

ABCNEWS

Foreign ownership of water entitlements reveals China and US are the biggest investors

[ABC Rural](#)

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[An Australian Tax Office report shows one in 10 water entitlements in Australia is foreign-owned.](#)

(ABC Riverland: Nadia Isa)

The Federal Government's long-awaited foreign ownership of water entitlement register reveals investors from China and the United States have the biggest stake in foreign-owned water entitlements in Australia.

Key points:

- The majority of foreign-held water entitlements are in the northern part of the Murray-Darling Basin
- Agriculture Minister David Littleproud says the figures are not alarming
- The register does not reveal where foreign government investors own entitlements

[The register](#), compiled by the Australian Tax Office, shows one in 10 water entitlements is foreign-owned at 10.4 per cent. Chinese and US investors each own 1.9 per cent followed by the UK owning 1.1 per cent.

More than 1,800 gigalitres of foreign-held water entitlements are within the Murray-Darling Basin, which is 9.4 per cent of the total Murray-Darling Basin water entitlement on issue.

The findings show the majority of foreign-held water entitlements are in the Northern Basin at 21.9 per cent, followed by 5.5 per cent in the Southern Basin.

Murray-Darling Basin (MDB)	Foreign held water entitlement (GL)	Total water entitlement on issue - MDB ⁸ (GL)	Proportion of total water entitlement on issue -MDB with a level of foreign ownership (%)
Surface water			
Northern MDB	882	4,020	21.9
Southern MDB	738	13,354	5.5
Groundwater			
Northern MDB	9		
Southern MDB	140	2,399 ⁹	9.6
MDB – Unknown	83		
Total	1,852	19,773	9.4

[Murray-Darling Basin water entitlement on issue.](#)

(ATO)

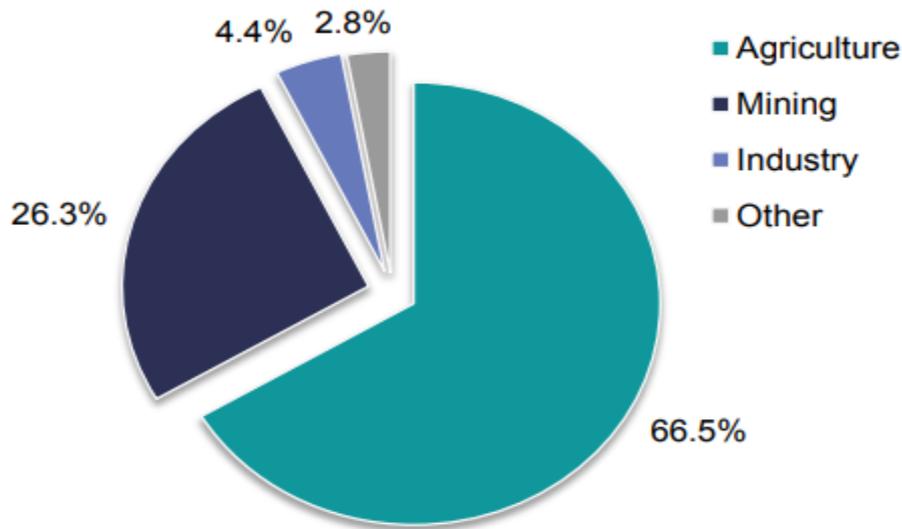
But the register does not specify where foreign governments or foreign government investors own water entitlements. Much of the public angst about foreign investment is linked to concerns over state-owned enterprises buying Australian water entitlements.

Tom Rooney, president and group CEO of Australia's water trading organisation Waterfind said it was alarming to find out one of every 10 water entitlements was now held by foreign entities.

"I think part of the concern is ... the unfair advantage, which some of these foreign entities are getting, in terms of the cost of finance and or access to cheap money," Mr Rooney said.

"Are they operating on an unfair playing field against the Australian farmer who has got generally access to smaller amounts of money at more expensive rates?"

