

SENATE STANDING COMMITTEE ON ECONOMICS QUESTION
(Supplementary Budget Estimates 20 October – 21 October)

Question: SBT 181

Topic: Data on beneficial ownership of Commonwealth and State-owned securities

Senator Bushby asked:

Senator BUSHBY—That is where I was going. Discussions with the AOFM at the last estimates indicated that they believed you had access to information that would probably allow you to identify the country of residence of most beneficial owners but that it was not information that you publicly released. Is that correct?

Mr Hockman—I do not think we have enough information to be able to do that across the entire issue. At the moment, we do not even do that down to the country, let alone the individual institutions within those countries.

Senator BUSHBY—Do you have the legislative power to do that?

Mr Hockman—I would have to take advice on that.

Answer:

The *Census and Statistics Act 1905* provides the Statistician with the authority to conduct statistical collections and, where necessary, to direct a person or an organisation to provide statistical information. The *Census and Statistics Act 1905* imposes obligations on the ABS in relation to the dissemination of statistical information including the need to maintain the confidentiality of information collected under the Act. In particular, Subsection 12(2) of the *Census and Statistics Act 1905* stipulates that results may not be disseminated "in a manner that is likely to enable the identification of a particular person or organisation". In deciding whether or not to collect particular statistics the ABS also considers a range of issues including the cost to the business community of collecting the information and the likely quality of the resulting statistics.

In relation to Commonwealth Government Securities (CGC), the ABS collects information on non-resident holders of Australian securities, including CGS, from:

- the small number of major domestic custodians (nominee companies) who hold securities on behalf of non-resident investors
- the issuers of the securities where the securities are directly held by non-resident investors.

The ABS gathers information about the level of investment in each security, new purchases and sales (transactions) and income flows payable to foreign investors. The ABS also gathers information about the country of non-resident investors, though on the basis of immediate investing country rather than ultimate investing country. It is difficult to identify the ultimate beneficial owner if investments from one country are channelled through investment vehicles domiciled in a second country prior to final investment in Australian securities. The ABS does not gather information on the identity of non-residents investing in these securities.

Although thousands of non-resident companies or individuals may hold Australian securities, the domestic custodians report to the ABS and it is their business activity which is protected under the Census and Statistics Act. Their business activity is the custodial ownership of assets and given that custodians tend to

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concentrate their business in specific regions of the world, the publication of geographical detail is likely to enable the identification of a particular custodian.

For these reasons the ABS does not currently have information on the country of residence of the ultimate investor in CGC. It is unlikely that this information could be collected but, even if this was feasible, it is possible that Subsection 12(2) of the *Census and Statistics Act 1905* would restrict the release of information by country of residence of the ultimate owner.