

Senate Standing Committee on Economics  
ANSWERS TO QUESTIONS ON NOTICE

**Treasury Portfolio**

**Inquiry into foreign investment proposals**

2019 - 2020

**Division:** Foreign Investment Division

**Topic:** Vertical integration

**Reference:** Spoken

**Question:**

ACTING CHAIR: Could you provide on notice some sort of explanation about how vertical integration is considered with regard to the triggering of the Foreign Investment Review Board? If there's a purchase of a single entity and there's a change to that entity, I understand that that triggers inquiry. I would like to understand much more how vertical integration into a whole sector works.

Mr Brake: We can do that.

**Answer:**

Consultation with other government agencies is a fundamental part of the screening of foreign investment proposals. A proposed investment that involves vertical or horizontal integration (such as where the investor and target are in the same industry) may raise national interest concerns, including in relation to competition and critical infrastructure. Treasury consults with the Australian Competition and Consumer Commission, which would make an initial assessment about the likely competitive effects of the proposed transaction and determine whether or not a public review is warranted. Treasury also consults with the Critical Infrastructure Centre, which provides coordinated and comprehensive assessments of national security risks to critical infrastructure in the ports, water, electricity and gas, and telecommunications sectors. In each case, the consultation partner's input would inform Treasury's assessment of the case.