

**FOREIGN INVESTMENT
REVIEW BOARD**

REPORT 1998-99

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Foreign Investment Review Board

14 December 1999

The Hon Peter Costello, MP
Treasurer
Parliament House
CANBERRA ACT 2600

Dear Treasurer

In accordance with the Foreign Investment Review Board's responsibility to advise the Government on foreign investment matters, I submit to you the Board's Report for the financial year 1998-99.

The Report outlines the activities of the Board, provides a summary of the year's foreign investment proposals, comments on the more significant cases and reviews trends in foreign investment in Australia and Australian investment abroad. The Report also has a number of Appendices that provide supporting material on foreign investment policy.

Yours sincerely

M.J. Phillips, AM
Chairman

Main Points

Changes to Membership

- ❖ **Mr Graham Maguire** retired from the Board and was replaced by the Hon. Chris Miles.
- ❖ **Ms Janine Murphy** succeeded Mr Richard Murray as the Executive Member.

Proposals

- ❖ Foreign investment policy is applied with the objective of encouraging worthwhile foreign investment.
- ❖ Of the 4,754 proposals decided in 1998-99:
 - 4,642 were approved (2,918 with conditions, mainly in the real estate sector) and 112 were rejected. There were 4,261 approvals (2,567 with conditions) and 114 rejections in 1997-98.
- ❖ During 1998-99 there were 5 divestiture orders.
- ❖ Approvals in 1998-99 involved proposed investment (either alone or in partnership with Australians) of around \$67.0 billion. This represented a 16 per cent decrease on the previous year's approvals of \$79.5 billion. Approvals do not necessarily mean investments proceed.
 - The value of approvals increased for services (excluding tourism) from \$19.5 billion in 1997-98 to \$22.6 billion in 1998-99. Approvals for manufacturing declined from \$23.5 billion to \$16.5 billion and for real estate from \$16.3 billion to \$11.2 billion. The sharpest decline in percentage terms was in the tourism sector experiencing a 70 per cent fall in the value of approvals from \$3.6 billion to \$1.1 billion.

- ❖ The 206 largest proposals (each with proposed investment of more than \$50 million) accounted for about \$53.4 billion or about 80 per cent of total proposed investment.
- ❖ The United States was the most important source of proposed foreign investment in Australia during 1998-99 accounting for around 44 per cent of the total. The other major source of proposed foreign investment was the United Kingdom, increasing its investment in Australia from \$8.4 billion in 1997-98 to \$12.7 billion in 1998-99 or 19 per cent of the total.

Foreign Investment Review Board

Functions of the Board

The Foreign Investment Review Board (FIRB) is a non-statutory body established in April 1976 to advise the Government on foreign investment policy and its administration.

The main functions of the Board are:

- ❖ to examine proposals by foreign interests for acquisitions and new investment projects in Australia and, against the background of the Government's foreign investment policy, to make recommendations to the Government on those proposals;
- ❖ to advise the Government on foreign investment matters generally;
- ❖ to foster an awareness and understanding, both in Australia and abroad, of the Government's foreign investment policy;
- ❖ to provide guidance, where necessary, to foreign investors so that their proposals conform with the policy; and
- ❖ to monitor and ensure compliance with foreign investment policy.

The Board's functions are advisory only. Responsibility for the Government's foreign investment policy and for making decisions on proposals rests with the Treasurer.

Membership

There were two changes to the composition of the Board during 1998-99. Mr Graham Maguire retired from the Board and was replaced by the Hon. Chris Miles. Ms Janine Murphy succeeded Mr Richard Murray as the Executive Member. As at 30 June 1999 the Board comprised three part-time members and a full time Executive Member.

Mr John Phillips, AM was appointed Chairman of the Board on 16 April 1997 for a term of five years. He has extensive high level experience in the public, finance and business sectors including the position of Deputy Governor of the Reserve Bank of Australia. His present responsibilities include Chairman, the Australian Gas Light Company, Chairman, IBJ Australia Bank Limited, and Deputy Chairman, Woolworths Limited.

Ms Lynn Wood was appointed to the Board in April 1995 for a term of five years. Ms Wood has considerable business experience in financial services, including having been a Director of Schroders Australia Ltd and Sedgwick (Holdings) Pty Ltd. She has also served as a Director of the Investment Funds Association of Australia and as a Member of the Economic Development Council of New South Wales. Ms Wood is currently a Director of the New South Wales Lotteries Corporation, Syscorp Pty Limited and the Multiple Sclerosis Society of New South Wales.

The Hon. Chris Miles was appointed to the Board on 8 June 1999 for a five year term. Between 1984 and 1998 Mr Miles represented the seat of Braddon, Tasmania, in the House of Representatives where from 1996 to 1998 he was the Parliamentary Secretary (Cabinet) to the Prime Minister. In that capacity he had special responsibility for tax legislation in the House of Representatives. Prior to his distinguished parliamentary career, Mr Miles taught in the education systems of Tasmania, the ACT and NSW. Mr Miles is currently Director of Corporate Development, Pacific Hills Education Ltd.

Ms Janine Murphy the *ex officio* Executive Member of the Board has been with the Commonwealth Treasury since 1976 and has diverse experience across Treasury's various divisions, with a focus mainly on microeconomic reform, in particular the deregulation of the financial system, and taxation policy.

Retirement of Mr Graham Maguire

Mr Graham Maguire was appointed to the Board in August 1993. He was a Senator for South Australia in the Commonwealth Parliament between 1983 and 1993. During his term of office, he served as Chairman of the Senate Standing Committee on Foreign Affairs, Defence and Trade and was a member of the Joint Committee on Public Accounts. The Board and the

Government have extended their appreciation to Mr Maguire for his valued contribution to the operations of the FIRB.

Relationship of the Executive to the Board

Executive assistance to the Board is provided by the Foreign Investment Policy Division of Treasury. During 1998-99 the Executive was headed by Mr Murray until succeeded by Ms Murphy as General Manager of the Division. The Executive provides secretariat services for the Board, prepares draft and final reports on proposals and is usually the first point of contact for foreign investment applicants.

In addition to its function as a secretariat for the Board, the Executive also advises the Government on general foreign investment policy matters, including Australia's participation in multilateral and bilateral international agreements on investment.

During 1998-99, a reorganisation of the Treasury management structure resulted in the Executive becoming a separate Division of Treasury. Previously, executive assistance to the Board was provided by the Foreign Investment Review Branch of Treasury's Investment and Debt Division.

Review of Foreign Investment Policy

The Treasurer announced on 28 June 1996 a comprehensive schedule of legislative reviews to commence over the next four years, including a review of foreign investment policy.

The reviews were proposed to test consistency with the requirements of the national competition policy and examine costs imposed upon business. The review of foreign investment policy falls into the latter category.

During 1998-99 the Board continued to consider issues and to provide advice to the Treasurer on matters relevant to the review of foreign investment policy. The outcome of the review was announced by the Treasurer on 3 September 1999. The Treasurer's press release is reproduced at Appendix E and the policy changes which took effect from 10 September 1999 are incorporated in the summary of policy at Appendix A.

Administration of Foreign Investment Policy

The number of cases received in 1998-99 was 5,091 (4,765 in 1997-98). Of these 4,754 (4,375) were decided. Additionally, the Executive handled over 40,000 incoming telephone calls, answered 667 letters and 13 electronic mail messages during the year with regard to specific potential proposals and the operation of foreign investment policy more generally. It is estimated telephone inquiries resulted in around 6,000 information guidelines and/or foreign investment forms being either faxed or mailed to inquirers.

Under the *Foreign Acquisitions and Takeovers Act 1975*, the statutory time limit for reaching a decision is 30 days, with up to a further ten days to notify the parties. There is scope for an interim order extending the period of examination for up to a further 90 days. In 1998-99 there were 58 (111) interim orders and 155 (92) final orders issued. Interim orders are usually sought where the applicant has failed to provide adequate information to assess the proposal against the national interest test within the 30 day statutory deadline. Final orders are issued where a proposal is inconsistent with Australia's foreign investment policy and not in the national interest, including where the applicant has failed to comply with conditions applying to a previously approved proposal.

In keeping with the Board's responsibility to foster an awareness and understanding of the Government's policy and to provide guidance to investors, the Board's Executive is readily available to meet with both potential foreign investors and Australian businesses to explain foreign investment policy and its application to particular proposals. The Board and the Executive are ready to comment on proposals in draft form.

The Executive welcomes direct contact from the general public seeking advice on foreign investment policy questions. Alternatively, information can be obtained from <http://www.treasury.gov.au/firb> on the internet.

Major proposals will often be in the public domain and the Board welcomes submissions on them from third parties. Consideration of such submissions is an important part of the Board's examination process and its making of recommendations to the Treasurer or Assistant Treasurer.

Cost of the Board's Operations

Consistent with the proper discharge of its functions, the Board is concerned to ensure that its operating costs are minimised. Government expenditure on the Board in 1998-99 was some \$97,000. Remuneration of Board members was around 90 per cent of total Board expenditure, the remainder was for local travel, car hire, legal advice, printing and incidentals. Board members' fees are determined by the Remuneration Tribunal. Under the *Remuneration Tribunal Act 1973*, the Tribunal is required to make reports or determinations in respect of the remuneration and allowances of officers at intervals of not more than one year.

Government expenditure on the Executive was around \$2.2 million in 1998-99 compared with around \$2.3 million in 1997-98. This expenditure was mainly for salaries, including on-costs such as superannuation, with other expenses being incurred for travelling, printing and advertising. The total cost of foreign investment screening would also include a minor part of the expenditure of other Government authorities and agencies, at both the Commonwealth and State levels, that are consulted on proposals.

At 30 June 1999, there were 27 staff members in the Foreign Investment Policy Division of Treasury. This compares with 21 officers at the end of June 1998. The higher number reflects the reorganisation of the Treasury (referred to above) resulting in the inclusion of five support staff not included in the previous year's figure for the Executive.

