

New Dunedin Hospital

Information Memorandum

July 2019



dunedin

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Further information available at:

The New Dunedin Hospital project website
The Site Masterplan
MBIE Government Procurement Rules
Construction Sector Accord
Infrastructure Transactions Unit pipeline

www.newdunedinhospital.nz/
www.newdunedinhospital.nz/assets/Uploads/f9eef246f4/NDH-Masterplan-Report.pdf
www.procurement.govt.nz/procurement/principles-and-rules/government-procurement-rules/
www.constructionaccord.nz/
treasury.govt.nz/information-and-services/nz-economy/infrastructure/pipeline

Credit images: Dunedin NZ.

FOREWORDS



MINISTER OF HEALTH

The New Dunedin Hospital is the first of a long line of capital works that the New Zealand public health system will embark upon in the coming decade. My Government is determined to address the significant health infrastructure gap we face. In the past two annual budgets Parliament has voted for significant increases in capital funding as we begin

to scale up our activity. We need to lift our national capability and we need to secure efficiencies through a degree of standardisation.

The New Dunedin Hospital is where we begin. It is a large project because it is more or less a complete rebuild. And it is a challenge because it is being built in a small city.

I love Dunedin. That's why I live here. One of the things that makes it special is that much of New Zealand's health education takes place here and many of New Zealand's health and education services were pioneered here, often inspired by insights that these days we call innovation.

That insightfulness or innovative tendency persists. It is why the New Dunedin Hospital will catalyse further change in health service delivery and in health education that we can apply elsewhere.

I am very keen to get underway!

Hon Dr. David Clark



CHAIR OF SOUTHERN PARTNERSHIP GROUP

New Zealand's largest ever hospital building will take shape in Dunedin over the next ten years and it will be a lot more than just a new hospital.

Some call it a place-shaping project, one that will alter the nature of the city, the way health is delivered in Dunedin and across the region, and even the way tomorrow's health professionals are taught.

The New Dunedin Hospital is going to influence our lives, and we have the opportunity to influence how it all comes together.

The New Dunedin Hospital represents an extraordinary opportunity to achieve so much:

- To replace an increasingly deficient facility
- To rethink health delivery throughout Otago and Southland
- To rethink health education delivery for New Zealand
- To rejuvenate the core of the Dunedin economy
- To help modernise the city centre

We are all very keen to welcome newcomers to our city; individuals and companies alike. We feel sure that our culture of proactivity, cooperation, innovation and plain dealing will work for you.

Pete Hodgson



DEPUTY DIRECTOR GENERAL, DHB PERFORMANCE, SUPPORT AND INFRASTRUCTURE, MINISTRY OF HEALTH

The New Dunedin Hospital will be the biggest hospital ever built in New Zealand.

We are really excited about this challenging project and the lead role the Ministry of Health has in delivering major health infrastructure projects.

With the Government investing more into health capital, there will be a number of projects coming up over the next decade across the country.

It's the start of a long term programme to restore New Zealand's health infrastructure. This means there will be many opportunities for the construction sector for a number of years to come.

Our team at the Ministry will also be ramping up as we're building our capacity and capability so we can provide better support to District Health Boards.

Health infrastructure has a vital role in ensuring people can get the care they need.

Health systems are continually evolving, and the New Dunedin Hospital will support more contemporary models of care which will better meet the future health needs of people in the region.

It's an exciting time for health infrastructure in New Zealand, and we are looking forward to working closely with the construction sector to deliver a fantastic new hospital in Dunedin.

Michelle Arrowsmith



COMMISSIONER, SOUTHERN DHB

The arrival of the New Dunedin Hospital cannot come soon enough, for two distinct reasons.

The first is about addressing a negative. Our existing facility cannot last much longer; we need to provide early relief by fast tracking the new outpatients and day surgery building. There are significant clinical imperatives at play.

The second is about securing a positive. The New Dunedin Hospital has become the catalyst for rethinking how we might deliver a modern health service across Otago and Southland for decades to come. We can rethink primary care, community care, the role of specialists, how to better value patient time, and how to secure efficiencies through all those avenues, as well as through digital technology.

This thinking has been underway among our staff, as well as those with whom we interact and serve, for about two years now. We have made very good progress: inevitably more is needed. We are lucky to have the leadership among our staff and within our community to secure some exciting change.

Of course, health services evolve continually, but the prospect of a new hospital has galvanised a lot of new thinking. We are determined to build a hospital for tomorrow, not today.

Kathy Grant

INTRODUCTION

A blurred night photograph of a coastal town. In the background, a hillside is dotted with numerous small, warm-toned lights, likely from houses. Below the hill, a row of larger, brighter lights, possibly streetlights or commercial buildings, stretches across the middle ground. The foreground is dominated by the dark, rippling surface of the water, which reflects the lights from the town, creating a bokeh effect of out-of-focus light circles. The overall atmosphere is serene and quiet.



Background

Dunedin Hospital is the main referral hospital for the Southern District Health Board (DHB) and offers a range of clinical, clinical support and non-clinical services. Dunedin Hospital also supports university teaching and clinical training, with strong links to the University of Otago and the Otago Polytechnic Schools of Nursing, Midwifery and Health Sciences.

In August 2017 the Government approved an Indicative Business Case, and endorsed the Southern Partnership Group to proceed to the Detailed Business Case, for the full facility replacement of Dunedin Hospital on a new site within the city.

The site for the New Dunedin Hospital spans two city blocks in the Dunedin CBD (bounded by Cumberland Street, Hanover Street, Castle Street, and the Otago Daily Times Building), in close proximity to the current Dunedin Hospital.

The New Dunedin Hospital project

The New Dunedin Hospital will be a leading exemplar facility in New Zealand, which places the patient and whānau at the heart of its health services in every way. Split across two major buildings, the Acute Services Building and the Ambulatory Services Centre, it will provide inpatient and ambulatory services for adults, children and neonates within environments designed to envelop patients and whānau as they move throughout the facility.



Two major buildings:

- Acute Services Building
- Ambulatory Services Centre

The New Dunedin Hospital will initially provide 396 inpatient beds (increasing to 454 by 2043) and 67 day bed equivalents in the city's centre, close to a public transport hub, the University of Otago and Otago Polytechnic.



Approximately 98,000m² of Gross Floor Area

The new hospital will strengthen its role as a teaching and clinical training facility for medical, nursing and allied health staff. It will be a digitally-enabled facility and support new and emerging technologies that improve the patient and staff experience, providing the flexibility to adapt to future models of care.

The project will be the highest value vertical construction project in New Zealand's history and deliver New Zealand's largest ever hospital building over the next ten years. This project will have a transformational role, not only for Dunedin city and the regional public health outcomes, but also for the New Zealand construction sector.

It has been determined that the New Dunedin Hospital will not be procured as a Public Private Partnership.

Project delivery planning

With the release of the New Dunedin Hospital Site Masterplan in early 2019, the project has firmly moved into the design phase. A design team is currently progressing the Concept Design, which will be completed in September 2019 for the Ambulatory Services Centre and November 2019 for the Acute Services Building. In parallel, the Ministry continues to progress site acquisition negotiations.

This Information Memorandum includes some of the Ministry's preliminary ideas for the packaging approach for delivery of the project. These should primarily be viewed as a basis for discussion - no decisions have been made on the packaging and procurement approach and the market engagement process is designed to inform these conclusions.

Driven by the urgent clinical need, the Ambulatory Services Centre is currently envisaged to be delivered in two stages, with the Day Surgery component scheduled for completion in late 2023 and the remainder of the facility completed in late 2024. The Acute Services Building is expected to be completed in late 2028.



Estimated completion:

- 2023 for Day Surgery
- 2024 for the remaining Ambulatory Services Centre
- 2028 for the Acute Services Building

The Ministry intends to reflect the priorities of the Construction Sector Accord and the revised Government Procurement Rules in the project delivery approach. A focus on broader public outcomes can be expected during project delivery, including economic, social, cultural and environmental outcomes. This will include an emphasis on skills development and training practices of the supplier and their subcontractors and the creation of opportunities for New Zealand businesses.

Market engagement

The Ministry is commencing a market engagement process to inform the Detailed Business Case and procurement strategy for the New Dunedin Hospital. The market engagement process is designed to leverage the experience, expertise and insights of the market to inform the Ministry's approach to structuring the procurement and delivery of the project.

A three-stage market engagement process is being adopted, commencing with market briefings. The Ministry will subsequently be seeking written feedback from the market through a project questionnaire and selected participants will be invited to participate in one-to-one meetings with the Ministry to provide more detailed comments.

The Ministry's key focus topics for market feedback, as detailed in this Information Memorandum, include:

- Market appetite
- Market capacity
- Labour market
- Risks and lessons learned
- Packaging and procurement
- Programme

Market engagement is separate from any formal procurement process that the Ministry may choose to conduct for the project, and participants in the market engagement process will not be advantaged or disadvantaged when participating in any subsequent procurement.

Thank you for participating in this process.

ABOUT DUNEDIN







MAYOR OF DUNEDIN

The heart of the Dunedin economy lies at the intersection of health services and tertiary education. Most of the nation's medical and dental training is at the University of Otago, as is much of New Zealand's physiotherapy and pharmacy training. The Otago Polytechnic has highly regarded nursing, midwifery, and occupational nursing schools. Other courses such

as social work, laboratory science, counselling, clinical psychology and so on abound.

Health education is what we do. Many of Dunedin's businesses are goods or service providers to the local health education industry, and several of them are also significant global exporters of those goods and services. We emphasise quality, often via post-graduate education. At any point in time, 1% of Dunedin's population is undertaking doctoral study.

That is why the New Dunedin Hospital matters so much to our city. It is why the Dunedin City Council is an active and engaged partner in facilitating its construction.

Our involvement is considerable. We have an obvious planning consent role but we are involved in less obvious aspects too such as rethinking public transport, traffic management, city centre renewal, the links between the city centre and the new hospital, housing for an out of town workforce, local labour force supply, a possible new district heating scheme and more.

