



Further streamlining and strengthening the foreign investment framework

Overview of reforms

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Introduction

Foreign investment is crucial to Australia's prosperity and remains a core element of the Government's agenda for a more productive, dynamic and resilient economy. Foreign capital supports economic growth, creates skilled jobs, improves access to international markets, and drives competition and innovation across the economy.

At the same time, the international security environment is becoming increasingly complex. New and emerging threats to the national interest and national security demand vigilance to ensure that the foreign investment framework remains fit-for-purpose, proportionate and effective.

To address these challenges, in the 2026-27 Budget, the Government announced a package of legislative, policy and practice reforms to further streamline and strengthen Australia's foreign investment framework. The reforms will ensure that Australia's regulatory settings are well-calibrated to attract and enable low-risk investment, while providing stronger, more flexible tools to identify, manage and respond to high-risk investment, serious non-compliance and avoidance.

These reforms build on the Government's 2024 policy and practice reforms, which have already made progress in reducing processing times for investment proposals, sharpening scrutiny of investment proposals in sensitive sectors, strengthening compliance activities, and enhancing transparency and engagement with investors.

Background

On 31 October 2025, the Treasurer released a discussion paper seeking stakeholder views on issues and options for strengthening and streamlining the framework. Stakeholders overwhelmingly supported streamlining reforms for low-risk investments, faster assessments, more certain and simpler rules, and less duplicative obligations. Stakeholders also supported strengthening reforms which are proportionate to risk, clear and predictable.

The package of reforms announced in the 2026-27 Budget involves:

- Setting a new performance target of deciding all low-risk applications within 30 days (to be implemented from 1 January 2027),
- Updating or removing ineffective conditions on existing foreign investment approvals,
- Amending foreign investment legislation, and making consequential amendments to other legislation as relevant, to further streamline and strengthen the foreign investment framework,
- Streamlining the Register of Foreign Ownership of Australian Assets (the Register), and
- Extending the temporary ban on foreign purchases of established dwellings by 2 years and 3 months until 30 June 2029.

These reforms will have a positive impact on the Government's Productivity Agenda and support broader efforts on regulatory reform and enabling investment. Treasury estimates an overall net direct regulatory burden reduction in the order of \$16 million per year from the legislative measures and larger indirect benefits from faster and fewer approvals.

Streamlining policy and practice

A new target for low-risk applications

From 1 January 2027, the Government will implement a new target of deciding all low-risk applications within 30 days. This means an applicant will either receive a decision or be informed why further assessment is required within 30 days of submitting a completed application.

Low-risk applications will need to have the following characteristics:

- The applicant:
 - has received a foreign investment approval in the past 24 months;
 - is not subject to extrajudicial direction; and
 - has no record of non-compliance or character concerns; and
- The proposed action:
 - is not in a sensitive sector or business;
 - has no national interest sensitivities; and
 - has a straight-forward and transparent corporate transaction structure.

This target will apply to no objection notifications, but not to applications without a statutory deadline such as applications for exemption certificates (see below), variations or retrospective applications.

'Sensitive sectors' will be consistent with those included in Australia's Foreign Investment Policy which is published on foreigninvestment.gov.au.

Where applications are also subject to Australian Competition and Consumer Commission (ACCC) approval or waivers, Treasury will use the ACCC's decision to finalise the competition element of the national interest test. Foreign investment approval will not be given prior to ACCC approval on such matters, but Treasury will seek to align decision dates where possible.

Review of ineffective conditions

Treasury will review conditions on existing foreign investment approvals to update or remove ineffective conditions. Conditions may be removed where obligations overlap with other regulatory regimes or where their reporting burden far outweighs their value.

The review will commence on 1 July 2026, with an initial focus on tax conditions. Treasury will provide further information about the review in July 2026, including details on opportunities for investors to engage with the review.

