

Senate Economics Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates

2017 - 2018

Division/Agency: Foreign Investment Division
Question No: 218
Topic: Foreign Investors
Reference: Hansard page 81 (30 May 2017)
Senator: McAllister, Jenny

Question:

Senator McALLISTER: I want to know what Treasury's involvement will be in the implementation of the measure.

Mr Brake: Senator, you may have been out of the room when Mr Konza from the tax office talked through this. The ATO is responsible for the administration and compliance of this measure. He answered questions about how the ATO was expecting to undertake the administration and compliance.

Senator McALLISTER: Can I ask about some of the assumptions. There is an assumption of revenue of \$20 million over the forward estimates. I am wondering what the assumption is there about the average charge.

Senator Cormann: We have actually taken these questions on notice. We had the same line of questioning from Senator Rhiannon earlier today.

Senator McALLISTER: Apologies. I will place mine on notice—because they are all assumptions.

Senator Cormann: We will be as helpful as we possibly can.

Senator McALLISTER: I am interested in understanding what the assumptions are over the forward estimates for the number of vacant properties attributable to foreign owners and I would like those broken-down on a state-by-state basis. Do you think you have it available on a state-by-state basis?

Senator Cormann: We will see what we can provide.

Senator McALLISTER: Do the assumptions include behavioural assumptions about an increased number of dwellings as a result of the financial incentives?

Senator Cormann: It does include behavioural assumptions. What they show and what they are we will provide you on notice.

Senator McALLISTER: What I would be interested to know is what assumptions have been made about the number of increased dwellings that will result each year as a result of implementation of the measure. Can I ask whether the states and territories were consulted in developing the measure.

Mr Brake: The specific measure, no.

Mr Lonsdale: No.

Senator McALLISTER: Was the FIRB consulted in relation to the measure?

Mr Brake: We engage with the FIRB on a wide range of matters.

Senator McALLISTER: On this measure?

Mr Lonsdale: I think we are saying that we will check.

Answer:

The vacancy charge payable will be equivalent to the relevant foreign investment application fee paid by the foreign investor on application of Foreign Investment Review Board (FIRB)

approval. The FIRB application fee is a sliding scale calculated on the price of the property, therefore the vacancy charge payable may differ for each property and the average charge will depend on the average purchase price of all foreign residential real estate purchases for any given time period.

The costing was completed at an aggregate level and not on a state-by-state basis.

There are a number of factors that influence a person's decision to rent their property. Costs incurred to make a property available for rent will differ widely based on geographical location, demand and supply for properties and the individual property.

The FIRB was consulted on this measure. It is standard practice for the FIRB to be consulted on foreign investment policy development.