

TREASURY EXECUTIVE MINUTE

Minute No.

5 May 2010

Assistant Treasurer

cc: Treasurer; Minister for Financial Services,
Superannuation and Corporate Law

BR10/126 ADDRESS TO INTERNATIONAL FORUM OF SOVEREIGN WEALTH FUNDS

Section 22 Not Relevant

Recommendation/Issue:

- Attached is a speech to be delivered to the International Forum of Sovereign Wealth Funds (IFSWF).

Noted

Signature:

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KEY POINTS

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Section 22 Not Relevant

- the Santiago Principles and their promotion (including text related to Papua New Guinea's proposed SWF); and
- SWFs and foreign investment.

- You may be asked about the appropriateness of a Norway-style SWF for Australia. Please see [Additional Information](#) for suggested talking points, as well as background on the objectives of the Santiago Principles.

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Section 22 Not Relevant

Michael Anderson
Manager
Pacific Assistance Unit

Contact Officer: Simon Kerr

Section 22 Not Relevant

ADDITIONAL INFORMATION

WHY NOT HAVE A NORWAY-STYLE SOVEREIGN WEALTH FUND FOR AUSTRALIA?

TALKING POINTS (ONLY IF ASKED)

- The first observation I would make is that Norway's circumstances are different from Australia's.
 - Norway has a single finite resource in its interest in North Sea oil. Australia has more diversified and longer-lived natural resources.
- So it doesn't necessarily follow that what is appropriate for Norway should necessarily be followed in Australia.

BACKGROUND

- Norway's Government Pension Fund – Global (the fund) is a SWF established in 1990 by the Norwegian Government and has around US\$445 billion in assets. The fund invests parts of the large surplus generated by the Norwegian petroleum sector.
- The purpose of the fund is to facilitate government savings necessary to meet the rapid rise in public pension expenditures in the coming years, to support the long-term management of petroleum revenues and intergenerational sharing of the royalty benefits from the production of a finite commodity.
- All of the fund's assets are invested offshore to minimise the impact of the large accumulation of savings on Norwegian's capital markets as well as to diversify exposure away from the Norwegian economy.

Section 22 Not Relevant