Foreign Investment Review Board

Report 1991/92

Department of the Treasury

Foreign Investment

Review Board

Report 1991-92

Australian Government Publishing Service

Commonwealth of Australia 1993
ISBN 0 644 29065 X

Printed for AGPS by Better Printing Service, 1 Foster Street, Queanbeyan NSW 2620

Foreign Investment Review Board

The Foreign Investment Review Board (FIRB) was established in April 1976. The members during 1991-92 were Sir Bede Callaghan, CBE, Chairman, Mr Kenneth Stone, AO, Mr Desmond Halsted, and Mr George Pooley. (Sir Bede retired on 30 September 1992 and Mr Stone became Acting Chairman from 1 October 1992. Mr Tony Hinton, Principal Adviser, Capital Markets Division, The Treasury, succeeded Mr Pooley as the Executive Member on 25 August 1992.)

The main functions of the Board are:

- to examine proposals by foreign interests for investment 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; and
- to provide guidance, where necessary, to foreign investors so that their proposals may be in conformity with the policy.

The Board is assisted by an Executive which is part of the Treasury and also has available to it advice from other Commonwealth and State Government departments and authorities.
The Board's functions are advisory only. Responsibility for the Government's foreign investment policy and for making decisions on proposals rest with the Treasurer.

c/-Treasury Building
Canberra ACT 2600

Telephone (06) 263 2111
Overseas 61-6-263 2111
Fax (06) 263 3868

AUSTRALIA

Foreign Investment Review Board

April 1993

The Hon John Dawkins, 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 have the honour to submit to you the Board's Report for the financial year 1991-92.

The first chapter of the Report reviews the activities of the Board and provides an overview of the year's foreign investment proposals; the second chapter discusses the proposals in more detail; and the third chapter reviews developments in the levels and inflows of foreign investment in Australia and summarises available information on foreign ownership and control in the Australian economy, as indicated by data produced by the Australian Bureau of Statistics. The Report has a number of Attachments that provide supporting material on foreign investment policy.

Yours sincerely

K. Stone
Acting Chairman

Highlights for 1991-92

Policy

- The Treasurer announced on 25 July 1991 the establishment of a category for Integrated Tourism Resorts (ITR). Under this part of foreign investment policy, foreign investors may acquire any residential real estate (vacant land for development, units off the plan, or established properties) within a designated 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.

- As part of the Government's One Nation Economic Statement of 26 February 1992, further policy liberalisations were announced, namely:
  - the thresholds below which foreign investment proposals are not fully examined in non-sensitive sectors were increased to $50 million, from $3 million for purchases of rural businesses, $5 million for takeovers of existing businesses, and $20 million for the Australian assets involved in 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;
  - new banking authorities will 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; and
  - foreign owned banks are allowed to bid for the smaller banks (if available for sale), ie, for banks other than the four majors.

Proposals

- There were 3,274 proposals for investment in Australia submitted to the Government:
  - 227 were withdrawn, 2,981 approved (1,933 with conditions) and 66 rejected.
- The rejection rate was 2.2 per cent. Most rejections continued to be in relation to developed residential real estate.
- Total expected investment for proposals approved in 1991-92 was about $16 billion, compared with $20 billion in 1990-91 (major qualifications apply to this and other FIRB statistics).
  - expected investment fell for manufacturing (from $3.1 billion in 1990-91 to $2.3 billion in 1991-92), mining ($5.4 billion to $2.2 billion) and tourism ($1.9 billion to $1.3 billion).

  - expected investment in the services excluding tourism sector increased from $2.3 billion in 1990-91 to $3.5 billion in 1991-92. This increase was largely attributable to one proposal. Expected investment in the real estate sector showed a marginal increase.
- Sixty proposals with expected investment of more than $50 million accounted for more than $9 billion of expected investment, or about 58 per cent of the total expected investment.
- The most significant investor source countries in terms of total expected investment were Japan ($2.6 billion), United States ($1.9 billion), United Kingdom ($1.8 billion), New Zealand ($0.9 billion), Singapore ($0.7 billion) and Hong Kong ($0.6 billion).
- Increased levels of expected investment were recorded for Singapore, Hong Kong, Canada and Malaysia.
- Australian interests were parties to 181 foreign investment proposals and were expected to contribute $3.2 billion in investment (about 19 per cent of total expected investment).
- The average time taken to process proposals in 1991-92 fell to 15 days from 21 days in 1990-91.

Annual Report

- Chapter 1 outlines the Board's activities during 1991-92 and discusses aggregate statistics.
- Chapter 2 provides a summary, on an industry basis, of proposals examined during 1991-92 and comments on some of the more significant cases.
- Chapter 3 summarises trends in foreign investment in Australia and Australian investment abroad.
- Attachment A lists legislation, policy statements and publications concerning foreign investment policy and its administration.
- Attachment B lists the Treasurer's press releases on foreign investment during 1991-92.
- Attachment C provides a chronology of measures relating to foreign investment policy from 1983 to 1992.
- Attachment D is a summary of foreign investment policy as at June 1992.

Retirement of Sir Bede Callaghan, CBE, Chairman of the Board

With effect from 30 September 1992, Sir Bede Callaghan retired as Chairman of the Foreign Investment Review Board. Sir Bede had served as the Board's Chairman since its establishment in 1976. Sir Bede has had a long and distinguished role in the public sector, most notably as a Managing Director of the Commonwealth Banking Corporation, and as an Executive Director of the International Monetary Fund and the International Bank for Reconstruction and Development (World Bank). In announcing Sir Bede's retirement, the Treasurer expressed the Government's appreciation for his valuable contributions to the administration of foreign investment policy and the high degree of acceptance of foreign investment policy and its objectives within the community, particularly the business community.

Contents

Chapter 1: Administration of foreign investment policy

The Foreign Investment Review Board's main function is to assist the Government in administering foreign investment policy. The Board examines proposals by foreign interests to undertake direct investment in Australia and makes recommendations to the Government on whether those proposals are suitable for approval under the Government's policy.

Statistical qualifications

Many qualifications need to be borne in mind in interpreting the Board's statistics. The data recorded on investment relate to expected expenditure on proposed acquisitions and new businesses submitted by foreign interests for examination under foreign investment policy, including future known development expenditures. In particular, the figures:

- relate to proposals approved, which may or may not be implemented; and, if implemented, perhaps only over a period of years;
- provide no indication of the source of the funds for the investment;
- do not necessarily reflect changes in foreign ownership since, in some cases, the vendor as well as the purchaser comes within the definition of a 'foreign interest'; and
- exclude foreign portfolio investments, direct foreign investments below the examination thresholds, expansions of existing foreign-owned businesses in Australia into related areas and sales by foreign investors to Australian residents.

In addition, policy changes mean that the statistics are not necessarily comparable over time; in particular, the major liberalisations to foreign investment policy in recent years mean that the statistics for 1991-92 lack comparability in a number of significant respects with the figures for earlier years.

The Board's statistics on foreign investment proposals are 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.

Having regard to the qualifications mentioned above and elaborated on in the Statistical Appendix - Limitations of the data - the Board urges particular caution about comparisons between the 1991-92 statistics and those of earlier years.

Definition of 'expected investment'

The term 'expected investment' that is used widely throughout this Report includes many elements:

(i) the expected cost of acquisition (shares, real estate or other assets);

(ii) the expected cost of development following acquisition; and

(iii) in the case of a new business, the expected cost of both establishment and development.

Total expected investment is the aggregation of the cost of each acquisition, the development (if any) associated with each acquisition, the development associated with new business proposals and the value of annual programs and 'off-the-plan' approvals, valued at the time each application is approved. As shown in Table A.2 in the Statistical Appendix, total expected direct investment approved during 1991-92 was \$16.7 billion. It cannot be concluded, however, that \$16.7 billion of direct foreign investment into Australia actually occurred during 1991-92. That is so, not only for the reasons set out in the paragraphs above about `statistical qualifications', but also because the \$3.6 billion of development expenditure associated with the \$13 billion cost of acquisitions is likely to be spread over the years ahead (to the extent that the acquisitions and development occur at all).

Summary of proposals

The number of proposals considered in 1991-92 was 3,274, compared with 2,829 in the previous year. Total expected investment associated with the 2,981 foreign investment proposals approved by the Government in 1991-92 was \$16.7 billion, or about 17 per cent less than the expected investment of \$20.2 billion associated with the 2,525 approvals in 1990-91.

Of the \$16.7 billion total expected investment associated with approvals in 1991-92:

- \$13.0 billion was attributable to the expected cost of acquisitions and \$3.6 billion to expected development expenditure;
  - of the \$13.0 billion attributable to acquisitions, \$4.3 billion was for proposed purchases of real estate, \$1.6 billion for proposed acquisitions in the manufacturing sector, \$2.1 billion for proposed acquisitions in the mining sector, \$3.3 billion for proposed acquisitions in the non-tourism services sector, and \$0.8 billion for proposed acquisitions in the tourism sector;
  - of the \$3.6 billion expected development expenditure, \$2.1 billion was proposed expenditure arising from new businesses - of which \$0.9 billion (about 46 per cent) was in mining, \$0.3 billion in tourism and \$0.6 billion in manufacturing. The remaining \$1.5 billion was expected development associated with proposed acquisitions, mainly in real estate (\$1.4 billion) and tourism (\$0.1 billion).

Most of the total expected investment associated with approvals in 1991-92 was in:

- real estate (\$5.7 billion);
- mining (\$3.1 billion);
- manufacturing (\$2.3 billion);
- services other than tourism (\$3.5 billion); and
- tourism (\$1.3 billion).

There was relatively less expected investment in agriculture, finance and insurance and resource processing.

Of the \$5.7 billion expected investment in real estate:

- \$4.3 billion was the expected cost of acquisitions. (This figure included \$0.2 billion for annual program approvals and \$0.7 billion for the 'off-the-plan' approvals granted to real estate developers, a significant portion of which - perhaps 50 per cent - is unlikely to be utilised.)
- The remaining real estate investment (\$1.4 billion) was expected development expenditure, of which \$0.5 billion represented expected development of commercial real estate and \$0.9 billion development of residential real estate.
- The main locations for expected real estate investment were New South Wales (\$3.0 billion) and Queensland (\$1.1 billion).

Of the \$3.1 billion total expected investment in mining, \$2.1 billion was the cost of acquisitions and \$1.0 billion was expected development expenditures associated with the development of 8 new mines.

In respect of \$2.3 billion of total expected investment in manufacturing, \$1.6 billion was the cost of acquisitions and \$0.6 billion was the expected development expenditure associated with 11 new businesses.

In respect of \$3.5 billion of total expected investment in services other than tourism, \$3.4 billion was attributable to acquisitions.

Total expected investment in tourism was \$1.3 billion: the expected development expenditure amounted to 24 per cent of the total. Most of the expected investments in tourism were in New South Wales (\$0.6 billion), Queensland (\$0.4 billion), and Western Australia (\$0.1 billion). Of the \$16.7 billion total expected investment, at least \$3.2 billion was attributable to Australian entities participating in ventures with foreign interests (see Table A.4). Taking account of this, a better approximation of total expected foreign investment approved in 1991-92 would be, say, \$13.5 billion (compared with \$17.5 billion in 1990-91).

Applications

During the year, 3,274 proposals were submitted to the Government for consideration, compared with 2,829 in 1990-91. Of the total submitted in 1991-92, 227 were withdrawn. Thus, decisions were needed in 3,047 cases, compared with 2,594 in 1990-91.

