

Submission on

Australia's Foreign Investment Framework

From

Patricia K Weaver, PhD

Submission:

General agreement to proposals

I support both proposals from the Government and strongly support the requirement for an application fee proportional to the market value of the property for which the application is made.

The regulations for this need to be carefully considered and worded. Step wise acquisition of land rather than outright purchase of several adjacent properties should not allow exemption from fees after the purchase of an initial property.

The Consultation Paper indicates that currently all costs of a foreigner buyer purchasing Australian property are at present paid by the Australian taxpayers. This is iniquitous. A fee that more than covers all costs should be applied.

Need for register of Foreign Ownership

Greater transparency of foreign investment and ownership of property in Australia is needed urgently. Not only is there a strong public demand for this information but for informed government with provision of necessary infrastructure and services such information is required.

Security issues.

Past experiences of foreign investment in WA has not been without disastrous outcomes. It led to use of one property for manufacture of deadly nerve gas (Sarin gas) which was used in a terrorist attack in a Tokyo underground Another property leased by a reputable British company led to almost total destruction of pastoral land. Repair of the erosion

and destruction of all vegetation cost the WA taxpayer dearly. If these events occurred in the past when terrorist attacks were almost unheard of and global demand for food less of a concern, Australia should ask how much greater is the security risk now? How much higher the pressure for agricultural or pastoral productivity?

A Changing World.

In addition to a supply of clean drinking water, adequate food and shelter are the two other essentials for human survival. It is appropriate therefore that the Government be constantly aware of its responsibility in meeting these needs and consider carefully activities and policies that may influence meeting these. Ownership of both rural and urban accommodation is a key consideration.

Australia's Foreign Investment Framework is likely to influence both categories and it is appropriate that this be considered as part of the continual scrutiny process for both.

Residential housing and Agriculture do not have a great deal in common, however in the Australian context they share a common deficiency. Neither has a public register allowing scrutiny at a national level using criteria that are uniform or even comparable across States. This effectively creates 'blind' and inefficient planning.

Ownership issues for the future.

Both areas are of concern to the Australian community in general. The property boom, high cost of housing and increasing rates of homelessness are featured almost daily in Australian media. The simultaneous reports of the sale of expensive accommodation often to foreign purchasers increases local anxiety, establishes the profitability of the upper end of the market and does little to increase the supply of affordable housing. With Australia's current almost highest ever population growth, this country is likely to face even greater shortfalls in housing supply, a situation greatly aggravated by overseas buyers seeking permanent residency. The increasing urban sprawl created by this expansion will further erode the stock of horticultural and agricultural land

Recent discussion of future global food shortages as a result of the growing human population has drawn attention to purchases of Australian agricultural and pastoral land by overseas buyers or by wealthy Australians planning commercial enterprises to export Australian milk, meat and livestock to more profitable overseas markets.

Strengthening Australia's Foreign Investment Framework is an important step. Free Trade Agreements and the Trans Pacific Partnership Agreement to which Australia is one of five signatories may both stimulate interest in foreign investment.

There are few internationally accepted guidelines for land ownership regulation. The now dated 1999 paper from the FAO by Hodgson, Cullinan and Campbell, "A COMPARATIVE ANALYSIS OF REGULATORY APPROACHES TO THE ACQUISITION AND

USE OF LAND BY FOREIGNERS” illustrates the almost total diversity of approaches among the nations of the world.

(http://www.fao.org/fileadmin/user_upload/legal/docs/lpo6.pdf)

I support the proposed changes but believe there is a great deal more needs to be done.