

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Supplementary Budget Estimates

17 October – 18 October 2012

Question: SBT 20

Topic: Competition in Banking

Hansard Page: pg 91, Thursday 18 October 2012

Senator BUSHBY asked:

Senator BUSHBY: You both—Mr Murphy and Mr Beckett—mentioned the government's competition package. There are a number of things in it and a lot of that was welcomed on a bipartisan basis. This committee, with its references hat on, put out a comprehensive report into competition in banking. One of the things it focused on and found a need for was securitisation and access to funds at a cost-effective basis for smaller competitors to the big banks, noting how that had dried up over the period of the global financial crisis and had not really come back. With securitisation, you noted that there was \$20 billion last year and \$10 billion so far this year. Who is issuing the bulk of that? Is it the big banks or the smaller competitors?

Mr Murphy: It is a mixture. Some of the banks have got involved—

Senator BUSHBY: Obviously they are doing that without the AOFM's involvement, but it does not mean they still cannot do it?

Mr Murphy: Yes, that is good.

Mr Beckett: It is a mixture. As we said, the large banks will occasionally do a securitisation but we are seeing issuance from smaller banks and non-bank lenders recently. The deals on which the AOFM scaled out of the market were all from smaller, second-tier banks or non-bank lenders. We had Suncorp, AMP, FirstMac, Members Equity, ING—those types of banks.

Senator BUSHBY: The AOFM has to be with the smaller guys. Of the \$20 billion last year, how much was by the four majors?

Mr Murphy: I do not have that figure in front of me.

Senator BUSHBY: Take that on notice,

Answer:

The major banks accounted for around \$11 billion of the \$23 billion in RMBS issued in 2011 by Australian institutions. The AOFM does not support issuance by the major banks.