



February 25, 2011

Mr. John Hawkins
Committee Secretary
Senate Standing Committees on Economics
PO Box 6100
Parliament House
Canberra ACT 2600

Dear John,

Foreign Acquisitions Amendment (Agricultural Land) Bill 2010

The Western Australian Farmers Federation (Inc.) (WAFarmers) thanks you for the opportunity to comment on the Senate Standing Committees on Economics' Inquiry into the Foreign Acquisitions Amendment (Agricultural Land) Bill 2010.

As background, WAFarmers is the State's largest and most influential rural lobby and service organisation. WAFarmers represents approximately 4,000 Western Australian farmers from a range of primary industries including grain growers, meat and wool producers, dairy farmers, pastoralists, horticulturalists, commercial egg producers and beekeepers. Collectively our members are major contributors to the \$5.5 billion gross value of production that agriculture in its various forms contributes annually to Western Australia's economy. Additionally, through differing forms of land tenure, our members own, control and capably manage many millions of hectares of the State's land mass and as such are responsible for maintaining the productive capacity and environmental well being of that land.

WAFarmers, as a member of the National Farmers Federation, has provided comment to their submission to this Inquiry. As such, whilst we feel that it is unnecessary to duplicate their comments in this submission we request that our comments be considered in-tandem with those of the National Farmers Federation.

On a value basis, over 70 per cent of Western Australia's agrifood produce is exported annually. Western Australia has a reputation as a reliable source of high quality agricultural produce. It also has low land prices, in a globally sense, and stable government and regulatory processes. Naturally enough, this also makes the State attractive to foreign investment. Whilst it is not with the foreign investment itself, WAFarmers concern stems from the potential for any unintended or perverse outcomes to accompany the investment.

As a recent example of this, large scale levels of investment in Western Australian agricultural land last occurred through tax-driven Managed Investment Schemes (MIS). This saw the realignment of at least 100 000 hectares of Western Australian land to some form of MIS. The Senate Select Committee on Agricultural and Related Industries, in their Final Report 'Food Production in Australia (August 2010), noted that *"The effect of MIS is to distort investment decisions to the detriment of traditional farmers in these industries, and those competing for the same land and water resources. The allocation of resources towards agricultural activity should always be guided by price signals and profitability, rather than by personal tax incentives."*

WAFarmers raises this issue as demonstration that without a sound and functional regulatory and assessment process for foreign investment, there exists the potential for existing farm businesses to be dramatically impacted by investment which is not aligned to the traditional market mechanisms.

In response to the Inquiry's Terms of Reference, WAFarmers' position is that we:

- Believe there is a need for greater transparency in the current and future ownership of Australian farmland by foreign interests.
- Are supportive of a process which requires an online publication of 'applications of interest in Australian agricultural land.'
- Believe that the proposed figure of '5 hectares' needs reviewing, and could be based on a financial value rather than area (given the existing trigger of \$231 million). This review should recognise the larger size of Australian farms (compared to that of New Zealand) and the need to also capture high value businesses, such as specialty horticultural producers, which may be occurring on smaller areas of land.
- Require greater clarity on the definition and intent of 'foreign investment' particularly in terms of (1) sovereign ownership and (2) the source/management relationship between the originator of the funds and the in-country management of the investment.
- Do not believe that implementation of WAFarmers position would have a negative impact on investment in Australian farm land by foreign interests.

WAFarmers again thanks you for the opportunity to make a submission to this inquiry, and we request an opportunity to address the Inquiry, should you hold public hearings. To arrange that or to further discuss the issues raised in this submission, please do not hesitate to contact WAFarmers Director of Policy, Alan Hill on 9486 2100.

Yours sincerely
(...)

Mike Norton
President