Briefing

Health New Zealand
Te Whatu Ora

Christchurch Parkside Endoscopy

Due to MO:	3 July 2025	**Reference**	**HNZ00089101**
To:	Hon Simeon Brown, Minister of Health		
From:	Jeremy Holman, Chief Infrastructure and Investment Officer, Infrastructure and Investment Group		
Copy to:	n/a		
Security level:	In Confidence	**Priority**	Routine
Consulted:	Ministry of Health		
Proactive Release:	This title is proposed by Health NZ for proactive release		

Action sought	**Action required by**
Endorse a capital budget uplift of [redacted] for the Christchurch Hospital Parkside Endoscopy Unit project, increasing the capital budget from [redacted]	10 July 2025
Agree that: • Under the current capital settings, the Ministry of Health draft a Cabinet paper seeking approval of the capital budget uplift of [redacted] for the Christchurch Hospital Parkside Endoscopy Unit project, increasing the capital budget from [redacted] OR • The Ministry of Health and Treasury provide you with joint advice on an alternative pathway for you to approve the capital budget uplift of [redacted] for the Christchurch Hospital Parkside Endoscopy Unit project, increasing the capital budget from [redacted], that does not require Cabinet approval.	10 July 2025

Contact for further discussion (if required)			
Name	**Position**	**Phone**	**1st contact**
Dr Rob Ojala	Regional Head of Infrastructure Te Waipounamu		x
Jeremy Holman	Chief Infrastructure and Investment Officer		

Attachments	
Appendix 1:	Quantity Surveyor's Detailed Cost Estimate
Appendix 2:	Demand and Waiting List Data - Christchurch Endoscopy Services

Purpose

1. This paper seeks endorsement from you for a capital budget uplift of [redacted] for the Christchurch Hospital Parkside Endoscopy Unit project and agreement to the approval pathway. The uplift will enable delivery of the full scope approved in the original business case.

Summary

2. This paper seeks endorsement for a [redacted] capital uplift to the Christchurch Hospital Parkside Endoscopy Unit, increasing the budget from [redacted] to [redacted]

3. Completing the full four-room scope as originally approved will avoid over $3 million annually in outsourcing costs and improve alignment with health equity priorities. The uplift will also enable the safe decommissioning of temporary procedure rooms that do not meet Endoscopy Guidance Group of New Zealand (EGGNZ) standards, addressing patient safety and compliance concerns.

4. The proposed uplift will help deliver on Health NZ's national targets to reduce wait times for planned care and cancer diagnostics. Increasing internal endoscopy capacity at Christchurch Hospital will directly support Faster Cancer Treatment and Elective Treatment performance goals.

5. This paper proposes a capital budget uplift of [redacted] from Health NZ depreciation baseline funding. There is no change to the operating expense requirements from the originally approved business case.

6. Should the capital uplift be approved, the whole-of-life cost of the project will exceed [redacted], which will require Cabinet approval under current delegation thresholds.

7. On 12 June 2025, the Health New Zealand | Te Whatu Ora (Health NZ) Commissioner recommended this paper proceed to the Minister of Health for approval.

Recommendations

Health New Zealand | Te Whatu Ora recommends that you:

a)	**Endorse** a capital budget uplift of [redacted] for the Christchurch Hospital Parkside Endoscopy Unit project, increasing the capital budget from [redacted]	**Yes/No**
b)	**Agree** that:	
	• Under the current capital settings, the Ministry of Health draft a Cabinet paper seeking approval of the capital budget uplift of [redacted] for the Christchurch Hospital Parkside Endoscopy Unit project, increasing the capital budget from [redacted]	**Yes/No**
	OR	
	• The Ministry of Health and Treasury provide you joint advice on an alternative pathway for you to approve the capital budget uplift of [redacted] for the Christchurch Hospital Parkside Endoscopy Unit project, increasing the capital budget from [redacted], that does not require Cabinet approval.	**Yes/No**
c)	**Note** that the budget uplift of [redacted] will be funded from Health NZ depreciation baseline funding.	**Yes/No**
d)	**Note** that some project timeframes have shifted since the original business case was approved in 2022; these changes have been signalled through regular assurance reporting. The expected construction completion date is currently July 2026 and go-live for the project is September 2026.	**Yes/No**

