Foreign Investment Proposals

This chapter provides statistical information on the proposals submitted in 1998-99 for examination under Australia's foreign investment policy and comments on some of the more significant cases. There is also a section covering the Board's monitoring and compliance activities in respect of residential real estate.

Limitations of the Board's Data

The Board urges particular caution in the use of FIRB statistics, including making comparisons with earlier years.

The Board's statistics on foreign investment proposals relate to the administration of foreign investment policy and are therefore substantively different from the Australian Bureau of Statistics' (ABS) statistics of foreign investment in Australia. ABS statistics, which are set out in Chapter 3 of this Report, seek to measure actual investment transactions between residents of Australia and non-residents.

The term 'proposed investment' is used widely throughout this Report. Total proposed investment is the aggregation of:

- the proposed cost of acquisition (shares, real estate or other assets);
- the proposed cost of development following acquisition; and
- in the case of a new business, the proposed cost of both establishment and development.

The FIRB statistics are not a reliable indicator of **trends** in foreign investment inflows because:

- they are inherently 'lumpy' (that is, the tendency for a few large investments to skew any one year's figures);
- they include proposals approved, which may not be implemented, or which could be implemented over a number of years; and

- major liberalisations of foreign investment policy since the mid-1980s limit comparability over time.

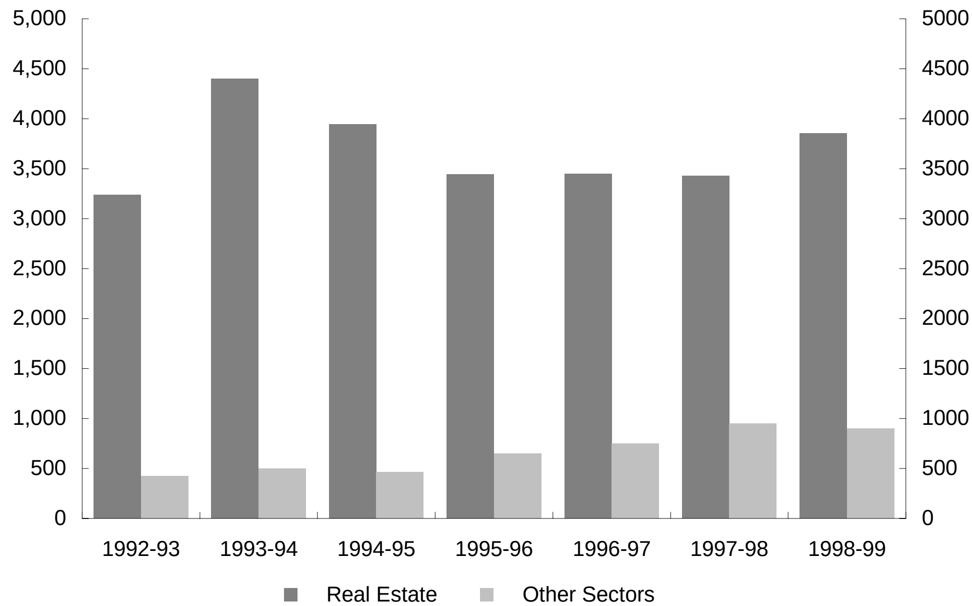
In addition, the statistics are not a comprehensive measure of all foreign investment inflow in any year, nor do they purport to measure changes in levels of foreign ownership of particular industries.

- The data are restricted to investments within the scope of the Act and the Government's foreign investment policy. They do not cover foreign portfolio investments, direct foreign investments below the notification thresholds, new businesses below the notification thresholds, expansions of existing foreign-owned businesses in Australia, both in existing areas and into related areas, and sales by foreign investors to Australian residents. The current notification/examination thresholds for the various sectors are specified in the policy summary at Appendix A.
- The figures provide no indication of the source of the funds for the investment. Some of the proposed funds to be invested would be contributed by Australians where they are in partnership with foreign interests. The extent to which approved investment proposals will directly result in foreign capital inflows depends, not only upon whether the proposals are implemented, but also upon the proportion financed from foreign sources. In many cases, this proportion will be quite low. For example the acquisition by a foreign interest of a business operating in Australia, may involve no inflow of capital to Australia where the purchase is financed from existing Australian operations.
- The figures do not necessarily reflect changes in foreign ownership levels as, in some cases, both the vendor and purchaser are defined as a 'foreign interest'.
- The data also include proposed investments made by foreign funds managers where the beneficiaries are Australian.

