



Rural Land Markets insights and international examples of land financialisation

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Financial investment in farmland in Australia

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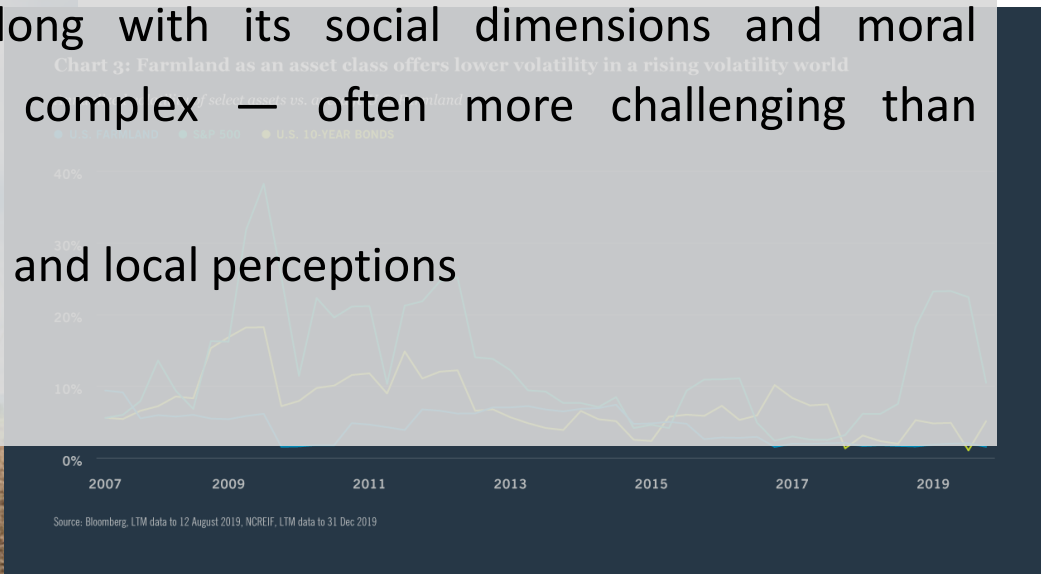
"[Land] is a different asset class to play in."

(Farmland investment broker)

