

2024 Election Commitment – ACT Greens

Name of Commitment:	Improving Access to General Practice – Part 1. Better access to GP appointments for people living with chronic conditions	Reference Number: GRN002 part 1
Request Submitted by:	Shane Rattenbury MLA, ACT Greens	
Date Request Received:	08-Oct-24	
Additional Information Requested (details and date)	Clarification was sought on whether staffing costs for the eight GPs should be included as part of this commitment, or whether the commitment had assumed those costs would be offset (9-Oct-2024). Further clarification was sought on the treatment of staffing expenses (11-Oct-2024).	
Additional Information Received (details and date)	Clarification was provided with a breakdown of operating expenses (10-Oct-2024). Additional clarification was received, confirming the eight GPs would not be employed by the ACT Government, and that the \$1 million would instead be invested in local general practice (16-Oct-2024).	

Financial Implications					
Impact On:	2024-25	2025-26	2026-27	2027-28	TOTAL
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenues ^(a)	0.0	0.0	0.0	0.0	0.0
Expenses ^{(a)(b)}	0.0	-750.0	-1,000.0	-1,000.0	-2,750.0
- Employee Expenses	0.0	0.0	0.0	0.0	0.0
- Other Expenses	0.0	-750.0	-1,000.0	-1,000.0	-2,750.0
- Cost of Financing	0.0	0.0	0.0	0.0	0.0
Depreciation	0.0	0.0	0.0	0.0	0.0
Net Operating Balance	0.0	-750.0	-1,000.0	-1,000.0	-2,750.0
Capital Requirement	0.0	0.0	0.0	0.0	0.0
Cash Surplus/Deficit	0.0	-750.0	-1,000.0	-1,000.0	-2,750.0

(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 consists of two parts. This costing component (Part 1) is to deliver better access to GP appointments for people with living with long term chronic conditions such as mental illness and musculoskeletal conditions.

Treasury has costed this commitment at a fixed dollar amount of \$1.0 million per year from 2025-26, on an ongoing basis. As such, the scope of the project would need to be managed within this level of funding. Treasury has assumed this funding would be administered as a grants program, with funding passed through to local general practices.

- Proposal Parameters:

- The costing assumes that administrative expenses associated with the program would be absorbed by ACT Health Directorate and Canberra Health Services.
- The costing assumes that this program would be operational by October 2025, as per the costing request.

Caveats or qualifications to the costing:

The costs and profile are indicative only and would be informed by the planning work once it is complete, which would indicate the full scale of costs required to deliver this proposal.

Treasury notes that the costs of establishing administrative arrangements to deliver a new grant may require additional staff or reprioritisation of existing ACT Health resourcing, which may impact on the Directorate's ability to deliver other activities.

Other Comments:

This commitment is Part One of the ACT Greens election announcement *GRN002 - Improving Access to General Practice*. Part two of this commitment is for the *Provision of four bulk billing clinics across Canberra delivering 160,000 appointments annually*.

- Statistical Data Used:

Treasury estimates.



Stuart Hocking PSM
Under Treasurer
17 October 2024

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Name of Commitment:	Improving Access to General Practice - Part 2. Provision of four bulk billing clinics across Canberra delivering 160,000 appointments annually		
	Reference Number: GRN002 part 2		
Request Submitted by:	Shane Rattenbury MLA, ACT Greens		
Date Request Received:	08-Oct-24		
Additional Information Requested (details and date)	Clarification was sought on the breakdown of operating costs, and the basis for the fitout cost estimates (9-Oct-2024). Further clarification was sought on the treatment of staffing expenses (11-Oct-2024).		
Additional Information Received (details and date)	The party provided clarification on the breakdown of expense funding, and detail on the fitout estimates (10-Oct-2024). Further clarification on the treatment of staffing expenses was received (16-Oct-2024).		

