

To: Kelly O'Dwyer 19/9/2014

Dear Kelly,

This letter concerns the sale of Australian residential property (and Australian agricultural land) to foreign buyers. I was pleased to hear your recent comments on such sales and the apparent lack of accountability of the FIRB. I have been writing to politicians for several years on this subject and my observations and comments seem to have fallen on deaf ears. The situation is obviously not monitored and until accurate national and state data is available the anecdotal evidence can't be ignored.

Real estate agents are publically boasting of the dramatic increase in residential unit and free-standing property sales to non-Australian citizens and permanent residents, particularly nationals of China. The effect on residential housing prices is obvious and unfair to those seeking entry into the property market. A couple of weeks ago we had our annual termite inspection of our Brisbane home and the pest control person said he had an increasing demand for pest inspections from "young" citizens from China who were in Australia to "study" and whose parents were in China and who are obviously getting around the system. The real estate agents and foreign citizens are laughing all the way to the bank at the expense of Australian citizens (including my elderly mother) and residents. Of course, the residential property investors and those getting inflated prices for their properties are not complaining.

If it is found that such sales do not comply with legislation, the relevant properties should be sold immediately and appropriate fines applied. If real estate agents advising and involved in such sales which are in breach of legislation they should also be investigated and fined and if current legislation covering real estate agent complicity in misinformation does not exist then appropriate legislation should be introduced. If FIRB staff have approved residential property sales to foreigners or have not followed up such sales to ensure that they comply with current legislation then those responsible should be disciplined and, if necessary, be dismissed from their positions.

I will be most interested to hear the recommendations of your committee's findings.

Yours sincerely,

Peter K. Thorn

To Kelly O'Dwyer + Nick Xenophon + Bill Shorten 25/2/2015

FIRB and foreign purchase of Australian residential property by the "super rich"

Dear Kelly,

I was interested to read the report on the review of the FIRB and residential property sales. There were some reasonable recommendations but I don't think it addressed some key issues.

To arrive at an application fee of \$1,500 for the proposed foreign residential buyer is pathetic to say the least and will do nothing to curb foreign purchases of Australian residential property and the associated adverse affect on Australian citizens and permanent residents hoping to purchase Australian residential property. From the estimated revenue from the application fee it would seem that it is estimated that over 100,000 residential properties could be sold to foreigners in the next 4 years!

With the lower A\$ we can expect a surge of opportunistic overseas investors in Australian residential property which will further exclude Australian buyers and further inflate Australian residential property sales.

I have attached a scan of an article in Courier Mail of 14/2/2015 re. residential property sales in Australia for the world's super rich. If this article has substance then the FIRB must be able to demonstrate that such sales fill the legislative requirements for foreign buyers of Australian residential real estate. There must not be a separate interpretation of the law for the rich and famous. If breaches have occurred then those employees in the FIRB should be dismissed and offenders prosecuted and made to fulfil existing legislative requirements .... As weak as they currently are.

Yours sincerely,

Peter K. Thorn

To: Joe Hockey 27/2/2015 Proposed changes to foreign ownership of Australian residential property

Dear Mr. Hockey,

I am pleased that something is finally being done re. foreign ownership/investment in Australian residential property. In my opinion it doesn't go nearly far enough but it is a start. I presume the new rules will need to be legislated.

The \$5,000 application fee for foreign investors in intending to purchase a property for < \$1 million would, I suspect, be a pittance and a minor irritation for many rich overseas investors. The \$20,000 fee for a property of \$1-2 million would be even less of an issue. I will attach an article from a recent Courier Mail re. sales of Australian prime residential property to the world's super rich where, if correct, we are apparently just behind Monaco! Surely the rich and famous are subject to the same laws? From the estimated revenue from the application fee it would seem that it is estimated that over 100,000 residential properties could be sold to foreigners in the next 4 years!

If the projected revenue from the proposed application fee is correct then the number of Australian residential properties already owned by non-Australian citizens and permanent residents is of great concern as there has obviously been an increasing volume of purchases in the past decade. With the Australian dollar down the incentive to purchase Australian property by cashed up overseas investors can be expected to increase. I believe that the proposed foreign owned residential property register should include retrospectivity and that legislation should be introduced to compel foreigners to declare their residential property assets in Australia to the register. The FIRB (who have obviously not been doing their job in this regard) can then investigate the legitimacy of the residential property's ownership and prosecute if necessary, including property forfeiture or compulsory sale and forfeiture of 25% of the sale price. Real estate agents will obviously need to cooperate and be legislated to confirm that the purchaser or vendor is an Australian citizen or permanent resident and, if not to notify the FIRB who must investigate.

Could you please clarify the following two questions. Firstly, do non-Australian citizens or non-permanent residents pay only 10% tax on income gained from Australian residential property and do they receive the 50% capital gains tax exemption if they sell the property after 1 year of ownership? Secondly, it was also recently rumoured that some foreign buyers might also be claiming first home owners grants in Australia and while there are individual state schemes something should be done nationally to prevent this, if in fact this is the case.

It is also of concern that non-resident Australians who have chosen to work overseas, and often receive high income with lower tax rates in the country in which they work relative to Australia, pay only 10% tax on income derived from residential property they own in Australia. This concession also appears to apply to bank interest and share portfolios which seems incongruous as they use the infrastructure and services paid for by Australian citizens' and permanent residents' full taxes when they return to Australia to live, often with the buckets of money earned overseas which is now often worth more in A\$ terms with the recent devaluation in our currency. The overly generous tax concessions for non-residents who earn income in Australia is part of a bygone era and, I believe, needs urgent review and revision.

Hopefully proposed changes to foreign ownership of Australian property is only the beginning and will make a real difference and level the playing field for many Australian citizens and permanent residents wanting to buy a roof over their heads or even a residential investment property.

Thank you for finally listening to the real concerns of many Australians and for considering the above.

Yours sincerely,

Peter K. Thorn

Copy of E-mail to Joe Hockey re the continuing sale of Australian agricultural land and residential property

Dear Joe,

When will Australian politicians wake up to the insidious acquisition of Australian agricultural land by Chinese companies with direct association with the government of the communist People's Republic of China? It appears that two prime Victorian merino properties were officially sold to such companies. It is disappointing and telling that many owners of Australian agricultural land are prepared to "sell out" to anyone for a price and that the Australian Government responsible for the legislation governing the FIRB is complicit and ultimately responsible for such sales. Why are you unable to learn from the growing experience of other countries re. the sale of agricultural and other land to China. Pre-election support for dramatically reducing the threshold for foreign acquisition of Australian agricultural land has obviously waned but the anger and betrayal felt by future generations of Australians will condemn your short term and thoughtless acceptance of such sales. We still don't have a national register of foreign owned Australian agricultural land. Perhaps concern yourself more with principals than the next election.