Applications Decided in 1998-99[1]

Chart 2.1 depicts the number of applications decided and Chart 2.2 shows the value of proposed investment associated with applications decided, for the real estate sector and other sectors, over the past seven years.

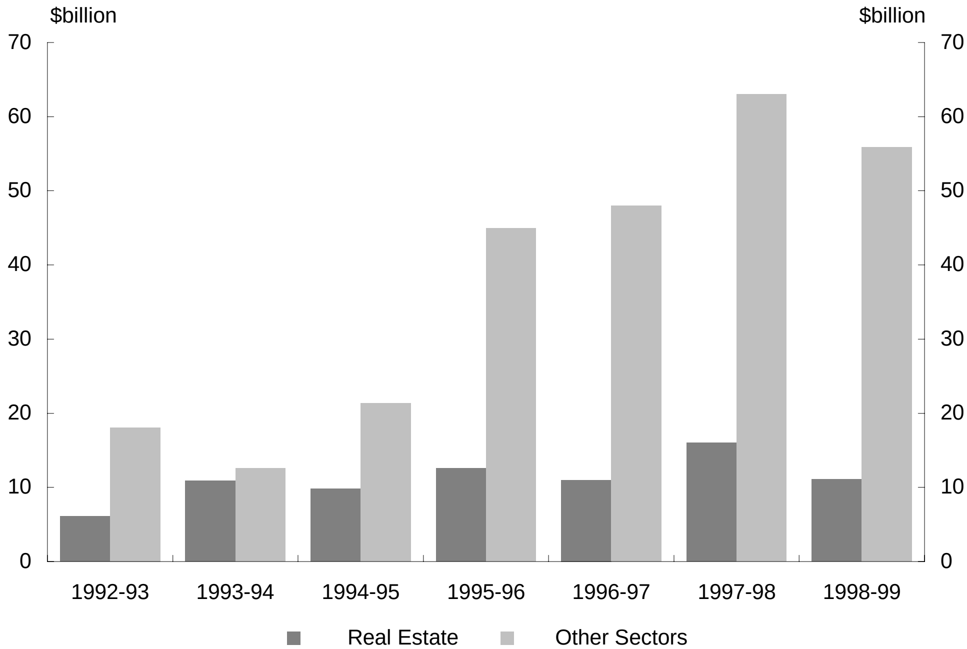
Chart 2.1: Applications Decided — Number



The number of applications decided during 1998-99 was around 9 per cent higher than in 1997-98 but 3 per cent below the peak of 1993-94. That peak reflected the significant number of applications in the real estate sector by People's Republic of China nationals temporarily resident in Australia, who have since become eligible for, or obtained, permanent residence status.

1 The ensuing discussion relates only to proposals upon which a decision was taken. Those applications that were found not to be cases or were withdrawn are not included, except for Table 2.1.

Chart 2.2: Applications Decided — Proposed Investment



The value of proposed foreign investment associated with applications decided in 1998-99 was about 16 per cent lower than the level in 1997-98. A breakdown on the outcome for applications submitted over the last four years is provided in Table 2.1.

Table 2.1: Applications Considered (Number and Proposed Investment) 1995-96 to 1998-99

	1995-96		1996-97		1997-98		1998-99	
Action	No.	$b	No.	$b	No.	$b	No.	$b
Approved Unconditionally	1,511	43.5	1,486	41.9	1,694	54.3	1,724	56.4
Approved with Conditions	2,494	13.8	2,610	16.7	2,567	25.2	2,918	10.7
Total Approved	4,005	57.3	4,096	58.6	4,261	79.5	4,642	67.0
Rejected	85	0.3	105	0.4	114	0.1	112	0.2
Total Decided	4,090	57.6	4,201	59.0	4,375	79.7	4,754	67.2
Withdrawn	446	-	342	-	390	-	337	-
Total Considered	4,536		4,543		4,765		5,091	

There were 112 rejected proposals in 1998-99, or 2.4 per cent of all decided proposals. Of these, one was in the service sector and the remainder in the real estate sector. The rejected proposal in the service sector was later modified to conform with foreign investment policy, resubmitted and approved.

