



**LEGISLATIVE ASSEMBLY FOR THE  
AUSTRALIAN CAPITAL TERRITORY**

**SELECT COMMITTEE ON THE PROPOSED AMENDMENT TO  
THE APPROPRIATION BILL 2025-2026**

(Reference: [Inquiry into the Proposed Amendment to the Appropriation Bill  
2025-2026](#))

**Members:**

**MR E COCKS (Chair)  
MR S RATTENBURY (Deputy Chair)  
MS F CARRICK  
MS C TOUGH**

**TRANSCRIPT OF EVIDENCE**

**CANBERRA**

**MONDAY, 8 SEPTEMBER 2025**

**Secretary to the committee:  
Mr J Bunce (Ph: 620 50199)**

**By authority of the Legislative Assembly for the Australian Capital Territory**

Submissions, answers to questions on notice and other documents, including requests for clarification of the transcript of evidence, relevant to this inquiry that have been authorised for publication by the committee may be obtained from the Legislative Assembly website.

## APPEARANCES

ACT Government Solicitor.....	1
Canberra Health Services.....	1
Chief Minister, Treasury and Economic Development Directorate .....	1
City and Environment Directorate .....	1
Health and Community Services Directorate .....	1

## **Privilege statement**

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*Amended 20 May 2013*

## **The committee met at 12.30 pm.**

### Appearances:

Stephen-Smith, Ms Rachel, Minister for Health, Minister for Mental Health, Minister for Finance and Minister for the Public Service

### ACT Government Solicitor

Garrison, Mr Peter , Solicitor-General, ACT Government Solicitor

### Canberra Health Services

Zagari, Ms Janet, Chief Executive Officer

### Chief Minister, Treasury and Economic Development Directorate

Campbell, Mr Russ, Acting Head of Service

Austin, Mr Scott, Acting Under Treasurer

### City and Environment Directorate

Engle, Mr Sam, Deputy Director-General

### Health and Community Services Directorate

Bladin, Ms Caitlin, Acting Executive Branch Manager, Strategic Infrastructure Branch

**THE CHAIR:** Good afternoon and welcome to this public hearing of the Select Committee on the Proposed Amendment to the Appropriation Bill 2025-2026 for its inquiry into the proposed amendment to the Appropriation Bill 2025-2026. The committee will today hear from the Minister for Health, Ms Rachel-Smith MLA; the Solicitor-General, Mr Peter Garrison; and officials from the City and Environment Directorate; the Treasury; Canberra Health Services; and the Health and Community Services Directorate.

The committee wishes to acknowledge the traditional custodians of the land we are meeting on, the Ngunnawal people. We wish to acknowledge and respect their continuing culture and the contribution they make to the life of the city and this region. We would also like to acknowledge and welcome other Aboriginal and Torres Strait Islander people who may be attending today's event.

This hearing is a legal proceeding of the Assembly and has the same standing as proceedings of the Assembly itself. Therefore, today's evidence attracts parliamentary privilege. The giving of false or misleading evidence is a serious matter and may be regarded as contempt of the Assembly. The hearing is being recorded and transcribed by Hansard and will be published. The proceedings are also being broadcast and web-streamed live. When taking a question on notice, it would be useful if witnesses used these words: "I will take that question on notice." This will help the committee and witnesses to confirm questions taken on notice from the transcript.

We welcome Ms Rachel Stephen-Smith MLA, the Minister for Health. We also welcome the officials in attendance. We have many witnesses for this session. Please

note that, as witnesses, you are protected by parliamentary privilege and bound by its obligations. You must tell the truth. Giving false or misleading evidence will be treated as a serious matter and may be considered contempt of the Assembly.

As we are not inviting opening statements, we will now proceed to questions.

**Ms Stephen-Smith:** Chair, if I may, I know you are not inviting opening statements, but I would like, at the beginning of the proceedings, to table the deed of settlement and release with Calvary, and also the operations agreement with Calvary. They were requested last week in the Assembly. We needed to redact some names.

**THE CHAIR:** That would be helpful.

**Ms Stephen-Smith:** Thank you. We should be able to get some electronic copies sent around. I am sure my office is watching.

**THE CHAIR:** That would be very helpful.

**THE CHAIR:** Minister, you have said that the \$65 million cash settlement is in line with projections and provisions that were made by the territory, and you seem to have indicated that it was all in the budget already and all predictable. My understanding is that we have a contingent liability. Was there actually a budget appropriation amount within the budget? Whereabouts in the budget did the actual dollars appear before this decision?

**Ms Stephen-Smith:** My understanding—and I will hand over to the Treasury officials—is that there is both a contingent liability sitting within Canberra Health Services and a planned appropriation for next financial year.

**Mr Austin:** There is a provision in 2026-27 for the purchase of non-financial assets for Calvary for the amount of \$89.565 million. In addition, CHS recognises on its books fair value of assets of \$66.239 million. That provision was set up in 2023-24. Essentially, we carried it forward as the negotiations have proceeded. With the settlement now, the payment will be recognised in 2024-25, and that central provision will be backed out for 2026-27, effectively reducing our net borrowing requirements in that year.

**THE CHAIR:** It reduces them in that financial year and then increases them next financial year?

**Mr Austin:** Yes; that is right. There is the net impact on the net operating balance for 2024-25, which is when the payment is recognised. As I said, there is a net asset recognition on CHS's books of \$66.239 million, and there is the payment of \$65 million. The difference between those two figures, \$1.239 million, is the net positive impact on the HNOB in that year.

**Ms Stephen-Smith:** Plus you need to take account of the Treasurer's advance change as well.

**Mr Austin:** That is right. There is a small change. There is the Treasurer's advance

through this amendment as well. Sorry, Chair—can I just add as well—

**THE CHAIR:** Maybe you were go to this as well. There are the other liabilities. There is not just the cash payment. I want to understand how those other liabilities are being factored into the budget as well.

**Mr Austin:** Yes. I could add that an addendum will be put out to support the Assembly in considering this amendment. We are moving as quickly as we can to get that out. The details will be included in that. Essentially, regarding the final impact with the payment in 2024-25, there will be additional interest payments associated with that. Regarding liabilities, as I think the minister mentioned in her statement last week, we have taken on board some employee liabilities of about \$48 million or just a bit below that. They are essentially leave liabilities that we would take on as a new employer of those employees. Basically, all of the liabilities—employee expenses—were recognised in the 2023-24 financial statements for CHS.

**THE CHAIR:** I think you were going to borrowings and interest impacts as well.

**Mr Austin:** Yes. There will be small impact of, obviously, the payment this year, but that is vetted off against not having to borrow the \$89.56 million in 2026-27. So there is initially a negative impact. It becomes more positive over time.

**THE CHAIR:** Obviously, we had a credit rating downgrade last week. I assume that means that there is going to be an impact on the interest rate regarding borrowings to support this—

**Mr Austin:** It is difficult to say at this stage. Early indications are that there has not been an impact on yields for the territory, but it was only on Friday. The investments and borrowing team who are handling investments for the territory have contact stakeholders in the bond market, and their view is that it was either already factored in or it was not a primary consideration for portfolio managers. Often it is about the liquidity of their portfolio—what they look at when they are thinking about whether to buy ACT territory bonds.

**MS CASTLEY:** To clarify: the government is definitely borrowing the \$65 million?

**Mr Austin:** That is right; absolutely.

**MS CASTLEY:** Has the extra interest cost been calculated? I think you said it only happened Friday, so you have not looked at that yet.

**Mr Austin:** It has been and it will be reflected in the documents that should come out by Wednesday, I think. I can probably give you some numbers. I might have to get back to you on that by the end of today.

**Ms Stephen-Smith:** We will take that on notice.

**Mr Austin:** I am not sure I have that in front of me.

**THE CHAIR:** As much as possible with these questions, try to make sure you come

back with answers today, given the short timing.

**Mr Austin:** That is fine.

**MR RATTENBURY:** Mr Austin, you talked about the fact that the payment will now be reflected in the 2024-25 financial year. My understanding from the minister's statement is that the payment will be made to Calvary before 15 October or thereabouts.

**Mr Austin:** That is right.

**MR RATTENBURY:** So why is it being accounted in 2024-25 and not in 2025-26?

**Mr Austin:** Because of the rules of accrual accounting. We have been talking to the Audit Office about this. All the conditions were in place to make the payment in 2024-25, so their view is that it should be reflected in that year. It is always a bit of an arcane specialty. We had discussions with them earlier. Their initial view was that it could be in 2025-26, but late last week they thought it was more appropriately reflected in 2024-25.

**MR RATTENBURY:** So the short answer is: accounting principles?

**Mr Austin:** Accounting principles. That is right.

**MR RATTENBURY:** I am not going to argue with those. It is a dark art!

**Mr Austin:** It is.

**THE CHAIR:** Is that advice that you would be able to table, as to why it—

**Mr Austin:** It might have been verbal advice. I am not sure. But it will be reflected in the addendum that we will put out by the middle of this week. You will see it there. I could probably come back before the end of the day on the basis for that. It is basically their view that the conditions were all in place for the payment. Effectively, accrual accounting implies that you take the liability when the conditions exist. That is probably what they were saying. As a non-accountant, I would have thought that 2025-26 was more appropriate.

**MS CARRICK:** Can you get that in writing from them, about why? There was a contingent liability from 2022 or whenever the whole contract was entered into. You did not agree on the final settlement until this financial year. I assume the contingent liability stays in place until you agree on the final settlement, which was in this financial year. Can you find out why they would accrue it back to last financial year?

**Mr Austin:** Yes. I am happy to do that. I am not sure whether we would get a written answer today, though. We will find out. We may have a written answer. The team may have that. Essentially, that is the advice of the Audit Office, and we take their advice.

**THE CHAIR:** You said an appropriation has been in place since 2023.

**Mr Austin:** The 2023-24 budget was when the liabilities were all recognised in CHS's

financial statements.

**Ms Stephen-Smith:** And a provision was—

**Mr Austin:** Yes; that is right. We set it up in the 2023-24 budget, but we moved it forward as negotiations progressed.

