

**Senate Standing Committee on Economics**

**ANSWERS TO QUESTIONS ON NOTICE**

**Treasury Portfolio**

Budget Estimates 3-5 June 2008

**Question: bet 96**

**Topic: Sub-Prime**

**Hansard Page: E105-E106**

**Senator Eggleston asked:**

**Senator EGGLESTON**—Lastly, does the Treasury feel there are any risks to the global financial sector, which has already been affected by the sub-prime crisis, from the growth of sovereign wealth funds and their activities around the world, being as they are government controlled?

**Mr Colmer**—There are probably other people who may have a more specific financial sector perspective on that. But I think the evidence from around the world to date has been that sovereign wealth funds have been a stabilising influence in the current financial turmoil around various parts of the world. For example, they have taken some stakes in a variety of US financial institutions and that has helped maintain their liquidity and that is generally considered to be a good thing.

**Senator EGGLESTON**—That is an interesting answer.

**Senator Sherry**—I think it might have been in Finance we gave an undertaking to provide some analysis of wealth funds and their structure. When that becomes available from Finance we will make it available to this committee as well.

**Senator EGGLESTON**—Thank you very much, Minister.

**Senator Sherry**—But they are quite different in their structure and their governance and ownership and investment profile and guidelines, et cetera.

**Senator EGGLESTON**—I am sure the committee will be very grateful for that.

**Answer:**

This question was also asked of Finance during their hearing with the Senate Standing Committee on Finance and Public Administration. Finance have provided a copy of their answer for your information (attachment A).