



**POLICY COSTING REQUEST – DURING THE CARETAKER PERIOD FOR A
GENERAL ELECTION**

Name of policy:	Public Support Levy
Person requesting costing:	Senator Milne
Date of request to cost the policy:	14 August 2013
<i>Note: This policy costing request and the response to this request will be made publicly available.</i>	
Has a costing of this policy been requested under Section 29 of the Charter of Budget Honesty (i.e. from the Treasury or the Department of Finance and Deregulation)?	No
Details of the public release of this policy (Date, by whom and a reference to that release)	14 July 2013 http://www.greens.org.au/resourcing-caring-society-0
Description of policy:	
Summary of policy (as applicable, please attach copies of relevant policy documents):	A 20 basis point levy on bank assets in excess of \$100 billion, as suggested by the International Monetary Fund.
What is the purpose or intention of the policy?	As the IMF and others have pointed out, being perceived as ‘too large to be allowed to fail’ gives large banks a funding advantage over the small banks. This policy would require the large banks to pay a fair charge for this public support, both making competition fairer between big and small banks and raising revenue.
What are the key assumptions that have been made in the policy, including:	
Is the policy part of a package? If yes, list and outline components and interactions with proposed or existing policies.	No
Where relevant, is funding for the policy to be demand driven or a capped amount?	N/A
Will third parties (for instance the States/Territories) have a role in funding or delivering the policy? If yes, is the Australian Government contribution capped, with additional costs to be met by third parties, or is another funding formula envisaged?	No
Are there associated savings, offsets	Some reduction in company tax collections and therefore also

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or expenses? If yes, please provide details.	some increase in income tax payments by recipients of franked dividends.			
Does the policy relate to a previous budget measure? If yes, which measure?	There is some similarity with the levy announced by the Government in the Economic Statement, which charges banks for the <u>explicit</u> government guarantee on small <u>retail</u> deposits. This proposal charges big banks for the <u>implicit</u> guarantee on large <u>wholesale</u> deposits. The Public Support Levy would replace the Government's deposit levy.			
If the proposal would change an existing measure, are savings expected from the departmental costs of implementing the program?	No			
Will the funding/program cost require indexation? If yes, list factors to be used.	No			
Expected impacts of the proposal				
If applicable, what are the estimated costs each year? If available, please provide details in the table below. Are these provided on an underlying cash balance or fiscal balance basis?				
Estimated financial implications (outturn prices) ^(a)				
	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	0	2,600	2,800	3,000
Fiscal balance (\$m)	0	2,600	2,800	3,000
(a) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A positive number in the underlying cash balance indicates an increase in revenue or a decrease in expenses or net capital investment in cash terms.				
What assumptions have been made in deriving the expected financial impact in the party costing (please provide information on the data sources used to develop the policy)?	See PBO costing			
Has the policy been costed by a third party? If yes, can you provide a copy of this costing and its assumptions?	Yes, by PBO on 4 June 2013.			
What is the expected community impact of the policy? How many people will be affected by the policy? What is the likely take up? What is the basis for these impact	Only four taxpaying companies are directly affected.			

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assessments/assumptions?	
Administration of policy:	
Who will administer the policy (for example, Australian Government entity, the States, non-government organisation, etc.)?	Australian Taxation Office, Australian Prudential Regulation Authority
Should departmental expenses associated with this policy be included in this costing? If no, will the Department be expected to absorb expenses associated with this policy? If yes, please specify the key assumptions, including whether departmental costs are expected with respect to program management (by policy agencies) and additional transactions/processing (by service delivery agencies).	Yes
Intended date of implementation.	1 July 2014
Intended duration of policy.	Ongoing
Are there transitional arrangements associated with policy implementation?	No
List major data sources utilised to develop policy (for example, ABS cat. no. 3201.0).	
Are there any other assumptions that need to be considered?	No
<p>NOTE:</p> <p><i>Please note that:</i></p> <ul style="list-style-type: none"> <i>The costing will be on the basis of information provided in this costing request.</i> <i>The PBO is not bound to accept the assumptions provided by the requestor. If there is a material difference in the assumptions used by the PBO, the PBO will consult with the requestor in advance of the costing being completed.</i> 	