QTON No. 1

Legislative Assembly for the **Australian Capital Territory**
Standing Committee on Public Accounts and Administration

Inquiry into Appropriation Bill 2024-2025 (No 2)

Answer to question taken on notice

Asked by: MR ED COCKS MLA

Addressed to: MS RACHEL STEPHEN-SMITH MLA, MINISTER FOR HEALTH

In relation to: FACTORS IN CHANGE IN BUDGET

Hearing: 7 March 2025
Uncorrected Proof Transcript TBC (Question Taken on Notice at 10:58am in hearing)
Transcript provided: TBC
Answer Due: 7 March 2025

Ms Rebecca Cross, Director-General, ACT Health Directorate took on notice the following question(s):

Mr Cocks: One of the defining attributes across the last three budget updates is the total amount appropriated for the health portfolio is increasingly out of whack. What has been budgeted, in the pandemic years, 2021- 2022, there is no amount adjusted to the amount and appropriated in the budget update. But you then go to 2022-2023 there was one million dollar change. 2023-24 that is a 200 plus million dollar change and now in this budget update, we are looking at 330 million dollars is the change in the budget update across the health portfolio. Now it is a pretty concerning trend.

What you were saying was that it wasn't just the number of services to CHS that is driving the increase? Is that correct?

Ms Rachel Stephen-Smith MLA: Well it is also other costs and that was specifically identified in the 2024 -2025 budget where there was a specific budget measure that was about recognising the increased cost that the hospital was facing.

Mr Cocks: Does that account for the increasing gap between budget and budget update?

Ms Rachel Stephen-Smith MLA: So partly it does, some of these cost increases and what we have seen more broadly across the economy is we saw that very rapid escalation in inflation post the pandemic, and that takes a while and some of these reconciliations in our billing that we receive take time to flow through and that is not only in relation to agency staffing but also in contracts for goods and other services that are purchased and it is reflected in as a lagging indicator in the IHACPA dat but it comes into affect quite immediate in the impact on DHS expenditure but you can't necessarily forecast that when you have a rapid increase in inflation which is what the health system experienced so I think that is largely the explanation but I have also seen that increase in activity after Covid.

[…]

Mr Cocks: Appropriations that have been budgeted there have been no adjustments made.

What were the factors that drove the need to the increase in Appropriations in three years?

Factors that have contributed to change across three budget updates that have required increases?

MS RACHEL STEPHEN-SMITH MLA: The answer to the Member's question is as follows:

Total new funding appropriated through the last three Budget Reviews across the Health Portfolio is indicated below:

	2021-22 Budget Review ($000)	2022-23 Budget Review ($000)	2023-24 Budget Review ($000)
Total Health Portfolio new funding	56,928	50,699	144,957

<u>**Drivers for increase in appropriation across three Budget updates**</u>

2021-22 Budget Review: The major drivers of expenditure were COVID support measures, including public health responses, mass vaccination rollouts, expansion of hospital and testing services, ICT requirements to support COVID response activities & personal protective equipment (PPE).

Refer to pages 46 and 63-64 of the 2021-22 Budget Review (https://www.treasury.act.gov.au/__data/assets/pdf_file/0004/1973272/2021-22-Budget-Review.pdf)

2022-23 Budget Review: The majority of costs can be attributed to continued COVID support, including for additional staffing to support hospital operations whilst quarantine/restrictions were ongoing, ongoing provision of PPE and testing, operation of the post-COVID recovery clinic, increased community education and awareness campaigns and ongoing monitoring and surveillance.

Refer to pages 45 and 63-69 of the 2022-23 Budget Review (https://www.treasury.act.gov.au/__data/assets/pdf_file/0018/2175030/2022-23-Budget-Review.pdf)

2023-24 Budget Review: Factors contributing to increased appropriation in the 2023-24 Budget Review includes $48 million to provide further support for delivery of the Digital Health Strategy, including the Digital Health Record (DHR), through additional investment in specialist workforce resources, infrastructure and cybersecurity. This investment also included resources to assess delivery of digital health services over time.

The Budget Review also included additional capacity to support the opening of the Critical Services Building, continuing the second PACER team, increases in insurance premiums, and better entitlements for public health workers. Additionally, the Government invested in the supporting implementation of the Disability Health Strategy, Voluntary Assisted Dying model and Assisted Reproductive Technology Bill.

The balance of additional funding provided investment in public health system sustainability, including additional funding to support operations at the University of Canberra Hospital (UCH), continued COVID supports such as testing, PPE, free RATs, and support for increased costs and complexity of health service delivery in the post-COVID environment.

Refer to pages 48, 70-76 of the 2023-24 Budget Review (https://www.treasury.act.gov.au/__data/assets/pdf_file/0003/2391636/2023-24-Budget-Review.pdf)

Approved for circulation to the Standing Committee on Public Accounts and Administration

Signature: Date: 7|3|25

By the Minister for Health, Ms Rachel Stephen-Smith MLA