EXPLANATORY STATEMENT

First Home Saver Account Providers Supervisory Levy Imposition Determination 2009

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 *First Home Saver Account (FHSA) Providers Supervisory Levy Imposition Act 2008* was enacted on 30 September 2008 and is effective from 1 July 2009. 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.

This determination commences on 1 July 2009 and relates to the 2009-10 financial year.

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

a) the maximum restricted levy amount for each financial year;

b) the minimum restricted levy amount for each financial year;

c) the restricted levy percentage for each financial year;

d) the unrestricted levy percentage for each financial year; and

e) how a leviable FHSA entity's asset value is to be calculated.

This determination provides that the restricted component for the 2009-10 levy will be calculated at 0 per cent of assets held by the entity, subject to a minimum amount of $0 and a maximum amount of $0. The unrestricted component of the 2009-10 levy will be calculated at 0 per cent of assets held by the entity.

In effect, this means that FHSA providers will not be levied in relation to the 2009-10 financial year, as the number of approved FHSA entities and their respective size of assets held are still in a development stage.

The finance sector has been consulted on the 2009-10 supervisory levies through a Treasury and Australian Prudential Regulation Authority Consultation Paper released on 10 June 2009.

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