

AUSTRALIAN GOVERNMENT RESPONSE

**SELECT COMMITTEE ON AGRICULTURAL AND
RELATED INDUSTRIES REPORT**

Inquiry report: Food production in Australia

On 25 June 2008 the Senate referred the following matter to the Senate Select Committee on Agricultural and Related Industries for report by 27 November 2009:

Food production in Australia and the question of how to produce food that is:

- a) affordable to consumers
- b) viable for production by farmers and
- c) of sustainable impact on the environment.

The Select Committee subsequently sought and received extensions to the reporting date. The report, which included a dissenting report, was tabled in the Senate on 23 August 2010.

The Select Committee report made four recommendations:

1. The committee recommends an audit be undertaken to establish the extent of foreign ownership of commercial agricultural and pastoral land, and ownership of water, in Australia, with particular emphasis on ownership by sovereign and part sovereign-owned companies.
2. The committee recommends that the Rural Industries Research and Development Corporation (RIRDC) report to the Senate on the current level of agricultural research in OECD countries as a percentage of GDP and the trend for investment over the last ten years.
3. The committee recommends that IP Australia advise the Senate what patents, if any, have been granted over biological discoveries as opposed to inventions, with reasons for them being granted.
4. The committee recommends that the senate re-establish the Select Committee on Agricultural and Related Industries in the new parliament to further examine issues relating to food production, including the implications of any proposed emissions trading scheme for affordable, sustainable food production and viable farmers.

A dissenting report was prepared by Senators Sterle and O'Brien. The dissenting report raised issues that they believe the Select Committee should have pursued but made no recommendations.

Australian Government Response

The Australian Government has considered the recommendations of the Senate Select Committee report. The government's response to the recommendations is as follows.

Senate Select Committee report Recommendation 1

The committee recommends an audit be undertaken to establish the extent of foreign ownership of commercial agricultural and pastoral land, and ownership of water, in Australia, with particular emphasis on ownership by sovereign and part sovereign-owned companies.

The Australian Government agrees to this recommendation.

Foreign investment is important to the Australian economy and to support economic growth and creation of jobs for Australians. Investment in agriculture, whether from foreign or domestic investors, helps to stimulate jobs on farms, and supports services such as harvesting, transport, and processing. These jobs have flow on effects for regional towns and communities through local purchases of inputs, machinery, and the general necessities of life. Moreover, new investment can help Australian agriculture to be more efficient, competitive and profitable in world markets, providing increased opportunities in global markets and access to new technologies and practices.

The available evidence is limited but suggests the current level of foreign ownership of Australian agricultural land and water resources is very low. For example, a survey of commercial broadacre and dairy farms, conducted by the Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES) in 2007-08, indicates that an overwhelming majority (99 per cent) of these farms are family operated. Of the remaining 1 per cent, it is estimated that only around 0.1 per cent are foreign owned. Broadacre and dairy farms account for around 70 per cent of Australian farm businesses. Further, investment in the agriculture, fisheries and forestry sector is a small part of overall foreign investment in Australia, ranging between 0.06 per cent and 1.53 per cent of approved proposals, by value, made through the Foreign Investment Review Board in the last ten years.

However, the Australian Government recognises there are concerns about the sale of rural land and agricultural businesses to foreign investors. These concerns are compounded by the limited data available on foreign ownership. The government is addressing these concerns by taking action to strengthen the transparency of foreign ownership of rural land and agricultural food production. The Assistant Treasurer, the Hon. Bill Shorten MP, has asked the Australian Bureau of Statistics (ABS) to collect more information about rural land and water ownership in order to provide a better statistical picture of the foreign investment landscape.

In addition Senator the Hon. Joe Ludwig, the Minister for Agriculture, Fisheries and Forestry, has asked the Rural Industries Research and Development Corporation (RIRDC), in collaboration with ABARES, to report on the role and history of foreign ownership in the development of Australian agricultural land and the factors driving foreign investment in Australia.