

Government to strengthen Australia's foreign investment framework

Written by Tony Abbott

Canberra 25 February 2015. The Commonwealth Government will take action to strengthen Australia's foreign investment framework for residential real estate and agriculture.



Australia's foreign investment policy for residential real estate is designed to increase Australia's housing stock. This policy remains appropriate, but a lack of compliance and enforcement of the rules over recent years is threatening the integrity of the framework.

We need to make sure that all foreign investors are following the rules, and that those foreign

investors who break the rules are not able to profit from breaking the law.

The Options Paper sets out for consultation the reforms that the Government proposes to implement to improve compliance and enforcement of the rules for foreign investment in residential real estate.

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The Government intends to establish a small, specialised compliance and enforcement area within the Australian Taxation Office to identify and investigate breaches.

New penalties for breaches of the foreign investment rules were a bipartisan recommendation of the House of Representatives Standing Committee on Economics report.

The Government is also consulting on the introduction of an application fee on all foreign investment proposals. The application fees will fund increased enforcement activity and ensure that the cost of administering the foreign investment framework is not borne by the Australian taxpayer.

The Government will deliver on its election commitment by introducing a new \$55 million screening threshold for foreign investment in Australian agribusiness, to further increase transparency around foreign investment in agriculture. The Government is seeking views on an appropriate definition of agribusiness.

Together with the lower screening threshold for foreign investment in agricultural land of \$15 million (cumulative) from 1 March 2015 and the foreign ownership register already announced, the new \$55 million screening threshold for agribusiness will ensure foreign investment in agriculture remains in Australia's national interest.

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While foreign investment is integral to Australia's economy, it's important to uphold the integrity of the framework and ensure that foreign investment is not contrary to our national interest.

Further details on the proposed changes to the foreign investment framework can be found in the discussion paper on the Treasury website at www.treasury.gov.au.

The Government seeks feedback on the proposed changes from interested stakeholders by Friday 20 March 2015.