

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates

29 May – 31 May 2012

Question: BET 98

Topic: Protocols for Transactions Involving State-owned Enterprises

Hansard Page: Wednesday 30 May 2012, page 62

Senator XENOPHON asked:

Senator XENOPHON: On notice could you provide me with the details of what the protocols are in respect of those transactions involving state owned enterprises? Is there a random audit process and the like?

Mr Murphy: Yes.

Senator XENOPHON: Thank you.

Answer:

All foreign investors, like others in the community, are expected to observe Australia's laws and policies and we are not aware of instances where breaches remain unaddressed. Foreign investors carry significant commercial risks in proceeding with investments that are outside the requirements of the *Foreign Acquisitions and Takeovers Act 1975* and Australia's foreign investment policy. In most cases the danger for investors is for their investments to be unwound, either under law or in consultation with the relevant foreign government at diplomatic level in the case of sovereign owned entities.

FIRB officers routinely monitor news services, websites, corporate listing requirement announcements and other media and follow-up cases of non-compliance where identified. Given the risks involved for investors and the propensity for business investors to be better informed about the rules, FIRB has more frequently issued final (*prevention*) orders over real estate transactions than over business related transactions.