



18 August 2016

Our Reference: APLNG – COR - 0011287

Presiding Commissioner  
Productivity Commission 2016, Regulation of Australian Agriculture

Submitted by email: [agriculture@pc.gov.au](mailto:agriculture@pc.gov.au)

Dear Sir/Madam,

***Regulation of Agriculture Productivity Commission***

Australia Pacific LNG (APLNG) welcomes the opportunity to comment on the Productivity Commission draft report on the regulatory burden imposed on Australian farm businesses.

APLNG is a natural gas business in Queensland, producing coal seam gas (CSG) and converting it to liquefied natural gas (LNG). It is an incorporated joint venture between Origin (37.5%) and international companies ConocoPhillips (37.5%) and Sinopec (25%). We are currently classified as a foreign government investor under the Foreign Acquisitions and Takeovers Act 1975 as amended (FATA).

As stated in the draft report, foreign investment is important for the development of agricultural land. We also add that foreign investment is important for resource development in Australia and has been critical to the success of APLNG's business in Queensland. In context of this draft report, because of APLNG's partial foreign ownership, we have been required to obtain Foreign Investment Review Board (FIRB) approval to APLNG's acquisitions of interests in land and, since 2010, we have held an annual program approval (now exemption certificate) issued by FIRB in relation to these acquisitions.

We believe it is important to recognise upfront that, in most cases, development of agricultural land for natural gas production allows ongoing use of the majority of the land for agricultural purposes. We support the draft report's statement that a right of veto on resource development by individual landowners would prevent land being put to its highest value use, as it allows a transfer of rights reserved to the community as a whole to individual landowners.

**Restrictions in relation to agricultural land**

We understand that the scope of inquiry includes identifying priority areas for removing unnecessary regulatory burdens where doing so may contribute to improved productivity for farming businesses and the wider economy.

The majority of APLNG's acquisitions in land necessary to construct and operate our business have been acquisitions of interests in agricultural land (as defined in the FATA). As well as affecting Australian farm businesses, the increased regulation of agricultural land increases the regulatory burden on those resource developers which are considered to be foreign investors under FATA..

Because of the inclusion of agricultural land in FIRB screening processes and the expanded definition of (and low threshold applying to) agricultural land, foreign investor resource developers are required to deal with a further layer of government approvals in relation to the acquisition of interests of land which are necessary for the resource development. These approvals are in addition to the underlying environmental and resource approvals and tenements which must be obtained from various State and federal government entities.

The additional regulation in relation to acquisitions of interests in agricultural land can provide uncertainty for resource developers and landowners alike in circumstances where the foreign investor resource developer has expended significant time and money on acquiring other approvals and tenements in relation to the development of the land or where the landowner may require the resource developer to acquire the land in lieu of receiving compensation for access.

As an alleviating measure for foreign-owned resource developers, APLNG supports draft recommendation 12.1 to increase the screening thresholds for examination of foreign investments in agricultural land by the Foreign Investment Review Board to \$252 million (indexed annually and not cumulative).

### **Processing delays and Fees**

We note the draft report's concern about FIRB processing delays and the cited submission from CPC (at page 459 of the draft report) in relation to significant delays in receiving approvals. APLNG also recently experienced a significant delay (of nearly 7 months) in receiving an annual program/exemption certificate, impacting relationships with counterparties and resulting in additional costs.

Regarding fees, APLNG agrees with draft recommendation 12.2 that application fees for foreign investment proposals in agriculture should be based on the FIRB's cost of processing applications and no higher. The fees involved substantially increase the cost of doing business for new investors and established foreign investors operating in Australia.

Should you have any questions or would like to discuss this submission further, please contact Lesley Stumbles

Yours sincerely,

**Mark McCabe**  
Chief Financial Officer & Deputy CEO  
Australia Pacific LNG Pty Limited