



Circular Head Farming Group Pty Ltd  
31 Smith Street  
Smithton TAS 7330

26 August 2020

Foreign Investment Review Board

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

### **Submission- draft legislation foreign investment**

Foreign investment plays an important role in providing capital and employment in the Australian economy. However, Australia needs to ask itself, how much foreign investment is healthy? And in particular into Australia's agricultural sector? Primary production utilises our most precious natural resources, land, and water, to produce fibre and food to feed a growing world population.

Circular Head Farming Group (**CHF**) is a community-based agricultural investment fund founded in 2014, 100% Australian owned. CHF was formed to provide career opportunities for individuals looking to progress a career in agriculture, whilst providing a sustainable investment platform for Australians to invest and retain land ownership in Australia.

Based in Smithton, Circular Head, North West Tasmania, CHF has grown from acquiring 1 farm to today owning and operating 6 dairy farms. Approximately milking 4,800 dairy cows, generating \$14M of gross revenue and 25 people working directly on these dairy farms, with additional downstream employment. The Smithton region has seen a dramatic change over the past five years, with a significant amount of new foreign investment, particularly into the dairy industry.

6 years ago, in our region, The Van Diemen's Land Company (**VDL**) was the only significant foreign owned corporate with more than 18,000 milking cows. We now see more than 40,000 dairy cows foreign controlled, producing more than 60% of the region's milk. The majority of the recent land acquisitions have been made by North American & Canadian public pension funds. To date there does not appear to be a similar level of activity from the Australian superannuation industry. This is disappointing as once land has been sold to foreign ownership it rarely returns to Australian hands.

We are already seeing foreign countries use their buying power to influence Government policy and commodity prices through the introduction of tariffs. In the last 5-10 years there has been a significant influx of foreign capital which we believe is not in the best interests of Australia, our people, and our economy longer term.

4 years ago in our local region, Moon Lake Investments Pty Ltd acquire land from VDL, they made significant promises to the Foreign Investment Review Board that they would invest a further \$100M. It has been publicised that this investment has not been made and it appears there is no accountability for these broken promises.



Initially these foreign sales were welcomed by Local, State and Federal Governments as there was a perceived estimated cash injection to the economy. It is estimated that approximately 20,000Ha of Circular Head dairy land is now foreign owned with an estimated market value exceeding \$500M. Based on the recently released Rural Bank report titled "Australian Farmland Value", average land prices in Tasmania are increasing at 11% pa. compounding, resulting in an additional \$55M of capital appreciation into foreign hands annually.

There are several key challenges with these significant levels of foreign investment into the agriculture sector that need to be addressed to ensure regional Australia continues to prosper, these include:

- Career pathways and wealth generation for motivated individuals in agriculture
- Education and employment opportunities for local people
- Financial assistance to support the current and future generational transfer of Australian agricultural land.
- Consideration of a land tax on foreign owned land to assist with innovation in regional communities.
- Stamp duty exemptions for Australian citizens acquiring agricultural land.
- Encouragement for the Australian Superannuation Industry to invest in farm gate agriculture.

Please do not hesitate to contact Stephen Fisher on 0409 965 307 or [chfarmstas@gmail.com](mailto:chfarmstas@gmail.com) to discuss this submission further.

Kind Regards

A handwritten signature in black ink, appearing to be 'S Fisher', written over a light blue horizontal line.

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Stephen Fisher - Director