**THE CHAIR:** Can you give me a page reference for where I would find that in the 2023-24 budget?

**Mr Austin:** Where we say we provisioned funding for that would have been in the statement of risks.

**THE CHAIR:** But that is not an appropriation, is it? That is a statement of risks.

**Mr Austin:** As a central appropriation, it would not be called out as that, particularly if it is about negotiations on commercial terms. We hold it centrally, as the name suggests, and we attribute that to various categories, depending on what it is—expenses, capital or whatever. We do not identify it as a separate thing. In the statement of risks for that budget, we called out that we have a central provision.

**THE CHAIR:** This goes right back to the start. What I was trying to get at was around appropriations. My understanding is that, usually, a contingent liability would not have an appropriation attached to it until it became a reality.

**Mr Austin:** That is right.

**THE CHAIR:** I am trying to find out whether that is where we are now—that there has been a contingent liability and now we are moving into that becoming an expense. Or has there been an expense line in the budget with an appropriation sitting beside it that has been rolled forward each year?

**Mr Austin:** This is a central provision, so there is no appropriation for it. It is appropriated in the year it sits. If we had negotiated towards the end of this financial year, it would have been appropriated in next year's budget.

**THE CHAIR:** Yes, but that would have been an increase in spending for next year's budget compared with what the forward estimates predict?

**Mr Austin:** That is right.

**THE CHAIR:** So it is not that there is a saving in next year's budget compared with what the forward estimates say; it is that the risk has been realised?

**Mr Austin:** We had a provision for the purchase of net financial assets for \$89.565 million in next year's budget that we have now backed out. To that extent, we now do not need to borrow the money we would have borrowed for that. That is the counterfactual, I guess.

**MS CASTLEY:** What information did you seek to determine that cost back in 2023?

**Mr Austin:** That was based on Calvary's financial statements for 2022-23 about the net value of their assets. We adjusted it. The number in their financial statements was about \$81 million at that point, but we took out trade payables and receivables because we did not think it was appropriate to include those in the number. Having said that, it was the basis for thinking about what the compensation might be. The book value of assets is not everything, but it is a starting point for thinking about that.

**Ms Stephen-Smith:** Mr Cocks, I can let you know that page 348 of the 2023-24 *Budget outlook* includes, in the risk statement, information about the North Canberra Hospital acquisition. It says:

The budget estimates contain a number of central provision estimates in relation to the acquisition and transition based on information known and quantifiable at the time of finalising the estimates.

**THE CHAIR:** Thank you.

**MS CARRICK:** While we are on the accounting treatment for it, out of the \$150 million, how much is capitalised and how much is an expense?

**Mr Austin:** The liabilities will be capitalised, I think. The \$23 million the minister mentioned as early compensation is an expense, and I think the \$65 million would reflect the purchase of a non-financial asset. Effectively, that will be capital in the operating statement. I think that is right.

**MS CARRICK:** I think it comes through as recurrent expenditure in the bill, as opposed to—

**Mr Austin:** If that is the case, that is correct.

**Ms Stephen-Smith:** I think that is correct. My understanding is that, while the \$66.23 million sits as a capital liability on CHS's books, the \$65 million will be an expense payment. That is my understanding of it. If that is incorrect, we will obviously correct the record. In terms of the liabilities, there are a number of debt waivers and liabilities. Out of the total amount, \$14.4 million relates to waiving of debts. The team can talk about how that is considered in the budget context. Obviously, it is not additional money that we need to borrow or pay out, but it is money that sits on the books as being owed that will be written off.

Regarding the \$48 million of staff related liabilities that accrued—going back to Mr Cocks's earlier question, and it is something that Ms Castley raised in the Assembly last week—the estimate is \$47.92 million. Maybe Mr Engele can detail this more, but that is for a number of leave related liabilities, some of which will be on CHS's books and some will not be. As I discussed in the chamber last week, we accrue liability around annual leave and long-service leave, which obviously needs to be paid out. Whether it is taken in the year that it is accrued or when someone resigns, it is paid out. My understanding is that we do not accrue, as a liability on CHS's books, personal leave or other types of leave, like domestic and family violence leave, but we have counted those into the \$47.9 million because, in terms of what we have taken on as a

liability, that is a reasonable way of considering it. But it not necessarily going to be reflected in CHS's financial statements, because—again, coming back to accounting standards—that is not the way personal leave and other types of leave are reflected.

**MS CARRICK:** How much do you actually capitalise for the value of the asset that you bought?

**Mr Austin:** The \$66 million that I mentioned before is the capital value.

**MS CARRICK:** That is what it is worth? That is the market value or the fair value?

**Mr Austin:** That is the fair value at the time. That is what they took on at the time.

**MS CARRICK:** Are you able to provide us with the transactions—the balance sheet and the expenses—and what hits the bottom line, so to speak, the surplus deficit?

**Mr Austin:** Yes. That will be part of the addendum anyway, but we can break that out for you.

**MS CARRICK:** That would be good. Thanks. It is a bit confusing with all the moving parts.

**Ms Stephen-Smith:** It is. I completely agree.

**Mr Austin:** It is. That is right.

**MS CARRICK:** To set out the transactions and the years that they hit would be really good.

**THE CHAIR:** Just to be clear: that has been taken on notice?

**Mr Austin:** Yes. We should be able to have that today.

**THE CHAIR:** Thank you very much.

**MR RATTENBURY:** Minister, in your statement to the Assembly, you outlined a number of the benefits and efficiencies that have flowed from subsuming the North Canberra Hospital into the CHS network. Is there a quantification of those benefits at this point? You described it a lot in qualitative terms, which I understand, but is there any sort of quantification of the benefits?

**Ms Stephen-Smith:** We have not done a benefits realisation at this point. That will presumably be part of the conversation that we will have with the Auditor-General around that. Mr Rattenbury, as you would probably recall, when we looked at the acquisition and whether it was likely to represent value for money to the ACT government and taxpayer, we looked at the longer term potential benefits. The assessment at that time was that the assessed range of costs associated with that would be outweighed by benefits. To the best of my recollection, we were looking at that type of benefits realisation over at least a 10-year timeframe. We made some commitments to North Canberra Hospital staff, that, effectively, nothing would change for the first

12 months unless they wanted it to change. It has only been another year since then. Having said all of that, I will hand over to Ms Zagari to talk about some of the benefits that they have seen on the ground.

**Ms Zagari:** Regarding quantified benefits, we could talk in terms of the activity that we have seen through North Canberra Hospital since the acquisition. If my team does not get that to me by the end of this session, I will have it for you by the end of the day. We have certainly seen an increase in throughput, through the emergency department and through the wards, and a reduction in the length of stay at North Canberra Hospital since the acquisition. The benefit is that more Canberrans have been treated in the time period.

There are a lot of qualitative benefits. We certainly see continuity of care across the system. There is the ability to admit to wards at Canberra Hospital from the North Canberra Hospital ED without needing to transfer to the Canberra Hospital emergency department, therefore reducing unnecessary ED presentations for care that has already commenced. There is the ability for patients to access care in the right place at the right time, and more timely transfers certainly come with quality and safety benefits. The single system allows that to happen—the ability to move patients where they should be in the system. We have certainly seen that uptick in activity, but also the qualitative benefits, in terms of continuity of care and the patient’s journey. Intensive care is another good example. There are two intensive care units that have a different level of acuity, so they can provide different services. The best thing in load-balancing across the system is that you make sure that patients are in the hospital that can provide the level of care that they need. This makes it easier for that to happen with intensive care. There was good collaboration between clinicians, but now it is a much smoother pathway to ensure that patients are receiving care in the right place and at the right level of acuity.

**MR RATTENBURY:** Minister, you spoke earlier about estimates. I do not recall the numbers, but the committee would benefit if you were able to provide them, if it is information that can be disclosed.

**Ms Stephen-Smith:** We will take that on notice. I will definitely throw to Mr Engele this time or Ms Bladin, who has been involved the whole way through the process. There certainly has been an understanding, right from the start, that ultimately all of this would be part of public examination. I do not know whether either of you is in a position to talk about what is available at this point.

**Mr Engele:** I am appearing in my capacity as the lead negotiator with Calvary. As part of looking at the project, there are a number of processes about which we will be open to public examination. We have been engaging with the Auditor-General in relation to the transaction and also in relation to scoping some after-action reviews, essentially, to look at the work that was undertaken and the processes that have been gone through. That is looking at the transaction level, in terms of how the transaction was undertaken and governance and arrangements around that. I will hand to Ms Bladin, who has much longer history of the whole transaction, to discuss the broader elements in relation to benefits.

**Ms Bladin:** I think you are referring to the work that we did on measuring the economic

effectiveness benefits of this transaction to inform the original decision. I will take on notice whether we can release that information to the committee.

**MR RATTENBURY:** Thank you.

**MS CARRICK:** If we move from the benefits realisation to the cost of the transaction—like a benefit-cost analysis, but I will go to the cost side—there is the \$150 million, but what other costs are involved? For example, there is the demolition of the hospital. Can you tell me about any additional costs to progress a new hospital by demolishing that one and building a new one?

**Ms Stephen-Smith:** To be clear for anyone listening and for the *Hansard*, the process is to build and then demolish over time. We are looking at a staged build of the new north-side hospital at this point. Part of the motivation of the acquisition was to ensure that we could build the hospital that Canberrans needed and would be owned by Canberrans. Prior to the acquisition, we had been in negotiations with Calvary Health Care around how we were going to redevelop the north-side hospital. We had done a range of work about whether building a new brownfield hospital on the Bruce site was the best option or whether a greenfield build on an alternative site might be a better option. One site was identified quite close by in Belconnen. Only one was even suitable, and it probably would have been quite sensitive for the community.

Ultimately, we determined that the best option would be to build on the Bruce site, for multiple reasons that we talked about at the time. Given that that decision had been made, we were in negotiations with Calvary about how we would build on that site. My expectation was that we always intended and hoped to build the hospital we wanted to meet the needs of Canberrans. In that context, the cost of building and the cost of demolishing would be exactly the same, whether we had acquired the hospital or otherwise.

The counterfactual that Ms Castley referred to was whether we entered into a PPP with Calvary, where they built and owned the hospital and we paid them to operate it, or whether they built the hospital and we paid for it, or whether they transferred to us, under agreement, a portion of the land and we then built the hospital and they operated it. The Calvary Network Agreement at the time required us to pay them to operate a public hospital on that site for the next 76 years. There was no way for us to cancel the Calvary Network Agreement. There was no cancellation clause built in, so, even if we had built a greenfield site, we still would have had to keep paying them, unless we somehow managed to cancel the agreement.

