

EXPOSURE DRAFT



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Foreign Investment Reform (Protecting Australia's National Security) Regulations 2020

I, General the Honourable David Hurley AC DSC (Retd), Governor-General of the Commonwealth of Australia, acting with the advice of the Federal Executive Council, make the following regulations.

Dated 2020

David Hurley
Governor-General

By His Excellency's Command

Josh Frydenberg [DRAFT ONLY—NOT FOR SIGNATURE]
Treasurer

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1 Name

This instrument is the *Foreign Investment Reform (Protecting Australia's National Security) Regulations 2020*.

2 Commencement

- (1) Each provision of this instrument specified in column 1 of the table commences, or is taken to have commenced, in accordance with column 2 of the table. Any other statement in column 2 has effect according to its terms.

Commencement information		
Column 1	Column 2	Column 3
Provisions	Commencement	Date/Details
1. The whole of this instrument	1 January 2021.	1 January 2021

Note: This table relates only to the provisions of this instrument as originally made. It will not be amended to deal with any later amendments of this instrument.

- (2) Any information in column 3 of the table is not part of this instrument. Information may be inserted in this column, or information in it may be edited, in any published version of this instrument.

3 Authority

This instrument is made under the *Foreign Acquisitions and Takeovers Act 1975*.

4 Schedules

Each instrument that is specified in a Schedule to this instrument is amended or repealed as set out in the applicable items in the Schedule concerned, and any other item in a Schedule to this instrument has effect according to its terms.

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Schedule 1 National security

Schedule 1—National security

Foreign Acquisitions and Takeovers Regulation 2015

1 Section 26

Omit:

Division 3 exempts the acquisition of certain interests from being significant actions or notifiable actions. Those interests are, however, taken into account in determining whether a person is a foreign person for the purposes of the Act.

Division 4 provides exemptions relating to particular significant actions or notifiable actions. The Division also deals with the effect of exemption certificates prescribed by this instrument.

substitute:

Division 3 exempts the acquisition of certain interests from being significant actions, notifiable actions or notifiable national security actions. Those interests are, however, taken into account in determining whether a person is a foreign person for the purposes of the Act. Division 3 does not apply to an action that is a reviewable national security action.

Division 4 provides exemptions relating to particular actions. The Division also deals with the effect of exemption certificates prescribed by this instrument.

2 Division 3 (heading)

Repeal the heading, substitute:

Division 3—Exemptions for certain actions

3 Section 28

Before “This Division”, insert “(1)”.

4 Section 28 (note)

Omit “or notifiable actions”, substitute “, notifiable actions or notifiable national security actions”.

5 At the end of section 28

Insert:

- (2) This Division does not apply in respect of an action that is a reviewable national security action.

6 Subdivision C of Division 3 of Part 3 (heading)

Repeal the heading, substitute:

Subdivision C—Actions relating to entities

7 Subdivision D of Division 3 of Part 3 (heading)

Repeal the heading, substitute:

Subdivision D—Actions relating to Australian land etc.

8 Division 4 of Part 3 (heading)

Repeal the heading, substitute:

Division 4—Other exemptions

9 Subdivision A of Division 4 of Part 3 (heading)

Repeal the heading, substitute:

Subdivision A—Exemptions relating to particular actions

10 At the end of subsection 40(1)

Add:

Note: An action covered by subsection (1) may still be a notifiable national security action, see section 25A of the Act.

11 Before paragraph 41(1)(a)

Insert:

(aa) section 25A of the Act (meaning of *notifiable national security action*);

12 Paragraph 41(1)(b)

Repeal the paragraph, substitute:

(b) Part 4 of the Act (notices required for notifiable actions and notifiable national security actions, and may be given of other actions);

13 Paragraph 41(1)(c)

After “the Act”, insert “or the regulations”.

14 Subsection 41A(1)

Repeal the subsection, substitute:

- (1) This section applies in relation to the following provisions:
- (a) section 25A of the Act (meaning of *notifiable national security action*);
 - (b) Division 3 of Part 2 of the Act (meaning of *notifiable action*);
 - (c) Part 4 of the Act (notices required for notifiable actions and notifiable national security actions, and may be given of other actions);
 - (d) any other provision of the Act or the regulations to the extent that it relates to either of those provisions.

