

Senate Rural and Regional Affairs and Transport References Committee

Questions on Notice – Friday, 10 August 2012 CANBERRA

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

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

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

Public Hearing Friday, 10 August 2012

Questions Taken on Notice – Australian Bureau of Statistics

1. HANSARD, PG 3

CHAIR: In the model to get it to 90 per cent, what was the weight you gave the \$5,000 turnover versus the \$200 million?

Mr Hockman: Randomised sampling is also a stratified sampling, so the randomisation happens within a stratum and we determine—

CHAIR: Talk English. We talk bureaucratic crap.

Mr Hockman: We divide the Australian population up—in this case, the population of interest is agricultural enterprises. In this case, we were stratifying at the state level. We are trying to get a representative sample, so what we do is we take more smaller businesses than larger businesses. The larger businesses get counted with their full weight and the smaller businesses are interpreted as representing a number of similar businesses—and they are similar because of location and size.

CHAIR: But for the purposes of the statistics, you say 89 per cent of businesses. I have a \$5,000 turnover business. Fiona Nash has a \$200 million one. For the purposes of the statistics—cut out all the bureaucratic stuff—what was the weight of me versus Senator Nash?

Mr Hockman: Likely to be several hundredths of the weight of Senator Nash's.

CHAIR: Could you provide us with the model?

Mr Hockman: We will have to take that on notice.

2. HANSARD, PG 5-6

Senator BACK: ... The ABS has been detailed to come up with some answers. You have been given some specific restrictions or guidelines. I do not have a question for you

although I do have one on notice. Now that you and your colleagues have had the experience of appearing before this committee and being participants, willingly or unwillingly, in the wider debate—

CHAIR: Deep down we love you.

Senator BACK: —during the last 12 months, you are well aware of what the Australian community is seeking. As I understand it, the Australian community at the moment is seeking to understand what is the proportion of foreign investment in agricultural businesses and in agricultural land in this country. Until we come to that understanding, I think we are going to continue to have ill directed and ill informed debate on this particular question.

The plea or the challenge I make to you is to not give you any constrictions other than to help us understand the essence of the question: what is the proportion of foreign ownership of agricultural businesses and agricultural land? To help that process, we can give you some guidance. Clearly anybody would understand that \$5,000, whether it is profit or turnover or whatever, is irrelevant in an agricultural enterprise. As Senator Heffernan has quite rightly said, if somebody wishes to get around a set of guidelines as silly as that they could buy a line of cattle and sell them at the end of a sale and they would achieve it.

My appeal to you is to use your expertise and your resources without the limits that have been put on you and go away and come back and give us that guidance. Whatever the figure is, if it is \$30,000 or \$40,000, seek that advice from those who are able to give it to you. Whether it is a corporate entity that is a trust or a partnership or whether it is privately held or whether it is a company structure, give us that advice. If you come back to us and cannot tell us what is the proportion owned in a trust structure or a partnership or whatever then tell us that.

We will hear next from a witness who will very strongly indicate the value of foreign investment in Australian agriculture. Probably, if we did not have foreign investment in Australia since 1788 we would still be living in tents around Sydney Cove. We all understand that. It is frustrating. Whether it is minority or majority or whether it is for the purposes of mining rather than agriculture, in my state most of the pastoral industry in many areas of WA is now owned and controlled by miners who themselves actually do engage or oversee some agricultural pastoral production just to comply with the Pastoral Lands Board requirements. But we want to know that. It is not unreasonable for the Australian community to want to know that.

If the topic is too enormous then please come back and tell us because I do not think it helps anybody to actually see a figure of 98 per cent in agricultural businesses or 89 per cent in agricultural land and then just have it shot down. It does not help you. It makes you look like fools and you are not fools. At the same time, all it does is continue to invite an overall argument, which is not progressing because until we do understand the

proportion of foreign ownership or control of our agricultural businesses and our agricultural land then we are not going to be able to intelligently advance the discussion. My plea to you is to have the shackles removed and use the knowledge you have.

We have had an inquiry here with people sitting in front of you representing three of four different agencies of government and all of them operating in their own silo. One got the impression that each had enough knowledge of what the other was engaged in to probably be able to find out the answers but because of the restrictions that were upon them they could not share that information. That to me is not helpful. Transparency is what we want and we will not go forward in this whole debate until we really do have some figures that are defensible and arguable and then, I believe, we could proceed. My question is really one on notice.

Mr Hockman: I note your comments about unrestrained inquiry into these issues. There is obviously always a constraint, which is the resources we have to inquire into those things, which is why we used a sample rather than a census.

