

EXPLANATORY STATEMENT

Private Health Insurance Supervisory Levy Imposition Determination 2016

This determination relates to a levy imposed on private health insurance entities by the *Private Health Insurance Supervisory Levy Imposition Act 2015*.

This determination commences on 1 July 2016 and relates to the 2016-17 financial year. The determination commences, or is taken to have commenced, before it is registered. However, commencement prior to registration 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 subsections 12(2) and 12(3) of the *Legislation Act 2003*.

Section 8 of the *Private Health Insurance Supervisory Levy Imposition Act 2015* requires the Treasurer, by legislative instrument, to determine:

- (a) the levy amount, which must be calculated having regard to the number of complying health insurance policies on issue (subject to a maximum supervisory levy amount that is applicable per policy); and
- (b) the day on which health insurance providers must assess the number of each type of policy they have on issue for the purposes of determining the amount of supervisory levy payable.

The purpose of this determination is to ensure that the cost to supervise private health insurance providers (estimated to be \$4.136 million in the 2016-17 financial year) will be recovered through a levy on all complying health insurance policies that apply on the census day, which is determined to be 1 July 2016 for the 2016-17 financial year.¹

The amount of levy for each single policy will be \$4.136 million divided by the sum of the aggregate number of single policies and twice the number of other policies on issue on 1 July 2016,¹ but not exceeding \$2 per single policy.

The amount of levy for all other policies will be twice the levy amount for a single policy. The amount of supervisory levy for policies with more than one person insured is the same regardless of the actual number of people covered.

The public has been consulted on the 2016-17 supervisory levies through a Treasury and Australian Prudential Regulation Authority discussion paper released on the Treasury website on 6 May 2016. The paper discussed potential impacts of the levies on each industry sector and institution regulated by APRA. Eight submissions were received during the consultation process, one of which related to this levy.

¹ However in practice the data to be used for levy billing purposes will be based on the data provided to APRA under form *HRF 601.0 Statistical Data – Cover Page* and form *HRF 601.1 Statistical Data – by State* (which form part of Reporting Standard HRS 601.0) and will be the data as per the end of June 2016.

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 *Legislation 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.

Statement of Compatibility with Human Rights

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

Private Health Insurance Supervisory Levy Imposition Determination 2016

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 private health insurance entities by the *Private Health Insurance Supervisory Levy Imposition Act 2015*.

Section 8 requires the Minister to determine:

- (a) the levy amount, which must be calculated having regard to the number of complying health insurance policies on issue (subject to a maximum supervisory levy amount that is applicable per policy); and
- (b) the day on which health insurance providers must assess the number of each type of policy they have on issue for the purposes of determining the amount of supervisory levy payable.

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.