

16 March 14

To the Members

During the FIRB senate enquiry I forwarded a few emails to Kelly O'Dwyer with my views and observations of established residential properties sales. As a result I have the opportunity to make a submission to the response.

I am 66 and have no vested interest in these sales but I do have children and know of friend's children who are desperately trying to establish a home and have families. (all are 30+)

There appears to be a decreasing number of good school areas, and housing in these areas is strongly sought after. This alone pushes prices up, but add in Australian investors plus foreign buyers, and for most young Australians the prices become out of reach or, they take on huge mortgages. (that worries their parents immensely)

This is an unnecessary big burden to put on our next generation!

I suggest that the recommendations of the Senate enquiry don't go far enough.

My area of concern is Foreign purchase of established housing and my suggestion is simply that foreigners cannot purchase existing homes. There are so many properties owned by Australian investors and NEW properties owned by foreigners available for tenancy that there should be no need for foreigners to buy established housing.

The recommendations from the enquiry seem to be to add layers of red tape, compliance costs and a huge penalty regime.

To ease price pressure the government is pressuring banks to restrict finance available to Australian investors in various ways. It also suggests an establishment fee for foreign buyers. Media reports I have read doubt this will subdue the demand.

Foreigners cannot buy established residential property. EXCEPT... I think these exceptions are being fully exploited or even abused.

Foreign students can buy a residence while they study here. There are enough foreign and Australian investors with property to service this demand. It just creates opportunities for foreigners to buy good real estate in Australia, displacing Australians. (The cap initially was \$300,000, but the Labour Govt removed this cap with unwelcome results) **STUDENTS OR THEIR PARENTS SHOULD NOT BE ABLE TO BUY ESTABLISHED PROPERTIES** (recently an accountancy student from mainland China outbid 9 others at an auction in Glen Waverly for \$900,000.....Do 'students' buy \$900,000 houses???)

Foreigners can buy a property, demolish it and rebuild. I suggest the intention was to remove run down properties and build property for Australians to rent or acquire: not buy good houses in sought after areas for themselves or their families. This has allowed rich foreigners to buy unhindered in Australia (think Gough Whitlam's birth house in Hawthorn) **FOREIGNERS BUYING AND DEMOLISHING ESTABLISHED PROPERTY HAS TO CEASE OR BE STRONGLY MONITORED.** Any new property constructed this way should be sold to Australians, not held by foreigners.

Foreigners who are on temporary visas in excess of 12 months can acquire established property to live in whilst here. There is a multitude of these visas and many foreigners holding them have strong intentions of applying for Australian residency. As they are at present not Australian residents they should be excluded from property ownership. Again, there are plenty of investment properties owned by Australians plus the NEW foreign owned properties (apartments) with need of tenants. FOREIGNERS ON TEMPORARY VISAS SHOULD NOT BE ABLE TO BUY PROPERTY.

The NAB residential property survey for Q4 2014 has statistics for Victoria showing ONE THIRD of all new property sold went to foreigners and 12.8% of established residences were purchased by foreigners.

This obviously excluded a lot of Australian from becoming home owners.

With demand from Australians exceeding supply I think the scheme's intention was to use foreign capital to build new housing for Australians to purchase and provide construction jobs for Australians. Unfortunately it appears that the scheme's current structure is just providing Australian property to be disproportionately available for foreign purchase and displacing Australian buyers.

The unintended consequence of the current scheme is that house prices have become exorbitantly high and out of the reach of many Australian families. Many Australian are still without a house. Big changes need to be made to get the desired outcome back on track. Our first priority should be to get young Australian families into homes that they can optimistically look to the future from.

Again, the simple solution is to exclude foreigners from buying established residential property.

Yours Sincerely
Bruce Amery

PS Why is Australian so strongly seeking Foreign investment when I read articles about super fund IFM using \$10 billion of Australian Superannuation contributions to purchase a toll road in USA?