

Senate Finance and Public Administration Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
ADDITIONAL ESTIMATES 2014-15

Finance Portfolio

Department/Agency: Department of Finance

Outcome/Program: 2/2.1

Topic: Investment of Medibank private with Reserve Bank

Senator: Ludwig

Question reference number: F22

Type of question: Hansard, F&PA Committee, Pages 86-87, 24 February 2015

Date set by the committee for the return of answer: Friday, 10 April 2015

Number of pages: 1

Question:

Senator LUDWIG: Can you confirm that it is being invested with the Reserve Bank?

Mr Gibson: I cannot confirm. I would have to take that on notice.

Senator LUDWIG: I am happy for you to take that on notice, and whether it is the whole amount or part of the amount?

Mr Gibson: I will take that on notice.

Senator LUDWIG: And then what the interest is that the Reserve Bank affords you, if I have got that right as it has been explained to me. If not, I am happy to be corrected.

Senator Cormann: We will get that status for you and confirm as soon as possible.

...

Ms Halton: I am very conscious that Senator Ludwig asked a question about the proceeds from the Medibank Private sale. We can confirm it went into the RBA and it went in on the day it was received. We cannot confirm exactly what kind of account it went into but we will come back to you with that technical detail.

Answer:

The proceeds from the Medibank Private sale were paid in full into the Official Public Account (OPA), held at the Reserve Bank of Australia (RBA). The OPA is used for whole-of-government cash management.

Cash not required for immediate purposes is invested in term deposits with the RBA. Interest on funds in the OPA is paid at the RBA's target cash rate. The interest rate on term deposits reflects the rates earned by the RBA in its open market operations. Since the receipt of the proceeds from the Medibank Private sale these rates have ranged from 2.21 per cent to 2.56 per cent.