

New Melton Hospital Industry Briefing

October 2022



We would like to
acknowledge the Wurundjeri
People of the Kulin Nation,
the traditional owners
of the site for the
New Melton Hospital

Presenters and agenda

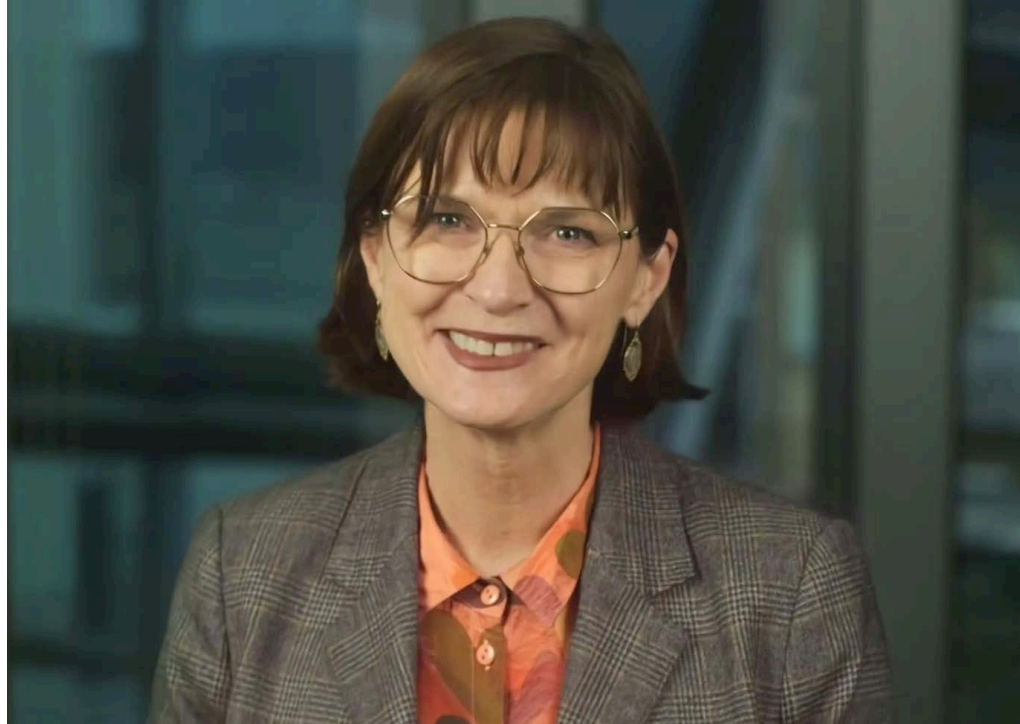
Presenter	Title	Agenda
Tony Michele	Executive Director, Delivery, VHBA	Convener
The Hon. Mary-Anne Thomas MP	Minister for Health	Building a new hospital for Melton
Robert Fiske	Chief Executive Officer, VHBA	The investment need
Russell Harrison	Chief Executive Officer, Western Health	The health service need
Tina Skliros Jim Boston	Executive Director PPP, VHBA Interim Project Director, NMH	Project scope and procurement
An Nguyen	Executive Director and Head of Partnerships Victoria, Department of Treasury and Finance	Partnerships Victoria – the policy context
Roslyn Wai	Chief Executive Officer, Melton City Council	The Council's perspective
All		Questions

The Hon. Mary-Anne Thomas MP

Building a new Hospital for Melton



Building a new hospital for Melton



Robert Fiske

New Melton Hospital –
the investment need



VHBA is focussed on developing new solutions to old problems

Boost efficiencies and innovation in the planning, management and delivery of major health infrastructure.



***Pictured:** The New Footscray Hospital*

A co-ordinated system-wide response is required to meet demand across the Western corridor

- A New Melton Hospital
- A New Footscray Hospital (in delivery)
- Further expansions at Sunshine Hospital
- Community hospitals at Sunbury and Point Cook
- A new Emergency Department at Werribee Hospital



***Pictured:** Werribee Mercy Hospital*

Russell Harrison

New Melton Hospital –
the health service need



The new Melton Hospital will be part of Western Health

- Western Health is the major provider of hospital services in the West, and one of the fastest growing health services in the country
- Our rapidly growing catchment is diverse and experiences significant socioeconomic challenges
- We are focused on providing our patients with the best care – so we want a strong partner that shares this commitment
- Strong and growing education and research profile with our university partners



