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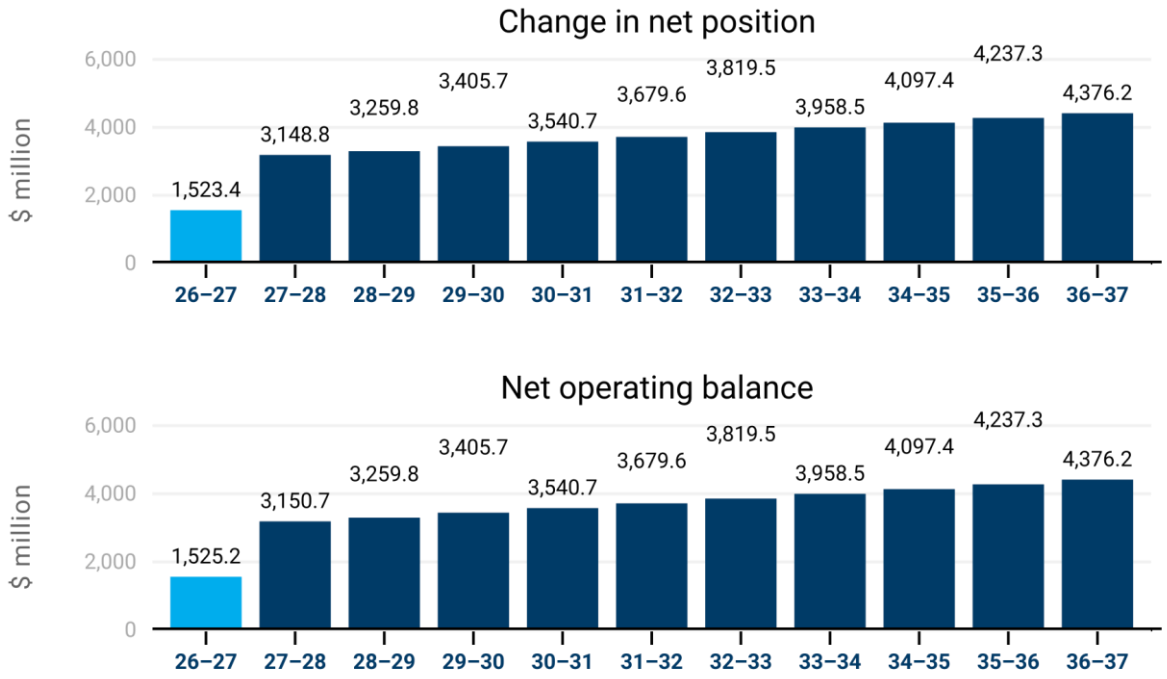
Election policy costing

Bank levy of 0.1% on the five biggest banks

Political party	Australian Greens Victoria
Requestor	Ms Ellen Sandell MP
Request date	12 November 2026
Response date	22 November 2026
Policy commencement	1 January 2027
Policy conclusion	Ongoing
Policy summary	This policy would introduce a separate 0.1% quarterly bank levy on Victoria's share of bank liabilities that are subject to the Australian Government's major bank levy. Victoria's share of the applicable bank liabilities would be based on Victoria's share of the national economy. This would be equal to the 2-year average of Victoria's annual real gross state product as a proportion of Australia's real gross domestic product. The State Revenue Office of Victoria would administer this policy.
Budget baseline	November 2026 Pre-Election Budget Update
Expiry date of this response	At the release date of the next Victorian Government budget or budget update.

Our response

Budget impact



Source: Parliamentary Budget Office.

Costing overview

We expect this policy to increase the state's budgeted net position by:

- $11,337.8 million across 2026–27 to 2029–30, this reflects:
  - an increase in revenue of $11,429.0 million due to the introduction of a Victorian bank levy, partially offset by an increase in operating expenses of $87.5 million due to ongoing administration costs
  - an increase in assets of $3.7 million due to establishment costs.
- $39,047.0 million across 2026–27 to 2036–37, this reflects:
  - an increase in revenue of $39,352.0 million due to the introduction of a Victorian bank levy, partially offset by an increase in operating expenses of $301.3 million due to ongoing administration costs
  - an increase in assets of $3.7 million due to establishment costs.

The total estimated investment (TEI) reflects the amount of expenditure needed to undertake the asset works, but excludes the associated operating costs. We expect this policy to have a TEI of $3.7 million from the commencement of asset works in 2026–27 to completion in 2027–28.

This cost estimate is sensitive to:

- the Australian Government's estimates of the major bank levy revenue at the national level, which are impacted by future economic and fiscal outlook updates
- changes in real Victorian gross state product (GSP) and real Australian gross domestic product (GDP).

Taxes change incentives for individuals, which can affect their decisions and have impacts on the broader economy. The size of a tax is not the only determinant in how large these broader economic impacts are. However, the larger a tax change for a given tax, the larger the impacts would likely be.

We did not assess the potential broader economic impacts of this policy on the Victorian economy, or flow on impacts to other Victorian Government revenue sources. Our practice is consistent with standard approaches to policy costing across government and independent institutions.