15 At the end of Subdivision B of Division 4 of Part 3

Add:

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Schedule 1 National security

43BA Exemption certificates for actions that would otherwise be notifiable national security actions

- (1) A foreign person may apply for a certificate under this section if the foreign person proposes to take:
 - (a) an action that is a notifiable national security action; or
 - (b) one or more kinds of actions that are notifiable national security actions.

Note: See also Part 6 (fees) and section 135 (manner of notification and application) of the Act.

- (2) The Treasurer may give a certificate if the Treasurer is satisfied that the taking of the action, or the kinds of actions, by that foreign person is not contrary to national security.
- (3) The certificate must specify:
 - (a) the foreign person to whom the certificate relates; and
 - (b) the action or kinds of actions to which the certificate relates.

Note: For other things that the certificate may specify, see section 60 of the Act.

- (4) For the purposes of subsection 25A(3) of the Act, an action is not a **notifiable national security action** if:
 - (a) the action is proposed to be taken by a foreign person and would, but for this section, be a notifiable national security action; and
 - (b) the foreign person is specified in an exemption certificate in force under this section; and
 - (c) the action or the kind of action is specified in the certificate; and
 - (d) any conditions specified in the certificate are met, other than a condition imposing an obligation to report to the Treasurer in the 30 day period before the certificate expires.

43BB Exemption certificates for actions that would otherwise be reviewable national security actions

- (1) A foreign person may apply for a certificate under this section if the foreign person proposes to take:
 - (a) an action that is a reviewable national security action; or
 - (b) one or more kinds of actions that are reviewable national security actions.

Note: See also Part 6 (fees) and section 135 (manner of notification and application) of the Act.

- (2) The Treasurer may give a certificate if the Treasurer is satisfied that the taking of the action, or the kinds of actions, by the foreign person is not contrary to national security.
- (3) The certificate must specify:
 - (a) the foreign person to whom the certificate relates; and
 - (b) the action or kinds of actions to which the certificate relates.

Note: For other things that the certificate may specify, see section 60 of the Act.

- (4) For the purposes of subsection 37B(6) of the Act, an action is not a **reviewable national security action** if:
-

- (a) the action is proposed to be taken by a foreign person and would, but for this section, be a reviewable national security action; and
- (b) the foreign person is specified in an exemption certificate in force under this section; and
- (c) the action or the kind of action is specified in the certificate; and
- (d) any conditions specified in the certificate are met, other than a condition imposing an obligation to report to the Treasurer in the 30 day period before the certificate expires.

16 Subsection 56(4) (heading)

Repeal the heading, substitute:

Exception—non-material interests in businesses that are not sensitive businesses or national security businesses

17 Paragraph 56(4)(d)

After “sensitive business”, insert “or a national security business”.

18 After section 59

Insert:

59A Time limit for national security review of actions

For the purposes of subsection 37C(2) of the Act, the time prescribed is 10 years.

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Schedule 2—Passive investments

Foreign Acquisitions and Takeovers Regulation 2015

1 Section 5

Insert:

property means any legal or equitable estate or interest (whether present or future and whether vested or contingent) in real or personal property of any description and includes a thing in action.

2 Section 17

Before “For”, insert “(1)”.

3 Section 17

After “For”, insert “the purposes of”.

4 Subparagraph 17(d)(i)

Omit “an interest of at least 20%”, substitute “a substantial interest”.

5 Subparagraph 17(d)(ii)

Omit “aggregate interest of at least 40%”, substitute “aggregate substantial interest”.

