

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Supplementary Budget Estimates

21 – 22 October 2009

Question: sbt 60

Topic: Sovereign Wealth

Hansard Page: E72 (22/10/09)

Senator EGGLESTON asked:

Senator EGGLESTON—I just asked about the new rules and thresholds for reporting or disclosure. Since those new thresholds were introduced, have we found some unexpected examples of larger investments, which have been made by particular countries, concealed under different companies' investments in particular projects?

Mr Colmer—I am sorry; I am not entirely clear as to what you are getting at. We recently raised the thresholds.

Senator EGGLESTON—But I thought there was a disclosure threshold that had been lowered so that, if from the one country there were several different companies investing in an Australian project, the aggregate could be seen, which may or may not exceed the current threshold required for reporting.

Senator Sherry—I think we might have to take that on notice.

Senator EGGLESTON—Yes, please take that on notice. We were given that impression during a recent inquiry into sovereign wealth fund investment in Australia.

Mr Colmer—I am not quite clear on what you are referring to there, but we will take that on notice. Just a month ago, we increased the basic threshold that was operating.

Senator EGGLESTON—Yes, I know that. I think there were two different increases or changes involved. Please take it on notice.

Mr Colmer—Yes.

Answer:

Under section 6 of the FATA, foreign investors' interests in Australian companies or assets that are accumulated through related parties, subsidiaries or associates must be aggregated for the purposes of determining whether such interests are subject to notification and approval by the Treasurer. FIRB works with all investors, including those linked to foreign government ownership, to ensure that the associates provisions of the FATA are well understood and adhered to.

There are no separate (lower) thresholds that apply to component elements of associated foreign investments. The most recent changes made to the notification thresholds under the FATA were outlined in the Treasurer's speech to the Thompson Reuters Newsmaker Series in Sydney on 4 August 2009¹.

¹ Available online at:

<http://ministers.treasury.gov.au/DisplayDocs.aspx?doc=speeches/2009/020.htm&pageID=005&min=wms&Year=2009&DocType=1>