



HD Govt knocks back foreign house buyer

BY By Paul Osborne, AAP Senior Political Writer

CR AAP

WC 506 words

PD 9 April 2014

SN AAP Bulletins

SC AAPBLT

LA English

CY © 2014 Australian Associated Press Pty Ltd. All Rights Reserved

LP

The Abbott government has refused to allow a foreigner to **buy** a house in Sydney in what some experts say could be a new direction in government policy.

The knockback comes as Prime Minister Tony Abbott leads a large delegation to North Asia to show Australia is "open for business" when it comes to investment and trade.

TD

The **purchase** of the established four-bedroom house in Strathfield by Zhixiong Hua was rejected by Treasury under the Foreign Acquisitions and Takeovers Act as "contrary to the national interest".

It is understood the **purchase** was screened by Treasury, under the foreign investment review process, and the buyer declined to provide further information when it was sought.

In 2012/13, a total of \$51.9 billion of foreign investment in real **estate** was approved, including \$5.42 billion in existing **residential property**.

But no proposal has been rejected in the national interest since 2011/12, according to the Foreign Investment Review **Board's** annual reports.

Parliamentary secretary to the treasurer Steven Ciobo would not comment on the specific case but said the rules applied equally to all potential investors and the government expected compliance.

"There is absolutely no change in policy," Mr Ciobo told AAP from Washington on Wednesday.

Foreign investors can **purchase** new but not second-hand **property**, unless other factors applied such as the **property** no longer had any economic life, he said.

Queensland University of Technology business expert Mark McGovern said the decision was unusual.

He thinks the government should inform the market about whether it is a change of policy or this case is an exception.

Alan Moran, from the Institute of Public Affairs, was unaware of any precedent.

"We want to encourage immigration of entrepreneurial sorts of people, including from **China**, and this sends a bad message," Dr Moran said.

However, Real **Estate** Institute of NSW president Malcolm Gunning backed up Mr Ciobo's position.

"If you are a foreign national and not resident, this is urban land not permitted for **purchase**," Mr Gunning said.

"We think this is exactly what should happen under the rules."

He said it appeared the buyer had been badly advised.

Mr Gunning said foreign buyers should be encouraged to **buy** new properties because this had a flow-on effect for jobs and investment. Existing older homes should be left to local buyers.

It appeared the Abbott government was toughening up in this policy area, he said.

"There's a little bit of political heat as far as this is concerned."

Mr Hockey last month referred the issue of foreign investment in **residential** real **estate** to parliament's economics committee.

Committee chairwoman Kelly O'Dwyer said at the time there had been concerns that foreign investment in Australian real **estate** is causing a distortion in the market and making housing less accessible and affordable.

The house, on a 902 square metre block, is listed as having **sold** for \$1.8 million on March 22.

NS gedu : Education | gpol : Domestic Politics | gcat : Political/General News | gpir : Politics/International Relations
RE austr : Australia | sydney : Sydney | apacz : Asia Pacific | ausnz : Australia/Oceania | nswals : New South Wales
IPD Investment
IPC 11000000
PUB Australian Associated Press Pty Ltd
AN Document AAPBLT0020140409ea49000dz