



Lara Giddings, MP

Minister for Health

Monday, 18 May 2009

New Royal Business Case Released

Health Minister Lara Giddings today released the Business Case for the new Royal Hobart Hospital, along with other supporting documents and reports prepared by the New Royal Project Team.

State Cabinet today decided to defer construction of a new RHH until Tasmania's economy improves and, once it does, to adopt a new approach that will see the current site redeveloped over an extended period and possibly supplemented by a new building on a nearby site.

In the meantime, \$100 million will be allocated over the next five years to allow the current site to be maintained to a safe standard and provide improved operational efficiency and functionality and expand the ICU and HDU.

Ms Giddings said the three years of service planning undertaken through the Business Case, which looked at options for both the railyards and the current site, cost \$9.4 million and would prove invaluable no matter where the new hospital was built and would be used as the basis for future planning.

Work on issues such as the current state and archaeology of the railyards could also be used to inform future decisions on the use of the area now that it will not be used for a hospital.

"I have consistently said that once Cabinet had considered the Business Case we would share with Tasmanians the information we have been gathering and assessing," Ms Giddings said.

"Tasmanians can now see the planning that was done, the assessments that were made, and the estimated costs of a new Royal at either the railyards or the current site.

"I have also released the Capital Constrained Options document, which was prepared to consider what other options were available after it became clear we could no longer afford the massive upfront cost of a new hospital due to the global financial crisis.

"That work will continue as we explore the option of a new building on a nearby site to supplement the small current site.

"Preliminary analysis has indicated that building a new health facility close to the existing site would assist in meeting growing demand, reduce pressure on the RHH and free up space to make redevelopment on the current site more efficient and less disruptive.

"We have already had discussions with some clinical staff at the Royal and I look

forward to consulting more broadly across the hospital on the way ahead.

“For safety, operational efficiency and patient convenience, the proposed new facility would need to be located within a short walking distance of the RHH.

“The Government owned Tasmanian Ambulance Service (TAS) site on the corner of Melville and Campbell Streets has been identified as a possible site, if the TAS functions can be appropriately relocated, and we will also look at what other options might be available in the private sector.

“Further planning will be required to develop and compare the available options and consider the potential challenges to operating the proposed new health facility.

“The Business Case found that a new hospital on a new site would provide the best quality outcome in the shortest time frame for the lowest capital cost.

“The Railyards option could have been completed by 2015-16 and was estimated to cost \$1.5 billion plus site clean-up costs and relocation costs in the order of \$100 million.

“Redevelopment options on the existing site could be completed by between 2018 and 2022 and were estimated to cost between \$1.8 and \$2.1 billion.

“However, both the railyards option and immediate redevelopment on the existing site have now been overtaken by the impact of the global financial crisis.

The Business Case and other documents associated with the New Royal Project are available at: www.newroyal.tas.gov.au

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