Financial Implications					
Impact On:	2024-25	2025-26	2026-27	2027-28	TOTAL
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenues ^(a)	0.0	0.0	0.0	0.0	0.0
Expenses ^{(a)(b)}	0.0	-1,822.5	-2,464.9	-2,553.9	-6,841.3
- Employee Expenses	0.0	-1,165.5	-1,598.8	-1,642.0	-4,406.3
- Other Expenses	0.0	-552.0	-755.6	-795.6	-2,103.2
- Cost of Financing	0.0	-105.0	-110.5	-116.3	-331.8
Depreciation	0.0	-75.0	-100.0	-100.0	-275.0
Net Operating Balance	0.0	-1,897.5	-2,564.9	-2,653.9	-7,116.3
Capital Requirement	0.0	-2,000.0	0.0	0.0	-2,000.0
Cash Surplus/Deficit	0.0	-3,822.5	-2,464.9	-2,553.9	-8,841.3

(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 consists of two parts. This costing component (Part 2) is for \$6.510 million in expenses and \$2.0 million in capital funding for four General Practitioner (GP) bulk billing clinics across the ACT. It comprises:

- i. \$4.406 million in employee expenses over four years from 2025-26 (ongoing);
- ii. \$2.103 million over four years from 2025-26 in operating expenses, and repairs and maintenance expenses;
- iii. \$2.0 million in capital expenses in 2025-26 – with estimated construction completion in October 2025; and
- iv. depreciation of \$75,000 in 2025-26 to account for a part-year impact, and then \$100,000 per annum from 2026-27.

The operating expenses in this costing are based on estimates provided by Canberra Health Services (CHS), which are based on similar works previously undertaken by the ACT Government. Salary costs have been calculated using the 2024-25 Average Salary Costing Template.

Treasury has estimated the physical size of the clinics is based on the Royal Australian College of General Practitioners General Practice Business Toolkit recommendations on consultation, treatment and procedure room sizes (accessible at www.gpbt.com.au/design-your-practice/consulting-treatment-and-procedure-rooms/). This costing takes the upper bound of the range recommended for the four consulting rooms (16 square metres each), for one procedure room (16 square metres), and for a reception room (20 square metres). This total of 164 square metres was then used as a means of determining the overall fitout costs using the sources identified below, with \$500,000 per clinic identified as an appropriate cost based on Treasury's review of GP fitout costs. The per clinic cost has been identified from multiple sources as the higher-end of the range of what it can be expected to cost to fit out a medical practice in a metropolitan area. Given the approximated size of these GP clinics and the inclusion of equipment purchases, this higher-end cost was deemed the most fitting approximation.

- 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 (\$20,000 in 2027-28) and two per cent ongoing thereafter (\$40,000 in 2028-29).
- Other operating costs have been indexed at 2.65 per cent, consistent with funding arrangements for similar CHS functions.
- Depreciation has been calculated on a straight line basis over a 20-year period, starting from October 2025.
- The costing assumes that all capital works would be undertaken in 2025-26, and assumes that the clinics would be operational by October 2025, as indicated by the submitted costing.
- The costing assumes that administrative expenses associated with the program would be absorbed by Canberra Health Services (CHS).
- The costing has used a workers' compensation rate of 1.76 per cent.

Caveats or qualifications to the costing:

- This commitment has not identified facility sites, and has assumed selection of existing facilities owned by the ACT Government. Final refurbishment costs may differ based on final site selection.
- Cost are indicative only and would be further informed by planning and design work, procurement processes and construction constraints.
- The expense profile would be subject to the recruitment of suitably qualified staff and their respective start dates.
- Treasury notes that the costs of administering this proposal may require reprioritisation of existing ACT Health resourcing, which may impact on the Directorate's ability to deliver other activities.

Other Comments:

This costing differs from that submitted due to the inclusion of repairs and maintenance costs, an increase in the number of support staff per clinic to account for backfill, a higher assumed cost of fit out per square metre rate for the clinics, and higher operating expenses.

This is the second costing component of the ACT Greens election announcement *GRN002 - Improving Access to General Practice*. The first component is *Better access to GP appointments for people living with chronic conditions*.

- Statistical Data Used:

CHS estimates, Treasury estimates, and the following sources as a guide for overall fitout costs:

<https://www.mediqfinancial.com.au/blog/the-essential-guide-to-starting-your-own-medical-practice/>

<https://www.bogspecialist.com.au/help-and-faqs/practice-finance/costs-of-starting-a-medical-practice>

<https://www.coldaconstructions.com.au/medical-fitouts-canberra-faqs/>



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