

**BEFORE INDEPENDENT HEARINGS COMMISSIONERS APPOINTED BY THE  
WELLINGTON CITY COUNCIL**

**UNDER** the Resource Management Act 1991 (**RMA**)

**IN THE MATTER** of the Wellington City Proposed District Plan

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**STATEMENT OF EVIDENCE OF RICHARD PAUL FOR SOUTHERN CROSS  
HEALTHCARE LIMITED**

**HEARING 7 – SPECIAL PURPOSE ZONES AND DEVELOPMENT AREAS**

**DATED 15 MARCH 2024**

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## MAY IT PLEASE THE COMMISSIONERS

### INTRODUCTION

1. My full name is Richard James Paul.
2. I hold the position of General Manager of Property & Development for Southern Cross Healthcare Limited (**Southern Cross**) and have held that position for four months.
3. My previous work experience includes more than 5 years as the Head of Property and Procurement at MediaWorks NZ. I have also held roles as the National Director for Property and Asset Management at JLL, and as a Commercial Property Manager at Southpark Corporation Ltd. I have also spent time overseas working for AtlantisHealth which develops and delivers data-driven tools and technologies for healthcare and life science organisations to promote behaviour change and encourage patient engagement.
4. I hold a Certificate in Real Estate, Marketing, Accounting, Management, Entrance Property and Real Estate Papers from Massey University. I have also received a Certificate in Business Management from the Eastern Institute of Technology.
5. I provide this evidence in support of Southern Cross' submission on the Wellington City Proposed District Plan (**PDP**). The relief sought by Southern Cross' submission seeks to recognise the importance of Southern Cross' existing Hospital, located at 90-111 Hanson Street, and adjacent development site at 82 - 88 Hanson Street, in Wellington (**Hanson Street Hospital**) by ensuring it is zoned as Special Purpose – Hospital.
6. In my evidence I will discuss the following:
  - (a) Background to Southern Cross;
  - (b) The importance of the Hanson Street Hospital;
  - (c) Support for the Special Purpose – Hospital zone; and
  - (d) Development considerations for hospitals.

## BACKGROUND TO THE SOUTHERN CROSS

7. Southern Cross Health Group (**the Group**) is New Zealand's largest private healthcare organisation, having the largest network of private surgical hospitals and procedure centres in New Zealand.
8. The Group operates on a not-for-profit basis and has a goal of achieving better value healthcare for all New Zealanders. The Group reinvests all profits into staff training, technology, improving its facilities and services, and increasing its network of healthcare facilities. Its purpose is to assist in the provision of healthcare facilities, services and research to make healthcare available and affordable to New Zealanders.
9. Southern Cross' network of hospitals are located throughout New Zealand and includes ten wholly-owned hospitals (including Wellington) as well as six hospitals operated as joint ventures in partnership with leading healthcare providers. Southern Cross also has a shareholding in a number of other related organisations involved in providing orthopaedic, diagnostic and interventional treatments for endoscopic and cardiology services, radiotherapy for cancer treatment, and mental health support services.
10. Southern Cross provides surgery to a wide range of New Zealanders. There are five sources of funding for patients at Southern Cross hospitals. These are Accident Compensation Commission (**ACC**), Health NZ, Fee for Service, Other Fixed Fee Contracts, and Southern Cross Affiliated Providers.
11. I understand that in the 2023 financial year, 95,514 surgeries were performed in Southern Cross facilities across the country. An additional 48,282 people received physical rehabilitation, 77,477 received health services and 15,696 received mental health support.
12. The New Zealand healthcare system is under increasing pressure due to population growth, an aging population, as well as an increase in the number of patients suffering from chronic conditions that require intensive and specialised medical care. The ongoing disruptions to medical diagnosis and treatment for a range of conditions due to Covid-19 has also increased pressure on the healthcare system, and it is still catching up on postponed procedures. Public hospitals in New Zealand are struggling to meet this

demand and private hospitals play an important role to ease the burden on the public system.

