

Senate Economics Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Supplementary Budget Estimates

2015 - 2016

Department/Agency: Treasury

Question: SBT 47

Topic: Australia-United States Free Trade Agreement

Reference: Hansard page no. 110 - 21 October 2015

Senator: Williams, John

Question:

Senator WONG: Sure. Senator Sinodinos, can you explain the policy rationale for me as to why it is that not only do American investors get a far higher threshold but it is also indexed and non-cumulative, but a Chinese investor has a \$15 million threshold which is not indexed and is cumulative. I am sorry, Senator?

Senator WILLIAMS: And Japanese and South Korean.

CHAIR: Not only Chinese.

Senator WONG: Basically why the Asian countries get—

Senator WILLIAMS: We are tightening selling off the farm.

Senator WONG: Did you say: we are tightening selling off the farm? Is that government policy—

CHAIR: Senator Wong, you threw it in.

Senator Sinodinos: Rather than detaining the committee, I can take that on notice. But I would say, I am aware of the Australia-United States Free Trade Agreement that was locked in in 2004—a slightly different stage and context. I will take the other one on notice and give you a proper answer.

Answer:

The Government is implementing its agriculture screening commitments consistent with Australia's obligations under existing free trade agreements.

The lower \$15 million (cumulative) threshold for agricultural land will apply to all non-government investors except those from the United States, New Zealand, Chile, Singapore and Thailand to honour commitments made under FTAs negotiated before the lower threshold became Government policy.. Singapore and Thai investors will require prior approval if acquiring an interest in agricultural land valued above \$50 million (non-cumulative) United States, New Zealand and Chilean investors will require prior approval if acquiring an interest in agricultural land valued above \$1,094 million (also non-cumulative).

When negotiating the recent free trade agreements with Korea, Japan and China, the lower threshold was Government policy and the Government retained the ability to screen agricultural land investments from these countries above the lower \$15 million (cumulative) threshold. The Government decided not to index this threshold, noting that in practice the indexation methodology results in infrequent upwards movements for lower value thresholds.