6 At the end of section 17

Add:

- (2) However, a person is not a *foreign government investor* if:
- (a) the person is a corporation, trustee of a unit trust or general partner of a limited partnership and would not be a foreign government investor but for:
 - (i) subparagraph (1)(b)(ii), (c)(ii) or (d)(ii); or
 - (ii) paragraph (1)(e) to the extent that it relates to any of those subparagraphs; and
 - (b) the corporation, trustee of the unit trust or general partner of the limited partnership operates a scheme (within the ordinary meaning of that word) that has the following the features:
 - (i) people make contributions, by way of consideration, to acquire rights to benefits produced by the scheme (*rights in the scheme*) (whether the rights are actual, prospective or contingent and whether they are enforceable or not);
 - (ii) any of the contributions are to be pooled to produce financial benefits, or benefits consisting of rights or interests (within the ordinary meaning of that word) in property, for the people (the *members*) who hold rights in the scheme;
 - (iii) the members are not able to influence any individual investment decisions, or the management of any individual investments, of the corporation, trustee or general partner under the scheme; and
 - (c) each foreign government or separate government entity that holds an interest in the corporation, unit trust or limited partnership:

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Passive investments **Schedule 2**

- (i) holds the interest only as a member of the scheme; and
- (ii) does not have access to any sensitive information about investments under the scheme (other than sensitive information that is financial information).

7 Paragraph 45(5)(a)

Omit “subparagraph (b)(ii)”, substitute “subparagraph (1)(b)(ii)”.

8 Paragraph 45(5)(b)

Omit “paragraph (e)”, substitute “paragraph (1)(e)”.

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Schedule 3 Reinstating monetary thresholds

Schedule 3—Reinstating monetary thresholds

Foreign Acquisitions and Takeovers Regulation 2015

1 Section 5

Insert:

existing value has the meaning given by subsection 58(6).

GDP implicit price deflator value has the meaning given by subsection 58(6).

2 After subsection 38(4)

Insert:

Acquisition of interests in residential land used for residential care, retirement villages and certain forms of student accommodation

- (5) All of the following apply:
- (a) the land is used for:
 - (i) premises that provide for residential care; or
 - (ii) a retirement village; or
 - (iii) premises that provide accommodation to students in connection with an education institution that is not a school;
 - (b) the foreign person is not a foreign government investor;
 - (c) the value of the land acquired is less than:
 - (i) if the land is covered by paragraphs 52(6)(b) and (c)—the value prescribed by item 3 of the table in subsection 52(5); or
 - (ii) otherwise—the value prescribed by item 4 of the table in subsection 52(5).

Note: A value prescribed by an item in the table in subsection 52(5) may be indexed under section 58.

3 After subsection 40(1)

Insert:

Thresholds for agricultural land acquired by certain investors

- (2) A relevant agreement country investor, or an enterprise or national of Thailand (other than a foreign government investor), who takes an action relating to an interest in agricultural land may, for the purposes of subsections 52(2) and (3) of the Act, disregard the fact that the land is agricultural land.

Note 1: The effect of this subsection is that the threshold test in, and the thresholds prescribed for the purposes of, subsection 52(3) (and not subsection 52(2)) of the Act apply in relation to the land.

Note 2: Agricultural land that is not used wholly and exclusively for a primary production business may also be residential land or commercial land.

Wind or solar power station owners and operators

- (2A) An owner or operator, or an associate of an owner or operator, of a wind or solar power station, who takes an action relating to an interest in agricultural land for the sole purpose of acquiring or operating a wind or solar power station already located on the land (whether on or beneath the surface) may, for the purposes of subsections 52(2) and (3) of the Act, disregard the fact that the land is agricultural land.

4 Part 4

Repeal the Part, substitute:

Part 4—Thresholds

49 Simplified outline of this Part

Certain actions are only significant actions or notifiable actions if the threshold test is met. This Part prescribes values for that test.

There is a single threshold value for action taken in relation to agribusinesses.

For entities (being corporations or unit trusts) and Australian businesses other than agribusinesses, the threshold value depends on who takes the action and whether the action is taken in relation to a sensitive business.

The threshold value for land depends on who takes the action, the kind of land in relation to which the action is taken and other circumstances. Some land has no threshold value.

Most of the threshold values prescribed under this Part are indexed each year (see Part 5A).

50 Certain actions taken in relation to agribusiness

The following table prescribes a value for section 51 of the Act (agribusinesses) to the extent that that section relates to item 1 of the table in that section.

