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REIA REAL ESTATE INSTITUTE OF AUSTRALIA

19 November 2020

**REIA seeks new foreign investment fee structure for residential property sector**

The Real Estate Institute of Australia (REIA) has fronted a Senate Economics Committee to give evidence on the *Foreign Acquisitions and Takeovers Fees Imposition Amendment Bill* 2020.

REIA President Adrian Kelly has said that fees should be structured to reflect the cost of undertaking the assessment and administration by the Australian Government, instead of imposing unnecessary impediments on foreign investors in the residential property market.

“Foreign investment in the residential property market is the lowest it has been since 2015 – 2016,” he told the Committee.

“We understand from our agents working in this area the cumulative impact of Commonwealth and State government fees has contributed to decreased demand from foreign investors.

“It has been our proposal to Treasury, and now this Committee, that fees should be equitable and simply reflect the cost of assessment and processing by FIRB.”

Mr Kelly said while CV-19 had attracted a welcome and wide-spread commitment from all levels of Australian governments to deregulate and be more business and investment-friendly, the REIA was concerned the fee-setting framework within the Bill did not meet these best practice policy aspirations.

“This is not just across the board but for each category of fees,” he said.

“That is, residential property applications should not be offsetting or subsidising the cost of administration other categories.

“The proposed fee structure within the ‘Fees’ Bill this Committee is tasked to inquire on ignores all of the above.

“In short, unnecessary impediments should be removed for foreign investors looking to invest in Australia’s residential property market.”

“We respect all national security considerations but fees should ultimately reflect the cost of undertaking the assessment and administration.”

REIA’s initial submission to Treasury in relation to the proposed new fee setting framework can be found here.

**ENDS**

Key facts and figures

- Applications for foreign investment in the residential property market have dropped from 40,000 in 2015 – 2016 to 7500 in 2018 – 2019

- The proposed fee for residential is twice that for agricultural and fifty times that for commercial land and business

- For Notifiable Security Actions

    - An asset in non-residential categories valued at $210 million has a proposed fee of $52,800

    - Whereas for a residential property an asset valued at $5 million has the same fee of $52,800

- The Productivity Commission in their 2020 Research Paper on Foreign Investment said that the current fees were disproportionate to the cost of delivering the regulatory regime. For example, 2017 – 2018 $144 million in fees were collected yet operational costs were only $14.7million

- Over the past 25 years our foreign investment requirements have been between 4 – 5 % of GDP