



16<sup>th</sup> April 2020

The Chair  
Mr George Christensen MP  
Joint Standing Committee on Trade and Investment Growth  
PO Box 6021  
Parliament House  
Canberra ACT 2600

### **Inquiry into Diversifying Australia's Trade and Investment Profile**

Dear Mr Christensen

The Pastoralists and Graziers Association of WA (Inc) (PGA) is a non-profit industry organisation established in 1907, which represents primary producers in both the pastoral and agricultural regions of Western Australia.

As a state farming organization, the PGA has a genuine interest in retaining access to overseas markets and varied sources of investment for farm businesses.

Farmer members of the PGA grow wool, cereal grains, pulses, oilseeds, sheepmeats, beef and live animals for export.

Western Australia's agricultural industries are highly export orientated;

- Almost 100% of wool is exported,
- 94% of cereal grains are exported,
- 89% of oilseeds are exported,
- 80% of sheepmeat is exported,
- 35% of beef is exported,
- 29% of sheep were exported live, and 26% of cattle.

After mining, agriculture is Western Australia's second biggest commodity exporter.

Consequently access to overseas markets is critical to the prosperity of the Western Australian primary production sector, and by extension the nation's economy.

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Rather than addressing each particular Term of Reference the PGA seeks the Committee's leave to make general, but pertinent comments.

The PGA notes that four of the Terms of Reference mention foreign investment.

The PGA's view is that investment money is agnostic, that is, the worth of money is determined by its face value, not its origin.

Further, foreign investment in Australia will always be subject to the laws of the Commonwealth of Australia, not least the Foreign Investment Review Board, and the laws of the various state and territory jurisdictions.

For example, in Western Australia, the ALP took a policy of introducing a 4% tax on foreign residential property buyers to the 2017 state election, and in its second budget it increased the rate to 7%.

The point of this example is to show that foreign investment is always subject to the sovereignty of Australian Governments.

With respect to trade agreements, and trade markets, these are vital to the future prosperity of Australian agriculture.

According to the National Farmers Federation, Australia exports 75% of its agricultural produce, because Australia has a relatively small population that consumes less than it produces.

Access to overseas markets is vital to sell this surplus over domestic consumption, and trade agreements are vital to securing this access.

In particular, the Terms of Reference mention bilateral trade agreements twice.

The reason Australia has to pursue these types of bilateral arrangements is because the current (Doha) Round of the World Trade Organisation negotiations to lower trade barriers broke down in 2008. The alternative to bilateral agreements are no agreements, and no market access to some countries.

However, the PGA does acknowledge Australia's heavy reliance on the China market for wool imports.

This does not only apply to Australia, as China is also the largest exporting destination for each of the other major wool producing and exporting countries (New Zealand, Uruguay, Argentina and South Africa).

India is Western Australia's second major wool market behind mainland China.

The reason for this is that China has pursued the market liberalisation of its economy since the 1990s, whereas India's agricultural sector is subject to a high degree of policy intervention, with partly-opposing objectives of maintaining farmer incomes, food security and affordable grain supplies to low-income households.

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This is achieved through minimum producer support prices, input subsidies, public distribution systems, import tariffs, changing import conditions and other technical barriers to trade that distort the market in the Indian agricultural commodity sector.

The PGA notes that although Australia and India have been negotiating a Comprehensive Economic Cooperation Agreement since 2011, the last round of negotiations was held in September 2015.

Consequently, the PGA would encourage the Joint Standing Committee to urge the Commonwealth Government to resume its negotiations to reduce barriers to trade with India that would allow Western Australian agricultural commodities access to the Indian domestic market place.

At this point, it might be worth mentioning that our own Government is sometimes responsible for obstructing Australia's trade.

It was our own Government that suspended the trade in live cattle to Indonesia in 2011.

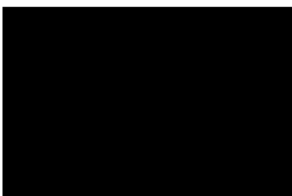
The requirement by the Commonwealth Government that importing countries of live animals meet the conditions of the Exporter Supply Chain Assurance System has prevented Australia from trading in sheep with Saudi Arabia, as they believe it impacts their sovereignty due to Australian oversight in Saudi abattoirs.

As recently as March this year, the Commonwealth Government imposed restrictions on the export of sheep to the Middle East in the northern hemisphere summer, such that there is now a multi-month ban on live sheep exports to Middle East markets.

An unkind observer could say that our own Government causes as much disadvantage to Australia's trade relationships and the economic risk of primary producers as foreign investment and trade agreements.

In conclusion, it is important that this inquiry does the work of the Parliament and not those with partisan agendas. Fair and accountable inquiries seek to deliver substantive justice and procedural fairness. They hear the evidence and weigh it up, and deliver a balanced conclusion.

Yours Faithfully



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