

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Supplementary Estimates 22-23 October 2008

Question: sbt 80

Topic: Residential Mortgage Securities - Advice

Hansard Page: E130

Senator BUSHBY asked:

Senator BUSHBY —With respect to residential mortgage backed securities, the Treasurer claimed he made the announcement at 4.00 pm on 26 September this year following advice from the regulators. Which regulators provided the advice he refers to?

Mr Murphy —The regulators would probably be the RBA. It would be the economic regulators. I will have to take it on notice to give you the exact answer but it would be out of the group of the RBA, ASIC and APRA.

Senator BUSHBY —Treasury?

Mr Murphy —And the AOFM, which is the Australian Office of Financial Management, which is part of the Treasury.

Senator BUSHBY —We had them here earlier tonight. Was the advice from the regulators provided in a written or an oral form?

Senator Sherry —To the Treasurer?

Senator BUSHBY —Yes.

Mr Murphy —We would have to take that on notice. We would not have that.

Answer:

The Treasurer discussed the issue of the Australian Office of Financial Management purchase of residential mortgage backed securities with the Council of Financial Regulators on 19 September 2008.

Membership of the Council is comprises two representatives – the chief executive and a senior representative – from each of the four member agencies. These agencies include the Reserve Bank of Australia, which chairs the Council; the Australian Prudential Regulation Authority (APRA); the Australian Securities and Investments Commission (ASIC); and the Australian Treasury.