

Examination of Proposals

The Government seeks to ensure that foreign investment is in accord with Australia's interests by maximising the benefits and minimising any disadvantages of such investment. Proposals are considered on their merits against certain criteria, the most important of which are listed below:

- (a) whether, against the background of existing circumstances in the relevant industry, the proposal would produce, either directly or indirectly, net economic benefits to Australia in relation to the following matters:
 - (i) competition, price levels and efficiency;
 - (ii) introduction of technology or managerial or workforce skills new to Australia;
 - (iii) improvement in the industrial or commercial structure of the economy, or in the quality and variety of goods and services available in Australia; and
 - (iv) development of or access to new export markets.

If a proposal is judged to be not contrary to the national interest on the basis of the above criteria, the following additional criteria are taken into account:

- (b) whether the business or project concerned could be expected to be conducted in a manner consistent with Australia's best interests in matters such as:
 - (i) local processing of materials and the utilisation of Australian components and services;
 - (ii) involvement of Australians on policy-making boards of businesses;
 - (iii) research and development;
 - (iv) royalty, licensing and patent arrangements; and
 - (v) industrial relations and employment opportunities;
- (c) whether the proposal would be in conformity with other Government economic and industrial policies and with the broad objectives of national policies

concerned with such matters as Australia's defence and security, Aboriginal interests, decentralisation and the environment, as well as with Australia's obligations under international treaties;

- (d) the extent to which Australian equity participation has been sought and the level of Australian management and control following implementation of the proposal (see also p. 17);
- (e) taxation considerations (including the manner in which a proposal is to be financed);
- (f) the interests of Australian shareholders, employees, creditors and policy holders affected by the proposal.

All of the criteria are not necessarily relevant to each proposal. The list is drawn on to the extent appropriate in the circumstances of a particular case. In the examination process a liberal approach is taken towards proposals that are accepted as being Australian controlled upon implementation. Except for investment in the natural resources area, in real estate, banking, insurance, financial intermediaries, the media and civil aviation, such proposals are approved unless there are special circumstances.

Where proposals concern areas of the economy in which foreign ownership and control is already extensive, or would become extensive as a result of the implementation of the proposal, the Government expects to see significant economic benefits and/or significant Australian equity participation before approval is granted.

Areas in Which Restrictions Apply to Foreign Investment

There are areas of the economy where, because of national interest considerations, the Australian Government imposes restrictions on foreign investment.

Finance

Banking

It is the policy of the Government, as it has been of all previous Governments since 1945, not to grant foreign interests authority to carry on banking business in Australia or to