



QUEENSLAND FARMERS' FEDERATION

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Submission

10 September 2021

Foreign Water Entitlements inquiry
Productivity commission
GPO Box 1428
CANBERRA ACT 2601

Submitted online: www.pc.gov.au/inquiries/current/foreign-water-entitlements/make-submission#lodge

Dear Sir/Madam

Re: Register of Foreign-owned Water Entitlements - Productivity Commission Draft Report (August 2021)

The Queensland Farmers' Federation (QFF) is the united voice of intensive and irrigated agriculture in Queensland. It is a federation that represents the interests of 20 peak state and national agriculture industry organisations and engages in a broad range of economic, social, environmental and regional issues of strategic importance to the productivity, sustainability and growth of the agricultural sector. QFF's mission is to secure a strong and sustainable future for Queensland farmers by representing the common interests of our member organisations:

- CANEGROWERS
- Cotton Australia
- Growcom
- Nursery & Garden Industry Queensland (NGIQ)
- Queensland Dairyfarmers' Organisation (QDO)
- Australian Cane Farmers Association (ACFA)
- Queensland United Egg Producers (QUEP)
- Turf Queensland
- Queensland Chicken Meat Council (QCMC)
- Bundaberg Regional Irrigators Group (BRIG)
- Burdekin River Irrigation Area Irrigators Ltd (BRIA)
- Central Downs Irrigators Ltd (CDIL)
- Fairbairn Irrigation Network Ltd
- Mallowa Irrigation Ltd
- Pioneer Valley Water Cooperative Ltd (PV Water)
- Theodore Water Pty Ltd
- Eton Irrigation Scheme Ltd
- Pork Queensland Inc
- Tropical Carbon Farming Innovation Hub
- Lockyer Water Users Forum (LWUF).

The united voice of intensive and irrigated agriculture



QFF welcomes the opportunity to provide comment on the Register of Foreign-owned Water Entitlements – Productivity Commission Draft Report (August 2021). We provide this submission without prejudice to any additional submission from our members or individual farmers.

Summary

QFF made an initial submission in March 2021, on the Register of Foreign-owned Water Entitlements - Productivity Commission Issues Paper (February 2021). QFF supports the proposed recommendations outlined in the draft report if they were to be implemented, however, any future changes must be conducted in consultation with the agricultural sector.

QFF would like to reiterate the key areas outlined in QFF's previous submission which could affect the agricultural industry.

- Increased transparency of foreign ownership of Australian Water Assets.
- Compliance by foreign owners of water entitlements in accordance with the *Register of Foreign Ownership of Water or Agricultural Land Act 2015* (the Act).

Foreign-owned water entitlements

Foreign-owned water entitlements require greater transparency, and as outlined in the report there are some low-cost options to achieve this and that are within the compliance of the *Register of Foreign Ownership of Water or Agricultural Land Act 2015* (the Act).

The level of control and issues surrounding the different uses of water entitlements, such as those in the mining sector or future hydrogen sector, should not be exempted from the register. The Mineral Councils of Australia (MCA) has requested two types of water used in mining operation be exempted from the Register (saline or hypersaline water extracted from aquifers; and associated water taken from dewatering activities), they represent an extraction of the natural resource and, as such, must be accounted for.

As outlined in the report *'although some water entitlements used in mining have different characteristics and purposes than other water entitlements, they should not be excluded from the Register's scope.'*¹ The draft overview outlined that retaining a comprehensive scope adds to the Register's credibility and to the transparency and accountability in public policy.

QFF supports the Commissions statement that *'statistical reports should provide additional information on the usage of water entitlements in mining, and water entitlements used in mining should not be excluded from the Register's scope.'*²

Throughout the draft report, the Commission acknowledged that publishing data, (which would help with transparency) that included the proportion of water registrants at the national level that also own agricultural land, (which would be on the Agricultural Land Register), would not violate the confidentiality constraints, and therefore could be more accessible to the public.

The report further identified a small number of low-cost alternatives that would help improve the performance and quality of the register, particularly the statistical reports. These alternatives are listed with the following recommendations:

¹ Productivity Commission, Register of foreign-owned water entitlements, Draft Overview. August 2021. p19.

² Productivity Commission, Register of foreign-owned water entitlements, Draft Report. August 2021. p15.

QFF supports the proposed recommendations:

DRAFT RECOMMENDATION 5.1 LINKING TO THE REGISTER FROM STATE WATER REGISTERS

- All State and Territory governments should ensure that their online water registers and related portals provide a link to the Register of Foreign Ownership of Water Entitlements.
- They should also ensure that their water licence application processes inform applicants of the requirement for entitlement holders who are foreign persons to register with the ATO.

DRAFT RECOMMENDATION 5.2 THE SHARE OF REGISTRANTS THAT HOLD LAND

- In future statistical reports, the ATO should specify the share of water registrants that also hold agricultural land.

DRAFT RECOMMENDATION 5.3 CLARIFYING CONCEPTS AND AVOIDING MISUNDERSTANDINGS

The ATO should revise the statistical reports or develop release materials to highlight or explain:

- that registering is mandatory
- the concepts of foreign 'owned' and foreign 'controlled' entitlements
- the distinctions between water market concepts, such as entitlements and allocations, and total available water resources
- the distinct characteristics of the use of water entitlements in the mining sector.
- Increased transparency of foreign ownership of Australian Water Assets is required and as such support the recommendations that registration is mandatory rather than voluntary and that penalties apply for non-compliance.

These recommendations would continue to help improve the performance, quality and transparency of the register and should be undertaken in a cost-effective and streamlined manner so to limit administrative burden. These added measures also align to the values of the National Water Initiatives, that allow water to be used more efficiently, through the investment of water as a tradeable asset.³

Future Policy Direction

Increased accountability is still required, which will allow increased transparency for the economic value of water. The future of foreign owned water entitlements must continue to see greater scrutiny and validity placed upon foreign investment water entitlement holders, as to not impact other water entitlement holders including, but not limited to those in the agricultural sector. It is essential that in making future decisions more emphasis is placed upon on transparency, compliance and risk.

If you have any queries about this submission, please do not hesitate to contact Ms Sharon McIntosh

Yours sincerely

Dr Georgina Davis
Chief Executive Officer

³ COAG (Council of Australian Governments) 2004, Intergovernmental Agreement on a National Water Initiative, Canberra *In* Productivity Commission, Register of foreign-owned water entitlements, Draft Repot. August 2021.