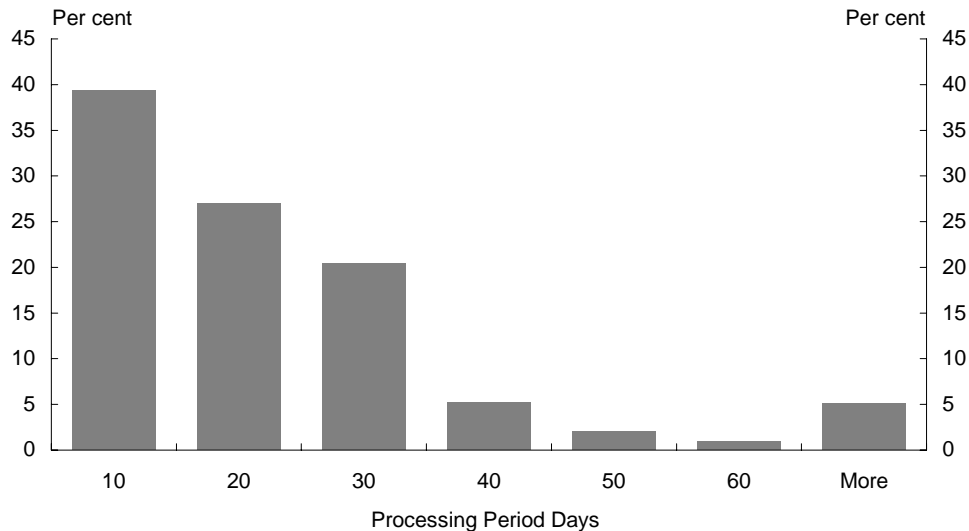
1998-99 Outcomes

Minimising the impact on commercial decision making processes and ensuring proper consideration of cases against policy requirements continue to be important objectives of the administration of foreign investment policy. The Board continues to ensure that proposals are dealt with quickly and efficiently and every effort is made to avoid unnecessary interference in business decision making.

The information requirements for processing proposals have been designed to keep to a minimum the time taken (and hence the cost involved) in obtaining foreign investment approval. In 1998-99, 40 per cent of applications (1,900) were decided within 10 days of receipt of a completed application (refer

Chart 1.1); 86 per cent of cases were decided within 30 days. Factors which resulted in cases taking more than 30 days to process include delays in applicants providing necessary information and in demonstrating compliance with previous approvals, environmental considerations and the complexity or sensitivity of the case.

Chart 1.1: Processing Time for Cases Decided



Processing of Proposals

After proposals have been submitted to the Board or its Executive, the initial work is handled within the Foreign Investment Policy Division of the Treasury. Within the Division proposals are allocated to one of three specialist units depending on the industry sector involved or in the case of commercial and residential real estate allocation is generally on the basis of the geographic location of the assets being acquired (see page 73 for more details).

The Board considers reports prepared by the Executive on major proposals on a weekly basis. Formal meetings are held approximately every four weeks, with a telephone discussion between the Executive Member and the other

Board members in each of the intervening weeks. Following examination of a report, the Board's views and recommendations are submitted by the Executive Member to the Treasurer or Assistant Treasurer. The Board's views need not be unanimous. For the more significant cases, the Executive Member usually meets with the Treasurer and the Executive also discusses cases with the Assistant Treasurer. Should a proposal raise important considerations and/or impinge on other ministerial responsibilities, the Treasurer may consult his colleagues or seek Cabinet's view.

The nature of a report and the level to which it is submitted for decision are normally determined by the features of the foreign investment proposal. In the case of significant proposals (because of their size, complexity or the policy issues raised), a full report is usually considered at a formal Board meeting prior to seeking the decision of the Treasurer or Assistant Treasurer. Where time constraints make a formal meeting impracticable the Board's involvement will be by telephone.

There are also arrangements under which authority, for approval of certain types of proposals that do not involve issues of significance, is delegated to senior staff of the Executive.

Conclusions are reached only after examination of the proposal as submitted and necessary consultations to determine whether it conforms to the general and particular requirements of foreign investment policy including the proponent's fulfillment of conditions attached to past approvals. Proposals are blocked using foreign investment powers only in circumstances involving major national interest concerns. Reasons for rejecting substantial commercial proposals are published in press releases of the Treasurer (see Appendix C).

Consultation Arrangements

In the examination of large or otherwise significant proposals, State and Commonwealth Government departments and authorities with responsibilities relevant to the proposed activity of the foreign investor may be consulted. Consultation is undertaken on a strictly confidential basis to protect the information provided by the investor.

The Board acknowledges the assistance received during 1998-99 from the relevant Commonwealth and State departments and authorities whose advice

and comments are important in assessing the implications of proposals. The Board regards its liaison with key stakeholders as an integral part of the administration of Australia's foreign investment policy.

An example of the consultation process relates to the Environment Impact Assessment process. The Board supports the workings of the *Environment Protection (Impact of Proposals) Act 1974*. It does this by recommending to the Treasurer or Assistant Treasurer (the action Minister) that projects, subject to foreign investment approval with significant environment aspects, be designated. Where the action Minister agrees with the Board he/she will 'designate' the proponent (the person or body responsible for the proposal).

Designation allows the proposal to be referred to the Minister for the Environment who will make an environment assessment of the project. Within 28 days of receiving written comments relating to a Public Environment Report and 42 days from receipt of the final Environmental Impact Statement, the Minister for the Environment will provide recommendations to the action Minister. The action Minister, after taking into account such recommendations will make a final decision on the project. The Minister for the Environment does not have veto power over this decision.

Many proposals also require assessment under State/Territory environment legislation. To avoid duplication, arrangements are made with the States and Territories to facilitate joint or cooperative assessments of proposals. These arrangements are in accordance with the Environment Impact Assessment principles agreed under the *Intergovernmental Agreement on the Environment* and the *ANZECC Basis for a National Agreement on Environment Impact Assessment*.

Handling of Commercial-in-Confidence Information

The Board fully recognises that much of the information required to assess a proposal will be sensitive commercial-in-confidence information. The Government respects this confidential status and has appropriate security procedures in place to ensure that this status is fully protected.

The Government is also obligated to respect the privacy of personal information that is provided by applicants to the Foreign Investment Review Board in accordance with the requirements of the *Privacy Act 1988*. In

accordance with that Act, the Government advises that in situations where the applicant has breached, or is strongly suspected of having breached the *Foreign Acquisitions and Takeovers Act 1975* the Board may seek the assistance of other Government agencies in its efforts to ensure compliance. In seeking such assistance, the Board may pass relevant personal information to those government agencies. Most commonly these agencies will be the Department of Immigration and Multicultural Affairs, the Australian Taxation Office or the Australian Federal Police.

In the event that action is taken by third parties to obtain access to confidential information held by the Board, it will not be made available without the permission of the person(s) who provided the information to the Board, except upon order of a Court of a competent jurisdiction.

In 1998-99, the Board's Executive directly dealt with three applications under the *Freedom of Information Act 1982* (FOI Act) and provided support to a Freedom of Information inquiry directed to the Department of Industry, Science and Resources. All applications sought information concerning foreign investment matters. Of the three applications specifically directed to the Board's Executive two were received during the course of 1998-99 while one was an application being processed as at 30 June 1998. Of these, two were still being processed as at 30 June 1999 while the remaining application was withdrawn.

There are provisions in the FOI Act authorising denial of access to commercially confidential documents. This has relevance to documents provided to the Board (or prepared by the Board or Executive) in examination of proposals. It is the practice of the Executive to consult with the parties to a proposal about the documents that are the subject of a FOI request to establish whether the parties are prepared to have the documents released to an applicant or whether there are justifiable grounds to withhold documents.

Monitoring and Compliance Activity

The *Foreign Acquisitions and Takeovers Act 1975* (the Act) contains wide-ranging powers under which the Treasurer may take legal action to protect and enforce the intent of the Government's foreign investment policy (see Appendix A). The powers include the ability to:

- ❖ unwind (by requiring the parties to sell shares, assets or property) transactions that have gone ahead, without prior foreign investment approval having been obtained, where that purchase is inconsistent with policy;
- ❖ prosecute persons and companies who fail to obtain prior approval;
- ❖ prosecute persons and companies who fail to comply with an order to sell shares, assets or property; and
- ❖ prosecute persons and companies who fail to comply with conditions attached to any approval given under the foreign investment legislation.

There are also general powers that make it an offence to provide false or misleading information, or to enter into any schemes for the purpose of avoiding the provisions of the Act.

Monitoring of compliance with foreign investment policy continues to be a significant activity, particularly in respect of the real estate sector. Close attention is given to proposals designed to avoid the application of policy and/or the fulfillment of conditions attached to approval.

In examining proposals the applicant's compliance with any conditions relating to past proposals is taken into account. Instances of lack of compliance with conditions may result in future proposals not being approved.

During 1998-99, the Compliance Unit examined around 1,000 past proposals to ensure compliance with the conditions attached to foreign investment approval.

Further information on real estate compliance is contained in Chapter 2.

International Aspects

OECD Multilateral Agreement on Investment

Between 1995 and 1998 OECD members, including Australia, and several non-OECD participants met to negotiate a multilateral agreement on investment (MAI) with the aim of providing a transparent, effective and comprehensive framework for international investment.

In October 1998, the French Government withdrew from the MAI Negotiating Group. This led to the cessation of negotiations.

In announcing the end of the negotiations, the Assistant Treasurer noted that the Australian Government had indicated for some time that it had a number of serious concerns with the draft text of the proposed treaty as it stood. He also reiterated the Government's commitment not to sign any treaty unless it is demonstrably in the national interest (see Assistant Treasurer Press Release No 42, 2 November 1998, available at <http://www.treasury.gov.au>).

On 21 December 1998 Treasury officials, including members of the Executive, were required to appear for a third time before the Joint Standing Committee on Treaties (JSCOT). JSCOT released its final report on the MAI in March 1999. The Government's response to that report was tabled on 1 December 1999.

Joint Prime Ministerial Task Force on Australia New Zealand Bilateral Economic Relations

In February 1999, the Prime Ministers of Australia and New Zealand established a Joint Prime Ministerial Task Force on Australia and New Zealand Bilateral Economic Relations.

Following the work of the Task Force, on 4 August 1999 the Prime Minister of Australia announced a number of changes to Australia's foreign investment regime aimed at facilitating investment between Australia and New Zealand. These changes took effect from 10 September 1999.

Australia's negotiating position for the Task Force drew upon ongoing work in relation to the review of foreign investment (see page 3). An officer of the Board's Executive was seconded to the Secretariat of the Task Force during March 1999.