Our negotiation with Calvary got to the point where we made them an offer—that we would acquire the whole land site inside Mary Potter Circuit, which is the land we now have, and we would reach an agreement with them to operate the new hospital for 25 years. That was the offer that we could not reach agreement on. They rejected the 25-year term. That broader context makes it very hard to compare the costs now with what the costs would have been then. In an ideal world, if we had reached agreement with them that we would stage a build for the new north-side hospital in the way that we wanted to and met the needs of Canberrans, and that it was owned by Canberrans, they would have operated the hospital for 25 years. There is absolutely no difference in the costs of development and demolition to what we are currently planning to do.

**MS CARRICK:** At the beginning of this line of questioning, you mentioned the reasons. Are you able to provide us with the reasons that you had at that time?

**Ms Stephen-Smith:** We went through that in a lot of detail at that time. I will take it on notice—

**MS CARRICK:** Can you cut and paste it from somewhere?

**Ms Stephen-Smith:** Yes. I will take it on notice and provide some relevant documents.

**MS CARRICK:** That would be great. You talked about the staged build. Is how that staged build is going to unfold public?

**Ms Stephen-Smith:** It is not. We are doing some detailed design work at this point with Multiplex. As you would be aware, we brought on Multiplex, as our very early contractor engagement partner, in March this year. They have been working with BBM, the architects, on a number of different placement design options—what is going to work best—recognising that we have a range of financial constraints. We have provisioned more than a billion dollars, but construction costs have gone up, so it is about how we build as much as we can. Decisions are yet to be made on the final cost and the final build design. They have been going through some design options for the site. Those will be going through an Expenditure Review Committee process, a cabinet process, and then we will engage with the community in further consultation in the second half of this year. Hang on—we are in the second half of this year. It will be in the next six months or so. We will then provide the community with some more information about exactly what those options look like and how we made the decisions we made. We will also get community feedback, just as we did with the Canberra Hospital expansion.

**MS CARRICK:** Have the buildings reached the end of their useful life? What condition are they in?

**Ms Stephen-Smith:** A number of the buildings have been identified as effectively having reached the end of their useful life. Obviously, we have continued to undertake maintenance. Part of the work that the team has been able to do as a result of the acquisition is to better understand the state of that infrastructure. That has also affected some of the options that can be considered by our team in Multiplex and BBM. In relation to community engagement, a consumer reference group has already been established for health infrastructure. They have been engaged in conversation about this project today, as have staff at North Canberra Hospital and the clinical engagement people.

**MS CARRICK:** Are we able to get any reports on the condition analysis or condition—

**Mr Engele:** We will take that on notice.

**Ms Stephen-Smith:** I am pretty sure that a fair bit of public information is already available. We will take that on notice, Ms Carrick, and see what we can provide.

**MS CARRICK:** You said you bought the land inside Mary Potter Drive. Land outside of that stays as it is? Who owns—

**Ms Stephen-Smith:** Sorry—I was short-handing it. If you look from Haydon Drive, Mary Potter Circuit goes around. We already own the bit on the left-hand side, the northern block. That is where Gawanggal, Arcadia House and the cottage are. That was already ACT government land. Regarding the multistorey car park that is on the right-hand side of Mary Potter Circuit, we effectively leased that land back from Calvary, so that has become part of our land, and Calvary has retained the Calvary private hospital clinic, Hyson Green, Rotary Cottage and the open-air car park on the right-hand side of Mary Potter Circuit.

**MS CARRICK:** Thank you.

**THE CHAIR:** I will jump in quickly regarding site location. My understanding is that the site is largely in a bushfire-risk zone. Has that been analysed at this stage, in terms of considering changes to building requirements over the past few years?

**Ms Stephen-Smith:** Yes.

**THE CHAIR:** Has there been any flow-on to what is required to be built on that site compared with other sites, in terms of meeting the bushfire standards?

**Ms Stephen-Smith:** Yes; absolutely, Mr Cocks, and that particularly applies to the northern block that already houses ACT government facilities and Arcadia House, which is run by Directions. That has been part of the detailed consideration that Infrastructure Canberra has been doing and Multiplex and BBM have been doing around potential site options and design. It is one of the things that we said from the start, regarding a potential car park on the northern block, recognising that that side of the block is where the bushfire risk comes from. That is something we are still working through on potential design options.

**THE CHAIR:** So you would not have the cost impact of that at this stage?

**Ms Stephen-Smith:** No.

**MS TOUGH:** The acquisition of Calvary has allowed for an integrated health system across the ACT. Ms Zagari shared some of the benefits in efficiencies and patient journeys. I am interested in an update on how the progress of the billion-dollar investment in the new north-side hospital is coming along now that we have that integrated system.

**Ms Stephen-Smith:** Thank you. Ms Tough. We are progressing really well towards main construction commencing mid-decade. I define “mid-decade” in the same way that I define mid-40s or mid-50s! I am really confident that we are on track with our partners in Multiplex. The very early contractor involvement process means that we are getting a lot of expertise around constructability—efficient construction processes. The work that we are doing on early works includes engaging Child and Adolescent Mental Health Services about the relocation of the cottage, off the northern block. We have already closed Gawanggal, although the building is still there. We are working through

the future of Arcadia House, as we would all be aware. That looks like it can stay onsite for a bit longer than we had originally anticipated. The childcare centre will have to be relocated as well, so we are working with Capital Region Community Services on that. We will then look at what other elements will have to be demolished. I talked about the staged process. Part of the demolition will be in an area that is largely an outpatient service. Where that would be relocated is an early consideration in the early works, before we get to main building construction. There are obviously also some geotechnical considerations. Do you want to expand on that element?

**Ms Zagari:** I do, but not on geotechnical considerations. What I would say very clearly is that we are absolutely moving towards an integrated system. It takes time, so I will not sit here and say that everything is finished and we are there. We foresee significant additional benefits over the forward years. Part of the north-side planning looks at where services should be provided across Canberra—what is the right place for each of the clinical services and at what level should they be in each of the hospitals, and, therefore, what is the model of care for the entire service across Canberra? That is so we end up with a truly integrated system, with appropriate design across all of the sites for service delivery.

The team at North Canberra have worked really closely with the team at iCBR and the Multiplex team around what services should look like. The user groups come together with the clinicians throughout the hospital to look at the speciality or the area of work that we are talking about—what it should look like, what needs to change, what investment is required and how we should move that over the coming years. It is a big piece of work.

I can provide the numbers for Mr Rattenbury now around increased presentation, if that is useful.

**MR RATTENBURY:** Thanks.

**Ms Zagari:** We had a slightly anomalous year in 2021. I say “we”, but I was not in the territory. It was about undertaking the post-COVID catch-up in surgery. Big numbers were done in that year. That was the biggest year to date and it was followed by a significant downturn in 2021-22. There are the NWAUs. This is how we measure activity. In 2021, we were at 40,302. In 2024-25—understanding that this is an estimate, so I have to caveat it in all the usual ways, because it is still going through the data cleansing process—it is estimated to be at 49,135. In that period of time, we had a 25 per cent uplift in NWAUs. ED presentations increased in a similar way. There were 60,000 in 2021, noting that was lifted by COVID, and there were up to 64,000 in the year just gone. Separations have gone from 34,000 to 45,970. That is a significant uplift. In the year just gone, we did our highest number of elective surgeries through the North Canberra site to date.

**MR RATTENBURY:** Thank you.

**THE CHAIR:** Ms Tough, did you have anything more on those?

**MS TOUGH:** No; I think that covers it, actually. I was going to listen to those numbers and see if I had anything, but that is all good.

**THE CHAIR:** Excellent. I have a couple of things. Firstly, you made a comment around an integrated system. There are a couple of ways to think of integration when it comes to health systems. One of them is that you make things work better connecting the existing pieces of the puzzle, and the other big one is you take what is out there and put it all inside the one system. What approach are you taking to health system integration in the ACT?

**Ms Zagari:** It will depend on individual specialities. There is not a one-size-fits-all answer to this. Some things will be different between North Canberra Hospital and Canberra Hospital, for example, and some things will be the same. Some of the system needs to be consistent—so the underpinning system around elective surgery and around operations—and then, within specialities, there are some things that need to be different. So it is governed by a consistent set of policies but then there are differences in model of care which come about because of the nature of the service that is provided. So it does not mean that you have to have a single head of geriatrics, for example, for the entire territory. It may be that there is a single head of a speciality or, indeed, that there are different heads at each site. But the consistent policy system and structure underpin those specialities so that there is a consistency within.

**THE CHAIR:** Okay. Do you have a defined approach for considering whether parts of the health system should be insourced?

**Ms Zagari:** We are undertaking the insourcing question around cleaning in the first instance, and that will provide almost the roadmap towards considering that for other services. We have not applied it to clinical services at this stage.

**THE CHAIR:** Okay; thank you.

**MS CASTLEY:** Minister, on what date did Calvary submit their claim for costs?

**Ms Stephen-Smith:** There were 35 claims submitted in total, of which five were subsequently withdrawn. I think the final claim was submitted quite close to the deadline of 2 July 2025. But Mr Engele might have the—

**Mr Engele:** That is right. I do not have the submission date. There were a number of different costs. So the process over those 35 claims was that, at periodic times, they would put in claims for the different nature of the costs—for example, consultancy costs. Were you asking in relation to the costs of administering the process or in relation to the whole—

**MS CASTLEY:** The whole thing—the 30. If you can give me an understanding—

**Mr Engele:** Sure. I understand the question. There were a number of smaller claims—in the \$1 million or \$2 million or a few hundred thousand—that had been coming through. But the really substantive claims were the one for the physical building and land and then one for covering the termination of the network agreement. Those did not come through and were not processed until earlier this year. Processing those claims was the precursor for opening an ability to have a negotiated settlement, because they were very large—in the hundreds of millions of dollars. As part of those, the work in

that was really understanding what had been acquired by the territory and the value of what had been acquired.

