Senate Rural and Regional Affairs and Transport References Committee

Written Questions on Notice – Thursday, 16 August 2012
CANBERRA

Inquiry into the Examination of the Foreign Investment Review Board National Interest Test

Question Number	Page No's.	Witness	Question asked by	Answered
1	-	Foreign Investment Review Board	Senator McKenzie	05/02/13
2	-	Foreign Investment Review Board	Senator McKenzie	05/02/13
3	-	Foreign Investment Review Board	Senator McKenzie	05/02/13

SENATE RURAL AND REGIONAL AFFAIRS AND TRANSPORT REFERENCES COMMITTEE

Inquiry into the Foreign Investment Review Board National Interest Test

Public Hearing Thursday, 16 August 2012

Questions on Notice – Foreign Investment Review Board

Written Questions – Senator McKenzie

The questions below relate to the Foreign Investment Review Board's (FIRB) processes and various terms that are outlined in *Australia's Foreign Investment Policy* (January 2012) as posted on the FIRB website.

1. What is your definition of 'healthy competition' and 'significant producer' in a practical sense?

2. What do the environmental impact assessments look like?

3. Could you outline how you make decisions around assessment of the impact of a sale on the community?

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ANSWERS

1. Australia's foreign investment policy indicates that the Government favours diversity of ownership within Australian industries and sectors to promote healthy competition. Healthy competition arises where suppliers are able to operate in markets in ways that deliver expanded choices or supply options for consumers and businesses and with limited scope for potential price manipulation. The Government considers whether a proposed investment may result in an investor gaining control over market pricing and production of a good or service in Australia. For example, the Government will carefully consider a proposal that involves a customer of a product gaining control over an existing Australian producer of the product, particularly if it involves a significant producer. Significant producers in this regard would include major suppliers of a market who have greater potential ultimately to influence market prices. The Foreign Investment Review Board liaises closely with the Australian Competition and Consumer Commission on competition related issues.

2. The Foreign Investment Review Board consults other relevant Australian Government agencies in order to fully assess the national interest implications of particular foreign investment proposals. Where environmental assessments of a proposal are involved, the Board seeks advice from relevant agencies that proposals are not contrary to Australia's national interest on environmental grounds. This ensures that responsible agencies provide relevant and appropriate interpretation of any detailed environmental impact assessments that may have needed to be undertaken.

3. In assessing a proposed foreign investment transaction, the Foreign Investment Review Board examines how the proposed transaction is to be undertaken and why it is proceeding. In consultation with other Australian Government agencies, the Board also seeks to examine investors' future plans surrounding a business or asset, looking at any effects of the transaction on local employment levels, growth or ongoing investment levels. When required, the Foreign Investment Review Board also undertakes consultation with relevant State and Territory Governments in relation to the community effects of proposed foreign investment.