



Australian Government  
The Treasury



# Quarterly Report on Foreign Investment

1 April – 30 June 2023

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Manager  
Media Unit  
The Treasury  
Langton Crescent  
Parkes ACT 2600  
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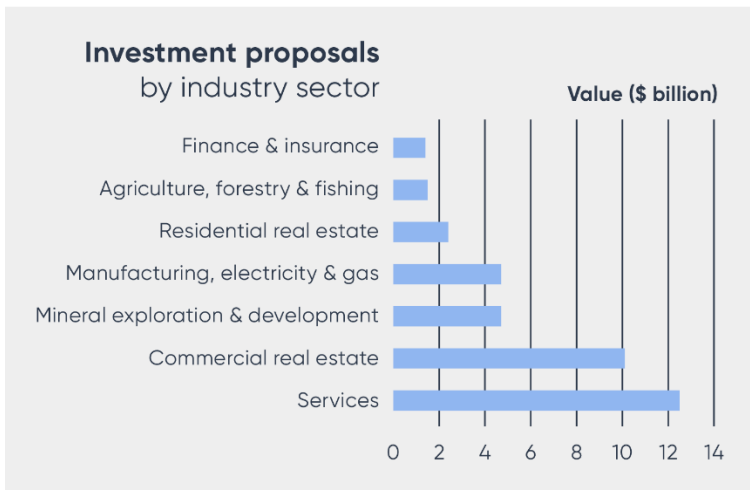
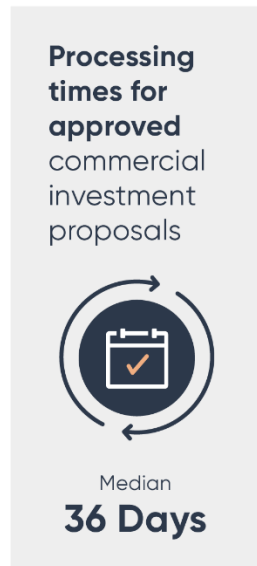
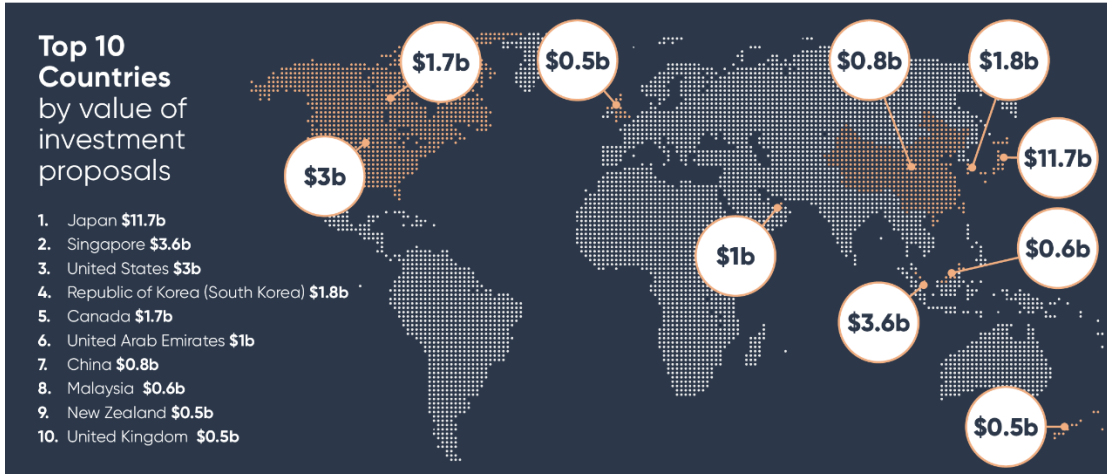
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# Key foreign investment framework data

## Commercial foreign investment in Australia

Key data for the period 1 April–30 June 2023



# Foreign investment reporting

## 1 April to 30 June 2023

### Introduction

The Treasury is Australia's foreign investment policy advisor and regulator. It administers the foreign investment framework, which is set by the *Foreign Acquisitions and Takeovers Act 1975* and the *Foreign Acquisitions and Takeovers Fees Impositions Act 2015*, along with their associated regulations.

