



Van Balen *Horticultural*

15 September 2011

Senator the Hon. Bill Heffernan
Liberal Senator for NSW
Suite 703, Westfield Towers
100 William Street
Sydney NSW 2011

Dear Senator Heffernan

As mentioned in my initial correspondence on 2 August 2011, I have qualifications in economics, land economics (property), rural and urban valuation, farm management and horticulture. I have served on the National Council of the Australian Institute of Horticulture and currently serve on the State Council.

I have at times studied foreign investment policies and have serious concerns that policies in recent years have lacked substance. I recently attended the Grains industry conference in Melbourne where a great deal of useful information on relevant issues were presented.

Unfortunately, as is common with many small businesses, I have not had as much time as I would have liked to give you a detailed report on my thoughts. The following is a brief summary of my major concerns, however, I would be happy to assist on an ongoing basis if there was a need.

I understand the need for business to attract foreign capital from time to time to expand their activities. This I believe should be as a minority holding in the trading component but I disagree that Australian land or real estate should be sold in the process.

When I studied Land Economics in the 1980s, a major component of our studies incorporated an understanding of restrictions to foreign ownership and the regulation set out by the Foreign Investment Review Board. At that time a significant percentage of our CBD Commercial property sectors were owned by foreign interests. I understand that this has allowed our commercial sectors to grow and provide us with world class office space.

I also understand the greed driven desires for property owners to try and maximise their personal and family returns by selling a property to the highest bidder and in some circumstances this may be attained by some vendors selling to foreign interests, if it is legal. This does not necessarily mean that it is in the national interest or the interest of all Australians and future generations.

I have major concerns with the preoccupation in relation to mining at the expense of other sectors and watch with interest as our near neighbours try to attract our intellectual capital to develop technologies and advance manufacturing involvement from Australia when their own wages are beginning to increase.

It makes no sense to me that we have might have concern for our environment and yet one of our major exports are fossil fuels to allow massive "global warming" activities elsewhere. If we must have an expanding mining sector, I am disappointed that the conservative parties do not see this as a major opportunity to build national infrastructure.

Notwithstanding our high labour costs, we seem to be neglecting efforts to value add at home while aiding efforts by other countries to provide sustainable manufacturing activities in their countries.

But it is with sheer horror that in this country that has developed great agricultural technologies and where we have a major comparative advantage with our agricultural assets, that we are selling our national security to foreign interests.

I have concerns also in selling off grain handling facilities and abattoirs to foreign interests.

It appears to me to be very poor stewardship bordering on stupidity and it is seen that way by many industry forums that I am involved with.

I remember speaking to some people from New Zealand, possibly 15 years ago and how they had attracted major foreign investment in their property and business assets. Of course it provided jobs, but all of the profits went off shore.

I very much appreciate your efforts with the inquiry and believe major reforms are urgently required.

The recent Grains Industry Conference in Melbourne would be of great interest to you and the committee. The section on **Food security: implications for grains** is most relevant. Two links are noted below. In the presentation by Michael J. Dwyer, USDA, he presents graphs and makes the comment as follows:

“Logarithmic growth in middle class expected through 2020 : up 104% in developing countries by 2020 vs just 9% for developed countries.”

It is also interesting that biofuels have increased the demand for grain and subsequently the production of grain and farm incomes very significantly in recent years to the point where farmers in the US are currently very wealthy and land and farm machinery is in very scarce supply. Apparently, farmers have been expanding their land interest and productive capacities from their cash flows. This was because the banks had not been lending to farmers prior to the demand for biofuels so farm debt levels were low.

Dwyer made the comment that the thing in common with US farmers at present was that they were wealthy.

2020 is eight years away. We should be significantly tightening our food security.

On many occasions, I have tried to get information on FIRB policy which has taken some time to eventually obtain. It is certainly kept a secret from the general public and I am not sure what the existing guidelines aim to achieve.

Thank you for your time and I encourage your efforts in the national interest and the interest of future generations.

Yours sincerely

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References/Links

Dwyer, Michael J. (2011) *Factors affecting global agricultural markets over next 10 years : implications for global commodity prices*. Director Global Policy Analysis Division Office of Global Analysis/FAS/USDA. Presented at The Australian Grains Industry Conference, Melbourne 2011. <http://www.ausgrainsconf.com/sites/default/files/file/presentations%202011/Dwyer%20%5BCompatibility%20Mode%5D.pdf>

Whitehead, Michael (2011) *Implications for agribusiness from rising food prices*. Director Agribusiness Research ANZ. Presented at The Australian Grains Industry Conference, Melbourne 2011. <http://www.ausgrainsconf.com/sites/default/files/file/presentations%202011/Whitehead.pdf>