**Ms Stephen-Smith:** Sorry; if I can just make a correction: I think I said 2 July 2025 for the large claims, but I think they did submit them in 2024, rather—

**Mr Engele:** Yes; they submitted them earlier in the year. That is right.

**Ms Stephen-Smith:** Yes.

**MS CASTLEY:** Can we get a list?

**Mr Engele:** Yes, we can provide that.

**Ms Stephen-Smith:** We can; yes.

**Mr Engele:** The only thing would be the commercial confidence of Calvary, but we—

**Ms Stephen-Smith:** We could provide you with the claim and date received, if that is helpful.

**MS CASTLEY:** Yes.

**Ms Stephen-Smith:** We might not be able to provide quantum claimed.

**MS CASTLEY:** Okay. You talked about a couple that were a small amount—say, a million. Is that additional to the \$65 million, or—

**Mr Engele:** No. The settlement figure is to cover a release from all—

**MS CASTLEY:** All of those separate claims.

**Mr Engele:** That is correct; yes.

**MS CASTLEY:** Okay. Once they submitted the claims—let's go with the big ones—what negotiation took place?

**Mr Engele:** I would just clarify that there is a legislative process that was brought in as part of the special purpose legislation. That had a requirement for considering the claims and providing just terms compensation. So there was not so much of a negotiation process as part of that. It was really the territory examining the question of: have we actually acquired what is claimed to be acquired? In some instances, the view of the territory was that we did not acquire anything—it was either already owned by the territory or there was no thing to acquire—and then determining the value of that. That ranged from clear things where we could see costs. For example, there were invoices or, when we were processing considerations, you could actually see it in the data.

Sometimes we needed to go back and forth to clarify, and there was a request for further information process. But it was not a negotiation, per se. It was a sort of claims determination process. The delegate was the Director-General, who then made a

determination. There was an ability for them to then move into a dispute resolution process as part of that. So they could ask for a reconsideration and provide additional information. Then, if agreement could not be achieved, it would move into an expert determination process.

The holistic settlement that we achieved was a parallel process to that. It was not governed by the legislation. It was just an ability where we wrote to Calvary and asked if they would like to negotiate a holistic settlement. That was intended to cover all claims and future claims that were reasonably known to them at the time in exchange for a single figure. So we tried to simplify that process down to a single, negotiated figure. That is the \$65 million, recognising that the \$23 million had already been paid in early compensation.

**MS CASTLEY:** Minister, I think during the last week, you said—and it might have just been a comment at the end of a question—that, as far as you know, there is no more money to be paid; that there are no further claims that can possibly come to the ACT government. Is that right?

**Ms Stephen-Smith:** What I think I said was that it is possible that there may be another claim submitted but, as to the deed and settlement releases, it is a release from all claims that are or should have been known at the time. I guess I am being cautious in saying that it is conceivably possible that something comes to light that Calvary could not have been aware of as of 28 August 2025 that they may be able to submit another claim for through a process outlined in, I think, clause 20(3) of the regulation. But I could be wrong about that clause number. So they still have the opportunity to write to the minister to say, “We have become aware of something which we were not and could not possibly have been aware of at the time.” Section 20(3) of the regulation remains available for them to do that should something come to light.

**MS CASTLEY:** Is there—and obviously if there is, you cannot tell us the amount—any other amount of money that has had to be paid and the total amount kept quiet?

**Ms Stephen-Smith:** No.

**MS CASTLEY:** No? So everything that has been required to do the acquisition is what we have heard?

**Ms Stephen-Smith:** Yes.

**MS CASTLEY:** At the moment, there are signs being changed at Calvary, I believe.

**Ms Stephen-Smith:** No.

**MS CASTLEY:** Did someone tell me that there are signs, big plinths and things like that? No? I was just wondering which budget that is coming out of—

**Ms Zagari:** There was a wayfinding exercise undertaken at both the Canberra Hospital and the North Canberra Hospital. Temporary signage was put in place during accreditation—actually, last year—and this is now getting the physical signage in place across the campus.

**MS CASTLEY:** Was that budgeted for?

**Ms Zagari:** It was budgeted for.

**MS CASTLEY:** Okay.

**Mr Engele:** I should just clarify, Ms Castley, that, as part of the operations agreement, which has been tabled, you will see there is a requirement for the territory to split the utilities. Currently there is just one gas connection to the entire site and, as part of the redevelopment, we have agreed that we will split that, so that Capital have its own monitoring. That is an additional cost which will come through as part of the redevelopment of the campus.

**MS CASTLEY:** Thank you.

**Ms Stephen-Smith:** And I did mention previously, I think in the Assembly last week, that we recognise that there have been costs of public service and consultants associated with the transition, the acquisition and the transition process. So I have asked the team to go through and work out what those costs were. They were detailed in each budget as we went through the process, but some were rolled over from one year to the next. So you cannot just take the budget numbers and add them up.

As I also mentioned, we will do that work and understand that, but what we will not be able to understand is what the counterfactual was—so what would have happened if we had not undertaken the acquisition. We still would have had to negotiate with Calvary around the transition of the land and around the process for partnering with Calvary for the construction of the north-side hospital. My guess is that the team required to do that work would probably have been just as large as the team required to do this work. But we will not ever know the answer to that question.

**MS CASTLEY:** Thanks.

**THE CHAIR:** Are you able to provide information on how much was spent on advertising and communications work surrounding the north-side hospital?

**Ms Stephen-Smith:** We can take that on notice, Mr Cocks, to see—

**THE CHAIR:** If it is zero, that is fine.

**Ms Stephen-Smith:** It probably will not be zero, because there was a little bit of communication to people around the changes at the time of acquisition.

**THE CHAIR:** Okay; thank you.

**MS CARRICK:** You said that you were going to provide the claims and the dates of the claims and some other bit of information, but not the quantum because of commercial-in-confidence. But is it possible to ask Calvary if the quantum can be included if they come to the committee in confidence?

**Ms Bladin:** I can ask them.

**Ms Stephen-Smith:** We will take that on notice.

**MS CARRICK:** Thank you.

**THE CHAIR:** Okay. As there are no others on this one, Ms Castley, I am happy to pass my question to you.

**MS CASTLEY:** Thank you. It is along the lines of what we have been talking about. We know that there was the \$23 million the government had already paid. The press release last week, on 2 September, said that settlement was reached with Calvary Health Care. You said that you had finalised the deed of settlement as required under the Health Infrastructure Enabling Act and that the settlement was \$65 million, in addition to what had already been paid. The \$65 million was not in this budget, but next. Does that mean that you were expecting negotiations to go longer than they did?

**Ms Stephen-Smith:** Yes; that is right. A decision had been made in putting together this budget—and Mr Campbell might like to talk about that process—around our best guess as to when the payment would need to be made to Calvary. Part of the negotiating process is when we make the payments. Even if we reached agreement in this financial year, we might have been negotiating to make the payment next financial year. But Mr Campbell might like to expand on this.

**Mr Campbell:** As part of finalising the budget, we had to make a judgement about whether we would actually land a decision in time for the publication of the budget, so that it would go through all the various financial statements. But, at that time, there had been no agreement made or not prospect of it being agreed in the next financial year. So we moved that central provision into 2026-27, given that we thought at some point during 2025-26 that would likely land. But we did not know when in the timeframe.

**MS CASTLEY:** So your expectation would have been that we would have been doing this at a later stage during the year—that it would have hit before.

**Mr Campbell:** That is right.

**MS CASTLEY:** Minister, at the beginning of the Assembly term you needed an extra \$332 million, and now we have another \$65 million. So we are up to \$397 million to fix the fiscal mismanagement and decisions that the government has made. Are we likely to have another one of these in the next 12 months?

**Ms Stephen-Smith:** I completely reject the premise of your question, Ms Castley. The reason that we are here today is because we think the most transparent and expeditious way of appropriating the money required to finalise this settlement with Calvary is to add it to an appropriation bill, because there is one before the Assembly. But I certainly do not have any expectation. There is nothing on my radar that would suggest that we would be coming back with further requests for funding.

But, as I say, I completely reject the original premise of your question. Like every jurisdiction, we have faced health funding pressures. But this particular cost is one that

has been factored into the budget for many years, with a provision that has been moved from one year to the next and it has come to fruition at this particular point in time. But it is not an unknown pressure.

**MS CASTLEY:** So Canberrans should be happy that an additional \$397 million was required because services have improved in ACT Health?

**Ms Stephen-Smith:** Well, (a) you are conflating two completely different things; and, (b), you are—

**MS CASTLEY:** Well, it is additional taxpayer money that you have needed to ask the Assembly for. Have Canberrans seen \$397 million worth of additional benefit in this 12 months?

**Ms Stephen-Smith:** They have certainly seen a good deal of additional activity, Ms Castley. The reason that Canberra Health Services has been appropriated—not this particular amount of funding, with the amendment to the appropriation bill—for a record amount of funding, a very significant increase in funding, is that Canberrans and people from the surrounding region have been using our health services more. We have performed more elective surgery and we have seen more emergency department presentations. So, yes, Canberrans have seen the benefit of that. They are the ones using our health services.

**MS CASTLEY:** Thanks.

**THE CHAIR:** Just quickly, because this was getting close to something I was interested in: I think you said that this is the most expeditious and transparent way of dealing with this appropriation amount. Was there consideration of using things like the Treasurer's Advance?

**Mr Campbell:** Certainly the Treasurer's Advance is an option. But, obviously, it is not intended for something that you know and you are in a position to know and act on, in the context of approaching the Assembly. It is primarily meant to be usually utilised later in the financial year as a result of directorates moving through the financial year with known budgets and, as they are getting close to the end of the financial year, they have a better line of sight as to whether they are coming above and below. Really, the main objective for having a Treasurer's Advance is for those unexpected things towards later in the financial year.

**Ms Stephen-Smith:** And I think the more likely approach if, for example, this had occurred in another two months when we had already passed the budget, would have been a second appropriation bill. Again, that is about what the purpose of the Treasurer's Advance is, but it is also about transparency and accountability for the Assembly.

**THE CHAIR:** That is right. I wanted to understand more about the considerations. It sounds like you considered a second appropriation bill after this passed, rather than using the emergency measures that are sort of inherent in the Treasurer's Advance.

**Ms Stephen-Smith:** Yes.

**MR RATTENBURY:** Minister, in your statement—and you talked about it a bit today—there are ongoing obligations with Calvary, which includes the provision of utilities, the use of the air bridge and access to car parking. Is there an estimate of the ongoing value of those obligations?

