



Hon Lisa Neville MP

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Jonathan Coppel
Commissioner
Foreign Water Entitlements Inquiry
Productivity Commission
GPO Box 1428, Canberra City, ACT 2601

Ref: MBR044852



Dear Mr Coppel

SUBMISSION TO PRODUCTIVITY COMMISSION INQUIRY INTO THE REGISTER OF FOREIGN-OWNED WATER ENTITLEMENTS

The Victorian Government welcomes the opportunity to provide comments on the Productivity Commission's *Inquiry into the Register of Foreign-owned Water Entitlements – Issues Paper*.

The Victorian Government is committed to effective water markets that share our precious resources fairly and efficiently and to transparency in water markets balanced with protection of commercial privacy, to give confidence in these water markets.

Foreign investment is crucial to growing Victoria's economy and creating jobs. The Victorian Government's *Strong, Innovative, Sustainable: A new strategy for Victorian agriculture* sets out a clear framework to support the growth of the agriculture sector and create jobs. A key focus is to create the right conditions and opportunities for investment. Building business and community confidence in water markets is an important component of creating the right conditions for investment.

Our community expects the Australian Government to have oversight of foreign investments in all-natural resources including water. Foreign ownership of water is a topic of interest across the Murray-Darling Basin and was raised as an issue during community consultation by the former Interim Inspector-General of Murray-Darling Basin Water Resources. It has also been raised during community consultation on proposals to increase water market information in 2020, when the Victorian Government heard that people felt that a high level of transparency was required for ownership of large holdings of water including foreign ownership. There was particular concern that foreign owners are typically large corporations or investors, often perceived as having an advantage in water markets and an ability to force up the price of water.

The Register of Foreign-owned Water Entitlements and the associated public reports are the key source of information to respond to this clear community interest. Victoria supports the public reports from the Register of Foreign-owned Water Entitlements but notes that the current reporting may not meet community expectations.

More timely publication of the reports with increased local information can promote well informed public debate. It is important to irrigation communities to have confidence in water markets. Typically reports from the Register of Foreign-owned Water Entitlements are not made public for many months following the end of the reporting year. This makes it difficult for the public to meaningfully engage with the information, and to make sense of it in relation to other public reporting.

Information presented at a more local scale can help respond to community questions about foreign ownership in a catchment, trade zone or local area, balancing the needs to maintain privacy and provide transparency. People are particularly interested in what is happening in their area, and this information is currently obscured when reported only through the statewide statistical reports.



Another area that could benefit from a greater level of detail is recording the type of water entitlement. As noted in the *Issues Paper*, and by the Australian Tax Office (ATO), the very different nature of water entitlements means that reporting entitlement volumes can be misleading. The ATO could work with jurisdictions to consider other meaningful reporting approaches, such as reporting long-term average yield of various entitlement types, alongside the current reporting of entitlement volumes.

Victoria supports the expanded use of information allowed under the recent legislation to disclose information from the Register of Foreign-owned Water Entitlements to a broader range of people, including officers in state governments. We request that this provision of information is accelerated and occurs ahead of the implementation of the new register. We support a commitment to share information, consistent with privacy principles, in a way that provides information for policy making and leads to greater transparency for our communities.

The Australian Government, through the ATO, is the appropriate body to administer the Register of Foreign-owned Water Entitlements. The ATO can draw on its experience in administration of similar registers, and utilise the definitions established for foreign owners in federal legislation. While states operate their own water registers, states do not have the powers, nor the ability to check the integrity of this type of data. Victoria will continue to support the ATO with access to the Victorian Water Register and continue our mutually beneficial data sharing.

The *Issues Paper* notes that there has been 'limited enforcement activity' since the Register of Foreign-owned Water Entitlements was established. The current settings can give the impression that it is voluntary for foreign persons to report their water holdings, as noted in some media reporting. Compliance activities will mean the information being collected in the Register of Foreign-owned Water Entitlements is more reliable, and importantly, more trusted by the community.

It is important to continue and refine the Register of Foreign-owned Water Entitlements and public reporting to respond to community interest.

Thank you for taking time to consider this important issue. If you have any further questions, please contact Alieta Donald, Director, Water Resource Reform and Insights, Department of Environment, Land, Water and Planning,

Yours sincerely

HON RICHARD WYNNE MP
Acting Minister for Water

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