



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



**HOUSE OF REPRESENTATIVES**

**BILLS**

**Register of Foreign Ownership of Agricultural  
Land Amendment (Water) Bill 2016**

**Second Reading**

**SPEECH**

**Wednesday, 12 October 2016**

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

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## SPEECH

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| <b>Date</b> Wednesday, 12 October 2016 | <b>Source</b> House |
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| <b>Questioner</b>                      | <b>Responder</b>    |
| <b>Speaker</b> Morrison, Scott, MP     | <b>Question No.</b> |

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**Mr MORRISON** (Cook—Treasurer) (09:50): I move:

That this bill be now read a second time.

This bill delivers on the coalition government's commitment to establish a national register of foreign interests in Australian water entitlements.

This bill, the Register of Foreign Ownership of Agricultural Land Amendment (Water) Bill 2016, amends the Register of Foreign Ownership of Agricultural Land Act 2015 to require foreign persons to register certain water entitlements and rights with the Australian Taxation Office.

The bill builds on the significant reforms the government undertook last year to modernise and strengthen Australia's foreign investment framework. Those reforms represented the most significant overhaul of the Foreign Acquisitions and Takeovers Act 1975 since its introduction 40 years ago.

As a large, resource-rich country with relatively high demand for capital, Australia has relied on foreign investment to meet the shortfall of domestic savings against domestic investment needs for over two centuries.

Foreign investment has enabled Australians to enjoy higher rates of economic growth, employment and a higher standard of living than could have been achieved from domestic savings alone.

Foreign investment has other benefits beyond injecting new capital. By bringing in new businesses with connections in different markets, it opens up additional export opportunities, boosting our overall export performance.

While acknowledging the value and contribution of foreign investment to our national prosperity, it is important to strike a balance between maintaining an attractive and welcoming environment for foreign capital on the one hand while maintaining community confidence in the foreign investment regime.

Australians must have confidence that there are clear rules that protect the national interest and that these rules are being enforced.

That is why our government has acted to strengthen the controls we place on foreign investment and is following through with improved enforcement to pursue those who break the rules.

As part of last year's reforms, the government introduced the Foreign Ownership of Agricultural Land Register. This was in response to increasing community concerns about the level of foreign investment in Australia's agricultural sector.

The Agricultural Land Register and the first report, which I announced the release of last month, has for the first time given the government and community a picture of the overall levels of foreign ownership of Australian agricultural land.

Similar to the Agricultural Land Register, the proposed water register will provide, for the first time, a comprehensive and reliable picture of the level of foreign investment in Australian water entitlements which meet the definition of registrable water entitlement or contractual water right.

The bill requires that from 1 July 2017, foreign persons who hold certain water entitlements and rights must notify the ATO of their existing holdings and any subsequent acquisitions. The government will be able to establish a baseline picture of the level of foreign ownership as well as monitor changing trends over time.

The bill requires the Commissioner of Taxation to administer the register and provide a report for tabling in parliament each year. The report on the water register will contain aggregated data about the water entitlements and rights that are foreign owned by volume, state and territory, water source and country of investor.

The Commissioner of Taxation is also required to publish aggregated statistical information derived from the water register on a website, to provide to the Australian people an understanding for the first time of the foreign interests in Australia's water entitlements.

Regardless of the debate about what level of foreign ownership is ideal, the benefit of the water register will be to provide greater transparency and understanding of the actual levels of foreign ownership in water.

Full details of the measure are contained in the explanatory memorandum.

Debate adjourned.