Overseas funds inject new ideas, drive growth

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Foreign investment policy must clearly define and represent the interests of local communities and economies.

THERE has been a lot of discussion concerning foreign investment and foreign ownership of Australian companies and Australian land, and there is little doubt that Australia's assets are hot global property.

A recent Senate (Rural and Regional Affairs and Transport Reference Committee) inquiry has found serious shortcomings in the current regulatory framework for foreign investment in Australian agriculture.

A recommendation to strengthen foreign investment rules for agricultural assets in terms of acquisitions and takeovers has been made. In particular, the committee recommended that the threshold for investment in agricultural land be lowered from $248 million to $15m, with investment above that threshold automatically triggering a review.

There is little doubt that foreign investment is welcome in Australia but it must be commercially based, transparent and in the long-term national interest, without distortion of capital markets or trade in agricultural products.

The Senate Committee also suggested the establishment of an Independent Commission of Audit into Agribusiness to develop a wide-ranging review of Australia's investment policy approach to agriculture.

Any such foreign investment policy must clearly define and represent the interests of local communities and economies.

In rural Australia, few subjects polarise opinions as much as that of foreign ownership – as opposed to foreign investment – of our agricultural resources. A 2012 Lowy Institute poll found that 81 per cent of Australians oppose foreigners buying farmland to grow broadacre crops or raise livestock.

When Chinese and Japanese textile consortium Shandong Ruyi bought an 80pc stake in Australia's largest cotton farm, Cubbie Station, it prompted intense political and public debate.

But in fact, in today's global marketplace, many of the agricultural companies which we proudly call Australian are majority owned or managed by foreign entities. The proposed national register of transactions involving foreign ownership of agricultural land will, however, make it possible to know exactly who owns what share of our agricultural land, water, and businesses.

In April this year, in the horticultural sector, a consortium of investors led by Hong Kong-based Chevalier International and the management team of the Moraitis Group resulted in a $212 million (70pc of the business) transaction of Australia's largest vertically integrated fruit and vegetable 'grower-aggregator'. The rest is held by existing shareholders and the Moraitis Family.

The sale of the business will allow for new investments and innovations that will benefit Australian growers, the regional Australia economy, and Moraitis' Australian customer base, being ultimately the Australian supermarket shopper.

As a business model, Moraitis will continue operations as usual, getting the freshest, highest quality fresh produce 'from farm to fork' at the best value for consumers.

Longer-term supply chain and export opportunities will be considerably strengthened by this deal. In this case, it is not about the negative connotation that Australian farmland is being lost as much of the product is sourced from contract growers operating on their own land – it will keep people on their farms.

But overseas investment in Australian agriculture is, of course, not limited to China and Japan, or to this century.

Foreign dollars have helped pioneer industries and the uptake of new ideas and technology.

Foreign investment was also behind the development of the Australian beef industry, particularly in the north, resulting in new cattle breeds, new methods, and more productive properties.

Overseas investment is anything but foreign to this country.