



PARLIAMENTARY BUDGET OFFICE

NSW Parliament • Parliament House, Macquarie Street Sydney 2000

Referred by: Australian Labor Party **Proposal No:** C1688
Date Referred: 16 March 2023 **Date Published:** 20/3/2023
Proposal Title: Free parking at all rural and regional NSW public hospitals, including Shoalhaven and Tweed
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 | - | (4,525) | (4,683) | (4,847) | (14,055) |
| Net Operating Balance: | - | (4,525) | (4,683) | (4,847) | (14,055) |

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

| | | | | | |
|---------------------------------|--|----------------|----------------|----------------|-----------------|
| Net Lending/(Borrowing): | | (4,525) | (4,683) | (4,847) | (14,055) |
|---------------------------------|--|----------------|----------------|----------------|-----------------|

Total State Sector Impacts

| | | | | | |
|---------------------------------|--|----------------|----------------|----------------|-----------------|
| Net Lending/(Borrowing): | | (4,525) | (4,683) | (4,847) | (14,055) |
|---------------------------------|--|----------------|----------------|----------------|-----------------|

Notes and costing assumptions:

The policy proposes to make parking free at all rural and regional NSW public hospitals, including Shoalhaven and Tweed, for all patients, staff, and visitors, commencing 1 July 2023 on an ongoing basis.

NSW advises that the majority of hospitals that NSW Health classify as rural and regional already have free parking.

This costing relates to parking at the following hospitals:

- Lismore
- Coffs Harbour
- Belmont
- Maitland
- Shoalhaven
- Tweed (car park in process of being built)

Notes and costing assumptions continued:

Based on NSW Health advice, the cost of subsidising the revenue foregone over the forward estimates is estimated at \$14.1 million (see Table 1).

Table 1 Split of Parking Revenue – Staff and Patients/Visitors

| Revenue Impact | 2022-23 | 2023-24 | 2024-25 | 2025-26 | 4-year total |
|------------------------|----------|----------|----------|-----------|--------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Staff Parking Revenue | \$ 2,126 | \$ 2,200 | \$ 2,277 | \$ 6,603 | |
| Public Parking Revenue | \$ 2,399 | \$ 2,483 | \$ 2,570 | \$ 7,452 | |
| Total | \$ 4,525 | \$ 4,683 | \$ 4,847 | \$ 14,055 | |

Key Assumptions

Revenue estimates in this costing are provided by NSW Health based on gross consumer (non-staff) revenue data. These costs have been escalated by 3.5% as an average of pre-COVID-19 CPI and current CPI rates. The actual figure may vary based on economic conditions. Parking costs have been provided by the respective hospitals and have not been audited.

NSW Health has advised:

- Hospitals in the Illawarra (eg Wollongong,) and Central Coast (eg Gosford, Wyong) are not included in this costing as NSW Health categorises them as metropolitan hospitals.
- John Hunter Hospital is also excluded on the above basis.
- Shoalhaven has been included as per the request, but NSW Health considers it a metropolitan hospital.
- Tweed Hospital:
 - A range of car parking arrangements are being considered for the new Tweed Hospital with no decisions yet being undertaken. As such NSW Health has been unable to provide revenue estimates for the Tweed Hospital.
 - The estimated revenue from staff parking at 5 regional hospitals, not as large as the new Tweed Hospital, range from \$1.43 million in 2022-24 to \$1.59 million in 2025-26. The Parliamentary Budget Office (PBO) used this data to broadly estimate the expected forgone staff revenue at Tweed Hospital to be in the range of \$750,000 to \$1 million. The PBO used the lower end of this range in this costing.
 - NSW Health also provided the revenue ratios of public to staff parking at the same 5 regional hospitals for 2023-24. The ratios were used to broadly estimate the total Tweed Hospital Car Parking revenue over the forward estimates.

Risks

NSW Health notes the following risks:

- Accuracy of estimates of the revenue that would be foregone over the forward estimates in providing free parking at hospitals is limited, because of the irregular patterns of car park usage since the start of the COVID-19 pandemic. Any additional lost revenue beyond these estimates could not be absorbed from within NSW Health and would have to be funded.
- This is also the case if this policy is extended to other car parks under construction or being considered for development.
- Because of the characterisations of hospitals as either metropolitan or regional/rural/remote, there will be some hospitals within the same local health district that offer free parking and others charging for parking, which might result in an equity issue.
- The policy potentially negates the impact of The Sustainable Hospital Car Park Investment Program (SHCPIP) which was developed to provide a means for long term, sustainable development of car parking infrastructure across NSW. If a hospital must absorb the cost

Notes and costing assumptions continued:

of building car parks without subsequent revenue offsets, it will divert capital investment away from direct patient care areas of the hospital.