TABLE 1.1: ANNUAL NUMBER OF PROPOSALS DECIDED

Period Ending June	*Annual Number Decided*	*Associated Investment $b*
1987	1,352	18.5
1988	3,191	24.8
1989	4,475	32.6
1990	2,681	24.5
1991	2,594	22.2
1992	3,047	17.6

The annual number of foreign investment proposals increased sharply in the late 1980s. The almost three-fold increase in the number of proposals in 1988 was mainly as a result of the tightening of policy in the residential real estate area. Following declines in the early 1990s, proposals increased in 1991-92 to be above 3,000 (see Table1.1).

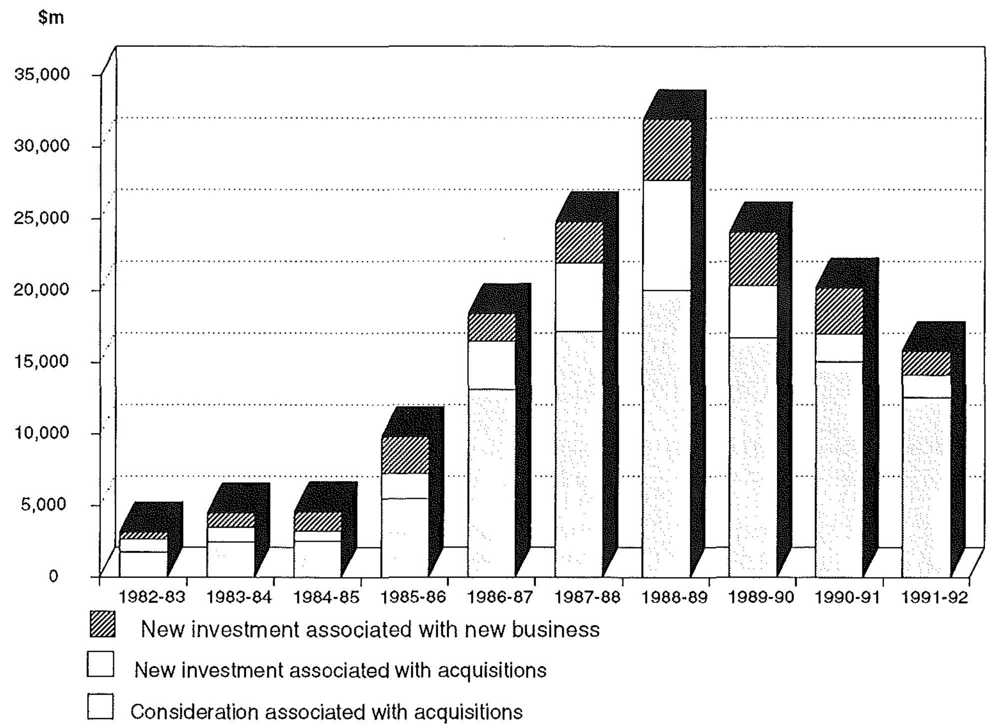
The expected investment associated with proposals in 1991-92 fell lower than the 1990-91 level, but remains well above the levels of a decade ago (see Chart 1).

Of the 2,981 proposals approved during 1991-92, 1,048 were approved without conditions and 1,933 were approved subject to conditions. Most of the conditions were in respect of acquisitions of urban real estate and, in particular, approvals on condition that development occurs within a specified period of time and on condition that developed residential real estate is sold when the foreign national temporarily resident ceases to reside in Australia.

There were 66 rejected proposals (which does not include withdrawn applications) in 1991-92. The rejection rate for proposals in 1991-92 was 2.2 per cent. This compares with 2.7 per cent in 1990-91 and 2.3 per cent in 1989-90. Total expected investment associated with the proposals rejected in 1991-92 was $1.8 billion. Most of the rejected proposals were in the real estate sector and related to applicants failing to qualify for approval to acquire used residential real estate.

CHART 1: FOREIGN INVESTMENT PROPOSALS

Expected expenditure by type of expenditure, associated with approved proposals each financial year



(Several proposals involved unapproved acquisitions of real estate and resulted in the foreign parties being directed to divest their interest in the real estate.) $1.4 billion was accounted for by the Tourang Limited proposal to acquire the John Fairfax Group which was subsequently approved. A proposal by the AFP Group to acquire Australian Consolidated Minerals Limited for $261 million was another relatively large rejection.

Larger proposals

Table 1.2 provides an industry breakdown of proposals of more than $50 million. Over the four year period, the proportion of expected investment attributable to real estate and tourism, from proposals over $50 million, has declined, while the proportion attributable to services and mining has increased. However, it should be noted that these figures are susceptible to the lumpiness associated with a few big proposals.

TABLE 1.2: EXPECTED INVESTMENTS OF MORE THAN $50 MILLION

	Expected investment							
	1988-89		1989-90		1990-91		1991-92	
Industry sector	$b	%	$b	%	$b	%	$b	%
Manufacturing	3.3	15	2.1	13	2.3	16	1.4	16
Mining	1.5	7	2.0	13	4.9	34	1.5	17
Finance & Insurance	0.6	3	-	-	0.4	3	0.4	4
Services (excluding Tourism)	1.4	6	1.4	9	1.4	10	2.6	29
Tourism	4.0	18	3.1	20	1.3	9	0.7	7
Real Estate	9.4	43	6.5	41	3.1	22	2.4	26
Other	1.6	7	0.5	4	0.9	6	0.1	1
Total	21.8	100	15.7	100	14.3	100	8.8	100

Note: Figures may not add due to rounding.

Proposals by country of investor

Information on proposals approved by country of investor is provided in Table A.4. Expected investment levels by country of investor for 1988-89 to 1991-92 are summarised in Table 1.3.

TABLE 1.3: EXPECTED INVESTMENT BY COUNTRY OF INVESTOR BY YEAR OF APPROVAL

	Expected investment			
	1988-89	1989-90	1990-91	1991-92
Country of investor	$b	$b	$b	$b
Japan	9.1	8.4	5.0	2.6
United States	3.7	1.8	3.9	1.9
United Kingdom	3.6	2.6	2.9	1.9
Hong Kong	2.0	1.0	0.4	0.6
New Zealand	2.0	1.8	1.1	1.0
Singapore	0.5	0.3	0.2	0.7
Australia	5.0	4.4	2.3	3.0
Other	6.2	3.8	4.3	4.1
Total	32.0	24.1	20.2	15.8

Japan, United States, United Kingdom, New Zealand, Singapore and Hong Kong were the main sources of expected investment proposals in 1991-92. United Kingdom and United States have traditionally been the major source countries for direct foreign investment in Australia, while substantial direct investment from Japan, and to a much lesser extent New Zealand, is a more recent phenomenon.

Japan was the largest source country for expected investment approved in 1991-92, accounting for 16 per cent of the total expected investment for the year, compared with 25 per cent in 1990-91. In 1991-92, Japanese expected investment was only about half of the 1990-91 level. Total expected investments from United States and United Kingdom were much lower than in 1990-91. Japanese investment as a proportion of the total stock of direct foreign investment in Australia is estimated to be less than 20 per cent since Japanese investment in Australia has been significant for a much shorter time period than investment from United Kingdom and United States.

The main feature of expected Japanese investment in Australia approved in 1991-92, as in previous years, was its concentration in real estate and tourism. Expected investments from United States and United Kingdom were much more widely spread across sectors. Around half of expected New Zealand investment was in the manufacturing sector.

Location of expected investment

The distribution by State and Territory of expected investment is shown at Table A.5 and summarised in Table 1.4.

TABLE 1.4: EXPECTED INVESTMENT BY STATE AND TERRITORY BY YEAR OF APPROVAL

	Total Expected Investment			
	1988-89	1989-90	1990-91	1991-92
Location	$b	$b	$b	$b
New South Wales	11.3	7.1	4.9	4.4
Victoria	1.3	1.3	0.6	1.5
Queensland	7.5	6.3	5.0	1.9
Western Australia	1.9	2.6	2.6	1.7
South Australia	0.4	0.1	0.1	0.2
Tasmania	0.1	0.0	0.0	0.0
ACT	0.1	0.1	0.1	0.1
Northern Territory	0.1	0.2	0.2	0.2
Other (a)	9.1	6.4	6.7	5.9
Total	32.0	24.1	20.2	15.8

Notes:

Figures may not add due to rounding.

(a) Includes off-shore takeovers and proposals where the expenditure is expected to be undertaken in more than one State or Territory.

New South Wales was the main destination for expected investment approved in 1991-92. Reflecting the significant drop in Japanese investment, which is predominantly directed to Queensland, expected investment in Queensland fell 60 per cent from the 1990-91 level. However, variations over time in the State and Territory distributions of proposed investments should be interpreted with caution; they reflect in part the lumpiness of particular projects. The main destinations for expected investment over the past four years have been New South Wales and Queensland, followed by Western Australia and Victoria.

Consultation arrangements

During the year, the Board consulted various Commonwealth and State departments and authorities with an interest in particular (mainly large) foreign investment proposals. Their advice and comments were helpful in assessing the implications of proposals and the Board acknowledges the assistance received from the relevant Commonwealth and State departments and authorities.

The Board regards its liaison with the State Governments as important in the administration of Australia's foreign investment policy.

In keeping with one of its functions of fostering an awareness and understanding of the Government's policy and providing guidance to investors, members of the Board and its Executive participated in a number of meetings with both potential foreign investors and Australian businesses to explain foreign investment policy and its administration and the application of the policy to particular proposals. Over the course of the year, presentations on foreign investment policy were given to foreign and local businesses and groups.

The Chairman and the Executive Member of the Board appeared before the Senate Standing Committee on the Environment, Recreation and the Arts in respect of its inquiry into The Australian Environment and Tourism. At the request of the Committee, the Treasury made a submission to the Committee.

International organisations

Australia is a subscriber to the 1976 Declaration of the Organisation for Economic Co-operation and Development (OECD) concerning international investment and multinational enterprises. The Declaration comprises two instruments (covering national treatment and investment incentives and disincentives) and a set of voluntary guidelines concerning the conduct of multinational enterprises in member countries. Australia also is a subscriber to two OECD Codes of Liberalisation, one covering capital movements and the other invisible transactions. The broad thrust of the OECD's work in this area is to seek to liberalise international capital flows.

The Board is the national contact point for matters that arise in respect of the guidelines and its Executive is called upon to provide briefing on foreign investment policy matters relating to the Declaration and the Codes.

Processing of proposals

The Board seeks to ensure that proposals are dealt with quickly and efficiently and every effort is made to avoid unnecessary interference in normal commercial practice. The information and other requirements have been designed to keep to a minimum the cost incurred in seeking foreign investment approval.

The average time taken to process all proposals in 1991-92 was about 15 days, 6 days shorter than in 1990-91. The number of proposals examined per staff member during 1991-92 was approximately 160 (135 proposals in 1990-91), compared with about 35 per staff member a few years ago. The variation over a period in the number of proposals examined per staff member in part reflects the relative mix of straight forward and difficult cases in different industry sectors and the variations in the degree of complexity of policy requirements in those sectors.

Freedom of information

In 1991-92, the Board's Executive processed 6 applications received under the Freedom of Information Act 1982 (FOI Act) for access to documents concerning foreign investment matters. Wherever practicable, requests for information are answered without applicants needing to have recourse to the provisions of the FOI Act. The Executive takes particular care in responding to these requests to protect commercially sensitive and confidential information.