Current and future Services

- We provide a range of services from Bacchus Marsh, Melton, Caroline Springs and Sunbury
- Currently, there is no major acute service provision in the greater Melton area
- The new Melton Hospital will be a general hospital able to meet a range of current and growing local demand
- Services include emergency, critical care, inpatient beds, surgical services, obstetrics services, outpatients, community based support and mental health
- WH will also be delivering mental health services when the facility opens
- When the new Melton Hospital opens, Western Health will be managing two PPPs – this is an Australian first

Western Health's ambitions for the new Melton Hospital

Scope: Providing Western Health with more capacity to meet increasing demand, close to where our patients live

Workforce: Your solution should help us attract and retain the workforce needed to operate the new facility. Project Co team members must feel part of the WH team

Sustainability and climate: Climate change continues to be one of our biggest challenges. We want to see an energy efficient and sustainable facility

Tina Skliros and Jim Boston

Project scope
and procurement



Unprecedented growth in acute health demand set to double in next 15-20 years

Unprecedented population growth forecast to continue

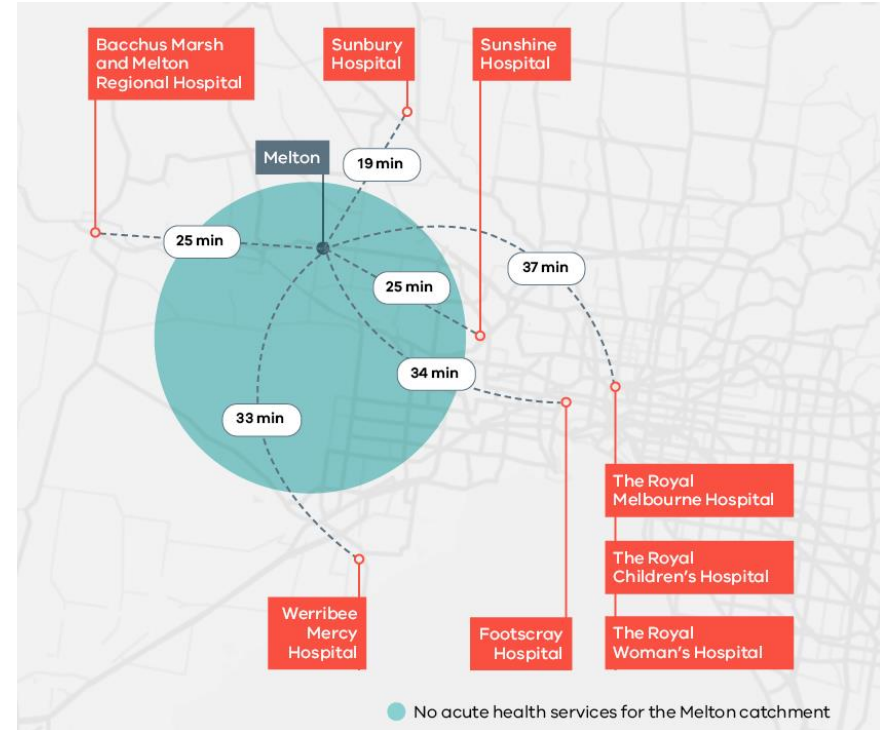
- By 2036-37, the population of Melton is forecast to double to 360,00 residents – equivalent to the current size of Canberra.
- Faster than any other area state-wide.

Local Demographics

- Higher levels of social and economic disadvantage
- High proportion of population with high-risk health factors needing more complex care

Lack of any acute health services in the Melton area except Bacchus Marsh and Melton Regional Hospital

- Hospital capacity has not kept up with demand in Melbourne's outer west
- Closest emergency department is at Sunshine Hospital, 25 minutes away from Melton CBD
- Residents are often required to travel into inner city facilities to receive health care services