Hon Simeon Brown, Minister of Health

Date:

Jeremy Holman,
Chief Infrastructure and Investment Officer

Health New Zealand | Te Whatu Ora

Date: 02 July 2025

Background

8. The original business case for the Christchurch Hospital Parkside Endoscopy Unit was approved on 22 June 2022 with a whole-of-life cost of [redacted] over 10 years. New thresholds regarding whole-of-life cost came into effect in 1 July 2022. This business case has used a whole-of-life-cost over 20 years, totalling [redacted], which is more reflective of the life of the investment.

9. Should the capital uplift be approved, the whole-of-life cost of the project will exceed [redacted] and will require Cabinet approval under current delegation thresholds.

10. The approved capital budget for the project is [redacted]. The approved scope includes the fit-out of the Parkside Building to deliver four Endoscopy procedure rooms, recovery and step-down bays, consulting rooms, reprocessing areas, and ancillary services. The revised budget following the requested uplift would be [redacted]

11. The Detailed Design has been costed at [redacted], being [redacted] higher than the approved budget. Building Consent has been issued by Council and minor enabling works have been completed.

12. We have completed a comprehensive value management process to reduce cost without reducing the endoscopy capacity requirement or compromising the benefits outlined in the approved business case.

13. As the main construction work has not begun on site, the project contingency cannot be removed from the project budget due to several unknown elements within the existing building which will require remediation and can only be quantified during construction.

Discussion

Options Analysis

14. Three delivery options were considered to cover the additional [redacted] needed to complete this project, as summarised in **Table 1**.

15. Option 1 would deliver four fully operational procedure rooms as originally approved. Options 2 and 3 proposed partial delivery using warm shell rooms, delaying full capacity. These reduced-scope options are unlikely to meet current or projected demand and would result in continued outsourcing and waiting list growth (see **Appendix 2** for demand and service pressure analysis).

16. Options 2 and 3 require ongoing outsourcing to manage demand, with annual costs of [redacted] respectively. Only Option 1 provides sufficient internal capacity to fully absorb expected case volumes without outsourcing (see **Appendix 1** for comparative financial data).

Table 1: Options considered

	Option 1	Option 2	Option 3
Description	4 new procedure rooms; decommission 2 temporary rooms (as per approved Business Case)	3 new procedure rooms and 1 warm shell procedure room; decommission 2 temporary rooms	2 new procedure rooms and 2 warm shell procedure rooms; decommission 2 temporary rooms
Total # of rooms	8	7	6
Benefits:			
Capacity / Health Targets	Meet	Does not meet	Does not meet
Clinically Fit for purpose rooms	Meet	Meet	Meet
Reduction in Current Outsourcing	Meet	Does not meet	Does not meet
	Recommended	Not Recommended	Not Recommended

17. While Option 1 carries the highest upfront cost, it avoids up to [redacted] per year in outsourcing costs while meeting all the capacity uplift expectations sought from this investment. This is supported by the financial modelling in **Appendix 1**.

Recommended option

18. The recommended option is to proceed with the full four-room build as originally approved (**Option 1**). This option aligns most with national performance priorities regarding timeliness and quality and supports Faster Cancer Treatment targets.

19. Option 1 maximises clinical benefits, including the ability to perform advanced procedures, isolate infectious patients, and respond rapidly to emergencies due to proximity to Parkside Theatres. Financially, it delivers the best long-term value by avoiding up to [redacted] per year in outsourcing while only requiring a total project cost slightly higher than that of Options 2 or 3. It is also the only option that adequately addresses current and projected demand.

