



Sustainable Population Party submission

Australian Government review into: Strengthening Australia's foreign investment framework

20 March 2015

Manager
International Investment and Trade Unit
Foreign Investment and Trade Policy Division
The Treasury
Langton Crescent
PARKES ACT 2600

Dear Manager

Re: Redefining growth to secure a prosperous and sustainable economy

Thank you for the opportunity to make a submission to the inquiry into foreign investment.

Introduction

The Sustainable Population Party is an independent, grassroots community movement advocating for a sustainable Australia.

We are a group of committed Australians from backgrounds in business, science, the environment, health, academia, demography, politics and many other ordinary citizens; from World War 2 Diggers to migrants born on every inhabited continent on Earth.

The Sustainable Population Party was registered as a federal political party by the Australian Electoral Commission on 23 September 2010.



Foreign Investment Framework

It is pleasing that the Australian Government is seeking views “on proposed reforms to strengthen Australia's foreign investment framework, particularly around residential real estate and agriculture.”

The Sustainable Population Party however, believes that we need to go back a step further, and review the commonly used term “foreign investment”.

Why?

We often hear generalised statements like “foreign investment is vital” from our politicians and global multi-national business representatives, without any proper definition of this term, or review of past ‘foreign investment’. It is therefore time to get the facts and take a more sophisticated and long-term approach to foreign investment. To this end, the Sustainable Population Party advocates for a public ‘root and branch’ review of foreign investment.

Our ‘Foreign Investment’ policy¹ (all policies are in *italic*) advocates for such a review, as follows:

Ø FOREIGN INVESTMENT

Policy

Australia should maintain a strict and long term interpretation of the national interest when assessing foreign investment proposals.

Policy Methods

In part, this can be achieved as follows:

- *To determine a clearer definition of the long term national interest, Australia should hold a national enquiry into the long term costs and benefits of foreign investment, foreign ownership and free trade agreements, including impacts on local production, taxation revenue, inflation, employment, balance of trade and profit flows.*

Once we have a clear picture of the overall impacts of the current economic orthodoxy-driven approach to foreign investment, the Australian Government will, in consultation with the Australian people, be in a far better position to make appropriate decision regarding future foreign investment rules and the national interest.

Of course ‘foreign investment’ crosses many policy boundaries. Importantly, Sustainable Population Party does offer some feedback as to the approach this enquiry should take, through our related policy framework (see below).

¹ http://www.votesustainable.org.au/main_policies



Sustainable Population Party - Related Policy Framework

Sustainable Population Party offers a broad policy framework covering around 20 key policy areas, including the following economic and environmental policies relevant to foreign investment:

- Ø Housing Affordability
- Ø Finite and Non-Renewable Resource Use
- Ø Land and Natural Resource Ownership; and
- Ø Trade

Sustainable Population Party's suggested 'root and branch' foreign investment review would be in the context of Sustainable Population Party advocating for these policies, amongst others:

Ø HOUSING AFFORDABILITY

Policy

Australia should achieve greater housing affordability and opportunities for first home buyers and renters.

Policy Methods

In part, this can be achieved as follows:

- *Australia should stabilise housing demand via a stabilised Australian population.*
- *Australia should restrict the purchase of Australian residential property to Australian citizens and permanent residents.*
- *Australia should remove the 50 per cent discount of capital gains tax on taxable Australian property (non-principal place of residence).(1)*

Policy footnotes:

1. This would only relate to capital gains after the policy comes into legislation. Capital gains made before the legislation could still be discounted. (NB: More stable housing prices would make negative gearing far less attractive, as the end goal of a large investment property capital gain would likely not eventuate. Negative gearing is therefore not a central policy issue to address.)



Ø FINITE & NON-RENEWABLE RESOURCE USE

Policy

Australia should manage its finite and non-renewable resources so as to leave a fair share for future generations of Australians.