Foreign investors are encouraged to discuss potential or actual proposals with the FIRB to ensure they are consistent with policy. As a result, proposals clearly inconsistent with policy may not proceed to a decision, that is, they are not lodged or if lodged are withdrawn. Alternatively the proponent may modify a proposal to ensure it conforms to policy. The data for withdrawn cases reflect proposals that do not proceed for commercial or personal reasons, as well as those cases that are withdrawn by the parties instead of proceeding to a formal rejection. The low rejection rate reflects the consultative approach taken in the administration of foreign investment policy, particularly in respect of real estate proposals.

The great bulk of conditional approvals were in the real estate sector. Only 58 proposals outside the real estate sector were approved subject to conditions. Three main kinds of conditions were applied in the non-real estate sectors: to protect the environment; to protect the tax base by ensuring that agencies of foreign governments do not claim sovereign immunity in relation to Australian taxes or charges; and to restrict levels of equity. For real estate, 2,860 proposals were approved with conditions relating to the period during which development should commence, the need for temporary residents to sell established properties when they cease to reside in Australia, or the imposition of reporting requirements on 'off the plan' sales.

Approvals by Sector

General Summary

Table 2.2 provides details for 1998-99 of approved proposals for each sector and the associated proposed investment on acquisitions and new businesses.

The bulk of the total proposed investment is attributable to the proposed cost of acquisitions. The skewing of the foreign investment data towards acquisition costs is a consequence of the notification requirements, as the expansion of existing businesses generally does not require foreign investment approval.

Table 2.2: Approvals by Industry Sector 1998-99 ($ billion)

Industry Sector[(a)]	Number of Approvals[(b)]	Acquisition Cost	Proposed Investment on Development	Total Proposed Investment
Agriculture, Forestry & Fishing				
less than $50m	21	0.2	0.1	0.3
$50m and over	5	0.8	0.2	1.0
Total	26	1.0	0.3	1.3
Finance & Insurance				
less than $50m	30	0.4	..	0.4
$50m and over	19	5.1	-	5.1
Total	49	5.5	..	5.6
Manufacturing				
less than $50m	136	1.7	0.1	1.8
$50m and over	36	14.6	0.2	14.7
Total	172	16.3	0.3	16.5
Mineral Exploration & Development				
less than $50m	89	0.7	..	0.8
$50m and over	26	3.5	1.5	5.1
Total	115	4.3	1.6	5.8
Resource Processing				
less than $50m	11	..	..	..
$50m and over	5	2.9	-	2.9
Total	16	2.9	..	3.0
Services(Excl Tourism)				
less than $50m	276	3.2	0.2	3.3
$50m and over	68	18.2	1.1	19.3
Total	344	21.4	1.3	22.6
Tourism				
less than $50m	52	0.4	-	0.4
$50m and over	7	0.7	..	0.7
Total	59	1.0	0.1	1.1
Real Estate				
less than $50m	3,702	5.5	1.0	6.5
$50m and over	40	3.7	0.9	4.6
Total	3,742	9.2	2.0	11.2
Total				
less than $50m	4,317	12.0	1.6	13.6
$50m and over	206	49.5	3.9	53.4
TOTAL	4,523	61.6	5.5	67.0

Note: Totals may not add due to rounding.

(a) Data have been compiled by reference to the Australian and New Zealand Standard Industrial Classification published by the ABS, except proposals involving newspaper printing and publishing which have been allocated to service industries (the ABS classifies these under manufacturing). Acquisitions of diversified company groups are classified according to the industry of the major activity of the group. Acquisitions of real estate to be used for purposes incidental to the main business activity of the purchaser are classified according to that activity.

(b) Excludes 119 proposals involving financing arrangements and corporate restructures.

(c) **'..'** indicates an investment figure of less than $50 million.

(d) **'-'** indicates an investment figure of zero.

