

2024 Election Commitment – Canberra Liberals

Name of Commitment:	Health – Walk-in centres	Reference Number: LIB065
Request Submitted by:	Elizabeth Lee MLA, Canberra Liberals	
Date Request Received:	11-Oct-24	
Additional Information Requested (details and date)	N/A	
Additional Information Received (details and date)	N/A	

Financial Implications					
Impact On:	2024-25 \$'000	2025-26 \$'000	2026-27 \$'000	2027-28 \$'000	TOTAL \$'000
Revenues ^(a)	0.0	0.0	0.0	0.0	0.0
Expenses ^{(a)(b)}	0.0	-709.8	-1,488.9	-1,702.3	-3,901.0
- Employee Expenses	0.0	0.0	0.0	0.0	0.0
- Other Expenses	0.0	0.0	0.0	-135.2	-135.2
- Cost of Financing	0.0	-709.8	-1,488.9	-1,567.1	-3,765.8
Depreciation	0.0	0.0	-338.0	-691.3	-1,029.3
Net Operating Balance	0.0	-709.8	-1,826.9	-2,393.6	-4,930.3
Capital Requirement	0.0	-13,520.0	-14,130.0	0.0	-27,650.0
Cash Surplus/Deficit	0.0	-14,229.8	-15,618.9	-1,702.3	-31,551.0
(a) A negative number indicates a decrease in revenue or an increase in expenses.					
(b) Excludes depreciation					

Other Information
Costing Methodology Used: - Costing Technique: The costing is for \$27.650 million in capital funding in 2025-26 and 2026-27 consisting of: i. \$13.520 million in 2025-26 for diagnostic imaging services at the South Tuggeranong and West Belconnen centres. ii. \$14.130 million in 2026-27 to supplement the current construction budget of the North Gungahlin community health centre to construct a larger facility. Treasury has costed this as a fixed amount, and as such, the scope of this project would need to be managed within the budget.

- Proposal Parameters:

- Cost of financing has been calculated at 5.25 per cent.
- Construction of the two diagnostic imaging services is expected to commence in 2025-26 and be completed in 2026-27.
- Depreciation has been calculated on a straight line basis over a 40-year period.
- Repairs and maintenance expenses are costed at zero per cent of the capital cost in the first year after construction, one per cent the year after and two per cent ongoing thereafter (at \$135,000 in 2027-28, and \$412,000 in 2028-29).
- The costing assumes any administrative costs would be absorbed by the ACT Health Directorate and Canberra Health Services respectively.
- The costing request for diagnostic imaging services at the South Tuggeranong and West Belconnen centres is based on the cost of the Weston Creek Walk-In Centre imaging works, funded in the 2020-21 Budget (\$5.670 million). That is then doubled (for the two new facilities) and indexed at 4.5 per cent per annum for assumed construction commencement in 2025-26, consistent with the 2024 Standard Costing Parameters. Treasury considers this approach reasonable, with the caveat identified below.

Caveats or qualifications to the costing:

- Treasury notes that the Weston Creek Walk-In Centre required refurbishment in order to accommodate the new medical imaging devices. Those costs were built into the \$5.670 million provided in the 2020-21 Budget initiative. As construction of the West Belconnen and South Tuggeranong centres has not yet commenced, it may be possible to incorporate imaging services without any additional construction. However, it is also possible that the design of those facilities cannot accommodate these imaging services, meaning there would need to be an additional investment in the overall facility footprint.
- This commitment has not provided for any operating costs or any revenue that may be generated under the Medicare Benefits Schedule. Those impacts would be determined through future service planning.
- The South Tuggeranong, West Belconnen, and North Gungahlin health centres are all at varying stages of development. As such, construction costs and completion dates may be impacted after incorporating these scope changes into the original project designs.
- This costing does not specify how the capital costs would be allocated between construction and medical imaging devices. Once that has been determined, the depreciation profile would need to be updated to account for the relatively shorter useful life of the medical imaging assets.

Other Comments:

The costing request appears to have allocated \$14.130 million to increase the size of the North Gungahlin centre. As the costing request has not identified the scope of the centre's increase, this costing has assumed a fixed amount of \$14.130 million to supplement the current budget for constructing the North Gungahlin centre. Any additional project scope would need to be managed within this additional funding.

Treasury has also interpreted the first part of the costing request commitment – to deliver walk-in centres in South Tuggeranong, West Belconnen, and the Inner South – to be a confirmation of the Canberra Liberals' commitment to deliver health centres in these three locations, as budget funding has already been provided toward those facilities and no new funding for walk-in centres is proposed under the commitment.

- Statistical Data Used:

Treasury estimates.



Stuart Hocking PSM
Under Treasurer
17 October 2024