I have previously written re. the sale of units to citizens of China and Russia for "investment" purposes. I was speaking to someone with inside knowledge of China last weekend who confirmed an entire unit development in Brisbane had been sold to citizens of China without being advertised in Australia. He also was emphatic that "corruption" money from China was being used for many such purchases before the individuals and companies were exposed by China's anti-corruption campaign. How can you possibly know where China and Russia's "investment money" in Australia is coming from? Credit to Tony Abbott for his attempt at the recent G20 meeting to draw attention to and control the world's off-shore tax havens but how hypocritical to accept such a flow of "investment" into Australia with no confirmation of its source! Perhaps the Australian Government should inform the Chinese and Russian governments of the names of its citizens who are making such investments in Australia. And what are such investment unit purchases doing for Australians hoping to purchase a home?

You obviously need to think about it a lot more!

Yours sincerely,

Peter K. Thorn

16/4/2014 Copy of Email to Mr. Abbott re. Relaxation of Australian foreign investment rules for China's state owned companies

Dear Mr. Abbott,

I (as I believe are most Australians) concerned that your government could even consider a relaxation of Australian foreign ownership rules for China state owned companies. I am rapidly approaching the end of polite correspondence on this subject as many in your government obviously don't understand. It is extraordinary and preposterous that the communist government of the People's Republic of China could be allowed to purchase Australian business and more of our agricultural land. If you proceed you will be selling out on future generations of Australians. There is a big difference between foreign private investment from the USA or Europe, for example, and the Peoples Republic of China. I would have thought a Rhodes Scholar could grasp the difference but I am not convinced that a Rhodes Scholar equates with superior intellect or commonsense for that matter. After all, Cecil Rhodes made his ill gotten gains (which continue to finance Rhodes Scholarships) from the ruthless exploitation of Africa. Perhaps it is time for you to study the recent history of China in Africa and in some South American countries ... let alone in Tibet. Ethical principals should form the basis of our foreign ownership policies.

We still do not have a foreign agricultural land register in Australia and residential property investment sales to citizens of China also seems to be flying under your radar. There is no reciprocal agreement for Australian citizens to purchase agricultural land or business in China. There is a lot of corruption money flowing out of China into Australian residential property coupled with China's restriction on the purchase of investment residential properties in China to its citizens.

Prior to the election you stated that you would tighten foreign agricultural land acquisition and now it seems we will soon be informed of a lengthening string of broken pre-election promises and statements which is somewhat overshadowed by the prospect of selling Australian assets, including utilities, to the Peoples Republic of China. Do not kid yourself that you have a mandate for such a selloff of Australia. The "infrastructure PM's" potential legacy appears very shaky and tenuous and appears on the verge of transforming into the "foreign sell off of Australian assets and infrastructure PM" and you will be deservedly loathed by future generations of Australians. Consider the bias of your profits before principles business advisors. Qantas, Telstra, the Commonwealth Bank, the Airports, Medibank Private, Australia Post and now Abbott's foreign sell off of anything of values left in Australia. Think about it as it is more than just your future.

Yours sincerely,

Peter K. Thorn

18/3/2014 Reduced threshold for FIRB approval of Australian agricultural land sale to foreigners

Dear Tony,

I am wondering where you are up to with the reduced threshold for FIRB approval of Australian agricultural land sale to foreigners. You were certainly "up front" with the Australian public prior to the election on this subject and mentioned a \$15 million limit on Australian Agricultural land before FIRB approval of the sale to foreign entities. We are still no closer to a national agricultural land registry (except for Queensland) so it defies common sense for anyone to claim that foreign ownership of Australian agricultural land is not an issue. While FIRB approval is necessary for the sale of any Australian agricultural land to a foreign government or sovereign wealth fund it is abhorrent to most Australians that the communist government of the People's Republic of China is allowed to buy any Australian agricultural land at all. Leasing with strict conditions seems a more reasonable proposition.

The increasing residential property sales to citizens of China is also very disturbing and unabated. Some very significant unit developments in recent times have not even been advertised in Australia and have sold out in China. This is obviously affecting home affordability in Australia. Apparently, the government of China only permits the purchase of one investment property per citizen. There are also concerns re. the flow of "corrupted" money from China into Australian residential and agricultural property. The evidence re . the increase in residential property sales in Australia is increasing but incomplete and needs urgent attention.

Yours sincerely,

Peter K. Thorn

cc. Mr. J. Hockey (Treasurer)

Sale of Australian agricultural land and other thoughts / sent to Barnaby Joyce + Joe Hockey

Dear Barnaby,

Congratulations on your election to the House of Representatives. It was reassuring to hear you express your disquiet about the proposed sale of 1.5 million hectares of cattle country in the north of Australia to Indonesia. The softening of your stance is disappointing. I think the time is well overdue to make a stand on the selloff of Australian agricultural land to foreigners, including to companies associated with foreign governments. I am concerned that Mr. Abbott may "trade off" Australia's cattle country for increased Indonesian cooperation to crack down on asylum seeker smuggling which would amount to short sighted bribery.

I would welcome Tony Abbot's pledge to reduce the sale threshold of Australian agricultural land from approximately \$250 million to \$15 million before FIRB approval is necessary. This proposition is, however quite meaningless, unless the legislated policies governing the FIRB relating to the national interest are revised.

I have copied and pasted some of my past correspondence on this critical issue for Australia as below:

"E-mail to Tony Abbott 9/8/2012

Dear Tony,

I fully agree with your stance on foreign ownership of Australian agricultural land and I believe that most Australians want and demand much stricter controls on such land sales. Relying on the FIRB to make decisions in the national interest on the sale of Australian Agricultural land under its current legislative framework is flawed and not in the interest of future generations of Australians. I agree that it is difficult to make rational decisions on future sales of our agricultural land while there is no national register of foreign land ownership. That this reality is now recognised is an inditement of present and past governments. Until accurate information is available there must be an immediate moratorium on the foreign sale of Australian agricultural land. Such a moratorium and severe non-disclosure penalties (including legislated land forfeiture) would ensure prompt completion of a foreign agricultural land ownership register.