Asia Pacific Economic Cooperation (APEC)

Australia has been a participant in enhancing the role of APEC, including in relation to foreign investment. APEC countries, including Australia, have lodged individual action plans that set out how each country is to achieve the goal of free and open investment. In its Individual Action Plans (IAP) from 1996 to 1998 Australia committed to other APEC countries that it would rationalise restrictions on foreign investment in real estate, and review the screening system in relation to foreign investment in 'non-sensitive' sectors.

Changes to foreign investment policy announced by the Prime Minister on 4 August 1999 and by the Treasurer on 3 September 1999 (see Appendix E) satisfy the Australian Government's IAP commitments.

Bilateral Investment Promotion and Protection Agreements (IPPAs)

Australia's bilateral IPPAs with other countries promote the flow of capital for economic activity and development. The IPPAs provide 'most favoured nation' commitments in regard to treatment of foreign investment, give undertakings about expropriation/nationalisation, including the nature of compensation for such acts, and establish mechanisms for resolving disputes over investment matters. A model IPPA text has been established, and was updated in early 1998, to provide the basis on which these agreements can be negotiated.

Australia has entered into IPPAs with a number of countries. In 1998-99, a treaty was signed with Lithuania. To date, Australia has also signed IPPAs with Argentina, Chile, the Czech Republic, Hong Kong, Hungary, Indonesia,

Laos, Pakistan, Papua New Guinea, the People's Republic of China, Peru, the Philippines, Poland, Romania, Ukraine and Vietnam. Australia is actively negotiating further agreements with Egypt, Russia, Uruguay and the United Arab Emirates.

By promoting confidence in the regulatory environment relating to foreign investment, IPPAs have the potential to enhance investment flows between Australia and other countries.

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.

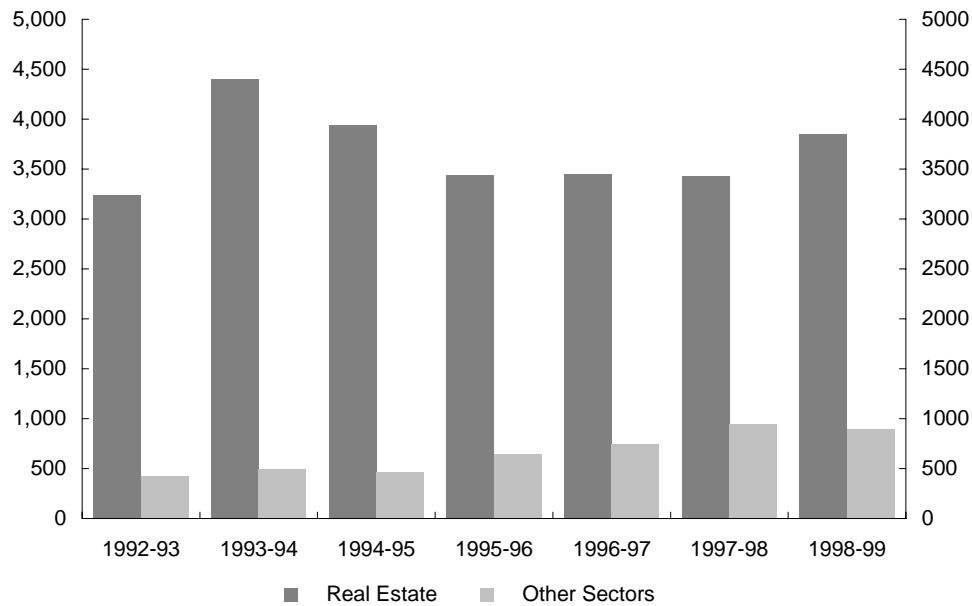
In addition, the statistics are not a comprehensive measure of all foreign investment inflow in any year, nor do they purport to measure changes in levels of foreign ownership of particular industries.

- ❖ 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 1998-99¹

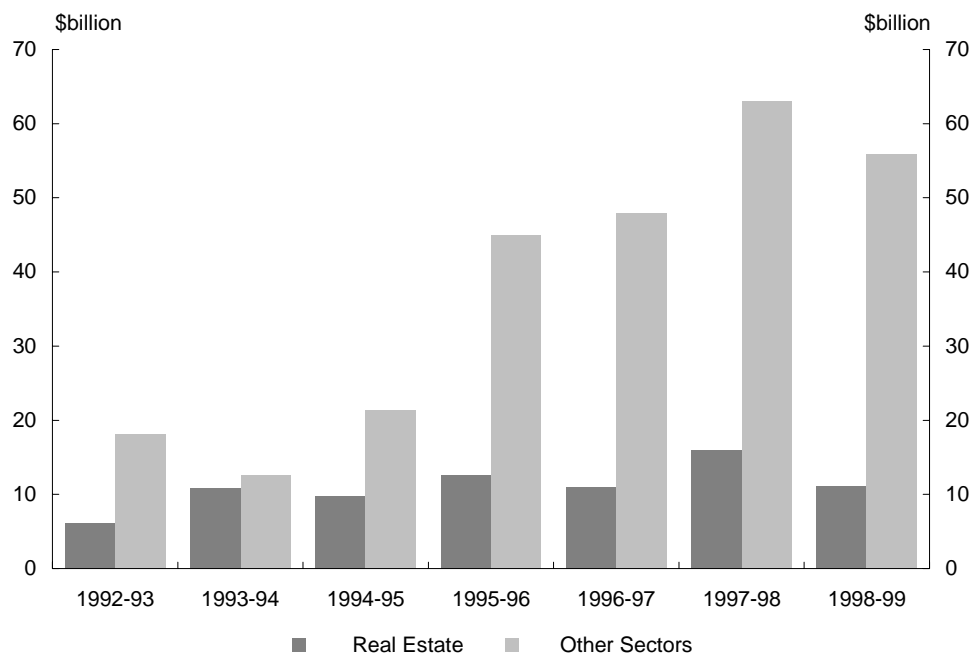
Chart 2.1 depicts the number of applications decided and Chart 2.2 shows the value of proposed investment associated with applications decided, for the real estate sector and other sectors, over the past seven years.

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

Action	1995-96		1996-97		1997-98		1998-99	
	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

Industry	Acquisitions				New Businesses			
	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 Proprietary 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	..	-	..
<i>Total for Development</i>	<i>1,856</i>	<i>4.7</i>	<i>2.0</i>	<i>6.7</i>
Developed				
Residential	1,754	0.6	-	0.6
Commercial	132	3.8	..	3.8
<i>Total Developed</i>	<i>1886</i>	<i>4.4</i>	<i>..</i>	<i>4.5</i>
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)

Location	For Development		Developed		Total
	Residential	Commercial	Residential	Commercial	
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.

Chapter 2

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.

Aggregate Foreign Investment

This chapter summarises trends in foreign investment in Australia and Australian investment abroad using Australian Bureau of Statistics (ABS) data.

Foreign investment in Australia refers to the stock of financial assets in Australia owned by non-residents and financial transactions that increase or decrease this stock. Conversely, Australian investment abroad refers to the stock of foreign financial assets owned by Australian residents and financial transactions that increase or decrease that stock.

ABS data on Australia's international investment, which are compiled in accordance with the relevant international statistical standards promulgated by the OECD and IMF, are based on different criteria from those used by the Foreign Investment Review Board. ABS data are a measure of the actual cross-border transactions that have occurred and the level of foreign investment held at a particular point in time. The Board's figures are an aggregation of the proposals submitted for approval, regardless of the source of finance used, along with the proposed associated expenditures. The limitations of the Board's data are explained in Chapter 2.

Foreign Investment Flows

Foreign investment transactions involve the change in ownership of foreign financial assets (including the creation or extinction of foreign financial assets). A current account deficit in Australia's balance of payments is balanced by a surplus on the capital and financial account, after allowing for errors and omissions. The balance on the financial account represents net financial transactions with the rest of the world, that is, the inflow of foreign investment into Australia, minus the outflow of Australian investment abroad.

International investment statistics are divided into ‘direct’, ‘portfolio’, ‘other investment’ and ‘reserve assets’. Under the international standards used to compile ABS foreign investment statistics, *direct investment* represents capital invested in an enterprise by an investor in another country which gives the investor a ‘significant influence’ (either potentially or actually exercised) over the key policies of the enterprise. Ownership of 10 per cent or more of the ordinary shares or voting stock of an enterprise is considered, under the ABS framework, to indicate ‘significant influence’ by an investor. *Portfolio investment* is the cross-border investment in equity and debt securities (other than direct investment). *Other investment* is a residual group that comprises many different kinds of investment. *Reserve assets* are those external financial assets available to and controlled by the Reserve Bank of Australia or the Commonwealth Treasury for use in financing payment imbalances or intervention in foreign exchange markets.

Based on the same ABS statistics, Chart 3.1 provides a summary of major trends in foreign investment flows while Table 3.1 provides a breakdown of those flows.

