

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates

4 – 6 June 2013

Question: BET 16

Topic: Unclaimed Monies #3

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Senator HEFFERNAN asked:

Senator HEFFERNAN: Yes. There are circumstances where it could be bloody useful. But why wouldn't accepting interest into the account be an activity?

Mr Kell: I will give you one answer here that might explain it in an exceptional but not unusual circumstance. Someone could well have passed away and they would still be receiving interest.

Senator HEFFERNAN: I am going to come to that. I don't get that. If in surrendering—and you say it is not surrendering—the account to your organisation after three years and in that period the owner of the account dies, what happens? Do you notify the estate?

Mr Kell: If an account has been inactive and the money is going to be passed to the unclaimed money's area, the bank or financial institution will attempt to contact—

Senator HEFFERNAN: But if you have already taken the money because it is inactive and the day after you take it the person who owns the money dies—

Mr Kell: That is not a piece of information that we would otherwise collect—

Senator HEFFERNAN: The thing could just go off into the ether instead of being at the bank.

Mr Kell: It does not; it is there on a publicly available website.

Senator HEFFERNAN: Who do you notify when you take the money?

Mr Kell: The bank or financial institution will seek to contact their client. If they are unsuccessful in doing so then they will generally hand the money over as required. The money is then very readily available on a publicly listed—

Senator HEFFERNAN: Yes, but in a lot of circumstances it could just disappear into the ether because no-one knows it is in the estate.

Mr Kell: There are certainly circumstances where it has been very hard to track down. To give you a sense of what we do, last year ASIC wrote to, I think, 28,000 account-holders that we could identify through this system. We have very wide scale media campaigns where we alert people to the existence of the unclaimed money database. There are also actually private firms out there that seek to relocate—

Senator HEFFERNAN: They do.

Mr Kell: or reacquaint people with their money. I have noticed several of the large banks, for example, offering to check whether people have any unclaimed money as well. I think there is a range of organisations—most notably ASIC—who want to reacquaint people with their money.

Senator HEFFERNAN: Yes, so when you get hold of the money, you pay interest at what rate?

Mr Kell: As part of the reforms, a decision has been made to pay interest on money from 1 July this year. I could not tell you what the current rate is going to be, but I am happy to provide that information on notice.

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Answer:

The rate of interest for claims paid in the 2013-14 financial year is 2.5% (or 0.0250).

The *Treasury Legislation Amendment (Unclaimed Money and Other Measures) Regulation 2013*, made on 13 June 2013, amends the Banking Regulations 1966. Regulation 22 provides that the interest rate for a financial year is:

- (a) the percentage change in the All Groups CPI between the two March quarters most recently published before the first day of the financial year (rounded up to 4 decimal places); or
- (b) if that percentage change is less than 0% - 0%.

For this purpose, CPI is defined to mean the Consumer Price Index number (being the weighted average of the 8 capital cities) published by the Australian Bureau of Statistics.