



PARLIAMENTARY BUDGET OFFICE

NSW Parliament • Parliament House, Macquarie Street Sydney 2000

Referred by: Australian Labor Party **Proposal No:** C1532
Date Referred: 07/03/2023 **Date Published:** 20/03/2023
Proposal Title: Wollongong hospital package
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)	-	-	-	-	-
Depreciation					-
Less: Offsets					-
Revenue					-
Net Operating Balance:	-	-	-	-	-

Capital Expenditure	-	-	-	-	-
Capital Offsets					
Net Capital Expenditure:	-	-	-	-	-

Net Lending/(Borrowing):	-	-	-	-	-
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Total State Sector Impacts

Net Lending/(Borrowing):	-	-	-	-	-
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Notes and costing assumptions:

This policy proposes to provide \$21.85 million dollars towards improvements at Wollongong Hospital, consisting of:

- \$12 million to begin the detailed planning and design work for future redevelopment of the hospital infrastructure and services.
- \$7.85 million to purchase a new CT scanner and a new MRI scanner.
- \$2 million in technology designed to improve radiation treatment for cancer patients.

The PBO has costed this policy at \$21.85 million dollars over the forward estimates.

The policy assumes that funding will come from unallocated funds in the Hospitals Growth Program within the Restart NSW capital expenditure fund. This has previously been recognised in existing State Budget estimates and, therefore, the policy will have a nil impact on the budget results.

Notes and costing assumptions continued:

Key assumptions

The costs of a CT scanner and an MRI scanner are currently \$2.2 million and \$3 million respectively for a total of \$5.2 million, based on NSW Treasury Standard Costing Parameters (16 February 2023). The PBO assumes the \$7.85 million proposed under the policy for this equipment will cover the costs at 2025-26 prices when purchased and installation costs.

The proposed services to be provided, number of hospital beds and construction timelines for the redevelopment are subject to the clinical service plan to be developed in the planning process.

The PBO has allocated the cost over the forward estimates as in **Table 1**.

Table 1 Costs profile over the forward estimates

Program	2022-23 '000	2023-24 '000	2024-25 '000	2025-26 '000	Total '000
Planning and design		4,000	4,000	4,000	12,000
CT and MRI purchase				7,850	7,850
Technology to improve Radiation treatment				2,000	2,000
Total		4,000	4,000	13,850	21,850

The PBO has assumed that:

- The costs of planning will be apportioned evenly across the forward estimates.
- Any funds spent on the planning process will be capitalised into the cost of the redeveloped hospital.
- The CT Scanner, MRI scanner and technical investment for radiation treatment will occur in 2025-26.
- The \$7.85 million will cover the purchase of the CT and MRI scanners plus installation costs.
- There is no escalation applied in the cost of a CT and MRI scanner.
- depreciation expense will only be incurred from 2026-27, beyond the forward estimates, once the CT/MRI equipment and technical investment are operational.
- No operating costs have been included in the costing.