

SE Business
HD **Restrictions on foreign buyers not adequately policed**

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Cover Story

Not everyone is happy about the impact of the foreign financial onslaught on real **estate**.

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Politically sensitive **purchases** of farmland, for example, are increasing pressure on the federal government amid deep divisions over foreign ownership.

"Australia is a soft touch when it comes to selling off our most valuable asset, our land," National Party senator John Williams says.

"At the moment any state-owned entity has to go through FIRB (Foreign Investment Review **Board**), even if they **buy** just a dollar's worth, but a private **company** from overseas can **buy** any farm in Australia up to the value of \$248 million. No one checks them. That to me is outrageous," he says.

The government's election promise to introduce a \$15 million cumulative screening threshold on foreign land **purchases** is yet to materialise and pressure is growing for regulatory reform.

Prominent Liberal Party MP Kelly O'Dwyer, chairing an inquiry into foreign investment in real **estate**, has said restrictions on foreign buyers are not being adequately enforced by the FIRB.

Evidence presented to the inquiry suggested restrictions on foreigners - who cannot **buy** established homes without approval - were not being policed.

"I think there's been a failure of leadership at FIRB," she said.

When questioned at the inquiry about the risk of a collapse if **Chinese** developers and buyers use the country's shadow banking system to source debt to **buy** Australian **property**, Treasury officials said it was "difficult to quantify" the extent to which that was occurring.

"It is difficult to say to what extent inflows of **Chinese residential** real **estate** investment is levered and susceptible to reversal," Treasury said.

For established Australian financial institutions the risk of global volatility leading to debt withdrawal was less.

"While it is true that Australia is exposed to the risk of foreign debtors choosing to withdraw their funding when debts mature, since the global financial crisis, the roll-over risk has receded," officials said.

Another Senate inquiry, chaired by Labor senator Sam Dastyari, is looking into housing affordability. Both inquiries will deliver their reports next month.

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