**Mr Engele:** I have spoken about, I guess, splitting the utilities.

**MR RATTENBURY:** Yes.

**Mr Engele:** It is not clear whether that will be a material amount above what would have already had to occur, because utilities work is expected as part of the redevelopment of the campus. The air bridge is really about a protocol of how we will work together. In terms of some of the questions on the air bridge, you will see in the operations agreement, it is really focused on the use of it. It is going to require recertification under engineering standards. So it is sort of how we deal with different possible approaches that we may take in the future with those. So that is more a governance component. The parking is just a reflection of the current arrangements for parking, which is that staff for Calvary have been in the past able to access staff parking permits and then park in the existing staff parking area. So it was just really trying to recognise those existing arrangements and put some clear governance around it as part of the agreement.

**MR RATTENBURY:** Thank you. I am a little out of my area of expertise, but does that staff parking then attract some sort of fringe benefits liability for the ACT government in the provision of parking for staff?

**Mr Engele:** I do not believe so, because I think there is general free parking at the moment.

**Ms Stephen-Smith:** It is free for everybody. So they are not getting a particular benefit.

**MR RATTENBURY:** Okay. Lastly, I noticed that part of the settlement agreement includes paying the Supreme Court costs for Calvary. There is a reference in the minister's statement, Mr Garrison.

**Ms Stephen-Smith:** Not requiring them to pay our costs, which they were ordered to pay by the court.

**MR RATTENBURY:** Thank you. That was my question, because I understood the ACT government was the successful party in that litigation. So it is a waiving of a liability?

**Ms Stephen-Smith:** Yes; that is right.

**MR RATTENBURY:** Thank you. Mr Garrison, you were going to get a go there, but it was so quickly dealt with.

**Ms Stephen-Smith:** Sorry; I should have let you answer that one, Peter!

**MS CARRICK:** This is a parking question—good old parking—and I think I brought it up somewhere before. At Hennessey House, when nurses and other staff are doing the night shift, how do you guarantee or can you provide parking for them closer so that they are not walking through the bush to the CIT car park at half past 11 at night? I keep hearing concerns about safety. Can something be done for the night shift to have parks closer so they are not having to use the CIT and the bush?

**Mr Engele:** There is a staff parking area in the multistorey, and I think there might be a few other staff parking areas around. It is really just to give them the same access as existing staff to it. I am not sure, from an operational perspective, if you are aware of the issue.

**Ms Zagari:** I wonder if I can just clarify: are we actually talking about the night shift—so starting at night—or are we talking about the evening shift, which finishes at 9.30?

**MS CARRICK:** My understanding is they finish at around half past 11 and, because whenever they have started, they cannot get parking, so they are parking in the CIT and then walking through the bush to work, Hennessey House and then going back at half past 11.

**Ms Zagari:** So it would be the evening shift.

**Ms Stephen-Smith:** It is probably best for us to take that question on notice. It is very much an operational question.

**Ms Zagari:** I will take it on notice.

**Ms Stephen-Smith:** But my understanding is that we have had that feedback from staff, and the team has been looking at how we can ensure that there is appropriate transport to offsite parking if people are needing to use that.

**MS CARRICK:** So can we get that on notice?

**Ms Stephen-Smith:** Yes.

**Ms Zagari:** We can take that on notice.

**MS CARRICK:** And what the solution would be to safety issues?

**Ms Zagari:** Yes. Just for clarity, that is the evening shift that we are talking about, and that is what I will answer on notice.

**MS CARRICK:** All I know is that staff, like nurses, would be walking through that bush to the CIT at night-time and feeling unsafe.

**Ms Zagari:** Yes. So it is that evening shift. I will answer that.

**MS CARRICK:** Anybody that does it at night-time, whatever shift.

**Ms Stephen-Smith:** Yes.

**THE CHAIR:** I am going to jump in on that one as well. I am not just hearing feedback about night-time; I am hearing feedback about parking problems in general. Do you have any information on what the current problems are with parking and when it is expected to be rectified so patients also can actually park close to where they need to be?

**Ms Stephen-Smith:** There is an ongoing challenge around parking, I think it is fair to say. I have been—

**THE CHAIR:** Things have gotten worse.

**Ms Stephen-Smith:** visiting that hospital for a while, and the parking situation is currently worse than it was probably a couple of years ago. That probably reflects the activity that we have been seeing. So yes, it is definitely part of the design of the new hospital but also thinking about how we provide parking. As I said, there is already a conversation around whether there are places that people can park off campus where they can then be supported with a shuttle or something. So, again, we will take that question on notice, Mr Cocks. But, be assured, we are very conscious of parking issues across both acute hospital campuses.

**THE CHAIR:** Could you add to taking on notice whether there has been any reduction to any parking, in the number of car parks available and accessible, on the campus?

**Ms Stephen-Smith:** I do not think so. I do not believe there has been.

**Ms Zagari:** No, there has not. On the parking at CIT, there is a regular shuttle to it during specified hours—and I will be specific about that in response—which is about trying to ensure that staff who are parking in the day use the offsite parking so that those who need to access in the evening—

**MS CARRICK:** There is no shuttle that late, I do not think?

**Ms Zagari:** I will provide that in the response.

**THE CHAIR:** Thank you.

**MS CARRICK:** This question is about the impact on the budget of increasing health costs. In the forward estimates, the health costs increase by around 1.6 per cent a year. There is an increase in the base; then it plateaus, with an average increase of 1.6 per cent a year. What reporting is being done? Where are we up to now? We are in September. Do we know by how much the activity is increasing to date, and whether that is above what is expected and what is in the budget?

**Ms Zagari:** What we are seeing so far this year, Ms Carrick—and I provide the caveat around the data being cleansed later, so the numbers that I talk about at the moment are from operational data sources—is ongoing significant increases in emergency department presentations at both sites and, indeed, presentations through our walk-in centres. We are seeing only a small increase in admissions from that. A lot of that involves presentations to the emergency department that do not require admission to

hospital and they are discharged home from the emergency department. That is then within the resources that we have available, because ED is staffed to respond to those presentations.

While the ongoing increase in presentations to the emergency department is sustained, it is not translating into increases in admissions through to multi-day beds, which is where we would see particular increases in costs.

**MS CARRICK:** Are you able to break it down into lower categories? For example, in the org chart, there are things like medicine, surgery, community services, allied health, medical services, women and children, clinical care, palliative care, surgical division, and nurses and midwifery. Can you break down the costs so that you can see the pressures happening in each of these areas?

**Ms Zagari:** The activity and costs are not the same, and they do not necessarily map to the org chart. We could talk about increases in demand by specialty, within what we have seen year to date. We can provide a limited amount of information around that at this point in time. We would see more information come out once the first-quarter data is published through the directorate.

**MS CARRICK:** I am not saying that particular breakdown; it is just a breakdown.

**Ms Zagari:** Yes. We look at specialty, Ms Carrick.

**MS CARRICK:** Could you provide on notice how you break it down and where you see the pressures?

**Ms Zagari:** Yes.

**MS CARRICK:** Or how you do see the pressures, if they were to emerge? Maybe there are not any at the moment. Can you provide how you monitor that?

**Ms Zagari:** Firstly, what we have seen and, secondly, that understanding of what we are doing to continue to monitor it?

**MS CARRICK:** Yes; thank you.

**MS TOUGH:** Going back to the integrated health system, what does this mean for staff who move across the system, and what are the efficiencies that this then provides, when staff are in one system?

**Ms Stephen-Smith:** We did make a commitment to North Canberra Hospital staff, as part of the acquisition, that no-one would be required to work across the other Canberra Health Services sites if they did not want to. But it does provide an opportunity, for example, for people to move backwards and forwards, for acting opportunities, and an easier pathway for promotion and transition to different roles.

**Ms Zagari:** I would say that it is particularly useful when there are opportunities for higher duties, to act in a promotional role for a period of time to gain experience, when someone is on leave or there is a short-term vacancy. We absolutely do not require staff

to move from one site to the other, but there are always opportunities for rotation that, if staff choose to take them up, offer a lot of benefit, in seeing how operations work at the other site. Also, team members coming from a lower acuity area can have experience at a higher level of acuity and gain new skills. Those options are always available to staff, and we encourage people to consider them. But there is no pressure on those who do not want to move between sites.

**MS TOUGH:** What kind of effect does that have on staff wellbeing—those extra opportunities that are available?

**Ms Zagari:** Where someone has had an opportunity to act at a higher duties level, when a role becomes substantively available, they are more competitive; they have had the chance. Also, they will know whether that is something they want to do, before they sign up for the ongoing opportunity. The opportunity for flexibility and movement between sites for some staff means that they get a greater variety in their work and more flexibility across the system. Some staff really value those opportunities.

**MS CASTLEY:** Minister, when your media release went out, I believe it said that, in coming to a settlement and agreement, the territory has waived some debts and liabilities. That might have been in your media release. Did you detail the additional costs of \$62.4 million in that release? Did it break it down, or did you just say, “We’ve just come to a settlement agreement, and it’s \$88 million”?

**Ms Stephen-Smith:** The media release is public. People can judge for themselves what I said. I also said at the time to the media that I would be making a ministerial statement the following day that would provide more detail. It was clear that we were committed to being transparent about this.

**MS CASTLEY:** Why weren’t you transparent on the first day? Why did you wait until the media release went out, with the title of \$88 million, and—

**Ms Stephen-Smith:** That is the cash amount that I think is the headline amount of the actual payment to Calvary, and that is, in many ways, the new information. With the liabilities that have been accrued, certainly, the largest liability in relation to staff was accrued in 2023. To the extent that it is ever going to sit on the books, it has been sitting on the Canberra Health Services books since 2023. It was not new information that Canberra Health Services had acquired liabilities in relation to staff. The only additional information was the way that it was related to the \$14.4 million of debts that Calvary owed to the ACT government for various things.

Obviously, this is an announcement that we made, in agreement with Calvary, and in consultation about what would be announced on that day. The agreement was that we would recognise that there were some additional liabilities and that that would be further discussed in a ministerial statement the following day, which is exactly what I told the media, and exactly what we did. We have now tabled the full deed of settlement and the operation agreement.