Farmland investment on the rise

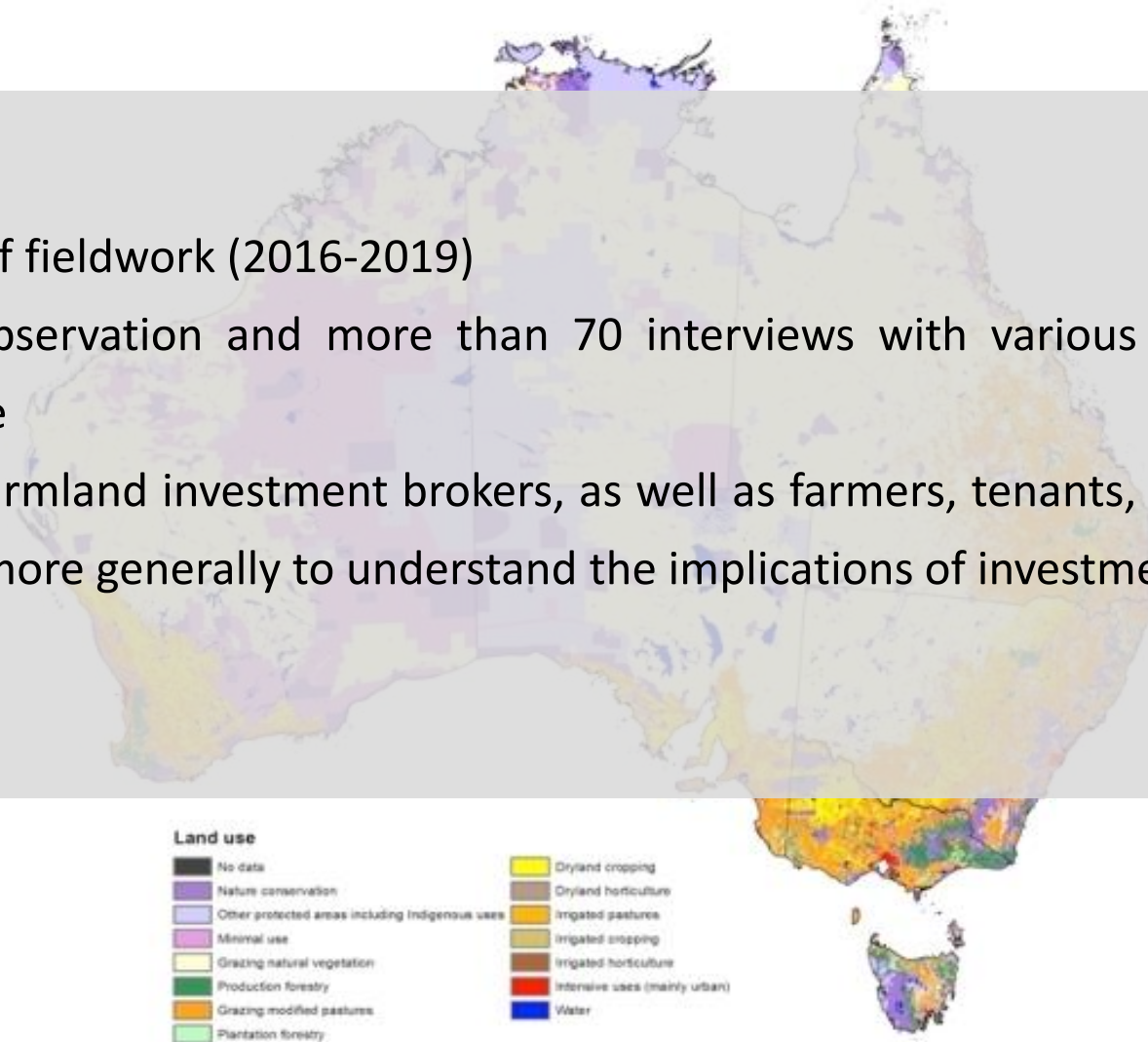


- Farmland investments do not always go “smoothly”
- The specific material characteristics of land, along with its social dimensions and moral connotations, make land investments uniquely complex — often more challenging than investments in other resources or sectors
- Focus: contested investments, political implications, and local perceptions



Empirical research

- +12 months of fieldwork (2016-2019)
- participant observation and more than 70 interviews with various actors in the 'agri-finance' space
- Focused on farmland investment brokers, as well as farmers, tenants, farm managers, and rural people more generally to understand the implications of investments on the ground



Australia within the global “land rush”

Key factors

- (1) Stable system of politics and governance
- (2) Strong interest in securing investments from abroad
- (3) Well-developed infrastructure
- (4) Proximity to Asian markets
- (5) Counter-seasonal production (advantaging farm exports to the northern hemisphere)



Australia within the global land rush



Hassad Australia

- Owned by Qatar's SWF
- 300,000 ha land (2010-2018)
- Sheep and grain production
- Top 10 sheep producers (2011)



“[...] as a general principle, foreign government entities should invest in Australian agricultural land and businesses on a commercial basis and not for food security purposes.”

(RRATRC 2012, 11)

Kidman

- 10.1 million ha, cattle
- Australia largest farm & “national icon”
- Intended sale to Dakang Australia (80%) and Australian Rural Capital (20%) blocked twice

“The size of the asset makes it difficult for any single

Kidman will “remain majority Australian owned” with the Australian-owned part of the consortium controlling the board and day-to-day operations of the business (Treasurer 2016b)

interests. However, we must always ensure it is on our own terms.” (Treasurer 2016)



Superannuation capital as alternative

“Our research findings are intended to **get the conversation started on why superannuation funds are not investing in Australian agriculture** and identify the underlying attitudes towards investment. We also wanted to ... highlight the current obstacles faced by the sector in gaining more superannuation fund investment.”

