



The Hon David Bradbury MP
Assistant Treasurer
Minister Assisting for Deregulation



The Hon John Murphy MP
 Chair
 Standing Committee on Petitions
 PO Box 6021
 Parliament House
 CANBERRA ACT 2600

24 JUL 2012

Dear Mr. ^{John,} Murphy

Thank you for your letter of 21 May 2012, reference number 652/1058, concerning foreign investment.

The Government, like previous governments, is committed to a case-by-case approach to considering foreign investment proposals. This approach maximises investment flows while protecting Australia's national interest. In the agricultural sector, it helps ensure that investments do not adversely affect the sustainability of Australia's national agricultural resources, including their economic, social and environmental contribution to Australia. The Government does not support an approach that would impose blanket bans or restrictions or involve government compulsorily acquiring commercial interests in food companies.

Foreign investment has helped build Australia's economy and will continue to enhance the wellbeing of Australians by supporting economic growth and prosperity. The *Foreign Acquisitions and Takeovers Act 1975* provides the legislative framework for the Government to review significant foreign investment proposals on a case-by-case basis. It enables the Treasurer to block proposals that he finds contrary to the national interest or impose conditions on an investor to address national interest concerns. All foreign governments and their related entities must notify the Foreign Investment Review Board and receive approval for direct investments, new businesses and land acquisitions, irrespective of the value of the investment.

However, the Government recognises community concerns about the sale of rural land and agricultural businesses to foreign investors and is taking steps to ensure that its policy in this area is well understood and is also strengthening the transparency of foreign ownership of rural land and agricultural food production.

The Government is committed to facilitating foreign investment in the agricultural sector, consistent with protecting Australia's national interest. The Government's 18 January 2012 Policy Statement on Foreign Investment in Agriculture also provides detailed guidance on specific factors typically considered in relation to proposed acquisitions in the agricultural sector. These include the impact of the proposal on the quality and availability of Australia's agricultural resources, including water; land access and use; agricultural production and productivity; Australia's capacity to remain a reliable supplier of agricultural production, both to the Australian community and to our trading partners; biodiversity; and employment and prosperity in Australia's local and regional communities.

The September 2011 release of the *Agricultural Land and Water Ownership Survey* by the Australian Bureau of Statistics (ABS) confirmed that Australia's agricultural industry is mostly Australian owned. It found that 99 per cent of agricultural businesses in Australia and around 89 per cent of Australian agricultural land are entirely Australian owned and a further 6 per cent of Australian agricultural land is majority owned by Australians. In addition, more than 90 per cent of water entitlements for agricultural purposes in Australia are entirely Australian owned. These results are broadly comparable with levels of foreign ownership of agricultural businesses and land reported in the agricultural census of 1983-84.

The Australian Bureau of Agricultural and Resource Economics and Sciences report *Foreign investment and Australian agriculture*, released in January 2012, found that Australia has a high level of food security and produces more than twice the amount of food it consumes. It concluded that foreign investment in the agricultural sector enhances Australia's food security by increasing efficiency and productive capacity and contributing to incomes, infrastructure and employment, often in regional areas. Its assessment was that foreign investment is vital in supporting growth and jobs for Australian farmers and regional communities and that lower levels of foreign investment could carry significant risks for Australia's agricultural communities.

To build on this work, in January 2012, the Government announced an expansion of ABS statistical data collection activities including the expansion of the Agricultural Census to provide ongoing information on ownership of Australian agricultural businesses, land and water. On 15 June 2012, the Government also established a working group to consult on the development of a Commonwealth foreign ownership register for agricultural land. A national foreign ownership register for agricultural land would provide the community with a more comprehensive picture of the specific size and locations of foreign agricultural landholdings over and above what is currently available. The Government will pursue a register where it will clearly improve transparency of foreign ownership in agriculture without imposing unnecessary burdens on investors or duplicating work already undertaken by State and Territory governments.

Australia is in the fortunate position of producing significantly more food than we consume. In 2010-11 Australia exported \$27.1 billion worth of food products, compared with imports in the same year of \$10.6 billion. In recent years we have been able to export more than half of our food production, depending on crop sizes, while still ensuring that over 90 per cent of our fresh produce is domestically grown and supplied. This provides significant capacity to meet our future food needs, and to be a significant and reliable supplier to the world food market.

However we cannot be complacent, particularly given challenges such as climate change, resource constraints and an increasing population. The Government has committed to developing Australia's first national food plan to help achieve its vision of a sustainable, globally competitive, resilient food supply that supports access to nutritious and affordable food. Further information on the development of a national food plan is available on the Department of Agriculture, Fisheries and Forestry's website at: www.daff.gov.au/nfp.

Thank you again for your letter and I hope this information will be of assistance to you.

Yours sincerely

DAVID BRADBURY