



Foreign Water Entitlements Inquiry
Productivity Commission
GPO Box 1428
Canberra City, ACT, 2601
Foreign.water.entitlements@pc.gov.au

24 May 2021

Dear Commissioner,

RE: VFF Submission - Register of Foreign Owned Water Entitlements

The Victorian Farmers Federation (VFF) is the only recognised consistent voice on issues affecting rural Victoria and we welcome the opportunity to comment on the Productivity Commission's Issues Paper on a *Register of Foreign-owned Water Entitlements*.

Victoria is home to 25 per cent of the nation's farms. They attract neither government export subsidies nor tariff support. Despite farming on only three per cent of Australia's available agricultural land, Victorians produce 30 per cent of the nation's agricultural product. The VFF represents the interests of our state's dairy, livestock, grains, horticulture, flowers, chicken meat, pigs and egg producers.

The VFF fully supports welcomes the Commission's objective to increase transparency regarding the foreign ownership of water entitlements. Foreign ownership of water and land is a topic generating increased public interest and therefore improved transparency is welcomed.

The VFF do not believe there is widespread awareness on the Register of Foreign Ownership and the Annual Report. The VFF believe the Commission need to look at ways to increase the accessibility of the register and public awareness of its annual report.

The VFF believe the data collected to date lacks details at a water system or valley level to ensure local communities can meaningfully interpret the data.

The issues paper notes that:

"The statistical report does not include analysis of ownership at the catchment-specific level to avoid identification of individual owners." (Pg 9)

The VFF does not believe that providing a breakdown by State of Foreign ownership is sufficient. There are many different types of water entitlements across Australia, all with varying levels of reliability and accessibility. Therefore to ensure the public have a greater understanding of the level of foreign water ownership it is important this is broken down by

water system/valley to ensure foreign ownership are not controlling certain water entitlements products.

The VFF believe the release date of annual reports of this data could also be improved. Nine months to prepare an annual report at the end of each financial year seems excessive.

The *Foreign Acquisitions and Takeovers Act 1075* define a foreign person as individuals or entities with foreign ownership of 20 per cent or more. This could result in a large amount of water being considered foreign owned and thus overstated. Therefore it is critical the Register captures the share of Australian investors equity in a water entitlement.

The VFF believe the register and annual report could also be enhanced by monitoring and recording the size foreigners participate in the water allocation market.

The community remains uneasy that large corporates and foreign investors are using excessive market power to drive up the price of annual water allocations. The VFF believe increased reporting here would be of benefit to help improve transparency.

The VFF believe that any amendments to the register should not impose additional costs on water infrastructure operators that will largely have to be met by irrigators. Any increased administration costs must be met by the Commonwealth.

Finally, the issues paper passes no comment on what an acceptable level of foreign ownership of Australian water assets. The VFF believe a threshold must be established.

Should you wish to discuss further then please contact the VFF Policy Manager Luke Hooke

Yours sincerely,

Andrew Leahy
VFF Water Council