It is the practice of the Executive to consult with the parties to a proposal about the documents that are the subject of an FOI request to establish whether the parties are prepared to have the documents made available to an applicant. As a result of these procedures, a full release of documents in respect of one request and a partial release in respect of one request was possible. Of the remainder, three requests were withdrawn and no documents were discovered in respect of the other. There are, of course, 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 the Executive) in its examination of a proposal.

No commercially sensitive or confidential documents have been released to applicants as a result of an FOI Act request or subsequent appeal.

Cost of the Board's operations

Consistent with the proper discharge of its functions, the Board is concerned to ensure that the cost of its operations is minimised. Government expenditure on the Board in 1991-92 was around $78,000. As in previous years, about 75 per cent of the expenditure was for the remuneration of the Board members; the remainder was for local travel, car hire, printing expenses and incidentals.

Government expenditure on the Executive was about $936,000 in 1991-92. This expenditure was directed mostly to salaries, with relatively minor expenses being incurred for travelling, printing, advertising and computer services. 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 end June 1992, there were 17 officers in the Foreign Investment Branch of Treasury.

Chapter 2: Foreign investment proposals by industry

This chapter provides a summary, on an industry basis, of the proposals submitted to the Board for examination in 1990-91 and comments on some of the more significant cases.

Urban real estate

In 1991-92, a total of 2,549 proposals by foreign interests to acquire urban land in Australia were examined, a significant increase on the 2,084 proposals examined in 1990-91. However, the total expected investment in urban real estate increased only marginally from $5,628 million in 1990-91 to $5,651 million in 1991-92. There has been a general reduction of expected urban real estate investment in recent years, which appears to be attributable to a fall in investor interest in the acquisition of real estate for development, and particularly the development of commercial property in Australia.

Certain categories of purchases of real estate are exempt from examination under the Foreign Acquisitions and Takeovers Regulations. A full listing of exempt categories of foreign purchases of land is contained in the current edition of the Treasury publication, Australia's Foreign Investment Policy - A Guide for Investors. Acquisitions of urban land within the exempt categories are not considered to raise significant issues from a foreign investment policy viewpoint.

For foreign investment policy purposes, the urban real estate industry is divided between the residential and commercial sectors (and within each of these sectors between purchases of developed property and purchases of property for development).

Residential real estate

Total expected investment in residential real estate in 1991-92 was $2,442 million, a slight reduction from the $2,866 million in 1990-91. A disaggregation of this figure according to type of proposal is provided in Table A.7. Consistent with past years, over 90 per cent of this expected investment - $2,213 million - was attributable to proposals involving residential real estate for development and just over 9 per cent ($229 million) attributable to purchases of developed residential real estate, with the majority relating to purchases by foreign nationals temporarily resident in Australia.

Developed residential real estate

The policy applying to developed residential real estate remains restrictive. Accordingly, approvals are only given for a strictly limited range of purchases. Under current policy, foreign purchases of developed residential real estate are normally only permitted in the case of foreign nationals who are temporarily resident in Australia for a period exceeding twelve months and foreign-owned companies buying homes for their senior executives resident in Australia. In both cases, a normal condition of approval is that the property be sold when no longer required for these purposes.

Reflecting the restrictive policy, there were 55 rejections of proposed acquisitions of developed residential property in 1991-92. These proposals were rejected because the prospective buyers did not fall into one of the categories referred to above and, in some cases involved the prior unapproved acquisition of property which resulted in the purchaser being required to sell the property. Many of the rejected proposals involved non-residents intending to purchase developed residential property, either as an investment or as a holiday home. Several involved proposals by foreign-owned companies seeking permission to buy 'executive housing' which were not approved because the company did not have a resident executive who would occupy the property or the scale of the proposed 'executive housing' accommodation appeared to be inconsistent with the size of the company's business activities in Australia. Other rejected proposals involved the acquisition of an established single dwelling that was to be demolished to permit redevelopment of the land. Normally, proposals of this kind are approved only if the existing dwelling has reached the end of its economic life and the proposed redevelopment is of a substantial nature.

Residential real estate for development

There were 1,131 approved proposals for the acquisition of residential real estate for development during 1991-92, a slight reduction from the 1,140 approved proposals in 1990-91. Total expected investment associated with those proposals amounted to $2,213 million of which $1,291 million constituted acquisition costs and $921 million the expected development expenditure. However, the expected development expenditure relates to only $420 million of ordinary approvals and the remainder of the acquisition costs ($871 million) comprises $704 million of developer 'off-the-plan' advance approvals and $167 million of annual programs.

Annual programs

The annual program arrangements are designed to avoid the need for established real estate developers to notify individual acquisitions of property. Such companies 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 development undertaken. In 1991-92 seven annual program arrangements (for residential real estate for development) were approved, totalling $167 million in expected acquisition costs. This was a significant increase over the four annual program approvals in 1990-91, which totalled $106 million.

'Off-the-plan' arrangements

Under the 'off-the-plan' arrangements, foreign interests may receive approval to buy up to 50 per cent of the units or condominiums in new residential development projects, providing the dwellings are bought before or during construction, or following completion but prior to being first occupied or used.

To streamline procedures, a real estate developer may apply to the Board for a general approval to sell to foreign interests up to 50 per cent of the individual dwellings in a new development. Subject to an undertaking by the developer to report all sales to the Board annually so that compliance with the 50 per cent limit can be monitored, the Government grants general approvals and thus saves the time and expense for proponents that would otherwise be incurred if individual investors were required to make separate applications to the Board.

One of the effects of this procedure is that the Board's statistics overstate the likely extent of foreign purchases, since few of the developers with 'off-the- plan' approvals will actually sell a full 50 per cent of their developments to foreign purchasers.

In the five year period to June 1992, a total of 1,014 'off-the-plan' approvals were granted to real estate developers and the Board has now received reports on more than 50 per cent of these developments. (There is necessarily a significant lag between the granting of approvals and receipt of reports due to construction time frames.) The returns received in the five years to June 1992 indicate that, Australia-wide, sales to foreign interests averaged about 16 per cent of total sales by number and about 23 per cent by value.

More than half of all 'off-the-plan' sales Australia-wide to foreign interests were on the Gold Coast. In that region, about 22 per cent of sales by number and about 35 per cent by value were to foreign interests. The average purchase price paid by foreign interests was about 92 per cent higher than the average price paid by Australian residents. This reflects the tendency of foreign investors to acquire the more expensive dwelling units.

Elsewhere in Queensland, sales by number and value to foreign interests were 13 per cent of total sales and the average price paid by both Australian and foreign purchasers was much lower than on the Gold Coast. In New South Wales, sales to foreign interests accounted for 10 per cent by number and 12 per cent by value of total sales with foreign purchasers paying, on average, 31 per cent more for properties than Australian residents. Although Western Australia accounted for only a small number of 'off-the-plan' approvals, 14 per cent of reported sales in that State have been to foreign interests.

Integrated Tourism Resorts

On 25 July 1991, the then Treasurer announced a change in the foreign investment policy which would permit foreign investors to acquire any residential real estate within a designated Integrated Tourism Resort (ITR) without the need to obtain Government approval. There are established criteria to qualify as a designated ITR. The policy change was designed to encourage further investment in tourist resorts. The regulation made pursuant to the Foreign Acquisitions and Takeovers Act 1975 (FATA), which gave effect to the policy change, came into force on 30 September 1991.

In the period up until June 1992 twenty six proposals were received requesting ITR designation. Of these, eleven involved established residential or residential/resort type developments, seven were for developments which are still under construction and the remainder concern projects which were still at the planning stage. Seven resorts have so far satisfied the criteria and have been designated as ITRs. These are:

- the Hamilton Islands Resort in the Whitsunday Passage;
- Sanctuary Cove at Hope Island;
- the Hyatt Regency Resort at Coolum;
- the Royal Pines Resort at Ashmore;
- the Mirage Port Douglas Resort at Port Douglas;
- Hope Island Resort, Hope Island;
- the Palm Cove Travelodge Resort;

Other residential real estate for development

Apart from annual programs and 'off-the-plan' approvals, the Board examined 930 proposals by foreign interests to acquire residential real estate for development with an associated expected investment of $1,342 million. There was a small reduction of activity in this category over the previous year; expenditure on acquisitions, at $420 million, was 7 per cent lower and expected development expenditure, at $921 million, was down only 2 per cent. These proposals comprise the purchase of broadacres for residential subdivision, vacant building blocks for single dwelling construction and in some instances for integrated residential developments (such as townhouse and high rise units).

Residential development proposals are generally approved subject to a condition that construction is commenced within a stipulated period of time. This category of investment adds to the total housing stock in Australia and yields direct economic benefits.

New South Wales overtook Queensland in 1991-92 as the main location for expected foreign investment in residential real estate development (35.4 per cent of the total); Queensland's share was 34.7 per cent.

There were 7 rejected proposals involving the acquisition of residential real estate for development in 1991-92. The anticipated acquisition and development costs of the real estate associated with these proposals was $45.8 million. The most common reasons for these rejections were one or more of the following:

(i) 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 at least 50 per cent of the acquisition price);

(ii) the proposed timetables for development were unsatisfactory; or

(iii) the prospective foreign purchasers had not established to the Government's satisfaction that they had the technical and financial capacity to undertake the proposed development.

Commercial real estate

During 1991-92, the Government approved 144 proposals involving non-residential commercial real estate. The total expected investment associated with the approved proposals was $3,209 million, up 16 per cent on 1990-91, but only about 30 per cent of the 1988-89 figure. The results reflected an oversupply in the commercial real estate market and were consistent with a marked reduction since 1988-89 in proposals involving commercial real estate for development.

Twenty eight individual proposals were approved as commercial real estate for development, with expected consideration of $353 million and a further $463 million to be spent on development. The comparable figures in 1990-91 were $293 million and $695 million, respectively, and in 1988-89 were $1,641 million and $4,157 million, respectively.

During 1991-92 there were 116 proposals approved for the acquisition of developed commercial real estate, most on the basis of 100 per cent foreign ownership, following extensive marketing of the respective properties. These proposals involved a total expected investment of $2,393 million, which represents an increase of about 40 per cent on the previous year.

The major investor country in commercial real estate during 1991-92 was Japan, which accounted for just over 40 per cent of the total. The major location of expected investments in commercial real estate was New South Wales, which accounted for 65 per cent of the total. Significant individual proposals included acquisitions by the Kumagai Group of commercial real estate at 135 King Street, Sydney for $430 million and at 400 George Street, Sydney and the Colyton Site in Blacktown for $260 million. In both instances the consideration involved repayment of debts. Another significant proposal was Schroders Australian Property Services Ltd's acquisition of the Chatswood Chase Shopping Centre on behalf of Australian institutional investors for $165 million.

Tourism

Expected investment in the tourism sector associated with approvals in 1991-92 was down on the previous year with total expected investment of $1.34 billion (about $523 million less than 1990-91). There has been a downward trend from the peak recorded in 1988-89 when it reached $5 billion.

A total of 56 proposals involving new businesses and acquisitions were approved, of which 20 proposals accounted for about 78 per cent of total expected investment in tourism. There were 9 proposals to establish new tourism businesses, involving total expected investment of $318.5 million and 47 proposals involving acquisitions of existing tourism projects and businesses for which total expected investment amounted to $1,017.6 million.

The comparative figures for the preceding year were 9 new business proposals (involving expected investment of $485 million) and 41 proposed acquisitions of existing businesses (with total expected investment amounting to $1374.2 million).

Japan continues to be the largest source of investment in the tourism sector with expected investment of $564.3 million or 42 per cent of the total. Singapore and the United States were next in order, with expected investment of $162 million (12 per cent) and $86 million (7 per cent), respectively.

