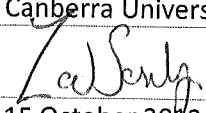


Request for Costing an Election Commitment

Name of election commitment:	Northside 200 Bed Sub-Acute Hospital
Person and party requesting costing:	Zed Seselja MLA, Leader of the Opposition
Date of public release of election commitment, including source:	3 September 2011, media release 'Libs commit \$340 million for new hospital'
Summary of election commitment:	Build a Sub-Acute Northside Hospital
Intention of election commitment:	Build a 200 bed northside sub-acute hospital on the Canberra University Bruce site
Signature of person requesting costing:	
Date of request for costing:	15 October 2012

What are the key assumptions that have been made in the election commitment?

- The total cost of the hospital construction is estimated at \$340 million
- This is considered a conservative estimate as Treasury documents estimate the hospital to be \$280 million and the Government has publically quoted the cost at \$280 to \$340 million (attached)
- The capital will be met from within the existing unallocated capital provision in the budget
- The use of the site will be at no cost to the Government as per the heads of agreement, signed by the current government (attached), which will be honoured
- The cost of capital is calculated at 4.25% as per Treasury advice
- See attached documents for further information

Where relevant, is the funding for the policy to be demand driven or a capped amount?

Capped, however construction costs are subject to change once the design is finalised

Will third parties, for instance the Commonwealth or other State/Territories, have a role in funding or delivering the election commitment?

n/a

Will funding/the cost require indexation?

No

What are the estimated revenue and operating costs each year (if available) and what are the capital requirements for this election commitment and estimated costs each year (if available)?

	2012-13	2013-14	2014-15	2015-16	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue ^(a)					
Expenses ^(a)	0	0	-1,275	-4,675	-5,950
Capital	0	0	30,000	80,000	110,000

(a) A negative number indicates a decrease in revenue or an increase in expenses.

What is the likely take up?

n/a

Any other assumptions?

No costing is requested to be undertaken for 2016-17, in line with the Canberra Liberals stated approach to use the standard of the current published budget and forward estimates period of 2012-13 to 2015-16.

The remaining \$230 million for the hospital lies outside of the forward estimates.

Administration of the election commitment

How will the election commitment be administered?

In line with the existing administration of health infrastructure projects

Who will administer the election commitment?

The Health Directorate in consultation with Infrastructure Canberra

Has an allowance been made for expenses necessary to support the implementation of this election commitment?

Building health infrastructure is considered business as usual for the Health Directorate. Funding for a design has already been included in the ACT Budget

What is the intended implementation date of the election commitment?

Construction will begin in 2014-15

Are there transitional arrangements associated with election commitment implementation?
n/a

Are there any other assumptions that need to be considered?

Funding for the operation of the hospital will be included in the budget at a further date

When is the election commitment expected to be fully operational?

It is envisaged the hospital will be operational in 2017-18, however this will be determined at a further date when construction has commenced.

Will the election commitment cease and if so when?

The operation of the hospital will be ongoing once the construction is complete

Northside Sub-Acute Hospital – Costing Justification

The new Northside Sub-Acute Hospital will have 200 beds and will be consistent with ACT Health's Capital Management Program. Complementary projects including the expansion of Calvary Hospital and upgrades to The Canberra Hospital, will have funding allocated at a later date which is likely to be beyond the forward estimates.

Construction Cost

The capital cost of \$340 million for the new 200 bed sub-acute hospital has been derived from Government documents and media statements. On 20 January 2012, the Minister for Health made a statement to the ABC that the new Northside Sub-Acute Hospital would cost between \$280 and \$340 million to construct (attached).

In addition, the *ACT Public Hospital Services: Delivery of Additional Hospital Beds* report released by the ACT Treasury in March 2011 estimates the construction cost of \$282 million (Attachment B, option E).

A conservative approach has been taken to estimate the construction cost.

Completion Date

It is estimated that construction of the Hospital will begin in 2014-15 with the Hospital operational in 2017 (National Partnership Agreement on Improving Public Hospital Services Implementation Plan, page 10), however this will be subject to change once construction of the new hospital has commenced.



UC 'best site' for new hospital

By Kathleen Dyett

Updated January 20, 2012 14:22:25

The ACT Government has named four preferred sites for a new sub-acute hospital on Canberra's northside.

A vacant 40 hectare site at the University of Canberra (UC) has been identified as the preferred site, ahead of locations in the Gungahlin town centre, Calvary Hospital and Nicholls.

