

**Senate Economics Legislation Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

**Treasury Portfolio**

Budget Estimates

2017 - 2018

**Division/Agency:** Foreign Investment Division  
**Question No:** 217  
**Topic:** Foreign Investors  
**Reference:** Hansard page 71-72 (30 May 2017)  
**Senator:** Rhiannon, Lee

**Question:**

Senator RHIANNON: I want to move on to issues to do with foreign investors. Can I confirm that the charge or levy of \$5,000 is applicable to foreign investors who need approval from the Foreign Investment Review Board to purchase a property?

Mr Brake: There are existing fees which are required to be paid for foreign investors wishing to purchase residential real estate. I am not sure, but I think you may be talking about the budget measure relating to the vacancy charge where properties are left vacant. There are the two issues there.

Senator RHIANNON: Yes. You have one that has a \$5,000 levy.

Mr Brake: Correct. As I said, there are existing fees which are payable for foreign investors wishing to purchase residential real estate. It is a scale of fees. If the price of the acquisition is \$1 million or less, the fee payable is \$5,000. If it is more than \$1 million and less than \$2 million, the fee payable is \$10,100. It increases with the price of dwelling.

Senator RHIANNON: How many properties are currently owned by investors who meet this definition? Could we have the number that are under \$1 million, \$1 million to \$2 million et cetera?

Mr Brake: I do not think we could probably give you an estimate of the overall stock of dwellings owned by foreigners.

Senator RHIANNON: Not even an estimate?

Mr Brake: We can take it on notice and see what we can do. We have figures on how many applications are received each year, so we can provide that information, but for stock we would obviously need to go back for a long period of time.

Senator Cormann: We have taken it on notice and will see what we can do.

Senator RHIANNON: Thank you. Do you have any figures about vacancy at all—like how many of the properties are vacant?

Mr Brake: As part of our own Foreign Investment Review Board, as there is not currently a conditional requirement for an additional levy, where the property is vacant we do not currently collect that data ourselves.

Senator RHIANNON: I have been interested in this and picked up some information from the New South Wales government that suggests that in the period July 2016 to February 2017 total foreign residential investor purchases were 2,153 out of a possible 142,168 residential purchases. That actually suggests a low rate of foreign investment in residential real estate in the period. It comes out at about 1.5 per cent. Does this accord with your information and estimates for Australia as a whole? Is that a fair trend that we are seeing around the country?

Mr Brake: We will take that on notice and provide some more information.

Senator RHIANNON: How many properties are expected to be made available for rent as a result of this policy that otherwise would not have been made available?

Mr Brake: We would anticipate that the vacancy charge encourages holders of vacant property to make those properties available to rent, so you would expect that there would be

some behavioural response. I should note that the measure applies to purchasers who are making an application from budget night on. So it will not apply to foreign investors who already own property. It will be only for foreign investors making applications from budget night. So you would expect that the impact would build over time.

Senator RHIANNON: My question was actually about figures and, according to your fact sheet 1.6, you have some figures that suggest that you have come up with some idea or some estimation. You expected it to raise \$20 million?

Mr Lonsdale: We would have figures. They would underline the costings. But we do not have them here. If you would like them, we are very happy to take that question on notice.

**Answer:**

There is currently a lack of data available on the stock of residential properties held by foreign investors. The total number of Foreign Investment Review Board (FIRB) applications for residential real estate is expected to be around 15,000 in 2016-17. We do not currently have data on the breakdown of this figure into price ranges for this time period.

Since 1 December 2015 the Australian Taxation office (ATO) has collected data on applications to the FIRB rather than actual property settlements. From 1 July 2016, FIRB applicants who applied for approval to purchase residential property and purchased property after 1 July 2016 were requested to register their purchase on the Land Register.

In regards to the budget impact reference of 'an estimated gain to revenue of \$20 million over the forward estimates' in 2017-18 Budget Factsheet 1.6, the costing focuses on the revenue raised from the vacancy charges and makes only high level assumptions on properties for which the vacancy charge will not be paid.