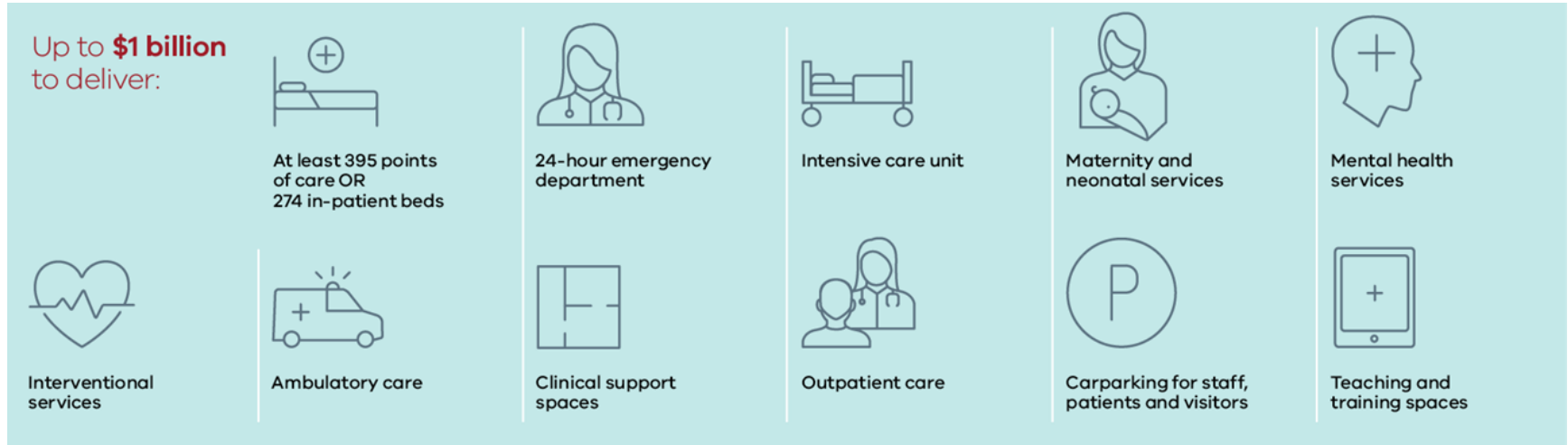
Why now?

Not keeping up with demand in Melbourne's outer west means:

- **Unsustainable pressure on the acute hospital system in Melbourne's inner-west and inner-city hospitals**
- **Adverse health outcomes for the people of Melton**
 - patients required to travel up to 1 hour+ to access acute hospital services
 - people delaying or not seeking acute health care

The new Melton Hospital now is **critical** for addressing these challenges

The new Melton Hospital will deliver at least 395 Points of Care



New Melton Hospital project vision



Melton Hospital will provide the foundation for a healthy and prosperous Melton, enabling the provision of high-quality acute health care close to home.



The new hospital will activate the broader precinct while also inspiring civic pride in the community – reflecting the local people and landscape in its design.

New Melton Hospital Project objectives

The State's objectives in delivering the Project are to:



Provide access to **high-quality acute care** close to home for the people of Melton.



Attract and retain a **high-quality workforce** and help promote the New Melton Hospital as an employer of choice.



Facilitate and respond to **future growth** in service demand while also reflecting the **local people and landscape** in its design.



Promote **operational efficiency**, as well as the **physical and mental wellbeing** of its diverse users, including patients, families, staff and the broader community.



Create an **environmentally sustainable** asset that supports the Victorian Government's climate policy.



Be a catalyst for unlocking **surrounding investments** that will facilitate a vibrant, integrated and inclusive **precinct** for the community.

Status of project site and key access roads



Site enabling works and activities

Enabling Works & Activates	State Description
Site Investigations	<p>VHBA has commissioned a range of site investigation reports (to be made available in the Data Room), including</p> <ul style="list-style-type: none">• Geotechnical investigation reports• Soil contamination reports• Site feature survey• Flora and fauna assessment
Cultural Heritage Management Plan	<p>VHBA is undertaking the process to obtain a Cultural Heritage Management Plan in advance of RFP release. It will be made available to respondents as part of the Data Room.</p>
Utility Infrastructure	<p>VHBA continues to engage with all utility providers to ensure key utility infrastructure required to service the New Melton Hospital is available.</p>
Temporary Fencing	<p>VHBA has installed temporary fencing around the Site perimeter, which will be removed prior to the handover of the Site to Project Co.</p>

Up to \$1 billion-has been committed to deliver the NMH

The capital funding envelope allows for:

- The PPP capital project scope
- Hospital Site land acquisition
- Site enabling works