The Treasury assesses commercial investment proposals, is responsible for fostering compliance, and advises the Australian Government on all aspects of foreign investment policy. Under the foreign investment framework, the Australian Taxation Office (ATO) is responsible for residential real estate investment proposals.

The Treasurer is the decision maker under Australia's foreign investment framework, however decision-making delegations exist to enable Treasury portfolio ministers, and Treasury and ATO officials, to make decisions on foreign investment proposals on behalf of the Treasurer.

The Foreign Investment Review Board (FIRB) is a non-statutory body which advises the Treasurer on the policy and administration of the foreign investment framework.

More information about Australia's foreign investment regulatory system is available at <https://foreigninvestment.gov.au>.

### About this report

This is the final quarterly report for the 2022-23 financial year covering the regulation of foreign investment in Australia.

This quarterly report sets out key performance data concerning the operation of Australia's foreign investment framework. The Treasury will seek to publish a quarterly report 6 - 8 weeks after the end of the relevant quarter, and annual reporting information will be set out in the Treasury's Annual Report.

## Investment proposals

The Treasury assesses commercial investment proposals and the ATO assesses residential real estate investment proposals to ensure that they are not contrary to the national interest or national security. Investment proposals are categorised as 'approved' where the outcome is favourable for the investor, resulting in either a No Objection Notification or an Exemption Certificate.

Withdrawn investment proposals are proposals withdrawn by the investor. Proposals may be withdrawn for a variety of reasons, including: the investor choosing not to proceed with or deferring a purchase; the investor being unsuccessful in a competitive tender process before the proposal was finalised; the proposed investment 'target' being withdrawn from the market; changes to investor consortium compositions; concerns identified by the Treasurer; or where the proposal was incorrectly lodged.

### Investment proposals by number and value

Table 1: Number of investment proposals

	Commercial					Residential real estate				
	Current quarter	Previous quarter	2022-23	2021-22	2020-21	Current quarter	Previous quarter	2022-23	2021-22	2020-21
Approved with conditions	122	103	550	804	821	1,262	1,052*	4,768	3,667	2,560
Approved without conditions	175	169	760	759	1,504	670	395*	1,808	1,766	1,767
<b>Total</b>	<b>297</b>	<b>272</b>	<b>1,310</b>	<b>1,563</b>	<b>2,325</b>	<b>1,932</b>	<b>1,447</b>	<b>6,576</b>	<b>5,433</b>	<b>4,327</b>
Withdrawn	41	30	149	205	436	20	12*	74	144	455
Prohibition orders	0	1	1	0	0					

\* Variations from previously published statistics are due to the reconciliation processes.

Table 2: Value of investment proposals (\$ billion)

	Commercial					Residential real estate				
	Current quarter	Previous quarter	2022-23	2021-22	2020-21	Current quarter	Previous quarter	2022-23	2021-22	2020-21
Approved with conditions	29.0	23.4	131.6	270.2	163.5	1.8	1.2	6.1	1.6	2.2
Approved without conditions	5.9	5.9	39.9	60.3	63.7	0.6	0.4	1.8	6.0	3.5
<b>Total</b>	<b>34.9</b>	<b>29.3</b>	<b>171.5</b>	<b>330.5</b>	<b>227.2</b>	<b>2.4</b>	<b>1.6</b>	<b>7.9</b>	<b>7.6</b>	<b>5.7</b>

Note: anomalous values or values that could identify specific transactions have been removed. The Australian Tax Office assessed some commercial applications received before December 2021.

