



**10 March 2022**

Manager  
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The Treasury  
Langton Crescent  
PARKES ACT 2600

Via email: [FIRBStakeholders@treasury.gov.au](mailto:FIRBStakeholders@treasury.gov.au)

To the Policy Framework Unit,

**RE: 2022 Foreign Investment Reforms Consultation**

The National Farmers Federation (NFF) welcomes the opportunity to provide input to The Treasury's 2022 Foreign Investment Reforms Consultation.

The NFF believes that Australia's foreign investment regime should allow for capital inflows into the country, while ensuring that ownership structures in Australian Agriculture are transparent and serve the national interest.

To do this, the Foreign Investment Review Process should be efficient and well targeted to ensure capital inflows into Australia, while providing transparency in terms of foreign ownership to Australians. Appropriate resourcing should be provided to enable government departments and agencies like the Foreign Investment Review Board to complete their work.

The NFF further recommends that high security long-term water entitlements have FIRB oversight similar to those overseeing the purchase of agricultural land. To aid transparency and trust in foreign investment in water markets, the NFF recommends a central public register of foreign investments in this market with details around the value and location of the transaction.

### Reduction of Regulatory Burden

The NFF is supportive of steps that reduce unnecessary regulatory burden that may be imposed by the Foreign Investment Review Board (FIRB) that do not undermine the integrity of the rules in place.

Efforts should be directed to harmonising the legislated timeframes for assessing foreign investments with other regulatory approval timeframes (for example ACCC reviews), and not creating undue costs through inflated costs and charges for reviews. This will ensure a streamlined and cost-effective foreign investments approval process.

The NFF holds concerns around the fees and charges schedule set out in the FIRB guidance material. While the NFF is supportive of a cost recovery model, costs of up to \$500,000 seems to go beyond cost recovery. To be clear, this additional cost will be borne by Australians selling assets, as international investors will factor such costs into the final sale price.

### Food and fibre supply chains and the FIRB

As you will be aware, the NFF's principal concern is with food and fibre supply chains. Noting that farmers are reliant on intermediaries to access domestic and international markets, any significant acquisition within these supply chains should be scrutinised by the FIRB.

Noting the increased level of supply chain disruptions and geopolitical upheavals, food security is becoming an increasingly important and challenging priority. Any investment in food and fibre supply chains must take these issues into consideration in any national interest test.

The NFF is comfortable with the settings and thresholds that govern foreign investments in agricultural land and agribusinesses.

### Water markets requires FIRB scrutiny

The NFF seeks that FIRB oversight be extended to water markets.

The NFF recommends FIRB oversight of water markets as it relates to long-term high security entitlements, as opposed to temporary or shorter-term entitlements that are traded and used with high frequency. The importance and value of long-term high security water entitlements is akin to that of agricultural land, and we would seek similar oversight.

Despite the fact that land purchases and water entitlements generally coincides and sit side by side, the oversight of such water entitlements should be undertaken separately from land purchases. The property rights

for water entitlements have been separated from land property rights and can be traded independent of the purchase or sale of land.

In reviewing foreign investment in water entitlements, special attention must be paid to the concentration of those entitlements within a particular catchment or valley from a national interest perspective. Water cannot be readily traded between catchments and valleys and so the concentration within one geography may create risks to the national interest.

#### Transparency in water markets

Just as public transparency is important for the legitimacy of the foreign investment review framework, transparency is equally important in building trust in the efficacy of water markets. As such, the NFF recommends the exploration including an easily public register for foreign ownership that includes information such as the value of the trade and the geographical location of the ownership.

The NFF is supportive of foreign investment oversight of water markets and entitlements. This should be conducted separately to the oversight of agricultural land and be primarily directed towards permanent water entitlements.

#### Exemption Certificates

The NFF is opposed to the expansion of the terms of exemption certificates for the acquisition of agricultural land. Current provisions allow for the issuing of exemption certificates for investment programs covering agricultural land that are deemed low risk and occur over a specified period. An increase in the financial threshold or scope of these certificates would provide little productivity benefits at the cost of limiting oversight and should not be pursued.

Should you require any questions please contact Mr Alexander Desses, Trade and Economics Policy Officer, at [adesses@nff.org.au](mailto:adesses@nff.org.au).

Kind regards



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