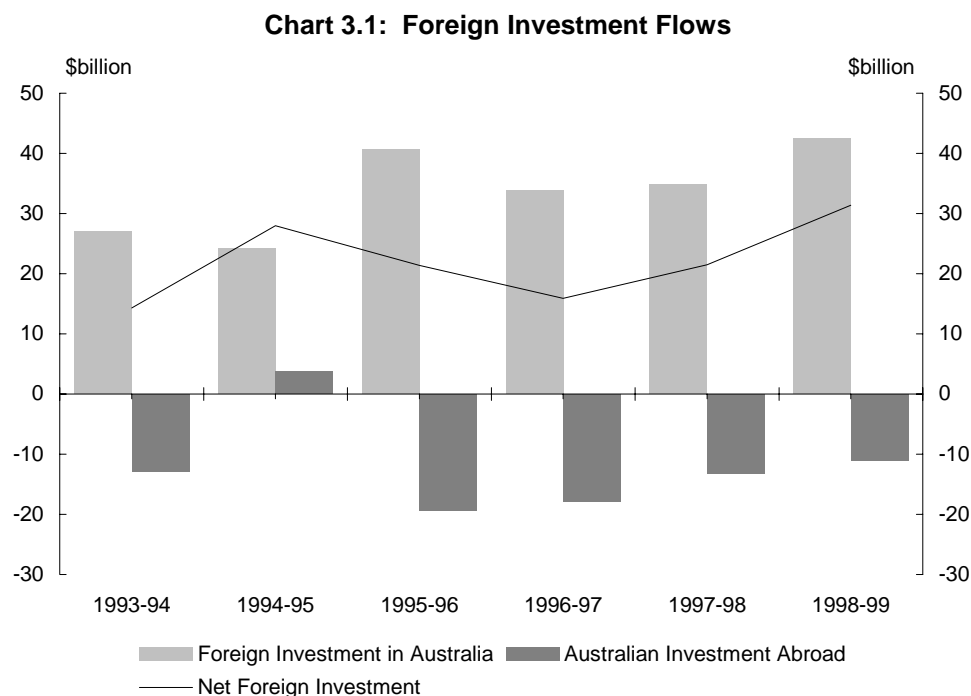


Table 3.1: Foreign Investment Flows (\$ billion)^(a)

	1994-95	1995-96	1996-97	1997-98	1998-99
Foreign Investment in Australia					
Direct Investment					
Equity & Reinvested Earnings	7.4	12.4	11.0	9.4	13.0
Other Capital	0.1	0.4	-0.3	-1.9	0.7
Portfolio Investment					
Equity	4.9	6.7	1.8	15.6	15.2
Debt	9.2	20.8	16.6	-0.6	0.4
Other Investment	2.5	0.3	4.7	12.3	13.2
<i>Total Foreign Investment in Australia</i>	24.2	40.6	33.8	34.8	42.5
Australian Investment Abroad					
Direct Investment					
Equity & Reinvested Earnings	-3.4	-6.4	-6.2	-6.5	-3.0
Other Capital	0.0	-1.5	0.4	0.1	2.1
Portfolio Investment					
Equity	0.6	-2.9	-3.6	1.4	-2.9
Debt	3.7	1.4	1.2	-0.5	-2.8
Other Investment	1.1	-9.0	-4.5	-7.2	-3.9
Reserve Assets	2.0	-0.8	-5.2	-0.6	-0.6
<i>Total Australian Investment Abroad</i>	3.8	-19.2	-17.9	-13.3	-11.1
Net Foreign Investment (b)	28.0	21.4	15.9	21.5	31.4

Note: Figures may not add due to rounding.

- (a) In keeping with balance of payment conventions, credit entries are shown without sign and debit items are shown as negative entries. Thus, investment flows going from Australia to offshore destinations are shown as a negative.
- (b) The net foreign investment figure has been derived from determining the difference between foreign investment in Australia and Australian investment abroad. No adjustment has been made to this figure to account for price changes, exchange rate changes and other adjustments.

Source: ABS 5302.0 Balance of Payments and International Investment Position, Australia, September Qtr 1999.

Foreign Investment Levels

The ABS estimated level, or stock, of foreign investment in Australia as at 30 June 1999 was \$612 billion. This represented an increase of \$42 billion, or 7.4 per cent, over the level at 30 June 1998.

In comparison, the level of Australian investment abroad as at 30 June 1999 was \$258 billion. This represented an increase of \$9 billion or 3.7 per cent, over the level at 30 June 1998.

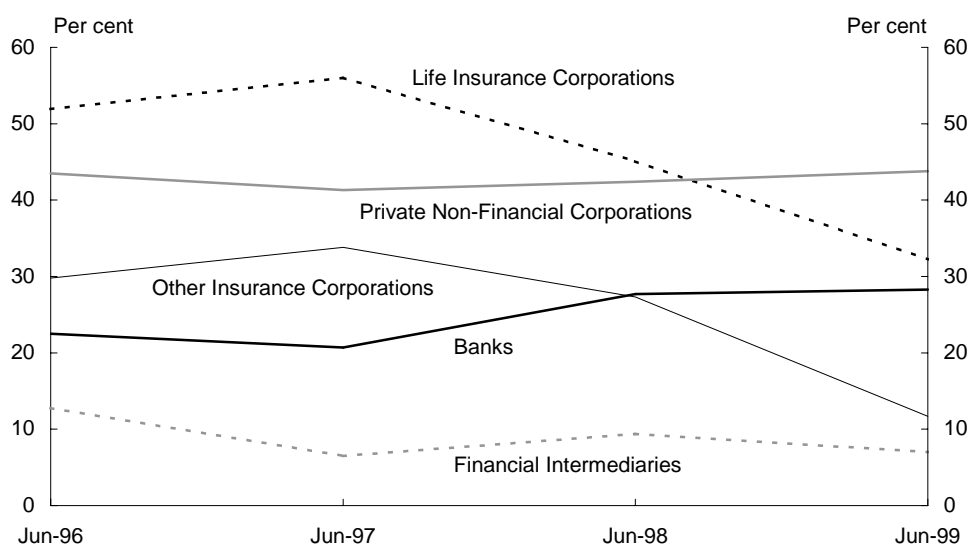
While foreign investment in Australian equities has grown solidly over the past three years the proportion of total foreign ownership of Australian enterprises has remained relatively stable.

Chart 3.2 shows foreign ownership of shares of private non-financial corporations increased from 41.3 per cent at the end of June 1997 to 43.7 per cent at the end of June 1999. One of the influences of this increase was the full privatisation of State government owned business enterprises.

The increases in foreign ownership percentages of shares of private non-financial corporations were offset somewhat by decreases in foreign ownership percentages in financial corporations, influenced by demutualisation of life insurance companies, which converted policyholder surpluses into shares. Foreign ownership of life insurance company shares was 56.0 per cent at the end of June 1997 and 32.2 per cent at the end of June 1999.

Of the total equity on issue at 30 June 1999, non-residents held equity valued at \$278 billion (28 per cent) while residents held equity valued at \$709 billion (72 per cent).

Chart 3.2: Foreign Ownership of Australian Enterprise Groups^(a)



(a) During the September quarter 1998, the ABS announced a change in the basis of compilation and presentation of financial accounts in accordance with new upgraded international standards (for more information see ABS Information Paper 5254.0). For this reason the data presented in Chart 3.2 is not comparable with previous annual reports.

Source: ABS 5232.0 Financial Accounts, Australia, June Qtr 1999.

Summary of Australia's Foreign Investment Policy as at December 1999

General

The Government's approach to foreign investment policy is to encourage foreign investment consistent with community interests. In recognition of the contribution that foreign investment has made and continues to make to the development of Australia, the general stance of policy is to welcome foreign investment. Foreign investment provides scope for higher rates of economic activity and employment than could be achieved from domestic levels of savings. Foreign direct investment also provides access to new technology, management skills and overseas markets.

2. The Government recognises community concerns about foreign ownership of Australian assets. One of the objectives of the Government's foreign investment policy is to balance these concerns against the strong economic benefits to Australia that arise from foreign investment.

3. The foreign investment policy provides for Government scrutiny of many proposed foreign purchases of Australian businesses and properties. The Government has the power under the *Foreign Acquisitions and Takeovers Act 1975* (the Act) to block proposals that are determined to be contrary to the national interest. The Act also provides legislative backing for ensuring compliance with the policy.

4. In August and September 1999, the Government announced a number of changes to its foreign investment policy (and the Foreign Acquisitions and Takeovers Regulations), designed to reduce notification obligations on business and to streamline the administration of foreign investment policy, while continuing to ensure that foreign investment is consistent with the interests of the Australian community. These changes are outlined in the Treasurer's Press Release of 3 September 1999 which is available through the Treasury website. The changes have been incorporated in this policy statement.

5. In the majority of industry sectors, smaller proposals are exempt from notification and larger proposals are approved unless judged contrary to the national interest. The screening process undertaken by the FIRB enables comments to be obtained from relevant parties and other Government agencies in considering whether larger or more sensitive foreign investment proposals are contrary to the national interest.

6. The Government determines what is ‘contrary to the national interest’ by having regard to the widely held community concerns of Australians. Reflecting community concerns, specific restrictions on foreign investment are in force in more sensitive sectors such as the media and developed residential real estate. The screening process provides a clear and simple mechanism for reviewing the operations of foreign investors in Australia whenever they seek to establish or acquire new business interests or purchase additional properties. In this way the Government is able to put pressure on foreign investors to operate in Australia as good corporate citizens if they wish to extend their activities in Australia.

7. By far the largest number of foreign investment proposals involves the purchase of real estate. The Government seeks to ensure that foreign investment in residential real estate increases the supply of residences and is not speculative in nature. The Government’s foreign investment policy, therefore, seeks to channel foreign investment in the housing sector into activity that directly increases the supply of new housing (ie, new developments — house and land, home units, townhouses, etc) and brings benefits to the local building industry and their suppliers.

8. The effect of the more restrictive policy measures on developed residential real estate is twofold. First, it helps reduce the possibility of excess demand building up in the existing housing market and secondly, it aims to encourage the supply of new dwellings, many of which would become available to Australian residents, either for purchase or rent. The cumulative effect should therefore be to maintain greater stability of house prices and the affordability of housing for the benefit of Australian residents.

Prior Approval

9. The types of proposals by **foreign interests** to invest in Australia, which require prior approval and therefore should be notified to the Government, are as follows:

- ❖ acquisitions of **substantial interests** in existing Australian businesses with total assets over \$50 million or where the proposal values the business at over \$50 million;
 - ❖ proposals to establish new businesses involving a total investment of \$10 million or more;
 - ❖ portfolio investments in the media of 5 per cent or more and all non-portfolio investments irrespective of size;
 - ❖ takeovers of offshore companies whose Australian subsidiaries or assets are valued at \$50 million or more, or account for more than 50 per cent of the target company's global assets;
 - ❖ direct investments by foreign governments or their agencies irrespective of size;
 - ❖ acquisitions of interests in urban land (including interests that arise via leases, financing and profit sharing arrangements and the acquisition of interests in urban land corporations and trusts) that involve the:
 - acquisition of developed non-residential commercial real estate, where the property is subject to heritage listing, valued at \$5 million or more;
 - acquisition of developed non-residential commercial real estate, where the property is not subject to heritage listing, valued at \$50 million or more;
 - acquisition of accommodation facilities irrespective of value;
 - acquisition of vacant urban real estate irrespective of value;
 - acquisition of residential real estate irrespective of value; or
 - ❖ proposals where any doubt exists as to whether they are notifiable. (Funding arrangements that include debt instruments having **quasi-equity** characteristics will be treated as direct foreign investment.)
10. A **foreign interest** is defined as:
- ❖ a natural person not ordinarily resident in Australia;
 - ❖ a corporation in which a natural person not ordinarily resident in Australia or a foreign corporation holds a controlling interest;

Appendix A

- ❖ a corporation in which 2 or more persons, each of whom is either a natural person not ordinarily resident in Australia or a foreign corporation, hold an aggregate controlling interest;
- ❖ the trustee of a trust estate in which a natural person not ordinarily resident in Australia or a foreign corporation holds a substantial interest; or
- ❖ the trustee of a trust estate in which 2 or more persons, each of whom is either a natural person not ordinarily resident in Australia or a foreign corporation, hold an aggregate substantial interest.

