

Our ref: CMTEDD2025/3860

Tom Duncan
Clerk
ACT Legislative Assembly
tom.duncan@parliament.act.gov.au

Dear Mr Duncan

Thank you for your letter regarding petition E-PET-038-25, submitted by Ms Leanne Castley MLA, which calls for the repeal of the Health Levy introduced in the 2025-26 ACT Budget. The petition requests the Assembly immediately repeal the Health Levy from 2025-26 Budget and prevent it from being applied during the term of the current government.

This response is provided in accordance with Standing Order No. 100 of the ACT Legislative Assembly.

What is the Health Levy?

The Health Levy is a new charge on all owners of rateable properties in the ACT, introduced for a period of four years with a review in 2029-30. This levy is legally implemented through the *Taxation Administration (Amounts Payable—Rates) Determination 2025*, a disallowable instrument made under the *Taxation Administration Act 1999*. The levy is set at \$100 for all residential and rural properties and \$250 for commercial properties and is collected through general rates notices.

The Health Levy is similar to existing ACT Government levies such as the Police, Fire and Emergency Services Levy (PFESL) and the Safer Families Levy, which are also included on the rates bill. These levies are an important source of revenue given the ACT's narrow tax base.

By incorporating the levy into general rates bills – the ACT's broadest tax base – all ACT property owners will contribute to ensuring sufficient and sustainable funding for our local health system. This approach spreads the cost as widely as possible across the community and keeps the amount paid by each taxpayer to a minimum.

act.gov.au

The Health Levy is independent of public health programs such as Medicare. The Medicare Levy and Medicare Levy Surcharge are income taxes collected by the Commonwealth Government which funds a wide range of health services across Australia not limited to hospital activity.

Why is the Health Levy being introduced?

The Health Levy was introduced as part of the 2025-26 Budget, which was developed following the 2024 ACT election. Budget decisions are made through Cabinet considerations and based on updated economic forecasts. While the levy was not part of the Government's pre-election platform, it was implemented in response to emerging financial pressures from the health system.

Hospital funding in the ACT is underpinned from both the Commonwealth Government and the ACT Government, primarily through the National Health Reform Agreement. However, the Commonwealth's contribution to public hospital funding has not kept pace with rising costs and demand in the ACT. Since 2021-22, the Commonwealth Contribution Rate for public hospital funding has been in decline, falling from 44 per cent to an estimated 33 per cent in 2025-26, well below the nationally agreed target of 45 per cent. This shortfall has created a funding gap of \$189 million in 2025-26 which the ACT Government has to make up. In 2025-26, the ACT Government's total health spending is at \$2.9 billion, accounting for 33 per cent of the total budget. The Health Levy was introduced to partially address this shortfall and contribute to the financial sustainability of the Territory's public health system. The ACT Government continues to negotiate for a fairer share of Commonwealth health funding in the new agreement to reflect our population growth and service pressures.

Rates Assistance

The Government understands some Canberrans experience financial difficulty that may impact their ability to pay their rates bill including the Health Levy. A 50 per cent rebate on general rates (up to \$750) and the PFESL (up to \$115) is available for pensioners and the beneficiaries of special disability trusts. Pensioners, seniors, and other homeowners experiencing financial hardship may also defer part or all their general rates bill.

More information about general rates assistance is available on the ACT Revenue Office website at: <https://www.revenue.act.gov.au/home-ownerassistance/rates-assistance>

I trust this information is of assistance and provides advice on issues raised in the petition.

Yours sincerely



Chris Steel MLA
Treasurer

3 December 2025