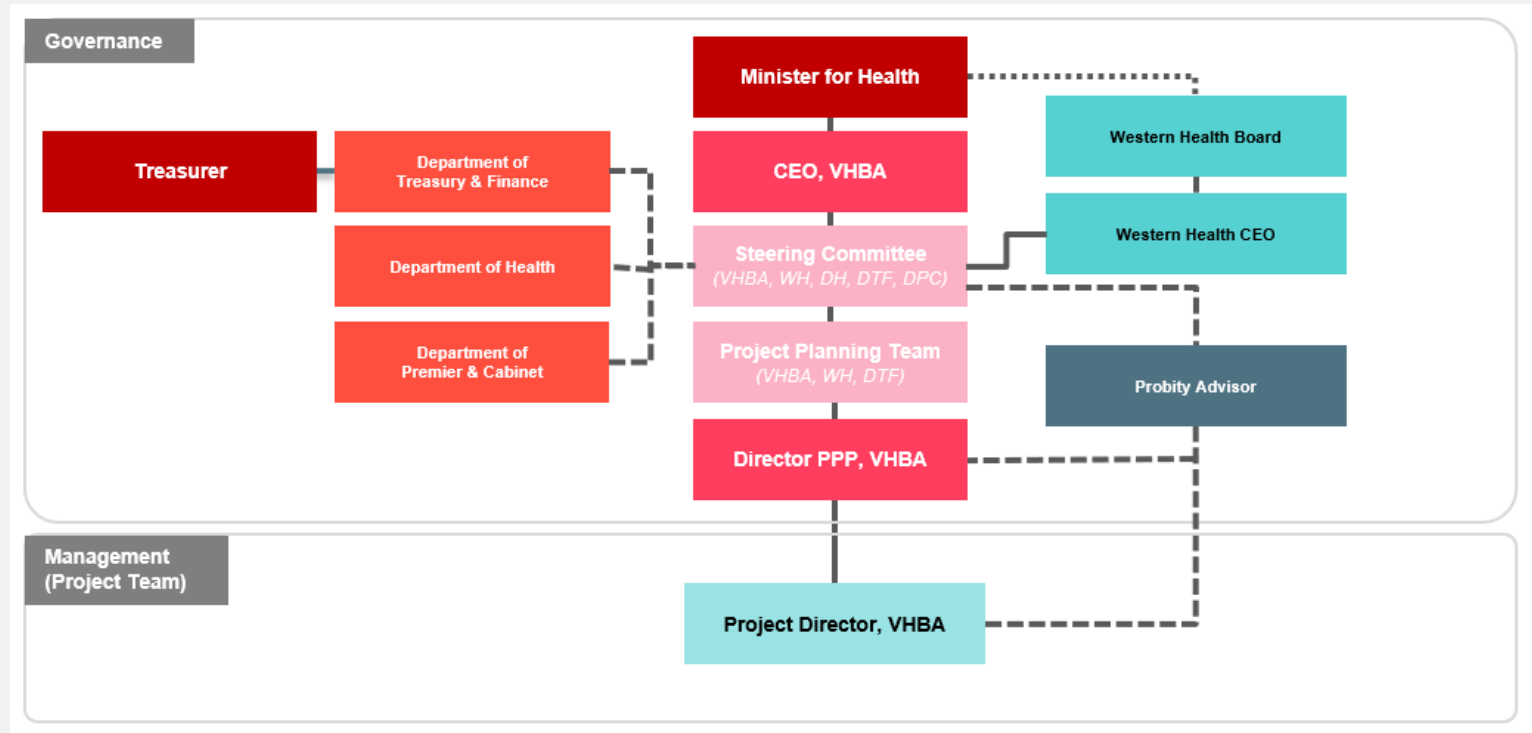
NMH will delivered as Public-Private Partnership (PPP) in accordance with the National PPP Guidelines

- Delivery of all clinical health services will be undertaken by Western Health
- Project Co to design, construct, finance and deliver facilities management (FM) services
- FM services scope is expected to be similar to the New Footscray Hospital (subject to final government approval)
- As this is a new hospital, there will be no transfer of existing employees
- VHBA will engage with the market on the full FM scope as part of the next phases

