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MEDIA RELEASE — IS AUSTRALIA REALLY OPEN FOR BUSINESS?

And does Australia's regime for reviewing foreign investment transactions discourage vital investment?

Regulating Foreign Direct Investment in Australia is a thought-provoking discussion paper that outlines controversial options to reform the processes for reviewing foreign direct investment applications.

Drawing on OECD and ABS data, author Dr Stephen Kirchner, a research fellow at the Centre for Independent Studies, finds that Australia underperforms its potential in attracting foreign direct investment and that the broadness of the Treasurer's discretion is the next frontier for liberalising foreign investment regulation.

He calls for fundamental reform of Australia's regulatory framework for foreign direct investment to make Foreign Investment Review Board processes more predictable and transparent.

"To me, that's the next step in the reform process, to significantly change the way in which we try to regulate foreign direct investment, put more focus on domestic regulatory frameworks and less emphasis on trying to regulate foreign direct investment at the border", Dr Kirchner explained.

Commenting on the discussion paper, Finsia CEO Russell Thomas F Fin said, "the discussion paper is part of a broader campaign supported by Finsia members to promote the benefits of foreign investment, which is essential to Australia's future prosperity and strengthens vital economic relationships in our region.

"The cost of failing to get the regulatory balance right in respect of foreign direct investment not only includes lost investment, but also associated knowledge transfers, productivity gains and employment opportunities.

"While many of Dr Kirchner's proposals for reform are contentious the recent furore over GrainCorp and delays in securing the Australia–China Free Trade Agreement show that a probing interrogation of Australia's framework for attracting and regulating foreign direct investment could not be more timely."

At an event in Sydney tomorrow, a panel of leading mergers and acquisitions experts including Grant Chamberlain, Merrill Lynch Markets (Australia) Ltd; Anthony Latimer, Norton Rose Fulbright; Professor Ian Harper, Deloitte Access Economics; Tony Mahar, National Farmers Federation; and Olivia Loadwick, Pottinger will debate Dr Kirchner's recommendations.

Regulating Foreign Direct Investment in Australia is available at:
www.finsia.com/policy/campaigns/foreign-direct-investment

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Finsia — the Financial Services Institute of Australasia — is Australasia’s premier membership organisation for the financial services industry.

Finsia advances our members’ careers by building their capability and professional standing – and by connecting them to leading content, insights and influential networks. Finsia also plays a vital role in strengthening the financial services industry through policy initiatives and respected credentials that drive rigorous professional standards.

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