13. As the demand continues to increase there is growing pressure on Southern Cross to increase its capacity and meet the community's changing needs. In my role, I am increasingly focused on ways to enable this to occur and to allow Southern Cross to expand its existing portfolio. One way to do so is by intensifying and expanding its existing hospitals.
14. In 2020 Southern Cross changed its name from Southern Cross Hospitals Ltd to Southern Cross Healthcare Ltd to reflect the change in direction of our healthcare services. While surgery will remain a significant part of the service provided, what is becoming increasingly important to patients is the provision of "end to end" care at a single convenient location. For this reason, Southern Cross is also actively looking to increase the breadth of services offered to include pre- and post-operative consulting with the surgeon, imaging services (MRI, CT scan and plain film X ray) and rehabilitation (physiotherapy, step down recovery). It is important that these activities and services can be co-located on a hospital site. The relevant planning provisions need to provide for these activities within the umbrella of hospital activities to allow this to occur.

#### **IMPORTANCE OF HANSON STREET HOSPITAL**

15. The Hanson Street Hospital has been situated on Hanson Street and wholly owned by Southern Cross since 1992. Currently Hanson Street Hospital performs approximately 4,000 surgeries per annum. In addition, approximately 1,100 procedures are performed at the multi-disciplinary Specialist Centre also located at the Hospital.
16. Hanson Street Hospital has a critical role in supporting the public health sector, and specifically, Wellington Regional Hospital. We support the local community by performing surgeries under contracts to the district health boards (now Health NZ) and the Accident Compensation Corporation, including to support Health NZ's elective surgery waiting lists. We also provide support for urgent oncology and complex surgery where it is unable to be scheduled at the public hospitals. These publicly funded contracts equate to approximately 29% of the total number of surgeries undertaken at

the hospital. Surgeries paid for through health insurance providers make up approximately 34%, and privately funded surgeries are approximately 37% of the total number of surgeries performed.

17. The following comprehensive range of services and procedures are currently provided at the Hanson Street Hospital:
  - (a) orthopaedic surgery;
  - (b) gastroenterology;
  - (c) general and colorectal surgery;
  - (d) gynaecological surgery;
  - (e) neurosurgery;
  - (f) ophthalmological;
  - (g) urological;
  - (h) hepatobiliary;
  - (i) paediatric surgery;
  - (j) vascular services; and
  - (k) spinal including scoliosis surgery.
  
18. Southern Cross has and continues to make significant investment in Hanson Street Hospital. Southern Cross has progressively expanded and developed the Hospital since it opened in response to the increasing demand for services. More recently:
  - (a) In April 2020, Southern Cross acquired the site at 82 to 88 Hanson Street, adjacent to the existing Hospital, to allow for its expansion.
  - (b) In March 2023, a significant redevelopment of those sites began to provide improved facilities for specialist services. Southern Cross is adding much needed surgical capacity. The first stage of the project is underway and involves the development of a three-level building

adjacent to the existing hospital with enhanced orthopaedic services, imaging services and two new surgical theatres.

19. Once completed, the expansion will enable new consulting suites to be located close to the hospital theatres and patients in recovery, and also more efficient use of the existing hospital to provide new services.
20. To meet the ongoing demand for healthcare services, including the changing needs of the community, Southern Cross must be able to continue to expand and develop the hospital over time. The Hanson Street Hospital plays an important part of meeting the healthcare and wellbeing needs of the community. It is essential that Wellington residents can have their specialist healthcare needs met without needing to travel outside of the city.

#### **SUPPORT FOR THE SPECIAL PURPOSE – HOSPITAL ZONE**

21. As I have explained above, Hanson Street Hospital is critical social infrastructure; it also has unique operational and functional needs. Support is required in the planning framework to ensure that it can operate efficiently and effectively, and develop over time to meet changes in healthcare needs.
22. In recent years Southern Cross has been taking an active role to seek that the planning framework throughout New Zealand appropriately recognises and provides for healthcare facilities. Southern Cross considers that the Special Purpose – Hospital zone mandated by the National Planning Standards is a step in the right direction. The Southern Cross team has been engaging in the district plan reviews of the cities where Southern Cross hospitals are located, to seek to have the Special Purpose – Hospital zone applied.
23. In respect of the PDP, we are pleased that the section 42A report supports the application of the Special Purpose – Hospital zone to the Hanson Street Hospital and that the Hospital is recognised as regionally significant infrastructure (shown through the support for the retention of Objective HOSZ-O1).
24. My comments below will explain some of the challenges hospitals face in order to provide more context to support Southern Cross' position and the changes it has proposed to the zone provisions.

