

Wednesday 17 September 2008

COALITION CALLS FOR INDEPENDENT PUBLIC INQUIRY INTO VIC GOVT INVESTMENTS

Many Vic Govt agencies have purchased Lehman structured debt products

Brumby Govt has been concealing investment exposure

The Leader of the Victorian Liberal Nationals Coalition has today written to Treasurer John Lenders seeking the Government's co-operation in the establishment of an independent public inquiry into Victorian Government investments, losses and potential exposure to financial market instability.

The Opposition has been concerned for some time about Victorian Government investments.

Taxpayers have every right to be informed about the exposure of these investments, yet the Victorian Government has repeatedly refused to reveal the full extent of exposure of Victorian government investments.

For the last year in Parliament the government has refused to reveal the full extent of government exposure to Collateralised Debt Obligations (CDOs), mortgage-backed and sub-prime exposed securities.

A number of government health and education institutions, local councils, and other government agencies have invested in structured debt products with Lehman Brothers and other investment houses.

Even after a leaked email from the Department of Human Services revealed the Government had conducted an urgent review of losses and exposure of health agency investments, Labor has refused to release the details of that review.

Coalition Leader Mr Baillieu's letter to Mr Lenders today seeks:

the Government's commitment to the establishment of an independent inquiry to publicly report on the status of all Victorian Government investments, returns and potential exposure;

terms of reference which will review the investments of all Victorian Government agencies including the Victorian Funds Management Corporation (VFMC), Treasury Corporation of Victoria and all state and local government instrumentalities and agencies; and

Policy

a complete review of all current investments including all structured financial obligations.

The lack of transparency and accountability by the Brumby Government in relation to Victorian investments is not consistent with good prudential management and disclosure.