New resort and hotel developments accounted for all expected new business expenditure identified in 1991-92 and, consistent with investment patterns evident over the past few years, New South Wales ($110.5 million) and Queensland ($99 million) were the main destinations for these investments.

Finance and insurance

Despite the economic downturn, foreign investor activity in the finance and insurance sector in 1991-92 compared favourably with the preceding year. During 1991-92, the Board considered and approved 44 proposals, comprising 1 new business proposal and 43 proposed acquisitions in this sector. The total expected investment for these proposals was $731 million, compared with $740 million in 1990-91 and $409 million in 1989-90. There were 4 proposals involving acquisitions with expected investment in excess of $50 million each. Together, they accounted for 49 per cent ($358 million) of total expected investment in the sector. These acquisition proposals were in insurance, financial, and investment services. The more significant of these were the takeovers of the Friends Provident Life Assurance Co Ltd by Eureko BV and Australian Consolidated Investments Ltd by Rossington Investment Pty Ltd.

The one new business proposal involved the establishment of a stockbroking company, with an expected investment of $10 million, by a Japanese owned securities firm, Daiwa Securities Australia Ltd.

Service industries (excluding tourism)

During 1991-92, the Board examined 132 proposals for investment in the services industry sector (excluding tourism), comprising 13 new business proposals and 119 proposed acquisitions. The total expected investment for the new businesses and acquisitions was $110 million and $3,370 million, respectively. These figures showed an increase of 23 per cent in the number of proposals and 53 per cent in expected investment over the 1990-91 period.

The 13 new business proposals had a total expected investment of $110 million. However, only one of these proposals involved an expected investment of $50 million or more. This was by a Japanese manufacturer and distributor of farm and construction machinery.

There were 7 proposals involving acquisitions with expected expenditure of $50 million or more. Together they accounted for 74 per cent ($2,580 million) of total expected investments in the service industries (excluding tourism). The more significant acquisition proposals in this sector considered by the Board were in communications. These were the bids by the Tourang consortium for the John Fairfax newspaper group and Optus Communication Pty Ltd's acquisition of shares in Aussat Pty Ltd. The original proposal by Tourang was rejected because it was regarded as providing insufficient Australian equity but a modified proposal was later accepted. Another proposal for the acquisition of the Fairfax group by a group associated with Dr Tony O'Reilly, an Irish citizen, also received foreign investment approval but was not successful in purchasing the group.

Manufacturing

During 1991-92, total expected investment in the manufacturing sector was $2,256 million, significantly down on the $3,130 million recorded in 1990-91. While expected development expenditure associated with the 11 new business proposals increased from $52 million to $625 million, expected expenditure on acquiring interests in existing businesses at $1,631 million (88 proposals) was a little over half the $3,070 million (110 proposals) recorded in 1990-91. There were no proposals rejected in 1991-92. Eight proposals had expected investment of $50 million or more and accounted for 61 per cent of total expected investment.

The major source countries for expected investment in the manufacturing sector were the United States ($557 million), New Zealand ($541 million) and the United Kingdom ($413 million). Japanese investment in manufacturing fell from $823 million to $58 million. However, it should be borne in mind that, in addition to the data's inherent 'lumpiness' (ie, the tendency for a few large investments to skew any one year's figures), the Board's statistics are restricted to investments which fall within the scope of the Foreign Acquisitions and Takeovers Act 1975 and the Government's foreign investment policy and, therefore, do not cover, inter alia, expansions of the existing Australian activities of foreign businesses. Thus,

manufacturing investment by United States, United Kingdom and Japanese companies could be significantly understated.

Joint ventures with Australians were a feature of some of the 11 new businesses, the most notable include: a proposal by the US-controlled, Golden Aluminium Company, in 80:20 partnership with the Victorian Government-controlled, Aluminium Smelters of Victoria Pty Ltd, to establish a new continuous casting aluminium rolling mill at Bendigo; the UK-controlled, E.D. & F. Man Australia Pty Limited, in 50:50 partnership with the Mackay Sugar Co-operative, were to establish a new sugar refinery in Mackay, Queensland and distribution business in Australia; and the US-controlled, United Technologies Corporation and Wyman Gordon Company, in a 50:25:25 joint venture with Western Aerospace Limited, to establish a new alloy manufacturing business in Canning Vale.

According to figures supplied by the parties, the 11 new businesses were expected to:

- generate approximately 1,000 new jobs directly with more jobs indirectly through, for example, those businesses supplying the new businesses;
- lead to substantial annual export earnings and foreign exchange savings through import replacement; and
- promote the transfer of new technology and skills in Australia.

Many of the major acquisition proposals in 1991-92 were in the food and beverages industry. In the brewing industry, the NZ controlled Lion Nathan Limited acquired the 50 per cent interest in National Brewing Holdings Limited (formerly Bond Brewing) which it did not already own from Australian Consolidated Investments Limited. Another major NZ brewer, Magnum Corporation (now known as DB Group Limited), sought approval to acquire up to 100 per cent ownership of the NZ company, Wilson Neill Limited, which in turn wholly owned the Cascade brewery in Tasmania. Magnum subsequently acquired 49 per cent of the shares in Wilson Neill Limited and has since sold that interest. In foods and food processing, major purchases included the US controlled Pepsico Australia Pty Ltd acquiring the remaining 50 per cent in the Arnott's snack food partnership from Arnott's Biscuits Limited; and a Canadian controlled company, McCain Foods (Australia) Pty Limited, acquiring the Safries potato processing business from the Adsteam group. There was one major offshore takeover whereby the UK controlled BTR Plc successfully bought Hawker Siddeley Plc and thereby acquired the latter's Australian businesses including controlling interests in Hawker de Havilland Limited and Westinghouse Brake and Signal Co Limited.

Minerals

Reflecting much poorer prospects generally for non-rural commodity prices on world markets, there was a marked decrease in foreign investor interest in the minerals sector in 1991-92. Total expected investment associated with the 72 approved proposals (there was one rejection) was $2,147 million, well down on the record level of $5,439 million in 1990-91. Of this $3.3 billion decrease in expected investment, a little over $2 billion was accounted for by a fall in expenditure on new mines: in 1991-92, there were only eight new businesses, with total expected development expenditure of $510 million compared, with 11 new mines and total expected development expenditure of $2,575 million in 1990-91. Total expected investment associated with the 64 acquisitions in 1991-92 was $1,638 million, compared with $2,865 million from 69 proposals in 1990-91. The leading source countries were the United Kingdom ($486 million) and the United States ($310 million).

On an industry basis, the number of proposals and total expected investment for 1991-92 is shown in Table 2.1.

TABLE 2.1: MINERALS SECTOR PROPOSALS, 1991-92, BY NUMBER AND TOTAL EXPECTED INVESTMENT

	Acquisitions		New businesses	
Industry	*No of proposals*	*$m*	*No of proposals*	*$m*
Gold	32	818	-	-
Oil and Gas	9	493	2	267
Coal	9	83	-	-
Base metals	9	181	5	193
Other	5	63	1	50
Total	64	1638	8	510

By far the largest fall in foreign investor interest was recorded in the coal industry where there were only 9 proposals (no new mines), with total expected investment of $83 million compared with 18 proposals (4 new mines) and total expected investment of $2,123 million in 1990-91. Foreign investment in the coal industry is highly cyclical, and the lower number for 1991-92 reflecting subdued demand for coking coal (as use by foreign and domestic steelmakers falls) and steaming coal (following reduced requirements by foreign power utilities as economic activity contracts).

The number of proposals to invest in the gold industry rose from 27 in 1990-91 to 32 in 1991-92, but total expected investment declined from $1,139 million to $818 million. There were no proposals for new gold mines. By far the largest proposal was the acquisition of Australian Consolidated Minerals Limited by the Resplendid Pty Ltd, a company owned jointly by Western Mining Corporation Holdings Limited and Normandy Poseidon Limited. Following the successful

conclusion of that acquisition, the Mount Keith nickel interests owned by Australian consolidated Minerals were transferred to Western Mining Corporation in exchange for that Company's shares in Resplendid leaving Normandy Poseidon as the owner of the remaining Australian Consolidated Minerals assets. In March 1992 Poseidon Gold, a Normandy Poseidon subsidiary, became the owner of 100% of ACM Gold Limited and on 27 July 1992, Poseidon Gold increased it's shareholding in Mount Leyshon Gold Mines Limited from 44.6% to 75.61%. There were competing foreign bids for the listed gold miner, Arimco NL, by the US investment company, Green Equity Investors L.P. and the Malaysian controlled, Plutonic Resources Limited. Both bids received foreign investment approval and Green Equity's higher offer eventually succeeded in the marketplace.

In the oil and gas sector, there were 11 proposals with total expected investment of $770 million in 1991-92, compared with $1,266 million in 1990-91. The major new project involved the proposal to develop the South West Queensland Gas Project by a consortium of Australian and foreign companies with total development expenditure of $190 million. The acquisition and subsequent on-sale of a large block of shares in Ampol Exploration Limited by the UK controlled stockbroker, Barclays de Zoete Wedd Australia Ltd was the most notable oil and gas industry transaction. The Ampol Exploration shares were sold to Australian and foreign institutional shareholders, with control of the company remaining Australian.

In the base metals sector, the most significant proposal was the proposed new nickel mine at Forrestania, Western Australia, by Outokumpu Western Australia Pty Limited and Outokumpu Australia Pty Limited, both subsidiaries of Finnish Outokumpu Oy. Together with a proposal by the US controlled Nord Resources to develop a new copper mine at Giralambone in NSW, the Forrestania development was the first mine to be approved on a wholly foreign owned basis following the relaxation to mining sector policy in February 1992. Following the takeover of Australian Consolidated Minerals Limited, that company's interest in the proposed Mt Keith nickel project was taken over by Western Mining Corporation with a view to develop the project in joint venture with Outokumpu Metals and Resources Oy of Finland.

Resource processing

There were four proposals to invest in the resource processing sector, all of which were in the meat processing sector. Total expected investment was $59 million, well below the $870 million recorded in 1990-91.

Rural land

There were 9 rural property proposals in 1991-92, involving total expected investment of $74 million. In the previous year, there were 19 proposals and total expected investment of $275 million. The major proposal involved the proposed establishment of a joint venture cattle feedlot business by C Itoh Co Ltd, Prima Meats Pty Ltd and Teys Bros (Holdings) Pty Ltd in Queensland. Expected total investment at full capacity will be $30 million.

Chapter 3: Aggregate foreign investment: Australian Bureau of Statistics data

This chapter summarises trends in foreign investment in Australia and Australian investment abroad and reports data on estimates of foreign ownership and control in Australia.

ABS foreign investment data are based on different criteria from those used by the Foreign Investment Review Board - the Board's figures are an aggregation of the proposals submitted for approval, along with the expected associated expenditures, while those of the ABS are estimates of actual transactions that have occurred.

Table 3.0 sets out the relationship between foreign investment in Australia and the current account deficit. In any year, the inflow of foreign investment into Australia, minus the outflow of Australian investment abroad, equals the balance on capital account in Australia's balance of payments. Within the balance of payments, the balance on capital account should equal the current account deficit, but because of statistical discrepancies and net errors and omissions, a balancing item results. The inflow of foreign investment into Australia totalled $15.1 billion in 1991-92, compared with $21.4 billion in 1990-91. Australian investment abroad turned around sharply from a net outflow of $4.0 billion in 1990-91 to a net inflow (withdrawal of investment abroad) of $1 billion in 1991-92.