3. HANSARD, PG 6-7

Mr Hockman: This committee's report will actually inform our decisions around how we prioritise the next editions of ALWOS, and conversations that we are having with both government and nongovernment entities likewise so that we get, at least with the resources we have, answers to the most significant questions.

Senator FAWCETT: One of the things that would probably aid the committee in terms of putting this report out is to hear from you what the information is that you would need to be able to access in order to provide that kind of accurate statistical summary. We have heard various witnesses talk about the different systems in the states around titles and the various levels of FIRB, for example, that the federal government runs. Could you tell us what information you would need ready access to and whether there are privacy issues that prevent that being transferred between departments? If you could provide the committee on notice what you need to give the answer and, if there are barriers, identify those barriers so that one of the outcomes of the report can be recommendations—whether it is to the federal government, COAG or flows down the states—of sensible, coordinated actions across departments and across levels of government that actually enable somebody like yourselves to obtain that information that would be very useful.

Mr Hockman: All right.

4. HANSARD, PG 7

Senator NASH: ... You very kindly answered a question on notice for me, which asked whether you could provide to the committee the turnover of the businesses that fell into one per cent that were not Australian owned. You took it on notice and then you came back to us saying that due to confidentiality you could not provide that. Would it be possible for you to take on notice—and I understand the confidentiality restrictions whereby you cannot provide individual turnover—to give us in that one per cent the total number of businesses and the total turnover?

Mr Hockman: We can certainly look at that. We will take it on notice again.

Senator NASH: If you could go back and look at that again that would be appreciated. I understand as an individual you may well not want to but I thought perhaps you could do that collectively with the data—obviously with no names and there would not be anything individual in that.

5. HANSARD, PG 8

Senator NASH: ... You also answered a question on notice for me regarding the deciles of the properties. You said that the median area of agricultural land reported was 211 hectares. Could I ask you—again on notice—to look at that. I take the point that small areas of land are often highly financial productive and other larger ones are not necessarily. Could you put a total turnover figure against each of those deciles?

Ms Baird: We can take that on notice and see what we can do.

Senator NASH: If you could, that would be appreciated. I am sure there will not be any confidentiality issues there because it will just be a collective figure. You obviously have those having noted earlier that you have the dollar figure against each of the businesses. I understand that it is some work for the ABS to do that, but I think it is very important that we get a sense of the value of each of those decile ranges, when we are looking at 211 as the median, and the value of turnover, if you like. I would like a real figure and not one of these modelled somethings for each of those deciles. That would be very useful.

6. HANSARD, PG 8

Senator GALLACHER: Your final statement on the summaries of key Australian reports, says that, according to the ABS, these levels of foreign ownership for agricultural businesses and land are broadly comparable to that found in the 1983-84 agricultural

census and water entitlements were not measured. What is the difference between what you have done now and what you did in 1983-84? I understand you might have to take that on notice. You are saying that the conclusions are about the same, and I am interested in whether the methodology of calculation was the same. How was the agricultural census worked out compared to what you have done now? I am happy for you to take it on notice.

Ms Baird: Certainly, Senator. I would make the comment that the frameworks under which each of the surveys—a census being a very large survey, I guess—were undertaken was different. So the list of businesses of interest was constituted differently than the one with respect to 2010. The methodology also for understanding the area of land, for example, was more on an equity basis than as a single asset [asset] then attributable to a level of ownership within ranges.

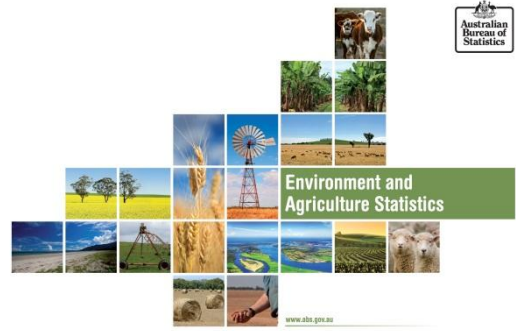
Senator GALLACHER: I think the committee would probably benefit from having a written answer there...

7. HANSARD, PG 9

Senator NASH: ... Last time we were talking about the agricultural survey and we were asking if a question could be added with regard to foreign ownership and you kindly took on notice the question about what the cost would be to add that additional question to the agricultural survey. The reply was \$1.285 million. We are talking about adding a question to a survey. Can you perhaps explain for the committee why it is in excess of a million dollars to add a question to a survey?

