



REGISTER OF FOREIGN OWNERSHIP

What is this about?

The Australian government wants to make public the extent of foreign ownership of Australian agricultural land and water reserves.

To this end, the *Foreign Ownership of Water or Agricultural Land Act* (The Act) was passed by the Federal parliament in 2015. The Act requires foreign residents who are owners of Agricultural land and certain water rights to register these with the Australian Taxation Office (ATO). The initial registration deadline is 30 November 2017.

What does “foreign” mean in this case?

Foreign status can apply to either a natural person or a legal entity such as a company or trust. The ATO website explains the circumstances, and adopts the definition provided by the Foreign Investment Review Board (FIRB).

Essentially, a person will be classified as foreign if they are not an Australian resident for tax purposes.

A corporation is considered foreign-owned if it is substantially owned by foreign individuals, corporations or governments. It must meet either of two criteria:

- if any one shareholder owning more than 20% of its shares is classified as foreign; or
- if any group of shareholders collectively owning more than 40% of its shares are classified as foreign.

Similar provisions apply to trusts and partnerships.

What does this mean for MI?

MI owns water rights through its Water Investment Fund and is therefore subject to the new foreign ownership rules. This means that we must notify the ATO if either of the above two criteria are met.

Currently, no MI shareholder owns more than 20% of the shares, however, we must check the status of all shareholders to determine if MI meets the 40% foreign ownership threshold. This is an ongoing obligation for the Company.

We are amending our Constitution so that the requirement to notify MI will become a condition of share ownership.

How does it affect MI customers?

- MI customers (individuals and corporate entities) who are defined as foreign residents and hold MI Water Entitlements (WEs) or other water rights such as Water Access Licences must register their water holdings through the ATO website by 30 November 2017.
- Agricultural land owned by foreign residents must also be registered with the ATO.

How does it affect MI shareholders?

Any shareholder that is classified as a foreign person or entity needs to inform us as soon as possible and by 30 June (in any year) if their foreign residency status changes.

You can do this simply by sending us a copy of your ATO registration.

For more information call us on (02) 6962 0200 or visit one of our offices.

Where can I find out more?

For general information or to register your land and water holdings with the ATO, see: <https://www.ato.gov.au/General/Foreign-investment-in-Australia/Water-Register>