The new Melton Hospital to open in 2029

Activity	Target date
EOI Stage	
Industry Briefing and Market Sounding Process	October 2022
Release of Invitation for Expression of Interest	Late January 2023
RFP Stage	
Release of Request for Proposal	Mid 2023
Negotiation and Completion	
Contract and Financial Close	Mid 2024
Delivery Stage	
Construction Commencement	Mid 2024
Operating Stage	
Operational Commencement	2029

Governance and project management

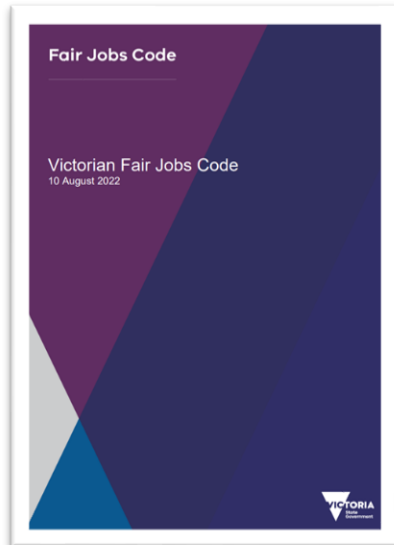


Social and environmental policy overlay

The NMH will continue to pursue the State's policies that seek to enhance social and environmental outcomes through the investments it makes on large infrastructure projects.

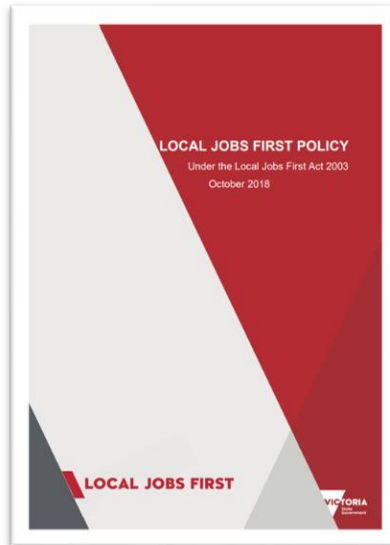
Fair Jobs Code

Applies from 1 December 2022 and requires demonstration of compliance with IR and OHS laws.



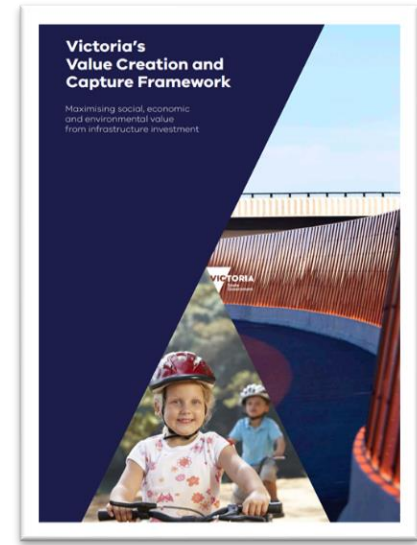
Local Jobs First Policy

Note the recent enhancements made to encourage the use of local steel and enhanced reporting



Value Creation and Capture Framework

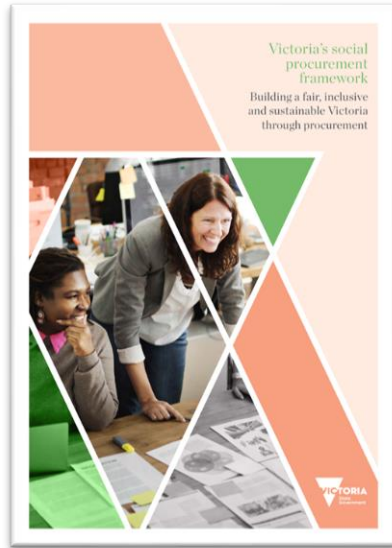
Aimed at maximising the public value of government infrastructure investment



Social and environmental policy overlay (cont.)

