2024 Election Commitment – ACT Labor

Name of Commitment:	**Perinatal Mental Health Residential Mother and Baby Unit – Construction**
	Reference Number: LAB074
Request Submitted by:	Andrew Barr MLA, ACT Labor
Date Request Received:	14-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	-157.5	-349.5	-394.1	**-901.1**
- Employee Expenses	0.0	0.0	0.0	0.0	**0.0**
- Other Expenses	0.0	0.0	0.0	0.0	**0.0**
- Cost of Financing	0.0	-157.5	-349.5	-394.1	**-901.1**
Depreciation	0.0	0.0	0.0	-175.0	**-175.0**
Net Operating Balance	**0.0**	**-157.5**	**-349.5**	**-569.1**	**-1,076.1**
Capital Requirement	0.0	-3,000.0	-3,500.0	-500.0	**-7,000.0**
Cash Surplus/Deficit	0.0	-3,157.5	-3,849.5	-894.1	**-7,901.1**

(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 to design and fit-out an eight-bed Perinatal Mental Health Residential Mother and Baby Unit at an established ACT Government health facility that has not been identified.

The costing comprises:
i. $7 million capital funding over three years from 2025-26 that includes design and construction costs, which includes 1 SOG B (capitalised) to support the delivery of this project;
ii. $901,000 expense funding over three years from 2025-26 for cost of financing; and
iii. $175,000 per annum from 2027-28 for depreciation.

The delivery of this project has been identified as being capped and assumed to be delivered within the scope of the committed $7 million.

- Proposal Parameters:

• Cost of financing has been calculated at 5.25 per cent.
• 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 ($70,000 in 2028-29) and two per cent ongoing thereafter ($140,000 from 2029-30 onwards).
• This costing does not include capital indexation and future construction sector cost escalation may result in higher costs over the outyears.
• Depreciation for the refurbishment has been calculated on a straight line basis over a 40-year period.
• The construction will commence in 2025-26 and the Perinatal Residential Mental Health Unit will be fully operational in 2027-28.

Caveats or qualifications to the costing:

• The costing request not identified a facility site, and has assumed selection of an existing facility owned by the ACT Government. Final refurbishment costs will depend on final site selection.
• Funding for staffing of the Perinatal Mental Health Residential Mother and Baby Unit is presented in the costing LAB072.

Other Comments:

The costing request has assumed capital contribution of $7.0 million reflecting contribution by the Queensland Government to deliver eight public beds at the Catherine's House, which is an equivalent public facility integrated with Mater Mothers' Hospitals in Brisbane. However, a Queensland Government media release states that, in addition to the $7.0 million government contribution, community donations totalling $17 million made up the rest of the building costs. This suggests that capital funding in addition to the $7.0 million could be required to deliver an eight-bed unit in the ACT.

- Statistical Data Used:

Treasury estimates.

Stuart Hocking PSM
Under Treasurer
17 October 2024