Ms Baird: In order to provide the information we believe would be required there would be, in all likelihood, a small suite of questions which would be added to a survey which is then dispatched to in excess of 150,000 businesses. The likelihood then is that we would need to follow that up with a secondary data collection to understand the details required. So the question in the census would likely only be a trigger question for further follow-up.

Senator NASH: So the actual inclusion of the question itself is just merely typing another page but what you are saying is that the work to follow it up to actually get the information relating to those questions is going to cost more than a million dollars. That just seems extraordinary. I am quite sure it is correct, if that is what you are telling us. Would you mind taking on notice for us to give us a breakdown of why it would cost more than a million dollars to ask that question in the survey? I hear what you are saying but I am very interested in why it would cost that amount of money.



Agricultural Land and Water Ownership Survey: Response to the Rural Affairs and Transport Senate Committee questions taken on notice

Briefing for Rural Affairs and Transport Senate committee

August 2012

**Agricultural Land and Water Ownership Survey:
Response to the Rural and Regional Affairs and Transport Senate Committee questions taken on notice
10 August 2012**

Purpose of this paper

This paper provides responses to the questions taken on notice from the Rural Affairs and Transport Senate Committee hearing, held 10 August 2012, during evidence provided to the committee's investigation into the national interest test, and particularly to the level of foreign ownership in agricultural businesses, land and water entitlements determined through the 2010 Agricultural Land and Water Ownership Survey (the ALWOS).

1. HANSARD, PG 3

CHAIR: In the model to get it to 90 per cent, what was the weight you gave the \$5,000 turnover versus the \$200 million?

Mr Hockman: Randomised sampling is also a stratified sampling, so the randomisation happens within a stratum and we determine—

CHAIR: Talk English. We talk bureaucratic crap.

Mr Hockman: We divide the Australian population up—in this case, the population of interest is agricultural enterprises. In this case, we were stratifying at the state level. We are trying to get a representative sample, so what we do is we take more smaller businesses than larger businesses. The larger businesses get counted with their full weight and the smaller businesses are interpreted as representing a number of similar businesses—and they are similar because of location and size.

CHAIR: But for the purposes of the statistics, you say 89 per cent of businesses. I have a \$5,000 turnover business. Fiona Nash has a \$200 million one. For the purposes of the statistics—cut out all the bureaucratic stuff—what was the weight of me versus Senator Nash?

Mr Hockman: Likely to be several hundredths of the weight of Senator Nash's.

CHAIR: Could you provide us with the model?

Mr Hockman: We will have to take that on notice.

Answer

In ABS business surveys the sample selected (or those businesses which are chosen to receive a questionnaire) is chosen to represent the whole population of interest (or all the businesses whose characteristics will inform the question at hand). For example, for the 2010 ALWOS, all businesses which were undertaking agricultural operations in Australia were of interest when determining the level of foreign ownership in the agricultural sector. This included all types of business structure (trusts, sole traders, partnerships, publicly listed companies, etc.) which were registered for an ABN and which indicated, upon registration, that they were operating in agriculture as their main business, or that they were operating an agricultural property (whether that be their main business or a secondary activity of the business).

In order to keep the reporting burden on businesses as low as possible, whilst still being able to produce robust estimates within the given constraints for any survey, the ABS takes the total list of agricultural businesses and groups 'like businesses' with 'like businesses'. For the ALWOS, these groupings were type of agricultural activity (raising livestock, growing crops, etc.) by geographical area (state/territory) by size of agricultural operation (using the Estimated Value of Agricultural Operations (EVAO) – further discussed in the response to the next question in this paper).

By grouping similar businesses together before deciding which to select to receive a questionnaire, the science behind statistics tells us that we are more likely to select businesses which will represent each other within each group, and therefore provide a good representation of all the businesses of interest. This helps to maximise the quality of the estimates produced.

A key consideration in this process is identifying businesses which are less likely to represent others and selecting them to represent themselves when producing estimates. For example, in preparing the list of businesses from which to select a sample for the ALWOS, the ABS sought information to inform both an expected level of foreign ownership in the population and any indication that particular businesses may have a level of foreign ownership. This included information from the ABS Business Register, other ABS surveys, such as the Business Characteristics Survey and the Queensland Land Register.

The above information assisted the ABS in determining the sample size, and in identifying groups of businesses which were more or less likely to be representative of others.

Businesses in groups which were less likely to be representative of other businesses were all selected in the sample and received a questionnaire.

