



# PARLIAMENTARY BUDGET OFFICE

NSW Parliament • Parliament House, Macquarie Street Sydney 2000

**Referred by:** Australian Labor Party

**Proposal No:** C1560

**Date Referred:** 07/03/2023

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**Proposal Title:** Haven Hubs in NSW

**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		40	200	320	560
Less: Offsets					-
Revenue					-
<b>Net Operating Balance:</b>	-	<b>(40)</b>	<b>(200)</b>	<b>(320)</b>	<b>(560)</b>

Capital Expenditure	-	-	-	-	-
Capital Offsets					
<b>Net Capital Expenditure:</b>	-	-	-	-	-

<b>Net Lending/(Borrowing):</b>	-	-	-	-	-
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## Total State Sector Impacts

<b>Net Lending/(Borrowing):</b>	-	-	-	-	-
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### Notes and costing assumptions:

This policy proposes to allocate \$20 million (\$5 million in 2023-24 and \$15 million in 2024-25) towards establishing three sites for Haven Hubs in NSW (see Table 1).

The policy proposes that the sites for the Haven Hubs will be sourced by the NSW Government, and that the properties will remain NSW assets. The properties will then be leased to The Haven Foundation at a peppercorn rate (nominal fee).

The policy further proposes to use funds from the Hospitals Growth Fund (Restart NSW) to fund the three Haven hubs. The policy assumes that, of the \$300 million in funding available in the Hospitals Growth Fund in Restart NSW, \$20 million of funding can be brought forward into the two years of 2023-24 and 2024-25. The Parliamentary Budget Office (PBO) considers this a reasonable assumption given that NSW Treasury advised that the total of unallocated funds in Restart NSW is \$1.2 billion as of 10 March 2023. As these funds have previously been recognised in existing State Budget estimates, the PBO assumes the impact of this policy will be nil. This assumption relies on the total number of policies being funded from Restart NSW not exceeding the funds available, and

## Notes and costing assumptions continued:

that this costing must be considered in relation to other policies seeking to spend Restart NSW funds. See the section below for further details of the fund Restart NSW fund.

**Table 1 – Capital expenditure and depreciation for the Haven Hub sites**

	2022-23 (\$'000)	2023-24 (\$'000)	2024-25 (\$'000)	2025-26 (\$'000)	4 year total (\$'000)
Capital Expenditure (80% building, 20% land)		5,000	15,000		<b>20,000</b>
Depreciation (on building)		40	200	320	<b>560</b>

### Background:

#### Haven Foundation

Haven Hubs are run by the Haven Foundation. The Haven Foundation partners with state governments to fund the establishment of residential accommodation focused on those with long standing mental health issues and psychological disability.

#### Restart NSW Fund

The Restart NSW Fund (the Fund) was established by the NSW Government under the [Restart NSW Fund Act 2011](#) (the Act) for the purpose of setting aside funding for and securing the delivery of major infrastructure projects and other necessary infrastructure. The purpose of the Fund is to improve economic growth and productivity in NSW through funding infrastructure projects, such as roads, public transport, health facilities and workplaces for providing public services, among others.

Under the Act, Infrastructure NSW is responsible for assessing and recommending Restart NSW projects, and the Treasurer is responsible for approving funding for all or part of any projects.<sup>[1]</sup>

To use the funds from Restart NSW, the Treasurer would need to be satisfied that the project satisfies the purpose of the fund. The costing assumes the Haven Hubs in NSW would meet the definition of major infrastructure projects as set out in the act.<sup>[2]</sup>

### Assumptions:

The Parliamentary Budget Office (PBO) assumes that the government will purchase the asset, and the depreciating asset will remain on the government's books. The Haven Foundation will manage, maintain, and fund the day to day costs and any liabilities associated with the government's asset, except for depreciation.

The PBO further assumes that:

- the property acquisitions and subsequent transfers to The Haven Foundation will occur at the middle of the fiscal years 2023-24 and 2024-25;
- the arrangement will extend for a period of 10 years, and be subject to further review prior to renewal;
- aside from the purchase of the properties, the only cost that the government recognises from this transaction is depreciation expense;
- the value of the property that the government purchases is estimated to comprise approximately 20% land and 80% building (medium density housing) for the purposes of determining depreciation; and
- the useful life of the building is 50 years, such that depreciation will be calculated at 2% per year on a straight line basis.

The costing does not include any operational expenditures involved in the running of the Haven Hubs, because the assumption is that these expenses would be Federally funded via the National Disability Insurance Scheme (NDIS) program, as it is for [Haven Hubs in Victoria](#).

<sup>[1]</sup> *Restart NSW Fund Act*, s 8.

<sup>[2]</sup> *Restart NSW Fund Act*, s 4(1)(b).