



21 May 2021

Foreign Water Entitlements Inquiry  
Productivity Commission  
GPO Box 1428  
Canberra City ACT 2601, Australia  
Via email: [foreign.water.entitlements@pc.gov.au](mailto:foreign.water.entitlements@pc.gov.au)

Dear Commissioner

**Re: Inquiry into the Register of Foreign Owned Water Entitlement**

The NFF welcomes the opportunity to provide a submission to the Productivity Commission inquiry into the effectiveness of the Register of Foreign-owned Water Entitlements Issues Paper.

On matters related to water, the NFF is the only national body that brings only a farm-focused viewpoint. We represent the interests of farmers that are affected by water management decisions including irrigators, riparian and floodplain landholders and stock and domestic users.

The NFF makes the following observations now that the register has been established for four years.

**1. NFF's policy position on foreign investment & the registration of foreign interests in land and water**

NFF continues to support foreign investment in Australian agriculture and recognises the important it has and will continue to play in a vibrant agricultural supply chain, especially as a source of capital. Foreign investment will play an important role in closing the \$8.7 billion shortfall<sup>1</sup> in new investment required to reach the NFF's goal of \$100 billion in farm gate output by 2030.

The NFF continues to support mechanisms to build transparency in the level of foreign control over agricultural land and water assets, acknowledging that both registers respond to community concerns around investment in Australia agriculture. Community interest in foreign investment and the extent to which it affects Australian businesses remain significant, especially in the past 12 months.

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<sup>1</sup> Natural Capital Economics (2020). Capital requirements of Australia's agriculture, fisheries and forestry sector. Project number: 0920016

The register should provide beneficial and transparent information to the wider community regarding the current level of foreign investment in water, and how this has changed over time. This information should help clarify what is happening with foreign investment and must be designed to address questions communities have with foreign investment.

## **2. Key principles to water register**

In our 2016 submission to the establishment of the register, NFF's policy principles to the register were:

- Full transparency of foreign investment in water rights is essential. The register must transparently capture the details of foreign investment in both state issued water access entitlements and the irrigation rights issued by IIOs.
- Foreign persons and entities should be responsible for complying with the requirements of the register.
- The Commonwealth should bear the cost of implementing the register, including activities to ensure the completeness of the register.
- Low-cost regulation. The regulation should not be an administrative barrier to foreign investment in Australian agriculture.
- Administrative efficiency. Interactions with IIOs in relation to the provision of information or data on irrigation rights in their area should be efficient.

The NFF further notes that:

- The Register was established to address community concerns and does not provide a material benefit to landholders. As a public good, landholders should not be burdened with the cost of maintaining or expanding the register.
- The cost of the register should remain proportional to the information provided, and a key test for Government's is what the public is willing to pay for.

## **3. NFF's response to the Issues Paper**

NFF makes the following observations on the Register:

- The foreign register provides only an annual summary of foreign water entitlements.
- There appears to be limited awareness of the Register itself, partly due to the infrequent and sporadic releases of annual reports. There would be benefit in having an accompanying media release when reports are released.
- Three reports have been released to date. Information provided to date has been high-level. The third report appears to further breakdown foreign-owned water entitlements by 'type' including leases and water access entitlements. The NFF welcomes this approach.
- For the purposes of the Register, an annual report is much more appropriate to provide transparency on the foreign ownership of water entitlements without adding additional cost.
- There are trade-offs between the need for transparency and the granularity of data provided to the public. NFF supports the Australian Taxation Office making statistical information as granular as possible without it being able to breach individual growers' privacy requirements.

- There are indirect costs, especially to Irrigation Infrastructure Operators (IIOs) who have to collect information from members.
- One concern not addressed in the Register is whether it can clearly distinguish and identify the extent to which water assets or corporations are effectively ‘foreign-controlled’, noting that it may require understanding foreign interests as shareholders. NFF recommends the Commission consider whether this information is readily available and/or the feasibility in acquiring this data.

NFF notes some concerns raised in the Issues Paper about foreign investment in Australian water, including the risk they may be bidding up water prices, or potentially speculating in rights or hoarding water. NFF suggests, if these are material concerns, the Register would not be the appropriate place to make such determinations — the information is aggregated and insufficient for meaningful analysis on this issue. Furthermore, competition issues are appropriately dealt within the remit of the Australian Competition and Consumer Commission (ACCC), not the Australian Tax Office.

NFF also notes that there are potential uses for a Register of Foreign Water Entitlements for policymakers and public policy purposes but if this is to be pursued, it would require greater granularity of data.

Currently, there are few uses of the Register for landholders, and it contributes little to decision-making for them. For landholders, state water registers provide a clearer breakdown of entitlement characteristics, noting that foreign ownership is less relevant to their interests. Landholders should not bear the cost of any changes to the register.

#### **4. NFF response to proposed new register**

The NFF notes that the Government intends to abolish the existing water and land registers and have them amalgamated under the *Foreign Investment Reform (Protecting Australia’s National Security) Act 2020*.

NFF supports an amalgamation of registers to the extent that it would be more consistent and more efficient provided there are minimal changes to how information is disseminated. It would provide a more complete picture of foreign ownership in Australia. Similarly, however, landholders should not bear any costs associated with this process.

Should you require any further information, please contact Warwick Ragg, General Manager Natural Resource Management,

Yours sincerely

**TONY MAHAR**  
Chief Executive Officer