

Response to question on notice

Questions on Notice Paper No 15

6 February 2025

Question No. 839

Shane Rattenbury MLA: To ask the Treasurer

1. Why was the hospital budgeted to cost \$1.15 billion but ultimately cost \$1.4 billion, given that the ACT Local Hospital Network and Canberra Health Services had a total appropriation of \$1.495 billion, that this is the single largest component of the ACT's total budget appropriation of \$9.4 billion, and that it comprises 17 percent of the budget, as referenced in the 2024-25 Financial Year Consolidated Annual Financial Statements.
2. Can the Minister list in percentage terms how the budgeted appropriation and total appropriation differed in all Australian states and territories for their Local Hospital Network, including an outline of how much as a proportion of each Australian state or territory budget is allocated to their Local Hospital Network.
3. Can the Minister detail engagement with other state and territory treasuries on what role they are playing to contain cost increases in their hospital systems and the improvements ACT Treasury has implemented in response.
4. How does the ACT's spending on hospitals as a proportion of jurisdictional income, that is Gross State Product (GSP) and Gross National Product (GNP), compare with other OECD countries.
5. What is the rate of growth in the spending referred to in part (4) each year over the past five years and is the ACT Treasury predicting that it will continue.

CHRIS STEEL MLA - The answer to the Member's question is as follows:

1. The Local Hospital Network's original budget in 2024-25 for Controlled Recurrent Payments was \$1.154 billion, and the actual outcome was \$1.395 billion (*ACT LHN 2024-25 audited financial statements, page 364 of the 2024-25 ACT Health Directorate Annual Report*). The increase between budget and estimated outcome was largely due to greater than anticipated increases in both demand for healthcare and healthcare costs and lower-than-expected Commonwealth funding under the National Health Reform Agreement, which was offset by an increase in ACT Government appropriation. This reflects the additional appropriation provided through to the Local Hospital Network through the 2024-25 Budget Review.

In the 2025-26 Budget, Health expenses totalled \$2.9 billion, or 33 per cent of the total Territory budget (*Where our money goes, 2025-26 Budget papers*).

2. Funding for hospital services by state and territory governments does not provide a consistent basis for comparing hospital expenditure as it does not account for jurisdictional differences that impact on the delivery of hospital services or different revenue sources, including that received from the Commonwealth through the National Health Reform Agreement.

The Australian Institute of Health and Welfare (AIHW) provides consistent estimates of health expenditure through a framework that accounts for differences in jurisdiction-specific reports. In doing so, the AIHW cautions against the use of relying directly on information provided in these reports, including budget documents, which may differ in scope or include duplication of funding.

The challenges of comparing health expenditure data between jurisdictions has also been acknowledged by the Productivity Commission (PC). In its *Report on Government Services* database ([12 Public hospitals - Report on Government Services 2026 | Productivity Commission](#)), the PC notes caution needs to be exercised in analysing ACT health data as it includes services provided to NSW.

The OECD publication *Health at a Glance, November 2025* ([Health at a Glance 2025 | OECD](#)) includes comparative health funding data, as a proportion of national income, across OECD countries. However, care needs to be exercised in making comparisons across jurisdictions. As noted by the OECD, health funding depends on a wide range of demographic, social and economic factors, as well as the financing and organisational arrangements of a country's health system.

Estimates of LHN expenditure across the forward estimates period are available in Budget Statement C. As set out in this Budget Statement, public health funding is broader than that for the LHN and includes the Health and Community Services Directorate, as well as other areas of the ACT Public Service. Estimates are based on existing policy settings and expectations around key underlying parameters such as demand and service delivery costs. Revisions to policy settings or underlying parameters would result in a revision to the estimates.

Total expense estimates from 2026-27 onward do not account for provisioned funds relating to the 2025-26 initiative *Investing in public health care - Responding to health care demand and cost pressures*. Release of these funds is subject to a future decision of the Government based on an assessment of future demand and cost growth. Any such decision will be based on the advice provided by the Health and Community Services Directorate, in consultation with Canberra Health Services, on expected future trends in health funding needs.

3. In May 2025, the Board of Treasurers commissioned Create Health Advisory and Professor Stephen Duckett to investigate the underlying drivers of cost growth in public hospital services. The report was published in October 2025. It provided recommendations for measures to control cost growth as well as to appropriately plan for legitimate and unavoidable costs.

https://www.treasury.sa.gov.au/data/assets/pdf_file/0006/1191165/Duckett-Report-Growth-Drivers-Australian-Public-Hospital-Costs-Prices.pdf

The ACT, together with the other jurisdictions, used the advice to inform negotiations on the National Health Reform Agreement. The new Agreement aims to provide financial certainty for public hospitals while continuing to work on longer-term health and disability reforms.

The ACT, along with all other jurisdictions, also provides information to the National Hospital Cost Data Collection (NHCDC) for the Independent Health and Aged Care Pricing Authority (IHACPA). This information provides comparability across jurisdictions and is publicly available in the annual NHCDC Public Sector Reports.

- 4. Refer to 2.
- 5. Refer to 2.

Approved for circulation to the Member and incorporation into Hansard.



**Chris Steel MLA
Treasurer**

Date: 12/3/26

This response required 3hrs and 45mins to complete, at an approximate cost of \$473.42.