

allow them to acquire interests in existing Australian banks. Under the Banks (Shareholdings) Act, individual or associated holdings in an Australian bank are limited to less than 10 per cent. The Government would also be opposed to acquisitions short of that figure where the intention of the overseas interest was to exercise an influence over the bank concerned. Approval is, however, generally given by the Treasurer for overseas banks to establish representative offices in Australia for liaison purposes.

Non-bank financial intermediaries and insurance companies

The financial sector plays a pivotal role in the economy and all proposals by foreign interests to establish a new non-bank financial intermediary (nbfi) or an insurance company are closely examined. In view of the extensive level of foreign ownership and control in some parts of the financial sector, proposals must show substantial net economic benefits to Australia to obtain approval or, where the net economic benefits are small, must involve an effective partnership between Australian interests and the foreign investor in the ownership and control of the company concerned. In some cases approval may be more readily granted where a financial intermediary's operations are strictly ancillary to other business (e.g. an in-house financier) and do not have significant implications for the financial sector.

All proposals to acquire or increase substantial interests in an existing nbfi or insurance company are closely examined, regardless of the size of the company. Again, substantial benefits must be demonstrated, taking account of the implications of the proposal for the financial sector and for the level of Australian ownership.

Media

Broadcasting and television

Foreign investment in broadcasting and television is governed by the Broadcasting and Television Act, which provides that no less than 80 per cent of the issued capital of a company holding a broadcasting or television licence must be beneficially owned by Australian residents and that no single

overseas shareholder shall have more than 15 per cent of the issued capital of such a company.

Newspapers

All proposals for foreign investment in newspapers in Australia, irrespective of the size of the proposed investment, are subject to case-by-case examination. Foreign investment in mass circulation newspapers is restricted. Further, approval is not normally given to proposals by foreign interests to invest in ethnic newspapers in Australia, unless there is substantial involvement by the local ethnic community and effective local control of editorial policy.

Civil Aviation

Foreign equity in domestic civil aviation is restricted. All proposals for foreign investment in this industry, irrespective of the size of the proposed investment, are subject to case-by-case assessment.

Real Estate

Although the Government's general policy is to welcome foreign investment in Australia, special consideration is regarded as necessary in the case of proposals involving substantial investment in real estate. The Government is concerned that foreign interests should not engage in real estate investment that is of a speculative nature or that is intended purely for capital gain or investment income without accompanying benefits to the Australian economy.

In this context, real estate includes any option or interest in Australian freehold land, or in a lease of land, or improvements thereon, having a term of more than five years, or in a financing arrangement that provides for the sharing of profits from an investment in real estate.

In order to keep to a minimum the real estate proposals requiring notification to the Foreign Investment Review Board, the Government has exempted from the need for foreign investment approval a wide range of transactions (these exemptions do not affect requirements under the Foreign Takeovers Act or Banking (Foreign Exchange) Regulations), as follows: