



Australian Government
Department of Finance
The Treasury

PUBLIC RELEASE OF 2022 ELECTION COMMITMENT COSTING

Name of proposal costed: Regional Health Package	
Costing Identifier:	COA 025
Summary of costing:	<p>The proposal is to provide \$151.2 million over four years from 2022-23 to encourage more doctors and allied health professionals to work in regional and rural communities.</p> <p>The proposal includes seven elements:</p> <ul style="list-style-type: none">• <u>Element 1</u> provides \$35.0 million over four years from 2022-23 to fund an additional two rounds of the Innovative Models of Collaborative Care program across Modified Monash Model 3-7 regions from 1 January 2023.• <u>Element 2</u> provides \$15.6 million over four years from 2022-23 to expand the John Flynn Prevocational Doctor Program (JFPDP) to support up to 1,000 rotations in rural Australia from 1 January 2023.• <u>Element 3</u> is to expand the Murrumbidgee single employer model trial to more regions across rural Australia from 1 July 2022, with nil additional cost to the Budget.• <u>Element 4</u> provides \$9.2 million over four years from 2022-23 to support additional training posts outside of community general practice for rural generalists and GP registrars and fellowed GPs to undertake advanced skills training from 1 January 2023.• <u>Element 5</u> provides \$87.5 million over four years from 2022-23 to increase workforce incentives to GPs and allied health professionals and to provide further targeted support to rural generalists from 1 January 2023.• <u>Element 6</u> is to extend the Distribution Priority Area (DPA) status of regions granted DPA status under the exceptional circumstances review process by 12 months, from 1 July 2022 and with nil cost to the Budget.• <u>Element 7</u> provides \$3.9 million over three years from 2023-24 to establish three new Regional Training Hubs in rural Australia from 1 January 2023.
Ongoing or Terminating (including date)^(a)	<p>Elements 1, 3 and 5 terminate on 30 June 2026.</p> <p>Element 6 terminates on 30 June 2023.</p> <p>Elements 2, 4 and 7 are ongoing.</p>

Person making the request:	Prime Minister.
Date costing request received:	12 May 2022.
Date of public release of policy:	3 May 2022 and 11 May 2022.
Date costing completed:	18 May 2022.
Additional information requested (including date):	Not applicable.
Additional information received (including date):	Not applicable.

(a) Ongoing policies continue indefinitely (until a decision is made to cease or alter the program). Terminating measures end on a date set out in the initial policy and a further decision is required to continue the program beyond this date.

Financial implications (outturn prices)^(b)

Impact on	2021-22	2022-23	2023-24	2024-25	2025-26
Underlying Cash Balance (UCB) (\$m)	0.0	-19.7	-39.9	-44.3	-47.3
Fiscal Balance (\$m)	0.0	-19.7	-39.9	-44.3	-47.3

(b) 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 positive number for the UCB indicates an increase in revenue or a decrease in expenses or net capital investment in cash terms.

<p>Where relevant, state that the proposal has been costed as a defined or specified amount.</p> <p>Elements 1 and 5 were costed as specified amounts.</p>
<p>Where relevant, include separate identification of revenue and expense components.</p> <p>Not applicable.</p>
<p>Where appropriate, include a range for the costing or sensitivity analysis.</p> <p>Not applicable.</p>
<p>Qualifications to the costing (including reasons for the costing not being comprehensive).</p> <p>For Element 3 (expansion of the Murrumbidgee single employer model trial to more regions across rural Australia), the costings assume that the Department of Health would develop and deliver this policy within the funding envelope for this package.</p>
<p>Where relevant, explain effects of departmental expenses.</p> <p>As specified in the costing request, the Department of Health would absorb the associated departmental costs.</p>
<p>Where relevant, explain the reason for any significant differences between the assumptions specified in a party costing request and those used in a Treasury or Finance costing.</p> <p>Not applicable.</p>

Other comments (including reasons for significant differences between the estimated impact on the fiscal and underlying cash balances).

Where relevant, include an explanation of the medium-term implications of the proposal.^(c)

Elements 2, 4 and 7 of the costing are ongoing and will have a negative impact of approximately \$12.9 million per annum on the underlying cash balance over the medium term.

(c) Information on the medium term implications will be provided if the cost of the policy is expected to be significantly different beyond the forward estimates period. The medium term is considered to be the 7 years after the current forward estimates.

Background information

Costing methodology used:

Indexation using 2022-23 Budget parameters has been applied to relevant elements of the costings.

Element 1

- The costing assumes a specified amount is provided through the Primary Care Rural Innovative Multidisciplinary Models (PRIMM) program.

Element 2

The costing assumes:

- The profile of additional rotations on a financial year basis is as follows:

2023-24	2024-25	2025-26	2026-27
40	120	180	200

- Costs per rotation are based on a unitised full time equivalent (FTE) cost under the Rural Junior Doctor Training Innovation Fund.

Element 3

- The costing assumes that the cost of the proposal will be met from within the funding envelope of the package.

Element 4

The costing assumes:

- Up to 60 additional rural generalists training posts would be funded over the forward estimates.
- The cost of each training post is based on the current costs of the Specialist Training Program's Integrated Rural Training Pipeline (IRTP) specialty training posts.

Element 5

The costing assumes:

- A specified amount is provided through an adapted Workforce Incentive Program (WIP).
- The funding split between the WIP Doctor Stream and the WIP Practice Stream is undefined.
- All operational costs (including grants administration costs) will be met from within the specified amount.

Element 6

- The costing assumes that the number of practices that will be able to recruit overseas trained doctors and bonded medical practitioners will increase, but not increase the total number of doctors practicing in Australia.

Element 7

- The costing assumes that the cost per Regional Training Hub is based on the average funding per Hub each university allocates to its Hubs under the Rural Health Multidisciplinary Training Program (RHMT).

The financial breakdown of all elements in the Rural Health Package (in underlying cash terms) is outlined below:

	2022-23 (\$m)	2023-24 (\$m)	2024-25 (\$m)	2025-26 (\$m)	Total (\$m)
Element 1	-5.0	-10.0	-10.0	-10.0	-35.0
Element 2	0.0	-1.8	-5.5	-8.3	-15.6
Element 3	0.0	0.0	0.0	0.0	0.0
Element 4	-2.2	-2.3	-2.3	-2.4	-9.2
Element 5	-12.5	-25.0	-25.0	-25.0	-87.5
Element 6	0.0	0.0	0.0	0.0	0.0
Element 7	0.0	-0.8	-1.5	-1.6	-3.9
Total	-19.7	-39.9	-44.3	-47.3	-151.2