In those groups which contained businesses which were determined to have similar characteristics, and therefore those businesses could statistically represent each other, only a proportion of the group's businesses were selected to receive a questionnaire.

The proportion of businesses selected may vary within each 'like group'. This reflects the variability within each group or the likely importance of the group's contribution to the estimates. In forming estimates, the contribution of each business is weighted to reflect the fact that it represents not only itself but also other units not in the sample. The weight given to a business from a given group is related to the proportion selected from that group. For example, if 1 in 10 businesses from a particular group is chosen, then each business selected will represent 10 businesses, i.e. itself and 9 others. Its data will therefore be given a weight of 10 in forming estimates. *So, the weight assigned to a given business in the sample is determined by the proportion of businesses selected.*

Note that if one business is given a weight of 10 and another business is given a weight of 50 this does not mean that the contribution of the first is being down-weighted compared with that of the second; ie it is no less "important". It is due only to the fact that the first business came from a group where 1 in 10 were chosen, the second from a group where 1 in 50 were chosen. The choice of weights is dictated solely by the need to correctly account for the whole group's contribution to estimates.

In the ALWOS, the proportion of businesses selected from a like group was related to business size, being larger from groups of large businesses than from groups of smaller ones. A large proportion was chosen from groups of larger businesses because it was important that larger businesses be well represented in view of their likely level of foreign ownership.

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Mr Hockman: I note your comments about unrestrained inquiry into these issues. There is obviously always a constraint, which is the resources we have to inquire into those things, which is why we used a sample rather than a census.

Answer

The 2010 ALWOS produced high quality information on the level of foreign ownership of agricultural businesses, agricultural land and water entitlements for agricultural purposes in Australia. The ABS stands by the methodology used and the data produced in the 2010 ALWOS. The sample target population (frame) and sample design produced quality estimates to inform discussion on identified data requirements. The data at broad levels were comparable with other data sources and verified through usual ABS processes. The response rate to the survey was very high, supporting quality estimates. The ABS will undertake its usual processes to ensure quality estimates can be produced in the upcoming surveys, noting that processes continue to develop to ensure relevance and timeliness.

The frame or list of businesses which were potentially in scope for this survey was drawn from the ABS Business Register. Examples of types of business included in the list of businesses surveyed in the ALWOS are listed below:

- A mining company which purchased land or an agricultural business, and conducts some agricultural activity was in scope for the ALWOS;
- A blind trust that has an Australian shelf company which owns agricultural land or operates an agricultural business was in scope for the ALWOS. There were a number of examples of these identified and their level of foreign ownership confirmed;
- A company that owns agricultural land but does not operate was in scope of the ALWOS. There were a number of these identified by farming businesses which provided details of the owners of the agricultural land they were leasing in their survey form. Subsequent action was taken to despatch survey forms to those land owners.
- A company which was only leasing agricultural land but did not own it was in scope of the ALWOS for the purposes of business counts. The owner of the leased land was also in scope of the ALWOS, as per the point above.

The Estimated Value of Agricultural Operations (EVAO) is a sizing variable used by the ABS when conducting surveys of agricultural businesses. This allows us to group businesses which have similar levels of agricultural production.

Information from survey returns is used to calculate EVAO. This information includes the level of production, the area being farmed and a three year rolling average of prices for the commodities produced by the business. Where a business has not been previously surveyed, the ABS approximates EVAO using total sales data from ATO Business Activity Statement (BAS) information. In order to do this, the ABS has undertaken analysis of the relationship between ABS calculated EVAO and ATO BAS Total Sales for businesses which have responded to ABS surveys and submitted BAS returns for the same period. The analysis allowed the ABS to determine the relationship between the two figures and use that relationship to 'standardise' the BAS Total Sales figure for use as a sizing variable in ABS agricultural activity surveys.

The EVAO variable is used to even out fluctuations in production value for agricultural businesses. For example, it reduces the impact of extreme or unusual climatic conditions so that a drought induced crop failure does not result in a 'big' business being grouped with much smaller businesses when considering sample selection and processing activities.

Businesses are included for possible selection in all ABS agricultural surveys if they have an Estimated Value of Agricultural Operations (EVAO) greater than \$5,000 to ensure good coverage of the total agricultural activity undertaken in Australia.

This minimum EVAO cut-off has been used for all agricultural collections since 1994. This minimum cut-off was selected in determining the list of businesses for ALWOS to ensure comparability with other ABS agricultural collections, for example, the Agricultural Census.