TABLE 3.0: RECONCILIATION BETWEEN FOREIGN INVESTMENT CAPITAL FLOWS AND AUSTRALIA'S BALANCE OF PAYMENTS 1987-88 to 1991-92

	1987-88 *$b*	*1988-89* *$b*	*1989-90* *$b*	*1990-91* *$b*	*1991-92* *$b*
Foreign Investment in Australia	28.5	32.7	23.8	21.4	15.1
Australian Investment Abroad	16.4	12.7	5.9	4.0	-1.0
Balance on Capital Account	12.1	20.0	17.9	17.4	16.1
Balancing Item	-1.5	-2.1	4.2	-1.3	-3.7
Balance on Current Account	-10.6	-17.8	-22.0	-16.1	-12.3

Sources:

ABS 5301.0: Balance of Payments, Australia, January 1992
ABS 5302.0: Balance of Payments Australia, December Quarter 1992
ABS 5303.0: Balance of Payments, Australia, l990-91
ABS 5305.0: International Investment Position, Australia, 1990-91
ABS 5306.0: International Investment Position, Australia, December Quarter 1992

Overview of foreign investment inflows

Table 3.1 sets out foreign investment flows into Australia from 1987-88 to 1991-92. In 1991-92, the inflow of foreign investment into Australia attributable to the official sector (mainly general government borrowing domiciled abroad) was $2.1 billion, up sharply from the previous year's figure of $0.7 billion. The inflow of foreign investment in the non-official sector was $13.0 billion in 1991-92, $7.7 billion lower than for 1990-91.

Non-official direct investment

Under the ABS framework for foreign investment statistics, direct investment represents funds invested in an enterprise by an investor (called a 'direct investor') in another country, which give the investor a 'significant influence', either potential or actually exercised, over the key policies of the enterprise (called a 'direct investment enterprise'). Ownership of 10 per cent or more of the ordinary shares or voting stock of an enterprise is considered to indicate `significant influence' by an investor.

The ABS classifies 'direct investment' flows into five categories - 'reinvestment of earnings' (the direct foreign investor's share of unremitted profits of branches and other direct investment enterprises), 'corporate equities' (proceeds from the net sale of shares to direct foreign investors), 'net equity in branches' (changes in the net accounts to non-resident owners of unincorporated enterprises), 'borrowings' (net borrowings by direct investment enterprises from direct foreign investors) and 'other direct investment' which mainly comprises net accounts payable by direct investment enterprises to direct foreign investors.

Table 3.2 indicates that in 1991-92, the inflow of foreign investment in the non-official sector comprised:

- $7.2 billion as direct investment, a decrease of $1.0 billion on the previous year; and
- $5.8 billion portfolio and other ('non-direct') investment, a decrease of $6.7 billion on the previous year.

The $1.0 billion decrease in direct investment was largely due to a decrease in corporate equities of $2.0 billion. However, the decrease in corporate equities was partly offset by an increase in total borrowings to $2.6 billion.

Non-official portfolio and other investment ('non-direct investment')

For the period 1987-88 to 1990-91, total portfolio and other investment has been the major contributor to the inflow of foreign investment into the non-official sector (averaging around 63 per cent). This position changed in 1991-92 with total portfolio and other investment declining to approximately 45 per cent of total non-official foreign investment in Australia.

The decline in foreign portfolio investment transactions in corporate equities over the previous three years was arrested in 1990-91, increasing by $1.9 billion to $3.2 billion. However in 1991-92 transactions in corporate equities declined quite noticeably by $2.1 billion to $1.1 billion. This is well below the peak of $4.2 billion which occurred in 1986-87. There was a turnaround of $3.5 billion in non-bank portfolio and other borrowings which decreased sharply from an inflow of $2.3 billion in 1990-91 to an outflow of $1.2 billion in 1991-92.

Portfolio and other investment borrowings by banks have steadily increased since 1987-88 (when they formed 19.7 per cent of total non-official investment) until 1991-92 they formed 43.3 per cent of total non-official investment.

Australian investment abroad

The outflow of Australian investment abroad turned around from an outflow of $4.0 billion in 1990-91 to a net inflow (withdrawal of investment) of $1.0 billion in 1991-92; a small fraction of its peak of $16.4 billion in 1987-88 (see Table 3.0). The major turnaround in Australian investment abroad since 1990-91 occurred in the area of official reserve assets, which turned around by $5.4 billion and direct investment in lending, which turned around by $3.3 billion. These were offset partly by a turnaround in the opposite direction of $5.3 billion in direct investment in corporate equities.

Investment levels

Table 3.3 shows that the estimated level or stock of foreign investment in Australia as at 30 June 1992 was $303.1 billion, comprising $106.8 billion of equity investment, $189.4 billion in borrowings and $6.9 billion in other investment. This represented an increase of $16.8 billion, or 5.9 per cent, over the level at 30 June 1991. Of the increase during 1991-92, $4.8 billion was accounted for by an increase in portfolio and other private sector borrowings. The remainder was accounted for largely by increases in official sector and non-official sector direct investment borrowings (official $3.5 billion and non-official direct $3.4 billion) and non-official corporate equities (direct $2.2 billion and portfolio and other $2.8 billion).

TABLE 3.1: INFLOW OF FOREIGN INVESTMENT INTO AUSTRALIA, 1987-88 TO 1991-92

	1987-88 to 1991-92 annual average		*1987-88*		*1988-89*		*1989-90*		*1990-91*		*1991-92*	
	$b	*per cent*	*$b*	*per cent*	*$b*	*per cent*	*$b*	*per cent*	*$b*	*per cent*	*$b*	*per cent*
Official	2.7	11.0	3.9	13.5	3.0	9.1	3.7	15.6	0.7	3.3	2.1	13.9
Non-official												
–Direct	8.5	35.1	8.1	28.3	12.0	36.9	7.1	29.9	8.2	38.3	7.2	47.7
–Portfolio and other	13.1	53.9	16.5	58.2	17.7	54.0	13.0	54.5	12.5	58.4	5.8	38.4
Total Non-official	21.6	89.0	24.6	86.5	29.7	90.9	20.1	84.4	20.7	96.7	13.0	86.1
Total Official and Non-Official	24.3	100.0	28.5	100.0	32.7	100.0	23.8	100.0	21.4	100.0	15.1	100. 0

Sources: ABS 5306.0 International Investment Position, Australia, June Quarter 1992
ABS 5306.0 International Investment Position Australia, September Quarter 1992
ABS 5306.0 International Investment Position Australia, December Quarter 1992
ABS 5305.0 International Investment Position, Australia 1990-91

Note: Figures may not add due to rounding.

TABLE 3.2: INFLOW OF NON-OFFICIAL FOREIGN INVESTMENT IN AUSTRALIA, 1987-88 TO 1991-92

	1987-88 to 1991-92 annual average		*1987-88*		*1988-89*		*1989-90*		*1990-91*		*1991-92*	
	$b	*% of total*	*$b*	*% of total*	*$b*	*% of total*	*$b*	*% of total*	*$b*	*% of total*	*$b*	*% of total*
Non-official direct investment												
– Reinvestment of earnings	1.4	6.4	2.4	9.9	2.1	7.2	1.1	5.5	0.7	3.2	0.7	5.1
– Corporate equities	3.2	14.6	1.8	7.2	3.9	13.0	2.3	11.5	4.9	23.6	3.0	22.6
– Net equities in branches	1.5	7.0	1.5	6.0	2.2	7.5	1.6	7.8	1.5	7.5	0.7	5.7
– Borrowings												
· Banks	-0.2	-0.8	-0.1	-0.6	-0.6	-1.9	0.2	1.2	0.0	0.0	-0.4	-2.8
· Other	2.6	12.1	2.5	10.1	4.0	13.6	2.2	11.0	1.3	6.4	3.0	23.1
– Other	0.0	0.1	0.0	0.1	0.4	1.2	-0.3	-1.5	-0.2	-1.1	0.2	1.6
Total direct investment	8.5	39.4	8.1	32.7	12.0	40.6	7.1	35.5	8.2	39.6	7.2	55.3
Non-official portfolio and other investment												
– Corporate equities	2.0	9.3	2.3	9.5	2.1	7.2	1.3	6.6	3.2	15.5	1.1	8.3
– Borrowings												
· Banks	6.4	29.6	4.5	18.3	8.8	29.4	6.0	29.7	6.8	32.8	6.0	46.2
· Other	4.6	21.4	9.6	39.1	6.2	20.8	6.2	30.6	2.7	12.9	-1.5	-11.7
– Accounts payable/ prepayments received	0.1	0.3	0.1	0.4	0.6	2.0	-0.5	-2.4	-0.2	-0.8	0.2	1.9
Total portfolio and other investment	13.1	60.6	16.5	67.3	17.7	59.4	13.0	64.5	12.5	60.4	5.8	44.7
Total Non-official	21.6	100.0	24.6	100.0	29.7	100.0	20.1	100.0	20.7	100.0	13.0	100.0

Sources: ABS 5306.0 International Investment Position, Australia, June Quarter 1992
ABS 5306.0 International Investment Position, Australia, December Quarter 1992
ABS 5305.0 International Investment Position, Australia, 1990-91

Note: Figures may not add due to rounding.

TABLE 3.3: LEVEL OF FOREIGN INVESTMENT IN AUSTRALIA, BY TYPE OF INVESTMENT ($ BILLION)

At June 30	OFFICIAL		NON-OFFICIAL							TOTAL		
			Direct(a)			*Portfolio and other investment*						
	Borrowing	*Other*	*Equities*	*Borrowing*	*Other*	*Equities*	*Borrowing*		*Accounts Payable/ Prepayments*	*Equities*	*Borrowing*	*Other*
							Public Sector	*Private Sector*				
1986	23.6	0.3	27.8	9.2	3.8	13.4	19.0	40.8	2.8	41.2	92.9	6.9
1987	30.4	0.3	41.0	10.6	3.3	24.3	19.6	46.8	3.8	65.3	107.4	7.4
1988	33.1	0.2	49.1	13.0	3.4	20.6	24.0	53.2	3.8	69.7	123.3	7.5
1989	36.8	0.1	62.8	16.8	3.5	22.3	28.4	65.2	3.8	85.1	147.3	7.4
1990	39.4	0.0	70.2	19.0	3.2	23.3	33.0	71.4	3.3	93.5	162.8	6.4
1991	41.0	0.0	75.0	20.2	3.2	26.5	33.9	83.2	3.4	101.5	178.2	6.6
1992	43.9	-0.1	77.4	23.6	3.4	29.3	33.9	88.1	3.6	106.8	189.4	6.9

Sources: ABS 5305.0 International Investment Position, Australia, 1990-91
ABS 5306.0 International Investment Position, Australia, June Quarter 1992
ABS 5306.0 International Investment Position Australia, September Quarter 1992
ABS 5306.0 International Investment Position Australia, December Quarter 1992

Notes:

(a) The definition of direct investment changed from 1986-87 and therefore entries from that year are not strictly comparable with entries for the previous year.

(b) Figures may not add due to rounding.

Foreign investment by country

Table 3.4 shows the estimated stock of foreign investment in Australia by source country for the five years ended June 1992. At 30 June 1992, the United States ($58.7 billion), United Kingdom ($56.1 billion) and Japan ($52.1 billion) continued to hold the largest stocks of investment in Australia, followed by Hong Kong, New Zealand, Singapore and Switzerland, each holding estimated stocks of between $6.7 billion and $10.7 billion.