A **substantial foreign interest** occurs when a single foreigner (and any associates) has 15 per cent or more of the ownership or several foreigners (and any associates) have 40 per cent or more in aggregate of the ownership of any corporation, business or trust.

11. Below is an outline of the Government's foreign investment policy and the examination guidelines for the various industry sectors. The majority of proposals will fall within these guidelines. However, some may not. The latter proposals will be examined on a case-by-case basis.

Examination by sector

12. The *Foreign Acquisitions and Takeovers Act 1975* applies to most examinable proposals and provides penalties for non-compliance.

Rural Businesses and Rural Land, Agriculture, Forestry, Fishing, Resource Processing, Oil & Gas, Mining, Manufacturing, Non-Bank Financial Institutions, Insurance, Sharebroking, Tourism, Most Other Services

(Rural Land is defined as land that is used wholly and exclusively for carrying on a substantial business of primary production. Acquisitions of vacant land that has a rural zoning, 'hobby farms' and 'rural residential' blocks by foreign interests are included within the urban land category.)

13. In relation to investments by foreign interests in these sectors, all proposals above certain thresholds need prior approval and therefore need to be notified. Notification thresholds are over \$50 million for acquisitions of substantial interests in all existing businesses, \$10 million or more for the

establishment of new businesses and \$50 million or more for offshore takeovers.

14. All tourism proposals, which incorporate an accommodation facility, irrespective of value, need to be notified.

15. The Government registers, but normally raises no objections to, proposals above the notification thresholds where the relevant total assets/total investment falls below \$100 million. However, proposals in sensitive sectors or those which raise specific national interest issues may be subject to more detailed examination.

16. The Government fully examines proposals to acquire existing businesses (with total assets of \$100 million or more) or establish new businesses (with a total investment of \$100 million or more) and raises no objections to those proposals unless they are contrary to the national interest.

17. Approvals of proposals may be made subject to the parties meeting certain conditions. In practice, such conditions relate almost entirely to the time period for real estate development or to environmental requirements.

Urban Land¹

18. Proposed acquisitions of **residential real estate** are exempt from examination in the case of:

- ❖ Australian citizens living abroad purchasing either in their own name or through an Australian corporation or trust;
- ❖ foreign nationals purchasing (as joint tenants) with their Australian citizen spouse; and
- ❖ foreign nationals who are the holders of permanent resident visas or are holders, or are entitled to hold, a 'special category visa' purchasing either in their own name or through an Australian corporation or trust.

19. Proposed acquisitions of **real estate for development** are normally approved subject to a specific condition requiring continuous substantial construction to commence within 12 months. Once construction is complete,

¹ This is a brief summary of the urban land policy. Further details of the urban land policy are provided in the document '**Foreign Investment Policy — Urban Land**'.

the parties are required to provide the completion date and actual development expenditure.

20. Foreign interests are normally given approval to buy:

- ❖ **vacant residential land**, including house and land packages where construction has not commenced, (on condition that continuous construction of a dwelling is commenced within 12 months); and
- ❖ house and land packages where construction has commenced, home units, townhouses, etc **'off-the-plan'**, under construction or newly constructed but never occupied or previously sold. 'Off-the-plan' sales to foreigners are only permitted for new development projects or extensively refurbished commercial structures, which have been converted to residential, on condition that no more than half the dwellings in any one development are sold to foreign interests.

21. Proposed acquisitions of residential property (both vacant land and existing dwellings) which are within the bounds of a resort that the Treasurer had designated as an **'Integrated Tourism Resort' (ITR) prior to September 1999** are exempt from examination. For resorts designated as ITRs from September 1999, the exemption only applies to developed residential property, which is subject to a long term (10 years or more) lease to the resort/hotel operator, making it available for tourist accommodation when not occupied by the owner. All other property, including vacant land for development, within the ITR would be subject to the normal foreign investment restrictions. Strict conditions must be fully met to qualify for Integrated Tourism Resort status.

22. Certain categories of foreign nationals, temporarily resident in Australia continuously for more than 12 months, may be given approval to purchase developed residential real estate for use as their principal place of residence (ie, not for rental purposes) while in Australia. This category includes long-stay retirees. A condition of such purchases is that the residence must be sold when the foreign nationals' temporary resident visas expire, they leave Australia, or the property is no longer used as their principal place of residence.

23. All other proposals by foreign interests to acquire **developed residential real estate** are examinable and are not normally approved, except in the case of foreign companies, with an established substantial business in

Australia, buying for named senior executives resident in Australia for periods longer than 12 months, provided the accommodation is sold when no longer required for this purpose. Whether a company is eligible, and the number of properties that may be acquired under this category, will depend upon the extent of the foreign company's operations and assets in Australia. Unless there are special circumstances, foreign companies normally will not be permitted to buy more than two houses under this category. Foreign companies would not be eligible under this category where the property would represent a significant proportion of its assets in Australia.

24. Proposed acquisitions of **developed non-residential commercial real estate** are normally approved unless they are contrary to the national interest.

25. Proposed acquisitions of **hotels and motels** operating under one title are normally approved (unless considered contrary to the national interest) under the tourism sector policy. Proposed acquisitions of strata titled hotel accommodation may be approved in certain designated hotels. Full details of the requirements for designated hotels are contained in the Australian urban land policy summary. Other **accommodation facilities** such as guesthouses, holiday flats and undesignated strata titled hotels and motels are examined under policy applying to the residential real estate sector.

Banking

26. Foreign investment in the banking sector needs to be consistent with the *Banking Act 1959*, the *Financial Sector (Shareholdings) Act 1998* and banking policy, including prudential requirements. Any proposed foreign takeover or acquisition of an Australian bank will be considered on a case-by-case basis and judged on its merits.

27. The Government will permit the issue of new banking authorities to foreign owned banks where the Australian Prudential Regulation Authority (APRA) is satisfied the bank and its home supervisor are of sufficient standing, and where the bank agrees to comply with APRA's prudential supervision arrangements.

Appendix A

Civil Aviation

Domestic Services

28. Foreign persons (including foreign airlines) can generally expect approval to acquire up to 100 per cent of the equity in an Australian domestic airline, unless this is contrary to the national interest.

International Services

29. Foreign airlines can generally expect approval to acquire up to 25 per cent of the equity in an Australian international carrier (other than Qantas) individually or up to 35 per cent in aggregate provided the proposal is not contrary to the national interest. In the case of Qantas, total foreign ownership is restricted to a maximum of 49 per cent in aggregate, with individual holdings limited to 25 per cent and aggregate ownership by foreign airlines limited to 35 per cent. In addition, a number of national interest criteria must be satisfied, relating to the nationality of Board members and operational location of the enterprise.

Reform of foreign ownership rules

30. The Government announced on 3 June 1999 that it will reform foreign ownership rules for Australian airlines, to make sure they have the resources to compete effectively in a world of airline alliances.

- ❖ the Government intends that foreign persons, including foreign airlines, will be allowed to acquire up to 49 per cent of the equity in an Australian international airline, unless this is contrary to the national interest; and
- ❖ **in the case of Qantas** it was announced that the Government will retain the existing ownership restrictions which limit foreign ownership of Qantas to 49 per cent, ownership by foreign airlines in aggregate to 35 per cent, and ownership by an individual (including a foreign airline) to 25 per cent.

Airports

31. Foreign investment proposals for acquisitions of interests in Australian airports are subject to case-by-case examination in accordance with the standard notification requirements. In relation to the airports offered for sale

by the Commonwealth, the *Airports Act 1996* stipulates a 49 per cent foreign ownership limit, a 5 per cent airline ownership limit and cross ownership limits between Sydney airport (together with Sydney West) and Melbourne, Brisbane and Perth airports.

Shipping

32. The *Shipping Registration Act 1981* requires that, for a ship to be registered in Australia, it must be majority Australian-owned (ie, owned by an Australian citizen, a body corporate established by or under law of the Commonwealth or of a State or Territory of Australia), unless the ship is designated as chartered by an Australian operator.

Media

33. All direct (ie, non-portfolio) proposals by foreign interests to invest in the media sector irrespective of size are subject to prior approval under the Government's foreign investment policy. Proposals involving portfolio share holdings of 5 per cent or more must also be submitted for examination.

Broadcasting

34. While proposals for a foreign person to acquire an interest in an existing broadcasting service or to establish a new broadcasting service are subject to case-by-case examination under foreign investment policy, the following criteria also must be satisfied. A broadcasting regulatory regime, enacted through the *Broadcasting Services Act 1992* (BSA), stipulates that:

- ❖ Foreign interests in commercial television broadcasting services continue to be limited to a 15 per cent company interest for individuals and a 20 per cent company interest in aggregate. A foreign person may not be in a position to exercise control of a commercial television broadcasting licence. No more than 20 per cent of directors may be foreign persons.
- ❖ For all subscription television broadcasting services licences, foreign interests are limited to a 20 per cent company interest for an individual and a 35 per cent company interest in aggregate.

35. There are no foreign ownership and control limits on commercial radio or on other broadcasting services under the BSA.

Newspapers

36. Foreign investment in mass circulation national, metropolitan, suburban and provincial newspapers is restricted. All proposals by foreign interests to acquire an interest of 5 per cent or more in an existing newspaper or to establish a new newspaper in Australia are subject to case-by-case examination. The maximum permitted aggregate foreign interest (non-portfolio) investment/involvement in national and metropolitan newspapers is 30 per cent with any single foreign shareholder limited to a maximum interest of 25 per cent (and in that instance unrelated foreign interests would be allowed to have aggregate (non-portfolio) shareholdings of a further 5 per cent). Aggregate foreign interest direct involvement in provincial and suburban newspapers is limited to less than 50 per cent for non-portfolio shareholdings.