The number of commercial investment proposals approved in this quarter was 297 (see Table 1) and the quarterly average<sup>1</sup> number of commercial investment proposals for the financial year is 328. The

<sup>1</sup> Quarterly average has been derived from yearly total divided by four.



large number of proposals approved in 2020-21 was due to the temporary zero-dollar thresholds that applied at the time in response to the COVID-19 pandemic.

The value of commercial investment proposals approved in this quarter was \$34.9 billion (see Table 2), an increase of \$5.6 billion from the previous quarter result of \$29.3 billion. This reflects the volatility in the total value of foreign investments from quarter to quarter. The quarterly average value of commercial investment proposals for the financial year is \$42.9 billion.

There were 41 commercial investment proposals withdrawn in this quarter.

The number of residential proposals approved by the ATO in this quarter was 1,932 with the residential value approved in this quarter being \$2.4 billion.

### Approved investment proposals by investment source and industry sector

In this quarter, Japan was the largest source country for approved commercial investment proposals by value (\$11.7 billion). The next four largest source countries by value were Singapore (\$3.6 billion), United States (\$3.0 billion), South Korea (\$1.8 billion) and Canada (\$1.7 billion).

The value of approvals in 2022-23 was \$34.5 billion for the United States, \$14.4 billion for Singapore and Canada, and \$14.0 billion for Japan (see Chart 1).

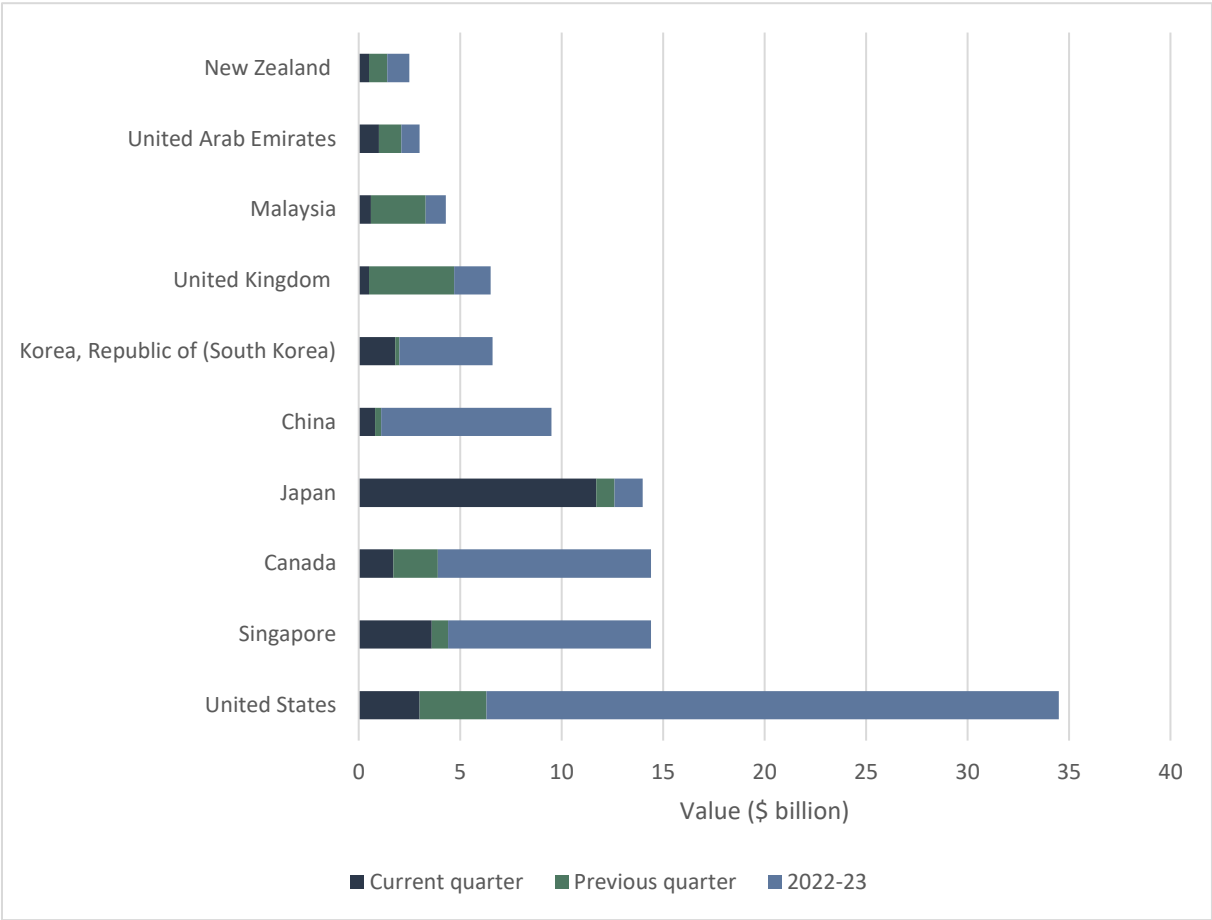
**Table 3: Top 10 sources of investment by value of approved commercial investment proposals\***

