



Additional Support Committee
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Committee Secretary,

On behalf of The National Farmers' Federation (NFF), I welcome the opportunity to provide a submission to the Senate Economics Legislation Committees' inquiry into the Foreign Investment Review Framework.

The NFF is the peak national body representing farmers and the agriculture sector across Australia. The NFF's membership comprises all Australia's major agricultural commodities. Operating under a federated structure, individual farmers join their respective state farm organisation and/or national commodity council. These organisations form the NFF.

Foreign Investment into Agriculture

The NFF supports foreign investment in Australian agriculture and recognises the important role it has and will continue to play in a vibrant agricultural supply chain. To date, foreign investment has proven to be overwhelmingly positive for Australian farmers and regional communities. It has delivered significant amounts of capital into our production systems at a time when finance from the banks has been harder to access. This capital has improved our efficiency and ensured that our farmers can continue to compete in a highly distorted global marketplace for agricultural commodities.

The NFF welcomed the recent amendments to the *Foreign Acquisitions and Takeovers Act 1975*. The safeguards enacted by the amendments, including the \$15 million cumulative screening threshold for agricultural land and \$55 million for agribusiness, help to ensure that due consideration is given to foreign ownership coming into the sector. While the NFF sought a full cost recovery model, the NFF welcomes the capped contribution investors must make to the cost of screening their application. Doing this will help to maintain adequate resources within the Foreign Investment Review Board (FIRB).

Beyond these changes, the NFF also welcomed the establishment of the Agricultural Land and Water Register, which requires foreign investors to register their land and water purchases. Collecting this data will aid policy development with regards to foreign investment into the sector by presenting a facts based picture of the investment ownership landscape. Additionally, such a register will assist in addressing community concerns around investment in Australian agriculture, where misconception is commonplace.

The National Interest Test & Foreign Investment Review Board Procedures

Broadly speaking, the NFF seeks a transparent and effective National Interest Test, which is applied to investors in a timely and consistent manner by the FIRB. To this end, what constitutes the National Interest Test must be publicised to the greatest extent possible to ensure both the sector and investors clearly understand the criteria their applications will be assessed against.

In addition, underpinning much of this is the need for the FIRB to be well resourced. The capped-contribution of the investor to cover the cost of screening will go part of the way to ensuring resources are available to effectively and promptly assess applications. Despite this, the NFF urges the Government to maintain and where necessary increase the FIRB's resourcing.

More specifically, the NFF seeks a number of changes to the operation of the FIRB. Upon making an approval decision, the FIRB should make publically available a thorough explanation with regards to their decision making process. Included in this should be a specific explanation of the interpretation of the National Interest Test and the weightings placed on the various criteria. Clearly articulating the outcomes of applications will not only give confidence to the sector, but will ensure future investors have a clear understanding of what is expected of them when seeking to invest. This will in turn improve the quality of application received by the FIRB, benefiting both the regulator and the applicant.

Specific to the agricultural sector, the NFF maintains its support for at least one member of the FIRB to have agricultural expertise. For a growing sector that is seeking capital inflows, the number of applications will undoubtedly rise.

Strong compliance measures must be in place to ensure that investment is in the best interests of the Australian agricultural sector. It is important that processes are well-resourced to undertake clear monitoring, reporting and compliance with, any FIRB or Government conditions of any investment.

Rejected Sale of Kidman and Co.

The NFF recognises the unique nature of the sale of S. Kidman & Co. As Australasia largest private leaseholder, and with significant holdings within a defence zone, the sale understandably presented regulators with a range of considerations. As outlined by The Treasurer when rejecting the proposed sale, the decision was strongly influenced by advice received from the Department of Defence concerning the Anna Creek station and its proximity to the Woomera Military Zone. The NFF is not in a position to comment on such advice, and respects the decisions made by the FIRB in this regard.

Throughout the sale process, the NFF used the well documented sale as a means to highlight the need for capital injections into the sector. While communicating our desire to see foreign investment, and articulating the role of such foreign interest as a proxy indicator of sector strength, the NFF urged Australians to invest in the sector. With \$2.3 trillion invested in superannuation funds, the NFF made clear its desire to see domestic capital such as this directed towards agriculture.

Port of Darwin lease sale

The NFF recognises concerns held around the sale of the 99 year lease to a partly foreign owned entity. While avoiding making specific comments on this commercial and national security aspects of the transaction, the NFF urges the inquiry to recognise the vital role capital inflows will play in developing Northern Australia.

Northern Australia holds significant potential to be transformed into a regional agricultural powerhouse. As the *Developing Northern Australia White Paper* outlined, an abundance of available land and irrigation potential ensures the region has the underpinnings for strong growth and development. Despite this, agricultural development will not occur without significant capital inflows. This capital is needed across the entire supply chain, from on-farm development to transport and export facilities.

From discussions with NFF members in the live cattle export industry, the sector has a strong desire to see facilities such as ports upgraded to cater for growing demand. Without such investment to improve the capability and efficiency of our supply chains, farmers selling cattle into these markets will face lower prices. Thus, the NFF supports investors who are willing to invest in the future of Australia's supply chain, especially in the North.

Should you seek any further information, please do not hesitate to contact Tony Mahar, Deputy Chief Executive,

Kind Regards,

Tony Mahar

DEPUTY CHIEF EXECUTIVE