20. Health NZ is seeking your endorsement of **Option 1**, pending decisions on the approval pathway.

Implementation and delivery

21. All design phases are complete, Building Consent has been issued, and minor enabling works are finished. The procurement process for the Main Contractor has advanced to a shortlist of five, with a tender to be released shortly. No appointment will be made until a decision is made on the funding uplift outlined in this paper.

22. Following appointment, construction will begin immediately and is expected to take approximately 12 months. After construction, occupancy preparation will occur, including installation of clinical equipment, stocking of consumables, staff familiarisation, and training. Ministry of Health certification is the final step before go-live.

23. Engagement has occurred with neighbouring clinical departments and campus stakeholders to minimise disruption during construction.

24. The expected construction completion date is currently July 2026 and go-live for the project is September 2026.

Table 2: Key milestones for implementation and delivery

Milestone/Activity	Timeframe
Design	
Procurement of Main Contractor (ROI)	
Procurement of Main Contractor (RFT)	
Contract works	
Occupancy preparation	
Ministry of Health Certification	
Go live	

Financial implications

25. The proposed capital uplift of [redacted] will increase the total capital budget from [redacted]. This uplift has been endorsed to be funded from Health NZ depreciation baseline funding.

26. The revised capital budget profile is outlined in **Table 3**.

27. The revised discounted whole-of-life cost for the project is $100.4 million over 20 years at [redacted] discount rate, up from [redacted]. This increase is driven by updated MECA-related operating costs. The updated annual opex figure is [redacted] up from [redacted], reflecting FTE and consumables cost pressures. There is no change to staffing requirements (30.55 FTE).

28. The capital cost estimate is based on detailed design. Procurement for the main contractor is yet to be finalised, and there is a residual risk that costs could rise further following tender. The revised budget includes a [redacted] design contingency and [redacted] construction contingency [redacted] as outlined in **Appendix 1**.

29. To date, $1.471 million in furniture, fixtures and equipment has already been procured. This includes video gastroscopes, colonoscopes and attachments, physiological monitors, patient trolleys, and key clinical equipment required for fit-out and commissioning.

Approval of uplift

30. Under the current capital settings, the whole-of-life cost exceeds the $100 million threshold for Cabinet approval. Therefore, proceeding with the recommended option will likely require Cabinet approval for the capital budget uplift.

31. Given the threshold is exceeded by $0.4 million over a 20-year period, Health NZ is seeking your guidance on whether it is more appropriate for the Ministry of Health and the Treasury to provide you joint advice on an alternative pathway to approve the capital

budget uplift that does not require Cabinet approval. Health NZ is unable to advise on this, and the Ministry of Health has signalled they are comfortable providing this advice if you seek it.

32. If you agree to proceed with Cabinet approval per the standard process, Health NZ will engage with the Ministry of Health to begin Cabinet paper development. If you agree to seek further advice from the Ministry of Health and the Treasury on alternative pathways, this will be provided to you shortly.

Ministry of Health comments

33. The Ministry of Health supports this funding increase given this project is self-funded and presents a low level of risk. It notes a value management process has been completed, providing assurance that the investment represents efficient use of resources and remains aligned with the intended outcomes outlined in the business case.

Next steps

34. Subject to your endorsement and preferred approval pathway, either the Ministry of Health will draft a Cabinet paper seeking approval of the capital budget uplift or the Ministry of Health and Treasury will provide you with joint advice on an alternative pathway.