## DEVELOPMENT CONSIDERATIONS FOR HOSPITALS

25. Hospitals need to be purpose-built and often require unique development specifications. They need to accommodate a range of services and functions, and also be flexible to adapt to evolving healthcare needs and technical advancements; it is important that the operational and functional requirements for hospital buildings are recognised and provided in the Special Purpose – Hospital zone. For example:
- (a) The floor to floor height must accommodate an operating theatre height (floor to ceiling of 3.0m, with a further 1.0m above this for building services), and floor loadings can be in excess of 1.0 tonne per m<sup>2</sup> to support operating theatre equipment. Vertical circulation must accommodate a patient bed and attendant clinical staff.
  - (b) The number of theatres in each hospital must be commensurate to: the number of ward beds available; the size of recovery areas that must be provided for patients to regain consciousness immediately following surgery; and the administration and other support services that must be provided to a functioning hospital. The latter includes the provision of meals, laundry, training, the safe collection and disposal of waste, the receipt and distribution of medical and surgical supplies and the provision of up to 100% redundancy for critical building services.
  - (c) The adequacy of facilities for cleaning, sterilisation and storage of equipment and instruments, which occurs in the Clinical Sterile Services Department. This Department reprocesses (cleans and sterilises) surgical instruments that are repeatedly used in operations and must be of sufficient size to service the Hospital.
  - (d) Another constraint in building design and layout is the requirement to provide for carparking for surgeons and anaesthetists, patients, staff and other supporting healthcare providers.
26. The significance of Hanson Street Hospital and the evolving demands and needs of the community, the need to enable hospital development and maintenance (where appropriate), and the appropriate consideration of these functional and operational needs have been reflected in the Proposed Plan

by the application of the Hospital zone to the Hanson Street Hospital and through Policy's HOSZ-P1 – P5, Rules HOSZ-R1, R3, R4 and R7 and Standards HOSZ-S1 and S2 as notified.

27. However, the following changes are also required to the Special Purpose – Hospital zone provisions. Each of these changes is supported by the Council Officer in the section 42A report:
- (a) Objective HOSZ-O3 needs to be amended to refer to hospitals as well as health care facilities because they are defined as distinct activities, and to clarify that the desire to provide a choice of open space for patients, staff and visitors is appropriate for Wellington Regional Hospital but not smaller or private hospitals where land area and the efficient use of this is at a premium;
  - (b) Objective HOSZ-O4 needs to be amended to reflect that adverse effects must be managed effectively at interfaces with other zones, not within the zone itself. Southern Cross supports the amendments to this objective as proposed in the section 42A report; and
  - (c) Rule HOSZ-R5 and R6 need to be amended to remove consideration of the Centres and Mixed Use Design Guide as a matter of discretion because it elevates the design guide to the status of standards and was not prepared to recognise the functional and operational needs of hospitals which I have given examples of above. However, the Council Officer has now suggested an addition to one of the hospital policies, HOSZ-P4.1, as follows "*Fulfils the intent of the Centres and Mixed Use Design Guide*". For the reasons explained above, it is not appropriate to include a policy which would require hospital activities to be considered in accordance with guidelines that are intended to apply to Centres and Mixed Use activities and do not recognise the functional and operational realities of hospital developments.
28. Southern Cross also sought that "all other activities" be considered a restricted discretionary activity rather than a discretionary activity on the basis that there may be changes to how healthcare services are delivered that require other activities to be established that fall outside of the definition of 'hospital activities'. The Council Officer opposed this submission on the basis



that it would create inconsistency with similar provisions in the Plan.

Southern Cross accepts the need to avoid inconsistency across the Plan, and also supports the wide definition of 'hospital activities' which will assist in providing flexibility for activities on the site to change over time as a permitted activity.

29. Overall, Southern Cross supports the approach taken in the section 42A report in relation to matters raised in its submission, except in relation to the inclusion of a reference to the Centres and Mixed Use Design Guide in one of the hospital policies, as explained above.

### **CONCLUSION**

30. For the reasons set out in this evidence I consider that the relief sought by Southern Cross in its submission, should be granted.

Dated this 15th day of March 2024

**Richard Paul**