



## Policy costing

Expand safe injecting facilities	
Party:	Australian Greens
Summary of proposal: This proposal has two components to establish medically supervised injecting centres. <ul style="list-style-type: none"><li>• Component 1: Fund a scoping study to determine the areas of greatest need, and suitable locations and services for new medically supervised injecting centres in Australian capital cities.</li><li>• Component 2: Establish one new medically supervised injecting centre in each capital city in the following financial years:<ul style="list-style-type: none"><li>– 2020-21: Sydney, Melbourne, Brisbane, Darwin</li><li>– 2021-22: Adelaide, Perth, Canberra, Hobart.</li></ul></li></ul> The centres would be funded on an ongoing basis, and would be closely based on the existing Sydney Medically Supervised Injecting Centre including the number of hours of operation, staffing, services offered and size.	

## Costing overview

This proposal would be expected to decrease both the fiscal and underlying cash balances by \$37.3 million over the 2019-20 Budget forward estimates period. This impact reflects an increase in administered expenses of \$34.8 million and an increase in departmental expenses of \$2.5 million.

A breakdown of the financial implications of this proposal over the 2019-20 Budget forward estimates period is included at [Attachment A](#). The proposal would be expected to have an ongoing impact beyond the 2019-20 Budget forward estimates period.

The estimated financial implications of Component 1 are sensitive to the duration, scope and staffing structure of the scoping study, including the assumption that the study for each state and territory could be run through existing state and territory offices of the Department of Health.

The estimated financial implications of Component 2 are sensitive to the establishment and ongoing costs of operating the medically supervised injecting centres in each capital city, and the assumption that community consultation in each location is concluded such that each centre is established on the timeline specified in this proposal.

The components are also sensitive to changes in the consumer price index and to changes in wage indexation parameters.

**Table 1: Financial implications (\$m)<sup>(a)(b)</sup>**

	2019–20	2020–21	2021–22	2022–23	<b>Total to 2022–23</b>
Fiscal balance	-0.8	-10.2	-13.1	-13.3	<b>-37.3</b>
Underlying cash balance	-0.8	-10.2	-13.1	-13.3	<b>-37.3</b>

(a) A positive number represents an increase in the relevant budget balance; a negative number represents a decrease.

(b) Figures may not sum to totals due to rounding.

## Key assumptions

The Parliamentary Budget Office has made the following assumptions in costing this proposal.

### Component 1

- Scoping studies for all centres would be conducted in the financial year prior to their establishment and all planning and consultation requirements would be completed in time for each centre to start in the year specified.
- Scoping work for each capital city would be undertaken by staff in each existing state and territory office of the Department of Health, coordinated by a small team based in the department's headquarters in Canberra.

### Component 2

- The cost of leasing, fitting out and maintaining the centres would be equal to representative commercial property costs for each capital city, and would grow by the consumer price index.
  - Fitout costs would be one-off when establishing the site, while maintenance costs would be ongoing.
- Demand for services, and therefore labour costs for each centre, would be proportional to those in the existing Sydney centre, grown by the wage price index.
  - In particular, demand for services in the second Sydney centre, and therefore staffing structure, would be the same as at the existing centre.
- Ongoing departmental resources would be required to monitor and review the ongoing Commonwealth Government funding provided to the centres.

## Methodology

### Component 1

The departmental expenses of Component 1 are based on the assumed staffing requirements to conduct the scoping studies in 2019-20 and 2020-21.

### Component 2

The financial implications for this component are the sum of administered and departmental expenses. Estimated administered expenses comprise property and labour costs.

- Labour costs for all medically supervised injecting centres are based on the historical labour costs of the existing Sydney Medically Supervised Injecting Centre from 2000-01 to 2006-07, and the estimated labour costs for the existing Sydney Medically Supervised Injecting Centre in 2016-17, adjusted for relative populations and grown by the wage price index as described above.
- The cost of leasing, outfitting and maintaining the sites has been estimated based on the policy specifications and assumptions outlined above.

Departmental expenses for the Department of Health for Component 2 are based on the assumed staffing profile required to monitor and review the establishment and ongoing operation of each medically supervised injecting centre. These are indexed by the relevant wage cost index net of the efficiency dividend, consistent with the Department of Finance's costing practices.

All estimates were rounded to the nearest \$100,000.

## Data sources

Australian Bureau of Statistics, 2018. *3222.0 – Population Projections, Australia, 2017 (base) – 2066*. [Online] Available at [https://www.abs.gov.au/AUSSTATS/abs@.nsf/Lookup/3222.0Main+Features12017%20\(base\)%20-%202066?OpenDocument](https://www.abs.gov.au/AUSSTATS/abs@.nsf/Lookup/3222.0Main+Features12017%20(base)%20-%202066?OpenDocument) [Accessed 01.05.2019].

The Department of Finance provided indexation parameters as at the *2019 Pre-election Economic and Fiscal Outlook*.

Colliers International, 2019. *CBD Office RFR H1 2019* [Online] Available at [https://www.colliers.com.au/find\\_research/office/cbd\\_office\\_rfr\\_h1\\_2019/](https://www.colliers.com.au/find_research/office/cbd_office_rfr_h1_2019/) [Accessed 30.04.2019].

National Centre in HIV Epidemiology and Clinical Research, 2007. *Sydney Medically Supervised Injecting Centre Evaluation Report No. 4: Evaluation of service operation and overdose-related events*, Sydney: University of New South Wales.

Parliament of New South Wales, 2016. *Report on the Statutory Review of Part 2A of the Drug Misuse and Trafficking Act 1985* [Online] Available at <https://www.parliament.nsw.gov.au/la/papers/DBAssets/taledpaper/webAttachments/69669/Statutory%20Review%20Part%202A.pdf> [Accessed 01.05.2019].

SAHA International Limited, 2008. *Economic Evaluation of the Medically Supervised Injecting Centre at Kings Cross (MSIC)*.

## Attachment A – Expand safe injecting facilities – financial implications

**Table A1: Expand safe injecting facilities – Fiscal and underlying cash balances (\$m)<sup>(a)(b)</sup>**

	2019–20	2020–21	2021–22	2022–23	Total to 2022–23
<b>Expenses</b>					
<i>Administered</i>					
<i>Component 1 – Scoping study</i>	-	-	-	-	-
<i>Component 2 – Fund establishment and operation of new medical injecting centres</i>	-	-9.0	-12.7	-13.1	-34.8
<b>Total – administered</b>	-	<b>-9.0</b>	<b>-12.7</b>	<b>-13.1</b>	<b>-34.8</b>
<i>Departmental</i>					
<i>Component 1 – Scoping study</i>	-0.8	-0.8	-	-	-1.5
<i>Component 2 – Fund establishment and operation of new medical injecting centres</i>	-	-0.4	-0.4	-0.2	-1.0
<b>Total – departmental</b>	<b>-0.8</b>	<b>-1.2</b>	<b>-0.4</b>	<b>-0.2</b>	<b>-2.5</b>
<b>Total – expenses</b>	<b>-0.8</b>	<b>-10.2</b>	<b>-13.1</b>	<b>-13.3</b>	<b>-37.3</b>

- (a) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms.  
 A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms.  
 A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms.  
 A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.
- (b) Figures may not sum to totals due to rounding.
- Indicates nil.