

24th February 2011

Department of the Senate
PO Box 6100
Parliament House
Canberra ACT 2600
Australia

To whom it may concern,

**RE: Senate Economics Committee Enquiry into the Foreign Acquisitions
Amendment (Agricultural Land) Bill 2010**

The Rural Industries Research and Development Corporation (RIRDC) is a statutory corporation established under the *Primary Industries and Energy Research and Development Act 1989*.

RIRDC's goal is to increase knowledge that fosters sustainable, productive and profitable new and existing rural industries and increase understanding of national rural issues through R&D.

The issue of foreign ownership of Australian agriculture is a national rural issue of importance that RIRDC has been considering for some time. Recently, RIRDC has been working with the office of Senator the Hon. Joseph Ludwig (Minister for Agriculture Fisheries and Forestry) to develop a terms of reference for a project to investigate this issue. A copy of the Minister's Press Release is attached.

I am pleased to advise that RIRDC is currently finalising a contract with the Australian Bureau of Agricultural and Resource Economic and Sciences to undertake this work. It is anticipated that the work will be completed in October 2011.

Yours sincerely

Craig Burns
Managing Director
Rural Industries Research and Development Corporation

Joint media release

Assistant Treasurer, Minister for Financial Services and Superannuation, The Hon. Bill Shorten
Minister for Agriculture, Fisheries and Forestry, Senator Joe Ludwig

Government action to strengthen foreign investment transparency

23 November 2010
DAFF10/053LSJ

The Gillard Government has today determined a prompt and responsible course of action to strengthen transparency of foreign ownership of rural land and agricultural food production.

The Minister for Agriculture, Fisheries and Forestry and the Assistant Treasurer have developed an information gathering process to address some emerging community concerns in this area.

This two-track approach will involve the Australian Bureau of Statistics and the Rural Industries Research and Development Corporation, who will in turn work with ABARE-BRS to undertake the project.

“Whether there really are foreign ownership issues to be concerned by here or whether there is actually a gap developing between anxiety and reality is the key question at hand,” Assistant Treasurer Bill Shorten said.

“I am therefore asking the Australian Bureau of Statistics (ABS) to help give us a better picture of the foreign investment landscape. This will specifically involve using data from the ABS Agricultural Census early next year to address outstanding questions about rural land and water ownership.”

This Census is sent to 171,000 agricultural businesses for the purposes of obtaining commodity, water and land use information at the small geographic area level. The ABS will also work with agricultural economists commissioned by the Government as they undertake an agribusiness surveying exercise.

The Minister for Agriculture, Fisheries and Forestry, Senator Joe Ludwig has asked the Rural Industries Research and Development Corporation to consider commissioning a research project to explore the nature of foreign investment in Australian agriculture.

“Australia’s food supply is secure and is built on a strong agriculture sector,” Minister Ludwig said.

Existing ABARE-BRS data shows that around 99 percent of broad acre and dairy farms in Australia are family operated. Of the 1 percent of non-family farms, it found around 0.1 percent are foreign owned.

“Foreign investors are interested in Australia’s agriculture for a number of reasons, including that we are an efficient producer of high quality food,” Minister Ludwig said.

“Last year we had a food trade surplus of over \$14 billion and we are currently exporting around 60 per cent of our agricultural production. What’s more 98 percent of our fresh produce is grown and supplied by our very own farmers.

“Foreign investment is vital for Australian farmers and regional communities because it supports local jobs and economic growth and prosperity.

“However some members of the community are concerned about ownership of rural land and agricultural businesses by foreign investors. This debate requires cool heads and a proper contemporary and historical picture of foreign investment in Australian agriculture.”

Specifically the research project will consider the role and history of foreign investment in the development of agriculture in Australia, the extent of foreign ownership of Australian agricultural land and the factors driving foreign investment in Australian agriculture.

The Rural Industries Research and Development Corporation will work with ABARE-BRS to undertake the project. Such a project will examine ownership structures over time for a subset of agri-business firms such as meat processing, sugar refining, dairy marketing and other high profile sectors.

“The approach we have taken here has already involved some detailed discussions with Senator Xenophon and we look forward to seeing this commonsense, cross-government and indeed cross-parliamentary approach continue,” the Assistant Treasurer said.

“It’s in everyone’s best interest to prioritise good policy over anxious politics. The first task before speculating on anything else however is to gain a better picture of the existing investment profile here.”