

**Senate Economics Legislation Committee**  
**ANSWERS TO QUESTIONS ON NOTICE**

**Treasury Portfolio**

Additional Estimates

2014 - 2015

**Department/Agency: Treasury**

**Question: AET 54**

**Topic: Due diligence procedures in regard to foreign investment**

**Reference: Hansard page no. 41 - 26 February 2015**

**Senator: Milne, Christine**

**Question:**

54.

Senator Birmingham: Even process questions, I imagine, have market sensitivities attached to them.

Mr Donnelly: That is correct.

Senator MILNE: I want to ask about the due diligence procedures you engage in with regard to foreign investment. There have been a lot of allegations that money laundering has been occurring, particularly out of China, with a Chinese bank being named in the media as basically running a service offering corrupt Chinese officials an opportunity to basically funnel the money through the bank and invest overseas, and Australia is one of the countries concerned. I want to know: what is your due diligence procedure? Have you been contacted by the Chinese embassy in Australia with regard to trying to track down officials who are bringing in money, they allege illegally obtained in China, and funnelling it through into Australia into various investments?

Mr Donnelly: As I was explaining to Senator Canavan a moment ago, the standard course for each of our cases as they come in is that we will do an initial assessment of the application and the case officer will then distribute the relevant aspects of that application to various different consultation agencies. Those agencies invariably include the ATO. They may also include the ACCC, the national security agencies and the criminal enforcement agencies: the AFP and AUSTRAC. In cases where those consult agencies identify concerns, those concerns are evaluated as part of the national interest test.

Senator MILNE: So that is the procedure. So have you been contacted by the Chinese embassy in Australia with regard to particular investments and the issue of money laundering?

Mr Donnelly: I am not aware of the answer to that question; I would need to take that on notice.

Senator MILNE: Okay. If you are not aware of that, are you aware of any concerns that have been acted on by FIRB?

Mr Lonsdale: I think that is another one that we would have to take on notice.

Senator MILNE: Okay. So you cannot provide me with any information upfront about this

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particular issue?

Mr Lonsdale: I cannot provide you with information on that now, but I am happy to take the question away on notice.

**Answer:**

54. The Foreign Investment Review Board has previously worked closely with law enforcement agencies such as the Australian Federal Police and State Police forces in relation to the issue of potential money laundering in specific instances. The Board has also previously received information collected by the Australian Transaction Reports and Analysis Centre (AUSTRAC) in relation to potential money laundering concerns.

The Board has not been contacted by the Chinese Embassy in Australia with regard to particular investments and the issue of money laundering.