Agriculture, Forestry and Fishing

The number of proposals to invest in the agriculture, forestry and fishing sector decreased from 31 in 1997-98 to 26 in 1998-99. However, total proposed investment increased from $410 million in 1997-98 to $1.3 billion in 1998-99. The proposed acquisition by a consortium consisting of John Hancock Mutual Life Insurance Company, Household International Inc and the Howard Hughes Medical Institute of the business and assets of the Victorian Plantations Corporation for a consideration of around $550 million was the largest proposal by value in this sector. Another significant proposal was the acquisition of certain timber business assets from CSR Limited by Green Triangle Forest Products Limited acting as trustee for the RII Weyerhaeuser World Timberfund L.P. for a consideration of around $200 million.

The statistics on aggregate acquisitions of rural properties need to be interpreted with caution. During 1998-99, acquisitions of rural properties valued at less than $3 million where a proponent proposes to continue to operate the property as a rural business were exempt under the Act. Acquisitions of 'hobby farms' are treated as acquisitions of residential real estate and are not included in the statistics for rural property.

Finance and Insurance

Total proposed investment in the finance and insurance sector increased from $4.8 billion in 1997-98 to $5.6 billion in 1998-99. There were 49 proposals approved, comprising one new business proposal and 48 acquisitions. Of these, 19 proposals involved proposed investment of $50 million or more, 16 of which involved expected investment in excess of $100 million.

The most significant proposal by value was the takeover of Tyndall Australia Limited by Royal & Sun Alliance Life Assurance Australia Limited for a consideration of around $800 million.

Manufacturing

Proposed investment associated with the manufacturing sector decreased from $23.5 billion in 1997-98 to $16.5 billion in 1998-99. The 36 proposals involving investment of $50 million or more accounted for around 89 per cent of proposed expenditure.

The outcome for particular industry sectors within manufacturing was mixed. Total proposed investment associated with power companies was higher at $6.8 billion, up from $3.4 billion in 1997-98. Proposed investment in the food and beverage sector was $6 billion in 1997-98 but only $0.7 billion in 1998-99. Proposed investment was lower in the chemicals and the non-metallic mineral products sectors, but higher in the fabricated metals sector. Foreign investment proposals associated with the manufacturing of textiles, wood and paper products remained at low levels.

As has been the case for a number of years, proposed investment included a number of large acquisitions in the electricity and gas generation sector. In particular, GPU International made various bids exceeding $1 billion to acquire various gas distribution and transmission assets from the Victorian Government. Also an overseas takeover of PacifiCorp by ScottishPower plc led to that company acquiring significant Australian power generating and distribution assets.

Elsewhere the largest transaction by value was the merger between Siebe plc and BTR plc in the United Kingdom to create Invensys plc which incorporated BTR Australia, a holding company with operating net assets of over $1 billion at 31 December 1998.

Mineral Exploration and Development

There was a moderate decrease in the number of approved investment proposals in the minerals sector in 1998-99 (115 down from 138 in 1997-98). Total proposed investment decreased from $8.6 billion to $5.8 billion. This decline occurred mainly due to a significant decline in proposed foreign investment in Australia’s gold industry.

Some of the most significant acquisitions of Australian assets in the minerals sector during 1998-99 involved the UK company, Billiton plc and one of the largest mining companies in the world, Anglo American. Billiton plc increased its interest in the nickel and cobalt producer QNI Limited from 52 per cent to 100 per cent for a consideration of around $370 million. Additionally Billiton plc together with the Anglo American Group acquired Broken Hill Proprietary Company Limited's Australian and overseas manganese business assets for a consideration of around $600 million.

The level of total proposed investment in the oil and gas industry decreased from $1.8 billion in 1997-98 to $0.7 billion in 1998-99. Two of the main acquisitions involved Austrian owned, OMV Aktiengesellschaft which made an on-market offer for all the issued shares in Cultus Petroleum Pty Limited for a consideration of around $150 million and US owned, Phillips Australasia Exploration Company which acquired various assets of BHP Petroleum Pty Limited.

There was a small increase in proposed foreign investment in Australia's coal industry. One of the proposed large acquisitions involved Queensland Coal Pty Limited and Mitsui Gordonstone Investments Pty Limited acquiring the US owned, Atlantic Richfield Company's 80 per cent beneficial interest in the Gordonstone coal mine in Queensland for a consideration of about $230 million.

