QON No. 32

Legislative Assembly for the Australian Capital Territory
Select Committee on the Fiscal Sustainability of the ACT

Inquiry into the Fiscal Sustainability of the ACT

Answer to question on notice

Asked by: Ms Jo Clay MLA

Addressed to: Treasurer

Redirected to: Minister for Health

Reference: New South Wales and Federal Government healthcare cost contributions

Hearing: 2 June 2026
In relation to: New South Wales and Federal Government healthcare cost contributions
Question received: 6 June 2026
Answer Due: 15 July 2026

1. The Eslake report notes around 20% of ACT hospital patients are New South Wales residents. The ACT gets a contribution from the New South Wales Government for these but the Health Minister advised the payment falls short. In 2024-25, it fell short by almost $88M. New South Wales also makes no contribution to the capital costs for building our hospitals, including the Northside Hospital expansion. Noting the Federal Government has agreed to make additional payments under the National Health Reform Agreement to the ACT to account for our diseconomies of scale,

    a. When will the new payment scale commence?

    b. how much more will the ACT receive as a result?

    c. will this make up for the entire gap in payments from the New South Wales Government and mean that the ACT is no longer subsidising New South Wales residents' hospital visits?

    d. will the ACT lose GST funding as a result of the adjustment set out above and if so, how much?

    e. is there any negotiation under way for the ACT to receive contributions to the capital costs for our health infrastructure from the New South Wales or Federal Governments?

    f. What is the total estimated capital cost for ACT health infrastructure over the last five years?

    g. What is the total estimated projected capital cost for ACT health infrastructure over the next five years?

Dr Marisa Paterson MLA: The answer to the Member's questions are as follows:

a. The Australian Government offered the ACT the *Federation Funding Agreement (FFA) Schedule for Health Reform – Small State Additional Funding Support for Hospital and Related Health Services 2026-27* in June 2026. The ACT Government is currently considering the Agreement. The first payment is subject to execution of the FFA and acceptance of milestone reporting, and is due 1 November 2026.

b. This funding is expected to provide an additional $75 million to the ACT in 202627.

c. The FFA Schedule is for all hospital and related health services to be delivered in the ACT in 2026-27 and is not specifically tied to services to be provided to NSW residents.

d. Following ACT Government representation on the issue, the Commonwealth Treasurer has written to Treasurer Steel agreeing to exclude top-up payments to the ACT, Tasmania and Northern Territory from the Commonwealth Grants Commission's distribution calculations for GST. As a result, the ACT is not expected to lose GST funding due to the adjustment.

e. The Health and Community Services Directorate (HCSD) has commenced negotiations with the NSW Ministry of Health on a renewed 5-year cross border agreement. The National Health Reform Agreement (NHRA) determines the nature of Commonwealth funding contributions to states and territories and makes no provision for the Commonwealth to contribute to capital spending. Under the NHRA, the planning, funding and delivery of capital works and infrastructure for public hospitals and community health facilities is a state and territory responsibility. The ACT is seeking capital contributions from NSW separately via a bilateral agreement.

f. Estimated Canberra Health Services (CHS), HCSD and Infrastructure Canberra capital costs 2021-22 to 2025-26 are outlined below.

Capital Cost	**2021-22 $'000**	**2022-23 $'000**	**2023-24 $'000**	**2024-25 $'000**	**2025-26 $'000**	**Total $'000**
Canberra Health Services	45,764	44,276	55,050	60,231	61,137	**266,458**
Health and Community Services Directorate	41,554	62,677	60,391	42,484	4,036[1]	**211,142**
Infrastructure Canberra	108,347	263,096	189,342	51,543	75,932	**688,260[2]**
Total	**196,665**	**370,049**	**304,783**	**154,258**	**141,105**	**1,165,86**

Source: Canberra Health Services Annual Report, Capital Works chapter; ACT Health Annual Report, Capital Works chapter; Major Projects Canberra, Capital Works chapter in the Annual Reports for the 3 years ending 2023-24, the Infrastructure Canberra Annual Report for 2024-25, and the Infrastructure Canberra Capital Works Program for 2025-26.

[1] *Please note 2025-26 figures are not yet finalised and may be subject to change*

[2] *Total capital expenditure includes expenditure incurred by Major Projects Canberra (MPC) and iCBR only and includes projects transferred from the ACT Health Directorate under the Administrative Arrangements 2024 (No 1).*

g. Estimated projected CHS, HCSD and iCBR capital costs are outlined below. No estimate is available for 2030–31 onwards.

Estimated projected capital cost	2026-27 $'000	2027-28 $'000	2028-29 $'000	2029-30 $'000	2030-31 $'000	Total $'000
Canberra Health Services	90,344	73,288	23,236	24,404	N/A	**211,272**
Health and Community Services Directorate	12,790	5,239	2,023	1,223	N/A	**21,275**
Infrastructure Canberra	123,086	135,497	191,433	184,140	N/A	**634,156**
Total	**226,220**	**214,024**	**216,692**	**209,767**	**N/A**	**866,703**

Source: ACT Budget 2026-27, Budget Statement C, page 38 and 85.

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

Signature: M. Paterson Date:07/08/2026

By the Minister for Health, Dr Marisa Paterson MLA