Social Procurement Framework

Using buying power to generate social value



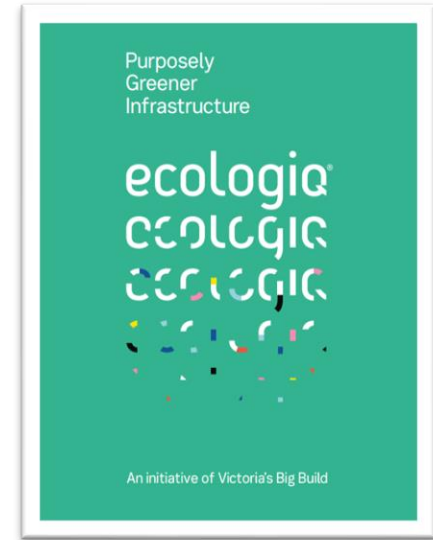
Building Equality Policy

Proactively addressing the under-representation of females in the construction industry



EcologiQ – Recycled First Policy

Elements of EcologiQ under consideration for NMH project



Targeted market sounding will commence in late October 2022

To seek market input on the scope and structure of the Project to facilitate a value for money outcome with invited participants.

Key themes for discussion include:

- Market capability, capacity and appetite (incl general market conditions)
- Key procurement issues
- Procurement dates and program
- Site Investigation Reports
- Approach to site Enabling Works (incl. key access roads and utility infrastructure)
- FM services scope
- Financing options & financing principles
- Capital cost cap framework
- Potential commercial opportunities (including private hospital)

Some final reminders

The information provided in this Industry Briefing is provided solely for the purpose of informing industry of the project status and broad directions.

- No representations are to be implied or inferred
- VHBA reserves its absolute discretion to further develop the project as it sees fit
- VHBA has appointed RSM Australia Pty Ltd as Probity Adviser for the project
- Formal communication and probity processes are now in operation
- General communications are to be directed to the Project Team via email at meltonhospital@health.vic.gov.au
- Any probity issues can be directed to the NMH Probity Advisor at Michael.shatter@rsm.com.au

An Nguyen

Partnerships Victoria –
the policy context



Public-Private Partnership (PPP) model

High level of activity and continuing roll-out of PPPs

Strong outcomes in the sector – five PPP hospitals successfully operating and a further two recently contracted

Procurement rationale

- ‘Whole of life’ approach offering comparative advantages, including greater certainty over cost and timely completion, risk management and opportunity for improved value for money
- Contractual flexibility to deliver future upgrades
- Greater innovation opportunities offered to the market

