



**HD Parliamentary inquiry considers special taxes on foreign real estate buyers**

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A federal parliamentary committee investigating foreign **purchases** of Australian real **estate** has floated the idea of increased taxes, fees or stamp duties for overseas buyers. The committee asked RBA officials and real **estate** experts what effect such a move might have on the level of foreign investment. However, **property** development veteran Harry Triguboff says Australia should welcome more foreign real **estate** investment as it adds to the supply of properties that Australians can rent.

MARK COLVIN: There's speculation that foreigners wanting to **buy** land or housing in Australia may have to pay more to the Government.

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A parliamentary committee looking at the issue appears to be considering special taxes, fees or increased stamp duties for overseas buyers.

The committee chair, Liberal MP Kelly O'Dwyer, asked several witnesses about what effect increased government charges might have on foreign demand.

Committee members also flagged the idea of tougher penalties for breaches of the foreign investment laws.

Business reporter Michael Janda followed today's committee proceedings.

MICHAEL JANDA: Ask people in central Sydney whether foreign **purchases** of Australian real **estate** are a good thing, and this is the common response.

SYDNEY RESIDENT: No. No, no, no, no because it makes it hard for the average Australian to get a house because of booming high prices.

MICHAEL JANDA: But the founder of Meriton, one of Australia's biggest **apartment** developers, dismisses the concerns about affordability.

HARRY TRIGUBOFF: The people are the young ones that can't **buy** in the area they want, there's not many people by the way, they talk a lot. Why they talk a lot because they would like to **buy** cheap and sell dear but they haven't got the guts and haven't got the money.

MICHAEL JANDA: Harry Triguboff's been building apartments for about 50 years and he says Australians should be thankful for the investments foreigners make.

HARRY TRIGUBOFF: People are given places where they can rent because even though the foreigner might own the **apartment** the person renting is a local person, so that's a very big advantage that we get out of them buying or even building now which is very good.

MICHAEL JANDA: And there are some members of the public that agree with him.

AUSTRALIAN RESIDENT: I think we need all the money we can get in Australia so that apart from exporting rocks we make houses and all those sort of beautiful things.

MICHAEL JANDA: But the Federal Government clearly thinks this view is in the minority, which is why the Treasurer Joe Hockey asked the House of Representatives Economics Committee to look into the issue.

One key thing it's trying to find out is just how much Australian **property** is currently in foreign hands.

Meriton executive James Sialepis gave this estimate about his **company's** sales split.

JAMES SIALEPIS: To the financial year 2012/13, 13 per cent of our sales were taken up by overseas buyers. Funny enough it's actually down from 22 per cent the financial year before.

MICHAEL JANDA: It's a similar figure to that provided by Justin Brown from global real **estate** agency, CBRE.

JUSTIN BROWN: In Melbourne we're at 15 per cent that we'd sell to foreign investors requiring FIRB (Foreign Investment Review **Board**). In Sydney we're 12.5 per cent and in Brisbane we're around 5 per cent.

MICHAEL JANDA: And RP Data's research director Tim Lawless says the Foreign Investment Review **Board** data concurs.

TIM LAWLESS: The most recent nine month period with this data available goes up to a little more than 13 per cent with the value of all **transactions** across Australia will be to foreign buyers.

MICHAEL JANDA: But while questioning the Reserve Bank's head of economic research, Christopher Kent, Liberal National MP Scott Buchholz wasn't impressed with the fact that no reliable comprehensive figures exist.

SCOTT BUCHHOLZ: How much of Australia is owned by foreign investment in the **residential** market?

CHRISTOPHER KENT: That's a good question and I couldn't hazard a guess.

SCOTT BUCHHOLZ: ... have to get the data.

CHRISTOPHER KENT: I couldn't hazard a guess.

SCOTT BUCHHOLZ: I would suggest that say maybe the Communist Republic of **China** know to the square inch how much of their country is owned and managed by foreign investment.

MICHAEL JANDA: It was the highlight of the day for other committee members.

CRAIG MACKENZIE: I also think is what good that for the first time a Liberal quoted in a communist approvingly.

(Sound of laughter)

MICHAEL JANDA: RP Data's Craig Mackenzie has what he says would be a cheap solution to find out how many properties are being bought by foreigners.

CRAIG MACKENZIE: We suggested a simple mechanism where more data about the **purchaser**, including their nationality, their residency status, could be captured at the time the **property** is transferred.

MICHAEL JANDA: Liberal and Labor members on the committee were also keen to sound out the idea of higher taxes, stamp duties or charges for foreign buyers.

Committee chair, Liberal Kelly O'Dwyer, quizzed the RBA's Christopher Kent.

KELLY O'DWYER: If we were to consider tax as part of the recommendations that this particular committee, does the Reserve Bank have a view on whether or not this would have an impact on foreign investment?

CHRISTOPHER KENT: Well I can't speak for the bank as a whole. Would it have an impact? One would imagine at the margins, it would.

MICHAEL JANDA: If the aim is to reduce foreign demand for Australian **property**, then the real **estate** agents say it will work.

CBRE's Justin Brown.

JUSTIN BROWN: We have seen increased demand for Australian product when Singapore tightened its reins and where Vancouver tightened its reins.

MICHAEL JANDA: With Australian real **estate** websites like Domain and Real **Estate** dot-com, as well as agents like Century 21 and **property** developers all now targeting the **Chinese** market for Australian real **estate**, there may be some strong opposition to curbing demand.

MARK COLVIN: Michael Janda.

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