*Estimates 2023 - QTON No. 79

LEGISLATIVE ASSEMBLY
FOR THE AUSTRALIAN CAPITAL TERRITORY

SELECT COMMITTEE ON ESTIMATES 2023-2024
Mr Mark Parton MLA (Chair), Ms Jo Clay MLA (Deputy Chair),
Mr Michael Pettersson MLA

ANSWER TO QUESTION TAKEN ON NOTICE DURING PUBLIC HEARINGS

Asked by Ms Clay MLA on 24 July 2023: Mr Barr took on notice the following question(s):

[Ref: Uncorrected Hansard Transcript [24 July 2023] [PAGE 116]]

In relation to:

MS CLAY: So. So when, in 2017, when you looked at this category of levies—the insurance levies—and you kept the ambulance levy, what was the analysis that you did at the time that you decided to keep that? In some other states there are different ways of dealing with ambulances. Some states offer it free. We have got this system where we doing a levy on private health insurance which is great for people who have private health insurance but means that people who do not have private health insurance are paying for their ambulance. What kind of analysis did you do to make the decision?

Mr Barr: Sure. It was not 2017, it was 2012.

MS CLAY: 2012. Great, thank you.

Mr Barr: Yes. And we determined at that time to phase out the territory tax on insurance products, and so I think this in a different category. It is not the same tax reform as the one that was outlined and delivered between 2012 and 2017. Let me provide you with a written explanation. I think that is a more straightforward way to address this.

MS CLAY: Thank you.

Mr Barr: So I take that element of the question on notice.

Treasurer: The answer to the Member's question is as follows: –

The Ambulance levy is payable by private health insurance companies carrying out business in the ACT. The ambulance levy is calculated on the number and type of private health insurance contributions.

The 2012 ACT Taxation Review (the Review) found that the Ambulance levy is in effect a cost recovery mechanism (partially covering the cost of ambulance response services) that is simple to administer and has high rates of compliance. The Review noted that the ACT had the equal highest jurisdictional take up of private health insurance at the time, and that it was unlikely the Ambulance Levy acts as a disincentive for insurance.

The review recommended retaining the levy and the Government agreed with this recommendation. Further details can be found in the Review, available at https://www.treasury.act.gov.au/publications

The Review also recommended the abolition of duty on general and life insurance premiums. The ACT abolished these duties from 1 July 2016. The Ambulance Levy is the only remaining insurance tax in the ACT.

Approved for circulation to the Select Committee on Estimates 2023-2024 Signature: Andrew Barr Date: 11.8.23 By the Treasurer, Mr Barr MLA