



Report Tabling: Foreign Investment in Residential Real Estate

The House Economics Committee today tabled its Report on Foreign Investment in Residential Real Estate. The report makes 12 recommendations which include:

- Retaining the current framework applying to foreign purchases of Australian housing to encourage foreign investment in new dwellings and increase housing supply;
- Improving the internal processes at Treasury and the Foreign Investment Review Board (FIRB) and removing barriers to enable adequate audit, compliance, and enforcement of the foreign investment framework;
- Applying a modest administrative fee to the current screening of foreign purchases of residential real estate to better resource FIRB;
- Introduction of a civil penalty regime for breaches of the foreign investment framework;
- Requiring that penalties now apply to all third parties who knowingly assist a foreign investor to breach the framework;
- Requiring that any capital gains from the sale of an illegally held property be forfeited to the Government;
- Requiring that properties that have a certificate that allows sales off-the-plan overseas, must be marketed in Australia for the same period of time;
- Amending the Migration Act so that the Department of Immigration must inform FIRB when a temporary resident departs Australia upon expiry of their visa; and
- Establishing a national register of land title transfers that records the citizenship and residency status of all purchasers of residential real estate.

Committee Chairman Kelly O'Dwyer MP said "The Committee has undertaken a thorough review of the foreign investment framework as it applies to residential real estate. We have found that the framework itself is appropriate and strikes the right balance in terms of encouraging beneficial foreign investment in the housing market, however its application is severely lacking."

"I regard the current internal processes at the Treasury and FIRB as a systems failure. Most concerning is that sanctions seem to be virtually non-existent. There have been no prosecutions since 2006 and no divestment orders since 2007. Suggestions by officials, that this is due to complete compliance with the rules is simply not credible. The data on foreign purchases of Australian houses and apartments is inadequate, making policy evaluations very difficult."

"As a relatively small nation, Australia will continue to rely on foreign capital to help grow our economy and provide jobs. In the case of housing, foreign investment creates more dwellings for Australians to build, buy and rent. However Australians must have confidence that the rules, including those that apply to existing homes, are being enforced. Our inquiry revealed, that as it stands today, they could not have that confidence."

"This report makes 12 common sense recommendations to Government to enable proper enforcement of the existing framework for foreign investment in Australian housing; provide extra

resources to do so; and accurately measure the impact of foreign investment by collecting accurate and timely data. These practical measures are critical in order to ensure that foreign investment in Australian housing continues to serve our national interest for future decades.'

The report can be accessed from the Committee's website at: http://www.aph.gov.au/Parliamentary_Business/Committees/House/Economics/Foreign_investment_in_real_estate

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