

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Supplementary Budget Estimates

21 – 22 October 2009

Question: sbt 56

Topic: Short Selling

Hansard Page: E63 (22/10/09)

Senator BUSHBY asked:

Senator BUSHBY—I will move on to short selling. I have a few questions on this and a few questions on the CAMAC review and then that will be it from me. I understand there have been some draft regulations finally released on short selling on 2 October? What took so long to release those draft regulations? I have been asking about them at every estimates since February—

Senator Sherry—It is a matter—

Senator BUSHBY—and the minister with his previous hat on promised them in a very short term after each one and we have only just seen them.

Senator Sherry—That is a matter that I would have to take on notice to the minister, Mr Bowen.

Senator BUSHBY—You were minister for probably six or seven of the 19 months it has taken to develop them since—

Senator Sherry—I was minister until June and I recall you asking about it in May. I did make some comment at that point in time. It is on the record. I made some public comments—

Senator BUSHBY—I think the word you used was ‘impending’ at that point.

Senator Sherry—I would have to refresh my memory—

Senator BUSHBY—Well, the word had similar meaning, if not exactly—

Senator Sherry—I will accept I used that expression or something very similar if I did not say that exactly, because I also said that publicly on a number of occasions. But it was a very complex area that was highly contested in terms of the detail and the new minister, Minister Bowen, obviously considered the matter, as was his prerogative. It would not surprise me if the same interest groups were wanting to discuss the matter with him. I do not know. That is his prerogative if that is the case. But as for the timing itself, it is something that I would have to take on notice and refer to Mr Bowen as to the reasoning for the time frame.

Answer:

Draft regulations were released for public comment on 2 October 2009 and have since been made on 25 November 2009.

The time taken to develop the draft regulations reflected the need for extensive consultation as part of developing the policy. This policy needed to balance the public interest in timely information about the activity of short sellers and the need to ensure that a fund manager’s proprietary trading strategies are not compromised. This involved consideration from both

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Supplementary Budget Estimates

21 – 22 October 2009

the former Minister for Superannuation and Corporate Law and the current Minister for Financial Services, Superannuation and Corporate Law prior to the release of the draft regulations.

Given the complex and detailed nature of the issues involved, thorough consideration of the issues was necessary to ensure an appropriate policy outcome.