I recently read that The Planning Institute of Australia which stated that "foreigners have almost doubled their stake in Australian farms, with full or part-ownership of 11.3% of farmland in 2010, compared with 5.9% during the last ownership stock take in 1984". Based on this increase it can be expected that, under current FIRB laws, almost 25% of Australian agricultural land will be foreign owned by 2036 which is preposterous. That the FIRB does not have to scrutinise and approve sales of Australian agricultural land if the sale price is less than \$244 million is a disgrace and an abysmal reflection on past and present Australian politicians. Nowhere in the world would such land acquisition laws be permitted, and certainly not in China or India. The selloff of the Commonwealth Bank, Telstra, Qantas and Australian airports were bad decisions by short sighted governments but the massive sell off of our agricultural land makes these decisions pall into insignificance. Such a sell off implies that Australian farmers, pastoralists and investors are stupid and incapable of agricultural production. I also suspect that a significant amount of the foreign purchase of Australian agricultural land is intended for use at a much later date. For the sake of future generations of Australia politicians

must “wake up” and stop thinking about their short term political futures and consider the long term future of Australia. It is obvious that food production will become an increasing source of revenue in a world with an increasing population and food demand. Australia’s ability to produce food will become more essential as the mining boom subsides.

The Planning Institute of Australia also mentions that urban sprawl, national parks, forestry and mining leases encroach on farming land. This may, in reality, mean that the percentage of Australian agricultural land owned by foreigners will be significantly higher than the above 2036 estimate! The conclusion of the article and the editorial in the Weekend Australia was, I believe, nonsensical.

The purchase of Australian agricultural land by foreign sovereign wealth funds, including the communist government of the Peoples Republic of China, is extraordinary. I travelled to Spain earlier this year to visit family and a small town I visited a couple of years ago which had one Chinese shop now has four and the trend is being repeated throughout Spain and resembles a cancer. I was told by a senior reputable individual in the Spanish financial system that the people from China who run these shops use cash, don’t employ Spanish and that the money earned goes back to China. The recently repeated documentary series “The Chinese Are Coming” is enlightening. The unfortunate reality is not xenophobia!

That certain agricultural landowners support foreign agricultural land sales should be viewed with scepticism as such sales obviously increase the value of their property as at least one past Member of Parliament would appreciate from firsthand experience.

It is essential for Australia’s future generations that current Australian politicians wake up now and legislate commonsense into FIRB legislation concerning the sale of Australian agricultural land to foreigners, and particularly to companies associated with foreign governments. I, like most patriotic Australians, believe that the sale of all Australian agricultural land should be scrutinised by the FIRB to ensure that such sales are really in our national interest. Leasing of our agricultural land is preferred to foreign sale with strict conditions on the state of the leased land when handed back to Australia.

Globalisation and the Eurozone were the products of those individuals and countries with the most to gain. The virtually unregulated sale of Australian agricultural land is the product of similar individuals and short sighted Australian politicians who will be looked upon with contempt by future generations of Australians.

Politicians must listen and respond with urgency to the Australian population’s concern re. the sale of our agricultural land to foreign investors.”

Yours sincerely,

Peter K. Thorn

PS: I also have concerns re. the increasing Australian residential property sales to foreign investors. It appears that a significant number of these foreign investors are from China and that some recent unit developments have been marketed exclusively in China! Such residential property sales drive up the prices for Australians and increasingly exclude many Australians from home ownership.

The vested interests of the property developers and agricultural landowners who stand to make massive profits from foreign buyers must be seen for what they are ..... greed at the expense of future generations of Australian’s.

PPS: I was in Spain again earlier this year and noticed that several local bars and restaurants were now owned by Chinese. Also interesting in the Spanish news at the time was the millions of untaxed Euros being found in the baggage of Chinese nationals returning to China.

Also, who is asking about the real source of foreign funds (from Russia, China or India for example) used to buy our agricultural land or residential property.

PPPS: And yet more to learn from Spain and reasons to view some big business advice with the scepticism it deserves. Spain had a considerable light manufacturing industry until the business owners moved to capitalise on the cheap labour of eastern Europe and then to China. Now, with greater than 26% unemployment and very few factories left it is little wonder Spain is struggling to find jobs for its citizens and the business owners who moved to countries with cheap labour couldn't give a hoot! The horse has bolted once the factories have moved and the agricultural land is sold.

On cheap labour ... my wife (who is Spanish) said recently that those aspects of globalisation which exploit workers in developing countries are little different to slavery. Sounds farfetched but paying the bare minimum which only provides basic food and shelter for families is, for all intention purposes, equivalent to what feudalism dished out. I think her comparison is disturbingly real for many of the world's poor. While China has lifted millions out of poverty (and perhaps into modified slavery), India has not.

PPPPS: There have been recent reports that your Government is considering the sale of national assets, such as Australia Post. Those past governments and politicians who have sold off Qantas, Telstra, the Commonwealth Bank, Airports etc. should be condemned for their short sighted lack of vision and disregard of future generations of Australians. Several of these Australian asset sales can be considered essential services. Please don't repeat past mistakes for short term gains. Imagine if the profits of past sold national assets were still feeding back into government revenue. Private ownership strives to minimise their tax bill.

PPPPS: I also believe that the proposed sale of Graincorp would be very unwise.

Yours sincerely,

Peter K. Thorn

17/9/2012 E-mail to Senator Bob Carr re. sale of Cubbie Station.

I have concern with some of your comments re. the purchase of Australian agricultural land (eg Cubbie Station) by the China-Japan consortium. I would like to know if the China component of the Cubbie Station purchase included any connection with the communist government of the Peoples Republic of China? If the government of China is involved in any way you should be ashamed of your stance on this issue. Such foreign investment would not be permitted by the government of China despite some interviews suggesting that it would be acceptable. Quite frankly that is bull shit and those who make such comments obviously put money above morality.

Australia does need foreign investment but not at the expense of our nations principals. Putting your hand up with a couple of Australian billionaires who build on their fortunes from activities in China (including gambling) is, I believe, out of touch with the general Australian community. Can't you appreciate the conflict of interest? Politicians seemingly fail to appreciate they were elected (although not in your case) to represent their constituents ...most of whom oppose the sale of Cubbie Station to the China-Japan consortium. Arrogant disregard of overwhelming public opinion is unacceptable.

Open disclosure of the detail of the sale of Cubbie Station is overdue. If there is even the faintest hint of the government of China's involvement in the sale of this station you should walk away from politics with your head bowed in shame. If there is no Chinese government involvement then tell the Australian population who have a right to such information. If there is any Chinese government involvement then it is preposterous to label objections for such foreign acquisition of Australia as xenophobic when you consider the Government of China's disregard and contempt for human rights. You don't have to look further than Tibet.

Placing principal behind profit makes the defenders of the sale of Australian agricultural land appear as naive as the Greens approach on off-shore processing.

Yours sincerely,

Peter Thorn

PS: Some past correspondence your parliamentary colleagues re. Foreign ownership of Australian agricultural land is copied and pasted below FYI.