Streamlining the foreign investment laws

The Government will progress legislative reforms to ensure faster and fewer approvals, reduce regulatory burden and increase certainty for investors.

Broadening Exemption Certificate (EC) powers

The Government will streamline and broaden the existing EC powers to provide the Treasurer flexibility to reduce regulatory burden on low-risk investments. This will allow the Treasurer, where appropriate, to issue broader ECs which switch off or adjust the operation of concepts such as Foreign Government Investor (FGI) status, foreign personhood, tracing, associate rules, and reporting obligations.

This measure will address the current requirement for repeated applications by low-risk investors that are disproportionate to the risk to the national interest. Low-risk investors currently caught by the broad application of tracing rules and FGI status will be the primary beneficiaries.

Decisions to use the broadened powers to grant extended ECs will be made on a case-by-case basis, taking into account an investor's governance arrangements, character, compliance history and sensitivity of the proposed investment. Conditions will be applied to manage risk where necessary.

The fee structure for the additional EC powers will be developed to reflect the associated significant benefit to investors, including the potentially significant reduction in the number of applications that investors will need to submit while the EC remains valid.

Exempting certain lower risk investments from approval requirements

The Government will remove mandatory notification and approval requirements for selected low-risk, minor or incremental acquisitions that do not have significant control implications and generally present low risks. This will result in investors no longer needing to submit applications for a range of low-risk transactions.

This measure includes:

- exempting small percentage increases in existing holdings with no change of control,
- increasing the monetary threshold (currently \$347 million) for non-free trade agreement non foreign government investors in non-sensitive sectors,
- exempting increases in interests in securities with no change in percentage interest, that do not result in a change of control,
- expanding current exemptions for professional trustees,
- expanding the current interfunding exemption to unregistered schemes,
- exempting land subdivisions or amalgamation where ownership does not change, and
- exempting acquisitions of Australian Carbon Credit Units under defined conditions.

To ensure national security is protected, some actions in sensitive sectors may become reviewable national security actions, while actions in non-sensitive sectors may be excluded from the framework entirely.



Ensuring effective operation of tracing

The Government will amend tracing provisions to focus screening on circumstances where upstream entities may have material interests or control. This will ensure tracing provisions are proportionate to risk. This will remove the current burden of notification and reporting obligations on upstream entities in transactions where those entities have minor influence and economic interest but are ‘deemed’ to have a substantial interest under the framework.

The amendments will also allow screening of acquisitions where the upstream entity materially increases their level of control or influence by acquiring interests directly despite earlier screening due to tracing. Transitional arrangements will address transactions that straddle the commencement of legislation implementing these amendments.

Unifying No Objection Notification (NON) powers

The Government will streamline the Treasurer’s existing NON powers by removing inconsistencies and procedural inefficiencies in how those powers can be exercised. This will include enabling the Treasurer (or delegate) to issue NONs more flexibly and more readily vary existing NONs where appropriate.

The reforms will support more efficient administration of NONs, such as facilitating the removal or updating of ineffective conditions, while maintaining appropriate safeguards (including maintaining the requirement for investors to agree to changes).

Increasing the validity period for NONs

The Government will increase the default validity period for NONs from 12 to 24 months, with flexibility to vary periods on a case-by-case basis.

This measure recognises that the current 12-month default period is often insufficient for large or complex transactions with multi-year timelines, which can require investors to seek extensions and therefore add undue regulatory burden. Extending the default period will reduce the need for variation applications, lowering regulatory burden for investors and improving administrative efficiency.

