

**Senate Standing Committee on Economics**

**ANSWERS TO QUESTIONS ON NOTICE**

**Treasury Portfolio**

Budget Estimates, 2 June – 4 June 2009

**Question: bet 140**

**Topic: Stocks**

**Hansard Page: Written**

**Senator Bushby asked:**

1. What is the process the AOFM goes through to issue stock?
2. How is it sold?
3. What degree of contact does the AOFM have with the intermediaries?
4. How much with the actual purchasers?
5. If it is auctioned, what is the variable that people use to bid?
6. What is the mechanism applied to conduct such an auction? For example, Is it public, silent, dutch?
7. How is it advertised or marketed to potential purchasers?

**Answer:**

1. Commonwealth Government Securities (CGS) are issued by competitive tender (or auction).
2. Tenders for the issue of CGS are conducted using a web based electronic tender system. Bids for stock offered via the tender system may only be submitted by parties that are registered with the AOFM.
3. The AOFM has regular contact with intermediaries.
4. The AOFM has occasional contact with investors.
5. Bidders submit bids in terms of yield (interest rate) and the amount of stock they are prepared to purchase at that yield.
6. Tenders for the issue of CGS are conducted as multiple price sealed bid tenders.
7. Notification of a tender is provided via the following channels:
  - (a) AOFM website;
  - (b) email to subscribers to AOFM email service;
  - (c) AOFM contributed pages on the Reuters and Bloomberg systems; and
  - (d) electronic alerts to registered bidders generated by the tender system.