

Projects

Bamaga Hospital Redevelopment – Financial Analysis

Supporting strategic investment decisions for remote health infrastructure in Far North Queensland.



LOCATION

Queensland

CLIENT

Health Infrastructure Queensland

Financial Analysis

Background

The Torres and Cape Hospital and Health Service (TCHHS) delivers essential health services across Far North Queensland, including the Bamaga Hospital located in the Northern Peninsula Area. The facility provides emergency, acute and outpatient services and operates at Clinical Services Capability Framework Level 2/3. A 2019 master plan identified the hospital as ageing and in need of transformation to meet future service demands and improve asset condition.

In response, Queensland Health initiated a Preliminary Business Case (PBC) to assess four redevelopment options for the Bamaga Hospital. These ranged from staged refurbishments to full new builds, each incorporating expanded emergency departments, residential aged care facilities, and improved staff accommodation. The options were designed to address forecast demand growth, particularly in emergency and inpatient services, and to align with projected service needs through to 2032 and beyond.

Our role

NineSquared was engaged by the Health Capital Division (HCD) to undertake the financial and affordability analysis for the Bamaga Hospital PBC. The engagement involved developing a discounted cash flow model (DCF) to assess capital and operational costs over a 36-year evaluation period. The analysis was conducted in line with Queensland Treasury's Project Assurance Framework and Business Case Development Framework.

Key elements of the engagement included:

- Demand and capacity modelling: Forecasting uncapped demand for inpatient, outpatient and emergency services using compound annual growth rates and service-related group data.
- Cost estimation: Assessing capital costs for each option using inputs from Turner & Townsend, including site preparation, building works, external infrastructure, and contingency allowances.
- Operational cost modelling: Estimating labour and non-labour expenses using activity multipliers and historical financial data, with additional modelling for aged care services.
- Sensitivity and scenario testing: Evaluating the impact of changes in discount rates, escalation assumptions, and aged care cost benchmarks on overall project affordability.

- Whole-of-life costing: Comparing each option against a base case to determine incremental costs in both discounted and nominal terms.
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FOR FURTHER INFORMATION

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