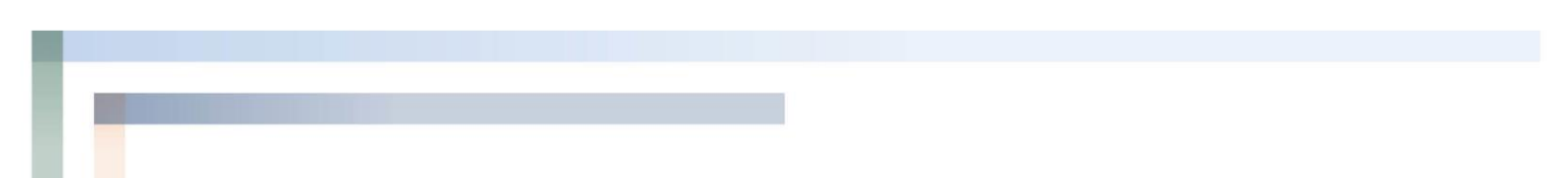
Enabling incorporation of standards

The Government will enable NONs and ECs to incorporate non-legislative standards, such as those issued by Standards Australia.

This will ensure that the requirements imposed on investors through conditions do not become outdated over time and provide greater clarity to investors on their obligations.

Clarifying decision-making timeframes

The Government will remove the statutory time limit that the Treasurer has to consider EC applications to reflect the complexity of EC applications. These applications will require adequate time for detailed and thorough assessment. For time sensitive acquisitions, investors will still be able to seek NONs, which will retain their statutory timeframes.



The Government will also exclude the shutdown period (from Christmas to New Year) from statutory decision-making timeframes in the foreign investment framework. This will provide more predictable timeframes for investors while maintaining the integrity of the statutory timeframes.

Streamlining reporting to the Register of Foreign Ownership of Australian Assets

The Government will streamline the Register by simplifying reporting requirements and reducing duplication in data collection. This will reduce the administrative burden for investors of reporting obligations.

Under these changes, investors will no longer be required to report acquisitions of interests in commercial land, businesses or entities to the Register. Investors will instead be required to register realised acquisitions that were approved by Treasury through Treasury's system for investment proposals, avoiding the need to re-enter information already included in their application.

Acquisitions of water interests, agricultural land and residential land will still need to be reported to the Register. Acquisitions of certain mining tenements will also still be required to be reported to the Register.

Existing reporting obligations will continue until legislative amendments implementing these changes commence.

The reforms will balance reducing the regulatory burden of reporting requirements for investors with ensuring the Government maintains a sufficient degree of visibility over actual foreign ownership of assets. Treasury will consult across government and industry during the development of policy details, to ensure settings balance reducing burden on investors while meeting government data requirements.

Alongside these changes, the ATO will strengthen its administrative support for foreign investors to assist them in meeting their registration and reporting obligations under the foreign investment framework.

This will include improved support to assist foreign investors to register for online services for foreign investors, including associated identity and access requirements. The ATO will provide earlier access to targeted specialist support where system or registration issues arise and enhance guidance and processes to make registration pathways clearer and easier to follow.

Strengthening the foreign investment laws

The Government will progress legislative reforms to improve the tools available to manage high-risk investment and deter bad actors, non-compliance and avoidance.

Enhancing conditions and other requirements on investors

The Government will expand the Treasurer's ability to impose more effective and flexible conditions in NONs and ECs to mitigate risks. New conditions may require an investor to do or not do something before, when, or after the investment is made, with requirements tailored to the risks and the circumstances of proposed medium- or high-risk transactions. Investor engagement will continue to ensure conditions are commercially practicable and only imposed where they are effective and enforceable in mitigating specific risks associated with the transaction.

The Government will also enable the Treasurer to accept statutory undertakings from applicants or third parties to mitigate identified risks as a supplement to the use of the strengthened conditions power.

Strengthened conditions and undertakings will enable mitigation of some risks that currently are not manageable, allowing investments that may currently be subject to prohibition to proceed.

Enhancing orders and directions powers

The Government will enable the Treasurer to issue more targeted and flexible orders and directions. For example, disposal orders might specifically exclude particular entities from acquiring the disposed interests, and prohibition orders might take effect more quickly in high-risk situations.

