



Australian Government

The Treasury

John A. Fraser
Secretary

16 May 2017

Ms Anna Bligh
Chief Executive Officer
Australian Bankers' Association
SYDNEY NSW 2000

Dear Ms Bligh

Major bank levy

I refer to your letter to the Treasurer of 12 May 2017 concerning the major bank levy announced in the 2017-18 Budget. The Treasurer has asked me to respond on his behalf.

I understand the interest of the industry to obtain modelling information on the levy. As is usual practice we will be providing further relevant information including a regulatory impact statement canvassing the broader economic impacts, compliance issues and revenue estimates as part of the explanatory material accompanying the draft legislation when it is introduced into Parliament.

The levy's inclusion in the Budget followed development as part of normal budget processes. Through those processes, careful consideration was given to the design of the levy, the costings and to its effect on the economy as well as the financial sector. This consideration drew on Australia's experience with and development of financial sector levies over a number of years and international experience.

As is the case for other revenue and expenditure decisions, Budget Paper No. 2 this year shows the fiscal balance impact of the measure over the forward estimates period and Budget Statement No. 3 also shows the underlying cash balance impacts over the forward estimates.

Given the deadlines required to allow for introduction and passage of the relevant legislation before the announced commencement date for the levy, officers in my department are working with the Office of Parliamentary Counsel to prepare draft legislation as swiftly as possible to provide to the major banks for their comment.

We appreciate the written submissions that the major banks have now made to us following the meeting on 11 May 2017 and the many constructive comments therein.

Yours sincerely

A handwritten signature in black ink that reads 'John A. Fraser'.