



Queensland Treasury

Our Ref: 04822-2020

The Federal Relations Secretariat
The Treasury
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Dear Secretariat

Thank you for the opportunity to review the exposure drafts of the *Foreign Investment Reform (Protecting Australia's National Security) Regulations 2020* and the *Foreign Acquisitions and Takeovers Fees Imposition Regulations 2020*.

The Queensland Government previously provided a response to the exposure draft of the *Foreign Investment Reform (Protecting Australia's National Security) Bill 2020*. That response identified the need for clarity around the scope of powers under a new National Security Test, the potential disincentives for investors due to increased compliance requirements, and the resourcing implications for Queensland Government agencies.

As with the broader reforms outlined in the first tranche, increased regulation under Australia's Foreign Investment Review Framework could negatively impact investor confidence and investment activity if an appropriate balance between national security risks and certainty for investors is not achieved.

One area where this balance will be critical is the proposed introduction of a 10-year call-in timeframe for the Commonwealth Treasurer to initiate a review of foreign investment action. Longer timeframes and retrospective reviews could act as a disincentive for proposals with investment profiles stretching over many years, such as some collaborative commercialisation activities in the university sector.

While recognising the importance of appropriate oversight to maintain a high level of national security, the Queensland Government considers that the call-in timeframe should be as short as possible, and that the use of call-ins should be kept to a minimum to avoid unnecessary delays and uncertainty.

Given the potential implications for state governments, it is expected that the Australian Government will continue to consult with jurisdictions as further consideration is given to the way in which national security business and national security land classifications are to be adopted.

Several of the proposed reforms also have the potential to boost investor confidence and reduce barriers to investment.

The Queensland Government supports the reinstatement of the monetary thresholds for identifying significant and notifiable foreign investment actions to pre-COVID-19 values, subject to the Australian Government determining that this can be achieved without significant risks to the Australian economy and Queensland businesses.

The proposed exemptions for exploration, mining and production could also support enhanced investment outcomes in the mining sector, providing individual proposals align with Australia's longer-term national security interests.

If you require any further information, please contact Mr Stuart McLaughlin, Director, Economic Strategy, Queensland Treasury, on (07) 3035 1450 or stuart.mclaughlin@treasury.qld.gov.au, who will be pleased to assist.

Yours sincerely



Rachel Hunter
Under Treasurer

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