

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates

29 May – 31 May 2012

Question: BET 154

Topic: Investment to Support the Residential Mortgage

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Senator BUSHBY asked:

Senator BUSHBY: I will wrap up a few things and then just ask about a separate issue. I am almost through this. With regard to the introduction of the further \$4 billion worth of investment to support the residential mortgage—we are back to the securities market—what is the total that has been invested now?

Mr Lonsdale: It is \$15.2 billion.

Senator BUSHBY: Out of the total of \$20 billion?

Mr Lonsdale: That is correct. There have been 59 securitisation deals since the advent of the program.

Senator BUSHBY: Those were successful applications. Were there unsuccessful applications as well?

Mr Lonsdale: I would have to come back to you on that.

Mr Murphy: It is a matter of negotiation.

Mr Lonsdale: I think you are seeing AOFM later. They will be able to give you more detail.

Answer:

The total invested as at 21 June is \$15.3 billion across 60 transactions.

The AOFM has received 95 proposals under the program, of which 82 complied with the requirements deemed eligible for consideration at the time.

Of the 82 compliant proposals received by the AOFM, the AOFM agreed 'in-principle' to support 66 subject to certain conditions and timeframes, and rejected 16 proposals.

Of the 16 rejected proposals, ten were from seven different sponsors who were initially unsuccessful but subsequently submitted successful proposals. The net result is that, to date, six proposals have been received from four different sponsors who have not received support from the AOFM based on the AOFM's assessment of the proposals against the selection criteria.

Furthermore, while the AOFM agreed to support 66 proposals, not all have resulted in transactions to date. This is due to a number of reasons, such as the issuer withdrawing or letting the AOFM's offer lapse, and also includes one transaction currently in the pipeline.