



QUEENSLAND FARMERS' FEDERATION

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Submission

26 March 2021

Foreign Water Entitlements Inquiry
Productivity Commission
GPO Box 1428
CANBERRA CITY ACT 2601

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

To Whom It May Concern

Re: Register of Foreign-owned Water Entitlements - Productivity Commission Issues Paper (February 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 21 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 Chicken Growers Association (QCGA)
- 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 Issues Paper (February 2021). We provide this submission without prejudice to any additional submission from our members or individual farmers.

Summary

QFF note the key areas that we wish to address in this submission are detailed below and can be summarised as:

- 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).
- Associated costs of maintaining the register are necessary to ensure ongoing compliance.

Background

The *Register of Foreign Ownership of Water or Agricultural Land Act 2015* (the Act) allows for information to be collected about foreign interests in land and certain water entitlements and rights. Two registers were established as a result of this Act, one for foreign ownership of Agricultural land and one for foreign ownership of water entitlements. These registers were established to provide greater transparency over the level of foreign ownership, with annual reporting and ongoing costs and benefits also required to identify the effectiveness of these registers. Currently, it is recognised that greater transparency is still needed, but also allow for more public information on foreign owned water entitlements including greater visibility on the water market.

The ongoing effectiveness of the foreign owned water entitlements still requires more visibility for Australian water entitlement holders, and although the rationale for the register can be debated in respect to government goals, or costs and benefits with maintaining the register, at present the involvement of the Commission of Taxation will continue to provide accountability. However, more accountability is still needed, that will enable greater transparency for the economic value of water and greater value placed on ownership.

Foreign Investment Reform

The current act for which Register of Foreign-owned Water Entitlements are currently managed under is proposed to be encompassed under the new *Foreign Investment Reform (Protecting Australia's National Security) Act 2020* (Cth). The existing Acts will be abolished when the new scheme commences, which is to be undertaken by 1 January 2025. This Act amalgamates existing registers of foreign interests in Australian land and water entitlements and contractual water rights. This also expands the requirements to foreign owners of commercial land and exploration tenements and new business questions that require foreign investment approval. It has been proposed that Foreign-owned Water Entitlements will continue to use the same definitions, see the same reporting obligations, and require public annual reporting at an aggregate level using data from the Register.

The extended differences that are proposed are:

- Existing register's primary purpose is to ensure greater transparency, and promote informed public debate, however the other purpose proposed in the amalgamation is to use the information to help

government with policy making decisions. More emphasis is to be placed on this data as a resource to support foreign investment policy.

- The use of information in the current Register is restricted by government parties as opposed to the new Register. Proposals under the new system allows for data to be disclosed for an expanded range of policy purposes and to a broader range of the community, such as Commonwealth officers, officers in other Australian jurisdictions and other countries. The new system as outlined appears to be a more transparent and accessible system to enable future policy, but it should also be noted that any future policy proposals under the new Register needs to be formulated with the agricultural sector, to ensure no adverse impacts are placed on the future viability and sustainability of their businesses.
- Currently the Commissioner for Taxation administers the Register in accordance with the *Taxation Administration Act 1953* (Cth), however the new Register will be overseen by a Register under the *Foreign Acquisitions and Takeovers Act 1975* (Cth). QFF supports the implementation of a new Register that enables greater powers such as the ability to create statutory data standards relating to how information is collected, authenticated, stored, correct, and updated, with internal processes and procedures to be followed by the Register and their delegates. With this new strengthened administration arrangements, we hope to see greater transparency with more public input in policy decision making.

Future Policy Direction

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 in the agricultural sector. For this reason, it is important that in making future decisions in respect to the new register that less emphasis is placed on the costs and benefits of continuing with a register and greater emphasis is placed upon on transparency, compliance, and risk.

At present, the administration processes required under the direction of the ATO, gives some security to the irrigated sector, however QFF would support a well investigated and evidence-based approach in line with stakeholder input, that sets out greater provisions for foreign owned water entitlement holders, as previously noted, to help with the development of future policy in this area.

If you have any queries about this submission, please do not hesitate to contact Ms Sharon McIntosh at sharon@qff.org.au.

Yours sincerely

Dr Georgina Davis
Chief Executive Officer