

# **The disgusting state of Whangarei Hospital: why does this keep happening?**

**Kathy Spencer**

Whangarei Hospital has raw sewage in its walls and the conditions for staff and patients have been described as “disgusting”.

Now that the Prime Minister has said it's not acceptable, the immediate problem will probably be fixed. However, if that's all that happens, our public hospitals will continue to crumble, requiring one patch-up job after another.

The real question is: Why wasn't the deterioration of Whangarei Hospital addressed years ago before lights started falling off the ceiling, windows fell out, and sewage started flowing in the walls?

It's an all-too-familiar story and shows a fundamental failure in the system for maintaining and replacing our public hospitals.

The poor state of our hospitals has been well-documented: a government stocktake completed in June 2020 found that \$14 billion would need to be invested in DHB infrastructure over the next decade.

## **The Government has made funding available**

In its first budget in 2018, the Labour-led Government started out on the right foot by making \$750m available for health sector infrastructure. This was followed-up in the 2019 Budget with a further \$1.7 billion.

However, investment decisions have lagged behind, leading to \$1.1 billion being carried forward 2 years “to reflect the changes in timing in various capital projects”. This is clearly a significant failure of the investment system, presented as a minor matter of timing, with no further explanation thought necessary.

In Budget 2020, funding was increased by a further \$750m and the whole lot was re-packaged into a ‘Health Capital Envelope’ of over \$3 billion to be used in the period 2020 - 2025.

Budget 2021 increased funding yet again, this time by \$1.9 billion, to give a Health Capital Envelope of a little over \$5 billion.

To put this amount in perspective, the Christchurch Hospital redevelopment cost \$516m and options for redeveloping Whangarei Hospital range from \$570m to \$1 billion.

There is no shortage of proposals from DHBs to use this money – they have identified \$8.4 billion of projects over the same 3-4 year period.

In February this year, Northland, MidCentral, Hawkes Bay, and Nelson Marlborough DHBs had all requested funding for regional hospital redevelopment.

Officials told the Ministers of Finance and Health: “...historic under-investment has led to the bow-wave of investment required now”. The report noted that the last National Government had provided a total of only \$150m of new capital for DHB developments over its final 3 budgets.

However, the same report went on to recommend that Ministers approve only \$250m of projects, and that a further \$250m should be held back, in case of a lack of money in future! For once, no-one appears to be blaming Covid for the lack of action.

The DHBs' proposals were all declined, to be reconsidered at a later date.

## **Process for hospital redevelopment**

Treasury is responsible for the Investment Management System that governs investment in the public sector, including our public hospitals. All projects costing over \$15m are subject to Treasury's tortuous Business Case Process.

The standardised templates are very lengthy and tidy-minded, prizing consistency of form-filling above having hospitals that are fit to deliver services to New Zealanders.

A focus on risk means that projects are often left until buildings are literally unsafe, eg when black mould was found in Middlemore Hospital and raw sewage appeared in the walls in Whangarei Hospital.

Northland DHB has been wrestling with the Business Case Process since 2015. It takes so long that redevelopments, when they finally happen, may no longer meet community needs. For example, the Northland population has grown significantly in recent years meaning that the current \$572m proposal will only be big enough to meet demand until 2030.

Nelson Marlborough DHB started the process in 2016, taking 4 years to get to a completed 'Indicative Business Case'. They are currently working on the 'Detailed Business Case' which they expect to complete in April next year. After that there's the 'Implementation Case', not to mention the 'Gateway Review'.

Treasury claims that the process is "good management practice". However, a process cannot be "good management practice" if it routinely stymies DHB efforts to get the required upgrades underway.

### **What needs to happen?**

These projects need to get underway now and we can't afford further delays as a result of the Government's focus on health reforms.

Ministers should insist on timely decision-making so that the funding Cabinet has made available is actually used.

When Health NZ takes over from DHBs, it should be given responsibility for allocating the Health Capital Envelope, using its four regional divisions. To maintain existing expertise, the Health Infrastructure Unit in the Ministry of Health should be transferred to Health NZ.

There should be no requirement to use Treasury's Business Case Process. Instead, planning should be streamlined, flexible, and easy to follow.

Covid has shown us that Ministers and officials can make things happen in the face of an immediate threat. The trick is to pretend it's an emergency.

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