

As a homeowner, I am a potential beneficiary of the rise in residential property prices. This was never my intention. We bought a house as a place to live—not as a speculative asset. I am concerned about the effect of spiraling house prices on the ability of my children and future generations to purchase a dwelling, which offers a level of security that rental housing cannot. I believe that property prices in Australia, and in Sydney in particular, are being driven by excessive “investment” demand. I thus believe that any measures to take the heat out of the property market by curbing the excess portion of the demand is in the best interests of the younger residents in Australia in particular.

I also believe that speculation in the housing market has potential negative ramifications for the financial system in general and the soundness of the banking sector in particular, given the high proportion of housing assets on the banks’ balance sheets. As a great deal of Australians’ superannuation assets are in the Australian share market, with a heavy weight to the banking sector, there are potentially very harmful flow-on effects from an unwinding of speculative excesses in the housing market. An overheated housing sector is detrimental to Australia’s national interests.

Point 25. “The cost of administering the foreign investment review framework is funded through consolidated revenue. The cost of administering the foreign investment review framework is funded through consolidated revenue.”

I agree that applicants for foreign investment approval should bear the cost of assessing their application, just as we as individual citizens bear the costs of applying for visas etc. for foreign travel. Due to pressures on the Budget, it is important that allocations of consolidated revenue are not an obstacle to the proper processing of foreign investment applications.

I agree that the creation of the new compliance and enforcement area would be a good way to address concerns with foreign investment framework compliance. I think this should be funded by application fees.

The proposed penalties for developers failing to market apartments in Australia seem light. The figures of \$42,500 and \$85,000 are paltry in comparison to profits developers often make. I do not believe this would be a substantial disincentive. Likewise, penalties for third parties assisting foreign investors to breach the rules seem light. Additional sanctions such as suspension or loss of license might be a more effective deterrent. It is important that the pecuniary penalties are not seen as a “cost of doing business.”

I believe that capital gains accruing from buying properties without permission should be forfeited, in addition to any other sanctions.

I believe that it is important and practical to tighten up the reporting regime on property purchases. We already have reasonably stringent controls on mobile phone purchases, for example, which cost considerably less than property.

I do not believe that foreign students should be able to purchase a property. If they are wealthy enough to buy a property, they can surely afford to rent for a few years.

I believe that the requirement to advertise a development of over 100 dwellings in Australia is inadequate. There is no way to judge what proportion of advertising expenditure will occur in Australia versus overseas, so the requirement to advertise in Australia could be nothing more than a "fig leaf." I would prefer that large developments set aside at least 50% (or some other suitable figure) of dwellings for permanent residents of Australia. Selling an entire development off the plan to foreign investors does absolutely nothing to increase housing supply for Australian residents.

It seems that some residences are purchased merely as a way to transfer assets of wealthy individuals from their country overseas to Australia as a store of wealth, or perhaps a speculative asset, rather than as a place to live. This excess demand in the property market is one factor driving up prices, in my opinion. Such a residence, once purchased, is in fact not available for its primary purpose of housing people. One potential measure to help ease housing pressures might be to impose a residence criterion on foreign owned residences, or encourage the occupation of such residences through a regime of penalties/tax incentives for occupation. This is in addition to restricting purchases of Australian property by foreign investors.