Table 2.3: Minerals Sector Approvals by Number and Total Proposed Investment: 1997-98 and 1998-99

	Acquisitions				New Businesses			
Industry	No of approvals		$ million		No of approvals		$ million	
	1997-98	1998-99	1997-98	1998-99	1997-98	1998-99	1997-98	1998-99
Gold	53	35	2,423	338	2	1	173	60
Oil and gas	18	10	334	568	2	1	1,425	131
Coal	26	29	1,899	1,602	3	1	67	545
Base metals	10	11	1,297	913	-	-	-	-
Other	23	24	787	859	1	3	200	820
Total	130	109	6,740	4,280	8	6	1,865	1,556

Resource Processing

There were 16 approvals in the resource processing sector during 1998-99, with a total proposed investment of $3.0 billion. In 1997-98 there were 6 approvals with a value of $2.9 billion. The largest of the approved proposals was the merger of Shell Refining (Australia) Proprietary Limited and Vacuum Oil Company Propriety Limited (ultimately owned by Mobil Corporation) each acquiring a 50 per cent interest in the others Australian refinery assets. The total value of the proposed merger was about $2 billion, however, the proposal did not proceed.

Service Industries (excluding tourism)

During 1998-99, there were 344 proposals approved for investment in the service industries sector (excluding tourism), comprising 16 proposals to establish new businesses and 328 proposed acquisitions of interests in existing businesses. The total expected investment for the establishment of new businesses and existing businesses was $1.2 billion and $21.4 billion, respectively.

There were 68 proposals involving expected investment of $50 million or more. Forty-three of those involved proposed investment of over $100 million, four of which were more than $1 billion. Not all of the four major proposals led to acquisitions. The two that did occur included:

- the acquisition of around 8 per cent of the shares in News Corporation Limited by Liberty Media Corporation; and
- the acquisition of Bankers Trust Australia Limited by Deutsche Bank AG.

Tourism

There was a significant decrease, from $3.6 billion in 1997-98 to $1.1 billion in 1998-99, in proposed investment in the tourism sector. Of the 59 approved proposals, seven involved proposed investment of $50 million or more, three of which involved proposed investment in excess of $100 million.

The significant proposals included the acquisition of the Regent Hotel in George Street, Sydney by the USA owned SR Hotel Operations (Australia) Pty Limited and the leasehold sale of various Mercure Hotels to the French owned AAPC Limited for a consideration of the order of $150 million.

Urban Real Estate

Urban land is broadly defined under the Act to be all land that is not used wholly and exclusively for carrying on a business of primary production. Reflecting concerns over foreign ownership of urban land, the policy in relation to this sector is restrictive. As a result, all proposals relating to urban real estate need to be submitted for examination, unless explicitly exempted by regulation (see Appendix A).

Table 2.4 gives a breakdown of approved investments in urban real estate. The number of approvals was 13 per cent higher than those approved in 1997-98. However, there was a 32 per cent decrease in the total proposed investment associated with proposals. A significant part of this decrease can be attributed to a drop in proposed development expenditure from $5.4 billion in 1997-98 to $2.0 billion in 1998-99. Countries contributing the most to this decline in proposed investment in urban real estate included Malaysia, Singapore and France.

Table 2.4: Investment in Urban Real Estate by Type and Number of Proposals Approved in 1998-99 ($ billion)

	Number of Approvals	Consideration	Proposed Development Expenditure	Total Proposed Investment
For Development				
Residential				
ordinary approvals	940	0.4	1.0	1.3
off-the-plan				
individual	490	0.2	-	0.2
developer	345	3.4	-	3.4
annual programs	6	0.4	-	0.4
Total Residential	1,781	4.3	1.0	5.3
Commercial				
ordinary Approvals	74	0.4	1.0	1.4
annual programs	1	..	-	..
Total for Development	*1,856*	*4.7*	*2.0*	*6.7*
Developed				
Residential	1,754	0.6	-	0.6
Commercial	132	3.8	..	3.8
Total Developed	*1886*	*4.4*	*..*	*4.5*
TOTAL	3,742	9.2	2.0	11.1

Note: Totals may not add due to rounding.
(a) **'..'** indicates an investment figure of less than $50 million.

Real Estate for Development

During 1998-99, there were 1,781 proposals approved for the acquisition of residential real estate for development **(**including eligible redevelopment**)**, a decrease from the 1,839 proposals approved in 1997-98.

