

**Senate Standing Committee on Economics**

**ANSWERS TO QUESTIONS ON NOTICE**

**Treasury Portfolio**

Supplementary Estimates 22-23 October 2008

**Question: sbt 59**

**Topic: Deposit Guarantee – Fees and Charges**

**Hansard Page: E69 – E70**

**Senator COONAN asked:**

Senator ABETZ —And it is quite clear that you do not know about it. During question time today the Treasurer said, ‘Because the government believe in a comprehensive guarantee for everyone, we are going to put in place a charge above a threshold. That charge or that fee above a threshold will be above \$1 million’, and you, Secretary, were not aware of that government decision until I just announced it to you courtesy of Senate Estimates. That, I must say, confirms to me that all this is being done on the run.

...

Senator COONAN —How will the fee that we now know will be charged be administered? Will it be an opt-in?

Senator ABETZ —He does not know about it so he will not know.

Senator COONAN —I am entitled to ask him.

Senator ABETZ —Of course you are. It is just more embarrassment for them.

Senator COONAN —We know the threshold is \$1 million and I just want to know whether it will be an opt-in arrangement.

Senator Conroy —We will take that on notice and try and get you information as fast as we can.

Senator COONAN —Will a fee be charged on deposits over \$1 million or \$5 million retrospectively, or how will it operate?

**Answer:**

From 28 November 2008, deposits above the \$1 million fee-free threshold will only be guaranteed if the institution has applied for the guarantee and agreed to pay the relevant fee.

The fee will be paid by the ADI monthly in arrears, on the basis of aggregated average monthly balance amounts per depositor above the fee-free threshold.