10 Nov 2011

Committee Secretary
Senate Rural Affairs and Transport Reference Committee
PO Box 6100
Parliament Hse
Canberra ACT 2600

Dear Sir/Madam

Re: Submission to the Inquiry into the examination of the F.I.R.B. national interest test.

I thank the Rural Affairs and Transport References Committee for the opportunity to present this brief statement to the committee as a commercial partner with overseas investors.

As an independent livestock agency (formally owned by the V.F.F.) specializing in the Export of dairy cattle for milk production we have had considerable experience in dealing with both domestic and international clients and can prove that without the level of foreign capital invested in the Australian Dairy Industry since de-regulation, it would cease to exist as we know it today.

Since de-regulation of the dairy industry in 2000 and the world GFC in 2008 we have had two vital components propping our dairy farmers up. This includes the important export of surplus domestic dairy heifers for milk production into China, at approximately double their domestic value, and an influx of overseas land investors, namely New Zealanders, buying up farms for milk production. This capital injection into farmland suitable for dairy production has sustained land values and therefore maintained and increased equity for farmers in the high rainfall zone of Victoria and Tasmania and is probably the major reason why we still have a viable dairy industry in Northern Victoria and Southern NSW irrigation regions.

In past decades Australian agriculture has grown its capital base and provided for an enviable de-regulated trading environment that has for many reasons come under scrutiny from overseas investors as a desirable investment. This includes our reputation as a "clean and green" environment for food and fibre production and a rigorous Quality Control and Quality Assessment regime that is strictly enforced from paddock to plate.

Since 1824, when the Southern Hemisphere's largest dairy, Van Damien Land Company, and one of the worlds largest beef herds, AACo, were founded, our rural and general community have only benefited from the economic flow-on effect that these large foreign owned Iconic Australian agribusiness's have created. These are two examples. There are many others.

There is a strong correlation between our mining industry growth and foreign capital invested into that sector. That all Australians have benefited from the "mining boom" is undisputed, and largely insulated us from the worlds economic woes. The minerals and energy sector needs overseas capital to keep growing, and the same can be said for Australian Agriculture. Australia has a steel manufacturing industry but exports nearly all its ore production, likewise Australia's food production where we export most of our broad acre cereal crops and meat products. Therefore the catch phrase "food security" does not apply to us in that context and if we look at

our food and fibre production we can see we lack critical working capital, putting at economic risk all farmers in all sectors.

Vicstock have had experience with trying to get our Chinese partners to invest in agriculture here in Australia and I can vouch for the fact that it is a very drawn out and expensive process, and as attractive as it may seem, very few international investors get to actually sign any contracts for a variety of reasons. These reasons are mainly the cultural differences between our countries and the very tight fiscal policies of the Chinese government.

We hear a fair bit of rhetoric and a lot of noise from sensationalist news media about "Chinese hordes" ect buying up "our" farms but in reality there have only been isolated individual cases.

Our laws are rock solid, and the FIRB review process, as liberal as they seem to the uninformed, is actually doing its job while not restricting the flow of new capital into our ailing rural sector.

But there is no doubt that Asia, and particularly China will provide future Australian farmers with opportunities to expand the production that will be necessary to supply the output that they will demand. Foreign investment will be critical to meeting those needs, it be critical for land use options, it will be critical for suppling and maintaining new and emerging markets.

Foreign capital is the key to our farming future.

I would counsel any government against making any decision that would impede foreign capital from flowing into our Agricultural sector at this time because our rural and regional communities desperately need it. Australia has the best and most efficient food producers in the world, and foreign capital has and will play a major role ensuring that status quo remains.

I would be happy to appear at any senate hearing into foreign investment rules into farms to share my experiences with my Chinese partners on the subject.

Regards,

Will Crozier
Managing Director
Vicstock International Limited | Vicstock (Aust.) Pty Ltd