



# Parliamentary Budget Office - Election Policy Costing

NSW Parliament • Parliament House, Macquarie Street Sydney NSW 2000

Referred By: Australian Labor Party

Proposal No: B472

Date Referred: 14/03/2019

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Proposal Title: Boost to Health Workforce

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)	-	14,500	14,853	15,215	44,567
Depreciation	-	-	-	-	-
Less: Offsets	-	-	-	-	-
Revenue	-	-	-	-	-
<b>Net Operating Balance:</b>	-	<b>(14,500)</b>	<b>(14,853)</b>	<b>(15,215)</b>	<b>(44,567)</b>

Capital Expenditure	-	166	339	521	1,025
Capital Offsets	-	-	-	-	-
<b>Net Capital Expenditure:</b>	-	<b>166</b>	<b>339</b>	<b>521</b>	<b>1,025</b>

<b>Net Lending/(Borrowing):</b>	-	<b>(14,666)</b>	<b>(15,191)</b>	<b>(15,735)</b>	<b>(45,592)</b>
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## Total State Sector Impacts

<b>Net Lending/(Borrowing):</b>	-	<b>(14,666)</b>	<b>(15,191)</b>	<b>(15,735)</b>	<b>(45,592)</b>
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## Notes and costing assumptions

The policy proposes, from 1 July 2019, the following changes to the NSW health workforce:

- Fill all funded vacant positions in the NSW health system
- Match the NSW Government's commitment to recruit 750 paramedics and ambulance call centre staff as per the 2018-19 Budget, and also hire an additional 750 paramedics recruited between 1 July 2023 and 1 July 2027
- Match the NSW Government's commitment to recruiting additional allied health and, cleaning and support personnel
- Allocate \$14.5 million each year to help cover the cost of the salary packaging fees for low income health workers
- Review hospital car parking contracts with the intention of capping parking fees for health workers at \$10 per week.

The PBO estimates the cost of this policy to be \$45.6 million over the forward estimates, with an additional \$367.7 million required from 2023-24 to 2026-27 to recruit the additional 750 paramedics.

Each policy component is outlined in the sections below.

**Notes and costing assumptions continued:**

**Fill currently funded vacant positions**

This policy component proposes filling all currently funded vacant positions in the NSW health system. Based on advice from NSW Health, the PBO considers that this policy would have no measurable budget impact, as the cost of any vacant positions filled under this policy would be met from existing budget allocations.

The PBO assumes that typical recruitment costs, such as advertising, would be met using existing Local Health District (LHD) resources.

The PBO notes NSW Health advice that all LHDs are funded through an Activity Based Funding model, which allocates a budget to each LHD based on forecast activity levels. LHD budgets are allocated based on an average cost of service provision per unit of activity, which includes notional allocations for the types of staff identified in this policy.

The PBO is further advised by NSW Health that, due to the localised nature of staff recruitment across the LHDs, they do not maintain a central list of all positions across the health system.

NSW Health has also advised that vacancies for positions across the system arise for a variety of reasons, including for seasonal fluctuations, which means that the number of vacant positions can change on a daily basis. This may adversely impact the achievement of this policy, as the number of vacancies as at 1 July 2019 cannot be reliably forecast.

**Recruit additional paramedics**

The policy assumes that 750 extra paramedics and ambulance call centre staff are to be hired under the 2018-19 NSW Budget, and states that a further 750 paramedics would be employed in equal annual increments from 1 July 2023 to 1 July 2027.

As the first tranche of paramedics and call centre staff being recruited are already included in the budget, there is no further budget impact over the forward estimates. The PBO estimates the cost of the additional 750 paramedics to be \$367.7 million from 2023-24 to 2026-27.

NSW Health has advised that the cost of paramedics is approximately \$164,911 per FTE per year (2018-19 dollars). This cost includes employee costs (salaries and on costs such as penalties, overtime, workers compensation and superannuation) and other costs (including vehicles, vehicle maintenance, fuel, pharmaceuticals and medical and surgical supplies). The PBO has escalated this cost at 2.5% per year to 2026-27 in line with the NSW public sector wages policy.

**Recruit additional allied health, cleaning and support personnel**

This policy component proposes matching the NSW Government's commitment to recruiting additional allied health and, cleaning and support personnel. The policy states that additional staff are to be phased in equal annual increments from 1 January 2021 to 1 January 2023.

NSW Health has advised that 871 allied health FTEs and 1,349 cleaning and support FTEs are already included in existing budget funding for the agency. The PBO therefore estimates the cost of recruiting an additional 9 allied health FTEs and 11 cleaning and support FTEs to be \$1.1 million over the forward estimates, and a further \$1 million in 2022-23 and 2023-24 to finalise recruitment.

Staffing costs are based on NSW Health figures, with allied health staff to cost \$120,000 per FTE per year and cleaning and support staff \$80,000 per FTE per year (both in 2019-20 dollars). Wages are escalated at 2.5% per year in line with NSW public sector wage policy.

**Remove salary packaging fees for low income health workers**

This policy component proposes allocating \$14.5 million each year to help cover the cost of salary packaging fees for low income health workers. The PBO has assumed that this grant is not escalated, and estimates the cost of the policy to be \$43.5 million over the forward estimates.

**Notes and costing assumptions continued:**

**Review of hospital car parking fees**

This part of the policy proposes, once existing hospital car parking contracts expire, a review of existing arrangements with a view to capping parking fees for health workers at \$10 per week (2018-19 dollars). The PBO is unable to cost this policy as it has no information on when existing contracts are set to expire, nor how many health workers incur parking fees. Such a review is feasible and is assumed to be conducted within the scope of NSW Health's standard contract review processes.