These changes will restrict investors' ability to circumvent the intention of the orders and directions and enable the Treasurer to more quickly address risks to the national interest and national security. These changes will level the playing field for foreign investors who do comply with the framework by better targeting and strengthening regulatory responses to non-compliance and avoidance.

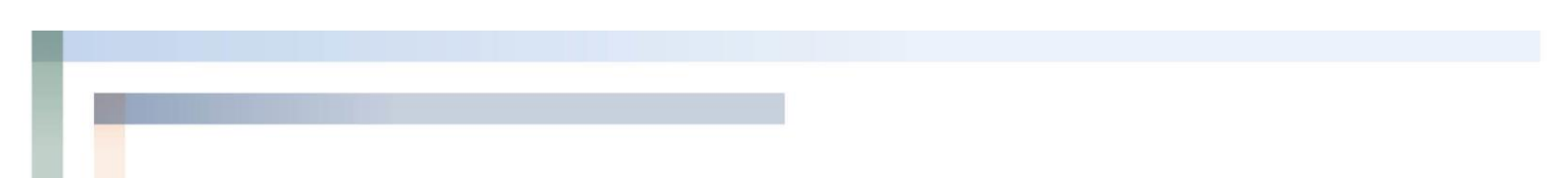
Expanding approval requirements in sensitive sectors

The Government will enable the Treasurer to more quickly adjust mandatory notification requirements for investments in sensitive sectors in response to emerging or changing risks through a new legislative tool. This will ensure timely adjustment of screening requirements in response to emerging risks. The new powers will include clear safeguards to ensure clarity for investors about screening requirements in sensitive sectors.

In addition, the Government will initially expand mandatory notification requirements for certain investments in current and emerging sensitive sectors of the Australian economy, where investment is critical, but can also carry high national security risks.

The expanded requirements would be targeted and proportionate, balancing the regulatory burden on investors with the importance of protecting Australia's national security. Treasury will consult across government and industry on the details of the expanded approval requirements, including definitions for investments in the relevant sectors and the criteria that will trigger screening requirements.

The Government will also expand mandatory notification requirements for mining tenement acquisitions, some of which currently fall outside current notification requirements. This will allow



appropriate scrutiny of acquisitions of mining or production tenements that have associated national security sensitivities.

Improving the utility of the last resort power

The Government will amend the last resort power to ensure that it is fit-for-purpose and can be used in fast-moving or unforeseen national security scenarios, in a proportionate manner. A lower threshold will be introduced for use of the power in circumstances where the Treasurer seeks to impose new conditions, prohibit an action or partially unwind an action. The existing high bar will remain for circumstances where the Treasurer seeks to issue a disposal order.

Currently the last resort power requires that the same high bar be met in all circumstances, regardless of the impact of the intervention that the Treasurer is seeking. This prevents the Government from taking action to protect national security when risks in investments emerge after the initial NON or EC was granted.

This change will not impact the vast majority of investors. Safeguards will be developed in the design of the legislation to ensure that the power is only used rarely in the unique circumstances that the last resort power contemplates. In particular, the power will only be exercised where the intervention is proportionate to the identified national security risk.

Improving the call-in power

The Government will extend the call-in power to cover notifiable actions under the framework. This will address existing situations where actions that are notifiable but not significant cannot be subject to powers that apply to significant actions or reviewable national security actions. Extending the call-in power will enable the Treasurer to assess these actions where necessary and, if required, impose conditions or require disposal.

Ensuring the call-in power can operate appropriately will strengthen the integrity of the framework and ensure appropriate oversight of foreign investment risks.

