

2010-2011-2012

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

HOUSE OF REPRESENTATIVES

FAIRER PRIVATE HEALTH INSURANCE INCENTIVES BILL 2011

FAIRER PRIVATE HEALTH INSURANCE INCENTIVES (MEDICARE LEVY
SURCHARGE) BILL 2011

FAIRER PRIVATE HEALTH INSURANCE INCENTIVES (MEDICARE LEVY
SURCHARGE—FRINGE BENEFITS) BILL 2011

SUPPLEMENTARY EXPLANATORY MEMORANDUM

CORRECTION TO THE EXPLANATORY MEMORANDUM

Amendments to be moved on behalf of the Government

(Circulated by the authority of the
Deputy Prime Minister and Treasurer, the Hon Wayne Swan MP, and the Minister for
Health, the Hon Tanya Plibersek MP)

Table of contents

General outline and financial impact.....	3
Chapter 1 Amendments to the Fairer Private Health Insurance Incentives Bills.....	5
Chapter 2 Correction to the combined explanatory memorandum	7

General outline and financial impact

Amendments to the Fairer Private Health Insurance Incentives Bill 2011, the Fairer Private Health Insurance Incentives (Medicare Levy Surcharge) Bill 2011 and the Fairer Private Health Insurance Incentives (Medicare Levy Surcharge—Fringe Benefits) Bill 2011

These amendments update relevant provisions in: the Fairer Private Health Insurance Incentives Bill 2011; the Fairer Private Health Insurance Incentives (Medicare Levy Surcharge) Bill 2011; and the Fairer Private Health Insurance Incentives (Medicare Levy Surcharge—Fringe Benefits) Bill 2011 to give effect to a revised commencement date of 1 July 2012 for the Government's reforms to private health insurance.

Date of effect: The amendments apply from 1 July 2012.

Proposal announced: The revised date of effect of these Bills was announced as part of the 2011-12 Mid-Year Economic and Fiscal Outlook, on 29 November 2011.

Financial impact: The amendments will have the following budgetary implications:

<i>2011-12</i>	<i>2012-13</i>	<i>2013-14</i>	<i>2014-15</i>
-\$369.6m	-\$22.1m	\$15.4m	\$15.4m

Compliance cost impact: Low.

Chapter 1

Amendments to the Fairer Private Health Insurance Incentives Bills

Amendments 1 to 4 to the Fairer Private Health Insurance Incentives Bill 2011

1.1 Amendment 1 updates the commencement provisions so that the legislation to introduce the Private Health Insurance Incentives Tiers commences from 1 July 2012.

1.2 Amendment 2 ensures that the provisions to change a person's entitlement to the private health insurance tax offset contained in the Fairer Private Health Insurance Incentives Bill 2011 only apply from the 2012-13 income year.

1.3 Amendments 3 and 4 update the application provisions so that the legislation to means test the private health insurance rebate contained in the Fairer Private Health Insurance Incentives Bill 2011 only applies from the 2012-13 income year.

Amendments 1 and 2 to the Fairer Private Health Insurance Incentives (Medicare Levy Surcharge) Bill 2011

1.4 Amendment 1 updates the application provisions so that the legislation to change the operation of the Medicare levy surcharge contained in the Fairer Private Health Insurance Incentives (Medicare Levy Surcharge) Bill 2011 only applies from the 2012-13 income year.

1.5 Amendment 2 repeals transitional provisions that would have applied for the 2011-12 income year. These provisions determined the amount of Medicare levy surcharge payable for the 2011-12 income year. With the amendments to the operation of the Medicare levy surcharge applying from 1 July 2012, these transitional provisions are no longer necessary.

Amendments 1 and 2 to the Fairer Private Health Insurance Incentives (Medicare Levy Surcharge—Fringe Benefits) Bill 2011

1.6 Amendment 1 updates the application provisions so that the legislation to change the operation of the Medicare levy surcharge contained in the Fairer Private Health Insurance Incentives (Medicare Levy Surcharge—Fringe Benefits) Bill 2011 only applies from the 2012-13 income year.

1.7 Amendment 2 repeals transitional provisions that would have applied for the 2011-12 income year. These provisions determined the amount of Medicare levy surcharge payable for the 2011-12 income year. With the amendments to the operation of the Medicare levy surcharge applying from 1 July 2012, these transitional provisions are no longer necessary.

Chapter 2

Correction to the combined explanatory memorandum

Correction

2.1 A correction is made to the combined explanatory memorandum for the Fairer Private Health Insurance Incentives package of Bills to clarify the income testing treatment for multiple adults covered by the same policy that is within Chapter 1, Table 1.3.

2.2 In Chapter 1, Table 1.3, 4th row, last column — omit the words:

‘Each adult is income tested separately with respect to the single tier thresholds’,

and substitute:

‘Each adult is income tested separately with respect to their own tier (which may be a single tier or couple/family tier as appropriate).’