Australia's level of external debt

At 30 June 1992, the level of Australia's net external debt was estimated at $152.7 billion, over 8 per cent higher than the estimate of a year earlier (see Table 3.5). The increase in net debt is primarily a result of the current account deficit in 1991-92. Net external debt as a proportion of GDP continues to creep upwards, increasing from 38.0 per cent at June 1991 to 40.3 per cent at 30 June 1992.

Foreign ownership and control in Australia

Foreign ownership statistics provide a measure of the total beneficial equity interest held by foreign residents in enterprises in Australia while foreign control statistics provide a measure of potential control (through ownership of voting shares) that non-residents may have over enterprises in Australia.

Australian Bureau of Statistics industry studies

The following factors need to be borne in mind while using ABS data to make observations about the level of foreign ownership and control of particular industries. First, movements in the aggregate level of foreign ownership or control of an industry over time may be caused either by changes in the degree of foreign ownership of particular enterprises in that industry and/or by differences in the relative growth rates of foreign and Australian owned enterprises. Secondly, the basis used to measure ownership or control (for example, value added, employment or turnover) may lead to different results because of differences in the capital intensities, efficiencies or stages of development in the industry. Finally, factors other than share ownership may affect the control of businesses and the extent of participation in the profits of a business; these factors are not covered by the ABS studies.

TABLE 3.4: LEVEL OF FOREIGN INVESTMENT IN AUSTRALIA BY COUNTRY, 1987-88 TO 1991-92

Country	*1987-88 $b*	*1988-89 $b*	*1989-90 $b*	*1990-91 $b*	*1991-92 $b*
United States	40.1	47.4	46.8	54.6	58.7
Japan	29.8	39.1	48.0	51.0	52.1
United Kingdom	44.5	48.9	47.8	51.5	56.1
Hong Kong	4.8	6.8	7.4	9.4	10.7
Germany (FR)	6.4	7.5	7.4	7.9	6.4
New Zealand	5.2	5.5	4.7	7.5	7.4
Switzerland	7.4	7.1	7.5	7.2	6.7
Netherlands	4.2	4.4	6.5	6.0	6.6
Singapore	6.9	6.8	6.6	5.6	6.8
Canada	2.8	3.7	3.8	3.8	3.7
Bel-Lux	4.3	3.9	3.6	3.2	3.7
Central America and Caribbean	2.8	3.3	2.9	2.3	2.0
France	1.5	2.1	2.4	1.9	2.5
ASEAN (excl. Singapore)	1.3	0.7	1.1	1.1	1.2
Sweden	0.3	np	0.8	0.7	0.6
Italy	0.3	np	0.3	0.4	0.5
Other	37.8	51.8	65.2	72.2	77.4
TOTAL	200.4	239.8	262.8	286.3	303.1

Sources: ABS 5306.0 International Investment Position, Australia, December quarter 1992, and more detailed unpublished statistics.

Notes: Figures may not add due to rounding.

The ABS studies of foreign ownership and control provide foreign participation statistics on a number of bases including number of establishments; persons employed; wages and salaries; turnover; value added; assets and income; and fixed capital expenditure less disposals. For the Board's purposes, the most useful basis for measuring foreign investors' participation in Australia's economic activity is considered to be value added - defined as turnover plus the increase (or decrease) in the value of stocks, less purchases, transfers in and selected expenses.

In the past decade or so, there appears to have been no major change in the levels of foreign ownership of Australian industries and resources that have been the subject of ABS studies (see Table 3.6).

It is worth noting that there is a high degree of variability between industries in terms of their level of foreign ownership.

TABLE 3.5: AUSTRALIA'S LEVEL OF EXTERNAL DEBT, 1986-92 ($A BILLION)

	Foreign borrowing				*Australian lending abroad and reserve assets*			*Net external debt(b)*			
	Official(a)	*Non Official*		*Total*	*Official*	*Non Official*	*Total*	*Official*	*Non Official*	*Total*	*%GDP*
At 30 June		*Public Sector*	*Private Sector*								
1986	23.6	19.0	50.2	92.9	13.2	3.8	17.0	10.4	65.4	75.8	31.6
1987	30.4	19.6	57.5	107.4	18.0	3.3	21.3	12.4	73.7	86.1	32.6
1988	33.1	24.0	66.2	123.3	20.7	6.2	26.9	12.4	84.0	96.5	32.4
1989	36.8	28.4	82.1	147.3	21.1	8.4	29.5	15.7	102.1	117.9	34.7
1990	39.4	33.0	90.4	162.8	22.6	8.8	31.4	16.8	114.6	131.4	35.5
1991	41.0	33.9	103.4	178.2	24.5	12.9	37.4	16.5	124.3	140.8	37.1
1992	43.9	33.9	111.6	189.4	22.5	14.3	36.7	21.4	131.3	152.7	39.5

Sources: ABS 5305.0 International Investment Position, Australia, 1990-91
ABS 5306.0 International Investment Position, Australia, June Quarter 1992
ABS 5306.0 International Investment Position, Australia, December Quarter 1992

Notes:
(a) General government and Reserve Bank.
(b) Foreign borrowing by Australian residents less the sum of Australian lending abroad and reserve assets.
(c) Figures may not add due to rounding.

TABLE 3.6: FOREIGN OWNERSHIP BY INDUSTRY SECTOR - SELECTED YEARS, PER CENT OF VALUE ADDED

	Foreign ownership			
	'Direct'	*'Other Identified'*	*Total foreign ownership*	*Australian ownership*
Mining(a)				
1972-73	37.5	12.0	49.5	50.5
1982-83	33.6	16.8	50.4	49.6
1984-85	-	-	44.7	55.3
Minerals processing(b)				
1972-73	-	-	39.7(j)	60.3
1981-82	27.6	18.6	46.3	53.7
Manufacturing(c)				
1972-73	27.7	3.5	31.2	68.8
1982-83	28.4	4.5	32.9	67.1
1986-87	25.8	5.1	30.9	69.1
Private Sector Construction(d)				
1984-85	-	-	9.6(j)	90.4
Life insurance(e)				
1973	18.8	18.0	36.8	63.2
1983-84	24.5	15.8	40.3	59.7
General insurance(f)				
1972-73	-	-	45.4(j)	54.6
1983-84	32.5	1.6	34.1	65.9
Registered financial corporations(g)				
1984	26.5	9.4	35.9	64.1
1986	-	-	38.1(j)	61.9
Agricultural land(h)				
1983-84	-	-	5.9(j)	94.1
Transport(i)				
1983-84	-	-	5.1(j)	94.9
Banking(k)				
1986	-	-	21.0(j)	79.0

Source: Various ABS industry studies

Notes:

(a) Based on value added - ABS: Foreign Ownership and Control of the Mining Industry, Australia, 1981-82, 1982-83, 1984-85 (Cat No 5317.0). A split between 'direct' and 'other identified' is not available for studies undertaken in 1984-85 and subsequently.

(b) Based on value added - ABS: Foreign Ownership and Control of the Mining Industry and Selected Mineral Processing Industries, Australia, 1981-82 (Cat No 5317.0).

(c) Based on value added - ABS: Foreign Ownership and Control of the Manufacturing Industry, Australia, 1982-83, 1986-87 (Cat No 5322.0). Statistics for 1982-83 and 1986-87 are not directly comparable with those for 1972-73.

(d) Based on value added - ABS: Foreign Ownership and Control of the Private Sector Construction Industry, Australia, 1984-85 (Cat No 5343.0).

(e) In terms of the value of premiums received for life insurance policies and annuities - ABS: Foreign Ownership and Control of the Life Insurance Industry, Australia, 1983-84 (Cat No 5311.0).

(f) In terms of the value of premiums received - ABS: Foreign Ownership and Control of the General Insurance Industry, Australia, 1983-84 (Cat No 5309.0). Statistics for 1983-84 are not directly comparable with those for 1972-73.

(g) Based on value of corporations' assets - ABS: Foreign Ownership and Control of Registered Financial Corporations, Australia, 1984, 1986 (Cat No 5334.0). Excludes the category "Retailers". At end of June 1986 assets (loans outstanding) reported for the category 'Retailers' were $63.8 million of which foreign ownership accounted for 100% per cent.

(h) Based on number of hectares. By location, the highest level of foreign ownership was in the NT, in which 13.0 million hectares or 18.2 per cent of its agricultural land was estimated to be foreign owned. Corresponding figures for the States were Queensland, 8.4 million hectares (5.3 per cent); WA, 3.6 million hectares (3.1 per cent); SA, 2.7 million hectares (4.3 per cent); NSW, 0.7 million hectares (1.1 per cent); Tasmania, 0.05 million hectares (2.1 per cent); and Victoria, 0.06 million hectares (0.4 per cent) - ABS: Foreign Ownership and Control in Agriculture, Australia, 1983-84 (Cat No 5536.0).

(i) Based on value added - ABS: Foreign Ownership and Control of the Transport Industry, Australia, 1983-84 (Cat No 5335.0).

(j) It is not possible to disaggregate total into 'direct' or 'other identified' foreign ownership.

(k) Based on value of banks' assets - ABS: Foreign Ownership and Control of the Banking Industry, June 1986 (Cat No 5347.0) ABS: Foreign Ownership and Control of the Life Insurance Industry, Australia, 1983-84 (Cat No 5311.0) provides an explanation of 'direct' and 'other identified' categories of foreign ownership.

Attachment A

Foreign investment policy and administration - 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
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.

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

Publications

- Foreign Investment Review Board Reports: 1977 to 1991
- Australia's Foreign Investment Policy - A Guide for Investors, Revised September 1992

Copies of the Board Reports and the Guide may be obtained from Australian Government Publishing Service bookshops. The Guide is also available at Australia's overseas posts.

Attachment B

Foreign investment proposals - press releases by the Treasurer, 1991-92

No 133	Statement by the Treasurer, the Hon R. Willis, MP - John Fairfax Limited : Restructured application approved under foreign investment policy - 13 December 1991
No 62	Statement by the Treasurer, the Hon J. Dawkins, MP - Foreign Investment Policy : Fairfax Newspaper Group - 23 April 1992

Attachment C

Chronology of measures relating to foreign investment policy, December 1983 to June 1992

20 December 1983

The Treasurer announced the Government's decision to continue the broad thrust of the previous Coalition Government's foreign investment policy. Specific guidelines for Australian participation would continue for new mining and primary industry projects and, in certain circumstances, for proposals to invest in the finance and insurance sectors, to develop real estate and to take over existing rural businesses. The Government also announced its intention to appoint two additional representatives to the Foreign Investment Review Board.

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.

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" (ie 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 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.

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.

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.

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 $250,000 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.

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.

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 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.

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.

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.

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.

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.

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.

26 February 1992
As part of the Government's One Nation Economic Statement, further policy liberalisations were announced, namely:

- the thresholds below which foreign investment proposals are not examined in non-sensitive sectors was increased to $50 million, from $3 million for purchases of rural businesses, $5 million for takeovers of existing businesses, and $20 million for the Australian assets involved in 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), ie, for banks other than the four majors.

Attachment D

Summary of Australia's foreign investment policy as at 30 June 1992

General

The Government's foreign investment policy is framed and administered with a view to encouraging foreign investment in Australia and ensuring that such investment is consistent with the needs of the community.

The Government recognises the substantial contribution foreign investment makes to the development of Australia's industries and resources. Capital from other countries supplements domestic savings and provides scope for higher rates of economic activity and employment.

Foreign capital also provides access to new technology, management skills and overseas markets.