Telecommunications

37. Telstra Corporation Ltd (Telstra) is predominantly owned by the Commonwealth of Australia. Since October 1997, the Government has partially privatised Telstra through the sale of 49.9 per cent of its equity to institutional and individual investors. Aggregate foreign ownership of Telstra is restricted to 35 per cent of that privatised equity and individual foreign investors are only allowed to acquire a holding of no more than 5 per cent of that privatised equity.

38. Prior approval is required for foreign involvement in the establishment of new entrants to the telecommunications sector or investment in existing businesses in the telecommunications sector. Proposals above the notification thresholds will be dealt with on a case-by-case basis and will normally be approved unless judged contrary to the national interest.

Approval Period

39. Approval under the Government's foreign investment policy is normally only given for a specific transaction which is expected to be completed in a timely manner. If an approved transaction does not proceed at that time and/or the parties enter into new agreements at a later date, or if a transaction is not completed within 12 months, further approval must be sought for the transaction.

40. Approvals for share acquisitions involving a full or partial bid under Corporations Law only apply to the shares acquired during the bid period. For example, if approval is given for a full bid and the bidder only acquires 60 per cent of the shares, but then subsequently wishes to proceed to acquire further shares on market using the creep provisions of Corporations Law or to acquire the balance of the shares through a subsequent bid, further prior approval must be sought.

41. Where a proposal involves option agreements for the purchase of shares, assets or property, prior approval is required to acquire the options. Normally, approvals for options will also extend to the exercise of those options, provided the option is exercised within 12 months of approval. Subsequent approval for the exercise of the options may be sought on an annual basis.

42. The time period for an approval may be varied where it can be shown that an extended period is fundamental to the success of a proposal and that extending the timing of the proposal does not involve an activity (eg real estate speculation) that would be contrary to the national interest. In this situation the extended period will be stated in the approval.

Applications

43. The information normally required to enable foreign investment proposals to be processed is set out below. Copies of relevant annual reports for the most recent financial year should accompany the application. There is no statutory charge for processing applications.

44. All applications should be addressed in **writing** to:

The Executive Member
Foreign Investment Review Board
C/- The Treasury
CANBERRA ACT 2600

45. The Government recognises the commercial-in-confidence sensitivity of much of the information provided to the Board. The Government respects this confidential status and ensures that appropriate security is given to it. Where third parties outside of Government seek to obtain access to confidential information held by the Government, it will not be made available without the permission of the applicant, except upon the order of a

court of competent jurisdiction. In this respect, the Government will pursue the defence of this policy through the judicial system.

46. In addition, the Government is obligated to respect the privacy of personal information that is provided by applicants to the Foreign Investment Review Board in accordance with the requirements of the *Privacy Act 1988*. In accordance with that Act, the Government advises that in situations where the applicant has breached, or is strongly suspected of having breached the *Foreign Acquisitions and Takeovers Act 1975* (FATA), the Board may seek the assistance of other Government agencies in its efforts to ensure applicants comply with the FATA. In seeking such assistance, the Board may pass relevant personal information to those government agencies. Most commonly these agencies will be the Department of Immigration and Multicultural Affairs, the Australian Tax Office or the Australian Federal Police.

47. The requirements set out below are supplementary to those of the notification provisions of sections 25, 26 and 26A of the Foreign Acquisitions and Takeovers Act (for which there are prescribed forms).

Takeovers of enterprises with total assets of (or valued at) \$100 million and over

A. Parties to the proposal

For both the purchaser and target business:

- ❖ name;
- ❖ location of major establishments;
- ❖ major activities;
- ❖ major subsidiaries and associated companies;
- ❖ financial details for the most recent year, namely, total assets, net tangible assets and pre-tax profits (with the most recent financial statements);
- ❖ details of Australian/overseas ownership (including identity of ultimate or beneficial owners); and
- ❖ country of ultimate control of purchaser.

B. Type of proposal

- ❖ Acquisition/issue of shares;
 - the number, class and voting rights of shares, including the percentage of the total equity involved.
- ❖ Acquisition of assets;
 - description of the assets involved.
- ❖ Agreements/arrangements entered into or terminated; alteration of a constituent document;
 - full details, supported by copies of appropriate documents or relevant extracts therefrom.

C. Consideration

- ❖ Amounts involved;
- ❖ Type of funds (equity/loan), source of funds (from overseas associate companies, from Australian capital market, etc).

D. Reason(s) for the proposal

- ❖ From viewpoints of the vendor, target and purchaser.

E. Brief description of the purchaser's future intentions for the business, including amount of development expenditure proposed

Takeovers of enterprises with total assets of (or valued at) less than \$100 million

A. Parties to the proposal

For both the purchaser and target business:

- ❖ name;
- ❖ location of major establishments;
- ❖ major activities;
- ❖ details of total assets (with relevant balance sheets); and

Appendix A

- ❖ country of ultimate control of purchaser.

B. Type of proposal

- ❖ describe whether it involves shares or assets of an existing business;
- ❖ if it is a reorganisation of shares/assets or other arrangements within a corporate group; and
- ❖ if it is a rural property, and, if so, the number of hectares, current and proposed use of the property.

C. Consideration and Proposed Expenditure

- ❖ Amounts involved including proposed development expenditure, if any.

New Business or Project involving total investment (including debt) during the establishment phase of \$100 million and above

A. Parties to the proposal

- ❖ Name, location, major activities and scale of each, major affiliates (Australian/overseas); and
- ❖ Financial details for the most recent year, namely, total assets, net tangible assets and pre-tax profits together with relevant balance sheets and profit and loss and trading accounts.

B. The proposal

- ❖ Description of proposal: total funds to be invested and the proportion of these to be provided as equity capital, the sources of the loan and equity capital (from overseas associates, Australian capital market, etc), the proposed location of the investment, the purpose of the investment.

C. Ownership of the proposed business

- ❖ Details of proposed beneficial ownership (identify shareholdings by associated interests) and the corresponding pattern of voting

rights held, board representation rights, and other rights concerning management and control.

D. Industry information

- ❖ A description of the industry in which the new venture will be engaged and its expected position in the industry, other significant members of the industry, their ownership and respective shares of the market.

E. Other considerations

- ❖ Information should also be provided on any patents, royalty and licensing arrangements and export franchises held by the applicant and which might be made available to the local firm and the basis on which these would be made available; what restrictions, if any, will be placed on the new venture together with any plans for local research and development;
- ❖ Describe the environmental impact, if any, of the proposal, and provide details of any environmental studies undertaken;
- ❖ Describe efforts, if any, made to obtain Australian participation in the proposal; and
- ❖ For mining proposals, describe plans, if any, for value adding activity in Australia or any value adding opportunities which may flow from the project.

New Business or Project involving total investment (including debt) during the establishment phase of less than \$100 million

A. Parties to the proposal

- ❖ name, location, major activities and scale of each, major affiliates (Australian/overseas); and
- ❖ financial details for the most recent year, ie total assets, together with relevant balance sheets.

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B. The proposal

- ❖ Description of proposal: total funds to be invested and a description of the industry in which the new venture will be engaged.

C. Ownership of the proposed business

- ❖ Details of proposed beneficial ownership (identify shareholdings by associated interests).

Urban Real Estate Acquisitions

Please refer to the separate summary of the policy applying to the acquisition of interests in Australian urban land.

Further Enquiries

Should you have any further enquiries contact please contact the Executive on:

General enquiries	(02) 6263 3795
Fax	(02) 6263 2940
<i>From overseas</i>	
General enquiries	61 - 2 - 6263 3795
Fax	61 - 2 - 6263 2940
E-mail	firb@treasury.gov.au

Further information on Australia's foreign investment policy may be found at <http://www.treasury.gov.au/firb>

Legislation, Policy Statements and Publications

Legislation

1. *Companies (Foreign Take-overs) Act 1972, No 134 of 1972 — November 1972.*
2. *Companies (Foreign Take-overs) Act 1973, No 199 of 1973 — December 1973.*
3. *Foreign Takeovers Act 1975, No 92 of 1975 — August 1975 (now known as the *Foreign Acquisitions and Takeovers Act 1975* as amended).*
4. *Foreign Takeovers Amendment Act 1976, No 93 of 1976 — September 1976.*
5. *Statutory Rules 1975, No 226 — December 1975.*
6. *Statutory Rules 1976, No 203 — September 1976.*
7. *Commonwealth Functions (Statutes Review) Act 1981, No 74 of 1981 — June 1981.*
8. *Foreign Takeovers Amendment Act 1989, No 14 of 1989 — August 1989.*
9. *Foreign Acquisitions and Takeovers Regulations (Amendment), No 302 — 24 September 1991.*
10. *Foreign Acquisitions and Takeovers Regulations (Amendment), No 295 — 31 August 1994.*
11. *Foreign Acquisitions and Takeovers Regulations (Amendment), No 416 — 17 January 1996.*

Policy Statements

1. Statement by the Treasurer, the Hon Paul Keating, MP — Review of Foreign Investment Policy — 20 December 1983.
2. Statement by the Treasurer, the Hon Paul Keating, MP — Foreign Investment Policy and Stockbroking — 18 April 1984.
3. Statement by the Treasurer, the Hon Paul Keating, MP — Participation in Banking in Australia and Other Issues of Financial Deregulation — 10 September 1984.
4. Statement by the Treasurer, the Hon Paul Keating, MP — Foreign Investment Policy and Stockbroking — 18 December 1984.
5. Statement by the Treasurer, the Hon Paul Keating, MP — New Banking Authorities — 27 February 1985.
6. Statement by the Acting Treasurer, the Hon Chris Hurford, MP — Review of Foreign Investment Policy — 29 October 1985.
7. Statement by the Acting Treasurer, the Hon Chris Hurford, MP — Economic and Rural Policy Statement — 15 April 1986.
8. Statement by the Treasurer, the Hon Paul Keating, MP — Foreign Investment Policy Relaxations — 28 July 1986.
9. Statement by the Treasurer, the Hon Paul Keating, MP — Further Liberalisation of Foreign Investment Policy — 30 April 1987.
10. Statement by the Treasurer, the Hon Paul Keating, MP — Thin Capitalisation and Corporate Restructures in relation to Foreign Investment Policy — 30 April 1987.
11. Statement by the Treasurer, the Hon Paul Keating, MP — Foreign Investment Policy: Developed Residential Real Estate — 29 September 1987.
12. Statement by the Treasurer, the Hon Paul Keating, MP — Foreign Investment Policy: New Oil and Gas Developments — 20 January 1988.