Policy Methods

In part, this can be achieved as follows:

- *Australia should conduct regular and full public audits of its finite and non-renewable resources.*
- *Australia should implement strategic resource depletion protocols and usage rights for appropriate finite and non-renewable resources, including minerals.(1)*
- *Australia should implement domestic energy reservation policies for relevant resources, including natural gas.(2)*
- *Australia should adopt a comprehensive mining tax, the details of which would be determined following a full resource audit.*

Policy footnotes:

1. Depletion protocols publicly report the size and quality of remaining reserves, and limit the rate of their utilisation to an appropriate annual quota to ensure that substitution or efficiency gains can keep pace with depletion rates. Maximising short term monetary gain is explicitly not the sole priority for responsible governance of non-renewable resources.

2.Domestic energy reservation policies help secure long term energy supplies and maintain downward pressure on domestic energy prices.

Ø LAND & NATURAL RESOURCE OWNERSHIP

Policy

Australia should retain and/or obtain ownership and control of its land and other natural resources, including food, water, minerals and energy resources.

Policy Methods

In part, this can be achieved as follows:

- *Australia should restrict the purchase of Australian land and natural resources to Australian citizens, Australian permanent residents and Australian entities.(1)*



Policy footnotes:

1. Ownership of land is not necessary for a foreign entity to conduct business in Australia. Land can be leased, and plant and improvements can be negotiated in secure lease arrangements similar to those which government uses to lease infrastructure built under Public-Private Partnerships. Permitting foreign ownership of land causes land values to be inflated, increasing costs of production and costs of living for Australians.

Ø TRADE

Policy

Australia should partake in the global economy through fair trade agreements, particularly those that prioritise ecological sustainability and human rights.

Policy Methods

In part, this can be achieved as follows:

- *Australia should prioritise high environmental standards in all trade agreements.*
- *Australia should prioritise ensuring compliance with minimum labour and employment conditions in line with International Labor Organisation standards in all trade agreements.*
- *Australia should impose sustainability levies (related to the environment) and social levies (related to labour and human rights) on products from countries that don't meet minimum requirements, and place import bans on relevant products from countries where breaches of environmental, human rights or animal rights standards persist.*

Policy summary

We live in a finite world, in which the economy is a fully-owned subsidiary of the environment. Endless growth in the exploitation and consumption of finite and non-renewable resources is impossible, and the pursuit of such a goal is clearly reckless.

Sustainable Population Party's Foreign Investment and related policies (including Housing Affordability, Finite and Non-Renewable Resource Use, Land and Natural Resource Ownership, and Trade) should be read together in order to understand our holistic approach to ecological and therefore economic sustainability. To this end, we must ask simple questions like:

How would increased foreign investment impact on?:

- Housing affordability
- Finite and non-renewable resource use
- Ownership and control of land and other natural resources
- Global ecological sustainability and human rights



Further, 'foreign investment' must start to differentiate between:

- a simple foreign 'purchase' of an Australian asset in order to secure (say) foreign profit flows or food security; and
- a foreign 'investment' that increases the wellbeing of the Australian people.

Appropriate safeguards must be put in place to ensure that foreign investment does not compromise Australia's ecological sustainability and therefore intergenerational equity.

Key recommendation

Sustainable Population Party is #RedefiningGrowth to secure a prosperous economy, healthy environment and better quality of life for all Australians.

To this end, Sustainable Population Party recommends that:

- To determine a clearer definition of the long term national interest, Australia should hold a national enquiry into the long term costs and benefits of foreign investment, foreign ownership and free trade agreements, including impacts on local production, taxation revenue, inflation, employment, balance of trade and profit flows.

Once we have a clear picture of the overall impacts of the current economic orthodoxy and 'business as usual' foreign investment, the Australian Government will, in consultation with the Australian people, be in a far better position to make appropriate decision regarding foreign investment rules and the national interest.

Yours sincerely

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www.VoteSustainable.org.au