The following tables show that micro (EVAO between \$5,000 and \$125,000) and small agricultural operations (EVAO between \$125,000 and \$500,000) represent a significant portion of all businesses (89%) with agricultural activity in Australia. Table 1 shows the types of business entities which make up 99% of the number of all businesses in each size grouping. Table 2 shows the top five types of agriculture in each group, noting that 'non-agricultural' refers to those businesses where agriculture is not their main or primary activity (such as a mining company which also undertakes some agricultural activity).

Table 1

Size of business	Type of business entity	Percent of size group
MICRO (=61% of all businesses)	Family partnership	47
	Individual or sole proprietor	31
	Other trust	9
	Private company	8
	Other partnership	5
SMALL (=28% of all businesses)	Family partnership	54
	Other trust	17
	Individual or sole proprietor	14
	Private company	9
	Other partnership	5
MEDIUM (=11% of all businesses)	Family partnership	42
	Other trust	30
	Private company	15
	Other partnership	6
	Individual or sole proprietor	6
	Public company	1
LARGE (=0.3% of all businesses)	Private company	41
	Other trust	28
	Family partnership	14
	Public company	7
	Other partnership	6
	Individual or sole proprietor	2
	Other incorporated entity	1
Note 1: <i>Other trust</i> does not include approved deposit funds, APRA regulated super funds, corporate unit trusts, deceased trusts, non-regulated super funds, pooled development funds, pooled super trusts, public trading trusts, regulated self managed super funds, or superannuation funds		
Note 2: <i>Other partnership</i> does not include limited partnerships		
Note 3: Size of business is determined by estimated value of agricultural operations (EVAO). Micro businesses have EVAO between \$5,000 and \$125,000, Small businesses have EVAO between \$125,000 and \$500,000, Medium businesses have EVAO between \$500,000 and \$5,000,000 and Large businesses have EVAO above \$5,000,000.		

Table 2

Size of business	Main activity of business	percent of size group
MICRO (=61% of all businesses)	Beef cattle farming	34
	Non-agricultural	21
	Sheep farming	8
	Grain-Sheep or Grain-Beef cattle farming	6
	Sheep-Beef cattle farming	5
SMALL (=28% of all businesses)	Grain-sheep or Grain beef cattle farming	17
	Beef cattle farming	16
	Dairy cattle farming	13
	Other grain growing	11
	Sheep farming	8
MEDIUM (=11% of all businesses)	Other grain growing	23
	Grain-Sheep or Grain-Beef cattle farming	14
	Beef cattle farming	13
	Dairy cattle farming	10
	Non-agricultural	6
LARGE (=0.3% of all businesses)	Beef cattle farming	16
	Vegetable growing (outdoors)	14
	Other fruit and Tree nut growing	14
	Non-agricultural	10
	Poultry farming meat	8

Note 1: *Non-agricultural* businesses may have agricultural production but it is not their main activity

Note 2: *Other grain growing* includes businesses mainly engaged in growing cereal or coarse grain (except rice)

Note 3: *Other fruit and tree nut growing* includes businesses mainly engaged in growing tree nuts, tropical fruits or sub-tropical fruits

Note 4: Size of business is determined by estimated value of agricultural operations (EVAO). Micro businesses have EVAO between \$5,000 and \$125,000, Small businesses have EVAO between \$125,000 and \$500,000, Medium businesses have EVAO between \$500,000 and \$5,000,000 and Large businesses have EVAO above \$5,000,000.

3. HANSARD, PG 6-7

Mr Hockman: This committee's report will actually inform our decisions around how we prioritise the next editions of ALWOS, and conversations that we are having with both government and nongovernment entities likewise so that we get, at least with the resources we have, answers to the most significant questions.

Senator FAWCETT: One of the things that would probably aid the committee in terms of putting this report out is to hear from you what the information is that you would need to be able to access in order to provide that kind of accurate statistical summary. We have heard various witnesses talk about the different systems in the states around titles and the various levels of FIRB, for example, that the federal government runs. Could you tell us what information you would need ready access to and whether there are privacy issues that prevent that being transferred between departments? If you could provide the committee on notice what you need to give the answer and, if there are barriers, identify those barriers so that one of the outcomes of the report can be recommendations—whether it is to the federal government, COAG or flows down the states—of sensible, coordinated actions across departments and across levels of government that actually enable somebody like yourselves to obtain that information that would be very useful.

Mr Hockman: All right.