Proposals in the 'off the plan' and annual program categories have zero proposed development expenditure recorded against them. In the case of 'individual off the plan' the consideration relates to the proposed amount payable by foreign interests for newly completed dwellings. Information on development expenditure in relation to annual programs is collected on an ex-post basis, with developers required to report annually on actual acquisitions, development expenditures and details of any properties that are sold following development.

Ordinary approvals comprise the purchase of broadacres for residential subdivision and vacant building blocks for single dwelling construction and for integrated residential developments (such as townhouse and high rise units). Some 940 proposals (978 in 1997-98) by foreign interests to acquire residential real estate for development were approved, with a total proposed investment of $1.3 billion ($1.9 billion in 1997-98). Such approvals have a condition that continuous development must commence on the land/site within 12 months of approval having been granted. In addition, the parties are required to report on the completion of development to demonstrate compliance with the development condition. The Government views seriously any breaches of these development conditions (see later section on compliance).

In 1998-99, there were 490 proposals approved under the **'off the plan arrangements'**, involving proposed investment of around $0.2 billion for individuals to acquire residential property 'off the plan'. In addition, there were 345 applications approved (valued at $3.4 billion) from real estate developers seeking 'advance approval' to sell property 'off the plan' to foreign persons. The number of 'off the plan' approvals for developers fell by some 18 per cent on the previous year while the value of such developments decreased by 24 per cent or $1.1 billion. One of the largest proposals based on investment size was for 'off the plan' sales at The Melburnian project, 250 St Kilda Road, Melbourne, developed by Mirvac Victoria Pty Limited.

The Board's figures overstate the likely extent of foreign purchases as few of the developers with 'off the plan' approvals will actually sell a full 50 per cent of their developments to foreign purchasers. (There is necessarily a significant lag between the granting of approvals and receipt of reports due to construction time and completion of sales.)

The **annual program** arrangements are designed to avoid the need for established real estate developers to notify individual acquisitions of property. Such developers may be granted annual approvals to buy land up to specified limits on condition that they report to the Board at the end of the year on their acquisitions and the developments undertaken. The granting of an annual program for acquisitions of land for development does not relieve the developer of responsibility for complying with the general requirements of foreign investment policy. For example, additional investment in relation to acquisitions of existing businesses, or for the establishment of new businesses with total investment of $10 million or more would require an additional application, separately submitted to the Board for examination. In 1998-99, applications were approved for six annual programs. These arrangements involved residential real estate for development totalling broadly around $400 million in proposed acquisition costs.

Approval was given to 75 proposals to purchase land for **commercial development** involving total proposed investment of $1.4 billion. This was a significant decrease on 1997-98 when approval was given to 97 proposals with a total estimated value of $4.5 billion.

There was a decrease from 50 rejections in 1997-98 to 44 rejections in 1998-99 in relation to the proposed acquisition of residential real estate for development (including 'off the plan' dwellings), with proposed development expenditure valued at $20.6 million. Of these, 22 involved vacant land for development and 11 involved the redevelopment of developed real estate. Eleven proposals were rejected as they did not meet the 'off the plan' criteria. Usually there were one or more of the following reasons for these rejections:

- the planned development expenditures were not considered significant in relation to the acquisition price for the property (there is a normal expectation that proposed development expenditure should be equivalent to at least 50 per cent of the acquisition price);
- the proposal did not add to the housing stock;
- the proposed timetables for development were unsatisfactory;

- the property proposed to be acquired for the purpose of demolition and redevelopment was not considered to be at the end of its economic life, for example it was rented out as a residence;
- the prospective foreign purchasers had not established, to the Government's satisfaction, that they had the technical and financial capacity, nor the necessary planning approvals, to undertake the proposed development within an acceptable timeframe; and/or
- the applicant had breached conditions associated with a previously approved application.

Acquisitions of Developed Real Estate

Generally, foreign investment policy enables the purchase of developed commercial real estate by foreign persons. Conversely, it restricts the purchase by foreign persons of developed residential real estate. However, certain categories of foreigners are able to purchase developed residential real estate under particular conditions (see Appendix A).