Be assured that the Dunedin City Council is ambitious. We will be a help and not a hindrance at every step on the journey.

Dave Cull

OVERVIEW

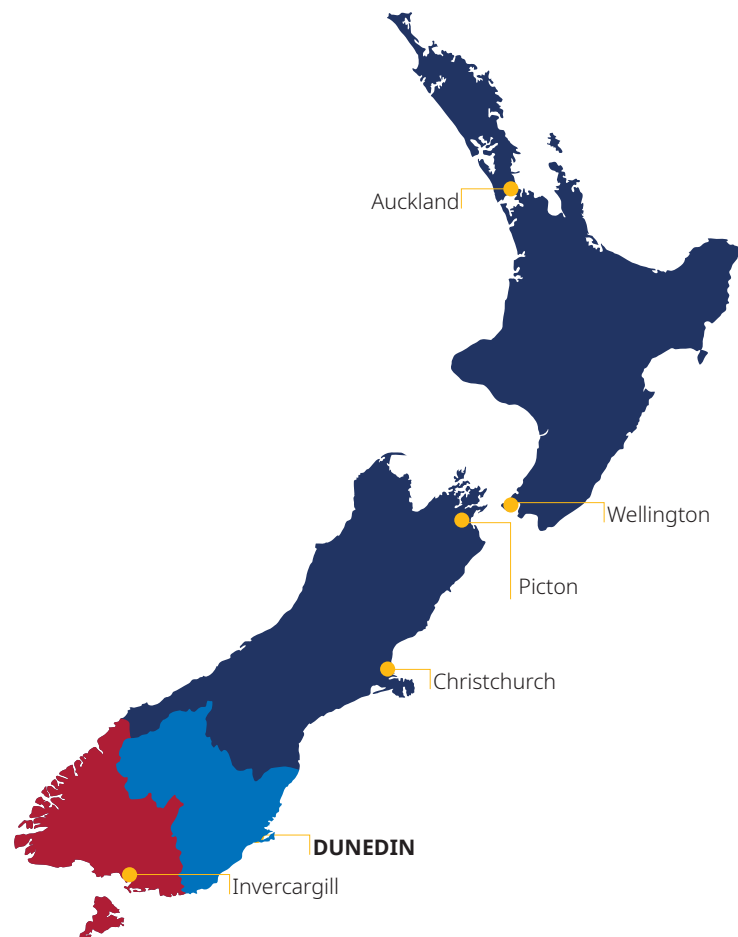
Dunedin is the second largest city on New Zealand's South Island and the main city within the Otago region. Proclaimed as New Zealand's student capital, with about 30,000 students in residence during the academic year, the city has a unique energy and atmosphere.

Dunedin city sits within the Southern DHB catchment area. Southern DHB is responsible for planning, funding and providing health and disability services to the people within the catchment area.

Dunedin's known history dates back to approximately 1100 AD with the arrival of Māori to the area. Following European settlement, the city was formally established in 1848 and saw rapid expansion through the 1860s gold rush era. The city retains much of its heritage character from this period.

Dunedin culture is defined by a unique blend of education, creativity and vitality. The city is home to the University of Otago, New Zealand's oldest university (established 1869) and the Otago Polytechnic. It has produced many of New Zealand's greatest novelists, poets, artists, scientists, journalists, musicians, sportsmen and women, business people and leaders. The city has an active sporting community which includes a renowned passionate rugby fanbase.

The natural environment within the city captivates locals and tourists alike. The city borders a long, natural harbour and is flanked by the thundering Pacific Ocean. Easily accessible from the city are a trail of golden beaches, ski fields, natural parks and green forested hills.



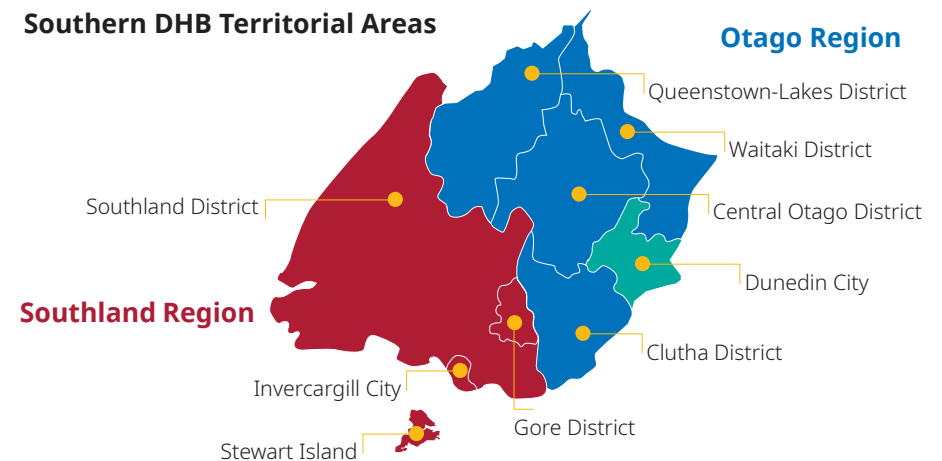
ACCESSIBILITY

Dunedin lies on State Highway 1, which runs the length of New Zealand. Within the South Island, the drive time to Christchurch is 4 hours 40 minutes (361km) and to Picton is 9 hours (691km).

Dunedin International Airport is located 22km south west of the CBD. Major domestic flight routes are well served by the airport, however direct international flights are limited primarily to Brisbane, Australia. For international flights, connections through Auckland International Airport, Wellington International Airport or Christchurch International Airport are common.

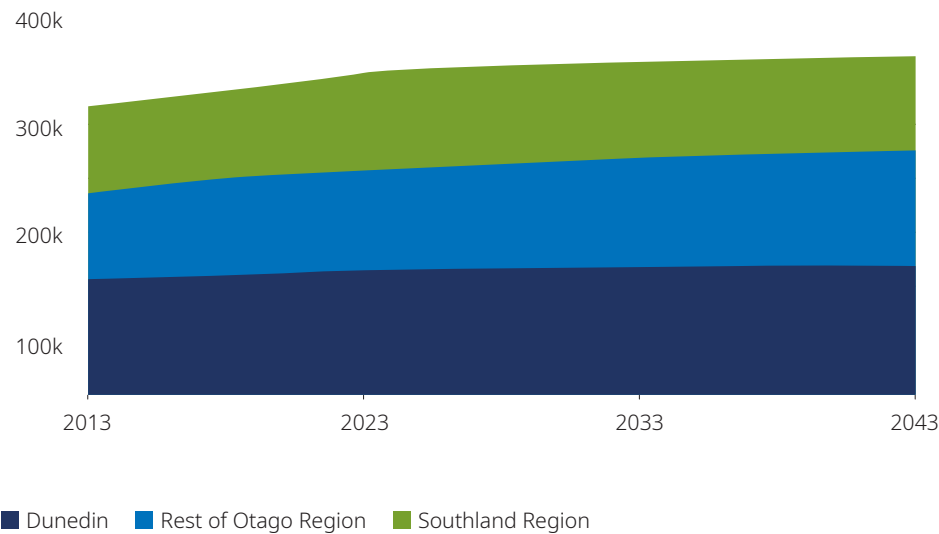
The major port serving the city is Port Chalmers, located 14km from the Dunedin CBD by road. The city is also connected via the South Island MainTrunk Railway to the Port of Lyttelton (Christchurch).

Southern DHB Territorial Areas



POPULATION

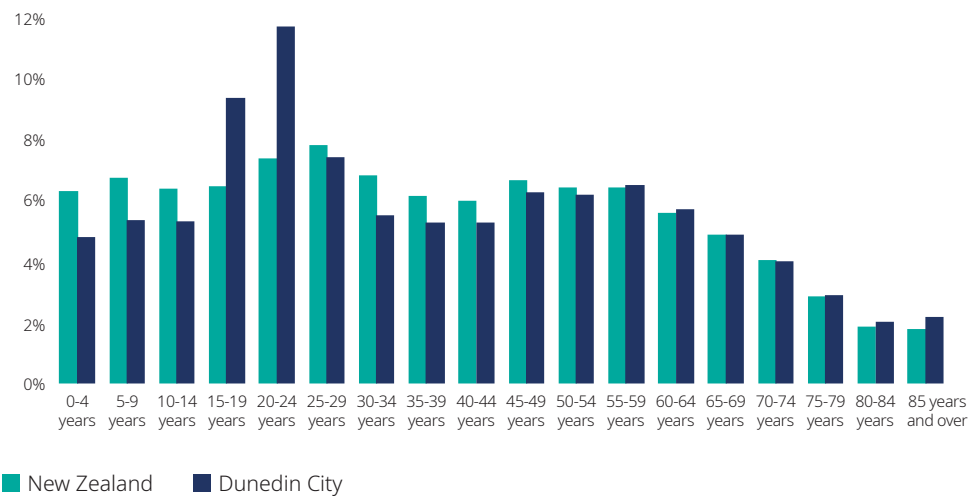
The Southern DHB serves a population of approximately 327,000 people across the Otago and Southland regions, comprising 228,000 and 99,000 people, respectively.¹ This represents approximately 7% of the New Zealand population.



Dunedin City is the largest territorial area within the Southern DHB area, with approximately 130,000 people. Over the past five years, the average annual population increase has been modest at around 1% per annum.

1. 2018 population estimates, sourced from Statistics NZ
(Subnational Population Projections: 2013(base)-2043 update)

The influence of the tertiary education sector on Dunedin's population is reflected in the age profile of residents, with over 20% of the population aged between 15-29 years (compared to 14% nationally).



Dunedin City also has an ageing population. From 2018 to 2043, the number of residents over the age of 65 years is forecast to grow by over 12,000 – an increase of 58%.






