Australian Government
Australian Office of Financial Management

Public Register of Government Borrowings

Overview

The following tables are published to meet the requirements of the *Guarantee of State and Territory Borrowing Appropriation Act 2009*. The Act requires the AOFM to establish, and publish on its website each quarter, a register recording the beneficial ownership, by country, of all securities issued by the Australian Commonwealth Government and any securities guaranteed by the Commonwealth that are issued by Australian States or Territories.

The AOFM has no means by which to compel the provision of information by the beneficial owners of securities or by persons holding securities on their behalf. This limits the information available to the AOFM to form an opinion on the beneficial ownership of the securities. In particular:

- The Australian Custodial Services Association (ACSA) has advised the AOFM on behalf of its members that, because of their fiduciary and contractual obligations to their clients, they cannot provide client information to the AOFM unless there is a clear legal or regulatory compulsion to do so. In the absence of this information, the AOFM has not been able to form an opinion on the beneficial ownership of securities held by custodian and nominee companies.
- Some information has been made available to the AOFM by Austraclear and State central financing authorities on the condition that it will not be published in a form that would allow individual holdings of securities to be identified or deduced, or changes in individual holdings to be identified or deduced. In the tables, some countries have been grouped together by region to meet this condition.

The figures in the tables represent opinions formed by the AOFM based on limited information. The AOFM does not believe that they provide any indication of the likely distribution by country of the beneficial ownership of securities held by custodian and nominee companies, or are representative of the distribution of the beneficial ownership of the total securities on issue.

Note: Beneficial ownership data has been revised back to September 2010 reflecting a correction of the beneficiary status of some holdings. In particular, the AOFM has identified that some holdings are those of a custodian business rather than of exclusively Australian beneficiaries as previously classified.

Table 1: Beneficial Ownership by Country of Residence of Australian Government Securities and State Government Securities Guaranteed by the Australian Government – Face value ($ million) [XLSX 20KB] (http://aofm.gov.au/files/2013/07/Table-1_2016-03-31.xlsx)

Table 2: Beneficial Ownership by Country of Residence of Australian Government Securities and State Government Securities Guaranteed by the Australian Government – Share of total (per cent) [XLSX 20KB] (http://aofm.gov.au/files/2013/07/Table-2_2016-03-31.xlsx)

Time Series of Quarterly Data – Beneficial Ownership by Country of Residence of Australian Government Securities and State Government Securities Guaranteed by the Australian Government [XLSX 47KB] (http://aofm.gov.au/files/2013/07/Time_Series_2016_03_31.xlsx)

Compilation of the Bond Register

To ascertain the country of beneficial ownership of the securities covered by the legislation, the AOFM has reviewed, where possible, the ownership records of the registry or depository systems in which they are held. The AOFM has reviewed the name of the accounts which are registered as holding these securities and from this information and knowledge of the business identified, sought to form opinions on the country of domicile of the beneficial owners. However this information is insufficient to ascertain beneficial ownership where securities are listed as held by custodians or nominees.

For domestically held Australian Government Securities (AGS), all but a small fraction sit in the Austraclear system. The residual is held in a Reserve Bank of Australia (RBA) Registry that services small (retail size) investors. Austraclear has given the AOFM permission to use its reports for the purpose of the Bond Register subject to not breaching the confidentiality requirements imposed by the Austraclear System Regulations.

Only two States, Queensland and New South Wales, currently have debt securities outstanding that are guaranteed by the Commonwealth. Their domestically held securities sit in Austraclear and offshore held securities are in overseas depository systems operated by Clearstream and The Depository Trust Company. The central financing authorities for these States, Queensland Treasury Corporation and NSW Treasury Corporation have provided Austraclear information on registered holdings of relevant securities and more limited information from overseas depositories subject to confidentiality restrictions.

In reviewing the Austraclear registered holdings records for AGS and Commonwealth-guaranteed securities, the AOFM has considered information on the entity identified (such as Australian Securities & Investments Commission (ASIC) records of their registered offices and legal structure) and the nature of their business activities. The following have been applied:

- The registered owner has been taken to be the beneficial owner unless there is evidence to the contrary.
- Securities sold under repurchase agreements have been taken to be owned by the purchaser (as registered in Austraclear) rather than the seller. This includes repurchase transactions undertaken under the AOFM's Securities Lending Facility.
- The country of beneficial ownership of Australian branches of a foreign financial institution has been taken as the country of domicile of the parent.
- The country of beneficial ownership of an Australian subsidiary of a foreign financial institution has been taken as Australia.
- The country of beneficial ownership of holdings in safe custody by Australian banks has been taken to be Australia.
- The AOFM has not been able to form an opinion on the country of beneficial ownership of holdings by custodial and nominee businesses.
- The country of beneficial ownership of small holdings of AGS in the RBA Registry has been taken to be Australia.
- Holdings by supranational organisations are included as overseas not identified by country.

There are small amounts of AGS that were issued offshore in foreign currencies. Since 1987, AGS have only been issued in Australian dollars. The country of beneficial ownership of these securities has been taken to be the country in which they were originally issued.

The AOFM does not have sufficient information on holdings of securities in overseas depositories such as Clearsteam and The Depository Trust Company to form an opinion as to the country of domicile of the beneficial owners other than they are likely to be foreign. These are included in the Register as overseas holdings not identified by country.

Other Data on the Ownership of Securities

The Australian Bureau of Statistics (ABS) publishes data on foreign investment in Australia which includes data on debt securities:

- *5302.0 Balance of Payments and International Investment Position, Australia*, provides quarterly data on non-resident portfolio investment in the debt securities of the general government sector. This corresponds to foreign holdings of AGS issued by the Australian Government. It also includes data on securities issued on behalf of State governments (this is broader than the Commonwealth-guaranteed securities covered by this Register). It does not provide information on holdings by country.
- *5352.0 International Investment Position, Australia: Supplementary Statistics*, provides annual data on non-resident holdings by country for portfolio investment in all debt securities. This is broader than the general government and central borrowing authority sectors and includes domestic and offshore securities issued by banks and companies.

The International Monetary Fund (IMF) publishes on its website an annual Coordinated Portfolio Investment Survey (CPIS) (http://www.imf.org/external/np/sta/pi/part.asp?iso=AUS) across 75 countries, including Australia, using information provided by the statistical agencies in each country. The data in Table 5.2 is for total portfolio investment in debt securities and so is wider than the scope of securities included in this Register.

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