Australia’s agriculture, fisheries and forestry sector needs to attract $8.7 billion of annual capital investment to achieve the National Farmers’ Federation (NFF) target of $100 billion in farm gate output by 2030. Investment in the sector stands at around $1.2 billion per annum.

Case for change
Attracting sufficient capital is critical for fuelling sector-growth. From purchasing machinery, to land consolidation, to having the ability to innovate and change a property’s enterprise mix, and even its fundamental use. Over the last decade, the level of capital injection has not kept pace with capital consumption.

Bridging the investment gap and supporting alternative avenues of finance needs to happen rapidly. It requires action from governments, industry, agricultural businesses and the value chain, to increase the capital attractiveness of the agriculture sector by reducing volatility and risk, and increasing productivity growth.

Current barriers to investment
• Lack of quality, timely information and industry performance benchmarks to a standard required by institutional investors.
• Requirements for foreign investors are often poorly understood. The Foreign Investment Review Board (FIRB) process is perceived by potential investors as complex.
• Lack of efficient models for investment in farmland and agricultural investment at scale.
• Sufficient infrastructure, labour, markets and environmental regulation also impact investment decisions.
• Regulated portfolio liquidity requirements for institutional investors is a key impediment to investment in agricultural assets.
• Industries have been slow to attract investment in returns from environmental financing, such as carbon trading, corporate social responsibility and biodiversity.

Opportunities for change
• Improve the understanding and clarity around FIRB requirements for domestic and international investors.
• Develop new land ownership models and governance to support large scale capital investment.
• Increase emphasis on corporate social responsibility and ethical investments.
• Develop, capture and report quality, timely information to meet industry performance benchmarks to a standard required by institutional investors.
• Sufficiently differentiate agricultural investment opportunities from other asset classes.

Currently being invested per year Required to be invested per year Target investment by 2030 Per year shortfall in investment Investment needs to be a combination of private and government

$1.2b $8.7b $100b $7.5b

*AgriFutures Australia commissioned a report to quantify the capital required over the next decade to support significant growth in Australia’s agriculture, fisheries and forestry sector. The full report is available at https://bit.ly/3jbxr0a