

**Senate Standing Committee on Economics**

**ANSWERS TO QUESTIONS ON NOTICE**

**Treasury Portfolio**

Additional Estimates – 25–26 February 2009

**Question: aet 61**

**Topic: First Home Saver Account**

**Hansard Page: E97 (25 February 2009)**

**Senator PAYNE asked:**

**Senator PAYNE**—I have a brief series of questions following up on those I have asked previously about the first home saver accounts. Can the department advise the committee of where we are up to with the opening of first home saver accounts since they became available on 1 October last year? How many have we seen opened since then?

**Mr Gallagher**—We also do the estimates for first home saver accounts. The actual numbers of accounts are being monitored by APRA, and my understanding is that APRA is processing the numbers from the end of last year, but we have not yet received them and I am not quite sure when we will. I expect that we will have a much better answer for you at budget estimates than I can give you now.

**Senator PAYNE**—In terms of pursuing these issues in the future, in relation to at least the numbers of accounts, should I continue to do that here with you or with APRA?

**Mr Gallagher**—APRA can talk to the nature of their numbers but, in terms of the way that Treasury is monitoring the schemes, we will be using the numbers and we will be able to interpret them for you.

**Senator PAYNE**—Thank you. I think you said the monitoring that APRA is doing in relation to the accounts is from the end of last year.

**Mr Gallagher**—Yes. Although my understanding is that the data collection was to end at the end of the December quarter, so it should be up to 31 December, and they would have collected that data through January and into February. I understand that it is being processed at the moment.

**Senator PAYNE**—Do you know when you are expecting to get that? If I were to ask you to take a question on notice in relation to the numbers and perhaps associated matters, would you be able to assist with that in the timeframe?

**Mr Gallagher**—I would be happy to take the question on notice and if I receive the data inside the notice period I will answer with the data, otherwise I will notify you when I expect it.

**Senator PAYNE**—If you could respond in relation to the number that have been opened in the period of data collection, so since they became available on 1 October, and in what period that has been monitored. Could you also advise, based on those numbers, whether that level of accounts opened meets the expectations that Treasury was expecting or whether it exceeds or fails to meet them?

**Mr Gallagher**—Yes.

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**Senator PAYNE**—Can you advise whether there has been any change to the number of financial institutions participating in the scheme since 1 October?

**Mr Gallagher**—Again, I am not aware of the financial institutions. I do not know whether the APRA numbers run to that, but I expect that they would. I would need to look at the source. As I said, our estimation process was based on the number of people who were saving for their first home and a plausible take-up by the people saving for that. Since the policy was originally announced the government has also announced other policies in relation to first home savers. In particular, in some categories the first home owner grant has been tripled and in other cases it has been doubled. That may have had the effect of bringing forward people who may have saved over the longer term to a more immediate purchase. The other thing that has happened, of course, is that interest rates have dropped and, again, that may mean that people have decided, rather than to purchase later, that a good time to purchase may be now, so they may not have taken up accounts. I do not know whether we will ever know the effects of those measures, but certainly if I was estimating it now, I would estimate lower numbers.

**Senator PAYNE**—I see.

**Mr D'Ascenzo**—The APRA website, as of 12 February 2009, had 17 authorised institutions. Of the major banks, the ANZ and Commonwealth were offering first home saver accounts, and anecdotally others have indicated that they may offer the product at a later date.

**Senator PAYNE**—Do you mean the other two of the big four?

**Mr D'Ascenzo**—Including them.

**Senator PAYNE**—Thank you. I appreciate that clarification. Mr Gallagher, based on the fact that you are still waiting for data, I assume that there has been no opportunity for any review of the estimates in relation to the government contribution during the early operation of the scheme?

**Mr Gallagher**—That is correct. We would expect to do that as part of the budget estimates process, in terms of looking at the numbers and making decisions about the changing climate, as well as the apparent take-up in revising the estimates.

**Senator PAYNE**—I appreciate your undertaking to provide some of that information on notice if you receive it during the timeframe.

**Answer:**

**APRA advise that as at 31 March 2009 there were 10,800 First Home Saver Accounts with a total value of \$19,399,467.**

**The APRA website list the following institutions as offering FHSAs.**

#### List of FHSA providers

Under the legislation FHSA providers may commence offering FHSAs from 1 October 2008. Authorised Deposit-taking Institutions and Life Companies that are

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providing FHSAs (according to their websites and by contacting their customer service centre) are listed below.

- AMP Bank Limited - ABN 15 081 596 009
- Australia and New Zealand Banking Group Limited - ABN 11 005 357 522
- Big Sky Credit Union Ltd - ABN 51 087 651 358
- Circle Credit Co-operative Ltd - ABN 46 087 650 968
- Commonwealth Bank of Australia - ABN 48 123 123 124
- Defence Force Credit Union Limited - ABN 57 087 651 385
- Hume Building Society Ltd - ABN 85 051 868 556
- Hunter United Employees' Credit Union Limited - ABN 68 087 650 182
- IMB Ltd - ABN 92 087 651 974
- Members Equity Bank Pty Limited - ABN 56 070 887 679
- MyState Financial Credit Union of Tasmania Limited - ABN 89 067 729 195
- NSW Teachers Credit Union Ltd - ABN 30 087 650 459
- Plenty Credit Co-operative - ABN 29 087 651 643
- Police Association Credit Co-operative Limited - ABN 33 087 651 661
- Satisfac Direct Credit Union Limited - ABN 36 087 651 232
- The Police Department Employees' Credit Union Limited - ABN 95 087 650 799
- Victoria Teachers Credit Union Limited - ABN 44 087 651 769
- Wagga Mutual Credit Union Ltd - ABN 35 087 650 860
- Wyong Council Credit Union Ltd - ABN 29 087 650 897

RSE licensees that have been authorised to offer FHSAs:

- Trust Company Superannuation Services Limited - ABN 49 006 421 638