

Lifetime Care and Support (Catastrophic Injuries) LTCS Levy Determination 2016 (No 1)

Notifiable instrument NI2016–199

made under the

Lifetime Care and Support (Catastrophic Injuries) Act 2014, section 84 (Determination of LTCS levy)

EXPLANATORY STATEMENT

Section 84 of the *Lifetime Care and Support (Catastrophic Injuries) Act 2014* (LTCS Act) requires the Lifetime Care and Support Commissioner of the Australian Capital Territory (LTCS Commissioner) to determine the LTCS levy for a contribution period.

Under the LTCS Act, the LTCS Commissioner is required to assess the amount needed to be contributed to the LTCS Fund in each contribution period so that the scheme is fully funded. Specifically, the required fund contribution is an amount that will:

- fully fund the present and likely future liabilities of the LTCS Scheme under part 6 (Payments under LTCS scheme) of the LTCS Act;
- meet the payments needed to be made from the fund other than payments under part 6 of the LTCS Act; and
- provide for any other matters the LTCS Commissioner should, in all the circumstances, prudently make provision for in relation to liabilities under part 6 of the LTCS Act.

The LTCS levy is the amount that the LTCS Commissioner considers will result in the required fund contribution for the contribution period and has been determined following receipt of actuarial advice.

The contribution period applicable for this instrument is the financial year from 1 July 2016 to 30 June 2017. The levy will apply to all CTP policies issued under the *Road Transport (Third-Party Insurance) Act 2008* that commence during the contribution period.

This instrument determines the LTCS levy payable on 12 month, 6 month and 3 month CTP policies. It also determines the LTCS levy on 12 month, 6 month and 3

month CTP policies applicable to vehicles registered under the Concessional Registration Scheme for Veteran, Vintage and Historic vehicles.

This is the third LTCS levy determination made under the *Lifetime Care and Support (Catastrophic Injuries) Act 2014* since the Scheme came into effect on 1 July 2014.

The LTCS Commissioner has determined this LTCS levy based on the best available data. As the Scheme has only been in operation for less than two years, a high degree of uncertainty remains with respect to the number of participants and the costs of administering the scheme. Noting that it may take several years of experience before more robust scheme data becomes available the LTCS Commissioner will reassess the levy amount, on the basis of updated advice of an independent actuary, after the scheme has operated for a further 12 month period.