

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates, 2 June – 4 June 2009

Question: bet 15

Topic: Bank Guarantee #2

Hansard Page: Written

Senator Williams asked:

1. What timetable is in place for the removal of the bank guarantee?
2. Has APRA made a recommendation to the Federal Government for a timetable for its removal?
3. Do you believe the bank guarantee has had the desired effect?
4. If there was ever a need to introduce it again down the track, do you believe it should be in a changed form?
5. Should the Guarantee be offered again, should those currently not under APRA cover be included in some other form of guarantee?

Answer:

1. This is a matter for government.
2. No. This is an issue that would be considered by the Council of Financial Regulators.
3. Prior to the guarantee scheme being put in place, a number of authorised deposit-taking institutions (ADIs) had experienced difficulties in accessing wholesale funding (particularly in relation to offshore term funding) and there had been a growing disquiet on the part of some retail depositors. The guarantee has addressed these difficulties. ADIs have used the guarantee to access wholesale funding; more recently, some ADIs have been able to raise term wholesale funding without the guarantee.
4. This is a matter for government.
5. This is a matter for government.