"This E-mail concerns the increasing foreign ownership of Australian agricultural land which must be stopped. I recently read that The Planning Institute of Australia which stated that "foreigners have almost doubled their stake in Australian farms, with full or part-ownership of 11.3% of farmland in 2010, compared with 5.9% during the last ownership stocktake in 1984". Based on this increase it can be expected that, under current FIRB laws, almost 25% of Australian agricultural land will be foreign owned by 2036 which is preposterous. That the FIRB does not have to scrutinise and approve sales of Australian agricultural land if the sale price is less than \$231 million (?now \$244 million) is a disgrace and an abysmal reflection on past and present Australian politicians. Nowhere in the world would such land acquisition laws be permitted. The selloff of the Commonwealth Bank, Telstra, Qantas and Australian airports were bad decisions by short sighted governments but the massive sell off of our agricultural land makes these decisions pall into insignificance. Such a sell off implies that Australian farmers, pastoralists and investors are stupid and incapable of agricultural production. I

also suspect that a significant amount of the foreign purchase of Australian agricultural land is intended for realistic use at a much later date. For the sake of future generations of Australia “wake up” and stop thinking about you short term political futures and consider the long term future of Australia. It is obvious that food production will become and increasing source of revenue in a world with an increasing population and food demand.

The Planning Institute of Australia also mentions that urban sprawl, national parks, forestry and mining leases encroach on farming land. This may, in reality, mean that the percentage of Australian agricultural land owned by foreigners will be significantly higher than the above 2036 estimate! The conclusion of the article and the editorial in the last Weekend Australia was, I believe, nonsensical.

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Real estate agents are publically boasting of the dramatic increase in residential unit and free-standing property sales to non-Australian citizens and permanent residents, particularly nationals of China. The effect on residential housing prices is obvious and unfair to those seeking entry into the property market. A couple of weeks ago we had our annual termite inspection of our Brisbane home and the pest control person said he had an increasing demand for pest inspections from "young" citizens from China who were in Australia to "study" and whose parents were in China and who are obviously getting around the system. The real estate agents and foreign citizens are laughing all the way to the bank at the expense of Australian citizens (including my elderly mother) and residents. Of course, the residential property investors and those getting inflated prices for their properties are not complaining.

If it is found that such sales do not comply with legislation, the relevant properties should be sold immediately and appropriate fines applied. If real estate agents advising and involved in such sales which are in breach of legislation they should also be investigated and fined and if current legislation covering real estate agent complicity in misinformation does not exist then appropriate legislation should be introduced. If FIRB staff have approved residential property sales to foreigners or have not followed up such sales to ensure that they comply with current legislation then those responsible should be disciplined and, if necessary, be dismissed from their positions.

I will be most interested to hear the recommendations of your committee's findings.

Yours sincerely,

Peter K. Thorn

To Kelly O'Dwyer + Nick Xenophon + Bill Shorten 25/2/2015

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With the lower A\$ we can expect a surge of opportunistic overseas investors in Australian residential property which will further exclude Australian buyers and further inflate Australian residential property sales.

I have attached a scan of an article in Courier Mail of 14/2/2015 re. residential property sales in Australia for the world's super rich. If this article has substance then the FIRB must be able to demonstrate that such sales fill the legislative requirements for foreign buyers of Australian residential real estate. There must not be a separate interpretation of the law for the rich and famous. If breaches have occurred then those employees in the FIRB should be dismissed and offenders prosecuted and made to fulfil existing legislative requirements .... As weak as they currently are.

Yours sincerely,

Peter K. Thorn

5/8/2007 E-mail to FIRB

Dear Sir/Madam,

This E-mail is prompted by recent articles in the Courier Mail and other newspapers re. individuals from overseas purchasing residential property in Brisbane. We have also attended several auctions where overseas bidders participate in the auction by phone via a third party. My wife and I do not own any residential or investment property in Australia, or anywhere else for that matter, and we have been trying to buy a home for our young family for more than a year. We are very concerned that non-Australian citizens or non-permanent residents of Australia are increasing the competition for increasingly scarce residential properties in Brisbane and may be making it increasingly difficult for many Australian citizens and permanent residents of Australia to purchase their home.

Examples of such recent articles are as follows:

1. On page 3 of the 5<sup>th</sup> April 2007 edition of City News there was an article re. "mega rich Asian investors ..... diverting their dollars into Brisbane's flourishing residential real estate scene". The article goes on to state that "59% of all Hong Kong's Australian property investment dollars are spent in Brisbane". If there is any truth in this article we are very disturbed that ordinary Australians are expected to compete with "mega rich Asian investors"? Such a situation would hardly equate to a "fair go" for many Australians working hard to chase their dream of home ownership.

Are "ordinary" Australians allowed and encouraged to buy residential property for investment purposes in Hong Kong, or most other countries in the world for that matter, or is this a reciprocal privilege reserved for wealthy Australian business-people? The consequences of allowing overseas investors and non-Australian citizens and non-permanent residents to buy residential property is graphically illustrated in countries such as Spain where the possibility of home ownership for a very significant number of current, and a majority of future Spanish citizens has all but evaporated. Also worthy of consideration is the flow of residential property "profit" out of Australia when times get tough for the overseas investor or the investor gets a whiff of prospects for higher profit potential elsewhere.

2. In the Courier Mail of 28-29 July 2007 an article on page 18 of the Real Estate.com.au lift out described bidders from Zurich and London competing by mobile phones against local and interstate Australian bidders at an auction for a Clayfield property in Brisbane the previous week. The established house was sold to the Swiss bidder. Once again, should Australians have to compete with wealthy Europeans, Asians, north Americans and other foreign nationals for Australian residential property? The address of this property was 57 Enderley Rd., Clayfield, Brisbane and it sold at auction for \$3.45 million and I would appreciate your investigating that this sale complied with all FIRB requirements. I would also appreciate your feedback on this investigation. Such residential property sales may be legitimate and the article may be unfortunate real estate agent hype, but if not then a much

closer eye needs to be kept on the purchase of residential property by non-Australian citizens or non-Australian permanent residents.

3. Earlier this week I read where a Papua New Guinean businessman paid about \$3.5 million for an inner city Brisbane apartment.

4. I have repeatedly been told by real estate agents that a significant number of residential properties in Brisbane have been purchased by South Africans, for example, who appear to be able to pay whatever it takes to purchase a property and that this has contributed significantly to increased residential property prices in Brisbane. While their visa status may make such purchases legitimate I would appreciate assurance that there is a process in all such purchases which ensures that they comply fully with FIRB requirements.

I would hope that all residential property purchases by non-Australian citizens and non-permanent residents in Queensland are scrutinised by the FIRB. Could you please let me know if this is the case? If the FIRB's mechanism of scrutiny is not comprehensive then I believe that the FIRB should investigate all residential property sales in Brisbane in the past year as a starting point.

