



## PARLIAMENTARY BUDGET OFFICE

NSW Parliament • Parliament House, Macquarie Street Sydney 2000

### Election Costing Request Form

Details of request	
Party:	Liberals/ Nationals
Name of Policy:	Health Capital – Transform Patient Health Care
Date of request:	10 March 2015

Description of policy	
Summary of policy (please attach copies of relevant policy documents):	Refer to Attachments A & B
What is the purpose or intention of the policy?	Spend more than \$5 billion to build and upgrade more than 60 hospital and health services over the next four years
Has the policy been publicly released yet?	

Your estimated costing of the policy <sup>1</sup>						
	2014/15 \$'000	2015/16 \$'000	2016/17 \$'000	2017/18 \$'000	4 Yr Total \$'000	Other years <sup>2</sup> \$'000
Impact on General Government Sector (GGS) net operating result <sup>3</sup>						
Impact on GGS capital expenditure <sup>4</sup>		42,987	62,171	47,997	153,155	
If different from above, impact on total State Sector net financial liabilities <sup>5</sup>						

<sup>1</sup> Amounts should be expressed in nominal dollars. GGS - General Government Sector.

<sup>2</sup> Please provide information on other years if spending occurs outside the forward estimate years and will be required to cost the policy.

<sup>3</sup> Negative for a saving that reduces expenditure

<sup>4</sup> Negative for a reduction in capital expenditure.

<sup>5</sup> Only required if proposal is outside GGS. Negative for a reduction in net financial liabilities.

**Note:** Has the policy been costed by a third party?  
If yes, can you provide a copy of this costing and its assumptions?

<b>Key assumptions made in the policy</b>	
Does the policy relate to a previous announcement? If yes, which announcement?	N/A
What assumptions have been made in deriving the financial impacts in your estimated costing? <i>(See checklist)</i>	See Attachments A & B
Is there a range for the costing or any sensitivity analysis that you have undertaken?	N/A
Are there associated savings, offsets or expenses? If yes, please provide details.	See Attachments A & B

<b>Administration of policy</b>	
Intended date of implementation:	1 July 2015
Intended duration of policy:	Over the forward estimates
Who will administer the policy (e.g. Government entity, non-government organisation, etc.)?	Health
Are there any specific administrative arrangements for the policy that need to be taken into account?	N/A
Are there transitional arrangements associated with policy implementation?	N/A

<b>If the policy is mainly an expenditure<sup>6</sup> commitment</b>	
Demand driven or a capped amount:	See Attachments A & B
Eligibility criteria or thresholds:	See Attachments A & B

<b>If the policy is mainly a revenue commitment</b>	
Transaction based or capped:	
Thresholds and/or exemptions:	
Collection method:	
Additional expenditure associated with collection:	

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<sup>6</sup> Expenditure is operating expenses, e.g. salaries, interest cost and grants. Expenditures are fully included in the impact on operating balance.

<b>If the policy is mainly a capital costs<sup>7</sup> commitment</b>	
Type of work, size and capacity:	See Attachments A & B
Proposed start and completion date of work:	See Attachments A & B
Intended construction schedule/cashflow:	See Attachments A & B
Offsetting expenditure savings:	See Attachments A & B
Associated asset sell off (if any):	See Attachments A & B
On-going maintenance, depreciation and operational expenses:	See Attachments A & B
Third party funding involvement:	See Attachments A & B

**Checklist for key assumptions** (please be comprehensive and include all relevant assumptions). Assumptions could include, but are not limited to, questions such as:

- What is the expected community impact?
- How many people will be affected by the policy?
- What is the likely take up or other behavioural response you expect?
- Is there a cap on total spending proposed, a funding formula, resource agreement or other mechanism of this nature associated with the policy?
- Will third parties have a role in funding or delivering the policy (e.g. Commonwealth Government)?
- Will funding/program cost require indexation?
  - If yes, do you have any assumptions about the index that should be applied?
- What assumptions have you made about costs of administering the policy?
  - For example, will additional staff be needed in the agency responsible for the policy?
  - If you have assumptions on this, how many and at what approximate levels?
  - Are there other administrative resources required?
  - Alternatively, are you assuming administrative costs will be absorbed within the agency?

