

28 September 2011

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Committee Secretary
Senate Standing Committee on Rural Affairs and Transport
PO Box 6100
Parliament House
CANBERRA ACT 2600

By Email: rat.sen@aph.gov.au

Dear Committee Secretary

RE: Examination of the Foreign Investment Review Board National Interest Test

NSW Farmers welcomes the opportunity to submit a response to the Senate Committee on Rural Affairs and Transport's Foreign Investment Review Board's (FIRB) National Interest Test Inquiry.

NSW Farmers appreciates the significant benefit foreign investment has given to the agricultural industry throughout the previous decades. Foreign investment has provided significant amounts of capital that have resulted in job creation and economic growth across the country. This investment has been not been limited to the purchase of land, but also spread out throughout the supply chain, including the transport, processing, and wholesaling sectors of the agricultural industry. NSW Farmers hopes to encourage further productive investment within agriculture that will benefit the national economy and is in the best long term interest of the nation.

However, NSW Farmers are concerned by some recent perceived developments in the media surrounding investment in the agricultural sector. NSW Farmers believes that there should be a clear distinction between investments originating from companies based overseas and investments from sovereign entities, or sovereign owned enterprises. Any investment with market distorting intent should be of serious concern to the Australian Government. NSW Farmers does not welcome any investment whose intentions are not to fully participate in the free market, resulting in a reduction in net social benefit.

Aside from sovereign entities, there is also concern surrounding market power in the agricultural sector. Although the FIRB are responsible for ensuring a purchase is in the best interest of a nation, commonly they only preside over large takeovers and neglect smaller acquisitions. There is concern that the current threshold for investments having to be approved by the FIRB is too high. This threshold allows for investors to buy significant areas of land without having to undergo a review process.

Going off the NSW Government's Land & Property Information, a foreign (non-US) company could purchase the following amounts of agricultural land in the specified regions and still be able to avoid being reviewed by the FIRB:

Location	Size of property (ha)
Cooma	318,334
Bourke	16,584,344
Narrabri	119,658

Aside from reviewing the investment, it is just as important to be able to monitor foreign investment. NSW Farmers welcomes the Government's decision to collect data on foreign investment in agriculture, which has been partially released. This information will give a greater understanding as to the scope of investment across the country. However, a one-off survey is not adequate in this situation. NSW Farmers believes that a register is required that records all foreign investment in Australia's agricultural assets in order to guide future policy decisions. Information is an imperative when composing an informed policy response to a perceived change in circumstance. This register would be particularly useful in clearly demonstrating when or if creeping acquisitions are occurring. NSW Farmers believes that the establishment of a national register is far more important initially than the alteration of the national interest test.

Yours sincerely

Matt Brand
CHIEF EXECUTIVE OFFICER