

National Foreign Ownership Register

(Submission By Ken Calder)

A National Register of foreign ownership of Australian assets should have been established many years ago. However if ever Australia wants to consider itself an independent nation then urgent action is required. This register of foreign ownership must be established with some haste because Australia does not know the full extent firstly, of foreign ownership and secondly whether any country may be taking over ownership of our assets by stealth (or has already done so).

Electronic compilation of data should make an easy task of any indication what is occurring in all the areas which comprise enterprises in Australia and with the power of computers nowadays then the scope of any register can be very wide.

Once data is submitted by individual State land titles offices a decently written computer program should easily produce the foregoing valuable information along with any trends developing in ownership of Agricultural land. Data on other assets can be compiled by various means.

The current system has no checks and balances except for the Foreign Investment Review Board (FIRB) which has never rejected any proposal by foreign interests in the agricultural area. This means that our farming land is now being sold off at an alarming rate while most agricultural processing has virtually already been lost to foreign hands with many of those industries moved to other lands along with the rewards they once provided.

The Australian Securities and Investment Commission is best placed to manage the implementation of a national register of both foreign land or asset ownership along with business changes once any selected threshold figure is reached. This body can be assisted by using the Australian Business Number (ABN) for collection of data as all foreign owners or investors in Australia could be made to hold an (ABN) should they wish to invest more than \$2M in our country thus making compilation of data concerning aggregated investments easily effected. Legislation making notification of foreign ownership, above say 15%, of companies compulsory and all foreign land sales reportable, could be easily introduced with co-operation from all States.

Commonwealth legislation would be better requiring both the sellers and buyers to notify a Commonwealth Register because this would be a more secure way to maintain integrity of such a registration system. The ABN requirement would help track any acquisitions by foreign interests. A 90 day notification requirement should apply.

Notification of the area of land should be included along with total value. Presumably the register will only include freehold land and not leasehold so "type of title" does not apply.

Sensitive areas not available for foreign acquisition must be defined to maintain National Security. Interesting to see some countries deny foreign ownership of land near coastal area or near national security infrastructure so we should also look at these areas. Interesting to also note that several countries, even one that was soundly defeated during WW2, now forbid foreign ownership of any land compared to Australia which has virtually an open-slather policy.

Cont. 2--

Page 2----

While the zero figures by other sovereign interests are best to remain totally banned the figure to trigger any review of foreign investment should be lower and the interests of Australia and its population placed first in any review. Gaining disclosure from investors from communist countries may be difficult to monitor given that private ownership of assets are limited by those governments.

A compliance framework can be implemented whereby any false or intentionally misleading information supplied would require forfeiture of the assets involved. Non compliance would incur other penalties rated on a sliding scale until that duty is fulfilled. For better examples and easier implementation or acceptance then simply look to any other country where a similar system is working well then adapt their model.

The model of free trade and supposedly level playing fields has proven the destruction of Australian Industry (not just Agricultural) so this is an area requiring urgent review. After all why should Australia allow imports into this country from countries without tariffs that in turn place tariffs or restrictions on the produce and goods we export to them?

After reading what the Foreign Investment Review Board reviewed as foreign acquisitions while taking no action on any of these, I do wonder whether the controls and triggers they work under need to be tightened or else they are a toothless organisation and need to be replaced.

Australia now has very few of our recognisable Trade Names and Australian companies left; proving that management is doing poorly or governments have either made export trading too difficult, proper finance unavailable or international acquisition too easy. A company like Cargill now has a huge influence on Australian farm inputs and outputs while our farmer owned companies like AWB, ABB and others have been decimated or eliminated by overseas investment. The national interest test is the area where we need to consider what is best for our nation which has been seriously overlooking in recent years because so many of our important companies and much of our processing capacity has been sold off to overseas investors. Besides major grain traders the sugar, wool, cotton, rice and dairy industries are other examples of this fact.

All businesses are very little different to farms in that we are still selling off "the farm" (Australian assets) except where these are used to treat Australian suppliers as a source of last resource. My concern is that foreign companies are expected to look after their overseas investors more than their Australian suppliers especially farmers who are price takers not price setters and are virtually unsubsidised.

Conclusion:

Food security is going to be extremely important during future periods throughout the world and farms or factories owned by overseas interests are likely to look after their own peoples first (maybe simply because it is contracted to homeland processors or markets). The current drought being suffered by several of the main food producing areas of the world, along with the habit Russia has to ban wheat exports at any time, brings home looming food security issues especially once predicted population increases eventuate or the hoax of devastating climate change is realised.

Cont. 3----

Page 3----

Owing to the quantity we produce Australia should always have homeland food security because we are still major exporters but complacency and government policies are changing the excess capacity we have; for example productive land like market gardens going under housing, water being returned to the environment without consideration of any recent major drought effect (since ended) and the ongoing cost-price squeeze and legislation controls imposed on farmers have all reduced our long term production capacity. Add to this the favorable tax relief given to forestry schemes (since proven disastrous) and Australia's potential agricultural output is rapidly diminishing. To date I have not found any edible foodstuff produced from eucalyptus trees suitable for humans to survive on; except honey or maybe birds which nest in them. However should overseas countries decide to take over huge tracts of land they will send any production directly home to the own consumers most likely at cost of production prices requiring no tax to be paid to Australia while making large profits from point of sale in their own countries.

Using Singapore as an example, where they no longer produce any of their own food; how vulnerable is that population should the scenarios experienced in WW2 eventuate again?

As a self established farmer I know that selling off any part of the farm means that while initially reducing debt, thus supplying a short term surplus, that eventually the long term viability is placed at risk. Development using loans or labour eventually provides a payback in the future (whether it be this generation or the next) and Australians funded to develop Australia would provide a better outcome than allowing overseas interests to reap the rewards of money and jobs.

A return to National Banking via a Development Bank using Government created credit is more likely to improve the living conditions of more Australians and provide jobs within this country rather than allowing foreign investors to pillage our lands.

Australia has in the past financed much of our own development which now produces good living standards for descendents of those pioneers who built the nation and also ongoing valuable export income and security for our nation. One very fine example of this is the Snowy Mountains scheme while another is the Heytesbury Settlement scheme in Victoria. The proposed development in the North of Australia could be implemented in the same fashion.

A number of countries are now looking at returning to the Glass-Steagall model to separate investment banking from the speculative area and Australia should investigate this model.

Ken M. Calder

Ken M. Calder Dip. F.M

