NineSquared

Projects

Townsville University Hospital Expansion – Financial Analysis

Supporting investment decisions for critical health infrastructure in North Queensland.

LOCATION

Queensland

CLIENT

Health Infrastructure Queensland

Financial Analysis

Background

Queensland Health, through the Townsville Hospital and Health Service (THHS), is planning a significant expansion of the Townsville University Hospital (TUH) to meet growing demand and improve service delivery across North Queensland. The proposed expansion, known as Priority 1A of the Townsville University Hospital Expansion (TUHE) Project, includes upgrades to the East and North Blocks, with additional capacity for geriatric, cardiac, ICU, CCU and emergency services. An interim surgical capacity solution is also proposed to address immediate needs prior to full completion.

To support the investment decision process, NineSquared was engaged to undertake a comprehensive financial analysis of the TUHE Project. The analysis was designed to align with the Queensland Treasury's Project Assurance Framework (PAF) and Business Case Development Framework (BCDF), and formed a key input into the Investment Decision Document (IDD).

Our role

NineSquared developed a detailed financial model to assess the costs, funding requirements and affordability of the TUHE Project. This included:

- Building a discounted cash flow model (DCFM) to evaluate capital and operating costs over a 35-year period.
- Assessing Whole of Life Costs (WOLC), including capital replacement and maintenance, based on inputs from AECOM and THHS.
- Estimating demand and capacity growth using Weighted Activity Units (WAU) and service-related group data.
- Conducting sensitivity analysis to test the robustness of key assumptions such as discount rates, capital costs, operating costs and revenue projections.

The analysis found that the project would result in a net cost to government, with incremental costs driven by increased capital investment and operating expenses. However, the expansion also delivers improved productivity and service capacity, with recurrent funding increases partially offsetting the additional costs. The financial model was independently reviewed to ensure integrity and reliability.

FOR FURTHER INFORMATION

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