



The Committee Secretary
Senate Standing Committees on Rural and Regional Affairs and Transport
PO Box 6100
Parliament House
Canberra ACT 2600
Australia

Dear Sir

AN EXAMINATION OF THE FIRB NATIONAL INTEREST TEST

The Agribusiness Council of Australia (ACA) understands the fundamental importance of all forms of investment (including foreign investment) which assists with the development of our economy and contributes enormously to our gross domestic product (GDP) through all sectors.

Foreign investment has been a part of Australia's DNA since we were first settled over two centuries ago. It built the Sydney Harbour Bridge for example, and it has funded many of our infrastructure projects which would not have been built if access to foreign capital was unavailable. Not to mention all the benefits derived to governments, businesses, families, and individuals.

In understanding foreign investment there is a societal expectation to understand how this relates to and impacts on each industry sectors and our current and future requirements, especially in an ever-changing and complex world.

The ACA is very pleased that this inquiry has been undertaken, but perplexed as to why, with our history of foreign investment, it has taken so long to examine it in more detail.

A previous Senate Inquiry into agricultural and agribusiness education and training has identified "market failure" in the provision of skilled industry-relevant people for Australia's main wealth-creating industries. Therefore, solutions must be found at a macro level; and that is why the ACA are calling for Government to act as a catalyst and assist our establishment as a "Peak Industry Body" for Australia's 2nd largest industry, one which has a pivotal role and stake in land access and ownership. The ACA supports any efforts to provide clarity about the extent of the foreign ownership in Australia (across all classes and segments), including qualify how these investments are impacting our strategic industries. Only by engaging with the whole agribusiness sector can the Government actually deliver on any national goals relating to carbon exchange in the environment, food security, bio-security and all the national security issues related to them.

Agribusiness Council of Australia

The ACA believes that Australia (all jurisdictions) is behind other nations in providing accurate information about our land assets, particularly in relation to Australia's governance of natural and agricultural resources.

The ACA seeks to gain more widespread understanding of the coming global food crises, the scale of which is unprecedented and global response are, to date, wholly underwhelming in efficacious treatment of the issues. Within the Australia context (for example), there will be a rising shortage of all types of agricultural land as we run out of carbon based fuels. If we were to replicate the American experience, expect 25% of current agricultural land being converted to bio-fuel production (for example). The implications of that are profound.

The ACA believes that there must be a better way to appropriately protect Australia's productive land resources. The world will increasingly need Australia to produce more than its current food exports (all forms) in order to meet even modest increases in demand, let alone the size of demand actually expected in the future. The challenges before us are formidable indeed.

The ACA suggests that any 'land register' must not only record all transactions for businesses, their industry configurations (extent of foreign ownership), class of asset (e.g. water and land assets), but the FIRB must also have a separate criteria classification for productive (wealth-creating) land, water and industry related infrastructure. An appropriate regard to 'risk rating' of those assets would also appear wise (i.e. assessed in terms of terms of national risk and importance (Note: The ACA notes that banks do this constantly). Perhaps, before that can happen, the ABS needs to update the SIC codes to better reflect agribusiness as a separate industry classification (with appropriate criteria for classification). The ACA would be happy to elaborate on this suggestion at any time.

We are pleased to present this initial response, our full response will be uploaded by Friday 24th August, it will further assist the Committee in its deliberations. The ACA submission seeks to provide a clearer understanding of the required decision-making capacity of the industry to assist government in the future. Accordingly, the ACA recommends the Committee examine ways of improving the transparency of decisions made by the FIRB, particularly to credible and relevant peak industry bodies (such as the ACA).

Yours sincerely

Ian Joseph
Chair