(BDO 2015)

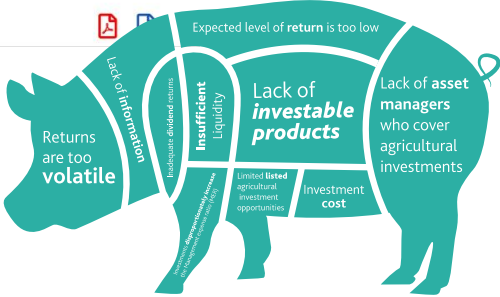


Super-charging Australian Agriculture

December 2018
© Commonwealth of Australia 2018
ISBN: 978-1-74366-942-6

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Why are funds **not investing?**



Revision of foreign direct investment regime

Foreign Acquisitions and Takeovers Legislation Amendment Act 2015

Key amendments

- Threshold rate for FIRB review lowered: AUD 248 million to AUD 15 million (1 March 2015)
(except US, NZ, Chile, Singapore, Thailand)
- Register of Foreign Ownership of Agricultural Land

The “national interest” remained undefined:

“[I]t is very difficult to determine what will happen tomorrow, or what will happen in five years['] time. Situations do change and the Treasurer, the decision maker, needs to have the flexibility to determine at a particular point in time what might be in the national interest. ... The point is that it is about flexibility.” (ELC, 2011, p. 27)

Renegotiation of agricultural land in the context of financialization

- Australia as an “open space” for foreign direct investment challenged
- Renegotiation of land’s investability: food security (Hassad) and national interest (Kidman)
- Alternative sources of capital (pension funds) that satisfy both capital needs and value systems
- Financialization of agricultural land reflects moral economy
- “Neo-nationalization” of land: new combination of neoliberal and national principles

Perceptions of investments “on the ground”

Table 1 Profiles of financial actors that invested in Warren. *Sources:* Hassad Australia (2016), Paraway Pastoral (2016), TIAA-CREF (2015), WAAM (2011, 2014, 2016)

Company's name	Type and structure	Sources of capital
Macquarie Pastoral Fund	First unlisted institutional agricultural fund of Macquarie Group, an investment bank and financial services provider Launched in 2007 and owned and managed by Macquarie Agricultural Funds Management Limited (MAFM)	Not publicly disclosed
Westchester Group of Australia	Australian subsidiary of Westchester Agriculture Asset Management, since 2010 a subsidiary of American financial services company TIAA-CREF (Teachers Insurance and Annuity Association–College Retirement Equities Fund) Investments in Australia since 2007	Not publicly disclosed
Hassad Australia	Australian subsidiary of Hassad Food Company, established in 2008 and owned by Qatar Investment Authority (Qatar's sovereign wealth fund) Investments in Australia since 2009	Revenues from oil and liquid natural gas

Compiled based on desktop research and complemented by three interviews conducted

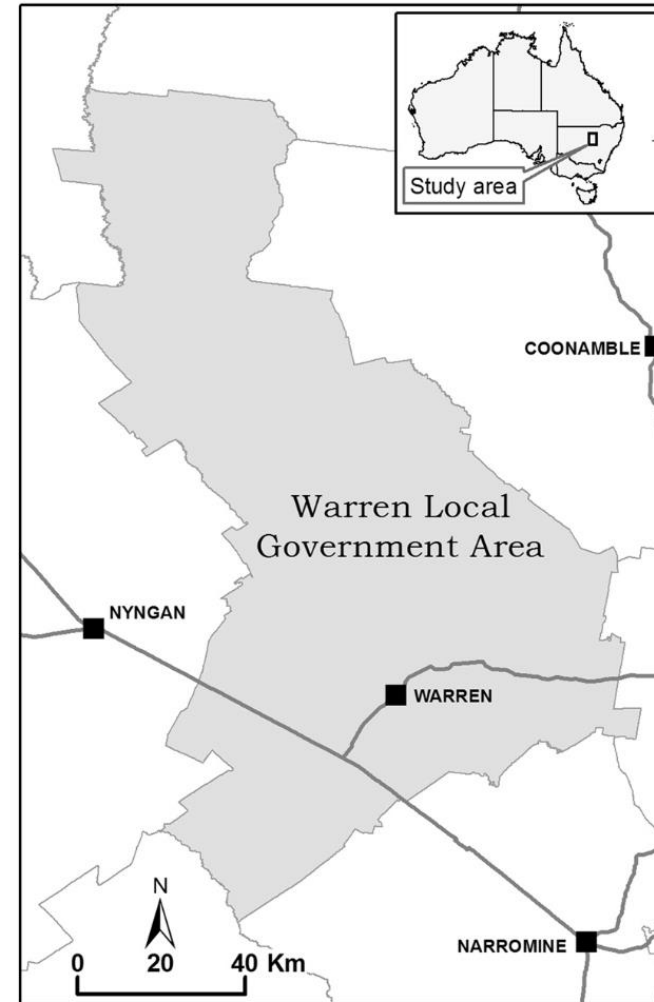


Fig. 1 Location of Warren shire (NSW), Australia

Perceptions of investments “on the ground”

- No opposition of financial goals per se ...

