

Senate Economics Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Supplementary Budget Estimates 1 - 2 November 2006

Question: sbt 86
Topic: FICS increase to \$100,000
Hansard Page: E111

Senator SHERRY asked:

But are you aware that unfortunately—and Mr Lucy was not aware of this when I raised it with him this morning—the possible increase of \$100,000, which is important in the context of Westpoint, has been deferred for further consultation? So the \$100,000 is to remain in place.

Mr Murphy—We see FICS and other bodies like that as a very important part of the whole scheme of things in terms of regulation. I was aware that they were looking at this and were possibly giving consideration to increasing the limit. I am not sure how long that is going to be deferred.

Senator SHERRY—Nor am I, but the press release just said the issue had been deferred again and did not indicate for how long.

Mr Murphy—I could find out about that. From discussions I have had with them and other like bodies, they are pretty committed to what they are doing. If they could provide a more appropriate or better service, they would be doing it.

Senator SHERRY—I do not think it is a matter of a better service or a lack of commitment.

Mr Murphy—No, but from the discussions I have had with some of the major players in the industry, they are strongly behind organisations such as FICS. I do not think they are going to be curtailed in terms of compensation that can be paid. It probably will go up, but I can check on that to see where it is at.

Senator SHERRY—If you could, because that is an issue that is highly relevant in the case of the Westpoint matters.

Answer:

FICS is in the process of determining the range of any proposed increase to jurisdictional limits that it will put to public consultation. FICS expects that this process will be complete by early in 2007. It is anticipated that consultation regarding an increase to the jurisdictional limits of FICS will be completed by the end of June 2007 with any changes to come into effect at the end of August 2007