

RESIDENTIAL PROPERTY — FOREIGN BUYER SURCHARGE

936. Hon CHARLES SMITH to the minister representing the Treasurer:

I refer to the recent decision of the South Australian state government to increase its surcharge on the purchase of residential property by foreign nationals from four to seven per cent, thus bringing the state in line with New South Wales and Victoria, which have lifted their foreign buyer surcharges to eight and seven per cent respectively.

- (1) Does the state government recognise that foreign demand is contributing to Western Australia's housing affordability problems?
- (2) If yes to (1), will the state government lift its planned foreign buyer surcharge to a higher rate, as other states have done, in order to further help curb the foreign buy-up of local residential property?
- (3) If no to (2), does the state government concede that foreign buyers may shift their attention from the eastern states to Western Australia, owing to its lower surcharge, thus further pushing up housing costs for locals?

Hon STEPHEN DAWSON replied:

I thank the honourable member for some notice of the question.

- (1) Housing affordability in Western Australia has improved in recent times. The Real Estate Institute of Australia's "Housing Affordability Report" for the June quarter 2017 shows Western Australia to be the second most affordable state behind Tasmania, and much more affordable than the national average. Foreign buyer activity in Western Australia is also relatively low compared with other states.
- (2) The state government recently introduced a foreign buyer surcharge and will review its effectiveness and rate as part of the 2018–19 budget process.
- (3) A wide range of factors impact on foreign investment decisions in relation to residential property. The commonwealth government generally limits foreign purchases of residential property to new housing, which adds to the housing stock and tends to limit house price impacts.