

**SENATE RURAL & REGIONAL AFFAIRS & TRANSPORT
REFERENCES COMMITTEE**

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**Inquiry into the Examination of the Foreign Investment Review Board
National Interest Test**

Friday, 17 February 2012

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Statement of Terry Brabin, CEO, BFB Pty, Ltd.
to the
Senate Rural and Regional Affairs and Transport References Committee, 17th February 2012

Good morning Chairman Heffernan and members of the committee. My name is Terry Brabin, and I am the chief executive officer of BFB Pty, Ltd., located in Temora, New South Wales. Founded 20th May 1985, BFB is a diversified agricultural commodity-based company. Our activities include cropping, grain storage and handling, logistics, fertilizer distributors, fuel distribution, a contract piggery producing 120,000 pigs per year. In carrying out these activities, we employ 66 full-time staff, the bulk of our staff live in Temora or on property owned by the company. We also hire contractors and seasonal help as may be required. Our vision is to be a leading agricultural production and services company in New South Wales.

BFB has two major shareholders. My family and I own about 12 percent of the company, and two investment funds managed by Black River Asset Management own collectively about 83 percent. The remaining 5 percent is owned by two of BFB's Australian board members.

Our board of directors is made up of five members, one of whom is the portfolio manager of the Black River funds. The other four directors include myself; Shane Bird, BFB's risk manager; Pico Fyfe, a local grain and livestock farmer; and our nonexecutive chairman, Andrew White. We four are all Australians. Like most boards, our board deals with decisions about business strategy, financial structure and capital investment. Decisions about BFB's day-to-day operations are made by myself and my management team.

The Black River funds first invested in BFB in June 2009. As private equity funds, they raise capital from qualified, third-party investors such as pension funds and university endowments, and invest in companies such as ours, taking a long-term view.

Black River Asset Management is a global alternative asset management firm based in Minnetonka, Minnesota. It is an independently managed subsidiary of Cargill, an international producer and marketer of food, agricultural, financial and industrial products and services. Cargill is a passive minority investor through one of the Black River funds, and its ownership translates to a less than 5 percent position in BFB.

As you may know, we operate farms, growing wheat and canola primarily, and some rotation of barley. We own about 35,000 hectares, of which we will plant about 30,000 hectares this year. We sell our crops at market-based rates and commercial terms, most often to Cargill/ AWB at our delivery site in Temora.

Black River and BFB share a common view that investing in Australian agriculture is a solid, diversifying investment that offers the capacity to earn a good return. We aim to increase our farm productivity through our employees, sound agronomic practices and efficient operations. We believe this strengthens our ability to continue to grow profitably and responsibly. As this committee is well aware, the world is becoming more populated and will need to produce much more food in the years ahead, and mostly from the same land that is under cultivation today. Australia is an important part of ensuring

adequate food and feed, both for our own needs here at home as well as for those living in countries not blessed with the necessary natural resources of soil, sun and water.

Through our relationship with Black River, BFB has the capital resources to grow our company, which allows us to continue creating good jobs in the Temora community. Our company believes strongly in giving back to the community. We have given in excess of \$750,000 to the community since inception. We support most of the Temora area sports every year and have given to numerous projects such as the community heated pool.

Thank you for providing this opportunity to introduce BFB, as to why I am here, I am here because Senator Bill Heffernan asked me to attend. Cheers