

Standing Committee on Finance and Public Administration

ANSWER TO QUESTION ON NOTICE

**Budget Estimates Hearing – May 2008
Australian Reward Investment Alliance
Finance and Deregulation Portfolio**



Outcome 1, Output 1

Topic: Share Lending Practice

Question reference number: F2

Type of Question: Written

Number of Pages: 1

Senator Murray asked:

Is ARIA concerned at the practice of lending shares when held in trust, either directly or indirectly, without the permission of the ultimate beneficial owners of the shares, particularly when share lending can produce market falls in share value?

Answer:

ARIA's powers and functions are set out in the Superannuation Act 1976, the Superannuation Act 1990 and the Superannuation Act 2005. It is empowered to manage and invest the super funds for which it is trustee. ARIA invests in all the major domestic and international markets in a range of asset classes. Its primary duty is to manage and invest the funds so as to maximise the return for contributors and beneficiaries.

As indicated in the answer to F1c, where it participates in a stock lending program, ARIA retains its full rights to dividends, franking credits and other entitlements that are part of the share ownership.