He said there was an increased interest from foreign firms to buy agricultural and water assets in Australia.



[Foreign interests in Australian water entitlements by use: agriculture, mining, industry, other.](#)

(ATO)

Debate over the impact of foreign-owned water entitlements

Agriculture Minister David Littleproud said the figures contained in the report provided information to make good decisions on foreign-owned water going forward, but were not alarming.

What is a water entitlement?

- Water entitlements are rights to an ongoing share of water within a system. They can be bought and sold by irrigators, companies or investors.
- They no longer have to be attached to a parcel of land, but often are sold in conjunction with properties especially containing permanent crops like citrus, grapes and nuts.
- The financial value of a water entitlement is determined by the water market (which operates like any other free market) and is subject to change.

- How much of your water entitlement you get each season can depend on rainfall, inflows into storages and how much water is already stored.
- Allocations can increase throughout the year in response to changes in the system.

"At the moment, there's a small percentage of water owned by foreign interests and much of that is by one property — Cubbie Station," Mr Littleproud said.

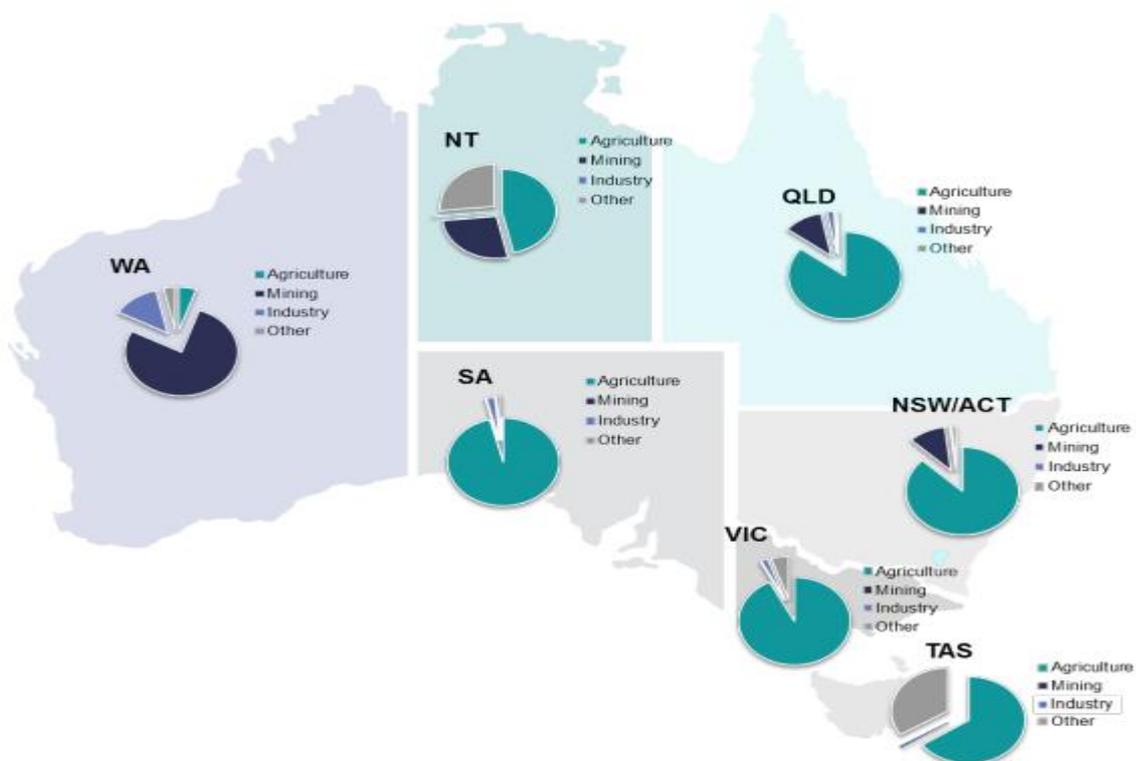
However, the Conservative Party's South Australian Senate candidate Rikki Lambert said it was a major concern to see China as one of the major investors in Australian water entitlements.