**MS CASTLEY:** The ABC reported on 2 September, in their TV story, “The total price tag for the controversial takeover of the public hospital in Canberra’s north finally revealed.” It also reported then that it was totalling more than \$88 million. You were

noted to have said that it was “good to have reached this settlement”. You say you did not hide the debts and liabilities to the media, but why did you not tell the media that there were additional costs—that this was not the total cost of the takeover of Calvary hospital?

**Ms Stephen-Smith:** I did. As you have noted, Ms Castley, it was in the media release that there were additional liabilities and waivers. I can open the media release and look at exactly what I said. I also did a press conference that went for at least 20 minutes, and we briefed a number of journalists explicitly prior to that. I think it is a bit of a stretch to suggest that we did not—and I will read from the media release:

In coming to a settlement and agreement, the Territory has waived some debts, liabilities and other financial offsets. The Territory has also entered into an Operations Agreement ...

In being asked about that at the press conference, I said that those liabilities and waivers related to staff—the liabilities associated with staff, the 2,000 staff moving over from Calvary to Canberra Health Services. I cannot remember exactly what else I said in the press conference, but I did explicitly say that I would detail all of that in the following morning’s ministerial statement, which is exactly what I did.

**MS CASTLEY:** Do you understand, though, the confusion? You have a responsibility to explain yourself to the Assembly, and to the media as well, when they are reporting that the minister has come out and said, “This is it; the cost is \$88.2 million,” and we all wake up the next day to find out, “Hang on a second, it’s actually \$150 million.” Why were there two bites of the cherry? Why could you not have been up-front from that first moment? Canberrans have been waiting for this, whether you like it or not; they have wanted to know what this is costing them. Can you explain why you broke it down in such a way?

**Ms Stephen-Smith:** I just have, Ms Castley. As I said, this announcement was made with Calvary in an agreed process where we had to agree on some words, and the management of those words, around the waiver of debts and liabilities, and other financial offsets. As I have said, in relation particularly to the staff leave liabilities, there are differences in the way that you can present those. We have presented what we believe to be a full accounting of the liabilities, including liabilities for personal leave and other leave. Those are not necessarily things that count as liabilities. They are not sitting in CHS’s books, so we have been transparent about that.

**MS CASTLEY:** But why did it take until question time for you to outline, when I asked you—

**Ms Stephen-Smith:** It did not take until question time, Ms Castley. I circulated a ministerial statement at 8 am the following day. I made this announcement at lunchtime on the Tuesday. At 8 am on the Wednesday, I circulated a ministerial statement. I had done a 20-minute press conference on the Tuesday, circulated the ministerial statement, with all of that information in it, which apparently you could not add up, before you went on radio at 9 o’clock or something. I do not know what more you want from me, really.

**THE CHAIR:** Minister, can we just stick to answering the questions?

**MS CASTLEY:** I would like to understand more clearly why you did not just explain to Canberrans, in that first instance, what the total cost would be, instead of hiding it in debts and liabilities and not correcting it in the media? We were all left wondering.

**Ms Stephen-Smith:** Ms Castley, I have already answered your question. This was an approach that was agreed with Calvary, and in good faith. We have consistently worked collaboratively with Calvary. In that spirit of working collaboratively with Calvary, the announcement was made in the way that we agreed with Calvary that it would be made.

**Mr Engele:** For context, in relation to some of these expenses, the nature of them was contested, as to where the liability sat. As part of some of the negotiations, there had been disagreements as to where some of those accrued leave liabilities sat. Calvary had a view that they already sat with the territory. That was not the territory's view. That made it difficult to include, for Calvary, as part of a broader announcement, because the settlement closed off that avenue, as part of any future concerns, but there had been, all along the way, a dispute in relation to whose liability the accrued leave liabilities were.

**THE CHAIR:** Can I clarify this? I might need to do this in a few bits. Was there an explicit agreement between the territory and Calvary to not report the total amount?

**Mr Engele:** Yes, that is correct. There was a request not to sum up all the components, as part of the media.

**THE CHAIR:** Was that a written agreement?

**Mr Engele:** A written request?

**THE CHAIR:** Was there a written agreement that that would be the case? We have only just had the full deed tabled. Was it part of those deeds, was there some written agreement around that, or was that a verbal request?

**Mr Engele:** No. We agreed to work with them, as part of any public announcement, and it is written to that effect, and not include some of those set-offs, because of the possibility of misconstruing it, regarding the value to Calvary. On their part, they also have auditors looking at their accounts, so they did not want to create confusion that there was some value that had been transferred across.

**Ms Stephen-Smith:** That is why the agreement was that they understood we would have to publicly provide this detail, and that was in the ministerial statement the following day.

**THE CHAIR:** Apart from the question around not reporting the total amount, what other elements were there, in terms of the agreement, around how that announcement would be made? What else was agreed with Calvary around that?

**Mr Engele:** I think that was the only request that they had. With respect to their concern, as I mentioned before, because it was a contested view, they noted that they had to be

rounded off, as part of the deed, but it was their position that they did not want it to be grossed up, in terms of a number that was put to the media. They provided us with a statement that was included as part of the media release.

**Ms Stephen-Smith:** It was then in the media release, but they provided it separately to the media.

**Mr Engele:** They provided a statement to the media, but that was the only element—

**THE CHAIR:** There was no discussion around timing of the announcement? I am trying to find out what was negotiated around that announcement. It sounds like there was a specific request about not having the total amount; there was a requirement to include a statement from Calvary. Was there anything else?

**Ms Stephen-Smith:** They provided their own statement to the media. They preferred to do a separate statement, rather than include it in the media release.

**Mr Engele:** With the timing of announcements, they were obviously keen to make sure that they understood it, so that they were prepared. I understand they had a new CEO starting within a few days of the agreement being signed, so they wanted to not be surprised by any announcement.

**MR RATTENBURY:** Mr Engele, you just made reference to Calvary not wanting to have some of these things wrapped up because it would impact their auditing process.

**Mr Engele:** That is what they expressed to me. I do not understand exactly what the nature of that audit was. It was a request that was put to us about their preference not to gross up all those set-offs, given some of them were for things that do not sit on balance sheets. The predominant one, because it is a large amount, is the personal leave balances.

**MR RATTENBURY:** I understand. From your answer, I do not think you will be able to answer this. I am pondering why Calvary were concerned about that. Presumably, they are auditable in the books, not in a press release.

**Mr Engele:** All I can talk to is what the request was.

**MR RATTENBURY:** I understand that.

**THE CHAIR:** There are only a few minutes left in this session. Ms Castley, do you have one more quick question?

**MS CASTLEY:** Am I allowed to ask about DHR? It could be quick.

**THE CHAIR:** If it is quick, I will allow it. It is part of the health appropriation.

**MS CASTLEY:** I want to chat about the cost blowout. I believe it was \$165 million.

**Ms Stephen-Smith:** I am sorry?

**MS CASTLEY:** DHR. Confirm the project for me: how much—

**Ms Stephen-Smith:** We are here to consider the amendment to the Appropriation Bill. We are not here to re-litigate the entire Appropriation Bill, let alone the entirety of the ACT's financial performance, Ms Castley. Mr Cocks, I really think what was referred to this committee was the amendment to the Appropriation Bill.

**THE CHAIR:** The amendment to the appropriation; that is right. I did not catch the whole question.

**MS CASTLEY:** It is on DHR. It is about the cost blowout and the money for NTT.

**MR RATTENBURY:** It is not in the remit.

**MS CASTLEY:** Okay. I thought I would give it a try.

**THE CHAIR:** I am happy to have a look at the question. It looks like we will need to come back for a second session this afternoon. I will have a look at it. The committee will now suspend the proceedings and reconvene at 4.30 pm.

### **Hearing suspended from 1.58 to 4.32 pm.**

**THE CHAIR:** We welcome back the Minister for Health, Ms Rachel Stephen-Smith MLA. We also welcome the officials who are in attendance. I remind you that, as witnesses, you are protected by parliamentary privilege and bound by its obligations. You must tell the truth. Giving false or misleading evidence will be treated as a serious matter and may be considered contempt of the Assembly.

Before we proceed to questions, Minister, do you have anything from the previous session to update us on?

**Ms Stephen-Smith:** Yes, I have a number of things, Chair. The first document that I will table is a partial response to Ms Castley's question about timing of the different claims from Calvary. This has the claim number and the date that they were lodged, with a note at the bottom. I note, for the information of the committee, that it is claims 28 and 29 that relate to the big-ticket items, and they were indeed lodged on 2 July 2024.

**THE CHAIR:** When you say it is a partial response, it is partial because it does not include all of them?

**Ms Stephen-Smith:** It does not include the amounts, but it includes all the claims. The second thing I am tabling is a letter from the audit office, conveniently received today, relating to the question of why the accrual accounting process will determine that this funding is allocated in 2024-25 rather than 2025-26.

In response to Ms Carrick's questions in relation to the location, there are a number of documents here that I am happy to table. There was an overall summary document around the new north-side hospital, media release, the presentation speech for the Health Infrastructure Enabling Bill and the explanatory statement for the Health Infrastructure Enabling Bill, which will go to elements of this. There was also a question taken on notice from Ms Carrick. That is all that I have. I will come back, if I have any

more.

**THE CHAIR:** I might return to the question that was before us just before we suspended the hearing. Ms Castley had begun asking a question that was related to the DHR project. The committee discussed the guidelines around what we should be considering. I think it is reasonable to consider questions that are related to the overall appropriation, in the context that other expenditure does impact on the overall expenditure that we are looking at within this amendment; and, in particular, that the amendment adds an additional cost pressure as well.

Ms Castley could not be here for this session, but I will continue with this line. I will try and make it fairly brief. As I understand it, there was a cost blowout for the DHR project. It seems, from the rough numbers I have in front of me, that there was a blowout of about \$165 million in that project. Is that consistent with the numbers you have?

**Ms Stephen-Smith:** I do not have a lot of detail in front of me in relation to the DHR project, but I certainly would not characterise it in that way. There were a range of additional costs in relation to the Digital Health Record, some of which related to things like training for the go-live period, which were not included in the original amount in the budget for the implementation. Others related to things like implementation of 24/7 support, which, again, was not factored into the original project funding when it came forward in, I think, the 2019-20 budget, prior to my time as minister, where that business case was brought forward.