The 2018 New Zealand Quality of Life Survey showed that the Dunedin City population rate their quality of life very highly. In fact, 87% of Dunedin residents rated their quality of life as 'extremely good', 'very good' or 'good' (compared to a New Zealand average of 84%).

ECONOMY AND EMPLOYMENT

Economy

The education sector is not only an important component of the culture and population of Dunedin, but is also a major driver of the city's economy. The top five contributors to annual GDP² for Dunedin City are shown below.

Top five sectors by GDP contribution in Dunedin

	DUNEDIN CITY	NEW ZEALAND
 Education and training	10.1%	4.4%
 Health care and social assistance	9.3%	5.9%
 Owner-occupied property operation	8.0%	6.3%
 Construction	7.9%	6.3%
 Forestry, fishing, mining, electricity, gas, water and waste services	6.4%	5.3%






2. 2017 estimates from MBIE Modelled Territorial Authority Gross Domestic Product. Excludes GST on production, import duties and other taxes from the summary list.

Employment

The employment market in Dunedin City reflects the economic activities of the region. The top five sectors by employee count, shown below, illustrate the importance of both health and education to the region.³

The average unemployment rate in Dunedin City was estimated at 6.1% in March 2019, down from the decade peak of 7.1% a year earlier. This is higher than unemployment across the Otago region (3.5%) and New Zealand more broadly (4.3%) over the year to March 2019.⁴

Top five sectors by employee count in Dunedin

	DUNEDIN CITY	NEW ZEALAND
 Health care and social assistance	15.4%	10.6%
 Education and training	12.9%	8.4%
 Retail trade	10.9%	9.7%
 Accommodation and food services	8.5%	7.5%
 Construction	7.8%	7.6%

3. 2018 estimates from Statistics NZ business demography statistics

4. Infometrics, Dunedin City Quarterly Economic Monitor (March 2019)

In the construction sector specifically, the Ministry of Social Development (MSD) and Dunedin City Council, alongside key regional stakeholders, have recently commissioned a study to create visibility over the skills and trades required by the Otago construction industry over the next 15 years. The study will examine any potential regional supply and demand issues, pressures and needs between now and 2034. Outcomes of this study are expected by early 2020.

Construction activity

The National Construction Pipeline Report 2018 estimated the annual value of building and construction works for the Otago region at NZ\$1,643m for residential building, NZ\$773m for non-residential building and NZ\$359m for infrastructure activity. This is equivalent to approximately 7.5% of New Zealand's national building and construction activity.

Examples of recent major capital projects in Dunedin include:

- Forsyth Barr Stadium (Dunedin City Council, NZ\$224 million, completed 2011) which notably illustrated innovative design and construction techniques to deliver the world's first fully enclosed grassed stadium
- New Dental School Redevelopment (University of Otago, NZ\$130 million, completed 2019)
- Music, Theatre, and Performing Arts Centre (University of Otago, NZ\$26 million, estimated completion 2019)

Construction activity is forecast to continue to increase in Dunedin city. Statistics NZ annual building consent data, summarised below, (New build rolling 12 months) indicates there is a pipeline of projects which are construction ready.



Given the size of the local market, construction sector activity and labour force availability in Dunedin is influenced by construction activity in nearby areas, particularly other parts of the Otago region (including Queenstown), as well as the Southland and Canterbury regions.

Christchurch has dominated the construction landscape in the South Island in recent years through ongoing rebuild activity following the 2010 and 2011 earthquakes. The rebuild has included the construction of three new hospital buildings, two of which have opened (Burwood Hospital and Christchurch Outpatients building) with the third (Christchurch Acute Services Block) expected to open in 2019. As indicated in the *New Zealand Infrastructure Market* section, a reduction in construction activity in Christchurch is expected to align with the commencement of the New Dunedin Hospital works.

ACCOMMODATION

The New Zealand Accommodation Survey for the year to April 2019 indicates the following key market statistics for short-stay accommodation in Dunedin City. Private accommodation rentals (for instance Airbnb, bookabach, HomeAway, etc.) are not reported in this data source and offer additional options for visitors.

Accommodation type	Hotels	Motels	Backpackers	Holiday parks	Total
Number of establishments	16	46	8	6	76
Average capacity (stay units ⁵)	818	794	450	541	2,603
Average occupancy	63%	69%	38%	33%	54%

5. The unit of accommodation that is available to be charged out to guests, for example, a powered site, a bed in a bunkroom, a motel unit.

Housing

While average occupancy of 54% is significantly lower than the national average of 79%, availability of accommodation in Dunedin is frequently constrained during major events and university milestones (e.g. orientation week, graduation ceremonies) throughout the year.

Like most areas in New Zealand, the Dunedin residential property market has seen significant price growth in recent years. As at March 2019, the average residential house value in Dunedin City was approximately NZ\$450,000, which represents a 43% increase in the previous three years (compared to a national increase of 21% to NZ\$686,000 over this period). The sizeable student population in Dunedin also creates a highly competitive rental market, particularly in areas close to tertiary education campuses.



NZ\$450,000 is the average house price in Dunedin

Housing NZ, Ngāi Tahu, the University of Otago and Otago Polytechnic are all current or potential contributors to the city's accommodation market. The Dunedin City Council is engaging with these parties on the potential accommodation market implications and opportunities associated with the New Dunedin Hospital project.

EDUCATION AND TRAINING

There are 72 primary and secondary schools in Dunedin City, with a combined roll of over 18,000 students. Approximately 82% of students attend state schools (schools owned and funded by the government) and 18% attend state integrated schools (schools with a special character⁶ which are funded by the Government but typically require additional compulsory fees).

Dunedin is home to some of New Zealand's most recognisable and respected secondary schools. The ten largest secondary schools in Dunedin City are:

- Bayfield High School
- Columba College
- John McGlashan College
- Kaikorai Valley College
- Kavanagh College
- Kings High School (Dunedin)
- Logan Park High School
- Otago Boys' High School
- Otago Girls' High School
- Taieri College

On average Dunedin schools outperform national trends with respect to education attainment, with 92% of school leavers having NCEA Level 1 or above (89% nationally) and 61% having NCEA Level 3 or above (54% nationally).⁷

Ranked 175th in the Quacquarelli Symonds world university rankings, University of Otago is the largest tertiary education provider in the Otago region. The university has over 20,000 students, 85% of which are from outside Dunedin. The university's four academic divisions are Humanities, Sciences, Health Sciences and Business, which collectively offer more than 200 undergraduate and postgraduate programmes.

Otago Polytechnic has 7,200+ students across its three campuses, the largest of which is in central Dunedin. The polytechnic focuses on delivering high-quality courses which produce work-ready, confident and solution-focused graduates. The polytechnic offers more than 40 degree and postgraduate programmes – ranging from business, nursing, construction and trades. Construction programmes include Construction Management, Quantity Surveying, Carpentry, Architectural Studies and Stonemasonry.

6. These schools may be run by a particular religious faith or use specialist education methods

7. Ministry of Education data for Dunedin city, 2016



GOVERNANCE AND CIVIC MATTERS

Dunedin City Council is the governing body for Dunedin City, which commits to supporting the daily needs of society including: local roading, reticulated water and public amenities, disposing of waste and sewage, overseeing land subdivisions and building developments, and providing community facilities (such as libraries, art galleries and recreation facilities).

Dunedin City Council is made up of elected representatives who determine policy and regulation, and appoint a CEO to manage operations. The elected Council, made up of the Mayor and 14 councillors, is responsible for determining local legislation and defining the overall vision for the city.

Dunedin City Council will be the building and planning consenting authority for the New Dunedin Hospital project.

Otago Regional Council is responsible for managing Otago's land, air and water resources on behalf of the community, and promotes the sustainable development and enhancement of natural and physical resources for the benefit of present and future generations. This includes monitoring the environment and where appropriate, limiting or controlling the use of the region's resources. Otago Regional Council will be the consenting authority for the project relating to these matters.

THE NEW ZEALAND INFRASTRUCTURE MARKET

A high-angle photograph of a person riding a bicycle on a dirt path. The rider is wearing a grey shirt, blue shorts, and a white helmet. The path is bordered by a low stone wall on the left and a steep, grassy embankment on the right. The stone wall is made of dark, irregular stones. The embankment is covered in green grass and some dry, brownish vegetation. The path is made of dark dirt and leads towards the right side of the frame.



RESHAPING GOVERNMENT PROCUREMENT

The pressure the New Zealand construction sector has been under in recent years is well publicised. Two key initiatives the Government has progressed to refocus the industry towards the creation of mutually beneficial relationships are the Construction Sector Accord and the revised Government Procurement Rules.

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.
- **Raise capability** – A skilled and capable workforce that meets New Zealand's growing housing and infrastructure needs.
- **Improve resilience** – Strong, sustainable businesses with the capacity to innovate and adapt to change and disruption.
- **Restore confidence, pride and reputation** – A high-performing, transparent and trusted sector we can all be proud of.

The Ministry is committed to progressing the achievement of these goals and will reflect their intent throughout planning and delivery of the project – and will expect the same from its contractors.

Government Procurement Rules

The Ministry of Business, Innovation and Employment (MBIE) recently published the 4th edition of the Government Procurement Rules. The Government Procurement Rules support sustainable and inclusive procurement which give all businesses the chance to participate in opportunities, and these will be followed for the New Dunedin Hospital.

To promote balanced and sustainable decision making, the latest revision of the rules encourage (and in some cases require) agencies to consider secondary benefits, including environmental, social, economic and cultural outcomes when making sourcing decisions. There is a particular emphasis on operationalising Government priorities through procurement, which includes encouraging the skills development and training practices of suppliers and their subcontractors, and the creation of opportunities for New Zealand businesses.

The revision of the rules also encourages a greater focus on the relationship the lead contractor has with its supply chain and sub-contractors. For instance, the procuring agency (in this case the Ministry) must pay supplier invoices promptly and must encourage the supplier to promptly pay their sub-contractors.

