

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Additional Estimates 2012

15 – 17 February 2012

Question: AET 159 - 160

Topic: Liquidity for Banks

Hansard Page: Written

Senator BUSHBY asked:

159. What per cent age of existing securities would be attributable to being consistent with Basel 3 requirements in terms of supporting liquidity for banks?
160. What is the current break down of bonds in terms of time periods until maturity ie the per cent age of five year bonds and 10 year bonds etc?

Answer:

159. To satisfy the Basel III Liquidity Coverage Ratio (LCR) that will apply in Australia from 1 January 2015, relevant authorised deposit-taking institutions (ADIs) will have to hold sufficient high quality liquid assets (HQLA) to survive a simulated 30-day stress scenario. HQLAs are cash balances held with the Reserve Bank of Australia (RBA), Commonwealth Government and semi-government securities. The amount of HQLA required to satisfy the LCR will depend on the detailed assumptions underlying the 30-day stress scenario as well as each ADI's business mix and funding structure. It will also depend on the size of the Committed Liquidity Facility (CLF) that is made available to each ADI by the RBA. APRA is currently consulting on the details of how the LCR will operate and the extent to which ADIs will be able to rely on the CLF as an alternative to holding HQLAs (as contemplated under Basel III rules). The outcome of these processes will determine the volume of HQLA that each relevant ADI will be required to hold from 2015 and the size of the CLF for the ADI.
160. The Australian Office of Financial Management has provided the following information on the outstanding maturities of Commonwealth Treasury Bonds (as at COB 13 March 2012, based on face value).

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Additional Estimates 2012

15 – 17 February 2012

<u>Bond line</u>	<u>Amount on issue (\$b)</u>	<u>As per cent of total issuance</u>
15-Apr-12	12.3	6.0%
15-Nov-12	8.9	4.4%
15-May-13	16.7	8.2%
15-Dec-13	9.3	4.6%
15-Jun-14	13.3	6.6%
21-Oct-14	11.3	5.6%
15-Apr-15	14.1	6.9%
21-Oct-15	5.1	2.5%
15-Jun-16	13.8	6.8%
15-Feb-17	15.9	7.8%
21-Jul-17	5.5	2.7%
21-Jan-18	9.8	4.8%
15-Mar-19	16.0	7.9%
15-Apr-20	16.4	8.1%
15-May-21	15.7	7.7%
15-Jul-22	9.5	4.7%
21-Apr-23	6.0	3.0%
21-Apr-27	3.3	1.6%
Total	202.9	100.0%