



## PARLIAMENTARY BUDGET OFFICE

NSW Parliament • Parliament House, Macquarie Street Sydney 2000

**Referred by:** Australian Labor Party **Proposal No:** C1235  
**Date Referred:** 25/01/22 **Date Published:** 20/03/2023  
**Proposal Title:** 500 Rural and Regional Paramedics Package  
**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)	-	20,353	41,725	64,154	126,232
Depreciation					
Less: Offsets		4,000	8,000	12,000	24,000
Revenue					
<b>Net Operating Balance:</b>	-	<b>(16,353)</b>	<b>(33,725)</b>	<b>(52,154)</b>	<b>(102,232)</b>

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

<b>Net Lending/(Borrowing):</b>	-	<b>(16,353)</b>	<b>(33,725)</b>	<b>(52,154)</b>	<b>(102,232)</b>
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### Total State Sector Impacts

<b>Net Lending/(Borrowing):</b>	-	<b>(16,353)</b>	<b>(33,725)</b>	<b>(52,154)</b>	<b>(102,232)</b>
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### Notes and costing assumptions:

The policy proposes to:

- provide \$150 million over four years towards hiring 500 rural and regional paramedics.
- consider professional recognition for NSW paramedics, with appropriate remuneration and expanded capacity, skills and role
- offset the cost of the additional paramedics by reducing recurrent administrative expenses related to the delivery of paramedic services

The Parliamentary Budget Office (PBO) consulted NSW Health and NSW Treasury and has determined that it is not possible to recruit an additional 500 paramedics with the \$150 million funding envelope.

The PBO estimated the net cost of this policy at \$102 million over the forward estimates, with an additional \$72 million required in 2026-27 to recruit an additional 500 paramedics in rural and

## Notes and costing assumptions continued:

regional NSW (see Table 1 below). The total cost to complete the full recruitment will be \$174 million from 2023-24 to 2026-27.

### Key assumptions and costing methodology

- The policy proposes that all 500 additional positions will be filled by 2026-27. This costing assumes paramedic recruitment would be split evenly over the four years to 2026-27 to reduce skill shortages in rural and regional NSW.
- The average level of experience used for this costing is a P1 Year 2 paramedic with at a total cost of \$162,823 per annum in 2023-24 dollars. The cost per paramedic at NSW Ambulance can vary depending on their qualifications, experience, and seniority.
- The total cost per paramedic includes base salary, shift penalties, allowances, workers' compensation and superannuation as well as on-costs for uniforms, PPE and communications.
- The PBO assumes that increasing the number of paramedics could offset some existing expenses, such as overtime, call out and drop shift. NSW Health advises that the indicative total offset is \$40 million with the full savings not realised until the end of Year 4 and only if all additional paramedics were to be allocated to areas of high need.
- Necessary additional capital expenditure associated with the new paramedics, such as ambulance vehicles, station modifications and education and training equipment is not included in this costing.
- Employee costs are escalated based on government's wages policy for a 3 per cent rise in 2023-24 and then 2.5 per cent per annum thereafter, however on-costs may not be indexed at the same ratio.
- Rural and regional paramedics are costed higher than metro paramedics due to longer operational hours, which often resulting in more overtime.

**Table 1: Spread of paramedic cost per annum**

	2023-24	2024-25	2025-26	2026-27	Total
<b>Cost per FTE</b>	<b>\$162,823</b>	<b>\$166,900</b>	<b>\$171,078</b>	<b>\$175,361</b>	
New recruits, annual intake	125	125	125	125	
		125	125	125	
			125	125	
				125	
Cumulative total, new recruits	125	250	375	500	500
Sub total cost	\$20,352,919	\$41,724,914	\$64,154,257	\$87,680,495	\$213,912,585
Less overtime Offset	\$4,000	\$8,000	\$12,000	\$16,000	\$40,000
<b>Total cost</b>	<b>\$16,352,919</b>	<b>\$33,724,914</b>	<b>\$52,154,257</b>	<b>\$71,680,495</b>	<b>\$173,912,585</b>

### Professional recognition

- The professional recognition component of the proposed policy may have cost implications depending on what type of new professional recognition structure is put in place and over what timeframe. The PBO considers that a new professional recognition framework is unlikely to be developed, negotiated and implemented within the forward estimates period. Costs, if any, arising from this aspect of the policy would fall in later years.

## Notes and costing assumptions continued:

### Administrative savings

- The PBO concludes that it is not possible to provide a meaningful agency-wide efficiency saving in administrative costs to offset the above cost of additional paramedics in the NSW Ambulance budget.
- In 2022-23, the NSW Ambulance expense budget was \$1.15 billion of which 5 per cent or almost \$57 million was for administration, including billing, payroll, human resources, ICT system management, and capital project management.
- NSW Health advises that as there is limited scope for these largely specialist administrative tasks to be undertaken by front line staff. Further, to do so may compromise the core work of paramedics and other clinical staff and result in an unsafe and poor-quality care model at NSW Ambulance. Accordingly, any realistic reduction in administrative costs would amount to a small proportion of the \$60 million in total administration cost and a small offset to the \$174 million additional paramedic cost.