



PARLIAMENTARY BUDGET OFFICE

NSW Parliament • Parliament House, Macquarie Street Sydney 2000

Referred by: Coalition **Proposal No:** C1525
Date Referred: 05/03/2023 **Date Published:** 20/03/2023
Proposal Title: Building for growth - Health
Cluster: Health

General Government Sector Impacts

	2022-23 \$'000	2023-24 \$'000	2024-25 \$'000	2025-26 \$'000	4 year Total \$'000
Expenses (ex. depreciation)	-	-	-	-	-
Depreciation			238	1,395	1,633
Less: Offsets					-
Revenue					-
Net Operating Balance:	-	-	(238)	(1,395)	(1,633)

Capital Expenditure	-	40,500	121,300	173,000	334,800
Capital Offsets					
Net Capital Expenditure:	-	40,500	121,300	173,000	334,800

Net Lending/(Borrowing):	-	(40,500)	(121,300)	(173,000)	(334,800)
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Total State Sector Impacts

Net Lending/(Borrowing):	-	(40,500)	(121,300)	(173,000)	(334,800)
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Notes and costing assumptions:

The policy proposes a \$1.2 billion investment over seven years for new and upgraded health infrastructure across the state. The funding is on top of the existing \$12 billion health infrastructure pipeline in the budget over the next four years.

The seven-year project continues to 2029-30 for capital expenditure (capex) and to 2031-32 for operating expenditure (opex). The PBO costs the total project with capex at \$1,202.8 million and depreciation at \$113.4 million. The forward estimates currently include \$334.8 million for capex and \$1.6 million for depreciation. The PBO has consulted with NSW Health to confirm the costings.

The capex of the two following infrastructure programs are included in the estimated total cost of the policy but have no impact on the budget as they are either to be funded by Westinvest, or the cost is to be absorbed by NSW Health. They are:

- Integrated Community Health Hubs Southwest Sydney- \$243 million Westinvest funding
- Masterplan for final stage of Dubbo Hospital, Narromine and Wellington- \$0.6 million- absorbed by NSW Health

Notes and costing assumptions continued:

The depreciation opex for the Integrated Community Health Hubs Southwest Sydney has been included as a cost beyond the forward estimates, as depreciation cannot be funded from Westinvest.

The operational and maintenance costs are expected to be met from within existing budgeted allocations. Depreciation will be recognised on top of existing budget allocations. NSW Health advises that any additional operating costs above budgeted growth rates would require additional funding as it is not possible for NSW Health to absorb such amounts. The final operational costs will be determined once more details of the projects and the services able to be offered becomes available.

The total capital expenditure profile in Appendix 1 provides a breakdown of the metropolitan and regional projects. The estimated total cost is \$630.3 million for the metropolitan projects and \$572.5 million for the regional projects, with the annual profiles provided in Appendix 1.

Table 1 – Total capital expenditure costs(millions) 2023-24 to 2029-30

(Including budget and non-budget impacts)

	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000	2026/27 and later \$'000	Total \$'000
Metro - capex	11.5	62.8	56.3	499.7	630.3
Rural - capex	30.5	87.6	136	318.4	572.5
Total	42	149.8	192.3	818.1	1202.8

Table 2 - Total Depreciation Costs(millions) 2024-25 to 2031-32

(Including budget and non-budget impacts)

	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000	2026/27 and later \$'000	Total \$'000
Metro - capex		0.03	0.81	54.02	54.85
Rural - capex		0.21	0.59	57.70	58.50
Total		0.24	1.40	111.72	113.35



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Appendix 1- The Expenditure Profile

Appendix 1 - C1525 Building for Growth - Health - Detailed Costs by Facility by Year

Capital Expenditure	ETC (\$M)	2023-24 (\$M)	2024-25 (\$M)	2025-26 (\$M)	2026-27 (\$M)	2027-28 (\$M)	2028-29 (\$M)	2029-30 (\$M)	2030-31 (\$M)	2031-32 (\$M)
Metropolitan	630.3	11.5	62.8	56.3	207.5	109.2	105.0	78.0	0.0	0.0
Regional	572.5	30.5	87.0	136.0	57.0	84.9	137.2	39.3	0.0	0.0
Total	1202.8	42.0	149.8	192.3	264.5	194.1	242.2	117.3	0.0	0.0
Operating Expenditure (Depreciation)	ETC (\$M)	2023-24 (\$M)	2024-25 (\$M)	2025-26 (\$M)	2026-27 (\$M)	2027-28 (\$M)	2028-29 (\$M)	2029-30 (\$M)	2030-31 (\$M)	2031-32 (\$M)
Metropolitan	54.9	0.0	0.0	0.8	0.8	3.2	9.3	9.3	15.8	15.8
Regional	58.5	0.0	0.2	0.6	3.4	6.8	8.5	10.3	14.3	14.3
Total	113.3	0.0	0.2	1.4	4.2	10.0	17.7	19.6	30.1	30.1