In 1998-99, of the 1,754 approvals *for developed residential real estate,* approximately 63 per cent related to proposed acquisitions by temporary residents of Australia and a further 32 per cent related to Australian citizens acquiring properties with their foreign spouse. The remainder related to reorganisations and 'swaps' where foreign interests already owned developed property of comparable value or applications brought forward by companies wishing to purchase a residence for their executive officers.

Reflecting the comparatively restrictive nature of the policy, there were 67 rejections in 1998-99 (63 in 1997-98) of proposed acquisitions of developed residential property. The total potential acquisition costs involved in these rejected proposals was $28.8 million. These proposals were rejected because the prospective buyers did not fall into one of the eligible categories and, in some cases, involved the prior unapproved acquisition of property which resulted in the purchaser being required to sell that property.

In 1998-99 there were 132 approvals to purchase interests in *developed commercial property* (eg, shopping centres, offices, warehouses, etc) involving total proposed investment of $3.8 billion. This was a significant decrease on the 152 approvals valued at $4.5 billion in 1997-98. Acquisitions of developed commercial property valued at less than $5 million were exempt from the need to obtain prior approval.

Real Estate by State

Table 2.5 provides details of approved investment in all categories of urban real estate for each State and Territory. New South Wales was the main location for proposed foreign investment in urban real estate by value, with 46 per cent of the total in 1998-99 (38 per cent in 1997-98). Queensland was second with 20 per cent; a significant decline on the 30 per cent recorded in 1997-98.

Table 2.5: Total Proposed Investment in Urban Real Estate by Category of Real Estate and Location of Investment, Approved in 1998-99 ($ million)

	For Development		Developed		
Location	Residential	Commercial	Residential	Commercial	Total
New South Wales	2,385	441	339	1,991	5,155
Victoria	742	424	100	643	1,908
Queensland	1,306	438	80	428	2,253
Western Australia	406	8	76	186	676
Other (a)	460	85	23	587	1,156
Total	5,299	1,395	619	3,835	11,148
Number of Proposals	1,781	75	1754	132	3,742

(a) 'Other' includes acquisitions of companies/trusts with real estate holdings in more than one State or Territory and proposals in the ACT, NT, Tasmania and South Australia.

Residential Real Estate Compliance

Under policy, the purchase of developed residential real estate by foreign interests purely for the earning of rental income, for speculative purposes or where it may involve land banking is not permitted. Therefore the Government seeks to ensure that where foreign interests acquire residential real estate for development, any stated development is carried out within a reasonable time (ie, usually a requirement to commence continuous construction within 12 months).

The policy is directed at maintaining greater stability of house prices and the affordability of housing for the benefit of Australian residents (see Appendix A). Any failure by foreign interests to pursue stated development plans is considered to be a breach of policy. A foreign interest found to be in breach of the residential real estate policy may be ordered to sell the subject property and this may result in a significant capital loss for the purchaser and/or penalties by way of a prosecution for an offence under Section 26A of the Act. Section 26A provides for financial penalties or imprisonment on conviction.

- ❖ During 1998-99 there were 5 divestiture orders.

There are a number of processes that assist in ensuring compliance with the residential real estate policy.

- ❖ Information on Australia’s foreign investment policy is disseminated directly by the Board through publications, public presentations and in response to enquiries. In addition, information is provided by other government departments, such as by the Department of Immigration and Multicultural Affairs to applicants seeking temporary resident visas.
- ❖ In purchasing property, foreign persons may deal with a number of professionals and organisations, such as solicitors, financial institutions and real estate agents, who have an interest in ensuring that foreign purchasers have information on the need to comply with foreign investment policy.
- ❖ There is a reporting requirement placed on approvals to improve compliance with conditions imposed, for example on real estate for development.
- ❖ Assessment of new proposals includes examination of past compliance.
- ❖ All allegations of possible non-compliance are fully investigated.
- ❖ Sample checks on compliance are made by the Board’s Executive.

The Treasurer has the power under Section 36 to serve a notice in writing requiring a person capable of giving information or producing documents relevant to the exercise of the Act to supply the information within a specified time.

Approvals by Country of Investor

Data on proposed investment associated with approvals in 1998-99 are shown by country, disaggregated by States in Table 2.6 and by industry sector in Table 2.7.