	Number					Value (\$ billion)				
	Current quarter	Previous quarter	2022-23	2021-22	2020-21	Current quarter	Previous quarter	2022-23	2021-22	2020-21
Japan	35	32	137	133	153	11.7	0.9	14.0	7.1	5.1
Singapore	41	49	235	385	336	3.6	0.8	14.4	24.0	21.3
United States	141	120	598	746	891	3.0	3.3	34.5	118.9	57.0
Korea, Republic of (South Korea)	13	15	77	110	117	1.8	0.2	6.6	4.5	4.7
Canada	61	72	347	387	355	1.7	2.2	14.4	31.5	18.8
United Arab Emirates	39	33	129	174	141	1.0	1.1	3.0	6.1	3.4
China	48	47	200	273	493	0.8	0.3	9.5	4.6	11.4
Malaysia	9	11	51	72	74	0.6	2.7	4.3	1.4	0.3
New Zealand	10	7	43	47	59	0.5	0.9	2.5	1.7	1.6
United Kingdom	43	28	174	223	309	0.5	4.2	6.5	6.5	5.2

Notes: proposals involving more than one country are counted against each country.

\* This table is sorted by the value of approved proposals in the current quarter.

Chart 1: Top 10 sources of investment by value of approved commercial investment proposals\*



\* This chart is sorted by the value of approved proposals in the current quarter.

In this quarter, China was the largest source of investment for approved residential real estate investment proposals by number and value (\$1.1 billion). The next two largest sources of residential investment were Hong Kong SAR (\$0.2 billion) and Vietnam (\$0.1 billion).

Table 4: Top 10 sources of investment by value of approved residential real estate proposals\*

	Number					Value (\$ billion)				
	Current quarter	Previous quarter	2022-23	2021-22	2020-21	Current quarter	Previous quarter	2022-23	2021-22	2020-21
China	826	606	2,601	2,317	2,227	1.1	0.7	3.4	2.4	2.7
Hong Kong (SAR)	183	123	650	689	518	0.2	0.1	0.6	0.6	0.5
Vietnam	90	81	423	391	174	0.1	0.1	0.4	0.4	0.1
Taiwan	110	90	330	133	81	0.1	0.1	0.3	0.1	0.1
India	116	90	451	306	78	0.1	0.0	0.2	0.2	0.0
Singapore	81	34	316	173	194	0.1	0.0	0.3	0.1	0.1
Nepal	88	67	281	140	23	0.1	0.1	0.2	0.1	0.0
Indonesia	50	47	190	95	82	0.1	0.1	0.2	0.1	0.1
United Kingdom	54	61	226	201	224	0.0	0.1	0.2	0.2	0.2
Malaysia	59	34	215	158	170	0.0	0.1	0.2	0.2	0.2

Notes: \* This table is sorted by the value of approved proposals in the current quarter.

The largest target sector for proposed investment for the quarter by value was Services, with a total value of \$12.5 billion.

