

NSW BANK LEVY FOR AFFORDABLE HOUSING

MAKING THE BANKS PAY THEIR FAIR SHARE

Banking is an essential public service. Providing services for people, not creating corporate profit, should be at the heart of Australia's banking sector. Yet, while bank profits continue to soar, increasing numbers of people in NSW are struggling to make ends meet.

It's time the banks gave back to the community. A supplementary State Bank Levy will be used to develop 300,000 affordable homes, the first step in rebalancing our housing sector.

\$450 MILLION EXTRA REVENUE EACH YEAR

**TO HELP IMPROVE THE LIVES OF PEOPLE
ACROSS NEW SOUTH WALES**

Coalition and Labor governments have allowed the big banks to run rampant at the community's expense. They have accumulated mega profits and paid outrageous salaries to CEOs and upper management. As the Royal Commission findings confirm, the big banks have failed the community with unethical behaviour and greed.

The banks consistently earn profit margins that are far larger than normal, thanks in large part to government protection and their dominant market position.

While bank profits have continued to increase, economic inequality in Australia has widened,

wages have flatlined, and household debt has skyrocketed. In Sydney, the top 20% of income earners have an income that is around five times higher than those in the bottom 20%.

The Greens will require the big banks to pay a fairer share towards the NSW economy. The supplementary State Bank Levy will raise around \$450m per year – a tiny amount in the hands of the banks compared to their annual mega profits, but a huge amount in the hands of government to spend building 300,000 new, zero-carbon, social homes.

Read our Universal Social Housing plan [here](#).

ENCOURAGING DIVERSITY AND COMPETITION

**BY EXCLUDING SMALLER BANKS, THE LEVY
WILL ENCOURAGE A MORE DIVERSE MARKET**

Due to a lack of competition in Australia's banking sector, Australians are at the mercy of the big banks when it comes to interest rates and fees. This has a real impact on our everyday quality of life, meaning we have less to spend on the essentials necessary for a good life. Greater competition from community-owned and not-for-profit banks is needed to break the unhealthy oligopoly of the big Australian banks.

The Federal Major Bank Levy represents only a modest step towards improving competition and is small by international standards given the systemic

importance of the major banks to Australia's economy. Even if the State Bank Levy was to be replicated in every other state, it would still represent a tiny share of bank assets, gross revenue and before-tax profits.

With the Levy increasing the major banks' cost of funds, a more level playing field will be created for competitor banks, such as community-owned and not-for-profit entities. The increased competition will bring costs down and reduce the market share, and systemic importance, of the big banks.

NSW's share of the national economy is approximately 33%. Imposing a State Banking Levy on the business that banks conduct in New South Wales, at the same rate as imposed at federal level, could raise more than \$450m per year.

The big banks have profited for decades on the over-financialisation of our housing market, at the community's expense. The State Bank Levy will require the big banks to give back to the community. It will fund the development of 300,000 new affordable homes, while encouraging more consumer-friendly competition in the banking sector.