

**Senate Standing Committee on Economics**

**ANSWERS TO QUESTIONS ON NOTICE**

**Treasury Portfolio**

Additional Estimates 2012

15 – 17 February 2012

**Question: AET 163 - 164**

**Topic: “IMF safety net could lift rates.” - The Financial Review**

**Hansard Page: Written**

**Senator BUSHBY asked:**

163. In reference to an article (“IMF safety net could lift rates.” The Financial Review, P.1. 25 January 2012.), has Treasury undertaken any modelling/inquiries on whether more stringent testing of the four major banks is needed?
164. Does Treasury have any information on the ‘recovery plans’ the big four banks were supposed to draft by the end of last year?

**Answer:**

163. Treasury monitors the stability of the financial system in conjunction with other members of the Council of Financial Regulators (CFR). However it has not undertaken any specific work in response to the IMF Working Paper mentioned in the question. APRA undertakes periodic stress testing of authorised deposit-taking institutions (ADI) in its capacity as Australia’s prudential supervisor. It consults with other CFR members as part of this process.
164. APRA is working with a number of ADIs on the development of recovery plans. While Treasury has been advised that this work is underway, it has no specific information on the contents of the plans.