Table 5: Number and value of approved investment proposals by industry sector\*

	Number					Value (\$ billion)				
	Current quarter	Previous quarter	2022-23	2021-22	2020-21	Current quarter	Previous quarter	2022-23	2021-22	2020-21
Services	69	93	382	486	809	12.5	7.7	42.5	109	76.9
Commercial Real Estate	99	75	431	61	907	10.1	5.6	50.2	66.6	86.6
Mineral exploration & development	39	23	126	135	161	4.7	0.7	13.1	14.7	11.5
Manufacturing, Electricity & Gas	42	26	168	134	224	4.7	1.8	24.8	37.2	35.8
Residential Real Estate	1,932	1,447	6,576	5,433	4,327	2.4	1.6	7.9	7.6	5.7
Agriculture, Forestry & Fishing	45	54	200	187	197	1.5	1.0	8.5	8.5	5.8
Finance & Insurance	16	18	79	105	91	1.4	12.5	32.4	94.7	10.7

Note: \* This table is sorted by the value of approved proposals in the current quarter.

# Consideration of investment proposals

## Median processing times

In this quarter, Treasury’s median processing time for approved commercial investment proposals was 36 days and the 2022-23 median processing time was 41 days.

The decrease in median processing times in this financial year compared to the previous two financial years is attributable to continuing improvements in efficiency of foreign investment application processing which reflects the benefits of deeper experience and improved capability in Treasury officers and consultation partner agencies reviewing proposals. There was also a reduction in the number of commercial investment proposals received which can be attributed to broader economic uncertainties in capital markets, tighter financial conditions, and geopolitical tensions.

**Table 6: Median processing times for approved commercial investment proposals**

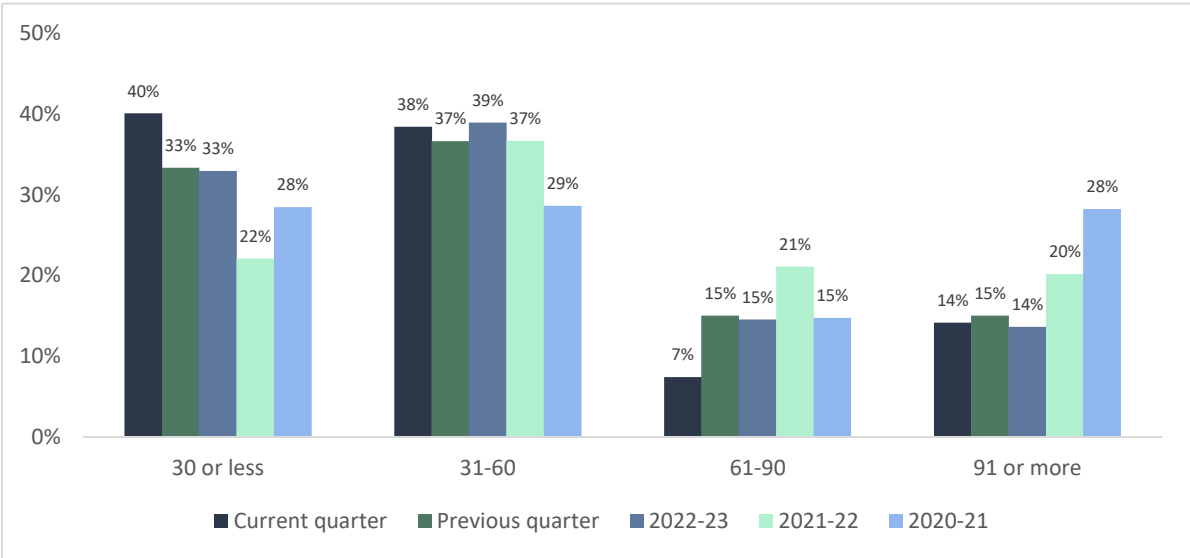
Current quarter	Previous quarter	2022-23	2021-22	2020-21
36 days	42 days	41 days	52 days	51 days

Note: These processing times are current as of a point in time.