Overall, yes, the project cost more at the end of the day than it was announced to cost in 2019-20, from memory. It may have been 2018-19 but I think it was 2019-20. Some of those costs related to a higher expense for various elements than we had expected, so the NTT hosting contract did end up costing more. Some of it related to a decision to go live all at once with the Epic health record rather than staging the project over the original eight years of the digital health implementation. Some of it related, as I said, to those additional elements that either were not included or were expected to be absorbed by Canberra Health Services and Calvary at the time of the original business case and then could not be absorbed, either for contractual reasons with Calvary or because CHS could not absorb those costs.

There were a range of reasons that the entire project cost more at the end than it was scheduled to cost at the beginning. I think that this repeated \$165 million cost blowout rhetoric is not an accurate description. Maybe Mr Engele has found more.

**Mr Engele:** I do recall there was a line of questioning during the budget estimates in relation to that cost. I am trying to find the *Hansard*. It may cover the same ground, but I have not been able to locate that transcript.

**THE CHAIR:** Okay. The minister has touched on the next part that I wanted to try and understand. Apparently, last year there was some reporting in *Region*, it looks like, around the payments to NTT for hosting the DHR, with invoices worth up to \$66 million. This comment was made:

ACT Minister for Health Rachel Stephen-Smith says she expects her directorate to do everything it can to “recoup any payments” that have been inappropriately

made to NTT or any other provider.

The question basically is: how much has been recouped in that space, and is that money available to try and help offset the extra investment you are asking for?

**Ms Stephen-Smith:** I have now found some notes in relation to this. The Health Directorate undertook that in an internal audit of the NTT Australia invoices. That was undertaken to assess NTT invoices received in June 2023 for inclusion in the 2023 financial statements. That was where it was found that the Health Directorate was unable to provide assurance that, with the NTT services invoices that were accrued—it was just for the June period, because that was the period they looked at—they were appropriate for payment.

The reason for that, Mr Cocks, was largely because the invoices from NTT were not adequately structured to permit acquittal of the invoice in sufficient detail. The invoices themselves did not have sufficient detail to know exactly what they were for. Also, the finding was that there had not been sufficient evidence kept, even where they did know.

I am pleased to advise that, with respect to the work that the Health Directorate has subsequently done, where it has gone back and had a look at a number of those invoices and done some detailed work to check whether those services were received, they have not found a single instance where an invoice was paid for a service that was not received; so we are now pretty confident.

Having said that, some changes were made to ensure that better processes were put in place, both with NTT, in terms of the detail around the invoicing that it does to the directorate, and in terms of managing that work order relationship between the directorate and NTT.

There were two reviews of this whole process. The Chief Minister, Treasury and Economic Development Directorate established a DHR review in May 2024, as a result of the fact that we had to go back to the 2024-25 budget for some significant extra additional expenditure that had not been forecast. That has resulted in about an additional \$40 million a year for the Digital Solutions Division of the Health Directorate.

The directorate itself also commissioned KPMG to undertake a program review, to undertake an assurance review of the Digital Health Record, with a focus on the financial and performance elements of the DHR's program delivery. That focused on project and program governance and management, including budget and financial management, procurement processes and ongoing contract management, budget and financial management, including DHR budget management within the broader Digital Solutions Division budget, delivery of business outcomes and benefits, including the savings identified in the business case, and risk management processes and practices.

In relation to the savings, this was another driver of the additional funding required. The original business case had forecast savings to be achieved. Those offsetting savings were not able to be achieved, in order to offset the project. There is no doubt that there will be efficiencies in the DHR, but the savings that were identified at the beginning of the process could not be achieved, from a financial perspective.

The program review found that, overall, the DHR had provided successful clinical and technology delivery, but ineffective financial management and cost control. It also outlined that the separation of the Digital Health Record from the data migration activities and increases to program costs during the implementation were not all effectively managed. There was a bit of a mixture between costs for some BAU elements, costs for the DHR project and costs for other things that were happening; they were all not entirely clearly laid out.

There were a range of recommendations made across the internal audit, the CMTEEDD review and the KPMG review, and all of those have been—

**THE CHAIR:** I think the short answer is that there is not any money available from that process.

**Ms Stephen-Smith:** The short answer is that there is no money available because there is no evidence that money was spent on things that were not received.

**MS CARRICK:** In the budget, are you expecting much more in the way of increases in costs for staff and for health infrastructure? When we were doing estimates, it was said that there were some election commitments that were not in the budget. Given that we are always needing more frontline services as far as staffing goes and, for example, health infrastructure, can you tell us where the hospital car park at the Canberra Hospital is up to? There is, I think, going to be a new multi-level one at the north side of the hospital. Is that in the budget? Is that an additional thing that will hopefully go in there soon?

**Ms Stephen-Smith:** There is some funding in the budget for car parking at Canberra Hospital, but that does not relate to the new multistorey car park. That relates to some work at the former CIT car park where Multiplex was parking during the development and where the prototype shed still is. The helipad has now obviously been replaced by the helipad on the top of building 5. They are doing some work there to increase the number of parking spaces available, and I think there is one other on site.

**Ms Zagari:** The on-grade car park updates at where building six was.

**Ms Stephen-Smith:** I think that was not a thing.

**Ms Zagari:** That is not? Okay; I take that back.

**Ms Stephen-Smith:** It turned out not to be a thing. There are, I think, 300 or 400 additional parking spaces that will be delivered through those projects, but work is still ongoing in relation to the new car park which we know we need at the Canberra Hospital; the delivery model is the ongoing conversation around that.

**MS CARRICK:** What would be the timeframes for that?

**Ms Stephen-Smith:** We would like to get that finalised, in terms of the business case, as quickly as possible, but we are also really conscious of the capital budget and the constraints on that, hence why we are looking at a range of delivery models and timelines and alternatives for that.

**MS CARRICK:** So it is not in that capital provision?

**Ms Stephen-Smith:** No, there is no capital provision for that at this point in time.

**MS CARRICK:** Okay. And I notice in the budget papers that there will be a cost to insourcing. How is that going?

**Ms Stephen-Smith:** I think Ms Zagari mentioned earlier that this project specifically relates to insourcing the cleaning workforce at Canberra Hospital and the community-based CHS services, and then we will be looking at insourcing cleaning and food services at North Canberra Hospital as well. I met with the union, the United Workers Union, last week. They also met with the team at Canberra Health Services to talk about the process, and I had a further conversation with CHS this morning. That project is now going along pretty well, with the aim of insourcing the Canberra Hospital cleaners and the community services cleaners by October 2026, and progressing North Canberra Hospital in 2027.

**MS CARRICK:** With that insourcing, will you expect savings in the budget from not having to pay external people to do it or will it be more costly to employ the staff to do it?

**Ms Stephen-Smith:** We are still working through the final cost of that, Ms Carrick. We do expect that there will be “ons and offs”. Obviously, we will not be paying for the profit for a private provider, but we also know that our directly employed cleaners, for example, school cleaners, are on a higher wage rate than the cleaners currently employed by ISS and Medirest to do Canberra Hospital and North Canberra Hospital. But we also know that we do have a “same job, same pay” commitment. So, again, the counterfactual of what it would cost if we did not insource them versus what it would cost to insource is not entirely clear, because those wage rate differences will probably come through in the insourcing process, but some of that may have been incurred in any case.

**Ms Zagari:** Correct.

**Ms Stephen-Smith:** Did you want to talk a bit more about that, Ms Zagari?

**Ms Zagari:** The opportunities are around having a consistent model across the system. As per the conversation earlier about whether an integrated model always looks the same, there are currently really different models for cleaning and food services at each of the big hospital sites, so there is an opportunity to look at what we are doing. In some circumstances, when a patient is discharged, for example, there is an amount of cleaning that is undertaken by Canberra Hospital staff, and an amount of cleaning that is then undertaken by the privately contracted staff, so there is an opportunity to look at a single model across that.

**MS CARRICK:** Thank you. Sticking with the budget papers, page 126 talks about the transition and \$4½ million in this current year to support the transition from Calvary Public to Canberra Health Services. Do you think there will be any savings in that, given that it has all happened more quickly than expected?

**Ms Stephen-Smith:** I think I mentioned earlier, Ms Carrick, that I have asked the team to do a reconciliation of each of the allocations in the budgets over the years, because some have been rolled forward from one year to the next to slightly offset the amount. So we do expect that the full allocation for this financial year will not be expended, because we did achieve a settlement with Calvary earlier than we expected, but we are still doing that work to understand what that looks like.

**MS CARRICK** Okay. The new CAMHS facility—did you say that was going to be able to stay where it is for a while, or is it going to Wanniasa?

**Ms Stephen-Smith:** Erindale.

**MS CARRICK** Erindale, I mean.

**Ms Stephen-Smith:** We are working through with CAMHS on the timing of that transition. It will stay where it is for a bit longer, but that work is underway.

**THE CHAIR:** I am going to come back to the insourcing of the cleaning. I want to make sure I understand this. Has there been a decision that that insourcing will happen?

**Ms Stephen-Smith:** Yes.

**THE CHAIR:** But you do not know whether it is going to cost more or less than what is done now?

**Ms Stephen-Smith:** It was an election commitment, Mr Cocks, so in that sense, there has been a decision. The estimate is that it will cost more, but we do not the final detail of that until we know the exact model of the employment and management arrangements—

**Ms Zagari:** And rostering.

**Ms Stephen-Smith:** and the rostering and that kind of thing.

**Ms Zagari:** They are working through at a granular level at the moment about what the rosters will look like and what the final model will be compared to what it currently is.

**Ms Stephen-Smith:** The funding that was allocated in this budget was to do all of that work to prepare, and we will bring a business case to the next budget that reflects the actual cost.

**MS TOUGH:** You mentioned earlier that the new north side Hospital is going to be built in stages, as things move around on the campus. What are some of the new facilities that will be included, and how will that work in the integrated system?

**Ms Zagari:** I am very happy to talk about it, making sure that I am not pre-empting any decisions for government that may come. The clinical services plan has looked at demand for services across the whole of Canberra, particularly on the north side of Canberra, and how we achieve that within a level 4 facility with some level 5 functions,

like the ICU. Like most things in health, we have a numbering system; depending on the complexity of care you provide, you are at a certain level. So Canberra Hospital is a level 6 hospital, and North Canberra Hospital will remain a level 4 hospital but will be the specialty hub for some of those services. For care of the older person, for example, we would expect it to take a leading role in the territory; and for high volume, lower acuity, rapid turnover elective surgery—so continuing to be the engine room of elective surgery. We are looking at the options around interventional cardiology, so cardiac catheter laboratories and those sorts of things. There will be a new and expanded theatre department and larger emergency department, with provision for seeing children in the emergency department and some short-stay services so that children who need some hours of supervision, up to a day of care, will be able to be cared for at North Canberra, providing their presentations are of sufficiently lower complexity. Then, if they need care beyond that, it is appropriate to transfer to the specialist children's hospital.

