



PARLIAMENTARY BUDGET OFFICE

NSW Parliament • Parliament House, Macquarie Street Sydney 2000

Referred by: Coalition **Proposal No:** C1317
Date Referred: 31/01/2023 **Date Published:** 20/03/2023
Proposal Title: Better Access to Regional Healthcare
Cluster: Health

General Government Sector Impacts

	2022-23 \$'000	2023-24 \$'000	2024-25 \$'000	2025-26 \$'000	4-year Total \$'000
Expenses (ex. depreciation)	-	7,008	4,108	4,211	15,327
Depreciation	-	423	423	423	1,269
Less: Offsets	-	-	-	-	-
Revenue	-	-	-	-	-
Net Operating Balance:	-	(7,431)	(4,531)	(4,634)	(16,596)

Capital Expenditure	3,852	-	-	-	3,852
Capital Offsets	-	-	-	-	-
Net Capital Expenditure:	3,852	-	-	-	3,852

Net Lending/(Borrowing):	(3,852)	(7,008)	(4,108)	(4,211)	(19,179)
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Total State Sector Impacts

Net Lending/(Borrowing):	(3,852)	(7,008)	(4,108)	(4,211)	(19,179)
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Notes and costing assumptions:

This policy proposes to establish four healthcare programs in regional NSW:

1. Six dialysis buses
2. Augmenting multi-purpose service model functions, to include virtual care spaces
3. Trialling new Rural Virtual Hubs
4. Investigating an expansion of patient vehicle transport in the regions

The policy is estimated to cost \$20.4 million to the budget, including depreciation, over 2022-23 and the forward estimates. The breakdown for each individual program is shown in Table 1 below.

Background:

1) Six dialysis buses

Notes and costing assumptions continued:

The policy proposes to provide six dialysis buses to regional NSW over the period 2023-24 to 2026-27. The cost of six dialysis buses will comprise the following elements:

- The purchase of existing buses and refurbishment to meet required specifications, estimated at \$600,000 per vehicle, or \$3.6 million for six vehicles. The policy proposes that the vehicles will be purchased and refurbished in time for operation from 1 July 2023
- Depreciation costs based on a 10-year asset life. This is a high-level estimate based on:
 - ATO's depreciation schedule of 15 years for a bus weighing more than 3.5 tonnes
 - The purchase of an existing vehicle and its refurbishment, which is likely to have an effective life of less than 15 years.
- General on-road and operational costs of \$150,000 per bus per annum
- Clinical costs of \$350,000 per bus per annum, including staffing, consumables etc, amounting to 370 dialysis sessions per van.

The policy proposes that any additional operating costs, including communications and public engagement will be absorbed from within NSW Health's budget. NSW Health advises this may not be possible, however, the PBO believes the agency should be able to absorb at least some of these costs.

Risks

NSW Health advises the rollout timeline proposed for Program 1 is challenging and the service is unlikely to be operational by 1 July 2023

2) Augmenting multi-purpose service model to accommodate virtual care spaces

The policy also proposes to expand the existing [multipurpose service model](#) to include virtual care across 63 regional sites, over the period 2023-24 to 2026-27. This includes the Far West, Western NSW, Southern NSW and Hunter and New England Local Health Districts (LHD).

The policy proposes that the cost of this expansion will comprise the following elements, as summarised in the table below:

- Costs for technology to facilitate virtual care, of \$4,000 per site, which is estimated to have a depreciable life of 4 years per asset, based on ATO's depreciation schedule for computer equipment.
- Staffing costs capped at \$16,000 per site per annum in 2023-24, inclusive of all on costs and overheads, and are based on a workload of no more than 10 hours per week on average, for a general Administration Staff, Grade 2.

The policy proposes that any additional operating costs, including communications and public engagement will be absorbed from within Ministry of Health's budget.

The policy also proposes that staff and equipment will be procured in time to commence from 1 July 2023.

Risks

NSW Health advises the \$16,000 per site cap on staffing costs for Program 2 is not enough to provide 10 hours a week of administration support when allowing for employee on-costs and overheads. NSW Health estimates the full cost for 10 hours at \$18,326 per site.

NSW Health advises the rollout for Program 2 requires more lead time than would be available for a 1 July 2023 start. This lead time would include:

Notes and costing assumptions continued:

- A formal assessment of NSW Health, Primary Health Network and other services currently providing space for community virtual care appointments would be required to avoid duplication and determine which communities might benefit from investment
- Considerations around security processes and cultural safety would also need to be addressed
- Lead time for recruitment of staffing in regional areas would also need to be considered.

3) Trialling Rural Virtual Care Hubs.

The policy further proposes to establish a 6-month trial of a virtually-enhanced medical service, commencing on 1 July 2023. This would be an expansion of the Western NSW LHD vCare Service and Virtual Rural Generalist Service to include Southern NSW LHD (the Rural Virtual Care Hub). This Pilot seeks to demonstrate the value of establishing a Rural Virtual Care Hub, and the potential to expand this approach in other rural regions in NSW.

The Pilot service will comprise medical practitioners providing:

- Specialist advice
- 24/7 Rural medical support
- Rural nursing training and support
- Transitional services (ie. to primary and community care)

The policy proposes that operations will be scaled to fit within a fixed budget of \$2 million in 2023-24 and that evaluation and review of this trial will be completed in 2023-24, to inform further funding for 2024-25 and onwards.

Risks

NSW Health advises employee related expenses do not cover activity surges due to unforeseen circumstances, eg. pandemics & natural disasters. Additional costs may be required to fill clinical rosters to cover surge capacity.

NSW Health advises the cap on funding for Program 3 at \$2 million is unlikely to be enough to fully fund the operations necessary to fulfil the four policy aims outlined above. NSW Health estimates the full cost at \$2.6 million.

4) Investigating an expansion of patient vehicle transport into the regions

The policy further proposes that \$1 million will be provided in 2023-24 for a business case in to investigate the best model for expanding patient vehicle transport into the regions.

Notes and costing assumptions continued:

Table 1: Summary of costs for all four programs

	2022-23	2023-24	2024-25	2025-26	TOTAL 4 YEARS	2026-27
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
OPERATING EXPENSES						
Program 1	-	3,000	3,075	3,152	9,227	3,230
Program 2	-	1,008	1,033	1,059	3,100	1,086
Program 3	-	2,000	-	-	2,000	-
Program 4	-	1,000	-	-	1,000	-
Total Operating Expenses	-	7,008	4,108	4,211	15,327	4,316
CAPITAL EXPENDITURE						
Program 1	3,600	-	-	-	3,600	-
Program 2	252	-	-	-	252	-
Total Capital Expenditure	3,852	-	-	-	3,852	-
DEPRECIATION						
Program 1	-	360	360	360	1,080	360
Program 2	-	63	63	63	189	63
Total Depreciation	-	423	423	423	1,269	423