Answer

The ABS mission and legislated functions which establish us as an independent statutory authority clearly acknowledge the ABS's important leadership and coordination role in relation to the statistical activities of other official bodies within Australia and internationally. Through the National Statistical Service the ABS aims to realise the full potential of statistical information including administrative datasets which have the potential to contribute to official statistics.

The development of a national foreign ownership register for agricultural land is currently being investigated within Treasury. If established, the ABS will advocate for the inclusion of a core set of data items and the use of consistent definitions and standards that will allow for statistical analysis of the data holdings and assist with linking various data sources including future surveys conducted by the ABS.

Senator NASH: ... You very kindly answered a question on notice for me, which asked whether you could provide to the committee the turnover of the businesses that fell into one per cent that were not Australian owned. You took it on notice and then you came back to us saying that due to confidentiality you could not provide that. Would it be possible for you to take on notice—and I understand the confidentiality restrictions whereby you cannot provide individual turnover—to give us in that one per cent the total number of businesses and the total turnover?

Mr Hockman: We can certainly look at that. We will take it on notice again.

Senator NASH: If you could go back and look at that again that would be appreciated. I understand as an individual you may well not want to but I thought perhaps you could do that collectively with the data—obviously with no names and there would not be anything individual in that.

Answer

The one per cent of businesses with any level of foreign ownership comprised 1 300 as published in September 2011 in [7127.0 - Agricultural Land and Water Ownership, December 2010](#).

ABS surveys of the agricultural sector target all businesses (from sole traders, partnerships, trusts, private and public companies) which undertake agricultural activity. The datasets from these surveys do not contain information which could estimate turnover or total income for these businesses identified through the ALWOS with a level of foreign ownership. Each year the ABS produces estimates of the Gross Value of Agricultural Production (GVAP) from all businesses operating in the agricultural sector. Data released at the end of June 2012, and estimated using the 2010-11 Agricultural Census collection data showed that in 2010-11 the Gross value of Agricultural production for Australia was \$46.0 billion. In order to undertake a robust analysis of the value of agricultural production in regard to the level of foreign ownership of the operating businesses or land owners, the ABS would need to seek additional funding or reprioritise its existing, agreed work program.

5. HANSARD, PG 8

Senator NASH: ... You also answered a question on notice for me regarding the deciles of the properties. You said that the median area of agricultural land reported was 211 hectares. Could I ask you—again on notice—to look at that. I take the point that small areas of land are often highly financial productive and other larger ones are not necessarily. Could you put a total turnover figure against each of those deciles?

Ms Baird: We can take that on notice and see what we can do.

Senator NASH: If you could, that would be appreciated. I am sure there will not be any confidentiality issues there because it will just be a collective figure. You obviously have those having noted earlier that you have the dollar figure against each of the businesses. I understand that it is some work for the ABS to do that, but I think it is very important that we get a sense of the value of each of those decile ranges, when we are looking at 211 as the median, and the value of turnover, if you like. I would like a real figure and not one of these modelled somethings for each of those deciles. That would be very useful.

Answer

ABS surveys of the agricultural sector target all businesses (from sole traders, partnerships, trusts, private and public companies) which undertake agricultural activity. The datasets from these surveys do not contain information which could estimate turnover or total income for these businesses. Each year the ABS produces estimates of the Gross Value of Agricultural Production (GVAP) from all businesses operating in the agricultural sector. A preliminary analysis of the GVAP data (Table 3) shows that these are the values associated with each of the area of holding deciles, for example, ten per cent of businesses have an area of holding between 0-12 hectares and account for 4 per cent of the gross value of agricultural production.

Table 3

Decile	Range (ha)	GV Total (\$b)	% of total value of production
1st	0-12	1.8	4%
2nd	13-34	1.6	3%
3rd	35-65	1.8	4%
4th	66-120	2.6	6%
5th	121-211	3.2	7%
6th	212-400	4.4	10%
7th	401-767	5.0	11%
8th	768-1600	6.5	14%
9th	1601-4430	8.6	19%
10th	4431+	10.5	23%
		46.0	100%

Senator GALLACHER: Your final statement on the summaries of key Australian reports, says that, according to the ABS, these levels of foreign ownership for agricultural businesses and land are broadly comparable to that found in the 1983-84 agricultural census and water entitlements were not measured. What is the difference between what you have done now and what you did in 1983-84? I understand you might have to take that on notice. You are saying that the conclusions are about the same, and I am interested in whether the methodology of calculation was the same. How was the agricultural census worked out compared to what you have done now? I am happy for you to take it on notice.

