

**Foreign Investment
Review Board**

**Annual Report
2013-14**

© Commonwealth of Australia 2015

ISBN 978-1-925220-13-1

This publication is available for your use under a Creative Commons Attribution 3.0 Australia licence, with the exception of the Commonwealth Coat of Arms, the Treasury logo, photographs, images, signatures and where otherwise stated [list if required]. The full licence terms are available from <http://creativecommons.org/licenses/by/3.0/au/legalcode>.



Use of Treasury material under a Creative Commons Attribution 3.0 Australia licence requires you to attribute the work (but not in any way that suggests that the Treasury endorses you or your use of the work).

Treasury material used 'as supplied'.

Provided you have not modified or transformed Treasury material in any way including, for example, by changing the Treasury text; calculating percentage changes; graphing or charting data; or deriving new statistics from published Treasury statistics – then Treasury prefers the following attribution:

Source: The Treasury.

Derivative material

If you have modified or transformed Treasury material, or derived new material from those of the Treasury in any way, then Treasury prefers the following attribution:

Use of the Coat of Arms

The terms under which the Coat of Arms can be used are set out on the It's an Honour website (see www.itsanhonour.gov.au).

Other uses

Inquiries regarding this licence and any other use of this document are welcome at:

Manager
Communications
The Treasury
Langton Crescent
Parkes ACT 2600
Email: medialiaison@treasury.gov.au

A copy of this document appears on the Foreign Investment Review Board website at www.firb.gov.au.



Australian Government
Foreign Investment Review Board

c/-Treasury Building
Langton Crescent
PARKES ACT 2600
Telephone 02 6263 3795
Fax 02 6263 2940

27 April 2015

The Hon Joe Hockey MP
Treasurer
Parliament House
CANBERRA ACT 2600

Dear Treasurer

I am pleased to present the annual report of the Foreign Investment Review Board for the year ended 30 June 2014. This report has been prepared in accordance with the Board's responsibility to advise the Government on foreign investment matters. It outlines the activities of the Board, provides a summary of the year's foreign investment proposals, contains an overview of the main provisions of the *Foreign Acquisitions and Takeovers Act 1975* and includes a copy of Australia's Foreign Investment Policy.

The Board examines significant foreign investment applications and advises on potential national interest concerns. In 2013-14, the Board examined a range of high profile investment applications, including Archer Daniels Midland Company's proposed acquisition of GrainCorp Limited which was determined to be contrary to the national interest on 29 November 2013.

Real estate and services related applications accounted for around 76 per cent of the value of approvals in 2013-14. China was the largest investor in 2013-14 in terms of the value of all approvals (17 per cent of the total value), followed by the United States and Canada. The Board considered and monitored applications from a wide range of countries and noted the continuing increased investment interest in Australia by sovereign funds from North America, Europe, the Middle East and Asia, demonstrating Australia's ongoing competitiveness as an investment destination.

Foreign investment in agriculture and residential real estate continue to attract significant public and political interest. The Board monitored developments in these areas and contributed to Government and Parliamentary considerations of the issues involved. For example, the Board participated in the House of Representatives Standing Committee on Economics Inquiry into Foreign Investment and Residential Real Estate.

The Board has built on previous efforts to enhance awareness and understanding of Australia's foreign investment arrangements with additional engagement activities in Australia and overseas. For instance, the Executive Member of the Board and I visited China again in May 2014 to further the Board's engagement with officials and potential investors. The visit included a focus on broadening our constructive investment dialogue into regions not previously visited such as Western China, allowing for a more extensive appreciation of Chinese investors, their investment prospects and their understanding of our foreign investment regime.

The Board has continued its long standing practice of examining the consistency of proposals with Australian corporate governance standards and commercial practices. The Board maintains factsheets on corporate governance, corporate law, market activity, directors' duties, competition and consumer law and taxation obligations on its website and investors are directed to this information when they receive foreign investment approval.

The past year has also seen changes to the membership of the Board. On 9 December 2014, Mr Hamish Douglass' term expired after five years of service. On behalf of all members of the Board, I would like to take this opportunity to thank Hamish for the valuable contribution that he made to deliberations of the Board.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Brian Wilson', with a long, sweeping flourish extending to the right.

Brian Wilson
Chairman

CONTENTS

GLOSSARY	VII
MAIN POINTS	XI
CHAPTER 1: FOREIGN INVESTMENT REVIEW BOARD	1
Board membership	4
The role of Treasury's Foreign Investment and Trade Policy Division	5
Administration of the Policy	6
Information, advice and education.....	6
Consideration timeframe	6
Examination and approval process	7
Consultation arrangements	7
National interest.....	7
Handling of commercially sensitive and personal information	8
2013-14 Outcomes	9
Cost of the Board's operations	9
Consideration of proposals and enquiries.....	9
Monitoring and compliance activity	10
CHAPTER 2: FOREIGN INVESTMENT PROPOSALS	13
Features of the Foreign Investment Review Board statistics	15
Methodological and data caveats	15
Applications considered	18
Applications decided	20
Approvals by value	22
Approvals by sector	23
Agriculture, forestry and fishing	24
Finance and insurance	24
Manufacturing.....	24
Mineral exploration and development	25
Resource processing	25
Services	26
Tourism	26
Real estate.....	26
Approvals by country of investor	30
APPENDIX A: AUSTRALIA'S FOREIGN INVESTMENT POLICY	33
ANNEX 1: DEFINITIONS.....	50
ANNEX 2: POLICY STATEMENT: FOREIGN INVESTMENT IN AGRICULTURE.....	56

APPENDIX B: OVERVIEW OF THE FOREIGN ACQUISITIONS AND TAKEOVERS ACT 1975.....59

TABLES

Table 2.1:	Applications considered: 2008-09 to 2013-14 (number of proposals).....	20
Table 2.2:	Applications decided: 2008-09 to 2013-14 (value of proposed investment).....	20
Table 2.3:	Total approvals by value and number: 2010-11 to 2013-14	22
Table 2.4:	Total approvals by industry sector in 2013-14	23
Table 2.5:	Manufacturing sector approvals in 2013-14	25
Table 2.6:	Mineral exploration and development sector approvals: 2009-10 to 2013-14.....	25
Table 2.7:	Services (excluding Tourism) sector approvals: 2010-11 to 2013-14	26
Table 2.8:	Investment in residential real estate by type of approval and number of proposals approved: 2010-11 to 2013-14	28
Table 2.9:	Investment in commercial real estate by type of approval and number of proposals approved: 2010-11 to 2013-14	29
Table 2.10:	State and Territory distribution of proposed investment in real estate in 2013-14.....	29
Table 2.11:	State and Territory distribution of proposed investment in residential real estate by industry subtype in 2013-14	30
Table 2.12:	Approvals by country of investor by industry sector in 2013-14	31

CHARTS

Chart 2.1:	Real estate applications decided: 2008-09 to 2013-14 (number of proposals).....	21
Chart 2.2:	Non real estate applications decided: 2008-09 to 2013-14 (number of proposals)	21
Chart 2.3:	Applications decided: 2008-09 to 2013-14 (value of proposed investment)	22
Chart 2.4:	Total approvals by value by industry sector in 2013-14 (value of proposed investment).....	24