Threshold value for certain actions taken in relation to agribusinesses		
Item	For action taken by ...	the value (in millions of dollars is ...
1	any foreign person	60.

Note: A value prescribed by this section is indexed under section 58.

51 Taking action in relation to entities and businesses

The following table prescribes values for section 51 of the Act (entities and businesses) to the extent that that section relates to items 2 to 5 of the table in that section.

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Schedule 3 Reinstating monetary thresholds

Threshold value for entities and businesses

Item	For action taken by ...	the value (in millions of dollars) is ...
1	an agreement country or region investor where the action relates to: (a) an entity, or a subsidiary of an entity, that is not carrying on a sensitive business or a trustee of a trust that does not hold assets of a sensitive business; or (b) a business that is not a sensitive business	1 192.
2	any foreign person in any other circumstances	275.

Note: A value prescribed by this section is indexed under section 58.

52 Land

Land without threshold value

- (1) For subsection 52(1) of the Act, the following land is prescribed:
- (a) residential land, except residential land covered by subsection (2);
 - (b) commercial land that is vacant;
 - (c) a mining or production tenement, except a tenement being acquired by a relevant agreement country investor;
 - (d) land (including land otherwise covered by subsection (4) or (5)) acquired by a foreign government investor;
 - (e) land held by an Australian land corporation or the trustee of an Australian land trust (except an agricultural land corporation or an agricultural land trust) if:
 - (i) the interest in Australian land that is acquired by a foreign person is an interest in a share in the corporation or a unit in the trust; and
 - (ii) the land is not covered by subsection (3).

Residential land not covered by subsection (1)

- (2) Residential land is covered by this subsection if:
- (a) the land is also commercial land that is not vacant; and
 - (b) the area of land that is residential land (excluding any commercial residential premises) is less than 10% of the total area of the land; and
 - (c) the value of the land that is residential land (excluding any commercial residential premises) is less than 10% of the total value of the land; and
 - (d) a reasonable assessment of the area and value of the land was made in determining that the land is covered by paragraphs (b) and (c).

Note: The threshold for land covered by this subsection is in the table in subsection (5).

Land held by Australian land corporation or trustee not covered by subsection (1)

- (3) Land held by an Australian land corporation or the trustee of an Australian land trust is covered by this subsection if:

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Reinstating monetary thresholds **Schedule 3**

- (a) the total value of interests in the following land held by the corporation or trustee is less than 10% of the value of the total assets of the corporation or trustee:
- (i) residential land, except interests in land covered by subsection (3A);
 - (ii) commercial land that is vacant;
 - (iii) a mining or production tenement, except a tenement being acquired by a relevant agreement country investor; and
- (b) a reasonable assessment of the value of the interests was made in determining that the land is covered by paragraph (a).

Note: The threshold for land covered by this subsection is in the table in subsection (5).

(3A) The following land is covered by this subsection:

- (a) residential land covered by paragraph 38(5)(a);
- (b) residential land covered by subsection (2) of this section.

Threshold value for agricultural land

(4) The following table prescribes a value for paragraph 52(2)(b) of the Act (agricultural land).

Threshold value for agricultural land		
Item	For this kind of land ...	the value (in millions of dollars) is ...
1	agricultural land that is being acquired by a foreign person	15.
2	agricultural land that is held by an agricultural land corporation or an agricultural land trust if the interest that is being acquired by a foreign person is an interest in a share in the corporation or a unit in the trust	15.

Note: The threshold test and thresholds relating to agricultural land do not apply in relation to land acquired by a relevant agreement country investor or an enterprise or national (other than a foreign government investor) of Thailand (see subsection 40(2)).

Threshold value for any other land

(5) The following table prescribes values for paragraph 52(3)(b) of the Act (any other land).

Threshold value for any other land		
Item	For this kind of land ...	the value (in millions of dollars) is ...
1	land described in paragraph 52(3)(a) of the Act if the land: (a) is being acquired by an agreement country or region investor; and (b) is not covered by item 1A	1 192.
1A	land described in paragraph 52(3)(a) of the Act that: (a) meets all the conditions mentioned in subsection (6) of this section; and (b) is being acquired by an agreement country or region investor where the entity is an enterprise or resident of the	60.