**Please note that:**

- The costing will be on the basis of information provided in this costing request.
- The PBO is not bound to accept the assumptions provided by the requester. If there is a material difference in the assumptions used by the PBO, the PBO will consult with the requester in advance of the costing being completed.
- Where the details of the policy costing request differ from the announced policy, the costing will be on the basis of the information provided in the costing request.
- These guidelines are intended to facilitate requests for costing election policies. Persons preparing such requests who wish further assistance are invited to contact the staff of the Parliamentary Budget Office.

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<sup>7</sup> Capital costs differ from expenditure in that only depreciation will be included in the impact on operating balance. The capital cost of the asset to be acquired will however be included in net financial liabilities.

# A re-elected Baird Government will transform patient healthcare in NSW



## The Baird Government is committed to investing in our healthcare system.

A re-elected Baird Government will spend more than \$5 billion to build and upgrade more than 60 hospital and health services over the next four years, bringing the total spend on health infrastructure to almost \$10 billion since the 2011 election.

Tertiary, base and district hospitals across metropolitan, regional and rural NSW will be expanded and modernised, including Armidale, Blacktown, Bowral, Broken Hill, Campbelltown, the Children's Hospital at Westmead, Coffs Harbour, Concord, Cooma, Dubbo, Goulburn, Grafton, Gunnedah, Hornsby, Inverell, Lismore, Macksville, Manning, Mudgee, Port Macquarie, Prince of Wales, Ryde, Shellharbour, Tweed, Wagga Wagga, Westmead and Wyong.

Rural and regional ambulance stations will be built and upgraded, including Basin View, Pottsville, Berry, Kiama, Wagga Wagga, Molong, Toukley, Wyong, Yass, Wauchope, Birmingham Gardens, Bathurst, Griffith, Rutherford/Metford and Ardlethan/Coolamon.

Put simply, a re-elected Baird Government will spend more in 8 years than Labor spent in the entire 16 years it was in government.

Rebuilding NSW will allow an additional \$1 billion to be invested in health, on top of a record health infrastructure investment over the next 4 years.

## A re-elected Baird Government will:

- ✓ Spend more than \$5 billion to build and upgrade more than 60 hospital and health services over the next four years
- ✓ Reserve \$600 million for a Hospitals Growth Program for new health facilities targeting Western Sydney Hospitals
- ✓ Reserve \$300 million to accelerate the delivery of multipurpose health facilities in country towns
- ✓ Reserve \$100 million for 20 'one stop shops' facilitating health care in metropolitan and regional areas

\$600 million will be reserved for a new health facility at Rouse Hill and the planned expansion of the Campbelltown Hospital in addition to a new paediatric capacity in South Western Sydney under a Hospitals Growth Program. This will ensure that future residents of Western and South Western Sydney have improved access to hospital and ambulatory care services closer to home. These new and expanded facilities will reduce local demand at Liverpool and Westmead Hospitals, allowing them to strengthen their State-wide roles.

# Back The Baird Plan and keep NSW working.

# Mike Baird's long term plan for NSW

\$300 million will be reserved to accelerate the delivery of multipurpose health facilities in country towns.

This investment will secure the sustainability of smaller rural facilities by integrating healthcare services, with a focus on innovation and flexibility in service delivery. Locations prioritised for new investment will be those with smaller populations that may not be able to sustain separate hospital, residential care, community health, and home care services. The program will also focus on improving coordination of health and aged care services appropriate for isolated communities.

Multipurpose health facilities that will be funded by Rebuilding NSW include Walgett, Yass, Murrurundi, Tumbarumba, Coolah, Tocumwal, Culcairn, Cobar and Holbrook.

\$100 million will be invested in 20 'one stop shops' facilitating health care in metropolitan and regional areas.

This investment will accelerate the Primary and Integrated Care Strategy, providing new 'One Stop Shops' in 20 regional and metropolitan communities to bring together a variety of healthcare providers to improve patient access to services and increase overall efficiency.

One Stop Shops will be delivered in Tibooburra, Salamander Bay, Ulladulla, West Dapto, Bonny Hills, Bowraville, Camden Haven, Nambucca, Urunga, Lithgow, Glenmore Park, Jordan Springs, Evans Head, Ocean Shores, Oran Park, Wollondilly, Green Square, St Clair, Merrylands and South West NSW.