I would also like to find out if there is a duty of disclosure by real estate agents to inform foreign nationals who are not permanent residents of FIRB requirements when purchasing residential property in Australia?

Thank you for consideration of the above.

Yours sincerely,

Dr. Peter Thorn

From FIRB as follows:

## **Residential**

Residential real estate means all Australian urban land other than commercial properties (that is offices, factories, warehouses, restaurants, shops).

Acquisitions of 'hobby farms' and 'rural residential' blocks by foreign interests are included in the residential real estate category.

Foreign purchasers intending to acquire real estate in Australia must seek prior approval from the Government through the Foreign Investment Review Board unless specifically exempted by the Foreign Acquisitions and Takeovers Regulations.

## ENTERING INTO A CONTRACT

All contracts by foreign persons to acquire interests in Australian real estate must be made conditional upon foreign investment approval, unless approval was obtained prior to entering into the contract.

For properties to be purchased at auction, prior foreign investment approval must still be obtained and advice provided whether the parties were successful or not, and if so, a copy of the signed contract forwarded to the Foreign Investment Review Board (FIRB) after the auction.

## WHO IS EXEMPT?

Exemptions include:

- acquisitions by Australian citizens resident abroad;
- acquisitions of property zoned residential by foreign nationals who hold permanent resident visas or hold, or who are eligible to hold, a 'special category visa' (eg a New Zealand citizen); and
- foreign persons purchasing, as joint tenants, with their Australian citizen spouse property that is zoned residential.

Under the Act, a **foreign person** is:

- a natural person not ordinarily resident in Australia;
- a corporation in which a natural person not ordinarily resident in Australia or a foreign corporation holds a controlling interest (that is, a holding of 15 percent or more);
- a corporation in which 2 or more persons, each of whom is either a natural person not ordinarily resident in Australia or a foreign corporation, hold an aggregate controlling interest (that is, a total holding of 40 percent or more);
- the trustee of a trust estate in which a natural person not ordinarily resident in Australia or a foreign corporation holds a substantial interest; or
- the trustee of a trust estate in which 2 or more persons, each of whom is either a natural person not ordinarily resident in Australia or a foreign corporation, hold an aggregate substantial interest.

A **substantial foreign interest** (ie, a controlling interest) occurs when a single foreigner (and any associates) has 15 per cent or more of the ownership or several foreigners (and any associates) have 40 per cent or more in aggregate of the ownership of any corporation, business or trust.

The Government seeks to ensure that foreign investment in residential real estate increases the housing stock. The Government, therefore, seeks to channel foreign investment into activity that directly increases the supply of new housing (that is, new developments - house and land packages, home units, townhouses, etc) and brings benefits to the local building industry and their suppliers.

The policy on developed residential real estate is negative. The effect is twofold. First, it helps reduce the possibility of excess demand building up in the existing housing market and secondly, it aims to encourage the supply of new dwellings, many of which would become available to Australian residents, either for purchase or rent, therefore maintaining greater stability of house prices and the affordability of housing for Australians.

## **Second-Hand Real Estate**

Acquisitions of residential real estate that has been previously owned or occupied, that is second-hand houses, flats or units, are not normally approved except for the following two categories:

1. Foreign nationals temporarily resident in Australia, holding a current temporary resident visa which permits continuous residence in Australia for a further period of more than 12 months from the time of application. The dwelling must be used as their principal place of residence<sup>1</sup> and not for rental purposes, and must be sold immediately when their visa expires, they no longer reside in the property or when they cease to reside in Australia.

- Persons who hold visitor or bridging visas are not eligible for approval under this category.
- This category includes students 18 years of age and over studying courses of more than twelve months duration at recognised tertiary institutions.

- A general limit of \$300,000 applies to the value of properties acquired by these students.

2. Foreign companies with a substantial Australian business, buying for named senior executives continuously resident in Australia for periods longer than 12 months, provided the dwelling is sold when no longer required for this purpose. Whether a company is eligible, and the number of properties it may acquire under this category, will depend upon the scope of the foreign company's operations and assets in Australia.

- Unless there are special circumstances, foreign companies normally will not be permitted to buy more than two dwellings under this category.

Foreign companies would not be eligible under this category where the property would represent a significant proportion of its Australian assets

**" Foreign Nationals can purchase:"**

1. New Property
2. Residential Projects or Apartments - up to 50% of the total project can be purchased by foreign nationals.
3. Vacant Land - only if construction begins within twelve months of purchase. See our House & Land Packages.
4. Established Property - only if an additional amount of no less than 50% of the original property cost is spent on an additional construction (consent of FIRB is required).

Foreign Investment Review Board

**Q. Can I buy Property in Australia?**

**A.** Yes. If you are not a resident of Australia and you wish to invest here, you can. Broadly speaking, foreign investors can buy residential real estate, which is:

**1.)** "Off plan" i.e., designed and approved by the relevant planning authority, (usually the local council or shire authority), where construction has not yet commenced.

**2.)** Under construction, but not yet completed

**3.)** Completed, but not yet lived in. Note: Once they have been lived in by a tenant, or owner, they cannot be legally sold to an "off shore" buyer.

**Q. What type of property can I buy?**

**A.** All Residential, some commercial & rural zoned land plus property held under special title. Gold Coast Property Centre has a range of properties suitable for purchase by foreign investors.

**Q. How many properties can I buy?**

**A.** As many as you wish.

**Q. What Title is the Property held under?**

**A.** Australian property is held under Freehold Title, which is very safe and secure. When properties

have a body corporate, which means there is more than one eg. high rise building, this is referred to as Group Title Freehold.

**Q. How do I transfer money from my country to Australia?**

**A.** There are banks that specialise in transferring money around the world. If you are intending to purchase a property with overseas capital you will be, quite rightly, looking for savings. Foreign Payments offer Telegraphic Transfers and foreign drafts at individually negotiated rates and their charges are some of the most competitive in the industry. Their advisers will help you through every stage of your foreign exchange needs from sending you daily exchange rates (by e-mail), to supplying you with commission free currency for all your overseas travel.

**Q. Do I pay tax on my investment properties rental income?**

**A.** Yes. As you earn income in Australia, you are subject to the taxation laws of this country. You also receive taxation benefits against that income because you are providing accommodation for tenants.

**Q. Can I borrow money from an Australian bank to purchase a investment property?**

**A.** Finance is readily available to you by Australian banks and lending institutions at the same rate and on the same terms as Australian investors. There are very good loans available in both what we call 'no docs' and 'docs'. Doc loans require full information from the applicant including proof of income whereas no doc loans require less information and no proof of income.