Ms Baird: Certainly, Senator. I would make the comment that the frameworks under which each of the surveys—a census being a very large survey, I guess—were undertaken was different. So the list of businesses of interest was constituted differently than the one with respect to 2010. The methodology also for understanding the area of land, for example, was more on an equity basis than as a single asset [asset] then attributable to a level of ownership within ranges.

Senator GALLACHER: I think the committee would probably benefit from having a written answer there...

Answer

Data has been collected by the ABS on foreign ownership in agriculture in respect of 1983-1984 and 2010. The two sets of data are not directly comparable for two main reasons.

- The entity from which information was collected, and to which the ownership status pertained, were different in the two collections. In 1983-1984, data were collected in respect of farms – that is the entity which was operating the agricultural land. The survey did not seek to understand the ownership status of the owner of the agricultural land if that owner was not also the operator of the land. In the 2010 ALWOS, the survey addressed the question through the business operating the agricultural land and also sought to understand the ownership status of the owner of the land if they were not operating the land.
- The methodology used to report the area of agricultural land with a level of foreign ownership was fundamentally different. In 1983-1984, an equity methodology was used whereby the percentage of foreign ownership of the operating entity was applied to the area of operated land to provide an area of foreign operated agricultural land. In the 2010 ALWOS, the land was treated as a single asset and the level of foreign ownership (in ranges) was identified for that asset.

The ways in which the area of land was calculated for each of the respective surveys was as follows:

- **1983-1984:** the total area of land owned or operated by an agricultural business was multiplied by the level of foreign ownership in that business to ascertain the area of land that was foreign owned (a similar methodology is used by the current Queensland registry of foreign ownership of land);
- **2010:** the area of land owned was treated as one asset which was then allocated to the appropriate range of level of foreign ownership.

Example: A business owning 100Ha of agricultural land is 25% foreign owned.

In the 1983/84 survey, this business' information was represented as contributing 25 hectares of foreign owned land to the estimates ($100 * 25\% = 25\text{Ha}$ foreign owned land);

In the 2010 ALWOS, this business' information was represented as one hundred hectares of land with 10%-50% foreign ownership.

Senator NASH: ... Last time we were talking about the agricultural survey and we were asking if a question could be added with regard to foreign ownership and you kindly took on notice the question about what the cost would be to add that additional question to the agricultural survey. The reply was \$1.285 million. We are talking about adding a question to a survey. Can you perhaps explain for the committee why it is in excess of a million dollars to add a question to a survey?

Ms Baird: In order to provide the information we believe would be required there would be, in all likelihood, a small suite of questions which would be added to a survey which is then dispatched to in excess of 150,000 businesses. The likelihood then is that we would need to follow that up with a secondary data collection to understand the details required. So the question in the census would likely only be a trigger question for further follow-up.

Senator NASH: So the actual inclusion of the question itself is just merely typing another page but what you are saying is that the work to follow it up to actually get the information relating to those questions is going to cost more than a million dollars. That just seems extraordinary. I am quite sure it is correct, if that is what you are telling us. Would you mind taking on notice for us to give us a breakdown of why it would cost more than a million dollars to ask that question in the survey? I hear what you are saying but I am very interested in why it would cost that amount of money.

Answer

The costing covers a two phased collection, processing and output of data, from both the 2015-16 Agricultural Census and from a survey which will be run as a supplementary collection to the 2015-16 Agricultural Census. The costing covers the inclusion of a small suite of filter questions on the Agricultural Census, designed to establish foreign ownership. For businesses where a level of foreign ownership is established, a supplementary or follow-up survey will be despatched to collect data on the attributes of the business and the agricultural land and water rights used for agricultural purposes owned by that business.

The costing covers the development and inclusion of a small suite of filter questions on Agricultural Census, the processing and analysis of the responses to these questions, the development of a questionnaire, despatch and collection of data from the supplementary survey, the processing and analysis of responses to these questions and the output of final data.

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

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

Public Hearing Friday, 10 August 2012

**Questions Taken on Notice – Mr David Farley, Chief Executive Officer and
Managing Director, Australian Agricultural Company (AAco)**

1. HANSARD, PG 14, 16

Senator XENOPHON: ... Mr Farley, you have outlined some of the issues in broad terms that need to be addressed. Can I invite you, if you think it is appropriate, to get appropriate advice at your end if you wish to provide a supplementary submission or some supplementary suggestions in terms of specific amendments or specific issues that need to be addressed with the tax act. I know you have addressed it broadly, but if you wanted to do that in terms of any other specific matters I would find it quite useful.

