

## CONSULTATION PAPER

### Contribution from the Foreign Investment Petition at Change.Org

A national register of land title transfers that records the citizenship and residency status of all purchases of Australian real estate currently and retrospective for the prior 10 years would capture all transactions in Residential Real Estate and Agricultural Properties. This would allow correct analysis for Econometric Modelling to be assessed for foreign investment, to ensure accurate forecasting. A current and retrospective national register would ensure compliance and enforcement within the foreign investment framework – allowing data to be compared easily.

- a. Other relevant government information should also be captured and made available to FIRB. At present, FIRB cannot access data from the Department of Immigration and Border Protection on departing visa holders. Also, Border Protection services could be alerted and notified of incoming prior or known offenders. How is it that Foreign Nationals are weekly arriving at Real Estate Agents and Auctions with a suitcase containing 1 million plus? Agents should be required by law to notify a central FIRB contact line; for every irregular transactions discovered and penalty regime in place and applied for non-compliance. [\[go here\]](#)
- b. These initiatives would allow authorities to track “arriving and departing” visa holders who may have purchased an existing home but who, under current rules, need to sell that home within three months of leaving. Second, FIRB managed correctly would be able to provide basic compliance information to the Government Authorities about its investigations and enforcement activity.
- c. FIRB needs to dramatically improve its record and due diligence regarding divestment orders of illegally acquired properties. Every resource applied from related Government Departments linking data bases need to occur to scrutinise every transaction; where matching passport data, banking data, tax File Numbers, 200 points of Identification and visa information. FIRB needs to ensure compliance on enforced divestments and then providing basic data on voluntary divestments.
- d. The systems failure at FIRB needs new resources injected into FIRB to ensure aforesaid mentioned much improved audit, compliance and enforcement outcomes. The FIRB needs to employ Public Relations Policy whereby the FIRB is visibly enforcing rules. Meaning this will translate into compliance of the rules. Hence, the consequences of a breach needs to be visibly and strongly adverse enough to ensure macro compliance across all categories of the Real Estate Market.
- e. It is critical that the ability to sanction people who have breached the foreign investment framework be carried out more effectively and transparently. Hence the need to bring in a civil penalty regime for breaches of the foreign investment framework. The 10 year retrospective investigation critically needs capture those people, who have previously stood outside the framework; but materially impact the integrity of our foreign investment regime. This is a National Sovereignty issue requiring a long standing redress. It has been well publicised the egregious issue of third parties who knowingly assist foreign investors to breach the rules. If a

third party has assisted in a transaction; paperwork with identification and type of assistance needs to be furnished.

- f. Non-resident foreign investors should not be allowed to profit from the illegal purchase of property. Fines and pecuniary penalty orders should directly relate to the value of the property concerned. Furthermore investors who breach the framework should not be able to profit and a penalty regime that is commensurate with the non-compliance. Australian taxpayer should not be financially penalised in terms of subsidising Foreign Nationals investing in the Australian Market. The administration of FIRB and FITPD, should be self-funding whereby foreign investors applying for approvals pays a Foreign Investment Tax which is commensurate to Australia's Trading Partners. Hence the FIRB's audit, compliance and enforcement activities would be fully funded. As an example, **I would not be able to buy property in China, Sri Lanka with 100% tax and Hong Kong with 15% tax on foreign freehold purchases, Thailand and Singapore generally prohibited with strict limitations, Indonesia prohibited and many emerging economies requiring citizenship.**
- g. Just as other countries adopt a user pays model, it is also recognised that Foreign Nationals are here to profit from Australia's National Sovereignty and our National Heritage and arrive in Australia and are afforded the same Cost Structure as a local competing families. Hence the barriers to entry are negligible. Also the Foreign Nationals are prepared to pay dramatically well over the intrinsic market valuations. What I am suggesting is a 10% Foreign Investment Tax for Australian Real-estate and a 5% Foreign Investment Tax on Agriculture. Given Australia's National Debt and our penchant to allow Foreign Investment; a 10% Foreign Investment Tax would if implemented to fund enhanced audit, compliance and enforcement capacity within FIRB, as well as other new measures outlined in the recommendations.
- h. Based on my own analysis suggests that a 10% Foreign Investment Tax for Australian Real-estate and a 5% Foreign Investment Tax on Agriculture would generate revenue of between \$3 to \$4 billion and correctly and truly value intrinsically the National Sovereignty and Trust...many generations of Australians have fought and died for this. In Hong Kong a 15% Foreign Investment Tax applies, since most of the purchasers are Asian why are we as Australians afraid to charge correct weight for what may be described by some as a Free Ride or Economic Invasion by Stealth??

## **AGRICULTURAL INVESTMENT**

When It comes to the sale of our prime Agricultural Land to Foreign Nationals, why is Australia NOT protecting our National Food Security. Many countries are currently pulling in the reigns and tightening regulations for Agricultural Properties. Take the recent situation in South Africa, for instance. "The fate of too many," said the country's president, Jacob Zuma, "is in the hands of too few." He's referring to South Africa's farms and the folks who own them. Bowing to a populist idea, Zuma wants to ban foreign ownership of farmland. He argues it's too much of a vital resource to place in the hands of outsiders. If Zuma gets his way, South Africa will join a growing list of countries - including Argentina, China, Thailand and even Canada - **with limits on alien landownership.**

**I WILL NOW QUOTE FROM:**

**Is Opening Up Australia To China In Our Best Interests? [\[here\]](#)**

November 16, 2013 by Jamie Radford.

