

FINANCIAL REVIEW

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HD **Foreign buyer fee could raise \$400m**
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Hitting foreign **property** buyers with a modest application fee could generate more than \$400 million to fund a crackdown on illegal **purchases** blamed for pricing locals out of the market.

A government-dominated parliamentary committee is actively considering whether to impose fees of as much as \$1500 per **purchase**.

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The Reserve Bank of Australia will publish its official six-monthly financial stability review on Wednesday, which is expected to lay out official concerns about the **property** market.

Foreign buyers now pay nothing for applications to the Foreign Investment Review **Board**, which faces criticism for failing to adequately monitor approvals as well as fielding concerns about a lack of data sharing between it and bodies such as customs and immigration.

Liberal MP Kelly O'Dwyer, who leads the inquiry due to report next month, said there had been clear "failure of process" at the **board**, but that it also needed significant resources to audit applications and enforce penalties.

"Any additional resourcing of FIRB should come directly from application fees," Ms O'Dwyer said.

"Given the importance of FIRB's rules in providing confidence to the broader Australian community on **residential property**, ensuring good processing and strong recovery is essential."

Modelling by the independent Parliamentary Budget Office obtained by The Australian Financial Review shows a fee of just \$500 per successful application could generate \$34.6 million over four years. More than offset boards's costs

That would more than offset the boards's annual \$4 million budget cost.

If set at the higher rate, some \$106 million could flow in by 2017-18 and \$412 million by 2024-25.

The budget office modelling assumes 21,000 foreigners will successfully **buy** properties in 2013-14, and the fee applied to all offshore investors, including temporary residents, trusts and funds. It would cover new, existing and off-the-plan **residential property** as well as land.

Momentum within the committee is understood to be building in favour of recommending such fees, as well as measures to ensure data matching between Immigration and the FIRB.

Work is also being done on whether to hit **Chinese** and other offshore buyers with extra stamp duties to ensure their participation in the market doesn't worsen housing affordability.

Ms O'Dwyer criticised the FIRB for failing to enforce restrictions on foreign buyers and for a worrying lack of data about offshore investment. **Board** chairman Brian Wilson hit back on Thursday, saying it could only do so much with the resources it had.

Property industry groups have argued against extra fees on foreign buyers because they would restrain **residential** dwelling approvals, which are at the core of the Reserve Bank's efforts to spur economic growth.

There are also tensions between balancing community concerns over foreign buyers and the government's goals of cutting red tape.

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