

Benefits from naturalisation

A naturalised or naturalising company may undertake new projects (other than projects involving uranium, finance, insurance, the media and civil aviation, where special restrictions apply):

- (i) on its own or in partnership with Australian companies, naturalised or naturalising companies; or
- (ii) in any such combination jointly with foreign companies provided that the 'resultant mix' observes the 50 per cent equity and control guidelines where applicable.

Note: For purposes of calculating the mix in (ii), a naturalising company is given prior credit for 51 per cent Australian ownership, and a naturalised company such higher percentage of Australian ownership as it may have attained. Both naturalising and naturalised companies are regarded as Australian-controlled.

Notification requirements

A company accepted by the Government as a naturalised or naturalising company is not required to notify proposals to develop a new resource project that is subject to the 50 per cent rule where it intends to proceed on its own or in partnership with Australian-owned companies or other naturalised or naturalising companies. All other proposals must be notified to the Foreign Investment Review Board. However, notification arrangements applying to new investment proposals by naturalised or naturalising companies in other sectors may be the subject of special agreement with the Government.

The naturalisation arrangements do not apply to foreign participation in uranium projects and do not affect a company's position under the provisions of the Foreign Takeovers Act.

Companies should not feel that they are expected, or have an obligation, to proceed to 'Australianise'. It is a matter for individual companies to decide whether they wish to do so.

Australian Sources of Finance

Foreign-controlled companies incorporated in Australia, or operating here as locally registered foreign companies, may raise

funds for their local requirements in the Australian capital market. (Prior exchange control approval is necessary if borrowings are to be guaranteed from overseas.) Such foreign companies proposing to borrow locally are invited to consider alternative sources of financing, including the raising of local equity by means of new share issues or other placements, subject to normal stock exchange requirements. The Australian Industry Development Corporation is available to assist companies seeking Australian equity partners.

Authority for the Policy

The Government's administration of its foreign investment policy is based on the powers available to it under the Foreign Takeovers Act, the Banking (Foreign Exchange) Regulations and export controls. In the implementation of those aspects of its policy not covered by legislation the Government seeks the co-operation of all parties.