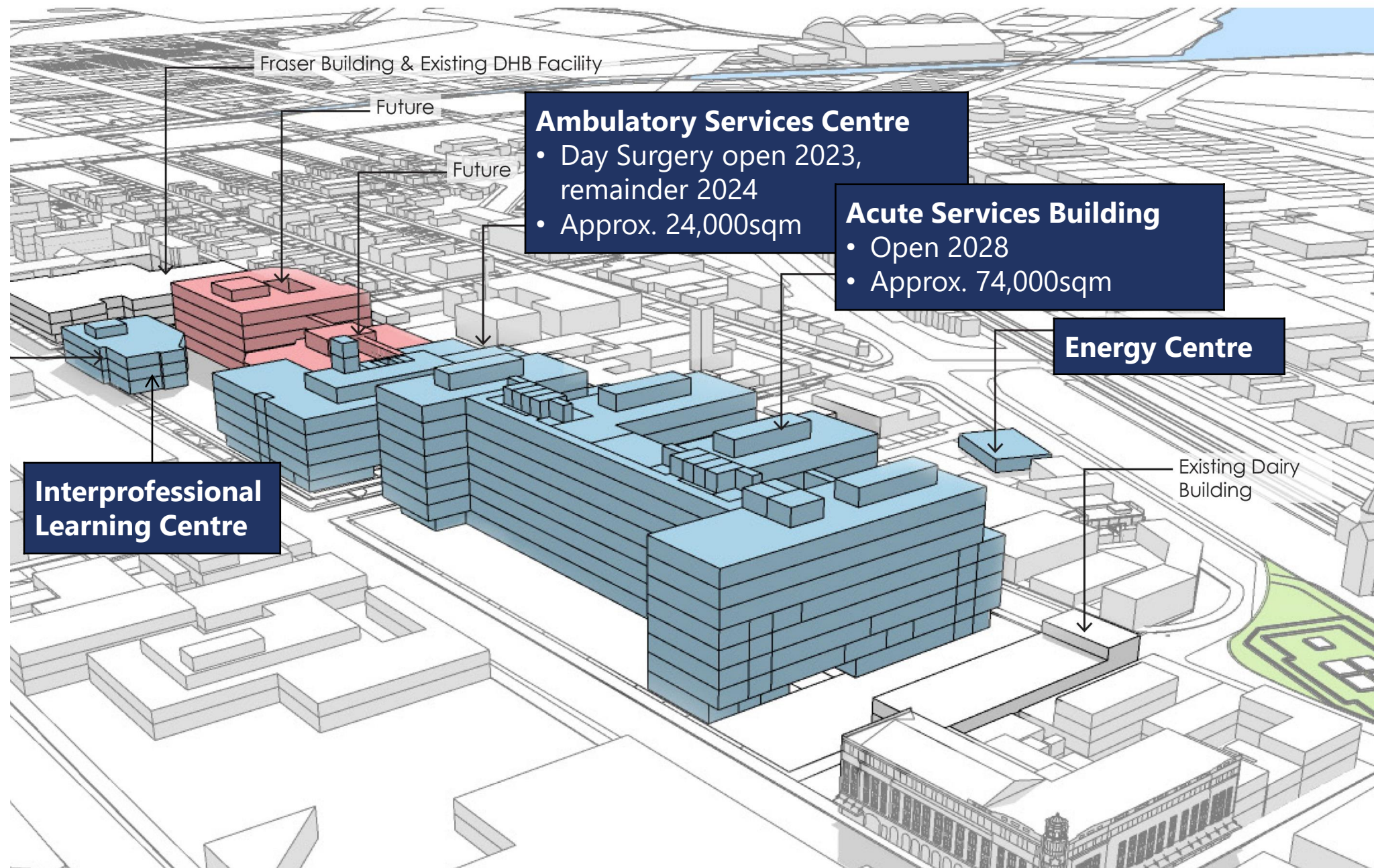




# Project overview

## Building specifications

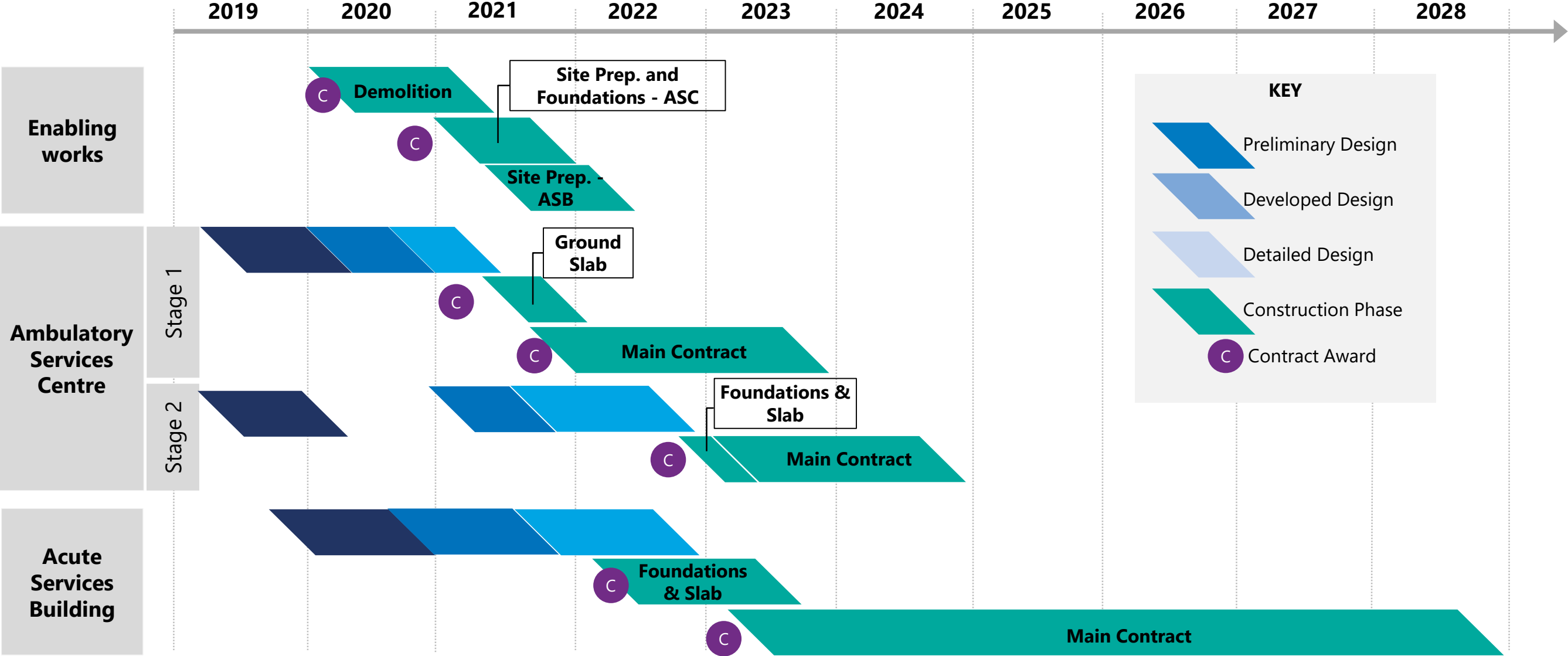
- ▶ Modern, energy efficient building techniques and materials
- ▶ Significant elements built to seismic Importance Level 4 (IL4) standard
- ▶ Materials, equipment and finishes which consider whole of life costs
- ▶ Significant FF&E planning and procurement process managed in co-ordination with the design and construction of the buildings





