2024 Election Commitment – Canberra Liberals

Name of Commitment:	**Health – GP Payroll Tax repeal**
	Reference Number: LIB062
Request Submitted by:	Elizabeth Lee MLA, Canberra Liberals
Date Request Received:	11-Oct-24
Additional Information Requested (details and date)	N/A
Additional Information Received (details and date)	N/A

Financial Implications

Impact On:	**2024-25 $'000**	**2025-26 $'000**	**2026-27 $'000**	**2027-28 $'000**	**TOTAL $'000**
Revenues [(a)]	-2,910.0	-6,355.4	-6,898.1	-7,452.1	**-23,615.6**
- Other Revenue	0.0	0.0	0.0	0.0	**0.0**
- Revenue Forgone	-2,910.0	-6,355.4	-6,898.1	-7,452.1	**-23,615.6**
Expenses [(a)(b)]	0.0	0.0	0.0	0.0	**0.0**
- Employee Expenses	0.0	0.0	0.0	0.0	**0.0**
- Other Expenses	0.0	0.0	0.0	0.0	**0.0**
- Cost of Financing	0.0	0.0	0.0	0.0	**0.0**
Depreciation	0.0	0.0	0.0	0.0	**0.0**
Net Operating Balance	**-2,910.0**	**-6,355.4**	**-6,898.1**	**-7,452.1**	-23,615.6
Capital Requirement	0.0	0.0	0.0	0.0	**0.0**
Cash Surplus/Deficit	-2,910.0	-6,355.4	-6,898.1	-7,452.1	**-23,615.6**

(a) A negative number indicates a decrease in revenue or an increase in expenses.
(b) Excludes depreciation

Other Information

Costing Methodology Used:

- Costing Technique:

The costing has been completed by taking the payroll tax gap for GP clinics in 2022-23, and indexing the estimated foregone revenue based on the growth rates of the current payroll tax revenue forecasts.

- Proposal Parameters:

• The costing assumes the payroll tax gap for GP clinics in the ACT is $5.0 million in 2022-23.

• Indexation of revenue forgone is based on payroll tax revenue growth rates as published in the 2024-25 Budget Outlook, with revenue from the payroll tax surcharge removed.

Caveats or qualifications to the costing:

The costing of the commitment would be sensitive to growth in GP wages and the number of GP practices in the ACT over time.

Other Comments:

Treasury's costing differs from that submitted as it is indexes the estimated forgone revenue based on growth rates published in the 2024-25 Budget Outlook, rather than the Wage Price index as used in the costing request.

- Statistical Data Used:

Treasury estimates are based: on payroll tax revenue forecasts published in the 2024-25 Budget Outlook; and information provided on the payroll tax gap for GP clinics in 2022-23 by the Treasurer on 23 April 2024 in his response to Question on Notice 1681.

Stuart Hocking PSM
Under Treasurer
16 October 2024