



10th July 2015

Manager
International Investment & Trade Unit
Foreign Investment & Trade Policy Division
The Treasury
Langton Crescent
PARKES ACT 2600

Re: *Foreign Acquisitions and Takeovers Legislation Amendment Bill 2015*

The Australian Lot Feeders' Association (ALFA), the peak representative body for the cattle feedlot industry, appreciates the opportunity to respond to the *Foreign Acquisitions and Takeovers Legislation Amendment Bill 2015*.

ALFA is supportive of increased transparency surrounding foreign investment in Australia.

Feedlots are captured under both the agricultural land and agribusiness definitions in the proposed Bill. Accordingly, it is understood that the lower \$15 million threshold for Foreign Investment Review Board (FIRB) consideration applies for such acquisitions of feedlot businesses.

ALFA continues to maintain that the \$15m threshold is too low for foreign investment feedlot acquisitions on the basis that:

- As a proportion of the sector, there are a large number of agricultural properties with feedlots that would exceed the proposed \$15 million threshold;
- The FIRB application review time (in concert with the introduction of application costs) may potentially act as a deterrent for foreign investment at a time when Australian feedlots have never received as much foreign investment interest (due to improved trading conditions and rising international demand for beef);
- The potential diminution of foreign investment in the Australian feedlot sector may potentially:
 - Impede vital feedlot development, expansion and improvements over time (given industrial sized Australian capital is difficult to source as banks have a conservative approach to agricultural lending);
 - Affect the international competitiveness of the Australian feedlot sector (given around 70% of beef production is exported to foreign countries and such investment is required to improve productivity and efficiency over time);
 - Negatively affect the sale demand and hence market value for a large number of feedlots in the sector given that such operations are valued at levels beyond that of Australian investors.

Importantly, the Regulatory Impact Statement does not appear to capture these impacts from the proposed Bill. Accordingly, we believe that capital intensive operations such as feedlots should be exempted from the agricultural land threshold so that the \$55 million agribusiness threshold applies.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Dougal Gordon', written over a white background.

Dougal Gordon
CEO