INFRASTRUCTURE TRANSACTIONS UNIT

The Government is establishing an independent infrastructure entity to improve how the Government coordinates and plans infrastructure investment. The Government is aiming for the New Zealand Infrastructure Commission – Te Waihanga to be operational from October 2019.

As an interim step the Infrastructure Transactions Unit has been established to develop transactional capability to support the delivery of major infrastructure projects across central and local government. The three central tasks the Infrastructure Transactions Unit will work through are:

- Establishing an infrastructure market and procurement pipeline
- Developing best practice guidance
- Procurement and delivery support

The Infrastructure Transactions Unit has been working with the Ministry through the project planning phase and the planning for this market engagement process.

INFRASTRUCTURE PIPELINE

Over the coming years New Zealand will need a level of infrastructure investment that is unprecedented. An estimated NZ\$129 billion is expected to be spent on capital projects between 2019 and 2029, including projects which represent a scale and complexity never seen before in the local market.⁸

To improve the market's visibility about the programme of future infrastructure projects and to help suppliers gear-up capacity and capability to deliver,

8. For more information, refer to <https://treasury.govt.nz/information-and-services/nz-economy/infrastructure>

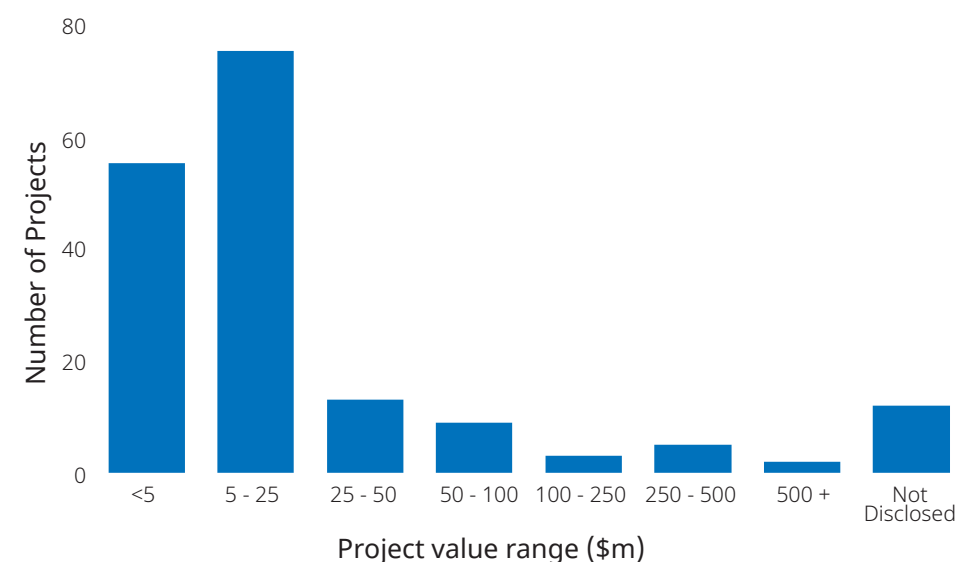
the Infrastructure Transactions Unit is prototyping a pipeline of anticipated government infrastructure projects. The pipeline will contain projects across central government, local government and the private sector that have a relative degree of certainty of proceeding.

The first iteration of the pipeline includes data from five capital intensive government agencies (including the Ministry of Health) and provides information on 174 projects with a total estimated value of over NZ\$6.1 billion.

National

The value range of the projects included in the prototype infrastructure pipeline is illustrated below.

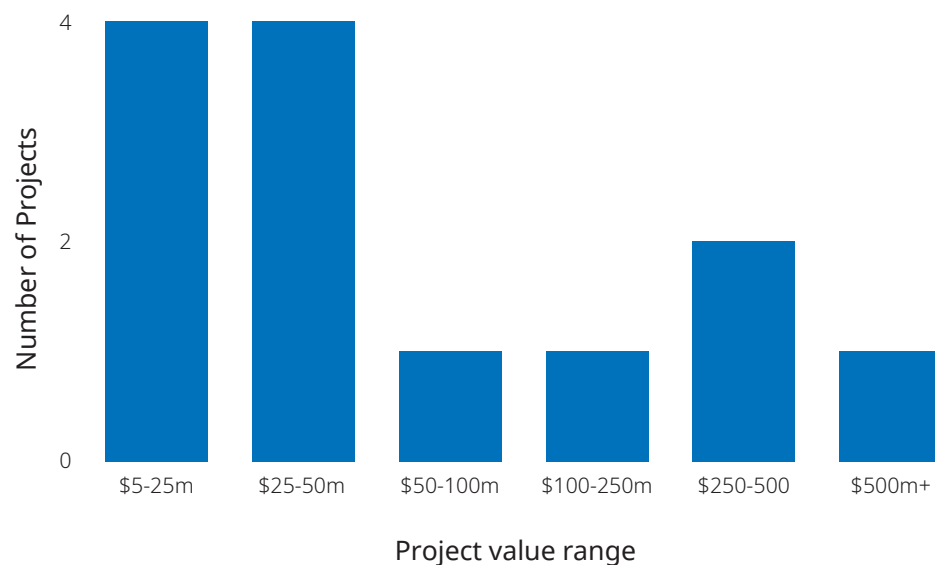
Number of Projects by Value





The health sector is going through a period of significant capital reinvestment in facilities. Included in the pipeline are thirteen health projects with an approximate total value of NZ\$2.2 billion.

Health Projects: By Value



Geographically, the projects are spread across New Zealand, with the largest being the New Dunedin Hospital .

In addition to the NZ\$2.2 billion in health projects reflected, Budget 2019 provides NZ\$1.7 billion spread over two years for hospital redevelopment projects. A prioritisation process is underway and it is expected that announcements on funded projects will be made in the coming months.

Regional

The South Island represents a significant portion of the national infrastructure pipeline, represented by 34 projects with an approximate value of NZ\$2.1 billion.

The South Island construction market has been heavily influenced by the works associated with the Christchurch rebuild. Major projects which are on-going in Christchurch include:

- Christchurch Acute Services Building; Ministry of Health and Canterbury District Health Board (NZ\$483m, est. completion 2019).
- Te Pae (Christchurch Convention and Exhibition Centre); Ōtākaro Limited (\$475m incl. land, construction, fitout; est. completion 2020).
- Metro Sports Facility; Ōtākaro Limited (\$300m incl. construction and equipment; est. completion 2021).
- Christchurch Multi-Use Arena; Christchurch City Council (\$470m incl. construction and equipment; est. completion 2023).
- Christ Church Cathedral Restoration; Christ Church Cathedral Reinstatement Limited (c.\$104 million, est. completion 2026-29).

In addition to projects captured within the prototype infrastructure pipeline, substantial investments are planned in the Otago and Southland regions. In the Otago region alone, there are approximately \$10 billion of significant construction projects forecast over the next 15 years. The substantial capital programmes to be delivered over the next ten years and beyond include:

- Dunedin City Council has a 10 year capital programme totalling approximately \$870 million. Whilst largely comprised of horizontal infrastructure, the Council have approximately \$165 million of planned vertical development.
- Queenstown Lakes District Council (QLDC) has a 10-year capital programme totalling approximately \$990 million. Whilst largely comprised of horizontal infrastructure, QLDC have approximately \$80 million of planned vertical development.
- The University of Otago has a 10-year capital programme of approximately \$1 billion. Approximately \$790 million of this programme is in the Otago and Southland regions, with the remaining predominantly in the Canterbury region.
- Invercargill City Council and H.W. Richardson Group have proposed a \$200 million redevelopment of the Invercargill CBD over the next three to five years.
- The private sector, predominantly in Southland/Otago, have significant planned infrastructure works.

Future updates to the infrastructure pipeline

The infrastructure pipeline will be updated on a biannual basis. The next update, planned for late July 2019, will have a focus on the recent Budget 2019 announcement. A further update in September 2019 will include a number of additional central and local government agencies, including Dunedin City Council, Queenstown Lakes District Council and the University of Otago.





PROJECT OVERVIEW





CONTEXT

Public hospital services in Dunedin are currently provided in the city's centre in close proximity to the University of Otago and Otago Polytechnic and in the scenic hills of Wakari 3kms northeast of the city centre.

The existing Dunedin Hospital is a mid-sized secondary/tertiary hospital with 350 resourced beds and is the main referral hospital for the Southern DHB. Dunedin Hospital works closely with Southland Hospital in Invercargill. Southland Hospital is a secondary district level hospital and provides approximately 150 beds and acute and elective services.

Dunedin Hospital is a university teaching and clinical training hospital with strong links to the University of Otago and the Otago Polytechnic Schools of Nursing, Midwifery and Health Sciences.

Since 2012, a number of reports have highlighted limited useful life remaining in many of Dunedin Hospital's facilities, spurring the development of an Indicative Business Case to explore the investment intervention options.

CASE FOR CHANGE

The Indicative Business Case completed in June 2017 outlined an in-depth review of current health facilities, health services and the cost of health service delivery at Dunedin Hospital. It concluded the Dunedin Hospital buildings are not economic to repair or refurbish and do not support the provision of modern effective and efficient patient care.

The Southern DHB faces challenges with an ageing population and the associated forecast unsustainable service demand. Population ageing means a rapid growth in complex patients, day-bed requirements and other resourcing unless the system is reorganised. Service delivery changes that better utilise primary and community services will flatten that demand but elderly patients will continue to reach the hospital in increasing numbers, with increasing complexity. Thus, it is essential that services at Dunedin Hospital are changed to provide an increased focus on generalism, increased theatre efficiency, more rapid discharge processes and improved rehabilitation approaches.

The Indicative Business Case revealed many of the Dunedin Hospital facilities require replacement, including the two main buildings: the Ward Block and the Clinical Services Block. These buildings face a range of issues (including asbestos, leaky pipes, poor layout, exterior concrete spalling, limited ceiling to floor height, etc.) that limit their existing functionality and make repair uneconomic. In addition, the buildings do not comply with Importance Level 4 (IL4) earthquake standards that require the hospital to continue to operate immediately after a major earthquake, exposing major service continuity risk.

