# EXPLANATORY STATEMENT

## First Home Saver Account Providers Supervisory Levy Imposition Determination 2014

This determination relates to a levy imposed on providers of first home saver accounts by the *First Home Saver Account Providers Supervisory Levy Imposition Act 2008* (the Act). The Act refers to three types of entities that provide First Home Saver Account (FHSA) facilities: authorised deposit taking institutions, life insurers and **trustees** of public offer superannuation entities. Those entities offering FHSA facilities will be subject to a separate levy.

This determination commences on 1 July 2014 and relates to the 2014‑15 financial year. The *First Home Saver Account Providers Supervisory Levy Imposition Determination 2013* is repealed upon commencement of this determination. Consistent with section 7 of the *Acts Interpretation Act 1901*, any obligation or liability incurred in previous financial years remains valid.

The determination will commence before it is registered.  Commencement prior to registration, however, does not disadvantageously affect the rights of any person as at the date of registration or impose any liability on any person in respect of anything done or omitted to be done before the date of registration.  Commencement prior to registration is therefore consistent with subsection 12(2) of the *Legislative Instruments Act 2003*.

Subsection 7(5) of the Act requires the Treasurer, by legislative instrument, to determine:

1. the maximum restricted levy amount for each financial year;
2. the minimum restricted levy amount for each financial year;
3. the restricted levy percentage for each financial year;
4. the unrestricted levy percentage for each financial year; and
5. how a leviable FHSA entity’s levy base is to be worked out.

This determination provides that the restricted component for the 2014‑15 levy will be calculated at zero per cent of the sum of the balances of FHSA trusts or FHSAs held by the entity, subject to a minimum amount of $0 and a maximum amount of $0. The unrestricted component of the 2014-15 levy will be calculated at zero per cent of the sum of the balances of FHSA trusts or FHSAs.

In effect, this means that FHSA providers will not be levied in relation to the 2014‑15 financial year, considering the limited number of approved FHSA entities (18 ADIs and one superannuation trustee) and the small amount of FHSA deposit balances held ($521.5 million) as at 31 December 2013.

In 2013-14 APRA and Treasury reviewed the methodology for imposing levies on the finance industry. Thirteen submissions were received from industry as part of this process, and the APRA and Treasury response to submissions was released on 16 April 2014.

The finance sector has been consulted on the 2014‑15 supervisory levies through a Treasury and Australian Prudential Regulation Authority (APRA) discussion paper released on the Treasury website on 26 May 2014. The paper discusses potential impacts of the levies on each industry sector and institution regulated by APRA, and sought industry views on a range of proposed scenarios. Fourteen submissions were received during the consultation process, and no submission specifically raised issues in relation to the *First Home Saver Account Providers Supervisory Levy Imposition Determination 2014.*

The Office of Best Practice Regulation has previously advised that a Regulatory Impact Statement is not required as supervisory levies are considered *machinery‑of‑government* in nature.

This determination is a legislative instrument for the purposes of the *Legislative Instruments Act 2003*.

A statement of compatibility with human rights for the purposes of Part 3 of the *Human Rights (Parliamentary Scrutiny) Act 2011* is set out in Attachment 1.

**Attachment 1**

**Statement of Compatibility with Human Rights**

*Prepared in accordance with Part 3 of the Human Rights (Parliamentary Scrutiny) Act 2011*

## *First Home Saver Account Providers Supervisory Levy Imposition Determination 2014*

This Legislative Instrument is compatible with the human rights and freedoms recognised or declared in the international instruments listed in section 3 of the *Human Rights (Parliamentary Scrutiny) Act 2011*.

**Overview of the Legislative Instrument**

This determination relates to a levy imposed on providers of first home saver accounts by the *First Home Saver Account Providers Supervisory Levy Imposition Act 2008*. The Act refers to three types of entities that provide FHSA facilities: authorised deposit taking institutions, life insurers and **trustees** of public offer superannuation entities. Those entities offering FHSA facilities will be subject to a separate levy.

Subsection 7(5) of the *First Home Saver Account Providers Supervisory Levy Imposition Act 2008* allows the Minister to determine:

1. the maximum restricted levy amount for each financial year;
2. the minimum restricted levy amount for each financial year;
3. the restricted levy percentage for each financial year;
4. the unrestricted levy percentage for each financial year; and
5. how a leviable FHSA entity’s asset value is to be calculated.

**Human rights implications**

This Legislative Instrument does not engage any of the applicable rights or freedoms.

**Conclusion**

This Legislative Instrument is compatible with human rights as it does not raise any human rights issues.