

## Senate Standing Committee on Economics

### ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates

31 May – 2 June 2011

Question No: BET 287

Topic: Commonwealth government securities market #2

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Senator Cormann asked:

**Senator CORMANN:** I am interested to know. Obviously, all the organisations that are on there have an interest in maintaining a large number of Commonwealth government securities on issue. It is not really a balanced panel to review. That is a question for you, Minister. It is not really a balanced panel reviewing the needs of the Commonwealth government securities market, is there? They are all people who have a vested interest in maintaining—

**Senator Wong:** I think statement 7 goes through a range of points at which the Commonwealth government securities market has been considered under both the previous government and under this government. It references some of the policy issues that need to be considered in terms of both the size of the bond market and, if you look at the 'Recent developments' paragraph, some of the liquidity and other requirements as a result of Basel international banking regulations. If you want a more detailed discussion, Senator, I am happy to take that question on notice.

Answer:

The panel was established for the specific purpose of discussing the future of the Commonwealth Government Securities (CGS) market, in light of the crucial role that the CGS market played in supporting the stability of Australia's financial markets during the global financial crisis and recent developments such as the new global liquidity requirements and the changing investor base for CGS. As noted in Statement 7 of Budget Paper 1, the panel discussions supplemented the AOFM's ongoing dialogue with the financial markets.