Projects

Cairns Health and Innovation Centre – Financial Analysis

Supporting strategic investment decisions for a state-of-the-art health and research precinct in Far North Queensland.

Financial Analysis

LOCATION

Queensland

CLIENT

Cairns and Hinterland Hospital and Health Services

Background

The Cairns Health and Innovation Centre (CHIC) is a proposed new facility within the Cairns Hospital precinct, designed to address long-term infrastructure challenges and support projected health service needs through to 2036/37. Led by the Cairns Hinterland Hospital and Health Service (CHHHS), the CHIC aims to deliver a purpose-built centre for education, research, clinical trials, and innovation. Initially envisioned as a partnership with James Cook University, the project evolved into a standalone Queensland Health initiative following JCU's withdrawal.

In September 2023, the CHIC project entered the Detailed Business Case (DBC) phase, with a fast-tracked development process to meet Queensland Treasury's Project Assessment Framework requirements. The DBC was developed using concept-level designs and included interdependent components such as land acquisition, a skybridge connection, and dedicated car parking infrastructure.

Our role

NineSquared was engaged to undertake the financial and affordability analysis for the CHIC DBC. Working closely with CHHHS, TSA, and AECOM, NineSquared developed a discounted cash flow model (DCFM) to assess capital and operational costs over a 33-year evaluation period. The analysis was conducted in line with Queensland Treasury's Project Assurance Framework and Business Case Development Guidelines.

Key elements of the engagement included:

- Whole-of-life costing: Estimating capital costs for the CHIC facility, land acquisition, skybridge, and car parking, alongside operational and maintenance costs benchmarked against Cairns Hospital and supplemented by partner inputs.
- Workforce and operational modelling: Forecasting staffing requirements and associated labour costs.

- Revenue modelling: Including commercial leasing income and scenario analysis for specialised room leasing to Government and Non-Government clients.
- Sensitivity and scenario testing: Evaluating the impact of changes in discount rates, escalation assumptions, and revenue streams on overall project affordability.
- Affordability analysis: Assessing total costs in both nominal and discounted terms.

The analysis found that while revenue offsets were modest (less than 1% of total costs), further market engagement could enhance the financial viability of the project. Recommendations were provided to refine workforce planning, confirm one-off costs, and explore funding sources to support future investment decisions.

FOR FURTHER INFORMATION

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