



# Parliamentary Budget Office - Election Policy Costing

NSW Parliament • Parliament House, Macquarie Street Sydney NSW 2000

Referred By: Coalition  
Date Referred: 4/02/2019

Proposal No: Y028  
Date Published: 18/03/2019

Proposal Title: 5,000 Nurses and Midwives

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)	-	14,943	36,402	67,296	118,642
Depreciation	-	-	-	-	-
Less: Offsets	-	-	-	-	-
Revenue	-	-	-	-	-
<b>Net Operating Balance:</b>	-	<b>(14,943)</b>	<b>(36,402)</b>	<b>(67,296)</b>	<b>(118,642)</b>

Capital Expenditure	-	-	-	-	-
Capital Offsets	-	-	-	-	-
<b>Net Capital Expenditure:</b>	-	-	-	-	-

<b>Net Lending/(Borrowing):</b>	-	<b>(14,943)</b>	<b>(36,402)</b>	<b>(67,296)</b>	<b>(118,642)</b>
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## Total State Sector Impacts

<b>Net Lending/(Borrowing):</b>	-	<b>(14,943)</b>	<b>(36,402)</b>	<b>(67,296)</b>	<b>(118,642)</b>
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## Notes and costing assumptions

This policy proposes to progressively recruit an additional 5,000 full-time equivalent (FTE) nurses and midwives between 1 July 2019 and 30 June 2023. These FTE positions are for a range of different medical services and positions, and are outlined in detail in the notes below.

The policy assumes that 3,807 nurse FTE positions and 252 midwife FTEs will be recruited through existing growth, funding for which is already included in the forward estimates. Accordingly, the PBO has only estimated the additional cost of hiring a further 893 FTE nurses and 48 FTE midwives. The total estimated cost of this policy is \$118.6 million over the forward estimates, with a further \$110 million in 2022-23.

### General assumptions

Unless otherwise stated, the policy assumes nursing costs to be approximately \$107,000 per FTE per annum. These costs are based on the 2018-19 Registered Nurse 5th Year workplace award, and include salaries, shift penalty rates, workers compensation and superannuation. An 18.7% leave loading relief is also factored into the cost to reflect shift employment patterns.

However, costs for all nurse types have been escalated by 2.5% per annum over the forward estimates, in line with the NSW public sector wages policy.

Further costing details are overleaf.

**Notes and costing assumptions continued:**

Unless otherwise stated, the policy states that nurse recruitment is to be ramped up using the following profile:

*Y1 of policy - 10% of final nursing FTE | Y2 - 30% | Y3 - 60% | Y4 - 100%*

**Palliative care nurses (See Table A1 in Appendix for costs over the forward estimates)**

The policy states that 100 palliative nurse FTEs will be recruited between 1 July 2019 and 30 June 2023 using the standard ramp up formula. The policy assumes nursing costs (inclusive of on-costs) to be \$125,000 per FTE per annum, escalated by 2.5% over the forward estimates.

The PBO estimates the cost of these 100 FTE positions to be approximately \$13.0 million over the forward estimates, and \$26.4 million upon conclusion of the policy.

**Children's allergy nurses (Table A2)**

The policy states that 8 children's allergy nurse FTEs will be recruited in 2019-20, reducing to 6 ongoing nurse FTEs for the remainder of the policy. The policy assumes standard nursing costs and escalation rates over the forward estimates.

The PBO estimates the cost of these 6 FTE positions (plus 2 FTEs in the first year) to be approximately \$2.2 million over the forward estimates, and \$2.9 million upon conclusion of the policy.

**Cataract surgery nurses (Table A3)**

The policy states that 24 cataract surgery nurse FTEs will be recruited in 2019-20, with these positions being ongoing for the duration of the policy. The policy assumes nursing costs (inclusive of on-costs) to be \$85,000 per FTE per annum, escalated by 2.5% over the forward estimates.

The PBO estimates the cost of these 24 FTE positions to be approximately \$6.3 million over the forward estimates, and \$8.5 million upon conclusion of the policy.

**Mental health acute nurses (Table A4)**

The policy states that 23 mental health acute nurse FTEs will be recruited between 1 July 2019 and 30 June 2023 using the standard ramp up formula. The policy assumes standard nursing costs and escalation rates over the forward estimates.

The PBO estimates the cost of these 23 FTE positions to be approximately \$2.6 million over the forward estimates, and \$5.2 million upon conclusion of the policy.

**Paediatric nurses (Table A5)**

The policy states that 8.2 FTE positions will be recruited in 2019-20, increasing to 24.6 ongoing FTEs for the duration of the policy. The policy assumes standard nursing costs and escalation rates over the forward estimates.

The PBO estimates the cost of these 24.6 FTE positions to be approximately \$6.3 million over the forward estimates, and \$9.2 million upon conclusion of the policy.

**Metropolitan emergency department nurses (Table A6)**

The policy states that 24.36 emergency department nurse FTEs will be recruited between 1 July 2019 and 30 June 2023 using the standard ramp up formula. The policy assumes standard nursing costs and escalation rates over the forward estimates.

