

## Senate Standing Committee on Economics

### ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates

31 May – 2 June 2011

Question No: BET 286

Topic: Commonwealth government securities market

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Senator Cormann asked:

**Senator CORMANN:** I want to go to pages 7-16, 7-17 and 7-18 of the budget papers.

**Mr Nicholl:** Is that Budget Paper No. 1?

**Senator CORMANN:** Budget Paper No. 1, yes. Statement 7, and then pages 16, 17 and 18. On page 17 in particular, there is a note:

The panel agreed that the Commonwealth government securities market should be maintained around its current size—that is, around 12 per cent to 14 per cent of GDP over time.

Who was on the panel who made that decision?

**Senator Wong:** Senator, this is Treasury, I think, not AOFM.

**Senator CORMANN:** So it is not AOFM?

**Senator Wong:** I will just check.

**Mr Nicholl:** No.

**Senator Wong:** It was a review, Senator.

**Mr Nicholl:** We were a member of the panel, but we did not conduct the review. That was the fiscal group from Treasury.

**Senator CORMANN:** So who else was on the panel with you?

**Mr Nicholl:** There were a number of market participants and the Reserve Bank and Treasury.

**Senator CORMANN:** So the Reserve Bank and Treasury. When you say market participants, who?

**Mr Nicholl:** Banks. I cannot remember exactly who, though.

**Senator CORMANN:** Any state organisations?

**Mr Nicholl:** Yes. I think there might have been one or two state central borrowing authorities that were represented.

**Senator CORMANN:** Like the New South Wales Treasury Corporation, perhaps?

**Mr Nicholl:** Yes.

**Senator CORMANN:** And Victoria?

**Mr Nicholl:** Yes.

**Senator CORMANN:** Any other state?

**Mr Nicholl:** Not that I recall.

**Senator CORMANN:** And APRA perhaps?

**Senator Wong:** Senator, this is not a debate.

**Senator CORMANN:** No. I am just trying to find out—

**Senator Wong:** Well, you are asking. This is in the note on 7-17. Is that what you are asking him to confirm?

**Senator CORMANN:** I am trying to find out who else was on the panel.

**Senator Wong:** Reading out of a budget paper and asking if it is correct. It just gets sillier.

**Senator CORMANN:** I am just trying to get any number of private sector organisations. Who were they?

**Mr Nicholl:** I do not recall.

**Senator Wong:** We will take that on notice for Treasury, Senator. I am advised that it was chaired and run by Treasury, so why do I not take on notice your question as to who it comprised and the number of private sector market participants that is reference 7-17? Senator, is that what you want me to do?

**Senator CORMANN:** That is what I would like you to do, yes.

**Senator Wong:** Thank you.

**Senator CORMANN:** I am interested

Answer:

As noted in Statement 7 of Budget Paper 1 the panel included representatives of the Treasury, the AOFM, the Reserve Bank of Australia, the Australian Prudential Regulation Authority and the State Treasury Corporations of NSW and Victoria. Private sector market participants in the panel included representatives of major retail banks, fund managers and investment banks.