"Chinese foreign ownership is different to other forms [like British foreign ownership] because it is state-based," Mr Lambert said.

"The Chinese Government has effective control of any [Chinese] company that operates around the world."

"There is a clear connectivity between their governments and the ownership of that water and that's very concerning.

"It's strategic because these countries are wanting to shore up their own food security and growing food in another country so they're not using their own water resources at home."



[Foreign interests in Australian water entitlements by use – state and territory](#) (ATO)

Chief executive of the National Irrigators Council Steve Whan said he was not concerned about the report's findings.

"In the water space, if you are going to have an open market, you've got to accept that some level of ownership is going to be foreign," Mr Whan said.

"We've got no particular domination by any country or company, which is reflected in that."

"We need to remember that having water entitlements is only valuable for you if it is actually used for [a] productive purpose."

Irrigators concerned

But South Australian winegrape grower Jack Papageorgiou has concerns that the agreement surrounding Australian water entitlements is not mutual between locals trying to make a living and international investor trying to make a profit.

"No other country that I know, allows us, as an Australian citizen, to go and buy and purchase their water entitlements," Mr Papageorgiou said.

"For someone like me and my fellow growers in all commodities, we have permanent plantings and we've got to have security of our permanent plantings otherwise we are putting our livelihood at risk. We can't accept that."



[Mr Papageorgiou says in the current dry climate he is concerned about water security and how it will affect his livelihood.](#)

(ABC Rural: Jessica Schremmer)

Mr Rooney has acknowledged there is the potential for an uneven playing field.

"One of the concerns that we are getting from our customers is that: how big is that market? Can it be gamed by international investors? And are they operating on an equal playing field when it comes to access to money?" he said.

University of Queensland Professor of Economics John Quiggin agreed that there was a disparity in opportunities on the water market.

"Foreign corporations have rights under our free-trade agreements that aren't available to Australians," Professor Quiggin said.

But AgForce Queensland farmers CEO Michael Guerin believed the right policies and laws were in place to protect local producers and said investment in the industry should always be welcome.

"Capital, whether it be foreign or local, creates those jobs and creates that economic activity," Mr Guerin said.

The bigger picture

Professor Quiggin dismissed the government report as a major cause for concern and instead encouraged stakeholders to turn their attention to how much water is being drained from the system, particularly the Murray-Darling Basin.

"The big problem is not who owns the water but the fact that we're using too much of it all together," Professor Quiggin said.



["The real problem with water is that it's being overused, particularly the Murray Darling Basin," Professor Quiggin says.](#)

(Instagram: zarakphotography)

"Simply, too much water has been allocated. In addition there hasn't been enforcement in illegal takings of water."

Mr Whan believed the bigger issue in times of a water shortage was the transparency of the water market.

"Particularly in the time of drought, there is quite a lot of constraint and the price of water is high.

"It's not so much whether it's foreign owned but how the market is working overall and whether or not it is providing enough transparency and information for people to be confident that it is working as it should be," he said.

But Mr Rooney predicted water security was a serious issue to consider for the future of Australia's water supply.

"The World Bank is saying that water security is the third biggest issue that is going to be facing our planet by 2050," Mr Rooney said.

The 2016 [World Bank report](#) states some regions could see their growth rates decline by as much as 6 per cent of GDP by 2050 due to water-related impacts on agriculture, health, and incomes.

Mr Rooney said Australia had a very unique and secure water management structure when compared to some other countries.

"We are already seeing now some of those countries experiencing very large water issues and they might be facing cuts in their water supplies by up to 50 to 70 per cent in the next 10 years, and to address their water sustainability issue we are seeing them look at Australia as a water secure nation."