Notification

The types of proposals by ***foreign interests*** to invest in Australia which should be notified to the Government can be summarised as:

- acquisitions of ***substantial interests*** in existing Australian businesses with total assets over $5 million ($3 million for rural properties);
- plans to establish new businesses involving a total investment over $10 million;
- investments in the media irrespective of size;
- direct investments by foreign governments or their agencies irrespective of size;
- acquisitions of non-residential commercial real estate valued over $5 million;
- acquisitions of residential real estate irrespective of size (unless exempt under the regulations);
- takeovers of offshore companies whose Australian subsidiaries or assets are valued over $20 million or account for more than 50 per cent of the target company's global assets; and
- proposals where any doubt exists as to whether they are notifiable.

A ***foreign interest*** is briefly defined as:

- a natural person not ordinarily resident in Australia;
- any corporation, business or trust in which there is a ***substantial foreign interest***, ie in which a single foreigner (and any associates) has 15 per cent or more of the ownership or in which several foreigners (and any associates) have 40 per cent or more in aggregate of the ownership.

Examination by sector

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

RURAL PROPERTIES, AGRICULTURE, FORESTRY, FISHING, RESOURCE PROCESSING, OIL & GAS, MINING (EXCLUDING URANIUM), MANUFACTURING, NON-BANK FINANCIAL INSTITUTIONS, INSURANCE, SHAREBROKING, TOURISM (HOTELS AND RESORTS), MOST OTHER SERVICES.

The Government registers, but raises no objections to, proposals above the notification thresholds (ie $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, $20 million for offshore takeovers) where the relevant total assets/total investment fall below $50 million.

The Government examines proposals to acquire existing businesses (with total assets over $50 million) or establish new businesses (with a total investment over $50 million) and raises no objections to those proposals unless they are contrary to the national interest. Offshore takeovers do not generally raise national interest issues.

REAL ESTATE

Proposed acquisitions of ***residential real estate*** are exempt from examination in the case of Australian citizens living abroad and foreign nationals entitled to permanent residence in Australia.

Proposed acquisitions of ***real estate for development*** (within 12 months) are normally approved unless they are contrary to the national interest.

Foreign interests are normally given approval to buy ***vacant residential land*** (on condition that construction of a dwelling is commenced within 12 months) and to buy home units, townhouses etc ***'off-the-plan'***, under construction or newly constructed but never occupied, on condition that no more than half of the units in any one development are sold to foreign interests.

Proposed acquisitions of residential property (both vacant land and existing dwellings) which are within the bounds of a resort that the Treasurer has designated as an ***'Integrated Tourism Resort'*** are exempt from examination.

All other proposals by foreign interests to acquire developed residential real estate are examinable and are <u>not</u> normally approved except in the case of foreign companies buying for their senior executives resident in Australia, and foreign nationals temporarily resident in Australia for more than 12 months buying for their own use as a principal residence (subject to the sale of the property when they cease to reside in Australia).

Proposed acquisitions of ***developed non-residential commercial real estate*** are normally approved, subject to the acquisition being made with 50 per cent Australian equity participation. Where Australian equity is not available, 100 per cent acquisitions by foreign interests are approved unless they are contrary to the national interest.

BANKING

Foreign investment in the banking sector needs to be consistent with the Banking Act 1959, the Banks (Shareholdings) Act 1972 and banking policy, including prudential requirements.

The Government will permit the issue of new banking authorities 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. In addition, foreign owned banks will not be precluded from bidding for the smaller banks (if available for sale), ie for banks other than the four majors.

CIVIL AVIATION

Foreign airlines flying to Australia can generally expect approval to acquire up to 25 per cent of the equity in a domestic carrier individually or up to 40 per cent in aggregate provided the proposal is not contrary to the national interest. In special circumstances the Government is prepared to consider foreign equity proposals in excess of these guidelines provided the proposal is not contrary to the national interest. All other foreign investors (including those which do not operate an airline service to Australia) may acquire up to 100 per cent of a domestic carrier or establish a new aviation business unless judged contrary to the national interest. In the case of Australia's international flag carrier, Qantas, individual or aggregate foreign ownership is restricted to 35 per cent.

RADIO AND TELEVISION

Foreign investment in radio and television is governed by the Broadcasting Act 1942. The Act provides that a 'foreign person', as defined in that Act, may not hold or control, directly or indirectly, more than 15 per cent of the issued capital or voting rights in a licensee company, and that two or more 'foreign persons' may not hold or control in aggregate more than 20 per cent of the issued capital or voting rights in a licensee company.

NEWSPAPERS

Foreign investment in mass circulation newspapers is restricted. All proposals by foreign interests to acquire an interest in or to establish a newspaper in Australia are subject to case-by-case examination.

URANIUM

Foreign interests may explore for uranium and are not required to seek Australian participation in their exploration activities. With respect to development or uranium projects, the Government's policy provides for the operation of the Ranger and Nabarlek projects in the Northern Territory and the development of the Olympic Dam copper/uranium/gold deposit in South Australia, but for no other uranium mines to be developed.

Statistical appendix

List of tables

Limitations of the data

1. The data in this Appendix have been derived from information contained in submissions to the Government from foreign interests concerning their proposals for investment in Australia. Several major qualifications must be borne in mind in seeking to draw conclusions from these statistics.
   (a) They are a record of the intentions of proponents, as indicated in proposals submitted to the Board, at the time their proposals are decided by the Government. The expenditures recorded are those contemplated at that time. The proposed actions and, more particularly, the expected expenditures of investors may not necessarily be realised. Actual expenditure may be dependent upon, inter alia, the completion of further detailed feasibility studies or upon successful exploration in respect of mineral development.
   (b) The real estate statistics include annual programs approved for real estate developers for unspecified purchases up to an agreed dollar amount and 'off-the-plan' approvals for developers to sell up to 50 per cent of residential real estate developments to foreign interests. It is almost certain that some of these annual program and 'off-the-plan' approvals will not be fully utilised.

   (c) Proposed expenditures on development are recorded against the year in which they are approved. Actual expenditure may be spread over several years. Moreover, the aggregate data can be influenced significantly by relatively few, very large proposed investments. For example, in 1991-92, about 56 per cent of the total expected investment resulted from only 58 proposals.
   (d) Some of the expected investment represents the contributions by Australians to projects in which 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. In the case of acquisitions by one foreign interest from another foreign interest of businesses operating in Australia, no flows of capital across the Australian exchanges need occur.
   (e) The data are restricted to investments that come within the ambit of the Foreign Acquisitions and Takeovers Act 1975 and the Government's foreign investment policy and, therefore, do not cover several categories of new business proposals involving total investment of less than $10 million, expansions of the existing Australian activities of foreign businesses that are often quite substantial or a significant amount of foreign investment of a portfolio nature that falls outside the Foreign Acquisitions and Takeovers Act 1975.
   (f) For a number of reasons the statistics for 1987-88, 1988-89, 1989-90, 1990 -91 and 1991-92 are not comparable with those for earlier years or with each other. Firstly, policy changes have altered the range of investment proposals that are examinable. For example, following the 30 April 1987 policy changes, takeovers of Australian businesses with total assets of less than $5 million (less than $3 million for rural land) were approved automatically in anticipation of amendments announced by the Government to the Foreign Acquisitions and Takeovers Act 1975 to exempt them from its provisions. Such proposals were not included in the statistics for the last two months of 1986-87 and for the whole of 1987-88 and 1988-89. As from August 1989 when the legislative amendment came into force, such proposals are not even notifiable. More significantly, the real estate policy change of 29 September 1987 abolished the threshold that had previously exempted from examination foreign purchases of urban real estate up to a cumulative level of $600,000. This resulted in a very large increase in the number of real estate proposals examined. As from the gazettal of the Foreign Acquisitions and Takeovers Regulations in August 1989, however, a range of non-controversial real estate proposals has been exempted from examination and the number of real estate proposals correspondingly reduced. Secondly, in some years prior to 1986-87, adjustments were made to the statistics to reflect, inter alia, changes of intentions advised by

investors after proposals had been approved. Very few such adjustments have been made to the statistics in subsequent years, partly because of resource constraints and partly to minimise arbitrariness. Considerable caution must, therefore, be exercised in seeking to use the statistics of foreign investment proposals as indicators of the total level of foreign direct investment activity in Australia and for other purposes.

2. With the exception of Table A.1 (which includes rejected proposals), the data in the tables relate only to proposals approved by the Government.
3. All expenditure data are rounded and discrepancies may occur between sums of the component items and totals.
4. Data on expected investment by industry sector have been compiled by reference to the Australian Standard Industrial Classification published by the Australian Bureau of Statistics. An exception has been made for investment proposals involving newspaper printing and publishing. The prospective expenditure associated with these proposals has been allocated to service industries. In some cases, acquisitions by 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.

TABLE A.1: PROPOSALS BY NUMBER AND TOTAL EXPECTED EXPENDITURE, 1988-89 TO 1991-92[(a)]

	1988-89		*1989-90*		*1990-91*		*1991-92[(b)]*	
Type of proposal	*No*	*$b*	*No*	*$b*	*No*	*$b*	*No*	*$b*
Approved unconditionally	1879	19.7	1066	13.7	928	12.7	1048	11.98
Approved with conditions	2519	12.3	1554	10.4	1597	7.6	1933	3.85
Total Approved	4398	32.0	2620	24.1	2525	20.2	2981	15.82
Rejected	77	0.5	61	0.4	69	1.9	66	1.81
Total Decided	4475	32.6	2681	24.5	2594	22.2	3047	17.63
Approved automatically [(c)]	350		-		-		-	
Withdrawn	338		232		235		227	
Total Considered	4813		2913		2829		3274	

Notes:

(a) Policy changes during 1987 and 1989 varied the range of examinable proposals, as a result of which figures are not comparable from year to year.

(b) Expenditure data for proposals that are notifiable but are readily approved (<$50m total assets) have been included in the data for 1991-92.

(c) In anticipation of amendments to the Foreign Takeovers Act, proposed acquisitions of businesses with total assets of $5 million or less ($3 million or less for rural land) were approved automatically in 1987-88 and 1988-89 and expenditure data was not recorded for statistical purposes.

TABLE A.2: PROPOSALS FOR ACQUISITIONS AND NEW BUSINESSES, BY INDUSTRY SECTOR, 1991-92

Industry Sector	*No of proposals*	*Consideration* *$billion*	*Expected development expenditure* *$billion*	*Total(a) expected investment* *$billion*
AGRICULTURE, FORESTRY & FISHING				
- acquisitions	10	0.07	-	0.07
- new businesses	1	-	0.03	0.03
- total	11	0.07	0.03	0.10
MINERAL EXPLORATION & DEVELOPMENT				
- acquisitions	64	1.64	-	1.64
- new businesses	8	-	0.51	0.51
- total	72	1.64	0.51	2.15
MANUFACTURING				
- acquisitions	88	1.63	-	1.63
- new businesses	11	-	0.62	0.62
- total	99	1.63	0.62	2.26
FINANCE & INSURANCE				
- acquisitions	43	0.72	-	0.72
- new businesses	1	-	0.01	0.01
- total	44	0.72	0.01	0.73
SERVICES(EXCL TOURISM)				
- acquisitions	119	3.34	0.03	3.37
- new businesses	13	-	0.11	0.11
- total	132	3.34	0.14	3.48
TOURISM(b)				
- acquisitions	47	0.87	0.15	1.02
- new businesses	9	-	0.32	0.32
- total	56	0.87	0.47	1.34
REAL ESTATE	2488	4.31	1.40	5.71
RESOURCE PROCESSING				
- acquisitions	3	0.01	-	0.01
- new businesses	1	-	0.05	0.05
- total	4	0.01	0.05	0.06
Total				
- acquisitions	2862	12.59	1.58	14.17
- new businesses	44	-	1.65	1.65
TOTAL	2906	12.59	3.23	15.82
Financing arrangements & corporate restructures	75			

Notes:

(a) Total expected investment consists of consideration involved with acquisitions, including any new investment proposed to be undertaken following the acquisition or establishment of a new business.
(b) See footnote (a) on Table A.6 for definition of Tourism.

