

30 May 2006

35/2006

Legislation to limit foreign ownership of Snowy Hydro

The Australian Government has decided to introduce legislation to implement foreign ownership caps and other Australian protections in relation to Snowy Hydro Limited.

The New South Wales and Victorian Governments support this Commonwealth legislation.

The Australian Government will introduce legislation in June that imposes the following permanent restrictions on Snowy Hydro Limited:

- No foreign individual or company would be permitted to own greater than 15 percent of Snowy Hydro.
- Foreign ownership in total would not be permitted to exceed 35 percent of Snowy Hydro.
- The head office of Snowy Hydro Ltd must remain in Australia and be located in Cooma.
- Snowy Hydro Ltd must maintain a substantial business and operational presence in Australia.
- At least two-thirds of the Directors of the Board of Snowy Hydro and the Chair of any meeting of the Board and shareholders must be Australian citizens.
- Snowy Hydro Ltd must remain incorporated in Australia.

The Australian Government will seek to have this legislation debated and passed by the end of June 2006. This would allow the sale to proceed around the middle of the year.

In addition, the selling governments had already proposed to the ASX that a 10 per cent limit on any individual domestic or foreign shareholding be placed in Snowy Hydro's constitution for at least four years to ensure an appropriate spread of ownership. The selling governments will continue to seek approval for this proposal from the ASX.

The legislation will have the effect of reaffirming the authority of the Commonwealth to participate in the sale.

"Possible foreign ownership of Snowy Hydro has been the biggest concern raised with me by my Liberal and National Party colleagues and the broader community. Given there are foreign ownership caps legislated on other companies such as Telstra and Qantas, we have decided, in consultation with New South Wales and Victoria to introduce legislated foreign ownership restrictions on Snowy Hydro," Senator Minchin said.

“New South Wales has been determined to ensure there are strong protections for Snowy Hydro’s Australian identity. The legislative protections we have been able to achieve will keep the company in Australian hands,” NSW Minister for Finance, John Della Bosca said.

Media contacts:

Australian Government:	Matthew Doman	0439 467 806
New South Wales:	Andrew Plumley	0438 455 562
Victoria:	Sally Finlay	0400 510 802