

23 September 2011

Ms Jeanette Radcliffe
Committee Secretary
Senate Standing Committees on Rural Affairs and Transport
PO Box 6100
Parliament House
Canberra ACT 2600

Examination of the Foreign Investment Review Board National Interest Test

Response to Letter from Mrs Dominique Mathieu

Dear Ms Radcliffe,

Thank you for the opportunity to provide a response to the submission made to the Inquiry by Mrs Dominique Mathieu.

Hassad Australia (HA) recognises that foreign investment is a pertinent issue in Australian agriculture and appreciates the opportunity to provide information to the Senate Standing Committee on Rural Affairs and Transport in relation to the Examination of the Foreign Investment Review Board National Interest Test.

HA is an Australian company that was established in November 2009 as the first overseas investment by the Qatar based Hassad Food Company.

HA operates a diversified portfolio of sheep and grain enterprises across eastern Australia and is building a leading Australian agriculture company committed to excellence in food production.

The success of HA's business is underpinned by the strength and experience of its highly skilled Australian management team who strive for excellence in productivity and sustainability.

The HA Board has three Australian directors and three Qatari directors. The Chair of Hassad Australia is also the Chair of the Hassad Food Board.

HA has properties in the following six locations:

- Clover Downs, Cunnamulla QLD (sheep and wool)
- Gindurra, Canowindra NSW (sheep, wool and grain)
- Raby Station, Warren NSW (sheep, wool and grain)
- Kaladbro, Strathdownie VIC (sheep and wool)
- Old Bundemar, Trangie NSW (sheep, wool and grain)
- Barton Station, Moyston VIC (sheep, wool and grain)

It is worth noting that much of the land purchased was previously held by foreign owned companies. However, all investments made by HA, regardless of their value, are subject to review and approval by the Foreign Investment Review Board (FIRB), a process which the company fully supports.

HA also supports the examination of the FIRB national interest test, and is cooperating with the inquiry process.

HA would like to provide the following responses to each of Mrs Mathieu's questions:

1. *As I understand, all of what they produce is shipped straight to Qatar.*

HA will market produce into a range of domestic and overseas markets based on best available returns.

On average HA expects the majority of its production will be exported, in line with the majority of Australian agricultural production.

2. *Local stock agents, abattoirs, saleyards will be affected, which means less jobs.*

HA sees its success as being underpinned by the prosperity of local communities and businesses where it operates. HA places a strong emphasis on buying locally in each region, and where possible uses local suppliers and contractors.

HA focuses on locating employees for its operations from within local communities, creating local employment opportunities. As HA invests in the productivity of its farms we see ourselves increasing employment opportunities.

HA also invests in local communities by supporting local community organisations such as sporting clubs and show societies, providing training and education support, investing in regionally based R&D and field trials, conducting business with local suppliers and operators, and sponsoring local events and activities.

HA operations will in fact create more opportunities for Australian businesses to not only be involved in servicing the HA operations, but to also have access to additional market opportunities created by HA and its parent operations overseas.

3. *Where will the sovereign fund pay tax on their profit and how will their produce be valued?*

HA is an Australian company and as such is bound by all local legislation and regulations. This means that all profits will be taxed in Australia, as an Australian resident company. Produce will be valued in the same way as all other agricultural companies engaged in export activities.

4. *Local farmers cannot expand their enterprise as Hassad Australia is paying a premium of up to 20% for land.*

HA operates to generate commercial returns on its assets. Asset purchases therefore undergo very strict scrutiny and due diligence, including independent valuation by Australia's leading rural valuers. It is not in HA's interest to pay above market value for assets.


5. *Risk to the wool industry as they are breeding middle eastern breed "self shedding sheep" which will contaminate the wool of merinos sheep on adjoining farms.*

HA's farms run mostly Merinos, as well as crossbred and some fat tailed sheep. The sheep bred and run on HA's farms are established breeds that have been in Australia for many years.

The company has developed plans for managing sheep on each property. Like any good business, we talk to our neighbours so they know about the stock we are running and ensure appropriate boundary fencing is in place and maintained.

In conclusion, foreign investment has always been an important feature of agriculture in Australia and without it Australian agriculture would lose important capital investment and access to international markets.

HA is a committed investor in Australian agriculture for the long term and will look to partner with key research organisations and invest in research and development to support future innovation. We strive to be an organisation that excels in our responsibilities by being a good corporate citizen and actively contributing to and supporting the local communities where we operate.

 Yours sincerely

Tom McKeon
Chief Executive Officer