In this quarter, 78 per cent of cases were processed in 60 days or less.

Treasury makes best efforts to accommodate commercial deadlines when investors provide timelines at the outset of a process.

**Chart 2: Approved investment proposal processing times (number of days)**



Note: These processing times are current as of a point in time.

**Table 7: Residential real estate investment proposal processing times**

Current quarter	Previous quarter	2022-23	2021-22	2020-21
4 days	4** days	4 days	5 days	6 days

\*\* Variations from previously published statistics are due to the reconciliation processes and capturing of foreign investment applications only.

The ATO's residential real estate median processing time for the current quarter was 4 days.

## National Security

Since January 2021, the foreign investment framework's national security powers were strengthened to cover more types of transactions subject to mandatory notification and create a scheme for voluntary notification by investors for actions of any value which may pose national security concerns.<sup>2</sup>

**Table 8: Number of approved national security investment proposals**

		Current quarter	Previous quarter	2022-23	2021-22	2020-21
<b>Mandatory</b>	Approved with conditions	2	2	15	15	1
	Approved without conditions	12	18	68	44	14
	<b>Total</b>	<b>14</b>	<b>20</b>	<b>83</b>	<b>59</b>	<b>15</b>
<b>Voluntary</b>	Approved with conditions	1	0	3	19	3
	Approved without conditions	5	8	26	15	12
	<b>Total</b>	<b>6</b>	<b>8</b>	<b>29</b>	<b>34</b>	<b>15</b>
<b>Both</b>	Approved with conditions	0	0	0	5	0
	Approved without conditions	2	0	3	8	2
	<b>Total</b>	<b>2</b>	<b>0</b>	<b>3</b>	<b>13</b>	<b>2</b>

Note: proposals are categorised as either mandatory, voluntary or both mandatory and voluntary notifications.

**Table 9: Value of approved national security investment proposals (\$ billion)**

	Current quarter	Previous quarter	2022-23	2021-22	2020-21
Approved with conditions	0.1	0.0	1.0	6.3	0.4
Approved without conditions	0.8	0.9	4.7	3.8	1.0
<b>Total</b>	<b>0.9</b>	<b>0.9</b>	<b>5.7</b>	<b>10.1</b>	<b>1.4</b>

Note: slight variations from previous quarterly reports are due to rounding of a decimal value.

Of the 297<sup>3</sup> commercial foreign investment proposals approved in this quarter, 22 related to national security actions that would not have been captured prior to January 2021. Of these national security actions, 14 were mandatory notifications, 6 were voluntary notifications, and 2 were both mandatory and voluntary notifications.

<sup>2</sup> See Guidance Note 8 on National Security for further information, <https://foreigninvestment.gov.au/guidance/types-investments/national-security>

<sup>3</sup> See Table 1.

## Compliance

Maintaining strong compliance with Australia's foreign investment legislation is a priority for the Australian Government. The Government expects all foreign investors are aware of, understand and comply with their obligations under Australian law, including Australia's foreign investment laws. The Foreign Investment Compliance Framework Policy Statement<sup>4</sup> helps foreign investors understand and meet their compliance obligations.

The compliance program aims to achieve a balance between providing assurance, detecting and remedying non-compliance, while encouraging and supporting foreign investors to meet their obligations. Where non-compliance is identified or suspected, a risk-based and proportionate response is taken to rectify non-compliance; this may include enforcing compliance through assurance activities, penalties, and sanctions.

Compliance data on residential real estate is reported on an annual basis in the *Treasury Annual Report 2021-22*.<sup>5</sup>

### Condition-mandated reports

Where there are reporting conditions on an investment, the investor is required to submit reports that provide evidence of their compliance.

