

16 May 2011

Senate Economics Committee
Parliament House, CANBERRA ACT 2600
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Questions on Notice
Inquiry into Foreign Acquisitions Amendment (Agricultural land) Bill 2010

QoN No.	Hansard Page Reference	Senator	Witness/organisation	Question
16	E58	Xenophon	National Farmers' Federation	<p>Senator XENOPHON—I have three more questions. I am conscious of time. Firstly, we heard at evidence earlier today from the New Zealand Overseas Investment Office about their threshold. They have 75 to 100 applications a year. A lot of them are turned over within 15 working days and some take as long as six months. There is a two per cent rejection rate, subject to judicial review. They have had four or five judicial reviews in the last few years. The investment office's decisions have all been upheld. What have you heard from your New Zealand colleagues, your brother or sister organisation in New Zealand, in terms of the effectiveness of their foreign investment regime, which is completely different from ours in the way they approach things? How has that impacted on farming, confidence and the like?</p> <p>Mr McElhone—We have not had any feedback at this point from our New Zealand counterparts.</p> <p>Mr Laurie—We could find out for you.</p> <p>Senator XENOPHON—It would be interesting.</p>

NFF Response – The NFF has written to Federated Farmers in New Zealand following the Senate Inquiry but at the time of writing had not received a reply.

17	E59	Xenophon	National Farmers' Federation	<p>Senator XENOPHON—My final question relates to the review that is being undertaken by the Australian Bureau of Statistics and ABARES, working separately but with some overlap. What input has the NFF had into it because the concern I and, I think, others may have is that the quality of the information being gathered may be questioned in some cases as to how deep they are going in</p>
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NFF Response – The NFF provided input to the Government at the start of the process asking that a number of issues be taken into account within the Government’s program to strengthen transparency of foreign ownership of rural land and agricultural food production. The NFF suggested that the study needed to include the following:

- Undertake analysis on the extent of foreign investment in the Australian agricultural supply chain. This should include factors such as:
 - The level of foreign investment in Australian agriculture.
 - The level of foreign investment broken down by agricultural commodity.

- A breakdown of the countries undertaking foreign investment within Australian agriculture.
- A breakdown between how much of this foreign investment has been undertaken by state owned enterprises.
- Undertake analysis on the amount of 'control' foreign entities have over Australian agricultural resources (as distinct from 'ownership').
- What role do other countries see Australia playing in delivering food security to their people?
- Explain how the drivers for foreign investment within Australian agriculture may have changed over time. How much is food security now a driver?
- Discuss the potential benefits and the potential risks for Australian agriculture (and the Australian economy more broadly) that have resulted or may result from foreign investment within Australian agriculture.
 - Are the risks greater in certain commodities?
 - Is there potential for foreign investment to undermine the existing marketing mechanisms and pricing transparency needs of Australian farmers where these underpin farm gate price determination?
- Analyze and compare other international foreign investment regulatory regimes and discuss the pros and cons of these.
- Analyze the role of the Foreign Investment Review Board (FIRB) and the Australian Competition and Consumer Commission (ACCC) in providing assurances that foreign investment within Australian agriculture is in the national interest. How could these systems be improved? For example:
 - Are the FIRB notification thresholds appropriate?
 - Is the FIRB national interest test appropriate?
 - Should there be a transparent register listing foreign investment in agricultural land and supply chain assets?
 - In what circumstances could FIRB parameters be an unwanted deterrent to foreign investment within Australian agriculture and its supply chain?
- What implications may there be for the Australian Government in its own considerations about our own national food policy?
- Other considerations that the Australian government should consider in its policy deliberations on foreign investment within Australian agriculture and its supply chain.

The NFF understands that the ABS Survey into foreign ownership will have limitations in addressing all of the issues outlined about by the NFF and that the survey will largely focus on discovering the top line level of foreign ownership of agricultural businesses, land and water resources. We have received advice from the Government that has been clear about these limitations. However, the NFF believes that this survey will still provide a level of information that far exceeds what we have had in the past and will assist in the broader review process.

Yet the NFF hopes that the second track of the review process, undertaken by ABARES and RIRDC, will be able to analyse the remaining elements outlined by the NFF through a combination of quantitative and qualitative information. We will continue to put pressure on the Government to ensure that this is the case.