



Andrew Barr MLA

Chief Minister

Treasurer

Minister for Climate Action

Minister for Economic Development

Minister for Tourism

Member for Kurrajong

Mr Peter Cain MLA

Chair

Standing Committee on Justice and Community Safety (Legislative Scrutiny Role)

ACT Legislative Assembly

CANBERRA ACT 2601

Email: Scrutiny@parliament.act.gov.au

Dear Mr Cain

The Standing Committee on Justice and Community Safety (Legislative Scrutiny Role) in Scrutiny Report 26 of March 2023 sought further information on the indexation of the Ambulance Levy under in *Taxation Administration (Amounts Payable–Ambulance Levy) Determination 2022*, DI2022-263, in connection with three other instruments involving fees and charges.

I thank the Committee for its consideration of DI2022-263 and provide the following comments in response, as requested.

Changes to fees and charges, levies and taxes by annual decisions or different indexation arrangements are driven by a range of policy considerations. Indexation is largely linked to growth in wages to cover the cost of Government employees providing services to the community, while ensuring the indexation does not create undue cost of living pressures. Where a different indexation is used, it usually reflects the changes in prices of goods and services acquired by households (i.e. the Consumer Price Index), or seeks to align with the intended policy objectives of the fees and charges.

The use of Wage Price Index (WPI) for the Ambulance Levy reflects that a dominant cost in the provision of ambulance services is labour. The indexation approach for the Ambulance Levy under DI2022-263 has been applied since 2008, please see the explanatory statement to the [Taxation Administration \(Ambulance Levy\) Determination 2008 \(No 1\)](#), DI2008-291.

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The Government recognises that there are some differences in the application of indexation to different fees and charges. While it would be neater and simpler to apply the same indexation factor, different fees and charges are driven by different factors which over time have led to some fees being indexed by wages and others by consumer prices depending upon what is most relevant to the individual fee.

I trust that this response addresses the Committee's concerns.

Yours sincerely

A handwritten signature in blue ink that reads "Andrew Barr". The signature is fluid and cursive, with the first name "Andrew" and the last name "Barr" clearly distinguishable.

Andrew Barr MLA
Chief Minister

18 April 2023