

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Additional Estimates

23 – 24 February 2011

Question: AET 115

Topic: Banking Package

Hansard:E 112

Senator Bushby asked:

Senator BUSHBY—I do not know about that. I am happy to leave exit fees there. I do have more questions about the banking package, if I may. Other people may have questions on exit fees. I have questions on the elements of the package, but I will just put a few now and maybe a few on notice. For each of the elements of the banking package, what are the time lines for implementation that currently exist?

Mr Murphy—Maybe George can answer that.

Senator BUSHBY—Where are they currently at in terms of the stage of the process that you are going through?

Mr Lonsdale—I can go through the key ones. There are quite a few, as you know, in the package, but I can go through the key immediate ones, if that is helpful.

Senator BUSHBY—And take other ones on notice, if you can.

Mr Lonsdale—I am happy to do that. We have talked quite a lot about banning exit fees. The government has just released some draft regulations that it is currently consulting on. The idea is that that would be settled in the coming month.

Answer:

Key timeframes for the Government's Competitive and Sustainable Banking System reforms are provided below:

Ban exit fees

- Introduced regulations in Autumns sittings to ban exit fees on new home loans from 1 July 2011.

Boost consumer flexibility to transfer deposits and mortgages

- Fraser Report to the Government on the findings of his review by 30 June 2011.

Introduce mandatory key facts sheet

- Introduced legislation during the first sittings of Parliament in 2011.

Empower ACCC to prosecute anti-competitive price signalling

- Introduced legislation in the first sitting of the Parliament in 2011.

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Additional Estimates

23 – 24 February 2011

Fast track legislation to get a better deal for Australians with credit cards

- Introduced legislation in the first sitting of Parliament.

Launch community awareness and education campaign

- Commenced the campaign in early 2011.

Taskforce to monitor and enhance ATM competition reforms

- Report provided to the Government in February 2011 on issues specifically affecting Australian Indigenous and other remote communities.
- The joint Treasury / Reserve Bank Taskforce will report to the Government in June 2011.

Introduce a third tranche of support for RMBS

- The Treasurer has given a direction to the AOFM in relation to investing the third tranche of support for RMBS.

Accelerate development of bullet RMBS market for smaller lenders

- Treasury will continue working with regulators and stakeholders to develop the market for smaller lender bullet RMBS. Timing is dependant on consultation outcomes.

Covered bonds:

- Released draft amendments to the Banking Act during the first sitting of Parliament in 2011.

Develop a deep and liquid corporate bond market

- Report provided to the Government on the cost and suitability of alternative market exchanges on which CGS could trade.
- Report provided to Government on the most appropriate design of reforms to better align disclosure for retail corporate bond issues.