“...The Chinese may well be on their way to becoming the economic super power of the world, unfortunately they are almost bankrupt in terms of natural resources. Much of China is an ecological disaster area, particularly in the north where half the population and two thirds of their farming are located. This same area contains only one fifth of China's water supply, and because of pollution much of that is unusable. In 2007 the Yellow River Conservancy Commission surveyed 13,000 kilometres of the river and its tributaries, and found that a third was unfit for use, even in agriculture. To make matters worse, according to the Chinese Land Ministry only half of the ground water is usable – even for industry. The Ministry estimates that around 70% is unfit for human contact, even for washing clothes.

The Chinese answer to this dilemma is to divert the water from the south to the north, via massive dams and canals. While admittedly these are remarkable feats of engineering, and may solve the water shortages in the north for a while, it cannot last indefinitely, and the ecological damage that moving an estimated 45 billion cubic metres of water will do to the south of the country and beyond, has many concerned. Already before the scheme has started operating, plankton in the Yangzi has reduced by two thirds, and river bed dwelling organisms by half. Not to mention how the diversion of all that water from the Yangzi Basin will affect the countries to the south, where a billion people from India, Vietnam and Bangladesh rely upon it to live. The political ramifications could be immense.

As it stands at the moment China comprises 20 percent of the world's population, yet has less than 10 percent of arable land, and only seven percent of drinking water. What little they do have is being used and contaminated at an alarming rate. The Chinese government has no intention of bringing in water restrictions, and amazingly actually promotes the use of water – particularly for industry. Of course this only exacerbates the situation even further; both in terms of supply, and contamination. Restrictions, although probably justified would be hard to take for the average Chinese anyway, considering they only use about 400 cubic metres per person per day. To put this figure into perspective, that equates to around a quarter of use for an average American, and less than half the internationally considered definition of water stress.



China needs access to strategic resources – food, water and energy, and the Chinese are consuming theirs at a phenomenal rate. Julian Cribb, author of ‘The Coming Famine’, believes that within the next few decades China will only be able to feed 640 million of the expected 1.6 billion in population. The Chinese have no choice but to look beyond their own borders to sustain their population for the future.

In early 2010, concerns were raised by the Real Estate Institute of Australia about the apparent tenfold increase in land sales to Chinese nationals over the previous six months. Professor Zhangyue Zhou from James Cook University explained at the time that “the move to buy international land is coming from the Chinese Government, which wants to ensure the country has food security for the future”.....**And make no mistake Australia is firmly in China’s sights!.**

In absolute dollar terms China invests more capital into Australia than anywhere else in the world. Indeed, in the period 2006-2012 they invested more in Australia than any other country.

The expenditure is not surprising when you consider the phenomenal amounts of money the Chinese are willing to pay for land. In the last two years Shenhua Watermark Coal [a Chinese State Owned Enterprise with a very poor Management and Environmental record], has spent \$213 million on the purchase of 43 farms on the Liverpool Plains wheat belt. In many cases they paid farmers up to ten times the value of their properties. It makes it extremely difficult for the farmer to turn down. One who did was sixth-generation farmer Michael Clift. His neighbours on either side have sold their farms to Shenhua.

However, Michael is firm in his belief that **land should be leased to foreigners, not sold**. “**We are losing some of Australia's best farming and cattle and dairy country to overseas interests**,” he says. “When freehold land is sold, you can't get it back.” The question must also be asked what state the land will be in after the Chinese have finished mining it.

Proponents of allowing more Chinese investment will argue that the land may be purchased, but it cannot be taken away. This of course is true; however look at how the Chinese have mistreated their own country and inconsideration of the complete disregard to the “safety and contamination of their own Food Supplies”. Conjunctively, can they realistically be expected to show ours any more respect. How long after Shenhua Watermark have left the Liverpool Plains will it be before farming can once again resume there?...”

**My comment:** The damage to the 20 million year Liverpool Plains and vast and ancient water aquifers...is irreversible and irreparable. This 30 year [Life of Mine] **coal mine proposal should be federally legislated against** and send a clear message to Foreign Investors; we welcome Foreign Investment but definitely will not allow our countries National Food Security to be threatened or run “rough shod over”. I can assure China's Regulatory Environment is the most stringent in the World and would definitely not allow such an investment proposal to ever occur in Mainland China. Also, the ongoing loss of valuable Cattle and Dairy Farm resources should be arrested and careful consideration as to future needs of National Food Security should be economically modelled, strategically planned, federal policy development and then correctly implemented.

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## SUMMARY

In conclusion, at this critical point in Australia's Foreign Investment and Regulatory Development and concomitantly from over 33,500 petitioners and over 5,000 posts at Change.Org where I gained a unique view anecdotally of how ordinary Australians view these matters. Hence, it could be assessed a VERY careful consideration on behalf of future generations needs to occur. Australia will suffer dramatically as a result of our National Sovereignty slipping into the hands of Foreign Nationals and Foreign Countries. A tightening of the regulatory Environment, an introduction of a Foreign Investment Tax commensurate to our major trading partners and a very careful consideration of protecting our National Food Security and our National Resources Security needs to comprehensively occur, before it is completely jeopardised or lost.

Thank you for your consideration.

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