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Schedule 3 Reinstating monetary thresholds

Threshold value for any other land		
Item	For this kind of land ...	the value (in millions of dollars) is ...
	region of Hong Kong, China	
2	land described in paragraph 52(3)(a) of the Act that is: (a) being acquired by an enterprise or national of Thailand (other than a foreign government investor); and (b) used wholly and exclusively for a primary production business	50.
3	land described in paragraph 52(3)(a) of the Act that: (a) meets all the conditions mentioned in subsection (6) of this section; and (b) is being acquired by a foreign person (except an agreement country or region investor)	60.
4	land described in paragraph 52(3)(a) of the Act if: (a) the land is not covered by item 3; and (b) the land is held by an Australian land corporation or the trustee of an Australian land trust; and (c) the interest in Australian land that is acquired by a foreign person (except an agreement country or region investor) is an interest in a share in the corporation or a unit in the trust; and (d) the land is covered by subsection (3)	275.
5	land described in paragraph 52(3)(a) of the Act that is being acquired by any foreign person in any circumstances other than those mentioned in another item of this table	275.

Note 1: A value prescribed by this section (except by subsection (4) and item 2 of the table in this subsection) is indexed under section 58.

Note 2: Section 71 deals with the threshold value for land described in paragraph 52(3)(b) of the Act being acquired by an agreement country or region investor where the entity is an enterprise or national of Peru.

Conditions for lower threshold

- (6) For the purposes of items 1A and 3 of the table in subsection (5), the conditions are the following:
- (a) the land is commercial land that is not vacant;
 - (b) the interest in the land being acquired gives a right to occupy the land or to be involved in the central management and control of the entity that holds the land;
 - (c) any one or more of the following applies at the time the interest in the land is acquired:
 - (i) the land will be leased to the Commonwealth, a State, a Territory or a Commonwealth, State or Territory body, except land leased to bodies covered by subsection (6A);
 - (ii) the land will be fitted out specifically for a business of a kind mentioned in subsection (7);

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Reinstating monetary thresholds **Schedule 3**

- (iii) the land will be fitted out specifically to store, handle or dispose of biological agents on the List of Security-sensitive Biological Agents (within the meaning of the *National Health Security Act 2007*);
- (iv) an authorisation under a law of the Commonwealth, a State or a Territory will allow materials that are regulated under that law to be produced or stored on the land;
- (vi) a mining operation will operate on the land;
- (vii) a stored communication (within the meaning of the *Telecommunications (Interception and Access) Act 1979*) will be stored on the land;
- (viii) the failure of part of a network unit (within the meaning of the *Telecommunications Act 1997*) on the land will result in telephony or internet services not being provided on other land;
- (ix) servers critical to an ADI (within the meaning of the *Banking Act 1959*) or a stock exchange in Australia will be located on the land;
- (x) public infrastructure will be located on the land.

(6A) This subsection covers a corporate Commonwealth entity (within the meaning of the *Public Governance, Performance and Accountability Act 2013*) other than the following bodies:

- (a) the Australian Nuclear Science and Technology Organisation;
- (b) Comcare (the body corporate established under section 68 of the *Safety, Rehabilitation and Compensation Act 1988*);
- (c) the CSC (short for Commonwealth Superannuation Corporation) within the meaning of the *Governance of Australian Government Superannuation Schemes Act 2011*;
- (d) the Commonwealth Scientific and Industrial Research Organisation;
- (e) the Reserve Bank of Australia.

(7) For the purpose of subparagraph (6)(c)(ii), the businesses are:

- (a) a business of a kind covered by paragraph 22(2)(b) (sensitive businesses);
or
- (b) a business of providing storage of bulk data.

5 Paragraph 56(4)(c)

Omit “\$55 million”, substitute “\$60 million”.

6 Subsection 56(4) (note)

Omit “Note”, substitute “Note 1”.

7 Subsection 56(4) (after note)

Insert:

Note 2: The total asset value prescribed by paragraph 56(4)(c) is indexed under section 58.

