



**Parliament of Australia**  
**Parliamentary Budget Office**

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**Parliamentary Budget Officer**

Senator Christine Milne  
Leader of the Australian Greens  
Parliament House  
CANBERRA ACT 2600

Dear Senator Milne

Please find attached a response to your costing request, *Foreign ownership of agricultural land* (letter of 30 August 2013).

The response to this request will be released on the PBO website (<http://aph.gov.au/pbo>).

If you have any queries about this costing, please do not hesitate to contact Colin Brown on (02) 6277 9530.

Yours sincerely

Phil Bowen

4 September 2013



## COSTING – ELECTION CARETAKER PERIOD

Name of proposal to be costed:	Foreign ownership of agricultural land
Summary of proposal:	<p>The proposal would amend rules around the foreign ownership of agricultural land and water by:</p> <ul style="list-style-type: none"><li>• creating a register of foreign ownership of agricultural land and water assets</li><li>• lowering the threshold applied by the Foreign Investment Review Board (FIRB) for consideration of foreign acquisitions from \$248 million to \$5 million (including cumulative purchases by the same entity that reach \$5 million)</li><li>• legislating a stronger national interest test to be applied by the FIRB for purchases of agricultural land and water resources, and</li><li>• prohibiting the purchase of agricultural land and water by wholly-owned subsidiaries of foreign governments.</li></ul> <p>The proposal would have effect from 1 July 2014 and would be ongoing.</p>
Person/party requesting costing:	Senator Christine Milne, Australian Greens
Date costing request received:	30 August 2013
Date costing completed:	4 September 2013
Date of public release of policy:	17 August 2013
Agencies from which information was obtained:	Department of The Treasury

### Costing overview

This proposal is expected to decrease both the underlying cash and fiscal balances by \$0.5 million over the 2013-14 Budget forward estimates period. The proposal would also have an ongoing financial impact of around \$0.2 million per annum that extends beyond the forward estimates period. This impact is due entirely to an increase in expenses.

Based on advice provided by the Treasury, the estimates in this costing consist entirely of departmental expenses (one EL1 case officer per annum) to meet the increased caseload arising from the lowering of the threshold for consideration of foreign acquisitions to \$5 million. Any additional departmental costs arising from the remaining elements of the proposal are considered to be within the scope of the FIRB's day to day operations and would be expected to be absorbed within the Treasury's existing departmental funding.

## POLICY COSTING – ELECTION CARETAKER PERIOD

Costs of \$3.2 million over four years are already included in the budget to establish a *Foreign Ownership Register for Agricultural Land* (refer 2013 Economic Statement pg. 63 and footnote (e) pg. 64). As such, no costs have been included for this component in the costing of this proposal.

The costing is considered to be of medium reliability as it is based on departmental cost estimates and projected caseload arising from the proposal that may differ in actuality.

**Table 1: Financial implications (outturn prices)<sup>(a)</sup>**

Impact on	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	-	-0.2	-0.2	-0.2
Fiscal balance (\$m)	-	-0.2	-0.2	-0.2

(a) A negative number for the fiscal balance indicates an increase in expenses in accrual terms. A negative number for the underlying cash balance indicates an increase in expenses in cash terms.

### Data sources

The following data sources were used by the PBO in the costing of this proposal:

- Departmental cost estimates and projected caseload were provided by The Treasury
- Indexation based on Treasury parameters as at the Pre-Election Economic and Fiscal Outlook
- Economic Statement - Policy decisions taken since the 2013-14 Budget, accessed: [http://www.budget.gov.au/2013-14/content/economic\\_statement/html/06\\_app\\_b.htm](http://www.budget.gov.au/2013-14/content/economic_statement/html/06_app_b.htm)