

**Senate Economics Legislation Committee**  
ANSWERS TO QUESTIONS ON NOTICE

**Treasury Portfolio**

Budget Estimates

2017 - 2018

**Division/Agency:** Financial System Division

**Question No:** 1

**Topic:** Explanatory Memorandum - Bank Levy

**Reference:** Hansard page 39-40 (30 May 2017)

**Senator:** Gallagher, Katy

**Question:**

Senator GALLAGHER: Thank you. I have some questions around the bank levy. The legislation for the bank levy has just been introduced into the House. As I understand it, the EM makes clear that Treasury modelled the economic impacts of the bank levy.

Senator Cormann: Say that again.

Senator GALLAGHER: The explanatory memorandum says that Treasury modelled the economic impacts of the bank levy. Would we be able to have a copy of that modelling?

Senator Cormann: I will take that on notice.

...

Senator Cormann: ...On budget night the shadow Treasurer indicated that the Labor Party supports the major bank levy, so unless you are suggesting that there has been a change of mind then I do not really understand what you are suggesting.

Senator GALLAGHER: That is not a fair response. It is an entirely fair question. We are asking for a copy of the modelling that has been mentioned in the EM in the legislation that was introduced at lunchtime, mindful of the fact that the government wants this to pass, we believe to take effect by 1 July, and that this modelling will assist with our consideration and debate on the legislation. It is not a question of whether or not we support it; it is about whether we have the information available to us that you have had in developing this legislation.

Senator Cormann: And I have taken the question on notice. I will consult with the Treasurer and we will provide an answer in the usual way, obviously mindful of the timetable involved with considering this legislation through the parliament. ..

Senator GALLAGHER: So will you undertake to get back to us—whether or not you provide the modelling is a separate matter—on that question prior to debate on that legislation?

Senator Cormann: Yes.

Senator GALLAGHER: Thank you.

Senator Cormann: Sorry—prior to debate? I am not aware when the debate will happen in the House of Representatives.

Senator GALLAGHER: Well it is going to have to be soon.

Senator Cormann: Prior to debate in the Senate.

Senator GALLAGHER: Okay.

Senator Cormann: Given that these are the Senate's estimates.

Senator GALLAGHER: There is also a part of the EM which said that various assumptions were made with respect to the incidence of the levy. Can you outline what those assumptions were?

Senator Cormann: I have already taken questions in relation to the modelling on notice.

Senator GALLAGHER: So you will include that?

Senator Cormann: That is right

**Answer:**

As stated in paragraph 2.49 of the Explanatory Memorandum, while Treasury made various assumptions with respect to the incidence of the levy, sensitivity analysis showed that overall the results were invariant to the assumptions Treasury made in modelling the economy-wide effects of the bank levy.

Given the absolute size of the levy is less than one-tenth of a percentage point of GDP, the impact on GDP is expected to be negligible.

As the impact is expected to be non-material and given the sensitivity analysis undertaken suggests reliance on any specific assumptions is not a key determinant of the outcome, Treasury will not be providing any further information on the modelling