8 After Part 5

Insert:

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Schedule 3 Reinstating monetary thresholds

Part 5A—Indexation

58 Indexation of values prescribed by Parts 4 and 5

- (1) For subsection 139(2) of the Act, a value prescribed in a section of Part 4 (except in subsection 52(4) or item 2 of the table in subsection 52(5)) and Part 5 is to be indexed each calendar year. This section explains how to work out the value (the *indexed value*) for a calendar year.

Note: Subsection 52(4) prescribes the threshold value for agricultural land. Item 2 of the table in subsection 52(5) prescribes the threshold value for certain land being acquired by an enterprise or national of Thailand (other than a foreign government investor).

Indexation

- (2) The indexed value for the year is worked out in accordance with the formula:

$$\frac{\text{Existing value for the year} \times \text{GDP implicit price deflator value for the year}}{100}$$

Rounding

- (3) If an indexed value worked out under subsection (2) would not be a multiple of \$1 000 000, the indexed value is rounded to the nearest multiple of \$1 000 000 (rounding up if the indexed value ends in \$500 000).

Indexation only to increase values

- (4) However, if the value worked out under subsection (2) for a year (after any rounding under subsection (3)) is less than the existing value for the year, the indexed value for the year is that existing value.

Changes by the Australian Bureau of Statistics

- (5) Values are to be worked out under this section:
- (a) using only the index numbers published in terms of the most recently published index reference period for the GDP implicit price deflator value; and
 - (b) disregarding GDP implicit price deflator values that are published in substitution for previously published GDP implicit price deflator values (except where the substituted numbers are published to take account of changes in the index reference period).

Definitions

- (6) In this instrument:

existing value for a year means:

- (a) if a value specified in a section of this Part has not been previously increased under this section—the original value; or
- (b) otherwise—the indexed value for the previous year.

GDP implicit price deflator value for a calendar year means the GDP implicit price deflator value that was published by the Australian Bureau of Statistics in

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Reinstating monetary thresholds **Schedule 3**

the publication *Australian System of National Accounts* (cat. 5204.0) for the last financial year that ended before the calendar year.

9 Section 65

Repeal the section.

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Schedule 4 Integrity amendments

Part 1 Australian businesses carried on by or land acquired from government

Schedule 4—Integrity amendments

Part 1—Australian businesses carried on by or land acquired from government

Foreign Acquisitions and Takeovers Regulation 2015

1 Paragraph 31(1)(b)

Repeal the paragraph, substitute:

- (b) a body corporate established for a public purpose by or under a law of the Commonwealth, a State or a Territory;
- (c) an entity wholly owned by the Commonwealth, a State, a Territory, a local governing body or a body corporate covered by paragraph (b).

2 Paragraph 31(2)(c)

Repeal the paragraph (including the example), substitute:

- (c) an acquisition of an interest in Australian land that, at the time of the acquisition, is national security land; or
- (d) an Australian business the assets of which include:
 - (i) an interest in Australian land to which paragraph (b) or (c) applies; or
 - (ii) a legal or equitable interest in an exploration tenement in respect of Australian land that is national security land; or
- (e) an Australian business that is a national security business.

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Integrity amendments **Schedule 4**
Tracing interests through unincorporated limited partnerships **Part 2**

Part 2—Tracing interests through unincorporated limited partnerships

Foreign Acquisitions and Takeovers Regulation 2015

3 Section 5

Repeal the following definitions:

- (a) definition of *general partner*;
- (b) definition of *limited partner*;
- (c) definition of *limited partnership*.

4 Section 48 (heading)

Omit “and trusts”, substitute “, trusts and unincorporated limited partnerships”.

5 Section 48 (note)

Omit “and trusts”, substitute “, trusts and unincorporated limited partnerships”.

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Schedule 4 Integrity amendments

Part 3 Moneylending agreements

Part 3—Moneylending agreements

Foreign Acquisitions and Takeovers Regulation 2015

6 At the end of subsection 27(1)

Add:

; and (c) the interest is not:

- (i) an interest in Australian land that is national security land; or
- (ii) an interest in a tenement that is an exploration tenement in respect of Australian land that is national security land; or
- (iii) an interest in an asset of a national security business.

