



## Investing in our farms

Investment is essential to improve sustainability and drive growth of the sector

Improving Australia's global agricultural competitiveness requires investment across the supply chain in infrastructure, research and development (R&D), technology and skills.

To grow, investment finance is essential. Farmers have traditionally relied on bank lending and their own savings. But to take advantage of future opportunities requiring increased scale and expensive modern equipment, farmers need to consider other options. Alternatives include cooperatives, collaborative farming models, external equity funding and foreign investment.

### Attracting domestic investment

Our farmers need options other than debt to finance their businesses and to invest further down the value chain, now and in the future. To stay competitive, farm businesses need new sources of capital.

Attracting external capital is not always easy for farming families. Institutional investors, such as domestic superannuation funds,

often want to make large investments and they want projects offering secure returns often capturing different parts of the value chain. That's not something most farmers can easily offer.

The Government will help farming families prepare their businesses to attract the finance they need to prosper and to help them invest in the value chain. We will deliver **information and training to farmers** to supplement their business skills—including on alternative business structures such as cooperatives. Operating as a two-year pilot from 2015–16, we will provide \$13.8 million through the Rural Industries Research and Development Corporation to develop and deliver training and materials.

### Beneficial foreign investment

Foreign investment also offers a valuable source of capital for growth and innovation. In the cotton industry for example, foreign investment has provided access to new technology; while in the beef industry, it has helped integration into global markets.

The Government recognises the importance of attracting foreign capital to help agriculture grow and prosper. A team of **Investment Specialists within Austrade** is helping agribusiness and food projects attract suitable foreign investors.

At the same time, the community must have confidence in our foreign investment policy framework. This requires knowledge of what investment is occurring and having assessment processes that can account for market realities.

The Government is establishing a foreign ownership register of agricultural land. The register will record all foreign ownership of land, regardless of value.

The Government has introduced transparency in foreign investment, without discouraging potential investors by:

- **reducing the screening threshold for foreign investment in agricultural land from \$252 million to \$15 million.** A buyer of multiple smaller areas of land is now included because this limit is cumulative; and
- **introducing a \$55 million threshold for investments in agribusiness.** This threshold applies to primary production businesses and certain first stage agri-processing businesses (including meat, poultry, seafood, dairy, fruit and vegetable processing and sugar, grain and oil and fat manufacturing).

All direct investments by foreign government investors (such as state-owned enterprises) will continue to be screened, regardless of value.

### *Raise a glass to foreign investment*

The family-owned Gemtree wines formed a joint partnership with a Chinese investor in 2011. With the investment from this shareholder, they have expanded their wine operations. The family is still producing the same great wine, but there is a lot more of it. Their investor's distribution network in China is growing Gemtree sales internationally.

### Further Information

- [agwhitepaper.agriculture.gov.au](http://agwhitepaper.agriculture.gov.au)