Following an extensive analysis of investment responses, the preferred option identified in the Indicative Business Case was the development of a new hospital on a new site identified within the Dunedin CBD.





INVESTMENT OBJECTIVES

In the development of the Indicative Business Case, the Southern Partnership Group and members of Southern DHB's executive endorsed the following investment objectives for the project:

1. Ability to adapt - to create responsive infrastructure and capability that supports disruptive health system change.
2. Optimise use of total health system resources.
3. To reduce non-value added time by 80 percent to create a seamless patient journey.
4. To improve the patient and staff experience.
5. To reduce the risk of harm to 'acceptable standards'.

THE SITE MASTERPLAN

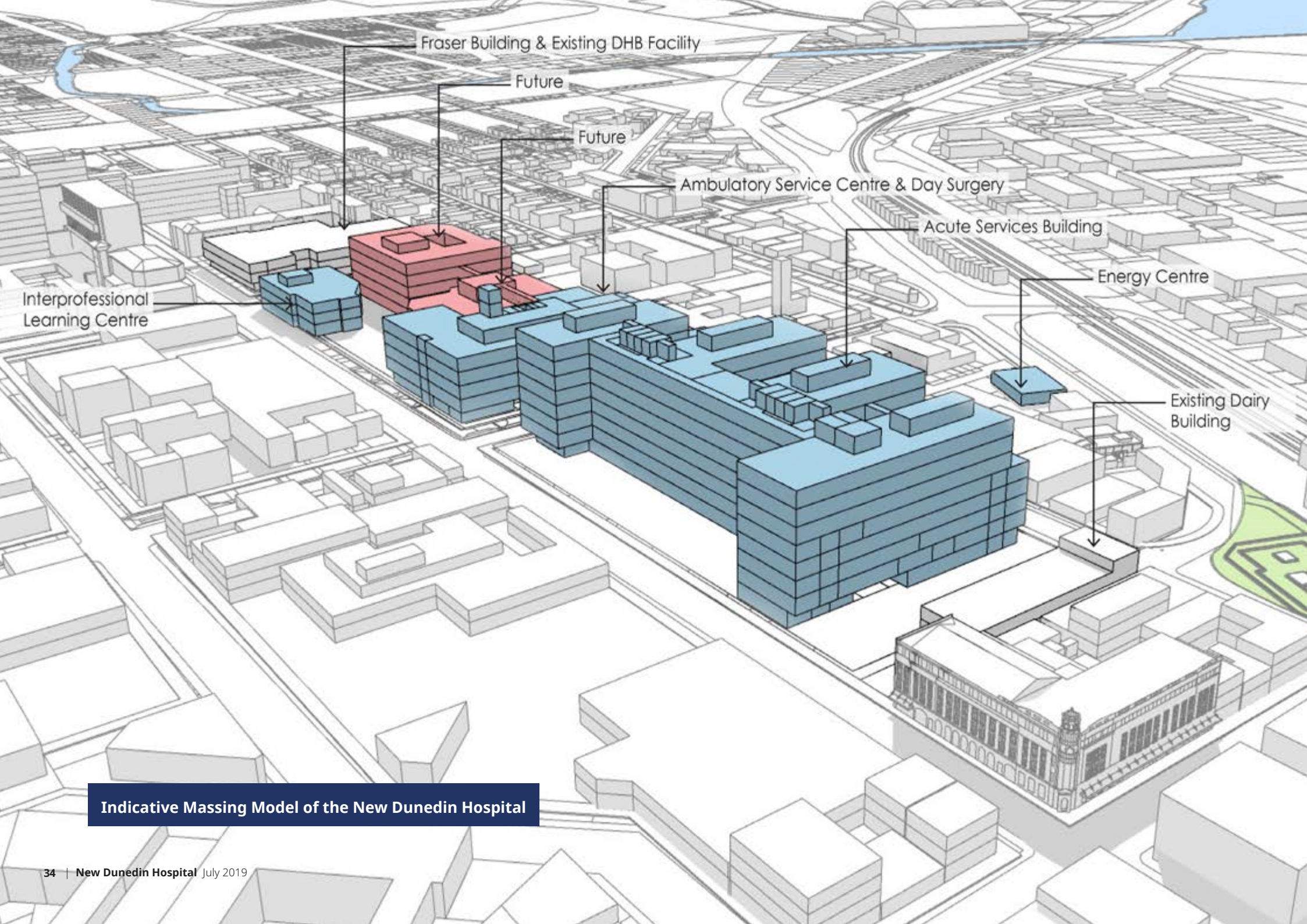
The planning phase for the New Dunedin Hospital included the development of the Site Masterplan, which was released in early 2019.

The Site Masterplan explores various options for delivering the proposed functional requirements for the New Dunedin Hospital across the identified project site (refer site location and conditions), with a primary focus on the establishment of the spatial plan for the development of the Acute Services Building and the Ambulatory Services Centre. This development process included testing various options for configuring buildings across the project site, which were explored and assessed against the design principles and other criteria.

The preferred site plan, shown on the following pages, has been endorsed by the Ministry of Health and Southern DHB. The ongoing Concept Design process is being progressed on the basis of this site plan.

"This project provides a unique opportunity to establish the New Dunedin Hospital as a key urban landmark for Dunedin that supports the city's long-standing relationship with health and health education, and can act as a catalyst for health-promotion in the city as well as positive place-making."

Site Masterplan



Fraser Building & Existing DHB Facility

Future

Future

Ambulatory Service Centre & Day Surgery

Acute Services Building

Energy Centre

Existing Dairy Building

Interprofessional Learning Centre

Indicative Massing Model of the New Dunedin Hospital



Indicative Preliminary Masterplan of the New Dunedin Hospital

INDICATIVE PACKAGING AND PROGRAMME

The Site Masterplan outlined some of the Ministry's initial thinking on the packaging approach for the project. Consideration has been given to achieving an optimal programme for project delivery through:

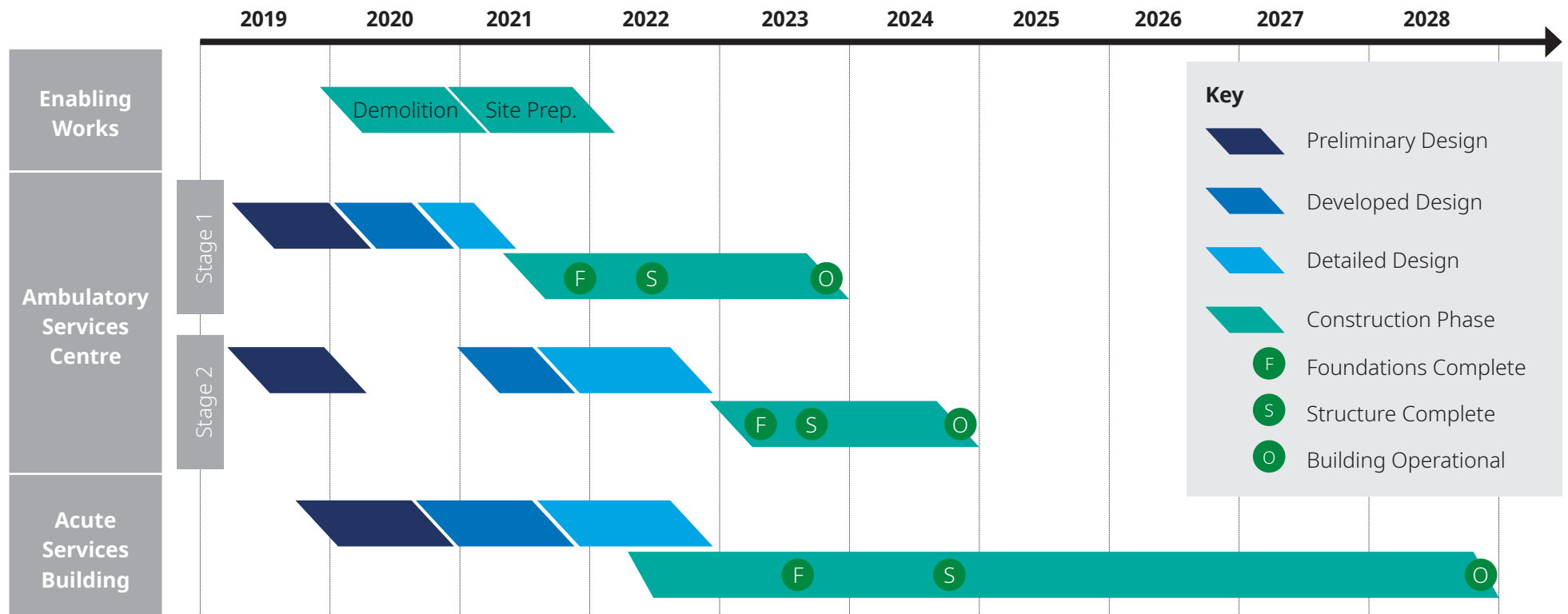
- Progressing enabling works to accelerate site preparation while the design continues to be developed and procurement of the main contractor(s) is progressed.
- Undertaking a separate procurement process for the smaller/less complex Ambulatory Services Centre and the larger/more complex Acute Services Building to enable the Ambulatory Services Centre to be progressed more quickly.
- Considering how a packaging and procurement approach can enable the acceleration of foundations and ground floor/slab works ahead of the Detailed Design.
- Considering the separation of the delivery of the Ambulatory Services Centre into two stages (with Stage 1 being the day surgery and Stage 2 being building completion) to address the urgent need to provide the day surgery capacity as soon as possible.

The high level packages of works that have been identified are indicatively as follows. The packaging approach is one of the focus areas of the market engagement process and is therefore subject to change in response to feedback provided.