**Q. How much deposit will I need and are there any other fees?**

**A.** If you are buying outright without a loan ie. paying cash, a 20% to 40% deposit is required plus legal, stamp duty, loan, and purchasing costs which equate to about 6% of the property price. So if a property is \$300,000 then add \$18,000 to be safe and cover these acquisition costs. Incidentally, these same fees apply to an Australian citizen and vary from state to state.

**Q. When do I need to pay the other fees?**

**A.** In Queensland, all fees are held and attended to on settlement. So if you place a deposit on a property, you have little else to pay until 1 month after the property settles, which is your first loan payment on monies borrowed. You can discuss this with our recommended lending representative. It generally goes very smoothly.

**Q. Can I purchase an investment property from my country or do I need to fly over to Australia?**

**A.** Yes you can purchase a property from overseas; many clients including overseas investors leave it to us to select their properties. This works very well and there has never been any problems. If you choose to fly out to inspect the properties, check out our special offers. We can organise flight, accommodation, transport, entertainment, etc. The next step is to let us know your expected arrival date and itinerary.

## **REAL ESTATE**

Q6. I am a foreign person living in Australia on a long stay, temporary resident visa. Do I need approval to buy an established house to live in?

A. Yes. Foreign persons temporarily resident in Australia for a period exceeding 12 months from the time of application for approval are eligible under foreign investment policy to acquire residential real estate. If the property being purchased is an established dwelling, that is, one that has been previously occupied or sold, foreign investment approval is still available provided that the dwelling is to be used as the person's principal place of residence, not for rental

purposes and the property must be sold when their visa expires or they cease to reside in Australia. For more detailed information, see [Policy Documents](#).

Q7. Can I exchange contracts prior to getting approval?

A. Yes. You can enter into contracts for the purchase of property as long as those contracts are conditional upon obtaining foreign investment approval. If the contract is not conditional, you will be in breach of the Act. This condition is necessary to protect you (and your deposit) should approval not be given. If you sign a contract without such a condition, you will be committing a breach of the Act and may be subject to forced sale of the property.

Q8. My husband and I are here on long stay business visas and already own a home purchased with Government approval – Can we get approval to buy another house this time for investment purposes?

A. Yes. Provided it is not a second-hand residential property. You would normally be granted approval to purchase a brand new home or a unit that has not been previously sold or occupied and is part of a development where not more than 50 per cent of the dwellings are already sold to foreign interests. Approval could also be expected for the purchase vacant land on the basis that you agree in writing to build a house on the site within 12 months.

Q9. I am a Temporary Resident whose visa expires shortly and I am leaving Australia. Can I keep the home I have lived in for the past 3 years and rent it out?

A. Unless the property you acquired was vacant land, which has subsequently been developed, or a brand new property, no. You must notify the Government and/or make arrangements to sell your property as soon as possible. If you fail to do so, you risk possible prosecution and your details will be forwarded to the Department of Immigration and Multicultural and Indigenous Affairs which could affect the success of any subsequent applications to obtain visas to visit or reside in this country.

Q10. We currently own an established house (originally second-hand) with your approval but wish to move to an established residence elsewhere. Is such a "swap" possible and do we have to sell first?

A. Yes, it is possible, but your application will be looked at to determine whether you have genuine reasons for moving and that the "swap" is not being used as a mechanism to circumvent policy restrictions. We would expect you to

undertake to sell your present home as soon as possible (generally within 3 months). This only applies to the acquisition of a second established residence and applicants must still meet the Government's foreign investment requirements for the acquisition of such properties, ie the property must be used as your principal place of residence, not for rental purposes and must be sold to Australian or other eligible purchasers when you no longer reside in the property or your visas expire. It should be noted that approvals for such swaps are not likely to be granted more than once.

Q11. My wife and I are British citizens and we often visit family here. We want to retire next year and live in Australia. Do we need to get FIRB approval to buy a house now? What if we buy jointly with our son and daughter-in-law who are Australians?

A. Yes. All foreign nationals, unless they have permanent resident status or meet another exemption, need to seek prior FIRB approval before buying a house. Approval will depend on what your current visa status is and the nature of the house you wish to buy. The fact that you may buy jointly with family members does not affect how your proposal will be viewed under policy.

Q12. I am a foreign national and was recently told that I would not need approval if I bought real estate through an Australian incorporated company or unit trust. Is this true?

A. No, and moreover, we would like to know the source of such advice so that we can advise them accordingly. Australian incorporated companies or trusts where 15 per cent or more of the shares or units are beneficially held by foreign persons are themselves considered to be "foreign" under the Act and policy. It is wise to talk to us about particular structures before making any offers on property.

#### Australian citizens and permanent residents

Q13. I am an Australian citizen living overseas, do I require permission to purchase a house?

A. No. Australian citizens are exempt from notification unless they are purchasing through a foreign incorporated company.

Q14. I am an Australian permanent resident, do I require approval to purchase a house?

A. Generally no. Australian permanent residents are exempt from notification, unless they are purchasing through a foreign incorporated company or foreign registered trust. Further, in order to meet the exemption, the property must be zoned as residential property by the local council.

Q15. I am an Australian citizen in a same-sex relationship with a foreign person. Does my partner require foreign investment approval if we want to purchase a house together as joint tenants?

A. The exemption for foreign persons purchasing residential real estate as joint tenants with their Australian citizen spouse does not extend to same sex couples. Foreign persons in a defacto same-sex relationship must seek foreign investment approval for the acquisition of any residential real estate or vacant land.

Q16. I am an Australian citizen but my fiancé is a foreign person and is currently residing overseas. However, we are getting married in few months and we want to buy a property together now. Is that possible?

A. This depends on the circumstance. If sufficient confirmation that the marriage is to take place in the near future (ie, within a few months) can be provided to the Foreign Investment Review Board, it is likely that an application can be approved. The foreign person should still submit an application and provide supporting documentation to show that the wedding is to take place, ie confirmation of church/celebrant bookings etc.

Q17. I'm a foreign person living in Australia. My sister is an Australian citizen/permanent resident. If we're buying a house together, do I require approval?

A. Yes. Even though your sister (or any other Australian citizen/permanent resident who may be on the contract) doesn't require approval, you are still required to seek foreign investment approval and submit an application for a decision.

Q18. I am an Australian citizen, but my spouse / de facto partner is a foreign person, do we require permission to purchase a house?

A. Australian citizens and their foreign spouses (which include de facto partners) are exempt from notification as long as the property is **zoned residential** and you are buying the property as **joint tenants**.

### New Zealand citizens

Q19. I am a New Zealand citizen, do I need permission to purchase residential property?

A. No. A New Zealand citizen is exempt from notification. However, a New Zealand permanent resident *does* require approval if they want to purchase real estate in Australia.

Q20. What if I'm a New Zealand citizen purchasing with my foreign spouse?