The Government has released a report weighing up the merits of the potential sites, considering size, topography, environment, access to facilities such as transport and opportunity costs.

The new hospital is expected to cost between \$280 and \$340 million.

Chief Minister Katy Gallagher says the UC site at Bruce appears to be the best because of the available land, its proximity to Calvary Hospital, and training and research opportunities.

"If the UC site was to be selected for the new hospital, the potential benefits to the university, the Government and broader community could be significant, by attracting more students to Canberra and providing recruitment and training opportunities for our health workforce," she said.

Ms Gallagher says work is now underway on the design of the hospital, financing options, and environmental analysis.

UC vice-chancellor Stephen Parker says proposal would deliver significant benefits for the university.

"It will enable us to have full access to clinical placements for students. I think this will attract more students into the Territory, it will attract really strong academics who can work with the hospital and engage in research with them," he said.

"This will then drive an increase in the health workforce in Canberra which is a really problematic area. So I see a spiralling upwards for the university and for the ACT health service as a result of this co-location."

OPTION E - NEW NORTHSIDE HOSPITAL - ADDING 200 NET ADDITIONAL BEDS (0 ACUTE & 200 SUB-ACUTE)

DEVELOPMENT NEED	EXIST (E) REFURB (R) NEW (N)	REFURBISHMENT AREA m ²	ADDITIONAL AREA m ²	REFURB. EXTENT	REFURBISHMENT CONSTRUCTION RATE	NEW CONSTRUCTION RATE	TOTAL CONSTRUCTION COST	FF&E RATE	FURNITURE & EQUIPMENT	DEPARTMENT COSTS
Ambulatory Care Centre	N	0	0		\$0	\$3,950	\$0	\$270	\$0	\$0
Clinical Support	N	0	1,140		\$0	\$3,950	\$4,500,000	\$370	\$420,000	\$4,920,000
Offices	N	0	1,210		\$0	\$2,620	\$3,170,000	\$160	\$190,000	\$3,360,000
Emergency Services	N	0	0		\$0	\$3,830	\$0	\$770	\$0	\$0
Non-clinical Support	N	0	2,590		\$0	\$3,230	\$8,370,000	\$250	\$650,000	\$9,020,000
Research and education	N	0	435		\$0	\$3,950	\$1,720,000	\$330	\$140,000	\$1,860,000
Inpatient Units - acute	N	0	0		\$0	\$4,280	\$0	\$510	\$0	\$0
Inpatient Units - sub-acute	N	0	13,940		\$0	\$3,720	\$51,860,000	\$490	\$6,830,000	\$58,690,000
Interventional Suite	N	0	0		\$0	\$3,950	\$0	\$1,810	\$0	\$0
Medical Imaging	N	0	0		\$0	\$3,830	\$0	\$5,490	\$0	\$0
Pathology	N	0	75		\$0	\$4,280	\$320,000	\$1,700	\$130,000	\$450,000
Pharmacy	N	0	75		\$0	\$3,950	\$300,000	\$520	\$40,000	\$340,000
CSSD	N	0	0		\$0	\$4,000	\$0	\$680	\$0	\$0
Hydrotherapy Pool	N	0	350		\$0	\$8,280	\$2,900,000	\$530	\$190,000	\$3,090,000
Travel & Engineering	N	0	6,935		\$0	\$4,410	\$30,580,000	\$30	\$210,000	\$30,790,000
Other		0	26,750			Sub-totals	\$103,720,000		\$8,800,000	\$112,520,000
Multi-level car parking 500 cars	N	0	15,000			\$900	\$13,500,000	\$20	\$300,000	\$13,800,000
Site preparation							\$2,600,000			\$2,600,000
Site services							\$5,500,000			\$5,500,000
Plant and engineering upgrade										\$0
Roads & on-grade parking (500 cars)										\$0
Landscaping							\$6,100,000			\$6,100,000
Active ITC installed by InTACT							\$3,900,000			\$3,900,000
Preliminaries & Supervision							\$3,400,000			\$3,400,000
Relocation costs										\$29,480,000
Contingencies										\$2,400,000
Escalation (pre & post)										\$26,960,000
Consultancy design fees										\$23,950,000
ACT Procurement Solution fees										\$13,840,000
E-Health costs										Excl.
Support management costs										\$25,300,000
TOTALS - NORTHSIDE HOSPITAL (OPTION E - ADDITIONAL 200 BEDS)		0	41,750				\$138,720,000		\$9,100,000	\$281,890,000

Subacute Beds

Schedule E: New Subacute Beds Guarantee Funding

The ACT has assessed the subacute needs of the ACT in the context of the goals of the NPA, and the current service delivery profile in the ACT. The ACT has adopted a community based approach to deliver on the commitment to add 21 new subacute bed or bed equivalents in the ACT by 2014.

