



## **Australian Government**

Australian Government response to the  
Senate Rural and Regional Affairs and Transport References  
Committee report:

Foreign investment and the national interest

## **ADDENDUM**

August 2018

**Due to a formatting error with the previous tabled response, the provided response to recommendation 16 was incomplete.**

**This addendum provides the complete response to recommendation 16.**

**Recommendation 16**

The committee recommends that, in line with recommendation 4, the government develop a stronger, more rigorous and more transparent system for examining cases of foreign investment in Australia, including Australian agriculture. Particular focus should be made on forensically examining:

- company structures (including management relationships in joint Australian/foreign ventures);
- the relationship between a foreign government's acquisitions strategy (such as food security) and the commercial operation of their subsidiary businesses in Australia; and
- ways of setting clear and auditable ongoing undertakings that are in the 'national interest'.

The Australian Government **notes** this recommendation.

The Government has already taken a number of steps to strengthen the screening arrangements that apply to foreign investment, including in the agricultural sector.

The Government reviews foreign investment proposals against the national interest on a case by case basis. The national interest, and what would be contrary to it, is not defined in the Act. Instead, the Act confers upon the Treasurer the power to decide in each case whether a particular investment would be contrary to the national interest.

To assist foreign investors in their applications, the Government has provided general guidance on the national interest factors that are typically considered when assessing foreign investment proposals. These include: national security, competition, other Australian Government policies (including tax), impact on the economy and the community and the investor's character.

The Government considers the same broad factors when considering whether an investment by a foreign government investor or a private investor is contrary to the national interest.

However, where a proposal involves a foreign government investor, the Government also considers the commerciality of the investment. This includes assessing whether the investment is commercial in nature or if the investor may be pursuing broader political or strategic objectives

The Government considers the current framework provides flexibility to consider proposals on a case-by-case basis. This flexibility is fundamental to the operation of the foreign investment framework because the national interest can change over time.