35. Health NZ will continue to provide project progress reports on a monthly basis as part of the Health Capital Update.

PARKSIDE L1 ENDOSCOPY FITOUT

PARKSIDE L1 ENDOSCOPY FITOUT DETAILED DESIGN UPDATE (13 MARCH 2025)

Rider Levett Bucknall

GFA: Gross Floor Area
Rates Current At April 2024

LOCATION SUMMARY

Cost Saving Options 2-3

Ref	Location	GFA m²		Option 1	Option 2	Option 3	
			Approved Budget	Complete as Planned	Warm Shell 1 Procedure Room and transfer 2 temp rooms & get 3x reproc equip	Warm Shell 2 Procedure Rooms & transfer 2 temp rooms & get 2x reproc equip	
				Total of 8 rooms available	Total of 7 rooms available	Total of 6 rooms available	

PARKSIDE L1 ENDOSCOPY
PARKSIDE L1 ENDOSCOPY FITOUT
DETAILED DESIGN UPDATE (MARCH 2025)

Rider Levett Bucknall

Gross Floor Area: 1,421 m²

ELEMENTS SUMMARY

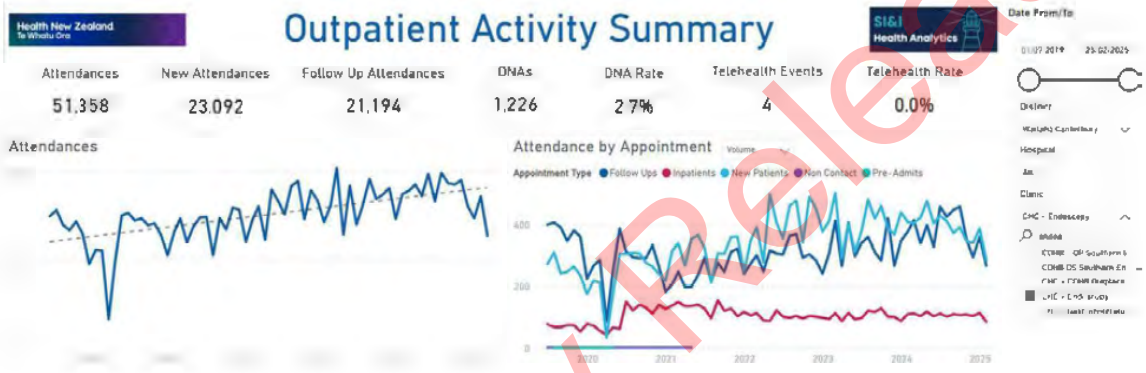
Ref	Description	Total Cost $

Christchurch Hospital Endoscopy Capacity and Waiting Times

Document written by Professor Catherine Stedman, Clinical Director, with data analysis provided by Paul Mollard, Lean Coach from Waitaha Canterbury, in consultation with the Endoscopy Lead (Mehul Lamba) and Endoscopy Booking Coordinator (Morgan Jones).

Current Capacity

Endoscopy capacity (actual procedures) has increased from approximately 600 per month in 2019 to 900 per month in 2024. This reflected the addition of two temporary endoscopy rooms, and a fixed term endoscopy Fellow who provided extra backfilling capacity until late 2024.



Increased demand for endoscopy capacity has been generated primarily by introduction of the National Bowel Screening Programme (NBSP) since 2020; other factors include population aging/population growth and increasing prevalence of inflammatory bowel disease. The number of complex endoscopy procedures provided by Christchurch Hospital Endoscopy on a regional basis to Te Waipounamu/South Island has also increased, displacing some routine endoscopy procedures, and also reducing both patient morbidity and the need for more invasive surgical procedures associated with prolonged hospital admissions.

Current facilities are well utilised, with a consistent DNA rate just under 3%. Strict triaging processes are in place; additional endoscopy capacity is created with Saturday lists, and 1592 colonoscopy/year are outsourced to the private sector.

The Unit is highly innovative at exploring ways to minimise waiting list volumes. Christchurch has been the first and only hospital in New Zealand since 2022 to routinely incorporate faecal immunochemical (FIT) testing when triaging symptomatic referrals for colonoscopy as well as utilising significant volumes of CT colonography as an alternative investigation, thus reducing numbers of patients added to our waiting lists.

The total endoscopy waitlist (future treat-by dates plus overdue) has been steadily increasing and has doubled in the last 5 years.

The following 4 pages have been withheld