

**Foreign Investment
Review Board**

**Annual Report
2012-13**

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28 February 2014

The Hon Joe Hockey MP
Treasurer
Parliament House
CANBERRA ACT 2600

Dear Treasurer

I am pleased to present the annual report of the Foreign Investment Review Board for the year ended 30 June 2013. This report has been prepared in accordance with the Board's responsibility to advise the Government on foreign investment matters. It outlines the activities of the Board, provides a summary of the year's foreign investment proposals, contains an overview of the main provisions of the *Foreign Acquisitions and Takeovers Act 1975* and a copy of Australia's Foreign Investment Policy.

The Board examines significant foreign investment applications and advises on potential national interest concerns. In 2012-13, the Board examined a range of high profile investment applications, including in the resources sector which made up the majority of business applications, continuing the trend from previous years.

Excluding real estate applications, mineral exploration and development applications accounted for around 53.9 per cent of the value of approvals. The United States was again the largest investor in 2012-13 in terms of the value of all approvals (15.3 per cent of the total value), followed by Switzerland and China. The Board considered and monitored applications from a wide range of countries and noted the increased investment interest in Australia by sovereign funds from North America, Europe, the Middle East and Asia, demonstrating Australia's continued competitiveness as an investment destination.

Foreign investment in agricultural land continues to attract significant public and political interest. The Board monitored developments in this area over the past year and contributed to Government and Parliamentary considerations of the issues involved. The Board participated in the Senate Standing Committee on Rural and Regional Affairs and Transport's Examination of the Foreign Investment Review Board National Interest Test and provided input to consultations on the development of a foreign ownership register for agricultural land.

The Board has built on previous efforts to enhance awareness and understanding of Australia's foreign investment arrangements with additional engagement activities in Australia and overseas. For instance, the Executive Member of the Board and I visited China in May 2013 to further the Board's engagement with officials and potential investors. The visit included a focus on broadening our constructive investment dialogue into regions not previously visited, allowing for a more extensive appreciation

of Chinese investors, their investment prospects and their understanding of our foreign investment regime.

The Board has introduced new initiatives to strengthen compliance with Australia's foreign investment arrangements. This involves a range of activities to better educate and inform investors about their compliance responsibilities. It also involves monitoring and investigatory action by the Secretariat and efforts to engage the business community, legal professionals and foreign government representatives in Australia about foreign investment compliance requirements. The Secretariat has worked closely in these activities with other Australian Government agencies, including by assisting in specific compliance investigations.

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

On behalf of all members of the Board, I would like to take this opportunity to welcome Mr Michael D'Ascenzo AO and Mr Patrick Secker to the Board. Michael and Patrick bring significant tax and agricultural sector expertise to the Board's consideration of foreign investment proposals.

Yours sincerely

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

Brian Wilson
Chairman

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