

Request for Costing an Election Commitment

Name of policy proposal:	Calvary Hospital Expansion (5 October 2016)
Person requesting costing:	Alistair Coe MLA, Shadow Treasurer
Date of request:	10 October 2016
Summary of proposal:	The Canberra Liberals will provide additional funding to expand and upgrade facilities at Calvary Hospital.
Issue the proposal will address:	To address increased demand on the ACT Health system.

What are the key assumptions that have been made in the proposal?

Note: The costing will developed on the basis of information and assumptions provided in the costing request. The professional judgment of the Under Treasurer will determine whether these assumptions are adopted in the costing of the proposal.

Costing assumptions include:

- \$6 million in capital to expand the Emergency Department at Calvary Hospital including 8 short stay beds, a procedure room and paediatric consultation room;
- \$1 million in capital to expand the midwifery-led model of care, enabling 128 more women to be enrolled over the next four years;
- \$4.2 million in capital to upgrade Inpatient Mental Health Facilities;
- \$640,000 per year (indexed) to support an expansion of the midwifery-led model of care which will provide a further 3.5 FTE midwives;
- An additional 12 nurses per year from 2017-18, with costs calculated using the average cost per nurse provided by the Treasury;
- All capital costs and costs for the midwifery service have been provided by Calvary;
- It is proposed that the Government will own the assets being built and therefore the costs are capitalised;
- The cost of capital is calculated at 2.5%;
- Depreciation has been calculated using the straight line method, for plant and equipment with a 20 year useful life and no resale.
- Expenses have been rounded up to the nearest \$5,000.

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

	2016-17	2017-18	2018-19	2019-20	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue^(a)					
Expenses^(a)	0	-3,050	-3,120	-3,190	-9,360
Capital	0	-11,200	0	0	-11,200
Depreciation	0	0	-560	-560	1,120

(a) A negative number indicates a decrease in revenue or an increase in expenses. The expenses row does not include depreciation costs.

Has any specific information or data been utilised in generating the proposal?

No.
Where relevant, is funding for the proposal to be demand driven or a capped amount?
Capped.
Will third parties, for instance the Commonwealth or other State/Territories, have a role in funding or delivering the proposal? Does the proposal provide additional funding to, or redirect, any existing Commonwealth/State or Territory funding arrangements (for example, does an education proposal add to or redirect NERA funding)?
Calvary Hospital will deliver the additional services.
Will funding/the cost require indexation?
Yes. Funding for wages has been indexed at 2.5% over the forwards.
Who will administer the proposal?
The Health Directorate.
How will the proposal be administered?
The Health Directorate will be responsible for working with Calvary Hospital to deliver the infrastructure upgrades and new services including.
Is the proposal part of a broader package?
No.
Has an allowance been made for expenses necessary to support the implementation of this proposal? <ul style="list-style-type: none"> – If no, will the government agency be expected to absorb expenses associated with this proposal? – If yes, please specify the key assumptions.
No. Implementation will be met from within existing resources.
Will the proposal generate savings or offsets?
No.
Has the proposal been previously costed by an external (third) party? Will a copy of this material, including any assumptions, be made available to Treasury?
Costings estimates for capital and midwifery services have been provided by Calvary Hospital.
What are the community impacts associated with the proposal? Who and how many people will be affected?
Community impacts are expected to be positive from increased access to health services.
Are there any transitional considerations associated with implementation of the proposal? If so, how will they be managed?
No.
What is the intended implementation date of the proposal?
1 July 2017.
When is the proposal expected to be fully operational? Please provide details such as the start and end dates, the level of commitment during each period etc?

Construction is estimated to take one year.

Will the proposal cease, and if so, when?

Funding for the midwifery services and additional nurses are ongoing.

Is there any additional information relevant to this proposal?

No.