The United States was the most important single source of proposed foreign investment in Australia during 1998-99. Other major sources included the United Kingdom and Germany, with France, South Africa, Switzerland and Netherlands contributing around the same level of investment.

- Approved proposed investment from the United States of $29.4 billion represented around 44 per cent of total approved investment. This proposed investment was concentrated in the manufacturing and services sectors.
- Approved proposed investment from the UK increased substantially from $8.4 billion in 1997-98 to $12.7 billion in 1998-99.
- South Africa continued as a major foreign investor in 1998-99 with approved investment proposals of $1.8 billion, even though the level was down from the $3.4 billion approved in 1997-98.
- Japanese investment proposals approved totalled $1.2 billion in 1998-99 down from $2.2 billion in 1997-98 while investment proposals from Malaysia also declined from $3.5 billion in 1997-98 to $0.6 billion in 1998-99.

Table 2.6: Proposed Investments by Country by State 1998-99 ($billion)

	USA	UK	Germany	France	South Africa	Switzerland	Other/ Aust (a)	Total
NSW	3.1	1.1	2.3	0.3	0.2	0.5	5.4	13.1
Victoria	9.6	1.6	0.1	0.4	-	0.2	2.4	14.4
WA	1.7	1.0	-	-	-	0.3	1.3	4.4
Queensland	0.7	1.4	0.2	0.1	0.4	-	1.7	4.6
Other (b)	14.3	7.6	0.6	1.1	1.2	0.7	5.5	30.5
Total	29.4	12.7	3.2	1.9	1.8	1.7	16.3	67.0

Note: Totals may not add due to rounding.
(a) Includes proposed investment from Australian controlled companies.
(b) Includes investment in the ACT, NT, Tasmania and South Australia, off-shore takeovers and proposals where the investment is proposed to be undertaken in more than one State or Territory.

Table 2.7: Total Proposed Investment Associated with Approved Proposals, by Country of Investors and Industry Sector 1998-99 ($ million)

	Number of Proposals (c)	Agriculture Forestry & Fishing	Finance & Insurance	Manufacturing	Mineral Exploration & Development	Real Estate	Resource Processing	Services (excluding Tourism)	Tourism	Total
USA	614	797	1,592	9,008	757	1,667	1,037	14,005	523	29,386
UK	1,021	9	1,268	5,121	2,301	687	688	2,643	12	12,730
Germany	206	-	195	359	315	758	-	1,578	8	3,213
France	103	-	120	449	3	555	-	525	230	1,882
South Africa	207	-	25	245	1,050	139	-	385	5	1,849
Switzerland	88	15	113	108	635	292	174	363	1	1,701
Netherlands	79	-	400	89	5	342	600	252	-	1,688
Canada	105	-	14	395	365	62	-	762	-	1,598
Japan	202	267	363	186	28	198	1	182	20	1,244
New Zealand	65	-	668	27	5	261	-	201	-	1,162
Singapore	318	-	42	44	1	506	-	74	202	871
China PR	259	35	-	5	-	212	450	19	-	720
Hong Kong	76	-	-	37	63	229	-	377	-	706
Sweden	17	-	630	14	-	3	-	11	-	658
Not Allocated(a)	341	-	-	-	-	3,359	-	-	-	3,359
World Other	1079	21	67	401	266	1,048	3	230	44	2080
Sub -total	4,780	1,143	5,497	16,488	5,794	10,319	2,953	21,608	1,044	64,846
Australia (b)	242	122	58	56	42	829	-	1,006	66	2,179
Total	5,022	1,265	5,555	16,545	5,836	11,148	2,953	22,614	1,109	67,025

Note: Totals may not add due to rounding.

(a) ‘Off the plan’ approvals to real estate developers have been recorded as not allocated to country because the country of investors is not known in advance.

(b) The investment identified as originating from Australia represents the contribution by Australian-controlled companies and Australian residents to the total investment associated with foreign investment proposals in which they are in partnership with foreign interests, but does not generally include the contribution attributable to minority Australian shareholders in companies with majority or controlling foreign shareholders.

(c) These figures indicate the total number of proposals in which investors from the particular country have an interest. Proposals involving investment from more than one country count as one proposal for each of the countries concerned.