The ACT intends to implement five projects which will deliver more subacute beds to patients, and one project delivering equipment to support sub acute services in the community setting. The five projects delivering additional subacute beds in the ACT under this NPA are structured to complement the planned development of the Northside Subacute Hospital.

With the completion of the Northside Subacute Hospital scheduled for 2017, the Territory will have a network of three public hospitals with clearly delineated roles. Sub acute patients from both Canberra Hospital and Calvary Hospital will transfer into the Northside Subacute Hospital, freeing bed capacity at both Canberra and Calvary Hospitals for acute patients. Canberra Hospital will continue to provide all tertiary level inpatient and hospital based services and the majority of afterhours surgery.

The Health Directorate has commenced a service planning process which aims to identify the full range of services and support services to be located in the Northside Subacute Hospital, and how these services will operate in a seamless and integrated manner with the two acute hospitals and the community health centres.



The subacute projects listed in this implementation plan have been developed with the view that they complement the planned developments in the new Northside Subacute Hospital, and that those projects implemented in the community, will remain community based services after the development of the Northside Subacute Hospital.

In accessing projects to meet the needs of Schedule E of this NPA, the ACT Health Directorate has focused on the following goals:

1. gaps in current and projected subacute service profile;
2. preference to implement (under this NPA) community based services to complement the planned subacute hospital;
3. value for money;
4. satisfying if possible, a dual goal of delivering more subacute beds to patients in the ACT whilst simultaneously working to improve access to ED services.

The result is a suite of subacute projects that deliver substantially more bed or bed equivalents than the target set for the ACT in the NPA, whilst filling gaps in the current and projected subacute service profile and simultaneously working to take pressure of the ED. Table 1 and 2 below provide the planned ACT subacute bed rollout under this NPA.

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New hospital confirmed at northside site

Peter Jean

Published: September 10, 2012 - 11:23PM

Chief Minister Katy Gallagher and vice-chancellor Professor Stephen Parker have signed a heads of agreement giving the go ahead to the development of the University of Canberra Public Hospital.

Advertisement

The 200-bed sub-acute facility will be built on a 4.8-hectare site on the Bruce campus at the corner of Aikman and Ginninderra Drives.

It will offer a range of rehabilitation services, as well as mental health and some day hospital services.

From 2017, allied health and nursing students will be able to study and undertake internships in their own on-campus hospital.

Physiotherapy students at the university were yesterday showing off their skills in an old computer laboratory refurbished to look like a hospital ward.

North Canberra's public emergency department, surgery and intensive care services will continue to operate from the nearby Calvary public hospital.

Ms Gallagher said the ACT Health Directorate would operate the new hospital, which would include teaching and learning spaces for university health students.

"That will create some incredible opportunities not just for our workforce, but for the students coming through this university," she said.

Professor Parker said the hospital would help attract more nursing, midwifery and allied health students to the university.

It would also attract clinicians who were interested in undertaking academic research.

"I think this is one of the most important days in the university's 44-year history of teaching higher education on this campus," he said. "I think it's good for health, it's good for Canberra and it's certainly good for ... the University of Canberra."

The university has agreed to cede the 4.8-hectare block to the territory at no cost on the proviso it be used for a public hospital. The government allocated \$4 million to plan and design the hospital, but the cost of the project is yet to be determined.

Ms Gallagher said the final cost would be influenced by whether the government pursued a Public-Private-Partnership for its construction and maintenance.

Initial estimates of about \$280 million had not included the provision of the student learning facilities.

The Canberra Liberals have also proposed building a sub-acute hospital in north Canberra at a cost of up to \$340 million.

Liberal health spokesman Jeremy Hanson said the party had not decided whether the hospital should be built as a PPP or whether some of its operations should be outsourced to an external organisation.

"I haven't ruled anything in or out. What I want to see is the best delivery of services and there are a number of models of how to achieve that," Mr Hanson said.

Health Care Consumers Association of the ACT executive director Darlene Cox said the ability to move patients to the sub-acute facility would free up beds and potentially enable more elective surgeries.

This story was found at: <http://www.canberratimes.com.au/act-news/new-hospital-confirmed-at-northside-site-20120910-25n7o.html>