



Inquiry into the Fiscal Sustainability of the ACT

Answer to question taken on notice

Asked by: Ms Jo Clay MLA

Addressed to: Minister for Health

In relation to: Health and Gap payments from Commonwealth or NSW to cover NSW patients

Hearing: 5 March 2026

Uncorrected Proof Transcript pp 31-32

Transcript provided: 12 March 2026

Answer Due: 19 March 2026

Ms Hudson: So there are changes in the NHRA that will improve the mechanism for all cross-border flows nationally at this time that will assist us, but the IHACPA reference that the minister made will be the key piece, which is recognition that small states have challenges beyond the larger states. And that provision will be worked through in the next two years. And until then we have a contribution directed from the commonwealth to cover the small state consequences that we feel.

THE CHAIR: Is that contribution fully covering the gap?

Ms Stephen-Smith: No. Certainly not the gap that we had estimated.

THE CHAIR: Are you able to take on notice what the gap that is not covered is?

Ms Stephen-Smith: Yes, it will depend on a combination of sort of what our actual activity is. And what the activity payment from the commonwealth is, and obviously from New South Wales as well. And then how much of that gap the \$75 million covers. So we will not necessarily be able to answer the question upfront, because we will not know what our activity was for the year. So we know how much we are going to get for 26-27. We know we are going to get \$75 million. But we will not know what our activity is. But we can provide an estimate of what we think the activity is and what the remaining gap will be.

THE CHAIR: That would be great. Maybe for the last year and estimated for this year on notice.

Ms Stephen-Smith: Yes, so the budget papers included our expected gap for this year.

Ms Jacobi: What I can say is that the—as my colleagues and the minister said, is that cross-border agreement negotiations are triggered by the National Health Reform Agreement. So that the arrival of that agreement, on a new addendum for that agreement naturally triggers cross-border agreement negotiations amongst all jurisdictions. And New South Wales is the most important agreement and sizeable agreement for the ACT. Those agreements, the initial provisions are informed by the Health Reform Agreement, so initially the NEP, under that agreement, is the starting

point. But jurisdictions such as ACT and New South Wales then will negotiate around important elements about the patient flows for them. And so it will encompass everything from what is the right price, understanding about those important patient flows around southern New South Wales and the arrangements that should inform them, about the patient flows of course that go to from Canberra, of our children to—our very sick children to the Sydney Children's Hospital. So it has got a range of different provisions including things that we will be starting to talk with New South Wales about around teaching training research, around capital, and the overall price, as well as anything else that is of relevance to how we can improve patient flow and arrangements across the region.

Ms Hudson: And if I may just add the notion of the gap—sorry—

THE CHAIR: I was actually just going to say, we need to move onto another question for our colleague. If you have, you are welcome to put it into the question on notice, if there is more context that you think that we need.

Ms Stephen-Smith: I suspect Ms Hudson was just going to say, it depends what you are counting the gap from? And we have counted it previously from 45 per cent, which obviously we are not—no one was expecting to get to.

Ms Hudson: Yes. In addition to we are trending towards the national efficient price. So the gap diminished as we get closer to that.

THE CHAIR: Thank you. Ms Carrick.

Ms Rachel Stephen-Smith: The answer to the Member's question is as follows:

The National Health Reform Agreement commits the Independent Hospital and Aged Care Pricing Authority to review its pricing model to determine the changes that would be needed to ensure there is an appropriate adjustment to the National Efficient Price for smaller jurisdictions.

Until this is complete the government will not have an independent estimate of the gap between the \$75 million from the Commonwealth and appropriate small jurisdictions adjustment for the ACT.

In terms of New South Wales (NSW) patients, the gap between the cost of providing services and the funding received for delivering activity based public health services to NSW-based patients in the ACT for 2024-25 is estimated to have been \$87.9 million. For 2025-26 the gap is estimated to be \$93.3 million (see Attachment A).

Approved for circulation to the Select Committee on the Fiscal Sustainability of the ACT



Signature:

Date: 30/3/26

By the Minister for Health, Ms Rachel Stephen-Smith

	24-25	25-26
ACT PRICE ¹	\$8,370	\$9,244
NEP ^{2,3}	\$6,465	\$7,258
NSW NWAUs in ACT ^{4,5}	46,138	46,983
Total ACT NWAUs ^{6,7}	215,836	219,791
NSW activity as a proportion of total ACT activity	21.38%	21.38%
NSW service cost to ACT (estimated)	\$386,175,060	\$434,310,852
NSW/ Commonwealth Service payment due to ACT (estimated)	\$298,282,170	\$341,002,614
Funding Gap (estimated)	\$87,892,890	\$93,308,238

QON response

The total estimated gap in funding between the service cost and payment received for delivering activity based public health services to NSW-based patients in the ACT for 24-25, was **\$87.89 million** and in 25-26 the gap is estimated to be **\$93.31 million**.

Calculations

NSW NWAU's for 24-25 were calculated using native NWAU's (not back-casted figures) so total ACT activity for 2024-25 also reflects native figures. Total NWAU's and NSW NWAU's for 2025-26 cannot be confirmed yet, hence the 2024-25 proportion of 21.3% has been used to estimate the proportion for 2025-26, in combination with the revised forecasted activity target for the year.

Notes/Sources/Assumptions:

Figures are for ABF only (e.g. do not include block funding) which makes up the majority of funding

1. <https://www.act.gov.au/open/act-local-hospital-network-service-level-agreements>
2. https://www.ihacpa.gov.au/sites/default/files/2025-03/national_efficient_price_determination_2025-26.pdf
3. https://www.ihacpa.gov.au/sites/default/files/2024-03/national_efficient_price_determination_2024-25.pdf
4. 2024-25 Cross Border Summary as provided by the NHFB
5. Assuming the NSW activity as a proportion of total ACT activity remains constant between 2024-25 and 2025-26
6. Reconciled activity for 2024-25 as per NHFB advice - Administrator's JAC 11 March
7. Estimated 2025-26 activity as per the amended 2025-26 SLA
8. 2024-25 Cross Border Summary as provided by the NHFB