



Parliamentary Budget Office - Election Policy Costing

NSW Parliament • Parliament House, Macquarie Street Sydney NSW 2000

Referred By: Australian Labor Party
Date Referred: 30/11/2018

Proposal No: A150
Date Published: 18/03/2019

Proposal Title: Fully restore children's cardiac services at Sydney Children's Hospital in Randwick

Cluster: Health

General Government Sector Impacts

| | 2018-19 \$'000 | 2019-20 \$'000 | 2020-21 \$'000 | 2021-22 \$'000 | 4 year Total \$'000 |
|-------------------------------|-------------------|-------------------|-------------------|-------------------|------------------------|
| Expenses (ex. depreciation) | - | 1,860 | 1,906 | 1,954 | 5,720 |
| Depreciation | - | - | - | - | - |
| Less: Offsets | - | - | - | - | - |
| Revenue | - | - | - | - | - |
| Net Operating Balance: | - | (1,860) | (1,906) | (1,954) | (5,720) |

| | | | | | |
|---------------------------------|---|---|---|---|---|
| Capital Expenditure | - | - | - | - | - |
| Capital Offsets | - | - | - | - | - |
| Net Capital Expenditure: | - | - | - | - | - |

| | | | | | |
|---------------------------------|---|----------------|----------------|----------------|----------------|
| Net Lending/(Borrowing): | - | (1,860) | (1,906) | (1,954) | (5,720) |
|---------------------------------|---|----------------|----------------|----------------|----------------|

Total State Sector Impacts

| | | | | | |
|---------------------------------|---|----------------|----------------|----------------|----------------|
| Net Lending/(Borrowing): | - | (1,860) | (1,906) | (1,954) | (5,720) |
|---------------------------------|---|----------------|----------------|----------------|----------------|

Notes and costing assumptions

The policy is to increase the availability of paediatric cardiac services at the Sydney Children's Hospital (SCH) in Randwick. This would be achieved by allocating funding towards permanently employing three additional full-time cardiologists (one of whom would perform the role of an independent Cardiac Director), as well as one additional Cardio-Thoracic Surgeon.

The total cost of employing these positions as staff specialists at the SCH is estimated to be \$5.7 million over three years from 1 July 2019.

Key Assumptions

- All four positions would be employed at the highest grade within the Senior Staff Specialist (SSS) Level Three under the *Staff Specialists (State) Award* and *Staff Specialists Determination 2015*. In 2018-19, this is equal to \$380,269 per year, which the Ministry of Health (MOH) has advised is a typical salary for an experienced cardiologist. The Cardiac Director would receive an additional Managerial Allowance of \$23,093 per annum.
- Indexation of 2.5 per cent per annum is applied, consistent with the NSW Public Sector Wages Policy. Additionally, on-costs (including superannuation, workers compensation and other applicable costs) of 17.5 per cent per annum has been applied, based on MOH advice.

Notes and costing assumptions continued:

Key Assumptions (continued)

- The costing only covers the cost of employing the specialists and does not include the cost of any additional activity that these specialists may generate, which could be met from within MOH's existing growth funding arrangements.

Potential Offsets from Private Practices activities

The costing also assumes that a Level Three Rights of Private Practice election will apply, as available under the *Staff Specialists (State) Award* and *Staff Specialists Determination 2015*.

This means that the cost of the four positions could be partially funded by up to \$50,174 per year in revenue from treating patients who have private health insurance (and for whom care can be billed to Medicare and private health insurers), or whose care is paid for by other organisations under Rights of Private Practice arrangements.

Where this occurs, the costs of employing these positions would be partially offset by the revenues. However, as the level of servicing is unknown, this offsetting revenue has not been included in the costing.

Visiting Medical Officers (VMOs)

The costing assumes that these staff will be permanent specialists. However, if a decision is taken to employ any of the specialist as VMOs to meet the policy's objectives, the overall cost would increase due to the higher average cost of employing VMOs.

Paediatric Cardiac Services

The costing does not consider the impact on the quality, or availability, of cardiac services across the wider NSW health network arising from employing additional specialists for the SCH at Randwick.