13. Statement by the Treasurer, the Hon Paul Keating, MP — *Proclamation of Foreign Takeovers Amendment Act 1989* and Gazettal of Foreign Acquisitions and Takeovers Regulations — 6 July 1989.
14. Statement by the Treasurer, the Hon J. Kerin, MP — Foreign Investment Policy: Integrated Tourism Resorts — 25 July 1991.
15. Statement by the Treasurer, the Hon J. Kerin, MP — Foreign Investment in the Print Media — 10 October 1991.
16. Statement by the Treasurer, the Hon J. Dawkins, MP — Economic Statement: Foreign Investment Policy Changes — 26 February 1992.
17. Statement by the Treasurer, the Hon J. Dawkins, MP — Modification to Foreign Investment Policy. Residential Real Estate and Developed Non-Commercial Real Estate — 1 April 1993.
18. Statement by the Treasurer, the Hon J. Dawkins, MP — Foreign Investment Policy: Mass Circulation Newspapers — 20 April 1993.
19. Statement by the Treasurer, the Hon R. Willis, MP — Government Response to the Reports by the Senate Select Committee on Certain Aspects of Foreign Ownership Decisions in Relation to the Print Media — 26 September 1995.
20. Statement by the Treasurer, the Hon P. Costello, MP — Rationalisation of Notification Thresholds for Portfolio Investments in the Media Sector — 18 September 1996.
21. Statement by the Treasurer, the Hon P. Costello, MP — Uranium Sector — 19 November 1996.
22. Statement by the Assistant Treasurer, Senator the Hon Rod Kemp, — Foreign Investment Policy: Forced Divestiture of Residential Real Estate involving Australian Trustee — 11 December 1996.
23. Statement by the Treasurer, the Hon P. Costello, MP — Release of the Report of the Financial System Inquiry and Initial Government Response on Mergers Policy — 9 April 1997.
24. Statement by the Treasurer, the Hon P. Costello, MP — Foreign Investment Policy: Ownership structure for the Ten Group Ltd (TGL) — Canwest/TNQ Float Proposal — 6 March 1998.

- 25 Statement by the Treasurer, the Hon P. Costello, MP — Foreign Investment Case: Tyndall Australia Ltd's Portfolio Investment in John Fairfax Holdings Ltd — 4 August 1998.

Publications

- ❖ Foreign Investment Review Board Reports: 1977 to 1999.
- ❖ Australia's Foreign Investment Policy — A Guide for Investors, Revised September 1992.
- ❖ Foreign Investment Policy and Administration — Outline for Conference of Australian Institute of Company Directors held in Adelaide 13-14 May 1999.
- ❖ Summary of Australia's Foreign Investment Policy:
 - General; and
 - Real Estate.

(updated regularly)

Current information on Australia's foreign investment policy is available on the internet at: *<http://www.treasury.gov.au/firb>*

Press Releases — 1998-99

- No. 98/025 Statement by the Treasurer, the Hon. P. Costello, MP — Foreign Investment Case: Tyndall Australia Ltd's Portfolio Investment in John Fairfax Holdings Ltd — 4 August 1998.
- No. 98/042 Statement by the Assistant Treasurer, Senator the Hon. Rod Kemp — Multinational Agreement on Investment: Officials Meeting — 2 November 1998.
- No. 99/002 Statement by the Treasurer, the Hon. P. Costello, MP — Treasury Portfolio — Allocation of Ministerial Functions — 22 January 1999.
- No. 99/003 Statement by the Treasurer, the Hon. P. Costello, MP — Foreign Investment Review Board: 1997-98 Annual Report — 30 March 1999.
- No. 99/032 Statement by the Treasurer, the Hon. P. Costello, MP — Foreign Investment Review Board: Appointment of the Hon. Chris Miles — 8 June 1999.

Chronology of Policy Measures

1 April 1999

The policy relating to applications by developers seeking advanced approval to sell up to 50 per cent of a development to foreign investors was altered so that only developers with ten or more (previously four or more) dwellings could apply for advanced approval (in special circumstances, advance approval may be given for developments consisting of between four and ten dwellings). The other change affecting this category was that the reporting requirements were relaxed so that developers are required to report all sales (that is, Australian and foreign) to the Board every twelve months (previously every six months) until all the dwellings in the development have been sold or occupied.

14 August 1997

The Treasurer announced the removal of foreign ownership restrictions that were specific to Optus and Vodafone. From 14 August 1997, all proposals by foreign interests to invest in Optus and Vodafone are subject only to the generally applicable provisions of foreign investment policy. These general provisions also apply to new entrants to the telecommunications sector or investment in existing businesses in that sector. The announcement did not affect in any way the ownership restrictions in relation to Telstra.

9 April 1997

In releasing the Final Report of the Financial System Inquiry, the Treasurer announced the removal of the blanket prohibition on a foreign takeover of any of the major banks and that any proposed foreign takeover or acquisition will need to be assessed, like any other proposed foreign takeover or acquisition, on the basis of its merits in accordance with the *Foreign Acquisitions and Takeovers Act 1975*. In making these assessments, however, the Government will apply the principle (as concluded by the Inquiry) that

any large scale transfer of Australian ownership of the financial system to foreign hands would be contrary to the national interest.

19 December 1996

The *Telstra (Dilution of Public Ownership) Act 1996* was assented to. The Act places limits on foreign ownership. Aggregate foreign ownership is to be restricted to 35 per cent of the one third equity to be sold and individual foreign investors will be allowed to acquire a holding of no more than 5 per cent of that one third equity.

19 November 1996

The Treasurer announced the Government's decision that foreign investment policy in relation to the uranium sector will be the policy that currently applies to the mining sector generally. This means that foreign investment above the notification thresholds in the uranium sector, such as the establishment of a new mine, will be subjected to the well established 'contrary to the national interest' test and that no specific investment restrictions will apply.

9 October 1996

The *Airports Act 1996* was assented to. This Act limits foreign ownership of airport operator companies to 49 per cent.

18 September 1996

The Treasurer announced the Government's decision to lift to 5 per cent, with immediate effect, the notification threshold that applies to portfolio investments by foreign interests in the media sector. This change rationalised the notification thresholds for the media sector so that all portfolio investments, not only in John Fairfax Holdings Ltd, are subject to the same 5 per cent notification threshold.

26 September 1995

The Treasurer announced that the limit on foreign ownership of provincial and suburban newspapers had been increased from 30 per cent to less than 50 per cent for non-portfolio shareholdings.

20 April 1993

The Treasurer announced the Government's decision to increase the maximum permitted aggregate foreign interest direct investment (that is, non portfolio) involvement in national and metropolitan newspapers to 30 per cent with any single foreign shareholder limited to a maximum of 25 per cent (and in that instance unrelated foreign interests would be allowed to have aggregate (non-portfolio) shareholdings of a further 5 per cent).

1 April 1993

The Treasurer announced two changes to foreign investment policy:

- ❖ 'off the plan' acquisitions to include acquisitions that are part of extensively refurbished buildings subject to the building's use changing from non-residential to residential and the costs of refurbishment to be at least 50 per cent of total acquisition costs; and
- ❖ proposals by foreign interests to acquire developed non-residential commercial real estate were no longer required to have 50 per cent Australian equity. Prior to this change, acquisitions by foreign interests of developed non-residential commercial real estate were normally approved, unless judged contrary to the national interest, on the condition that the acquisition was being made with 50 per cent Australian equity participation. Where it could be demonstrated that 50 per cent Australian equity was not available on reasonable terms and conditions, proposals providing up to 100 per cent were approved.

26 February 1992

As part of the Government's One Nation Economic Statement, further policy liberalisations were announced, namely:

- ❖ the Government would register, but normally raise no objections to proposals above the notification thresholds where the relevant total

assets/total investment falls below \$50 million. Notification thresholds are \$3 million for purchases of rural properties, \$5 million for acquisitions of substantial interests in other existing businesses, \$10 million for the establishment of new businesses and \$20 million for offshore takeovers;

- ❖ the 50 per cent Australian equity and control guideline for participation in new mining projects, and the economic benefits test for takeovers of existing mining businesses, were abolished; and
- ❖ that new banking authorities would be issued to foreign owned banks where the Reserve Bank is satisfied the bank and its home supervisor are of sufficient standing, and where the bank agrees to comply with Reserve Bank prudential supervision and arrangements. Moreover, foreign owned banks will be allowed to bid for the smaller banks (if available for sale), that is, for banks other than the four majors.

25 July 1991

The Government decided that foreign investors may acquire any residential real estate (vacant land for development, units off the plan, or established properties) within a designated Integrated Tourism Resort (ITR) without the need to seek approval under the Foreign Acquisitions and Takeovers Act. The ITR exemption would only apply to residential real estate within resorts that have applied for and been designated exempt by the Treasurer.

6 July 1989

The Treasurer announced the proclamation, on 1 August 1989, of the *Foreign Takeovers Amendment Act 1975* and the gazettal of the Foreign Acquisitions and Takeovers Regulations. The amended legislation, to be known as the Foreign Acquisitions and Takeovers Act, gave legislative effect to the changes to residential real estate policy announced in September 1987.

20 January 1988

The Government announced that the Australian participation guidelines for foreign investment in respect of new mining projects over \$10 million would no longer apply to new oil and gas developments which could now be

approved with 100 per cent foreign equity, provided they were not considered contrary to the national interest.

29 September 1987

The Government decided to restrict substantially foreign acquisitions of developed residential real estate and to introduce legislation to require compliance with the amended policy. The \$600,000 examination threshold was abolished and approvals of developed residential real estate were to be restricted to Australian citizens resident abroad, intending migrants and foreign companies buying for their senior executives resident in Australia.

