

Guaranteed Construction Sum Fact Sheet

How much is the Guaranteed Construction Sum?

The Guaranteed Construction Sum (GCS) is \$389 million.

What is the Guaranteed Construction Sum?

The GCS is the maximum price that may be paid to the RHH Redevelopment's Managing Contractor for the agreed construction work. The Managing Contractor is responsible for the finalisation of the design and documentation and for tendering, sub-contracting and managing the trade packages.

Is the Guaranteed Construction Sum the total price of the Redevelopment?

The GCS sum is part of the \$689 million RHH Redevelopment budget.

The RHH Redevelopment budget covers the project's three phases. The third and final phase is the construction of K-Block and includes:

- construction work
- hyperbaric chamber which was not previously costed into the Rescue Taskforce estimates
- furniture, fittings and equipment and information communication technology
- project and contract management costs and
- contingencies.

K-Block has been designed to be flexible so it can accommodate developments in health services delivery and technology. The project budget provides the flexibility to respond to changing needs over the next three years.

Appropriate planning for managing a major construction project in the middle of an ageing operational hospital has also been incorporated into the project budget.

Due to the size and complexity of the Redevelopment, the Tasmanian Government has taken the financially responsible decision to adjust the contingency allowance by \$20 million to meet any changing needs of the project.

This capacity will ensure that necessary investment decisions can be made efficiently and K-Block meets contemporary health needs when it is completed.

How are Tasmanians getting value for money?

The GCS represents value for money for Tasmanians – it is within the \$392 million cost estimate agreed by the Rescue Taskforce.

The Managing Contractor was procured through a previous competitive tender process earlier in the project.

The Managing Contractor Contract includes incentives to finish the project on time and deliver the project under budget.

The Managing Contractor will publicly advertise tenders for trade packages, including via the Industry Capability Network.

When will K-Block constructions start?

K-Block construction will commence after B-Block is demolished. The K-Block footings are substantial and it will take the first year to build the foundations and lower levels of K-Block.

When will K-Block construction be completed?

K-Block is scheduled for completion at the end of 2018.

The Managing Contractor Contract includes incentives to finish the project on time and deliver the project under budget.

When will hospital services start working from K-Block?

Services will start being delivered from the new building early 2019.

Completion of construction will be followed by a period of commissioning where new wards receive infection control-grade cleaning and staff are inducted in the new facility and use of new systems. For patient safety and efficiency, wards will move into K-Block over a number of months.

How many jobs will be created by K-Block?

Work packages will directly employ 300 tradespeople including apprentices.

During the life of the redevelopment project, around \$1.6 billion will be injected into the Tasmanian economy, creating an estimated 4 000 direct and indirect jobs.

Who is the Managing Contractor?

The Managing Contractor is the John Holland Fairbrother Joint Venture. They formally commenced in the role when the Managing Contractor Contract was executed on 3 September 2013 requiring them to complete stage 1 of the Contract.

Stage 1 of the Contract required they coordinate the development of the design, prepare a GCS offer and undertake a range of early works packages. Early works packages are building works to prepare the site for the K-Block construction and many of the refurbishment works required to relocate services so B-Block can be demolished.

Stage 2 of the Contract is the construction of K-Block.

How is the project funded?

The RHH Redevelopment is jointly funded by the Australian and Tasmanian Governments.