Table 10: Number of condition mandated reports

	Current quarter	Previous quarter	2022-23	2021-22
Condition mandated reports received	633	702	2,569	2,005
Condition mandated reports assessed *	637	701	3,027	2,524**

\* Condition mandated reports assessed may include reports carried over from the previous financial years.

\*\* As the date of assessment was not recorded for the entirety of 2021-22, this data point is an estimate and includes assessments of reports from multiple financial years.

The Treasury assessed 637 condition mandated reports this quarter. These consisted of reports received during this quarter and from previous quarters. Condition mandated reports that were not assessed this quarter were predominantly received in the last fortnight of the quarter and will be assessed and included in next quarter's report. In the next quarter, Treasury will undertake an analysis of reports received and assessed to improve its risk-based approach to condition mandated report assessment.

### Notice of events or actions taken

Foreign investors who have been given a No Objection Notification or an Exemption Certificate from 1 January 2021 must notify the Treasurer of certain events or when they take certain actions. In this quarter, the Treasury received 420 notices of events or actions taken from investors.

4 See [https://foreigninvestment.gov.au/sites/foreigninvestment.gov.au/files/2023-06/FI\\_compliance\\_framework.pdf](https://foreigninvestment.gov.au/sites/foreigninvestment.gov.au/files/2023-06/FI_compliance_framework.pdf)

5 See tables 43 and 44 on pages 227-228 in <https://treasury.gov.au/publication/p2022-329943>

Table 11: Number of statutory notices received

	Current quarter	Previous quarter	2022-23	2021-22
Notices of events or actions taken received	420	334	1,516	1,266 *

\* Variations from previously published statistics are due to the reconciliation processes.

The Treasury conducts compliance-focused nudge campaigns throughout the year. These aim to educate investors of their reporting responsibilities. Nudge campaigns are used to remind investors of their reporting obligations, such as submitting required reporting on time. These are educational campaigns, which provide information, encourage better compliance outcomes, and strengthen voluntary compliance.

During this quarter a nudge campaign targeted 113 investors and their agents, reminding them of their statutory reporting obligations. Where the Treasury identifies non-compliance, we undertake a risk-based assessment and determine a proportionate response. Our assessment can include a consideration of whether this was the first time the investor had been non-compliant or whether there is a pattern of non-compliant behaviour. Further compliance actions are taken to address non-compliance as determined necessary by the assessment.

## Foreign investment audit program

The Treasury's foreign investment audit program consists of two streams of activity: regulator audits and independent audits.

- Regulator audits are risk-based, Treasury-led assurance assessments. Regulator audits are focused on assessing compliance with conditions imposed in a No Objection Notification or specified in an Exemption Certificate that does not have independent audit requirements.
- Independent audits are condition mandated audits, imposed where a greater degree of compliance oversight is necessary, and are undertaken by an independent audit firm approved by the Treasury.

### Regulator audits

As Treasury continues to mature as a regulator, the 2022-23 Regulator Audit program has been refined to focus on 12 regulator audits. This refinement process reflects the complexity, and the in-depth assessments and reviews, that result from this compliance assurance activity.

Treasury has undertaken 10 new regulator audits as part of its 2022-23 Regulator Audit program and 2 that have been carried over from the previous years' program. These audits are focused on compliance with data and operational control conditions.

Table 12: Number of regulator audits

	In progress	Current quarter	Completed		
	at current quarter end		Previous quarter	2022-23	2021-22
Regulator Audits	6	4	0	6	6

### Independent audits

An independent audit report is an annual report on compliance with conditions, prepared by an independent assurance practitioner, in accordance with the relevant Australian Standards as issued by the Auditing and Assurance Standards Board.

Before an assurance practitioner engaged by an investor commences an independent audit report, the investor must seek approval from the Treasury for their appointment through an independent audit proposal, which considers:

- the independent audit firm and team;
- the scope of work underlying the audit report; and
- the level of assurance of the audit (for example, reasonable, as opposed to limited, assurance).

