

Cost Benefit Analysis of the Gladstone Emergency Room Redevelopment

Evaluating the costs and benefits of health infrastructure



LOCATION

Gladstone, QLD

CLIENT

Central Queensland Hospital
Health Service

COST BENEFIT ANALYSIS

Background

The Central Queensland Hospital and Health Service and the Queensland Government were investigating the viability of a new emergency department at Gladstone Hospital. This upgrade involved doubling the capacity at the existing facility. This would allow the hospital to meet the demands of a growing and ageing population.

The existing site provided unique challenges due to the aged and inefficient infrastructure. This, when combined with the strong population growth in the Gladstone region, provided impetus for an upgrade to the emergency department.

Our role

NineSquared was engaged to undertake a cost-benefit analysis of the proposed project to determine whether the upgrade provided a net economic benefit to society. This involved estimating demand over the evaluation period, understanding the requirements for treatment spaces by triage category and estimating benefits associated with providing the appropriate treatment.

The cost-benefit analysis compared the availability of treatment spaces between the base case (without the project) and the project case (with the project), with the additional spaces generating an economic benefit to society. Additionally, the project focused on delivering treatment spaces which more closely align to the needs of the community which also contributed to the economic benefit. Costs such as capital costs, operational costs and whole-of-life costs were included.

The outputs of the economic analysis provided decision makers with sufficient information to determine whether there was an economic justification for delivering the project. Specifically, it provided guidance on whether the direct benefit to society outweighed the cost of provision. The cost benefit analysis also reports the first-year rate of return which, when analysed over time, illustrates the ideal project timing.

Since the completion of the analysis, the business case was finalised and sent to Queensland Health for consideration. As a result of this analysis, the project successfully acquired funding with construction beginning in 2019.

FOR FURTHER INFORMATION

For more information, find one of our experts at ninesquared.com.au/people