

Briefing

Covid-19 Health System Response: Oxygen Supply and Environmental Issues

Date due to MO:	<N/A>	Action required by:	<N/A>
Security level:	IN CONFIDENCE	Health Report number:	20202210
To:	Hon Chris Hipkins, Minister for Covid-19 Response		
Copy to:	Hon Grant Robertson, Minister of Finance		

Contact for telephone discussion

Name	Position	Telephone
Roger Perkins	Lead, Covid-19 Supply Chain	s 9(2)(a)
Kelvin Watson	Group Manager, Covid-19 Testing, Immunisation and Supply	s 9(2)(a)

Minister's office to complete:

- | | | |
|---|------------------------------------|--|
| <input type="checkbox"/> Approved | <input type="checkbox"/> Decline | <input type="checkbox"/> Noted |
| <input type="checkbox"/> Needs change | <input type="checkbox"/> Seen | <input type="checkbox"/> Overtaken by events |
| <input type="checkbox"/> See Minister's Notes | <input type="checkbox"/> Withdrawn | |

Comment:

Covid-19 Health System Response: Oxygen Supply and Environmental Issues

Security level: IN CONFIDENCE **Date:** 4 December 2020

To: Hon Chris Hipkins, Minister for Covid-19 Response

Purpose of report

1. This report responds to our undertaking to brief you on progress with initiatives to improve oxygen supply and environmental control systems at selected DHBs.

Summary

2. In early October 2020, you and the Minister of Finance approved funding of up to \$35m to improve oxygen supply and environmental control systems at selected DHBs. This funding was approved by Cabinet in July 2020 as a tagged contingency for release subject to further information on the projects to be undertaken and the implementation plan. This information was provided to you in early September in the form of a detailed business case.
3. Since being given the go-ahead in early October, we have:
 - Engaged a programme delivery team
 - Met with each of the 12 DHBs targeted for support (Bay of Plenty, Canterbury, Capital & Coast, Counties Manukau, Hawke's Bay, Hutt, Lakes, MidCentral, Northland, Tairāwhiti, Taranaki and Waitemata DHBs)
 - Gained agreement with each of the above DHBs at CE level on the work to be undertaken and how this will be managed
 - Commenced detailed design meetings with project teams in each of these DHBs
 - Finalised negotiations with New Zealand's two oxygen manufacturers (BOC and Air Liquide) on improved supply and distribution arrangements for all DHBs
 - Advanced the procurement of equipment and supplies with long lead-times.
4. We will provide a further update for you in late March/early April 2021 by which time we expect the programme to be well advanced.

Recommendations

We recommend you:

- a) **Note** that good progress is being made in relation to the oxygen supply and environmental issues initiative ☒ Yes ☐ No
- b) **Note** that we will provide a further update for you in late March/early April 2021 by which time we expect works to be well advanced ☒ Yes ☐ No
- c) **Refer** this report to Hon Grant Robertson, Minister of Finance, for his information ☒ Yes ☐ No



Sue Gordon
Deputy Chief Executive
COVID-19 Health System Response
Date:



Hon Chris Hipkins
Minister for Covid-19 Response
Date: 29/01/2021

Covid-19 Health System Response: Oxygen Supply and Environmental Issues

Background

1. In early October 2020, you and the Minister of Finance approved funding of up to \$35m to improve oxygen supply and environmental control systems at selected DHBs. This funding was approved by Cabinet in July 2020 as a tagged contingency for release subject to further information on the projects to be undertaken and the implementation plan. This information was provided to you in early September in the form of a detailed business case.
2. The business case identified 12 DHBs which would struggle in providing oxygen to Covid-19 patients should they have to manage their prorated 'share' of an all of government planning scenario of 150 patients in ICUs and 600 patients in wards. There are also shortcomings in the air handling systems of the treatment areas nominated by these DHBs, which could pose significant health and safety risks for staff and patients.

Update

3. As part of the business case, we undertook to provide you and the Minister of Finance with an update in mid-December and again in mid-March 2021.
4. Since being given the go-ahead in early October, we have:
 - a. Engaged a programme delivery team
 - b. Met with each of the 12 DHBs targeted for support (Bay of Plenty, Canterbury, Capital & Coast, Counties Manukau, Hawke's Bay, Hutt, Lakes, MidCentral, Northland, Tairāwhiti, Taranaki and Waitemata DHBs)
 - c. Gained agreement with each of the above DHBs at CE level on the work to be undertaken and how this will be managed
 - d. Commenced detailed design meetings with project teams in each of these DHBs
 - e. Finalised negotiations with New Zealand's two oxygen manufacturers (BOC and Air Liquide) on improved supply and distribution arrangements for all DHBs
 - f. Advanced the procurement of equipment and supplies with long lead-times.

Programme team

5. A governance group comprising a DHB CE and senior Ministry staff oversees the programme which is led by a specialist team within the Ministry.
6. The Ministry is working in partnership with DHBs where works are being undertaken. The Ministry is leading on design and procurement issues in order to take advantage of economies of scale and has engaged Beca and other specialists who are experienced working with DHBs on projects of this nature. DHBs are taking responsibility for managing local matters such as disruption planning, design input, local body consents and the supervision of contractors. Some areas, such as those relating to health and safety, have overlapping responsibilities and are being managed jointly.

7. This approach to working is new to the Ministry and DHBs and sits between the two approaches currently being used, where either DHBs manage works themselves (with or without capital funding provided by the Crown) or the Ministry manages works on behalf of a DHB, e.g. the new Dunedin hospital. The DHB response has been generally positive.

Scope of works

8. The works to be undertaken across the 12 targeted DHBs comprise a range of measures aimed at improving:
- Facilities to store oxygen and convert oxygen from a liquid to a gaseous form so that it can be reticulated within the hospital environment
 - Reticulation or distribution of oxygen from oxygen compounds to patient bedsides
 - The areas designated for treating Covid-19 patients, with a view to improving the capacity of air handling systems to reduce oxygen and viral concentrations in treatment areas to safer levels.
9. The Ministry has sought confirmation of the scope of works and how works will be managed with each DHB at CE level, in particular ensuring that the respective roles and responsibilities of the Ministry and DHB are clear. This is an important part of managing key risks associated with the programme, e.g. ensuring costs remain within budget; meeting regulatory requirements etc.
10. The initiative has been well received by DHBs. The main concern has been minimising and preferably avoiding disruption to hospital beds, especially as the flu season approaches.

National oxygen supply and distribution

11. Oxygen is supplied to DHBs under national contracts with the two oxygen manufacturers in New Zealand (BOC and Air Liquide). Working with New Zealand Health Partnerships Ltd, which manages the contracts on behalf of DHBs, the Ministry has negotiated enhanced national arrangements that provide for:
- Increased production should this be required to meet greater national demand as a result of COVID-19
 - Where practicable, more frequent delivery of bulk oxygen to DHBs that would require it, so that they always have oxygen available
 - Where not practicable (because of geographical location), the availability of portable bulk oxygen (ISO) containers which can be shipped to DHBs in need at short notice.

Equity

12. Maori and Pasifika are proportionately more dependent upon respiratory equipment than other sections of the New Zealand population. The incidence of such use, both in hospitals and in the home, has also been increasing in recent years. This implies that Maori and Pasifika would be disproportionately affected should a significant COVID-19 surge occur. DHBs with expected shortages of oxygen include Counties Manukau, Northland and Tairāwhiti which have large Maori and/or Pasifika populations.

Next steps

13. We will provide a further update for you in late March/early April 2021 by which time we expect the programme to be well advanced.

ENDS.

PROACTIVELY RELEASED