

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Additional Estimates

10 – 11 February 2010

Question: aet 113

Topic: Financial Claims Scheme

Hansard Page: E85-E86 (11/02/2010)

Senator JOYCE asked:

Senator JOYCE—On the deposit side, I notice people still have coverage for deposits under \$1 million. Is that right?

Mr Lonsdale—Under the financial claims. That is a separate guarantee and that will remain.

Senator JOYCE—How much is in that at the moment?

Mr Lonsdale—Do you mean total deposits?

Ms Rowbotham—The total coverage of deposits under the Financial Claims Scheme was estimated on 30 June at \$660 billion.

Senator JOYCE—So that contingent liability stays in place? There is \$660 billion for deposits under \$1 million which the government is still underwriting?

Mr Lonsdale—Correct, there is that guarantee.

Senator JOYCE—Who is the predominant holder of that \$660 billion for deposits that the government has underwritten? Through which institutions are these being put?

Mr Murphy—It would be the major banks.

Senator JOYCE—So 76 per cent through the major four again?

Mr Lonsdale—I do not have that information, Senator. If you like, we can see if that exists.

Mr Murphy—Every mum and dad in Australia holds that money.

Senator JOYCE—Yes, I know. Obviously the facilitating body does not take the deposits. They are not held by you.

Mr Murphy—They are held by the institutions.

Senator JOYCE—Every part?

Mr Murphy—I do not know. We will try to get that information for you.

Mr Lonsdale—Mr Murphy is right. The bulk of deposits lie with the major banks.

Senator JOYCE—To the same proportion—about 76 per cent?

Mr Lonsdale—Seventy-six per cent is quite a precise number.

Senator JOYCE—Well, 75 per cent.

Mr Lonsdale—I think it would be better if we had a look and were sure before we gave you a number.

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Answer:

Treasury estimates that around 78 per cent of all deposits covered by the Financial Claims Scheme are deposited with the four major banks. The estimate of coverage of the Financial Claims Scheme is derived from APRA and industry data.