

Senate Standing Committee on Economics
ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Inquiry into the FOREIGN INVESTMENT PROPOSALS

2019 - 2020

Division: Foreign Investment Division
Topic: Compliance Under Action Plans
Reference: Written

Question:

Why are companies considered compliant with conditions when they are subject to remedial action plans because they have not met conditions?

Answer:

When a foreign investor purchases an Australian business, it may not be able to instantaneously transform its operations. If conditions imposed on the acquisition require substantive change, the wording of the condition typically specifies the required end-point – for example that all data of Australian customers of the business be stored in Australia. As such, it is appropriate to treat the investor as complying so long as it is implementing an approved plan to achieve full compliance within a timeframe agreed by the Commonwealth.