# EXPLANATORY STATEMENT

## Superannuation Supervisory Levy Imposition Determination 2012

This determination relates to a levy imposed by the *Superannuation* *Supervisory Levy Imposition Act 1998* on superannuation entities.

This determination commences on 1 July 2012 and relates to the 2012‑13 financial year. The *Superannuation Supervisory Levy Imposition Determination 2011* is revoked upon commencement of this determination. Consistent with section 50 of the *Acts Interpretation Act 1901*, any obligation or liability incurred in previous financial years remains valid.

Subsection 7(3) of the *Superannuation Supervisory Levy Imposition Act 1998* 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;

(ca) the unrestricted levy percentage for each financial year; and

1. how a superannuation entity’s asset value is to be calculated.

For superannuation funds other than small APRA funds (SAFs), this determination provides that the restricted component of the 2012‑13 levy will be calculated at 0.02434 per cent of assets held by the entity, subject to a minimum of $590 and a maximum of $2,000,000. The unrestricted component of the 2012-13 levy will be calculated at 0.006535 per cent of assets held by the entity.

The higher restricted component of the superannuation levy results from an increase in the cap on that component to accommodate the separate SuperStream component.

SuperStream is a package of reforms that will make the superannuation system easier to use for members, employers and funds. Commonwealth costs associated with the implementation of the SuperStream measures will be paid for by a new SuperStream levy imposed on APRA-regulated funds. The SuperStream levy will only apply to the collection of levy amounts directly related to the SuperStream funding.

For SAFs, this determination provides that the restricted component of the 2012‑13 levy will be calculated at zero per cent of assets held by the entity, subject to a minimum of $590 and a maximum of $590. The unrestricted component of the 2012-13 levy will be calculated at zero per cent of assets held by the entity. In effect, SAFs will be levied a flat amount of $590 per fund.

The finance sector has been consulted on the 2012‑13 supervisory levies through a Treasury and Australian Prudential Regulation Authority (APRA) discussion paper released on the Treasury website on 1 June 2012. The discussion 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. Fifteen submissions were received during the consultation process, and thirteen submissions related to the levy on the superannuation industry*.* Submissions which expressed a view on the proposed levy scenarios were broadly split between the preferred proposed levy scenario in the discussion paper and another alternative scenario.

In finalising the levy parameters for superannuation industry, amongst other things, consideration was given to the levy amount that would be paid by different sized institutions across the industry. Following consultation, the preferred levy scenario outlined in the discussion paper was revised, and the finalised levy parameters have the effect of lowering the levy amount for smaller funds (relative to the preferred levy scenario), with a corresponding increase in the levy amount for larger funds (relative to the preferred levy scenario). The finalised levy parameters broadly provides a mid-point between the preferred proposed levy scenario in the discussion paper and another alternative scenario referred to in the preceding paragraph.

The Office of Best Practice Regulation has also been consulted on the 2012-13 supervisory levies and has advised that a Regulation Impact Statement is not required as the proposals are machinery‑of‑government in nature. As was noted in the 2012-13 supervisory levies discussion paper, APRA has a regular review process to monitor the implementation of the levies. In 2012‑13, the current levy review process will be merged with the development of a comprehensive Cost Recovery Impact Statement (CRIS). Industry will continue to be consulted on the development of the CRIS.

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*

## *Superannuation Supervisory Levy Imposition Determination 2012*

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 by the *Superannuation* *Supervisory Levy Imposition Act 1998* on superannuation entities.

Subsection 7(3) 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;

(ca) the unrestricted levy percentage for each financial year; and

1. how an authorised deposit‑taking institution’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.