Schedule 5—Technical amendments

Foreign Acquisitions and Takeovers Regulation 2015

1 Section 5 (definition of *Australian media business*)

Repeal the definition, substitute:

Australian media business means an Australian business of doing one or more of the following:

- (a) publishing daily newspapers in Australia;
- (b) broadcasting television or radio in Australia;
- (c) operating an electronic service (including a service provided through the internet) accessible to persons in Australia that delivers, or allows access to, content that:
 - (i) is in the form of data, text, sounds, images or in any other form; and
 - (ii) is similar to a newspaper or radio or television broadcast;
- (d) producing content described in paragraph (c), to be delivered, or made accessible, through a service described in paragraph (c).

2 At the end of Division 2 of Part 3

Add:

27A Revenue streams from mining or production tenements

- (1) The Act does not apply in relation to an interest in a mining or production tenement if:
 - (a) the interest is covered by paragraph (d) of the definition of *mining or production tenement* in section 4 of the Act, and not by any of the other paragraphs of that definition; and
 - (b) the interest is a right to have income that will or may be derived from the tenement paid to, or applied or accumulated for the benefit of, the person holding the interest; and
 - (c) the interest is not a proprietary right, and does not give the person holding the interest a right to occupy the land, or to control or influence who enters or occupies the land.
- (2) However, subsection (1) does not apply if:
 - (a) the interest is an asset of a national security business; or
 - (b) the interest is in respect of Australian land that is national security land.

27B Exploration tenements acquired by non-government foreign investors

The Act does not apply in relation to an interest in an exploration tenement if:

- (a) the entity that holds or acquires the interest is a foreign person who is not a foreign government investor; and
- (b) the exploration tenement is not in respect of Australian land that is national security land.

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Schedule 5 Technical amendments

3 Section 29 (heading)

Repeal the heading, substitute:

29 Devolution

4 Section 29

Omit “will or”.

Schedule 6—Application and transitional provisions

Foreign Acquisitions and Takeovers Regulation 2015

1 In the appropriate position in Part 7

Insert:

75 Application of the Foreign Investment Reform (Protecting Australia’s National Security) Regulations 2020

Application of Schedule 2 (Passive investments)

- (1) The amendments made by Schedule 2 to the amending regulations apply in relation to an action taken, or proposed to be taken, on or after 1 January 2021, unless:
 - (a) the action is notified to the Treasurer before 1 January 2021; or
 - (b) the Treasurer has given a no objection notification in relation to the action before 1 January 2021; or
 - (c) an exemption certificate, given by the Treasurer before 1 January 2021 in relation to the action, is in force; or
 - (d) the Treasurer has made an order under Division 2 of Part 3 of the Act in relation to the action before 1 January 2021.

Application of Schedule 3 (Reinstating monetary thresholds)

- (2) The amendments made by Schedule 3 to the amending regulations apply in relation to an action taken on or after 1 January 2021.
- (3) Section 58 (about indexation) applies on and after 1 January 2021.

Application of Schedule 4 (Integrity amendments)

- (4) The amendments made by Schedule 4 to the amending regulations apply in relation to:
 - (a) a provision of the Act; and
 - (b) an action that is taken or proposed to be taken;in accordance with the following rules:
 - (c) if the provision is amended or inserted by Schedule 1 to the *Foreign Investment Reform (Protecting Australia’s National Security) Act 2020*—to the same extent as the provision, as so amended or inserted, would apply in relation to the action or proposed action in accordance with that Schedule, but for the operation of Part 3 of this instrument;
 - (d) for any other provision of the Act—if the action is taken, or proposed to be taken, on or after 1 January 2021.

Application of Schedule 5 (Technical amendments)

- (5) The amendments made by Schedule 5 to the amending regulations apply in relation to an action taken, or proposed to be taken, on or after 1 January 2021.

EXPOSURE DRAFT

Schedule 6 Application and transitional provisions

Definitions

(6) In this section:

amending regulations means the *Foreign Investment Reform (Protecting Australia's National Security) Regulations 2020*.