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

Highly indicative project timeframes are shown on the following page. These timeframes will be influenced by the procurement and packaging approaches adopted, which will be informed by the outcomes of this market engagement process.

Indicative Programme



PROJECT GOVERNANCE

The Project is being financed and managed by the Ministry of Health, working with the Southern DHB, with the support of the Southern Partnership Group, Dunedin City Council and the University of Otago.

Ministry of Health

The Ministry of Health leads New Zealand's health and disability system, and has overall responsibility for the management and development of that system.

The Ministry of Health will play a lead role in delivery of the New Dunedin Hospital, providing the Senior Responsible Owner for the project business case and procurement. The Ministry of Health is the contracting party for the New Dunedin Hospital project team (including the current design team) and will be the contracting party for the works contracts.

Southern DHB

Southern DHB is responsible for planning, funding and providing health and disability services to the people of the Southern District. Southern DHB's catchment area covers the largest geographic region of New Zealand's health boards.

Southern DHB will be the owner and operator of the New Dunedin Hospital, and is therefore responsible for setting the functional requirements of the new facilities and informing the design process. Key groups through which Southern DHB contribute include:

- **Southern DHB's Facilities Redevelopment Executive** - provide governance and oversight of Southern DHB's role in the New Dunedin Hospital project.
- **Southern DHB's Clinical Leadership Group** - the key clinical and service decision making and advisory group for the New Dunedin Hospital project. It provides clinical advice and recommendations to the Facilities Redevelopment Executive.
- **Southern DHB's Programme Management Office** - work to provide advice, support, guidance and challenge to Southern DHB's staff and decision-makers about how to best deliver the new Strategic Models of Care in the Southern District.

The New Dunedin Hospital project is a key enabler of – and contributor to – the wider Southern District system of change that is well underway.

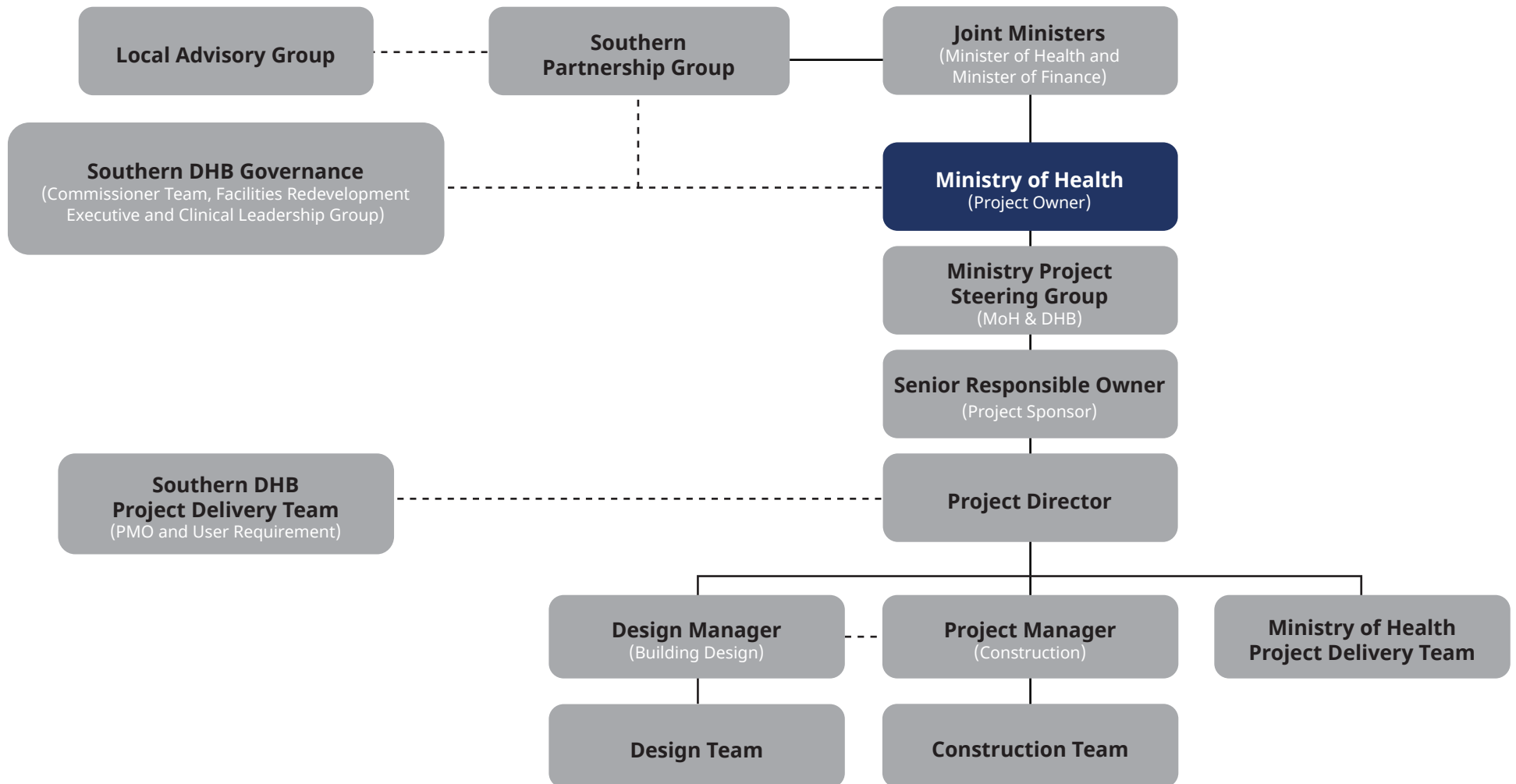
Southern DHB is working to ensure that the New Dunedin Hospital operates effectively within the wider system across the Southern District; facilitates the delivery of improved health care to the people of the District; helps to improve efficiency of service delivery; and more effectively values patient time.

Southern Partnership Group

The Southern Partnership Group was appointed to oversee the redevelopment of hospital services in Dunedin. The Southern Partnership Group is accountable to the Ministers of Health and Finance for assuring that the project is managed within time, scope, quality and budgetary requirements in accordance with Cabinet direction.

The group provides governance for the planning, business case and construction phases of the project. The Southern Partnership Group works closely with the Ministry of Health and the Southern DHB, including with its Commissioner and Chief Executive.

New Dunedin Hospital project governance structure



PROJECT SPECIFICATIONS

A close-up photograph of a person's hand holding a blue and silver pen, pointing it at a tablet. The tablet screen shows a medical scan, possibly an ultrasound or MRI, with a white circular area of interest. The person is wearing a light-colored shirt with a pink and blue patterned cuff. The background is blurred, showing what appears to be a clinical or office setting.



PROJECT SCOPE

The project will be the highest value vertical construction project in New Zealand's history and deliver New Zealand's largest ever hospital building over the next ten years.

The project will deliver a lot more than just a new hospital. It will be a place-shaping project, one that will alter the nature of the city, the way health is delivered in Dunedin and across the region, and even the way tomorrow's health professionals are taught.

The new hospital will provide approximately 98,000sqm of building area across two main structures - the Acute Services Building and the Ambulatory Services Centre. It will provide capacity for 396 overnight beds and 67 day bed equivalents to safely provide inpatient, ambulatory and outpatient services for adults, children and neonates.

The design is informed by the following key infrastructure capacity requirements. The approach to providing flexibility for future capacity expansion (to meet 2043 capacity requirements) is being considered in the Concept Design phase.

	2028	2043
Overnight beds	396	454
Same day bed equivalent	67	67
Theatres, procedure rooms, cath labs:		
Operating Theatre Suite	15	16
Cardiac Interventional Suite	3	4
Day Stay Procedure Unit	9	9

New Dunedin Hospital scope of core services

Acute Renal Unit	Food Services
Administration – clinical	Front of House
Administration - executive	Hospital Operations Centre
Administration – hospital	Information Services
Ambulatory clinics	Inpatient Units
Maternity IPU, Primary & Secondary Birthing	Intensive Care Unit
Breast Care	Medical Assessment & Planning Unit
Building & Property	Medical Imaging
Cardiac Interventional Suite	Medical Physiology Labs
Clinical Engineering / Central Equipment Store	Mortuary
Day Unit – Medical	Multifaith Centre
Day Surgical & Procedure Unit	Neonatal Intensive Care Unit
Emergency Department	Nuclear Medicine
Emergency Psychiatric Service	NZ Blood Service
Interprofessional Learning Centre (SDHB component)	Operating Theatre Suite
Orderlies, Cleaning, Linen, Waste, & Mail Centre	Public Amenities
Pathology	Security
Procurement and Supply	Staff Amenities
Retail space	Sterile Services Unit



New Dunedin Hospital Site

Figure 9. Aerial Imagery of the proposed site & Dunedin



Indicative Site Map

SITE LOCATION AND CONDITIONS

The New Dunedin Hospital site is located on two major central city blocks, bound by Castle Street to the east, Cumberland Street to the west, Hanover Street to the north and the Otago Daily Times building to the south. St Andrew Street bisects the middle of the site. Cumberland Street and Castle Street are major one-way arterial routes along State Highway 1.

Please refer to the Site Masterplan for further details.

The two city blocks are identified as the Wilson Car Parking site to the north and the Cadbury's site to the south. Site boundaries are subject to finalisation of the project footprint and acquisition of land necessary for this purpose.

The site is mostly flat and is located in a low-lying area of the city. This area of the city is prone to flooding in extreme events and is in the overland flow-path of the Leith River and its northern catchment.

The existing cluster of buildings to the south of the Cadbury's site, including the heritage Otago Daily Times building, are outside the proposed project boundary. A dilapidation survey of neighbouring buildings and structures will be undertaken prior to demolition commencing to baseline their existing condition.

A full building and site survey of existing structures, utilities and topography is underway and will include detailed analysis of potential hazards, contamination, archaeology and geotechnical information. This is constrained from full analysis whilst existing structures remain. Additionally, the heritage character of existing structures is being analysed.