PPP value for money considerations

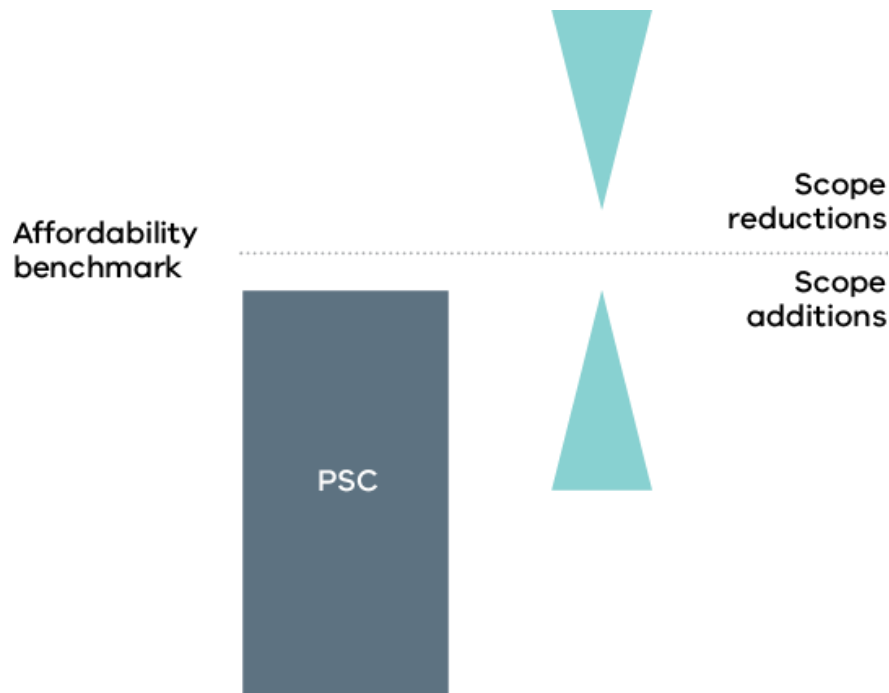
Potential scope ladder

- PSC as an affordability benchmark
- identify priority scope to add or remove

State capital contribution

- potential to deliver value while preserving private sector incentives

Recent strong outcomes for long-term finance



Standard templates and guidance

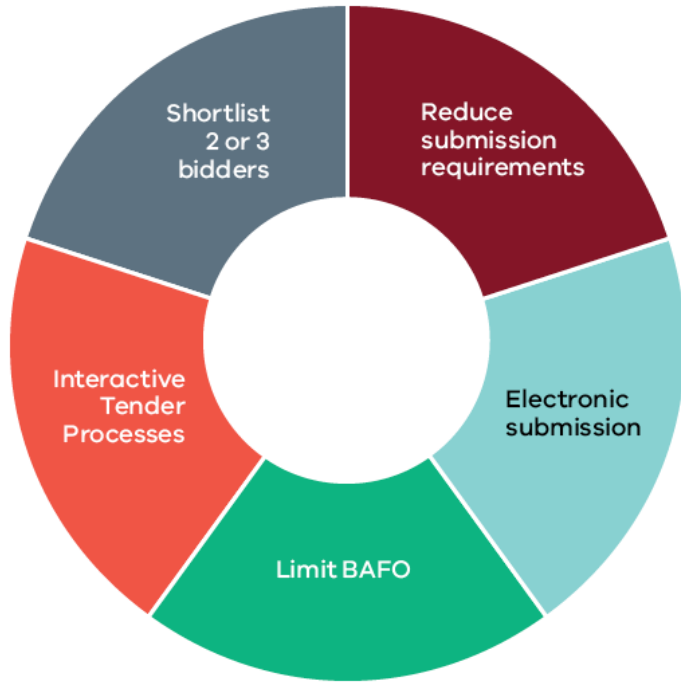
Market-tested templates and guidance to improve certainty, efficiency and reduce bid costs:

- standard project deed and guidance notes which are continually refined and updated
- standard EOI and RFP templates
- contract management guide.

New Melton Hospital will adopt the PV Standard Project Deed:

- a focus on project specific issues
- increased transparency and certainty
- improved outcomes
- reduced tender costs for the State and private sector.

PPP process efficiencies



PPP process efficiencies

- Government is seeking an efficient tender process
- Encourage quality EOI responses from the market to enable the shortlisting of two parties
- Unsuccessful respondents will be eligible for partial bid costs reimbursement
- Capital cost guidance will be issued at the RFP Phase

Applying Government policy

- Social procurement
- Local Jobs First
- Value creation and capture

Roslyn Wai

The City of Melton
Council's perspective

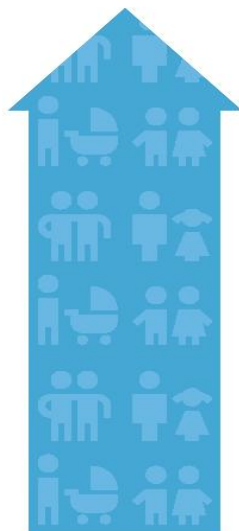


A vibrant, safe and liveable Melton accessible to all

POPULATION
GROWTH
FORECAST
2022
2051



216,389
2022



450,823
2051



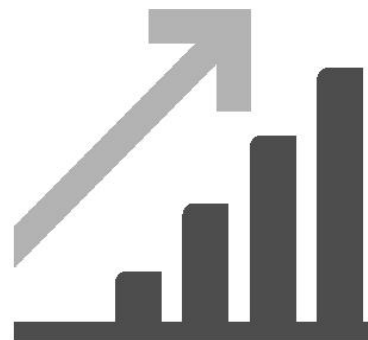
42
per week



49
per week

THERE IS AN AVERAGE
OF 42 FAMILIES MOVING
IN, AND 49 BABIES
BEING BORN IN THE CITY
OF MELTON EVERY WEEK

3.9%
GROWTH RATE
2020-21



Cobblebank metropolitan activity centre



Cobblebank metropolitan activity centre

- 20,000 jobs
- Health, Tertiary, Justice Civic, Retail, Sports Precincts
- Cobblebank Community Services Hub



Questions

Enquiries

- Project Team
meltonhospital@health.vic.gov.au
- Probity Advisor
Michael.shatter@rsm.com.au

Further information

- VHBA
VHBA.vic.gov.au/new-melton-hospital
- Western Health
westernhealth.org.au
- Partnerships Victoria
partnerships.vic.gov.au
- Local Jobs First
localjobsfirst.vic.gov.au
- Melton City Council
melton.vic.gov.au