

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Additional Estimates 20-21 February 2008

Question: aet 43

Topic: Sovereign Wealth Funds

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Senator WATSON asked:

Senator WATSON—I have a very quick question for Mr Murphy. What really has changed because all the issues that you talked about that are going to be new are the issues that past Treasurers have used in assessing this issue of sovereign wealth investment in Australia? So we have got to be very careful when you talk about new rules about frightening off investment into Australia; and they have got to be consistent. So, on notice, what are the new rules?

Mr Murphy—There are no new rules.

Senator WATSON—No new rules?

Mr Murphy—They are principles.

Senator WATSON—No new principles?

Senator Sherry—Nothing has changed. Further work is being done by the division and the Treasurer, as I understand, will be announcing that detailed work.

Senator WATSON—Take it on notice.

Mr Murphy—The difference is that the government is being more transparent in putting these out and saying to sovereign wealth funds, ‘If you want to invest in Australia you should take note of these before you come forward with your proposal.’ Up until now we did not say anything.

Senator WATSON—Can you give us the new rules on notice?

Mr Murphy—It was released on a press release.

Senator Sherry—I will take on notice if there is any further development of those principles in detail that the Treasurer can release.

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Answer:

Senator Conroy: The Treasurer has provided the following answer:

On 17 February 2008, I released principles setting out the main factors that are considered in determining, on a case-by-case basis, whether particular investments by foreign governments and their agencies are consistent with Australia's national interest.

The release of the principles enhanced the transparency of Australia's foreign investment screening regime by explaining how the existing national interest test is applied in relation to foreign government investment proposals. It did not involve the establishment of new rules for foreign investment.

The principles are available on the Treasurer's website: <http://treasurer.gov.au> as well as on the website of the Foreign Investment Review Board: <http://www.firb.gov.au/content/default.asp>