**Notes and costing assumptions continued:**

The PBO estimates the cost of these 24.36 FTE positions to be approximately \$2.7 million over the forward estimates, and \$5.5 million upon conclusion of the policy.

**McGrath nurses (Table A7)**

The policy states that 6 *McGrath Foundation* Breast Cancer nurse FTEs will be recruited in 2019-20, with these positions being ongoing for the duration of the policy. The PBO assumes that this funding will be paid to the *McGrath Foundation* through a grant from NSW Health, who will then recruit 6 additional nurses.

The policy assumes nursing costs (inclusive of on-costs) to be based on a Clinical Nurse Consultant Year 2 position, which costs \$137,914 per FTE per annum. This cost is escalated by 2.5% over the forward estimates. The PBO estimates the cost of these 6 FTE positions to be approximately \$2.6 million over the forward estimates, and \$3.4 million upon conclusion of the policy.

**Regional hospital-based nurses (Table A8)**

The policy states that 383 regional hospital-based nurse FTEs will be recruited between 1 July 2019 and 30 June 2023 using the standard ramp up formula. The policy assumes standard nursing costs and escalation rates over the forward estimates. The PBO estimates the cost of these 383 FTE positions to be approximately \$42.5 million over the forward estimates, and \$86.7 million upon conclusion of the policy.

**Regional school nurses (Table A9)**

The policy states that 6 regional school nurse FTEs will be recruited in 2019-20, with these positions being ongoing for the duration of the policy. The policy assumes nursing costs (inclusive of on-costs) to be based on a Clinical Nurse Consultant Year 2 position, which costs \$137,914 per FTE per annum. This cost is escalated by 2.5% over the forward estimates.

The PBO estimates the cost of these 6 FTE positions to be approximately \$2.6 million over the forward estimates, and \$3.4 million upon conclusion of the policy.

**Metropolitan hospital-based nurses (Table A10)**

The policy states that 131 regional hospital-based nurse FTEs will be recruited between 1 July 2019 and 30 June 2023 using the standard ramp up formula. The policy assumes standard nursing costs and escalation rates over the forward estimates.

The PBO estimates the cost of these 131 FTE positions to be approximately \$14.6 million over the forward estimates, and \$29.6 million upon conclusion of the policy.

**Unallocated nurses (Table A11)**

The policy states that 163.04 unallocated FTEs will be recruited between 1 July 2019 and 30 June 2023 using the standard ramp up formula. The policy does not state how these FTEs will be allocated within the NSW health system - the PBO assumes that distribution of funding and nurse FTEs would occur as needed. The policy assumes standard nursing costs and escalation rates over the forward estimates.

The PBO estimates the cost of these 163.04 FTE positions to be approximately \$18.1 million over the forward estimates, and \$36.9 million upon conclusion of the policy.

**Midwives (Table A12)**

The policy states that 48 midwife FTEs will be recruited between 1 July 2019 and 30 June 2023 using the standard ramp up formula. The policy assumes standard nursing costs and escalation rates over the forward estimates. The PBO estimates the cost of these 48 FTE positions to be approximately \$5.3 million over the forward estimates, and \$10.9 million upon conclusion of the policy.

Appendix

**Table A1 - Cost of palliative nurses**

2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	4 yr total \$'000	2022-23 \$'000
-	1,250	3,844	7,880	<b>12,973</b>	13,461

**Table A2 - Cost of kids' allergy nurses**

2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	4 yr total \$'000	2022-23 \$'000
-	856	658	674	<b>2,189</b>	691

**Table A3 - Cost of cataract surgery nurses**

2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	4 yr total \$'000	2022-23 \$'000
-	2,040	2,091	2,143	<b>6,274</b>	2,197

**Table A4 - Cost of mental health nurses**

2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	4 yr total \$'000	2022-23 \$'000
-	246	757	1,551	<b>2,554</b>	2,650

**Table A5 - Cost of paediatric nurses**

2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	4 yr total \$'000	2022-23 \$'000
-	877	2,698	2,765	<b>6,341</b>	2,835

**Table A6 - Cost of metropolitan emergency department nurses**

2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	4 yr total \$'000	2022-23 \$'000
-	261	802	1,643	<b>2,705</b>	2,807

**Table A7 - Cost of McGrath nurses**

2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	4 yr total \$'000	2022-23 \$'000
-	827	848	869	<b>2,545</b>	891

**Table A8 - Cost of regional hospital nurses**

2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	4 yr total \$'000	2022-23 \$'000
-	4,098	12,602	25,832	<b>42,532</b>	44,134

Appendix (continued)

**Table A9 - Cost of regional school nurses**

2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	4 yr total \$'000	2022-23 \$'000
-	827	848	869	2,545	891

**Table A10 - Cost of metropolitan hospital nurses**

2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	4 yr total \$'000	2022-23 \$'000
-	1,402	4,310	8,835	14,547	15,096

**Table A11 - Cost of unallocated nurses**

2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	4 yr total \$'000	2022-23 \$'000
-	1,745	5,365	10,996	18,105	18,788

**Table A12 - Cost of additional midwives**

2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	4 yr total \$'000	2022-23 \$'000
-	514	1,579	3,237	5,330	5,531