“[I]’d be hopeful that they would be **good corporate citizens** and buy as much as they could locally and employ locals where they can. ... They might sponsor a race day or they might do something really good at the school.”

(B., grazier and representative of Shire Council, 2012)

“[T]hey tend to be quite good **custodians of the land**. They seem to want to look after the land and carry out improvements like fencing and water and upgrade the buildings and things.”

(G., farm family entrepreneur, 2012)

Perceptions of investments “on the ground”

- ... but concerns:

Lack of care

“[J]ust their mentality around here. They are the big fellow and they can do whatever they want to ... they **just didn't seem to care** all that much.” (A., dairy and macadamia farmer, 2012)

Lack of transparency

“There was a feeling put around. ... They were very clever. It's a bit like **relying on the rumour mill**. Unknown sources get this feeling going that [X] is actually looking around the valley. And then, “oh well such and such is selling to them”... And you approach them and ask if they ended up finalizing a sale and they say no” (T., grazier, 2012)

Perceptions of investments “on the ground”

New alliances ...

“All our leases are short term, so that if the company, or the family, decide that they want to get out of that much exposure to agriculture, they can **give up the leases** in the next two years and they don’t have that obligation.”

(G., farm family entrepreneur, 2012)

... new power (im)balances

“ ... it’s not one company dealing with another, you might be taking on basically another company which has sovereign backing so you’re not dealing with another company where you have some realistic competition, **you are dealing with a government which has unlimited backing** so you can’t compete with that.” (R., grazier,

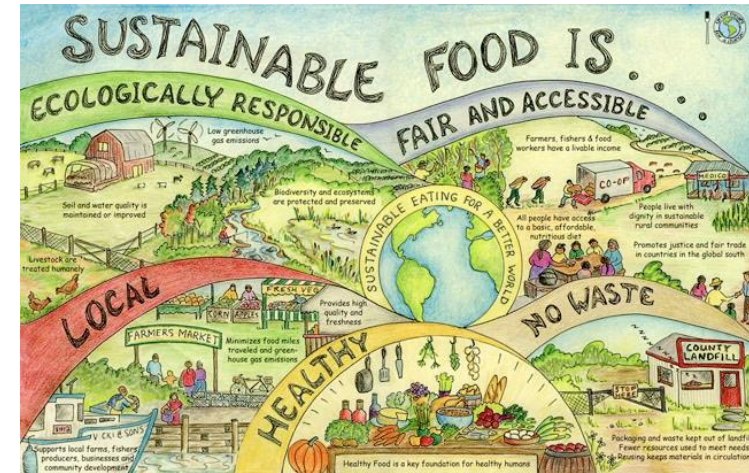
2012)

Renegotiation of financialization on the ground

- Reflects societal debate – but goes beyond it
- Financial interests are not rejected per se (part of the moral economy)
- Rural communities are characterized by a variety of perspectives (winners/losers)
- Many potentially conflicting perspectives and interests
- Exacerbation of existing inequities between different groups of farmers
- Speed, scale, and lack of transparency of investments – feelings of unease and impact on community cohesion

Land's future ... ?

- Financialization of land does not occur randomly or uniformly – it is the result of societal understandings about the legitimacy of capital and principles of economic action
- Financialization does not emerge from “nothing” and does not happen in an “empty space” – it is embedded in and unfolds through concrete spatial and temporal processes, while affecting people differently



Further readings

- Sippel, S.R., Larder, N. and Lawrence, G. (2017) Grounding the financialization of farmland: perspectives on financial actors as new land owners in rural Australia. *Agriculture and Human Values*, 34(2), 251-265.
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- Sippel, S.R. and Weldon, T. (2021) Redefining land's investability: towards a neo-nationalization of resources in Australia?, *Territory, Politics, Governance*, 9(2), 306-323.
- Sippel, S.R. (2023). Tackling land's 'stubborn materiality': the interplay of imaginaries, data and digital technologies within farmland assetization, *Agriculture and Human Values*, 1-15.