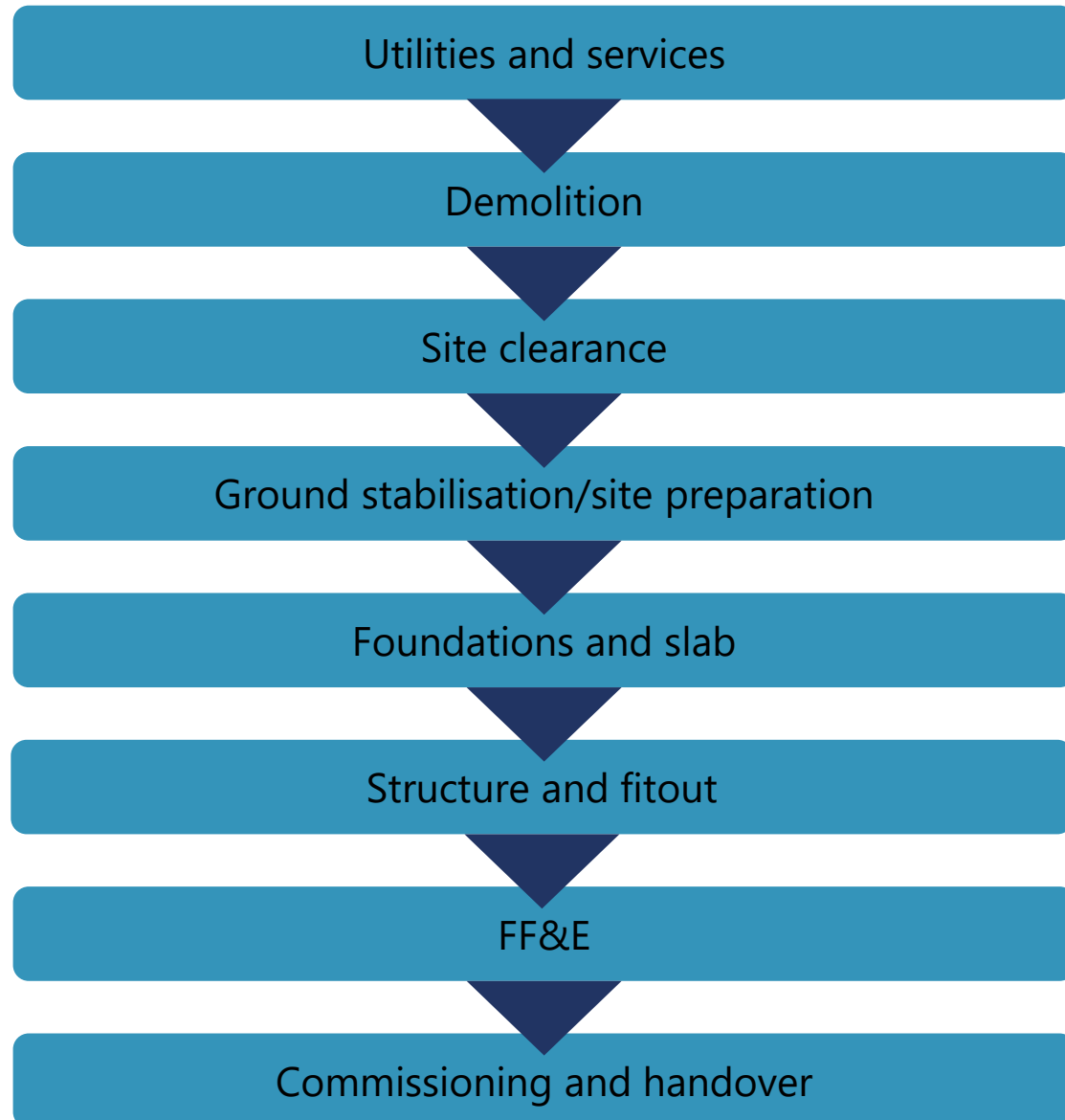
Project overview

# Indicative programme



# Project overview

## Construction sequencing



Indicative packages of works	
<b>Enabling Works</b>	<ul style="list-style-type: none"><li>• Demolition of existing buildings across Cadbury and Wilson sites</li><li>• Site remediation</li><li>• Ground improvements (as required)</li><li>• Site establishment hoardings</li><li>• Ground stabilisation (e.g. piling)</li></ul>
<b>Ambulatory Services Centre</b>	<ul style="list-style-type: none"><li>• Ambulatory Services Centre (two stages)</li></ul>
<b>Acute Services Building</b>	<ul style="list-style-type: none"><li>• Completion of Acute Services Building</li><li>• Remedial reconfiguration or completion of shell space within the Acute Services Building</li></ul>



## Challenges

- ▶ **Project scale** - a significant undertaking in regional NZ
- ▶ **NZ construction market** – unknown capacity and interest in delivering this project
- ▶ **Market pipeline** – unclear the degree to which this project will complement or compete with other major NZ projects
- ▶ **Local capacity** – current constraints on workforce and supporting infrastructure (incl. accommodation)
- ▶ **Clinical need** – urgency to deliver the project on an optimal programme

## Opportunities

- ▶ **Derisking site** – separation of site works ahead of main contract (ground works, piling foundation)
- ▶ **Procurement and packaging** – no decisions have been made, interested in reflecting market views
- ▶ **Open to innovation** – offsite modularisation, early ordering, prefabrication etc.
- ▶ **Social contribution** – substantial ability to upskill our workforce and support long term industry success
- ▶ **Collaboration** – strong support from project partners – we are all keen to see this project become a success



# Probity Notice

- ▶ The Notice of Information relating to this market engagement included an important Probity Notice
- ▶ All attendees have confirmed understanding of, and agreement to, the Probity Notice
- ▶ Key principles:
  - Market engagement is separate from any formal procurement process
  - Participants in market engagement will not be advantaged or disadvantaged when participating in any subsequent procurement
  - Probity applies to this process
  - The Ministry reserves the right, at its absolute discretion, to select a reduced number of participants to be invited to one-to-one market engagement meetings

## Contact

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Probity Advisor  
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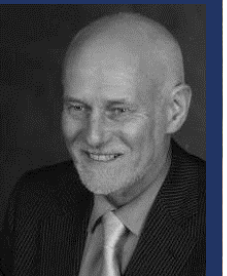


# Next steps

**Pete Hodgson**

Chair

Southern Partnership Group



# Next steps

Industry briefings	Questionnaire	One-to-one meetings	Business Case
This week	Issued today, due next week	18-19 July ( <b>Auckland</b> ) 22-23 July ( <b>Sydney</b> )	1Q 2020
Ministry meeting with contractors and subcontractors in Dunedin and Sydney	Market provides written feedback on the Ministry's key focus areas	Ministry interviews selected contractors to gather more detailed feedback	Market engagement informs recommended packaging and procurement for NDH

**Thank you for participating in this market engagement**





# Questions?



New Zealand Government