

Mr Philip Lindsay (Foreign Investment Review)
C/- Office of the Hon Joe Hockey MP
Parliament House
CANBERRA ACT 2600

25 September 2012

Dear Mr Lindsay,

The Chamber of Commerce and Industry Queensland (CCIQ) welcomes the opportunity to provide feedback to the Coalition on the policy discussion paper on Foreign Investment in Australian Agricultural Land and Agribusiness.

CCIQ represents approximately 25,000 Queensland businesses, of which 6 per cent operate in the agricultural sector. The Chamber recognises the importance of this issue not only to our members, but also the wider Queensland community and the impact it may have on the State's business operating environment.

CCIQ is unequivocal in its support for foreign investment and recognises the importance of foreign investment for future growth and prosperity. The historic, economic and social importance of foreign investment cannot be overstated. It has enabled Australia to maintain a well-balanced economy that encourages growth and employment and we owe much of our affluence today to positive investments from overseas entities.

It is in Australia's best interests to maintain the current system of review, including the role of the Foreign Investment Review Board (FIRB) and the framework within which the Board operates. CCIQ supports the current approach to the exercise of ministerial discretion under the national interest test.

It is equally important to recognise the challenges that foreign investment brings, particularly in sectors such as agriculture, which has been identified by the Queensland Government as one of the 'four pillars' of the State's economy.

There have been recent reports in the media and general commentary about food security and the accompanying challenges that foreign investment in Australian agribusiness and agricultural land assets may bring. Under current trends, CCIQ does not believe foreign investment in Australian agribusiness will have a significant or detrimental impact on Australia's food security.

CCIQ is supportive of the establishment of a national register of foreign interests in agricultural land and business (in principle). However, CCIQ recommends a cautious approach to the establishment of a national register, in particular the implementation of a threshold (\$15 million as suggested in the Discussion Paper). Whilst there is a lack of comprehensive data available (and there is merit in establishing such data), the imposition of a threshold needs to be examined in greater detail. A threshold in the lower range suggested in the discussion paper at \$15 million would increase the

administrative burden on the FIRB and other entities involved in such transactions. The obligation to abide by strict time limits may also lead to potential delays in procurement and the loss or complication of associated opportunities for local businesses (it is important to note the operation of a register of all urban and agricultural land acquisitions in Queensland).

Whilst CCIQ understands the importance of foreign investment in agriculture and agribusiness to sectors of the community, the issue ought to be kept in perspective. The Australian Bureau of Statistics conducted a survey in December 2010 finding that only 1 per cent of Australia's 135,648 agricultural businesses were wholly or partly owned by foreigners, and 11.3 per cent of agricultural land was wholly or partly owned by foreigners, of which over half was majority Australian owned.¹

Foreign investment in all industries requires a certain degree of scrutiny be applied to ensure that Australia's national interest is first and foremost in the exercise of ministerial discretion. However, it should not be at the risk of dis-incentivising foreign investment from Australia. Our economy is structured to encourage foreign investment – not just in agriculture, but in many other sectors including real estate, tourism, resources and infrastructure. Any perceived risk to investing in Australian commodities will have a significant effect on the broader economy and on local businesses. This would be a poor outcome, particularly given the fragility of global economic markets at the current time.

Australia is well-positioned to take advantage of the rising middle class across Asia. Although much of the current discourse is around China, this engagement needs to extend beyond China, to other Asian nations such as India and Korea. Australia needs to be creating and strengthening ties throughout the world. Without the investment from foreign entities, we expose ourselves to over-reliance on our traditional markets. This would be an unfortunate situation, given our beneficial geographical position in Asia.

The demographic polarities between the Asian and western markets requires much closer attention. Currently there is a huge amount to be gained from the rising Asian middle-class, particularly when Australia is faced with the contrasting situation of an ageing population.

CCIQ avails itself to the Coalition for further consultations or advice regarding this important issue. Please contact Sophie Andrew, Senior Policy Analyst on 07 3842 2227 or sandrew@cciq.com.au.

Yours sincerely,



Nick Behrens
General Manager – Advocacy
Chamber of Commerce and Industry Queensland

¹ Australian Bureau of Agricultural and Resources Economics and Sciences, *Foreign investment and Australian agriculture*, November 2011.