

Submission on Australia's Foreign Investment Framework

The proposed reforms include:

- increasing compliance and enforcement activities around foreign investment in residential real estate and
- introducing new civil penalties and increased criminal penalties for foreign investors and third parties who breach the foreign investment rules.

My question is:

- How can any of these penalties be enforced when the potential law breakers are not residents of this country? I don't believe there is any point in creating laws which are unenforceable. All we are then doing is creating another toothless tiger.

However, if the proposed reforms can be achieved, the penalty should not only be to have the property re-sold but a much more substantial fine be applied than is currently proposed. I suggest that all associated costs to be borne by the overseas investor, as well as a period of exclusion, say 3 years, excluding them from purchasing another property or properties in this country. All the relevant government bodies' data bases need to be aligned and used with efficiency.

We need investment but we need to have checks and balances. Properties are being bought at inflated values and are left empty or seldom lived in. They aren't even put on the rental market. In other words, the purchaser is prepared to pay well above market price just to obtain an address.

The application fee is ridiculously low. These overseas investors who have millions upon millions of dollars at their disposal would not feel any pain in having to pay what is currently proposed. This is the equivalent of \$5 per \$1,000 spent.

I suggest that a more equitable and persuasive application fee needs to be at least 10% of the proposed amount of investment.