The design teams are working closely together with the clinicians, and then with consumer groups, around what the amenities are for patients and the public, and what else might be on campus in addition to some of those key clinical facilities.

**Ms Stephen-Smith:** Did you talk about the standalone birth centre?

**Ms Zagari:** I did not; my apologies.

**Ms Stephen-Smith:** And, of course, part of the planning is that the birth centre, rather than being integrated inside the building, will be standalone on the campus.

**MS TOUGH:** That was going to be my follow-up question.

**Ms Stephen-Smith:** I figured someone would ask if we did not say.

**MS TOUGH:** Thank you.

**THE CHAIR:** I have only got a few more things that I think are outstanding. I want to come back to some of the things that were asked about earlier in the hearings. Ms Carrick was asking, I think, about the current tracking of the number of services and the cost of services for this financial year. I was doing a few admin things at the time. We are a few months on from the budget. Do we have any data that lets us track whether the number of services and the cost of services are currently in line with what was projected when the budget was handed down?

**Ms Stephen-Smith:** Mr Cocks, we have got some operational data which, unsurprisingly, given what we have been saying publicly about presentations, is showing that the hospitals are really busy. I think, financially, we are looking okay and within budget, but that will be confirmed in the first quarter report. Under the service funding agreement, there is a whole process around CHS reporting through to an LHN assurance committee, which includes the CEO of Canberra Health Services, the Director-General of the Health and Community Services Directorate, the Under Treasurer, and an independent person, who is also Chair of the Health Systems Council, Dr Nigel Lyons, a former senior deputy in New South Wales.

That financial reporting will come through to them, to me and to the expenditure review

committee. But, really, until that first quarter is completed at the end of this month, and there is time to do a bit of reconciliation about that, there is not a lot that is formal that we can say. But I think, from the conversation that I had with the team this morning about financial sustainability, it is looking okay from a financial perspective.

**Ms Zagari:** Operationally, we track, obviously, at the end of the month, our end-of-month results. Activity is certainly up. In provisional numbers, we are about five per cent over the activity we had intended to deliver, but we are at where we need to be for our phased budget performance, month on month. The complexity of July being a 31-day month and having three pay-periods means that you phase more budget in that month, as most months only have two pay periods, and so on. We are within where we intended to be at this time.

**THE CHAIR:** It sounds like the number of services provided is clearly above what was projected in the budget.

**Ms Zagari:** Correct—clearly above.

**THE CHAIR:** But you are currently—

**Ms Zagari:** On track financially.

**THE CHAIR:** achieving that with the staffing allocations that you had provided for.

**Ms Zagari:** Correct.

**THE CHAIR:** I was trying to marry up the discussion around services with the question Mr Rattenbury asked about benefits realisation, and I think in the response you were talking about NWAUs, which are—correct me if I get this wrong—Nationally Weighted Activity Units.

**Ms Zagari:** Very well done.

**THE CHAIR:** Excellent. Given things are increasing across the entire system, have you got any analysis that says that the increase you were pointing to in the North Canberra Hospital is above what has been experienced across the rest of the system? And how much of that is because it has been integrated into the ACT health system?

**Ms Zagari:** The second question is probably the hardest to answer—the “how much is because of”. We can point to reductions in length of stay and reductions in length of stay that were longer than what they should be according to national benchmarking—so length of stay is coming down towards where the national benchmark would say it should be. We would consider that that is likely to be related to the health system integration and moving towards more consistent models, but I cannot say to you definitively that that is the case. But that is the most likely outcome.

In terms of if it is roughly consistent with the broader jurisdiction, there are some places where the increase at North Canberra is more; but, yes, it aligns with increases in activity across the board and across the system. The reason that length of stay is particularly relevant is that if people continue to stay the same length, clearly there are

not places to admit people to, so that reduction in length of stay down towards the benchmark is important both from an activity throughput perspective and from a quality and safety perspective. It is important that people do not stay longer in hospital than they need to, because hospitals come with associated risks—hospital-acquired infections and a raft of things. We do great work, but there are also risks associated with hospitalisation, and therefore coming down to benchmark length of stay is important from a quality and safety perspective.

**THE CHAIR:** Thank you.

**MS CARRICK:** So how many people are in hospital now who are there because there is nowhere for them to move out to? I remember in estimates it was something like 69. I guess it moves up and down.

**Ms Zagari:** I would have said more than 69. Let me get an answer for you by the end of the session. It was more than 100 last time I had the specific number.

**MS CARRICK:** And what are the main reasons and where would they go if there were places to go to?

**Ms Zagari:** Many of them would go to residential care, what we would call aged-care facilities, and a proportion would go to NDIS-type facilities suitable for the complexity of their needs, which might be relating to mental health issues. For some patients, it is relating to aged-care requirements and often to complex dementias or conditions that have an additional layer of complexity. For patients with tracheostomies for example, or bariatric patients, it is harder to find suitable nursing homes, so for people who are more complicated than some of our other patients, we find it more difficult to find suitable places for them to go.

**MS CARRICK:** Thank you.

**THE CHAIR:** Did anyone have another substantive question?

**MS CARRICK:** I have got one last one. This is about North Canberra Hospital. I see with IT and North Canberra Hospital it has got \$5 million there. If you spend \$5 million on IT, are there any risks in that?

**Ms Stephen-Smith:** You have the detail of what that is, Ms Zagari?

**Ms Zagari:** No, that would be a question for CHS—

**Ms Stephen-Smith:** My recollection—and we will correct this on notice if it is not right—is that that is partly about uplifting the capability of the IT systems at North Canberra Hospital. As you will appreciate, it is an older facility that does not have great wi-fi and that kind of thing, and we are also doing some work to align the IT systems. We are still doing transition from Calvary systems that are mirrored over into ACT government systems. I am not sure which of those things it is, or if it is both. We will take the question of notice and provide some—

**MS CARRICK:** It is in the Asset Renewal Program.

**Ms Zagari:** In the ARP?

**MS CARRICK:** Yes. But, anyway, if you let us know if there are any risks to the budget, because IT has those—

**Ms Stephen-Smith:** No, I think this is one of those projects where the budget is what the budget is, and that is what we will spend, rather than one that has technical risks associated with it. That is my recollection.

**Ms Zagari:** Correct. And there is an excellent ICT team at North Canberra Hospital—all compliments to them.

**THE CHAIR:** I have only got one more question, and I can sum up. We have got a not insignificant amount of extra money that is being added to the budget in terms of spending. The public conversation at the last election tended to be: “How are you going to pay for it?” Minister, to put it in that parlance: how are you going to pay for this?

**Ms Stephen-Smith:** Going back to the earlier conversation, this has been provisioned into the budget since 2023. We have come in at an overall amount that is less than the provision that was sitting in the budget for next financial year, so there is no material increase in what has been projected for the ACT government budget, for some years now. As a matter of practicality, we are going to borrow the money because of the existing deficit, but as a matter of fiscal management, we had already factored this in, and it was factored in well before the election.

**THE CHAIR:** Did you try to find any savings or offsets when you knew this was coming up sooner that would reduce the impact on this year’s budget?

**Ms Stephen-Smith:** We had tried to find all of the savings and offsets that we possibly could through the 2025-2026 budget process already, and CHS is already working hard to find a range of efficiencies to stay within its current budget, despite the increased funding because of the type of activity and cost drivers that we are seeing. So we have not explicitly gone and tried to find additional savings. We know that every directorate is under pressure this year.

**THE CHAIR:** Notwithstanding the fact that there was a provision in the statement of risks, it adds to the bottom line of the budget numbers—please, correct me if I am wrong—in terms of the consolidated financial statements and in terms of the expense provisions and the appropriations specifically, which is what we were discussing earlier.

**Ms Stephen-Smith:** Well, it—

**THE CHAIR:** Sorry. It will be funded through debt; that is, essentially, where we get to in how to pay for it.

**Mr Austin:** Essentially, as we said before there was a central provision allowing for that, so across the forwards there is no increase in debt from the baseline because of this decision. It was already backed into the estimates. It was not just reflected in the statement of risks. There was a central provision for this, so it was a placeholder,

essentially, for the payment, but it was in 2026-27.

**THE CHAIR:** Yes.

**Mr Campbell:** And it is because of the change in the financial year that it has to go into the appropriation to be drawn; that is the distinguishing feature.

**THE CHAIR:** Yes.

**Ms Stephen-Smith:** And it will be reflected in 2024-25 as the result of the audit office but—

**Mr Campbell:** So, essentially, it was planned for within the forward estimates.

**THE CHAIR:** Okay. Are there any other questions?

**MS CARRICK:** No.

**MS TOUGH:** No.

**MR RATTENBURY:** No; thank you, Chair.

**Ms Zagari:** Chair, I have got some additional answers if you want them.

**THE CHAIR:** Yes, please.

**Ms Zagari:** The average number of maintenance-patients on any given day is 127—those patients who would leave hospital if there was somewhere for them to go to. And I have just looked at the item that you referred to in the Asset Renewal Program as well. A small component of that is IT. The greater component of it is replacing medical equipment, so it is for things like resuscitaire cots for babies and a raft of things across the organisation that I could enumerate for you in detail.

**MS CARRICK:** Okay; I get it—you have to maintain your equipment.

**Ms Zagari:** Yes; not risk.

**THE CHAIR:** Thank you. On behalf of the committee, I thank you for your attendance today. If you have taken any questions on notice, please provide your answers to the committee secretary within two business days of receiving the uncorrected proof *Hansard*. On behalf of the committee, I would like to thank our witnesses who have assisted the committee through their experience and knowledge. We also thank Broadcasting and Hansard for their support. If a member wishes to ask questions on notice, please upload them to the parliamentary portal as soon as possible and no later than 5.00 pm tomorrow.

**The committee adjourned at 5.10 pm.**