Expanding oversight of associate relationships

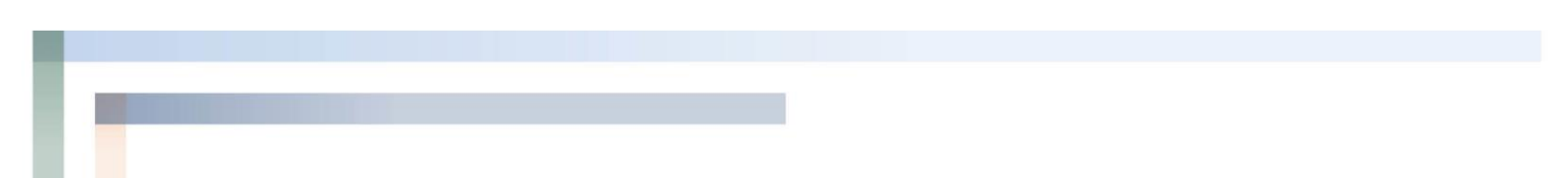
The Government will expand the definition of associate relationships to include additional roles capable of exercising influence (including direct interest holders or persons with debt arrangements that allow the exercise of influence).

This will allow better mitigation of risks arising from third parties linked to a foreign investor via a relationship of obligation or control which is outside the current definition.

This measure will make it easier to identify and assess coordinated ownership or control, improve compliance and enforcement outcomes, and ensure the framework can respond effectively to structures that fragment ownership on paper while maintaining shared influence in practice.

Addressing non-ownership forms of control

The Government will enable oversight and review of commercial arrangements that could pose national security risks through foreign control without ownership, such as offtake agreements and lending arrangements.



The Treasurer will be able to call-in for review, in limited circumstances, non-ownership commercial arrangements that could be used to exert foreign control. Where an arrangement is called in, the Treasurer will be able to screen the arrangement, including imposing conditions or making orders necessary to mitigate potential risks, similar to the existing process for calling-in and reviewing ownership-based forms of control.

This power would be used rarely and would not be intended to interfere with the ordinary course of business, and would not materially impact on the vast majority of transactions. In particular, the power will only be exercised where the intervention is proportionate to the identified national security risk.

Sharing protected information for regulatory purposes

The Government will reduce limitations on circumstances where protected information collected in the assessment of foreign investment applications can be shared. This will support compliance activities relating to high-risk investments, avoidance, national security and national interest objectives. This will also enable information sharing, in specified limited circumstances, with non-government third parties for compliance and investigation purposes, such as financial institutions and legal advisers.

These reforms will not impact the vast majority of investors who comply with the framework.

The reforms will also permit limited public sharing of narrowly defined subsets of protected information for targeted educational and deterrence purposes. The use of protected information for these purposes will be subject to safeguards.

Improving the flexibility of infringement notices

The Government will enhance the flexibility of the infringement notice regime by allowing a single notice to cover multiple alleged breaches, expanding the range of contraventions to which tiers of infringement notices can be applied, and clarifying associated definitions and scope.

This will enable proportionate deterrence with appropriate infringement notices for a wider range of contraventions of the framework.

These reforms will not impact the vast majority of investors who comply with the framework.

Better deterring and penalising avoidance

The Government will align the foreign investment framework with other modern anti-avoidance frameworks to better deter investors, advisers, agents and vendors from avoidance behaviour to appropriately penalise avoidance conduct.

Currently, investors are only considered to have avoided the application of the framework if avoidance is the “sole or dominant purpose” of their behaviour – a relatively high threshold. Even if this test is met, the Treasurer has limited ability to impose penalties on investors or advisers who have tried to avoid their legal obligations under the framework. These reforms will level the playing field for all foreign investors by strengthening responses to attempts to avoid Australia’s foreign investment laws.

These reforms will not impact the vast majority of investors who comply with the framework. The measure will also be designed to distinguish avoidance behaviour from ordinary professional advice and legitimate transaction structuring.



Legislative Reform Timeline

Treasury will develop the details of the legislative reforms outlined in this paper, having regard to policy, legal, and implementation considerations.

The timing of legislative amendments necessary to implement the reforms is a matter for Government.

Stakeholders will have an opportunity to comment on the details of the reforms through consultation on exposure draft legislation, consistent with the usual legislative development process.