TABLE A.3: PROPOSALS OVER $50 MILLION FOR ACQUISITIONS AND NEW BUSINESSES BY INDUSTRY SECTOR, 1991-92

Industry Sector	*No of proposals*	*Consideration* *$billion*	*Expected development expenditure* *$billion*	*Total expected investment* *$billion*
MINERAL EXPLORATION & DEVELOPMENT				
- $100m & over	6	0.86	0.31	1.17
- $50m-$100m	5	0.17	0.13	0.30
- total $50m & over	11	1.03	0.44	1.47
MANUFACTURING				
- $100m & over	4	0.65	0.44	1.09
- $50m-$100m	4	0.22	0.08	0.30
- total $50m & over	8	0.87	0.52	1.38
FINANCE & INSURANCE				
- $100m & over	2	0.24	-	0.24
- $50m-$100m	2	0.12	-	0.12
- total $50m & over	4	0.36	-	0.36
SERVICES(EXCL TOURISM)				
- $100m & over	3	2.31	-	2.31
- $50m-$100m	4	0.22	0.05	0.27
- total $50m & over	7	2.53	0.05	2.58
TOURISM(a)				
- $100m & over	3	0.23	0.10	0.33
- $50m-$100m	5	0.21	0.11	0.32
- total $50m & over	8	0.43	0.21	0.65
REAL ESTATE				
- $100m & over	10	1.22	0.60	1.82
- $50m-$100m	9	0.28	0.25	0.52
- total $50m & over	19	1.50	0.85	2.35
OTHER (b)				
- $100m & over	-	-	-	-
- $50m-$100m	1	-	0.05	0.05
- total $50m & over	1	-	0.05	0.05
Total				
- $100m & over	28	5.50	1.45	6.95
- $50m-$100m	30	1.21	0.67	1.88
TOTAL $50m & over	58	6.72	2.11	8.83

Notes:

(a) see footnote(a) of Table A.6 for definition of Tourism.
(b) 'Other' comprises three proposals in the resource processing sector and one proposal in the agriculture, forestry and fishing sector.

TABLE A.4: TOTAL EXPECTED INVESTMENT ASSOCIATED WITH PROPOSALS, BY COUNTRY OF INVESTORS AND INDUSTRY SECTOR 1991-92

Industry Sector	*USA*	*UK*	*Germany*	*France*	*Other EC*	*Switzerland*	*Canada*	*NZ*	*Japan*	*Singapore*	*Malaysia*	*Other Asean*	*Hong Kong*	*World Other*	*Sub-total*	*Aust (a)*	*Total*
	$m	*$m*	*$m*	*$m*	*$m*	*$m*	*$m*	*$m*	*$m*	*$m*	*$m*	*$m*	*$m*	*$m*	*$m*	*$m*	*$m*
Agric, Forestry & fishing	6	13	-	5	10	-	13	-	36	-	-	-	-	-	83	22	105
Mineral Explor. & Development	310	486	-	107	16	-	106	52	103	32	7	2	-	213	1434	713	2147
Manufacturing	557	413	5	13	138	101	39	541	58	1	8	21	33	41	1968	288	2256
Finance & Insurance	158	118	60	5	64	37	-	187	68	-	6	-	2	26	731	-	731
Services (excl tourism)	532	361	92	111	85	13	209	45	94	5	129	-	71	93	1840	1639	3479
Tourism(c)	86	24	-	147	26	-	13	53	564	162	13	53	25	84	1249	88	1336
Real Estate	288	468	192	3	11	18	5	118	1680	533	281	215	424	1277(b)	5514	192	5707
Resource Processing	-	-	1	3	25	-	-	-	-	-	-	-	-	5	34	25	59
Total	1937	1883	351	393	375	169	387	994	2604	733	445	290	555	1738	12853	2966	15819
Number of Proposals(d)	194	265	62	38	67	36	38	44	331	196	87	74	313	1152	2897	181	3078

Notes:

(a) The expenditure identified as originating from Australia represents the contribution by Australian-controlled companies and Australian residents to the total expenditure 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.

(b) This figure includes 'off-the-plan' approvals to real estate developers (see Chapter 2 for explanation) which have been recorded as World Other because the country of investors in not known in advance.

(c) See footnote (a) of Table A.6 for definition of Tourism.

(d) 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.

TABLE A.5: PROPOSALS BY LOCATION OF EXPECTED INVESTMENT 1991-92(a)

State or Territory	*Number*	*Consideration*	*Expected development expenditure*	*Total expected investment*
		$billion	*$billion*	*$billion*
New South Wales	1001	3.35	1.03	4.38
Victoria	406	0.84	0.61	1.45
Queensland	813	1.26	0.71	1.97
Western Australia	398	1.16	0.54	1.70
South Australia	59	0.19	-	0.19
Tasmania	13	0.02	-	0.02
Aust Capital Territory	40	0.02	0.05	0.07
Northern Territory	16	0.15	-	0.15
Other(b)	235	5.61	0.29	5.90
TOTAL	2981	12.59	3.23	15.82

Notes:

(a) The symbol '-' indicates an aggregate figure of less than five million dollars.

(b) Includes off-shore takeovers and proposals where the expenditure was expected to be undertaken in more than one State or Territory.

TABLE A.6: EXPECTED INVESTMENT ASSOCIATED WITH TOURISM PROPOSALS[(a)], BY COUNTRY OF INVESTOR AND LOCATION OF INVESTMENT, 1990-91 AND 1991-92 $ MILLION

Location	*Japan*		*Hong Kong*		*ASEAN*		*World Other*		*EC (Inc UK)*		*NZ*		*Sub-Total*		*Aust*		*Total(b)*	
	90-91	*91-92*	*90-91*	*91-92*	*90-91*	*91-92*	*90-91*	*91-92*	*90-91*	*91-92*	*90-91*	*91-92*	*90-91*	*91-92*	*90-91*	*91-92*	*90-91*	*91-92*
NSW	364	317	18	16	28	54	5	42	-	152	-	-	415	580	1	-	416	580
QLD	741	209	65	2	-	18	25	72	15	-	7	-	852	301	-	49	852	350
WA	137	-	-	-	84	76	-	-	-	19	-	-	221	95	-	-	221	95
Other(c)	-	39	56	7	84	80	46	69	3	26	182	53	370	273	-	39	370	312
Total	1242	564	139	25	196	227	75	183	18	197	188	53	1858	1249	1	88	1859	1336

Notes:

(a) Tourism proposals defined by reference to Australian Standard Classification Numbers 9138, 9141, 9143, 9144, 9232, 9233, 9241, 9242.

(b) Includes acquisitions of tourism businesses involving assets of over $5 million and establishment of new tourism projects involving total investment of $10 million or more. New tourist projects are not recorded as such in the statistics unless total investment is to exceed $10 million. For example, a proposal by foreign investor to buy land valued at $3 million to build a $9 million motel would be classified as a new 12 million tourism business. By contrast, a proposal to buy land valued at $3 million to build a $3 million motel would not be examinable under foreign investment policy as a new tourism business (because total investment is less than $10 million) but would be examinable as an acquisition of commercial real estate for development and recorded as such.

(c) Other comprises expenditure in the other States and the Territories and also expenditure to be undertaken in more than one State or Territory.

TABLE A.7: EXPECTED INVESTMENT IN URBAN REAL ESTATE BY TYPE AND NUMBER OF PROPOSALS, 1991-92

	Number of Proposals	*Consideration* $billion	*Expected Development Expenditure* $billion	*Total Expected Investment* $billion
Developed Residential	1211	0.23	-	0.23
Residential for Development				
- ordinary approvals	930	0.42	0.92	1.34
- off-the-plan approvals	194	0.70	-	0.70
- annual programs	7	0.17	-	0.17
Total Residential for Development	1131	1.29	0.92	2.21
Developed Commercial	116	2.38	0.01	2.39
Commercial for Development				
- ordinary approvals	28	0.35	0.46	0.82
- annual programs	-	-	-	-
Total Commercial for Development	28	0.35	0.46	0.82
Sub-Total	2486	4.25	1.40	5.65
Acquisitions of real estate related businesses	2	0.06	-	0.06
TOTAL	2488	4.31	1.40	5.71

Note: The symbol '-' indicates an aggregate figure of less than five million dollars.

TABLE A.8: EXPECTED INVESTMENT IN DEVELOPED RESIDENTIAL REAL ESTATE, BY CATEGORY OF INVESTOR 1991-92

Category of Investor	*No of Proposals*	*Expected Investment $million*
Australian citizens abroad [(a)]	169	33.87
Intending migrants [(a)]	22	6.10
Company purchases for senior executives	33	11.36
Foreign nationals temporarily resident in Australia [(b)]	948	155.35
Other [(c)]	39	22.22
TOTAL	1211	228.90

Notes:

(a) Acquisitions of residential real estate by Australian citizens living abroad, approved migrants and other foreign nationals entitled to permanent residence in Australia became exempt from examination in August 1989. The figures in these two rows include purchases by couples where one partner is an Australian citizen and the other is their foreign national spouse, and purchases by approved migrants who, although entitled to permanent residence in Australia, are currently residing abroad.

(b) Foreign nationals temporarily resident in Australia for a period exceeding 12 months are normally permitted to buy developed residential real estate, on condition that the property is sold when the person leaves Australia.

(c) 'Other' comprises transfers of property within family groups, 'swap' proposals where non-residents with an existing residential property are given approval to buy a different property on condition that the first one is sold, and acquisitions resulting from raffles, art unions etc.

TABLE A.9: TOTAL EXPECTED INVESTMENT IN URBAN REAL ESTATE BY CATEGORY OF REAL ESTATE AND LOCATION OF INVESTMENT, 1991-92

Location	*Developed Commercial $billion*	*Commercial for Development $billion*	*Developed residential $billion*	*Residential for development $billion*	*TOTAL $billion*
New South Wales	1.38	0.71	0.12	0.78	2.99
Victoria	0.39	-	0.05	0.13	0.58
Queensland	0.29	0.01	0.03	0.77	1.09
Western Australia	0.26	0.09	0.02	0.36	0.72
Other [(a)]	0.08	-	0.01	0.18	0.26
TOTAL	2.39	0.82	0.23	2.21	5.65
Number of proposals	116	28	1211	1131	2486

Note:

(a) 'Other' includes Australian Capital Territory, Northern Territory, Tasmania and South Australia, and annual programs covering more than one State or Territory.

TABLE A.10: ACQUISITIONS OF RURAL LAND INVOLVING PROPERTIES[a] WITH TOTAL ASSETS OF $3 MILLION OR MORE, 1991-92

Location	*Number of Proposals*	*Total Expected Investment $million*
Queensland	5	48
Other[b]	4	26
TOTAL	9	74

Notes:

(a) The total area involved in these 9 proposals was 1.08 million hectares.

(b) 'Other' comprises one property each in Western Australia, Tasmania, New South Wales and the Northern Territory.