A. As noted above, New Zealand citizens are exempt. However, their spouses *do not* qualify for this exemption and would require approval the same as any other foreign person.

### Auctions

Q21. The property I wish to buy is coming up for auction next Saturday. Do I need prior approval to bid at the auction?

A. The nature of auction sales is that bids are made without conditions. If you make a bid and have not previously obtained FIRB approval, then you will already have broken the law. Moreover, the vendor may enforce the contract and depending on whether the purchase accords with Government policy, you may be subject to legal action. It is in your own best interests to get prior approval from the Government. Whilst no guarantees can be given, every effort is made to process your request in time for the auction date. Obviously, the more notice the better.

Q22. I want to purchase a house at auction, but I can't make the contract conditional, what should I do?

A. If you submit your application before the auction and give us reasonable time (approximately 5 working days before the auction), we try to ensure that you have the decision before the auction.

Q23. If I buy my property through an Australian company or trust arrangement, does that need approval?

A. Yes. If you are a foreign person you require approval regardless of the way you buy the property.

### Students

Q24. I am a student at university and want to buy an established house to live in while at university. Is that allowed?

A. Yes, but for purchases of established residential real estate there is a \$300,000 limit for the acquisition by students. Additionally, students need to be over 18 years of age, be studying at a recognised tertiary institution and hold a student visa valid for at least the next 12 months. Students need to provide a letter from their tertiary institution confirming the course they are attending and the duration of that course. The property also needs to be close to the tertiary institution.

The property would be subject to the normal conditions that are placed on second hand properties, namely that the purchaser must live in the property, they cannot rent or lease out the property and they must sell the property if their visas expire, they leave Australia or cease to live in the property.

Should foreign students wish to acquire vacant land for development or brand-new properties, no thresholds apply. However foreign investment approval still needs to be obtained. Acquisitions of vacant land would be conditional on ongoing development commencing on the property within 12 months. Acquisitions of brand-new properties will be subject to the property having never been previously occupied or sold.

Please refer to the [Urban Land Policy](#) for further details on the conditions and requirements of these types of properties.

Q25. I am a student and have approval from you to own and live in a house for as long as I remain a temporary resident. Can I rent out a room to another student?

A. No. Approval to purchase the property was granted explicitly on condition that it was your principal place of residence and that no rental/lease income is to be derived from it.

## **RESIDENTIAL COMPLIANCE AND MONITORING**

Q26. I bought vacant land last year with FIRB approval but am unable to start construction on my property by the commencement date – who should I contact?

A. You or your representative should notify the FIRB as soon as possible with an explanation of your circumstances and request a formal extension of time

before the original timeframe expires. The matter will be looked at on a case by case basis. Extensions may be given where good cause is shown.

Q27. Due to unforeseen circumstances, we are unable to build the house on the land we bought last year. How will the Government view us selling without undertaking development?

A. The Government is most concerned about foreign interests acquiring residential real estate in Australia without complying with the development conditions. You must contact the FIRB to explain your circumstances. Your claims will be considered and a decision given to you on what action you should take. A proactive approach where you initiate contact early is viewed more favourably than through normal routine follow-up activities where we discover conditions have not been met.

Q28. If cannot comply with or do not comply with conditions and I am told to sell the property by FIRB, can I sell it to anyone?

A. No. Sales of properties owned by foreign citizens when directed by FIRB will only be allowed to Australian citizens who are not associated with the foreign person. Generally, such sales are to be made irrespective of price (even if a capital loss is realised) and within a required timeframe. Any such sale will be need to be approved prior to settlement.

Q29. Can a breach of the *Foreign Acquisitions and Takeovers Act 1975* (FATA) get me into trouble with any other Government agency?

A. Yes. Breaches of the FATA are treated seriously and other Government Agencies may be advised of such breaches (including the Department of Immigration and Multicultural and Indigenous Affairs, the Australian Federal Police and the Australian Taxation Office). This **may** result in delays in visas being issued, further character assessment and an assessment of any tax payable.

Q30. Our company purchased a house with your approval which we intend to demolish and build three units on the land. However, we have experienced a delay in the planning process and wondered whether the property can be occupied before demolition begins?

A. No. The conditions of your approval state clearly that the property must remain vacant until demolition begins.

Q31. I inadvertently bought some land about 6 months ago to build a house and recently a friend told me that I should have obtained FIRB approval. What action will the Government take against me now?

A. Action will depend on whether your acquisition would have been approvable under the current guidelines. Worst case scenario - where it is considered inconsistent with policy you may be ordered to sell the land within a certain time. Provided you sell within the required time, prosecution is unlikely though details of the breach will be sent to the immigration authorities for any action they deem necessary.

Q32. I think a non-resident person may have purchased a particular property without getting approval from the Government - Who should I inform?

A. You should [Contact Us](#) providing all details known to you. We will look into the matter thoroughly and treat in confidence your identity and all information given. Quite often though, such reports do not require further action as the purchase meets the policy requirements, or foreign investment approval was not required.

Q33. Do I still have to build on vacant land I acquired with foreign investment approval now that my visa status has changed and I have become an Australian permanent resident?

A. Yes. Your obligation to improve the vacant land to a value of at least 50 per cent of the purchase price of the land or market value does not change. If you are having problems meeting this requirement you should contact us.

FIRB accountability for sale of Australian residential property to foreigners

30/7/2014

Dear Mr. Hockey,

I recently read media reports that the FIRB was not monitoring and following up the sale of Australian residential properties to foreigners. This has been of concern to many Australians for some time and the review of such sales by the FIRB is long overdue. All such sales, and not just a small sample, should be properly assessed and followed up to ensure that they comply with current legislation. If it is found that such sales do not comply with legislation, the relevant properties should be sold immediately and appropriate fines applied. If real estate agents advising and involved in such sales which are in breach of legislation they should also be investigated and fined and if current legislation covering real estate agent complicity in misinformation does not exist then appropriate legislation should be introduced.

As the FIRB is within Treasury this is obviously your responsibility. If FIRB staff have approved residential property sales to foreigners or have not followed up such sales to ensure that they comply with current legislation then those responsible should be disciplined and, if necessary, be dismissed from their positions.

Yours sincerely,

Peter K. Thorn

17/6/14 E-mail to Nick Xenophon

More re. foreign ownership of Australian residential property

Dear Nick,

I have attached an article in the real estate section of last Saturday's (14/6/14) Courier Mail FYI. The Real Estate agents appear proud of their exploits in China and must be laughing all the way to the bank and sellers out to make a easy buck are having a field day while Australian's attempting to buy residential property are seething. The current laws governing the FIRB are obviously deficient and, increasingly likely, the FIRB appears to be falling short on enforcement despite the recent comments of one of it's spokespeople.

