



MEDIA RELEASE

Major Bank Levy a Poor Policy Precedent

10 May 2017

The Australian Financial Markets Association (AFMA) has expressed concern regarding the cornerstone budget announcement of the Government to impose a Major Bank Levy, with projected revenue over the forward estimates period of \$6.2 billion. The announced levy applies to Australia's five largest banks, with liabilities in excess of \$100 billion.

The financial system needs tax arrangements that are internationally competitive and non-distortionary between different types of institution and between different financial products. The announced levy on major banks is inconsistent with this approach and sets a poor policy precedent.

Meanwhile, the Government has yet to action recommendations concerning financial institutions in the Henry tax review and the Johnson report on Australia as a financial centre that would enhance competition and efficiency in the financial sector and promote economic growth and employment.

The proposed levy is in addition to the funding increases announced for regulators to implement the announced Banking Executive Accountability Regime, amongst other initiatives, all of which will be offset by increases to supervisory levies and other cost recovery mechanisms, which adds to the tax burden of participants in the financial sector.

AFMA will seek to work with the Government on the Banking Executive Accountability Regime to ensure that it achieves the stated policy objectives in a measured, efficient and balanced way.

Please attribute these remarks to David Lynch, CEO, AFMA.

For further information:

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Notes for Editors:

The Australian Financial Markets Association (AFMA) is the leading industry association promoting efficiency, integrity and professionalism in Australia's financial markets and provides leadership in advancing the interests of all market participants. These markets are an integral feature of the economy and perform the vital function of facilitating the efficient use of capital and management of risk. Market participants perform a range of important roles within these markets, including financial intermediation and market making.

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AFMA represents over 120 members, including Australian and international banks, leading brokers, securities companies, state government treasury corporations, fund managers, traders in electricity and other specialised markets and industry service providers.