



Chinese ownership of Australian agricultural land

1. Total foreign ownership of Australian agricultural land in terms of area (hectares) fell from 14.1 percent at 30 June 2016 to 13.6 percent at 30 June 2017.¹

2. More than 99 percent of agricultural businesses nationwide are wholly Australian-owned. Wholly Australian-owned businesses also control 87 percent of agricultural water entitlements.²

3. Eighty percent of foreign-owned land in Australia is leasehold, not freehold.³ This means foreign investors own the right to use the land on certain defined conditions, not the land itself.⁴

4. David Irvine, Chairman of the Foreign Investment Review Board (FIRB) said in July that in terms of Australian agricultural land value (dollars, not hectares) the foreign share would expectedly be

less than 13.6 percent. This is because leasehold land typically has a lower value and productivity than freehold land.⁵

5. Australian agricultural land area with Chinese interests rose from 1.5 million hectares at June 30 2016 to 14.4 million hectares at June 30 2017. This made China the second largest foreign investor behind the UK with 16.4 million hectares.⁶ That total foreign ownership fell while Chinese ownership increased means Chinese investors largely bought land previously owned by other foreigners, not locals.

6. The single biggest contributor of the jump in Chinese ownership over the past year was the purchase of the S Kidman cattle station portfolio by Australian Outback Beef. The S Kidman properties cover 7.8 million hectares. Australian Outback Beef is a joint venture 67 percent owned by an Australian company, Gina Rinehart's Hancock Beef. The Chinese share is just 33 percent.⁷

7. In 2016 Chinese investment in Australia's agricultural sector totalled \$1.2 billion and accounted for eight percent of total Chinese

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1 'Register of Foreign Ownership of Agricultural Land – Report of registrations', Australian Government Foreign Investment Review Board, June 30 2017 <<http://firb.gov.au/about/publication/register-of-foreign-ownership-of-agricultural-land-report-of-registrations-as-at-30-june-2017/>>.

2 '7127.0 - Agricultural Land and Water Ownership, 2015-16', Australian Bureau of Statistics, September 13 2017 <<http://www.abs.gov.au/ausstats/abs@.nsf/mf/7127.0>>.

3 'Register of Foreign Ownership of Agricultural Land – Report of registrations', Australian Government Foreign Investment Review Board, June 30 2017 <<http://firb.gov.au/about/publication/register-of-foreign-ownership-of-agricultural-land-report-of-registrations-as-at-30-june-2017/>>.

4 'Leasehold land', Australian Trade and Investment Commission <<https://www.austrade.gov.au/land-tenure/land-tenure/leasehold-land>>.

5 David Irvine, 'Agribusiness Outlook: Investment, Innovation and Growth – CEDA Keynote Address', Australian Government Foreign Investment Review Board, July 18 2017 <<http://firb.gov.au/2017/07/ceda-keynote-address/>>.

6 'Register of Foreign Ownership of Agricultural Land – Report of registrations', Australian Government Foreign Investment Review Board, June 30 2017 <<http://firb.gov.au/about/publication/register-of-foreign-ownership-of-agricultural-land-report-of-registrations-as-at-30-june-2017/>>.

7 'Annual Report 2015-16', Australian Government Foreign Investment Review Board, March 2017 <<https://cdn.tspace.gov.au/uploads/sites/79/2017/04/1516-FIRB-Annual-Report.pdf>>.

investment in Australia. This was up from \$140 million in 2014 and \$375 million in 2015.⁸

8. Since 1 March 2015, investment in Australian agricultural land from privately-owned Chinese entities has required FIRB approval if the value exceeds \$15 million.⁹ This threshold is also cumulative, meaning that if a Chinese investor already owns land worth \$15 million, it will need FIRB approval for all subsequent purchases, irrespective of value. Privately-owned American entities (and those from New Zealand and Chile) continue to be allowed to buy agricultural land parcels worth up to \$1.1 billion without needing FIRB approval and the threshold is not cumulative.¹⁰

8 KPMG and the University of Sydney, 'Demystifying Chinese Investment in Australia: Update May 2017', May 2017 <<http://demystifyingchina.com.au/>>.

9 'Foreign investment reforms factsheet: Agriculture', Australian Government Foreign Investment Review Board, September 2015 <https://firb.gov.au/files/2015/09/FIRB_fact_sheet_agriculture.pdf>.

10 'Monetary screening thresholds [GN34]', Australian Government Foreign Investment Review Board, July 1 2017 <<https://firb.gov.au/resources/guidance/gn34/>>.