Yours sincerely,

Peter K. Thorn

Hon. Mr. K. Rudd (Prime Minister),

Parliament House,

Canberra, ACT.

FAX (07)38995755

15/12/2007

Dear Kevin,

Further to my letter of 14/12/2007 re. the chronic Australian housing affordability crisis I would like to bring to your attention an article on page 23 of today's (15-16/12/2007) Courier Mail. This article from a housing reporter states that "Russian federation property investors are driving a booming Queensland real estate market which has ballooned this year following a record \$547 million in foreign investment". The article goes on to mention that "buyers from the Russian Federation were the largest group of foreign investors on the Gold Coast this year and the third largest of residential property in Queensland. In the 2006-7 financial year, investors from the Russian

Federation spent more than \$35.6 million buying Gold Coast real estate - \$35.2 million on Gold Coast property. Political uncertainty in Russia has resulted in the wealthy investing their money off-shore in places such as the Gold Coast where property has the potential for higher capital gains". Later in the same article it states that "77% of Gold Coast foreign purchases were made by investors, while 23% of buyers were owner occupiers". The article also mentions that a "lot of Russian investment on the Gold Coast is concentrated on Sovereign Island". Such claims should prompt an urgent review of the Foreign Investment Review Board and the laws which govern its operation.

How such foreign investment increases housing stock and increases housing affordability for Australian citizens is beyond my comprehension. Residential property supply is part of the affordability crisis in Australia and it is beyond me how allowing Russian or other wealthy foreign residential property investors to enter the Australian market to earn themselves a quick and safe buck benefits ordinary Australians and increases their opportunity for residential property home ownership. It is not too late to look at the Spanish example of their coastal real estate being sold off to the highest non-Spanish bidder and what that lax policy has done for Spanish home ownership.

Overseas residential property investment is due for an urgent review as part of improving residential housing affordability for many Australians.

Yours sincerely,

Dr. Peter K. Thorn

Hon. Ms. Tanya Plibersec (Housing Minister),

Parliament House, Canberra, ACT.

FAX (02) 6273 7096

1/4/2008

Dear Ms. Plibersec,

This letter concerns the chronic and escalating housing crisis in Australia which your Government has unfortunately inherited and from which you can not walk away. I have written many letters to Kevin Rudd on the subject outlining my concerns.

I watched last week's Insight Programme on SBS in which you participated. For the most part this program covered the same important ground as past housing crisis programs and highlighted the plight of hundreds of thousands of Australians struggling with home ownership and the death of the Australian dream for future generations. Your contribution re. solutions to the crisis was very unconvincing to say the least and while you are obviously concerned I believe failure is the most likely outcome as important contributions to the crisis are being ignored for misplaced concern of Labor's political survival.

George Megalogenis' article titled "Facing up to hard home truths" in the March 15-16, 2008 Weekend Australian confirmed what I had long suspected were the reasons for Labor's reluctance/refusal to phase out capital gains tax concessions and negative gearing for residential property investors. Perhaps it is a sign of your new Government's immaturity that you can not adapt election promises to changing circumstances. There is no doubt that the housing crisis is worsening and with recent predictions that Australian housing prices are likely to increase 20-40% in the next 5 years many of the current generation and the majority of future generations will have any dream of home ownership extinguished and will reasonably refer to the "unlucky" country. My children will not be able to contemplate home ownership and, ironically, will be paying the taxes to support the population currently being imported to feed "the boom" when the inevitable slowdown occurs. The current housing affordability crisis has been significantly fuelled by the "top end" of town's greed which has been fuelled by Government tax concessions. It must be difficult to watch the RBA disproportionately punishing your "working families" while you wait for the global uncertainty to cool the "top end" of town! I am increasingly convinced that there will be no long term solution to the housing affordability crisis until Government measures are implemented which ensure that the "haves" wear a fair measure of the pain. It must be remembered that about 89% of Australian families do not own an investment property and effectively subsidise the 11%. I suspect that it is not families battling with home ownership who haven't curtailed their discretionary spending and that it is in fact the "haves" who see no need to tighten their belts to limit inflationary pressures.

George Megalogenis' article states that the government's capital gains discount costs the Australian taxpayers \$6.87 billion per year in forgone revenue and negative gearing another \$2 billion. The state governments' \$17 billion stamp duty windfall also needs to be reined in. In Queensland, for example, a \$500,000 house five years ago would have attracted \$10,000 in stamp duty and the stamp duty on the same house now which is worth \$1,000,000 would incur \$28,750 in stamp duty ... far in excess of any inflationary correction! I have yet to find out what such stamp duty affords the buyer. The investor can, of course, deduct this duty!

Foreign investment in residential property also needs to be reviewed. Brisbane, for example, had \$111.86 million in foreign residential property investment in 2006. Such unfair competition only adds to the plight of those wishing to become owner occupiers. Recent reports highlight growing Russian investment in the Queensland property market, including freestanding residential property. Apparently there was \$547 million of foreign residential property investment in Queensland last year! FIRB residential property legislation is in urgent need of review.

Moderation of house prices after many years of astronomical gains may be a desirable outcome for the majority of the population (except for those who have bought during the panic of recent years) who consider their children and future generations, whom many seem to have forgotten in their quest for backyard gold. If investors who have raked it in on several fronts for many years decide to sell their investment properties you won't need to lose sleep that those properties will remain unoccupied as there are plenty of buyers who want a roof over their families heads for a more

reasonable price. Providing for a “reasonable” rate of return with justifiable concessions/incentives for investors prepared to enter the affordable residential property market should sort out the greedy investor from those content with solid consistent gains.

The excessive encouragement of migration into already saturated property markets with dangerously low rental vacancy rates for short term government revenue gain and to satisfy the temporary boom time skills crisis should be carefully reconsidered. When the economy slows and the demand from China and India moderate, which will happen and may happen sooner than expected in these uncertain times, who will be ultimately responsible for the higher than necessary unemployment rates? ..... the Australian children and struggling young adults of today who are unable to buy a home and who will pay the nations tax!

To further highlight the absurdity of current legislation affecting the chronic and escalating housing affordability crisis I would like to draw your attention to an article titled “Turn negative into positive” by Noel Whittaker in the March 23 2008 edition of the Sunday Mail. In this article he mentions that “friends who become tenants and rent each other’s homes can reap tax benefits”! He also says “notice how the system is skewed towards the investor and against the owner”.

I hope common sense prevails but listening to you on last week’s Insight programme did not inspire my confidence.

Yours sincerely,

Dr. Peter Thorn (M.B.,B.S.; M.P.H.; F.A.F.P.H.M.) cc. Hon. Mr. K. Rudd (PM)