30 April 1987

The Treasurer announced a number of further liberalisations including:

- ❖ passing amendments to the *Foreign Takeovers Act 1975* providing for the exemption from notification of takeovers below \$5 million (\$3 million for rural businesses);
- ❖ extending the national interest based test (applied to manufacturing, tourism and non-bank finance sectors since July 1986) to other sectors namely resource processing, services, insurance, sharebroking and rural properties; and
- ❖ improvements to the benefits associated with naturalised or naturalising status, namely, that all takeovers or new businesses involving naturalised or naturalising companies (including new mines where at least 50 per cent is owned by the naturalised or naturalising company) would be approved unless contrary to the national interest.

The Government also announced that it would introduce legislation to replace the thin capitalisation and corporate restructuring conditions of approval that had been imposed on foreign investors under foreign investment policy.

28 July 1986

The Treasurer announced a number of significant relaxations to policy including:

- ❖ the net economic benefits test and Australian equity requirements for takeovers and new businesses in the manufacturing, tourism and

Appendix D

non-bank finance sectors were suspended and proposals were to be automatically approved unless contrary to the national interest;

- ❖ the minimum Australian equity requirements for real estate for development (both for retention or resale), and service industry real estate (hotels and motels, tourism resorts) were abolished;
- ❖ acquisitions of developed commercial real estate were to be allowed provided there was 50 per cent Australian equity (previously there was a virtual prohibition); and
- ❖ the policy test on rural property acquisitions over \$3 million was relaxed such that approval would now be granted where it could be demonstrated by the intending investor that proposed on-farm development expenditure would be at least one — third of the acquisition price.

15 April 1986

As part of the Government's Economic and Rural Policy Statement, it announced the relaxation of the rules applying to foreign investment in rural land such that only proposals over \$3 million (previously \$1 million) would be subject to the stricter test of providing effective Australian participation or benefits of national or regional significance to gain approval.

29 October 1985

The Acting Treasurer announced a number of modifications to policy aimed at streamlining existing procedures, the most significant of which were:

- ❖ the practice of requiring the demonstration of specific opportunities for Australians to purchase interests available for sale (the 'opportunities test') was discontinued;
- ❖ the administrative threshold below which takeovers were normally approved, in the absence of special circumstances, was increased from \$2 million to \$5 million;
- ❖ the notification threshold for new businesses (except in the media or civil aviation) was increased from \$5 million to \$10 million;
- ❖ the notification threshold for foreign investment in real estate was increased from \$350,000 to \$600,000;

- ❖ the liberalised stance in relation to merchant banks was extended to other non-bank financial intermediaries;
- ❖ the need for 50 per cent Australian equity for land bought for development and subsequent resale was to be applied only to developments costing \$10 million or more; and
- ❖ the exemption threshold for offshore takeovers was increased from \$3 million to \$20 million.

22 May 1985

The *Banks (Shareholdings) Act 1972* (which limits the size of shareholdings in banks authorised under the *Banking Act 1959*) was amended in order to facilitate the establishment of new banks in Australia. The major amendments were an increase in the size of individual shareholdings in a bank which might be held without the Governor-General's approval from 10 to 15 per cent, and allowing the Governor-General to grant exemptions from the new higher limit in the national interest.

27 February 1985

The Treasurer announced that the Government had selected 16 new banks which would be invited to establish operations in Australia. Each would be required to proceed with discussions with the Reserve Bank and the Treasury with a view to developing their proposals.

18 December 1984

The Treasurer announced the Government's decision to increase to 50 per cent the maximum permitted shareholding in Australian stockbroking businesses that might be held by foreign interests. This revised the previous limitations announced on 18 April 1984.

10 September 1984

The Government invited applications from domestic or foreign interests for a limited number of banking authorities and decided to initiate proceedings to enable the Bank of China to open a branch in Australia.

The Treasurer also announced the temporary waiving (for one year) of some sections of its foreign investment policy relating to the merchant banking sector. The 'Australian opportunities test' (that is, the requirement that Australians be given the opportunity to bid on market terms for interests available for sale) and the 'substantial economic benefits' test of foreign investment policy were to be set aside for a period of 12 months in respect of merchant bank restructuring proposals.

18 April 1984

Following a Trade Practices Commission (TPC) ruling that allowed stockbroking firms to incorporate, the Treasurer announced the results of a review of foreign investment policy as applied to the stockbroking industry (prior to the TPC ruling, non-residents were precluded from having an interest in unincorporated stockbroking firms). Under the revised policy, proposals by foreign interests to acquire shareholdings in stockbroking businesses would only be allowed to proceed, where they involved the acquisition of less than 15 per cent of shares by a single foreign interest or of less than 40 per cent by two or more foreign interests.



Treasurer



NO. 55

FOREIGN INVESTMENT POLICY CHANGES

The Government has announced a number of changes to foreign investment policy. These follow from the outcome of the Joint Prime Ministerial Task Force on Australia New Zealand Bilateral Relations. In addition, a number of policy and administrative changes will be made following a review of foreign investment policy that formed part of the Government's schedule of reviews of legislation imposing costs on business.

The changes will reduce notification obligations on business and streamline the administration of foreign investment policy, while continuing to ensure that foreign investment is consistent with the interests of the Australian public.

The Prime Minister announced on 4 August 1999, that Australia will increase the acquisition threshold for foreign investment in existing businesses to \$A50 million on a multilateral basis, as well as remove approval requirements for special category visa holders investing in residential real estate through Australian based companies and trusts. Consistent with these measures, the Government will also increase to \$50 million the voluntary notification threshold for the Australian assets of an offshore company to be acquired by another offshore company. In addition acquisitions of residential property by Australian permanent resident visa holders, not ordinarily resident in Australia, purchasing through Australian companies or trusts will be exempt from notification.

Other modifications to foreign investment policy will be made in the following areas:

Appendix E

- the treatment of vacant land and housing packages;
- treatment of developed non-residential commercial property;
- the designation of integrated tourism resorts;
- the sale of strata titled hotel accommodation;
- Australian citizens and their foreign spouses purchasing as joint tenants; and,
- foreign trustees acquisition of interests in urban land.

Details of all the changes are attached.

CANBERRA ACT	Contact Officer:	Contact Officer:
3 September 1999	Janine Murphy	Vernon Joice
	Foreign Investment Policy	Foreign Investment Policy
	Division	Division
	Treasury (02) 6263 3763	Treasury (02) 6263 3834

ATTACHMENT

Proposed Changes to Foreign Investment Policy

The Prime Ministers' statement of 4 August 1999 announced that Australia would:

- (a) increase the notification threshold for foreign investment in existing businesses from \$5 million (\$3 million for rural businesses) to \$50 million;
- (b) remove foreign investment approval requirements for individuals, who hold or are entitled to hold a special category visa and invest in Australian residential real estate through Australian companies and trusts; and
- (c) increase the limit for which applications for investment in businesses are registered but are generally not fully examined from \$50 million to \$100 million.

Consistent with measures (a) and (b) above, the Government has also decided:

- to increase the voluntary notification threshold to \$50 million (from \$20 million) for the Australian assets of an offshore company to be acquired by another offshore company.
- to exempt acquisitions of residential real estate by Australian permanent resident visa holders, not ordinarily resident in Australia, purchasing through Australian companies or trusts.

In addition the following modifications to policy are planned:

Treatment of vacant land and house packages

- The acquisition of house and land packages, 'off-the-plan' ie, where construction has not commenced, will no longer be limited to 50 per cent of the project's sales. Consistent with the policy applied to purchases of vacant land for development, approval will be conditional on continuous construction of the relevant dwelling commencing within 12 months.

Treatment of developed non-residential commercial properties

- Where properties are not subject to heritage listing, the notification threshold applying to the acquisition of developed non-residential (ie, it is not an accommodation facility) commercial properties will be raised from \$5 million to \$50 million.
- In addition, acquisitions of developed non-residential commercial properties, valued between the notification threshold and \$100 million, will no longer be subject to detailed examination, unless the facts of the proposal raise issues pertaining to the national interest.

Integrated Tourism Resorts

- The policy of designating Integrated Tourism Resorts (ITRs), within which foreign persons are permitted to acquire residential property without restriction, will only apply to developed residential property which is leased back to the resort operator to be available for tourist accommodation when not occupied by the owner. Owners of residential property in existing ITRs will retain their current entitlements.

Strata titled hotel accommodation

- Sales will be permitted to foreign interests of strata-titled hotel rooms in designated hotels where each room is subject to a long-term (10 years or more) hotel management agreement.
 - The hotel management agreement must limit the owners' rights to an income stream, not occupancy. The management must retain ownership of the common property. In addition, owners will not have the right to opt out of the management agreement. The hotel must provide a full range of facilities consistent with industry accepted hotel features.

Australian citizens and foreign spouses

- Australian citizens and their foreign spouses purchasing as joint tenants will no longer be required to seek approval for purchases of residential property in Australia.

Foreign trustees acquisition of interests in urban land

- Exemption will be given for the acquisition of interests in Australian urban land by foreign-owned responsible entities acting on behalf of managed unit trusts and other managed public investment schemes registered under Chapter 5C of the *Corporations Law*, where they are investing for the benefit of fund investors or unit holders ordinarily resident in Australia. This is consistent with the rules applying to foreign-owned life insurers and superannuation funds.

All the planned changes will take effect from the promulgation of amendments to the Foreign Acquisitions and Takeovers Regulations that are necessary to implement some of the measures.

Revised foreign investment policy summaries will be released once the new regulations are made.

The Executive — Contact Names

Applications

Applications for foreign investment approval should be addressed to:

The Executive Member
Foreign Investment Review Board
C/o The Treasury
CANBERRA ACT 2600

Executive Member — Ms Janine Murphy

Tel: (02) 6263 3763

General Enquiries

- ❖ General Enquiries: (02) 6263 3795
- ❖ Overseas: (61-2) 6263 3795
- ❖ Fax: (02) 6263 2940
- ❖ E-mail Address: firb@treasury.gov.au

Special Enquiries

International & Compliance Unit is responsible for international & compliance issues and Real Estate Acquisitions in Vic, WA, SA & Tas.

Mr Roy Nixon,

Manager

Tel: (02) 6263 3764

Primary Industries and Secondary Industries Unit is responsible for Mining, Agriculture, Manufacturing & Resource Processing and Real Estate Acquisitions in NSW & ACT.

Mr Peter Biggs,

Manager

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Tertiary Industries Unit is responsible for Finance and Insurance, Tourism & Media and Real Estate Acquisitions in Qld & NT.

Mr Grahame Crough,

Manager

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