Significant ground improvement works are anticipated but design for this aspect is not yet well advanced. Consultants providing these services are engaged and underway with this work.



DESIGN PRINCIPLES

The following principles, explored in detail within the Site Masterplan, have guided the masterplanning approach and design development undertaken to date.



Patient & Whānau-Centred

Promote the reduction of harm to acceptable standards/ to improve patient and staff experience.



Provide Future Adaptability, Flexibility & Sustainability

Ability to adapt to create responsive infrastructure and capability that supports disruptive health system change.



Be Operationally Cost Effective & Efficient

Reduce non valued added time / create seamless patient journey / optimise use of total health system resources.



Promote Healthy People Spaces

Create collaborative working environments for staff & students/ promote health & well-being through urban design.



Optimises use of Total Health System Resources

Enables efficient and cost effective development and provides value on investment for the New Zealand Government.

DESIGN STATUS

Following completion of the Site Masterplan, the Ministry has engaged a design team to progress the design development of the project through Concept Design. The following consultants have been appointed.

Role	Consultant	Responsibilities
Project Manager	Resource Co-ordination Partnership Limited (RCP)	<ul style="list-style-type: none"> • Project Control and Reporting • Procurement and Contract Administration
Design Manager	RCP	<ul style="list-style-type: none"> • Facilitate design development and review • Establish design processes and controls
Architect & Health Planner	CCM Architects, Jacobs and BDP until end of Concept Design Procurement is currently underway for post-Concept Design services	Architectural & Health Planning Services - <ul style="list-style-type: none"> • Site Masterplanning • Architectural Design • Acoustic Engineering • Health Planning • Façade Design • Interior Design
Building Services Engineer	Beca Limited	<ul style="list-style-type: none"> • Mechanical Design • Electrical Design • Hydraulics Design • Vertical transportation • Aviation

Role	Consultant	Responsibilities
Fire Engineering and Fire Protection	Beca Limited	<ul style="list-style-type: none"> • Fire Engineering and Fire Protection
Structural & Civil Engineer	Holmes Consulting LP	<ul style="list-style-type: none"> • Structural elements engineering including civil works, geotech and seismic design
Traffic Engineer	Stantec	<ul style="list-style-type: none"> • Traffic planning

As outlined in the project programme, the Concept Design is expected to be completed for the Ambulatory Services Centre in September 2019 and for the Acute Services Building in November 2019. The Ministry intends that the design will then move to development of the Preliminary Design and subsequent design phases.

The involvement of the Design Team through the remaining design phases will be subject to the packaging and procurement approach adopted for the project, informed by this market engagement process. The Ministry is open to exploring innovative and best for project models of Design Team engagement.

BUILDING SPECIFICATIONS

	Ambulatory Services Centre	Acute Services Building
Est. completion date	2023 (Day Surgery) 2024 (remainder)	2028
Description	Outpatients facilities and Day Surgery	Inpatients units, staff workspace & public services
Est. GFA	24,000 sqm	74,000sqm
Est. height	Five stories (incl. plant)	Eight stories (incl. plant and helipad) plus basement parking

These large hospital buildings will be built using modern, energy efficient building techniques and materials that will provide a high level of resilience and ongoing performance over their lifetime. Significant elements will be built to a seismic Importance Level 4 (IL4) standard.

The structural grid and corresponding structural system will be set to optimise both structural performance and future flexibility as the internal spaces are refurbished and evolve with health sector service design practices over the structural lifetime of the building.

Materials, equipment and finishes will be specified and procured with consideration of both up front capital cost and whole of life costs. Equipment specified as part of building services packages will be specified with consideration of ongoing maintenance requirements and long term availability of parts.

Where it makes sense to utilise modern prefabrication and modular technologies, these will be evaluated and specified as part of the overall design response.

There will be a significant FF&E planning and procurement process that will be managed in co-ordination with, but separately from, the design and construction of the buildings.

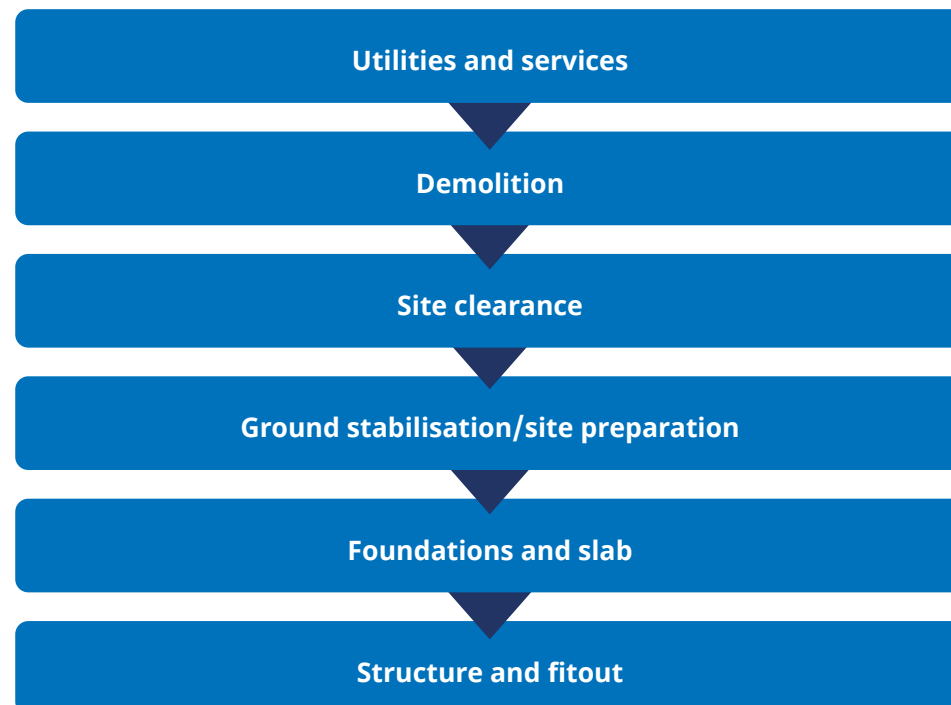
Two additional buildings reflected in the Site Masterplan:

- An **Interprofessional Learning Centre** (c.7,000sqm, of which c.2,000sqm is currently in scope of the New Dunedin Hospital project), which is a professional development unit available to all staff and provides an environment which will promote interprofessional education as an important pedagogical approach for preparing health professions students to provide patient care in a collaborative team environment. The project team is currently exploring methodologies to deliver this standalone multi-organisation facility.
- A new **Energy Centre** (c.3,500sqm) comprising plant and utilities. Currently, a study is being undertaken to explore the establishment of a new District Energy Scheme (DES) to provide energy to the new hospital, as well as other stakeholders around Dunedin such as the University of Otago, and Dunedin City Council. If the DES is viable and agreed as the energy solution for the new hospital, it is expected that the Energy Centre included in the project scope of work will not be required.

CONSTRUCTION SEQUENCING

The Ministry is considering a range of options for how the delivery of the New Dunedin Hospital is staged prior to and during construction. Determining the optimal approach to staging, packaging and procuring the various aspects of the project is a key focus for the Ministry during this market engagement process.

The following diagram highlights the key activities the Ministry's delivery approach will need to address.



While the strategy envisages the delivery of the new hospital in three high-level packages (being enabling works, the Ambulatory Services Centre and the Acute Services Building), there remains a significant opportunity for the market to provide innovative solutions to the staging of the project. There is particularly scope to inform the approach to undertaking pre-construction activity such as demolition, site clearance and remediation, addressing in- and above-ground services, and piling and foundation work.

Site acquisition

The Ministry purchased the former Cadbury site and took possession on 1 November 2018. The Ministry continues to progress site acquisition negotiations to purchase the adjacent Wilson block site.

Utilities and services

The Ministry is developing a more thorough understanding of the site-specific issues at the Cadbury and Wilson sites which may inform the final staging plan. Geotechnical information for both sites is not yet fully available.

MARKET ENGAGEMENT PROCESS

A photograph of construction workers wearing hard hats, viewed from behind, looking towards a construction site with scaffolding and structural elements. The scene is dimly lit with some blue and yellow light sources visible in the background.



The Ministry views market engagement as an opportunity to have a genuine two-way conversation with construction contractors, civil works contractors and major subcontractors about the New Dunedin Hospital. The Ministry hopes to leverage the experience, insights and expertise of the market to inform the best possible packaging and procurement arrangements for the New Dunedin Hospital.

MARKET ENGAGEMENT OBJECTIVES

In undertaking this market engagement process, the Ministry aims to:

1. Provide the market with an overview of the New Dunedin Hospital project's current scope, the Ministry's objectives and the status of the current delivery planning.
2. Increase the Ministry's understanding of current conditions and key risk areas in the main contractor and subcontractor markets, in order to inform the efficiency and quality of the procurement and delivery approach.
3. Inform the Ministry's approach to structuring the procurement and delivery of the New Dunedin Hospital project in a way that achieves public value outcomes by testing with the market various elements of scope, packaging, key risks and other issues.

PROCESS AND TIMELINES

The size and complexity of this project means that the Ministry will progress with a detailed three-stage market engagement process that is aligned with the Treasury Infrastructure Transactions Unit's market engagement guidance. The process will involve both written feedback and one-to-one meetings to help inform the business case and procurement strategy for the New Dunedin Hospital.

The three phases of market engagement and indicative timeframes are provided below.

	Market briefings	Questionnaire	One-to-one discussions
Description	Open forum presentation of the Project and its status, with Q&A opportunities	A written form seeking detailed views from suppliers on specific areas of interest to the Ministry	Interviews with selected suppliers to seek further feedback following market briefings and questionnaire
Dates	9 July – Dunedin 12 July – Sydney	Issued: <ul style="list-style-type: none"> • 9 July – local • 12 July – International Due: <ul style="list-style-type: none"> • 15 July – local • 18 July – International 	18 – 19 July (Auckland) 22 – 23 July (Sydney)

TREATMENT OF INFORMATION

The Ministry will treat all responses or information provided during the market engagement process as Commercial-in-Confidence. Any comments reported in internal documentation with respect to the market engagement process will reflect feedback on an aggregated and unattributed basis.