Mr Farley: I will accept that offer and revert back to you.

...

Senator FAWCETT: ... Senator Xenophon has discussed the concept of coming back with a supplementary submission. Whilst it does not directly go to the further aspects of this in terms of making those pathways that are attractive to Australian capital, you have mentioned several times specifically, and at other times in passing, things like environmental considerations and infrastructure, and you have hinted that perhaps in preparing for the 38-year timeline we need to ramp up our productivity that perhaps goes to research and development. There is a range of areas there. If in that supplementary submission you wish to detail any of those that you think are key things that would make it more attractive for Australian capital to come into these kinds of development then that would be very welcome.

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

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

Public Hearing Friday, 10 August 2012

**Questions Taken on Notice - Mr Darren Cole, Chief Executive Officer,
Landmark Harcourts Pty Ltd**

1. HANSARD, PG 28

Senator NASH: ... If you would not mind, concerning the \$244 million threshold we were just talking about and you said from your memory it had been quite some time since you had sold a property at that level, of course we do not need to know names or pack drill but can you let the committee know on notice when that was with as much detail as you can, without breaching any confidentiality?

2. HANSARD, PG 28-29

Senator NASH: I assume when you say, quite rightly, that you work in the interests of the seller that you have foreign investors as well as domestic investors?

Mr Cole: Yes, we do.

Senator NASH: Do you keep any kind of record of which of those are foreign and which are domestic purchasers?

Mr Cole: Specifically where the investor or the purchaser is from is not something in our database by policy. We do have records of the sellers' and buyers' addresses but we do not have anything such as the Queensland department which handles land titles does. I think they keep forms 24 and 25 of the Queensland Land Registry, specifically asked for at the time of transfer. We do not keep that record as stringently by policy, no.

Senator NASH: Could you give us an idea how many of the sales you have made over the last 12 months? How many would have gone to a foreign entity and how many to a domestic entity?

Mr Cole: Not absolutely, no.

Senator NASH: Could you take that on notice—anecdotally is fine—perhaps over the last 24 months insofar as you can. Do not go to too much detail. If you could provide that to the committee, that would be useful...

3. HANSARD, PG 29-30

Senator NASH: Talking about the national interest test, the government's policy says the government determines national interest concerns case by case. Is that something we should look at as being inappropriate because of the issue of the accumulation? If the FIRB was to look at the national interest of each of those purchases—as you say, you can sell separately—but the accumulation of those properties may not be in the national interest, do you think it is appropriate they do look at it on a case-by-case basis?

Mr Cole: Would the FIRB take into account, while doing a case-by-case basis, other holdings?

Senator NASH: No, at this stage of my understanding, they do not. This is what we are trying to get down to.

CHAIR: They do not have the accumulative impact. It is the same with coal seam gas mining.

Senator NASH: Is that something that you are aware of or you think should be taken into consideration? I am asking you as somebody whose responsibility is to the seller. You are selling, as you say, often individual parcels of land over a period of time to the one purchaser. Therefore, do you think having it on a case-by-case basis only is appropriate?

CHAIR: You do not have to answer.

Senator NASH: That is okay. If it is not something you are comfortable answering, that is absolutely fine.

CHAIR: We do not want you to lose your job.

Senator NASH: Perhaps you could give it some thought and if you would like to provide the answer on notice then that would be fine.

4. HANSARD, PG 30

Senator GALLACHER: I just read your submission and you have \$20 billion worth of turnover, 100 years of experience and I think you said you did not recall any recent sales over \$244 million. How do the ABS stats that say 96 per cent or the high-90 percentile of Australian agricultural land remains in Australian hands fit with your selling farms through your organisation? I have not met a real estate agent yet that did not have a good record from whoever he sold to or from whoever he bought from. Is 90 per cent or 95 per cent of your business Australians buying the farm for Australians?

Mr Cole: I would have to think around that number. At least 70 per cent of our sales are 40 hectares or 100 acres plus for Landmark Harcourts. The biggest sale this year has been in excess of \$40 million to an Australian family. I would have thought that the vast majority and up around that 80 to 90 per cent at least would be to Australian people.

Senator GALLACHER: That is 100 acres and up.

Senator NASH: Following on from Senator Gallacher, would it be possible for you to have a look in the last 12 or 24 months the top 10 per cent by valuation of your agricultural property sales? As you say, you can only do it anecdotally but perhaps you give could us a breakdown of which were domestic and which were foreign purchases?

Mr Cole: I can have a look for you.