This is expected to improve health outcomes for vulnerable members of the community, and will attempt to create partnerships with not-for-profit providers where possible. Services to be co-located include mental health, early childhood and youth, nursing, and Aboriginal health services.



MIKE BAIRD

*Premier of NSW*



**For more on our plans please go to [www.BackBaird.org.au](http://www.BackBaird.org.au)**

## 2015 Election Policy Costing

**Proposal Title:** Building Hospitals to Transform Patient Healthcare  
**Lead Agency:** Health

### General Government Sector Impacts

	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000	4 Year Total \$'000
Expenses (ex. Depreciation)	0	0	0	0	0
Depreciation	0	0	0	0	0
Less: Agency Offsets	0	0	0	0	0
Agency Revenue	0	0	0	0	0
<b>Net Operating Result:</b>	0	0	0	0	0
Capital Expenditure	0	1,396,802	1,298,241	1,257,509	3,952,552
Capital Offsets	0	1,353,815	1,236,070	1,209,512	3,799,397
<b>Net Capital Expenditure:</b>	0	42,987	62,171	47,997	153,155
<b>Net Lending/Borrowing:</b>	0	-42,987	-62,171	-47,997	-153,155
<b>Net Financial Liabilities:</b>	0	42,987	105,158	153,155	

### Notes and costing assumptions used:

The Government's commitment is to invest more than \$5 billion over four years to rebuild ageing hospitals across the State. Health's capital program will focus on the policy to 'expand and modernise key hospitals across metropolitan, regional and rural NSW'.

A further commitment will apply Rebuilding NSW funds to: construction of new hospitals in population growth areas of the state (\$600m); plan and commence construction on 19 integrated health care centres (\$100m); and commence 12 Multipurpose Service (MPS) centres in rural and regional NSW (\$300m).

A number of election commitments totalling \$23.3m have also been committed, including Daffodil House, Murwillumbah Car Park, St George Cancer Centre, Blue Mountains Renal Dialysis, 2nd Linac at Shoalhaven, Gunnedah Hospital Upgrade, and Ronald McDonald House. Health has advised these will be prioritised for funding from within its existing approved limits.

Capital funding for the bulk of the identified election commitments is to be provided from within Health's current approved capital program limit, with the exception of three items below equalling the 4-year total Net Lending/Borrowing impact shown above:

1. Included in the Election Commitments are four car parks at Westmead (\$72m); Tweed Hospital (\$8m); Shoalhaven car parking (\$8m) Orange Hospital Car Park (\$8m). Although these commitments are not currently included in Health's capital program limits, they will - subject to satisfactory business case and gateway review - be funded under the existing Hospital Car Park Portfolio Funding Model, and the limits increased accordingly.

The Hospital Car Park Portfolio Funding Model is an established model used in recent years, under which new multi-storey hospital car parks are funded by an advance in capital consolidated funding. This is

repaid to Treasury over time from car-parking fee revenue, returned to the Budget through a reduction in consolidated recurrent funding to Health, resulting in a budget neutral position in the long run.

2. Health has attributed \$50m in funding against six proposed projects included as election commitments from the Restart NSW Fund for Regional Infrastructure. A \$50m Restart Reservation has been identified for the six selected projects (at Armidale, Lismore, Macksville, Manning, Grafton and Coraki) and will be made available to the capital program once the project business cases and gateway requirements are met and the projects approved through the Budget process.

3. Health has a project on its capital program to build a new Forensic Pathology and Coroner's Court facility, with a total cost of \$91.5m. This is a joint project between Health and Department of Justice (DoJ), which is responsible for funding the Coroner's Court component of the project (\$31.8m) and Health (\$59.7m). Funding for the justice component is being sought as part DoJ capital budget in 2015-16 Budget, and if approved, would be provided as inter-agency revenue to Health to complete the funding for the project. Once approved, Health's authorisation limit can also be increased by the value of the funding contribution from DoJ.

Approval of the above items will allow health to fully fund its capital program over the forward estimates.

As per past practice, incremental recurrent expense growth associated with the capital investment is assumed to be met from within Health's annual growth funding, resulting in no expected budget impact.