Independent audit statistics are reported on a per matter basis (that is, count of No Objection Notifications or Exemption Certificates).

Table 13a: Number of independent audits in progress

	At current quarter end
Proposals under review	6
Reports in progress by investor	23
Reports under review by Treasury	11

Table 13b: Number of independent audits completed

	Current quarter	Previous quarter	2022-23	2021-22
Proposals approved	19	27	76	56
Reports completed	43	14	78	46

### Referrals and assessment of potential non-compliance

As part of its compliance activities, the Treasury assesses alleged non-compliance with Australia's foreign investment laws. These assessments are triggered by:

- self-reporting by foreign persons (both through mandatory reporting via conditions or sections 98C, 98D and 98E of the *Foreign Acquisitions and Takeovers Act 1975*, and through voluntary disclosures outside mandatory reporting);
- disclosures made by foreign persons during routine internal activities and engagement;
- information received from members of the public concerning suspected breaches of Australia's foreign investment laws; and



- referrals received from other sources.

In this quarter, Treasury received 32 referrals of alleged non-compliance with Australia’s foreign investment laws.

**Table 14: Number of matters sourced via non-compliance referrals and assessments by information source**

	Current quarter	Previous quarter	2022-23	2021-22
Self-reported potential non-compliance with conditions (voluntary disclosures outside mandatory reporting)	5	3	25	44
Failure to notify related referrals/reports from the public*	16	7	43	45 ***
Failure to notify related referrals/reports identified from other source**	11	17	47	29 ***
<b>Total</b>	<b>32</b>	<b>27</b>	<b>115</b>	<b>118</b>

\* Including retrospective notifications received from investors.

\*\* Referrals from other sources can include internal referrals from other areas of the Treasury or Government, as well as Treasury-initiated referrals as a result of media monitoring and market scanning for non-compliance.

\*\*\* Variations from previously published statistics are due to the reconciliation processes or reporting rules.

The Treasury assesses each referral using a risk-based approach and develops a specific response to each. Where we conclude that the risk posed by a referral is high, then we may proceed directly to an investigation of the alleged non-compliance. In contrast, for low-risk referrals, we may take no further action or seek to educate the investor about their compliance obligations.

The Treasury continued to work through a range of sensitive and complex compliance monitoring assessments dealing with potential non-compliance on issues such as data security (overseas storage and access), privacy, governance, reporting, and land development conditions.

- Over the quarter we opened 28 new sensitive and complex monitoring assessments, finalised 28 assessments, and continued ongoing engagement with several others.
- Our ongoing direct engagement with foreign persons on potential non-compliance with the framework has helped improve investor behaviours. This includes efforts to bring foreign investors back into compliance and ensure non-compliance is avoided in the future.
- Over the financial year, foreign investors have increasingly engaged with Treasury to enhance their governance and controls and become more proactive in terms of their detection of potential non-compliance. Treasury’s engagement often results in guidance to the foreign person to help ensure that potential non-compliance is avoided.

Treasury has also issued the following infringement notices to date in relation to identified non-compliance.

**Table 15: Number of infringement notices issued**

	Current quarter	Previous quarter	2022-23	2021-22
Infringement notices issued	0	1	1	0

## Matters under investigation

The Treasury conducts investigations to address serious non-compliance with Australia’s foreign investment laws. Whether we commence an investigation will depend upon the seriousness of the alleged non-compliance. The factors we consider when deciding whether to investigate may include:

- the nature of the behaviour of the investor;
- whether that behaviour is persistent and repeated;
- how intentional or reckless the alleged non-compliance behaviour may be; and
- the risk to Australia’s national interest or national security.

Table 16: Number of investigation matters

	In progress		Completed		
	at current quarter end*	Current quarter	Previous quarter	2022-23	2021-22
Investigations	2	1	0	2	3 **

\* Investigations on hand at the end of the current quarter may include investigations carried over from the previous quarter.

\*\* Any changes in historical figures are due to quality assurance activities.