

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Supplementary Budget Estimates

19 – 20 October 2011

Question No: SBT 621

Topic: Banking Licences

Hansard Page: Written

Senator Bob Brown asked:

621. Does Treasury have any estimate of the value to the banking sector of their 'banking licences'; explicit or implicit support provided to them by the government and the confidence given to investors and depositors by APRA's supervision?
- a) Has the Treasury considered an additional tax on banks to recover some of this?

Answer:

621. Deposit-taking institutions are authorised by the Australian Prudential Regulation Authority under section 9 of the Banking Act 1959. Treasury has not sought to estimate the value of these authorisations.

APRA recovers costs incurred in undertaking prudential supervision of ADIs through the Financial Institutions Supervisory Levy. In 2010-11 ADIs paid approximately \$42 million through this levy.

ADIs are charged a fee in return for accessing the Government's now closed Guarantee Scheme for Large Deposits and Wholesale Funding. At September 2011, ADIs had paid the Government approximately \$3 billion. Total fees paid by ADIs are expected to reach around \$5 billion by the time all guaranteed liabilities are retired.

Under the Financial Claims Scheme, payments made by APRA to compensate depositors in a failed ADI are fully recoverable from the assets of the failed ADI, and if necessary through a levy on other ADIs.

The Government has no plans to impose an additional tax on the ADI sector.