



Hon Lisa Neville MP

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Dr Jane Doolan
Commissioner
Foreign Water Entitlements Inquiry
Productivity Commission
GPO Box 1428, Canberra City, ACT 2601

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Dear Commissioner

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

The Victorian Government appreciates the opportunity to provide feedback on the *Productivity Commission's Draft Report - Register of Foreign-owned Water Entitlements*.

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 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.

Foreign ownership of water remains a topic of interest in Victoria as shown during community consultation on proposals to increase water market information in 2019 and 2020. Improving transparency around foreign ownership of water is in the Victorian community's interest, while protecting privacy to ensure that Australia remains an attractive destination for foreign investment.

In the Victorian Government's submission to the Productivity Commission's Issues Paper in April 2021, various opportunities were identified to improve transparency around the Register of Foreign-owned Water Entitlements. Consistent with Victoria's previous submission, Victoria would like to reiterate four key points:

1. It is important to work towards more timely publication of the reports as, typically, the annual report is not made public for many months following the end of the reporting year.
2. Information must be presented at a more local scale to respond to community questions about foreign ownership, balancing the needs to maintain privacy of foreign investors. Victoria welcomes the publication of data on foreign-held water entitlement in the Northern and Southern Murray-Darling Basin in the most recent annual report as a step in the right direction. However, we believe that the Inquiry could go further in recommending publication of information on a more meaningful geographic scale to address community interest.
3. The very different nature of water entitlements means that reporting entitlement volumes can be misleading. Victoria encourages the Australian Tax Office (ATO) to 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.

4. Victoria encourages the ATO to work with jurisdictions and stakeholders to achieve more meaningful reporting. The draft report explains that misalignment between ATO and data from the Bureau of Meteorology on the total volume of entitlements on issue places a: *'limit on the publication of some of [...] the more geographically granular information'*. The Department for Environment, Land Water and Planning (DELWP) is open to exploring a data sharing arrangement with the ATO's Land and Water Register for better alignment in state and commonwealth reporting on these matters.

The Productivity Commission's draft report released in August 2021 acknowledges issues around community perceptions of foreign ownership of water: *"a sizeable share of the Australian community has some unease towards foreign investment, particularly foreign 'direct' investment that entails some control of Australian businesses and assets"*. The draft report considers that the register and the public reports play *"a small, yet useful, role"* in transparency of foreign owned water entitlements.

Victoria agrees that it is important to continue the register, and importantly to improve public reporting from the register to respond to community interest in foreign ownership of water. A commitment to more meaningful sharing of information, consistent with privacy principles, leads to a better understanding of foreign water ownership and hence, greater transparency and community confidence in water markets.

Thank you for taking time to consider this important issue. If you have any further questions, please contact Alieta Donald, Executive Director, Water Resource Strategy, DELWP

Yours sincerely

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