

Tha Manager
ITU
The Treasury
CANBERRA 2600
Dear Sir/Madam

Like many, perhaps most concerned by the sudden dominance of Asian/mainland Chinese investment in Australia, I am ill-equipped as a layman to evaluate its legislative and administrative controls. I shall therefore make general points which I know from liberal-minded, pro-multicultural circles are strongly held in the community.

First, while this is a Treasury/economic options paper, I see the **issue of foreign investment as intrinsically related to other portfolios excluded from your terms of reference**. It is important to acknowledge **an underlying motive for much foreign housing development/acquisition is to secure Australian residency/citizenship**. Foreign investment has become a de facto immigration program, generating a scale of population growth which is widely opposed.

Second, I am familiar with the agencies which facilitate Chinese/SE Asian students studying in secondary and tertiary institutions. **Dominant Chinese/SE Asian participation in tertiary education has driven dominant Chinese property investment** in often substandard, high rise apartments on an unprecedented scale (See recent Melbourne City Council publications and media releases on this). Visit any university campus and library and consider why they are now largely occupied by SE Asian/Chinese students. The Commonwealth government **policy/ideology of education as foreign investment with minimal government contribution** has opened the way for a vastly increased, full-fee paying student body and the apartment towers to house them. Both the the education and the accommodation are gateways to residency. That is, education (often in pseudo training institutions) is also de facto immigration. That this is having a detrimental effect on the quality of teaching and on academic standards is another matter - but all these factors feed into the community resentment of foreign, chiefly Chinese investment. Such separate issues may be neatly quarantined within separate government departments (federal and state), but they are inter-related in the minds of the citizens affected.

Third, and related, the extent of foreign investment in residential property is transforming the urban fabric in ways at odds with neighbourhoods and traditional values, (including heritage streetscapes), a source of further resentment. So too is the **transformation of the city core, driven by low interest loans in China** and the unmet demand by foreign students and their parents. This foreign investment in property and construction, with associated loss of historic streetscapes, is welcomed by Victorian governments, the property sector and building unions, as a substitute for genuine economic development, given the loss of manufacturing. **The housing standard and type is not conducive to long-term value, density or affordability**.

Fourth, given global projections of population growth, water shortage and loss of productive agricultural land, we are allowing the Chinese government and its people to ensure their own **water and food security** by acquiring ownership of our own diminishing resources, threatened as they are by climate change, albeit unacknowledged. Both **the precautionary principle and national self interest** indicate the irrationality of this. The Chinese do not allow foreigners to purchase their assets, so why do we allow them to control and alienate ours?

Fifth, in the case of the Melbourne City Council, residency of one month qualifies for inclusion on the voters roll. **Further, non-resident, foreign investors receive two votes** and, since there is a postal voting system, there is no means of validating those voters identities. Thus, the enthusiasm to 'sell the city' and for 'cranes on the skyline' carries serious democratic consequences, inimical to a harmonious society.

In short, the terms on which foreign investment has been allowed to explode over the past decade reflect a political climate favouring laisssz-faire, market-driven development. The inquiry into foreign investment is therefore welcome despite the fact that **The Treasury is responsible for only part of the problem**. The public hostility to excessive foreign investment, with significant downsides, calls for further consideration, as argued, across several portfolios and levels of government. The current antipathy to Chinese investment is more potent relative to traditional opposition to 'selling the farm', in view of the lack of reciprocity enabling Australian ownership in China.

Yours sincerely
Angela Munro