Context

In 2017, the Australian Government introduced the major bank levy, which it estimates will raise $1,940 million in 2025–26, and $10,630 million between 2025–26 and 2029–30. The levy rate is set at 0.015% and is applied quarterly to banks with total liabilities in excess of $100.0 billion.

This policy would introduce a separate Victorian bank levy of 0.1% for the Victorian share of liabilities held by banks subject to the Australian Government's major bank levy.

Our approach

Assumptions

When costing this policy, we made several assumptions. In addition to those published in our standard assumptions protocols (available at pbo.vic.gov.au/document/standardassumptions), we made the following assumptions:

1. Estimated revenue for the major bank levy beyond 2029–30 would increase in line with the Australian Government's forward estimate projections for the levy.
2. Real Victorian GSP and real Australian GDP would increase in line with their projections in the latest Victorian and Australian budgets, respectively. Following the end of the forward estimates, real Victorian GSP and real Australian GDP would increase in line with the final year of Victorian and Australian budget projections.
3. The State Revenue Office (SRO) would require additional resources to administer this policy, which would comprise:
    a. ongoing operating expenses, based on the SRO's historic expenses and revenue collection
    b. a one-off capital expense to establish IT systems, based on similar Victorian Government IT projects.

Method

When costing this policy, we:

- indexed Victorian real GSP, Australian real GDP, and the Australian Government's major bank levy revenue
- calculated the proportional increase in the proposed levy rate compared to that used in the Australian Government's major bank levy
- estimated the policy's revenue by applying the relevant Victorian GSP to Australian GDP ratio to the Australian Government's major bank levy revenue, and multiplying the proportional increase in the levy rate
- estimated ongoing administrative costs based on the SRO's administered revenue and costs in its financial statements
- estimated IT establishment costs based on similar initiatives.

We applied a part year impact to the first year of this policy to reflect a proposed 1 January 2027 commencement date.

Data sources

- Australian Budget 2026–27, *Budget Paper No.1 Budget Strategy and Outlook*
- Australian Bureau of Statistics. 2025. Australian National Accounts: State Accounts. [ONLINE] Available at: https://www.abs.gov.au/statistics/economy/national-accounts/australian-national-accounts-state-accounts/latest-release [Accessed 12 November 2026]
- Department of Treasury and Finance. 2026. Macroeconomic indicators. [ONLINE] Available at: https://www.dtf.vic.gov.au/macroeconomic-indicators [Accessed 12 November 2026]
- 2026 Victorian Pre-Election Budget Update

Attachment A – Detailed budget impacts

Year-on-year impacts

($ million)	2026–27	2027–28	2028–29	2029–30	2030–31	2031–32	2032–33	2033–34	2034–35	2035–36	2036–37
Revenue	1,537.0	3,175.0	3,285.0	3,432.0	3,568.0	3,708.0	3,849.0	3,989.0	4,129.0	4,270.0	4,410.0
Expense	11.8	24.3	25.2	26.3	27.3	28.4	29.5	30.5	31.6	32.7	33.8
Net operating balance	1,525.2	3,150.7	3,259.8	3,405.7	3,540.7	3,679.6	3,819.5	3,958.5	4,097.4	4,237.3	4,376.2
Assets	1.9	1.9	0	0	0	0	0	0	0	0	0
Leases	0	0	0	0	0	0	0	0	0	0	0
Net position	1,523.4	3,148.8	3,259.8	3,405.7	3,540.7	3,679.6	3,819.5	3,958.5	4,097.4	4,237.3	4,376.2

Cumulative impacts

($ million)	2026–27	2027–28	2028–29	2029–30	2030–31	2031–32	2032–33	2033–34	2034–35	2035–36	2036–37
Revenue	1,537.0	4,712.0	7,997.0	11,429.0	14,997.0	18,705.0	22,554.0	26,543.0	30,672.0	34,942.0	39,352.0
Expense	11.8	36.1	61.2	87.5	114.8	143.2	172.7	203.2	234.9	267.6	301.3
Net operating balance	1,525.2	4,675.9	7,935.8	11,341.5	14,882.2	18,561.8	22,381.3	26,339.8	30,437.1	34,674.4	39,050.7
Assets	1.9	3.7	3.7	3.7	3.7	3.7	3.7	3.7	3.7	3.7	3.7
Leases	0	0	0	0	0	0	0	0	0	0	0
Net position	1,523.4	4,672.2	7,932.1	11,337.8	14,878.5	18,558.1	22,377.6	26,336.0	30,433.4	34,670.7	39,047.0

Notes: Figures may not sum due to rounding. Consistent with Victorian Budget Paper No.3 – Service Delivery, we do not consider changes to interest, depreciation expense nor non-cash adjustments. The net operating balance measures the gap between government revenue and expenses, and is an indicator of the policy's impact on operating sustainability. A positive change indicates that this policy would improve the net operating balance of the state budget. The net position measures the gap between government revenue and expenses, and movements in financial and non-financial assets. It is an indicator of the policy's impact on the state budget, and is more appropriate for comparing policy costings. A positive change indicates that this policy would improve the net position of the state budget.

Source: Parliamentary Budget Office.