PROBITY NOTICE

The Ministry is committed to ensuring a fair and transparent market engagement process. This includes adhering to all probity principles when engaging with the market to ensure that all participants are treated fairly and consistently.

Market engagement is separate from any formal procurement process that the Ministry may choose to conduct for the New Dunedin Hospital project, and participants in market engagement will not be advantaged or disadvantaged when participating in any subsequent procurement.

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. The Ministry's decision to select participants for one-to-one meetings will be based on the Ministry's understanding of each participant's knowledge and experience, their availability to attend these meetings, and their consent to attend.

Organisations participating in the market engagement process agree that:

- a) they will not charge, or attempt to charge, the Ministry for the participant's participation in the market engagement;
- b) the participant will not make any legal claim against the Ministry arising directly or indirectly from the market engagement;

- c) all information submitted in the market engagement will become the property of the Ministry unless specifically marked as "Commercial in Confidence";
- d) participants submitting information do so on the basis that the Ministry may use, retain and copy the information for any purposes related to the project including;
 - i) assisting the Ministry to identify and refine costs;
 - ii) developing any aspect of the project; or
 - iii) preparing any documentation for a future procurement process;
- e) the process is voluntary for participants and if an organisation does not participate this will not be a bar from involvement in any future procurement process; and
- f) a question submitted by a participant during the market engagement is submitted on the basis that the Ministry may circulate the participant's question and the Ministry's answer to all other participants.

CONTACT

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An aerial photograph of a residential neighborhood. The scene is dominated by a large, dense forest of green trees that covers a significant portion of the landscape. In the foreground and scattered throughout the background, there are several houses with various roof colors, including red, grey, and white. A road or bridge structure is visible in the middle ground, partially obscured by the trees. The lighting suggests a sunny day, with shadows cast across the foliage and rooftops.

FOCUS TOPICS



THE MINISTRY WELCOMES VIEWS ON...

The Ministry is seeking the market's feedback on all aspects of the project and the planned methodology for delivery. The Ministry is particularly interested in the market's views on the optimal means of packaging and procuring the project, the key risks associated with delivering the project, and how the Ministry can work with industry to help deliver the project within the current market capacity, capability and labour constraints.

The Ministry's key focus topics are outlined below, which will align with the focus of the questionnaire and any one-to-one discussions.

MARKET APPETITE

The Ministry is committed to ensuring a robust and competitive procurement process for delivery of the New Dunedin Hospital project, that will achieve the Government and Southern DHB's desired outcomes and maximise public value. Contractors will need to bring the right experience, expertise and enthusiasm to the project in order to create a lasting legacy for the local construction industry and the people of the Southern District.

The Ministry recognises the pressure that the New Zealand construction sector has been under in recent years, and has observed how other public procurement processes have not generated mutually beneficial relationships. The Ministry views this project as an opportunity to bring to life the principles of the revised Government Procurement Rules and the new Construction Sector Accord. Contractors interested in participating in the delivery of this project are expected to share a commitment to enhancing environmental, social, economic and cultural outcomes.

The Ministry also recognises that the New Dunedin Hospital project is part of a pipeline of major capital works projects that are either planned or underway across New Zealand. While the New Dunedin Hospital is a significant opportunity in itself, the Ministry understands that market appetite may be influenced by the wider pipeline of projects in New Zealand.

The Ministry welcomes views on...

- The appetite of construction contractors, civil works contractors and major subcontractors to participate in the Project.
- The market's experience in delivering projects of a similar size, scale and complexity as the New Dunedin Hospital.
- The influence of the New Zealand construction pipeline on the Project.

MARKET CAPACITY

The Ministry understands the significant scale of the New Dunedin Hospital relative to the local and national market, and has identified the market's capacity to deliver the project as an area of uncertainty. The Ministry is interested in supporting the market to alleviate the potential capacity risks and to ensure that the project is delivered on-time and on-budget.

One observation from the upward trend in the size of major horizontal and vertical infrastructure projects in New Zealand (e.g. Waterview Tunnel, Waikeria Prison, City Rail Link, the New Zealand International Convention Centre, Central Interceptor and Commercial Bay all approaching or exceeding NZ\$1bn) is that projects of this scale are increasingly challenging for most of the domestic construction industry to deliver.

The Ministry would like to understand the depth of the New Zealand and international market for construction contractors and civil works contractors, and your capacity to deliver the project in Dunedin given the national pipeline, your current workload and your knowledge of the local industry.

The Ministry is also interested in the market's views on whether the local subcontracting market and supply chain has the capacity to deliver a project of the size and scale of the New Dunedin Hospital. This includes whether local subcontractors can provide the necessary resources to the project during periods of peak workload, the availability of sufficient specialist trades in the market, and the accessibility (road, rail, sea) of Dunedin as a place to deliver major capital works projects.

The Ministry welcomes views on...

- The market's capacity to participate in the procurement and delivery of the project.
- Whether there are capacity constraints in the lead contractor and subcontractor markets, and how these can be mitigated.
- Whether there are capacity constraints in the supply chain, and how these can be mitigated.

LABOUR MARKET

The availability of skilled and unskilled workers within the New Zealand construction sector has been a nationwide challenge in recent years, and one that is felt more keenly in a smaller urban market such as Dunedin. The combination of increased construction activity, an ageing workforce and supply chain constraints has placed labour availability under considerable strain.

The New Dunedin Hospital will require a substantial workforce.

The Ministry's indicative estimates suggest a labour requirement of approximately 350 people for the Ambulatory Services Centre, and potentially more than 900 people for the Acute Services Building.

The Ministry has identified the availability of appropriately skilled labour as a key area of uncertainty for the delivery of the project. The ability of contractors to have sufficient workforce on the ground in Dunedin, especially during periods of peak workload, potentially presents a significant risk to the project's delivery.

The Ministry is also aware there may be constraints in the availability of worker accommodation and other support services (e.g. education, child care, spousal employment) in Dunedin. The Ministry is keen to understand how these additional labour-related considerations will impact the appetite of contractors to participate in the Project, and how the Ministry and local government can work with the industry to alleviate some of these concerns.

The Ministry welcomes views on...

- The preparedness of the labour market to deliver a project of the size and scale of the New Dunedin Hospital.
- Whether there are labour market capacity constraints, and how these can be mitigated.
- Whether there are constraints in worker accommodation and other support services, and how these can be mitigated.
- Initiatives to promote enhanced skills and training outcomes in the New Zealand construction industry.
- Government wide initiatives which could encourage the availability of skilled workers for the project.

RISKS AND LESSONS LEARNED

As part of procuring and delivering the New Dunedin Hospital project, the Ministry is interested in how contractors can leverage their experience of delivering comparable projects, including with regard to how these projects were procured. We want to hear about the lessons you have learned from similar projects you have worked on, and how you believe these lessons could be used to optimise the delivery of the New Dunedin Hospital project.

Gaining a good understanding of the risks associated with the New Dunedin Hospital will be critical to delivering a successful project, and we are keen to learn about your experience in successfully managing and mitigating these risks on other projects.

The Ministry is also focused on ensuring there is an appropriate allocation of risk between the Ministry and the construction market in order to successfully deliver the Government's desired outcomes for the project. This includes listening to your views about what a commercially attractive risk allocation looks like for the New Dunedin Hospital and how this risk allocation could influence the appetite of the market to participate in the project.

The Ministry is committed to ensuring that the project is procured and delivered in a manner that maximises interest from the market and delivers the best possible outcomes for the New Zealand health system and the people of the Southern District. As such, the Ministry is interested in the market's views on what makes a "good" client for a project of the size and scale of the New Dunedin Hospital.

The Ministry welcomes views on...

- Lessons learned from comparable projects.
- Major project risks and how these can be managed and mitigated.
- Project risk allocation and commercial framework.
- What makes the Ministry a good client?

PACKAGING AND PROCUREMENT

The Ministry is currently developing a Detailed Business Case for the New Dunedin Hospital project that will recommend an option for how the project is packaged and procured. The outcome of the market engagement process will be used to inform the Detailed Business Case and, ultimately, the procurement strategy for the project.

The Site Masterplan identifies three main construction works packages for delivery of the New Dunedin Hospital on the Ministry's chosen Cadbury and Wilson sites:

- a) enabling works;
- b) the Ambulatory Services Centre (with Day Surgery); and
- c) the Acute Services Building.

This indicative packaging approach has been proposed to optimise the project programme while enabling efficiency in the delivery arrangements. We are interested in your views about how this proposed packaging approach will impact the Project's delivery timeframes, disruption, interface risks, labour requirements, supply chain and overall costs. If you believe the project can be packaged differently in a way that delivers enhanced outcomes for the Ministry, we would like to know that too.

The Ministry is open to considering a range of potential procurement models for delivery of the New Dunedin Hospital project. This includes, but is not limited to, using different procurement models for different construction works packages, or exploring the potential to use a single procurement model for the entire project.

It has been determined this project will not be procured as a Public Private Partnership.

The Ministry welcomes views on...

- The packaging approach outlined in this Information Memorandum.
- Alternative packaging approaches and how these can deliver improved outcomes for the project.
- Potential procurement model(s).
- Appetite for participating in the project on a shared basis alongside one or more other contractors.

PROGRAMME

The Ministry is focused on optimising the overall programme for the New Dunedin Hospital project. This programme reflects the Ministry's desire for the Ambulatory Services Centre (and, at a minimum, the Day Surgery capacity) to be operational by late 2023, and for the Acute Services Building to be completed by late 2028.

The Ministry welcomes views on...

- The deliverability and key risks associated with the indicative project programme.
- Any opportunities or areas of innovation that could accelerate delivery of the project.



New Zealand Government