

**Senate Economics Legislation Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

**Treasury Portfolio**

Budget Estimates

2017 - 2018

**Division/Agency:** Foreign Investment Division

**Question No:** 215

**Topic:** 2015-16 Annual Report - FIRB

**Reference:** Written

**Senator:** Ketter, Chris

**Question:**

1. Is there a reason why the annual report for 2015-16 was released on budget day in 2017? Aren't the reports usually released earlier? What was the reason for the delay?
2. On page 16 of the report it states that from 1 December 2015 to 30 June 2016 there was \$78 million in fees collected – how much was budgeted for in this first partial year of operation?
3. Would this amount result in a trend, or is it too difficult to tell given the variable nature of transactions (particularly large one-off ones)?
4. The total number of applications approved in 2015-16 grew by about 3,500 from the 2014- 15 number. Do you expect this kind of growth to continue? Can you provide the reasons for that?

**Answer:**

1. As the Foreign Investment Review Board (FIRB) is a non-statutory body there is no legislative requirement to publish or table an annual report. However, for transparency it is established practice that FIRB produce and table an annual report. The public release date of the FIRB annual report is at the discretion of the Treasurer and release dates have varied considerably. In recent years the FIRB Annual Report has been publicly released on 8 April 2016 and 30 April 2015.
2. As outlined in the 2015-16 Budget, the projected revenue from foreign investment application fees was \$115 million.
3. Application fees for the majority of proposed acquisition types (all acquisitions excluding residential land) are capped so large one-off business transactions have a limited effect on overall revenue collected from application fees. It is difficult to identify any trend effect from the revenue collected particularly given there is currently only a single data point (i.e. one year of revenue).
4. The majority of the growth in number of applications in 2015-16 can be attributed to applications for proposed investment in residential real estate. As noted in the 2015-16 FIRB Annual Report, there was a significant increase in the number of applications submitted in the immediate lead-up to 1 December 2015. The short term increase is most likely attributable to the introduction of fees for applications submitted from 1 December 2015.

As the Treasurer stated on 27 April 2017 in his address to the Australian Business Economists the number of foreign investment applications for residential real estate has fallen to an expected 15,000 this year (2016-17). The fall in approvals is largely

reflective of reforms to the foreign investment framework, most notably, the introduction of application fees.