

Harnessing Capital to Support Recovery and Investment

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Purpose

Ensure Australia can harness the local and international capital essential to create the housing and commercial real estate the nation needs, from retirement living villages to office towers to industrial parks.

Challenge

Creating housing, shopping centres, offices, industrial parks, hotels, retirement villages and other real estate for Australians requires a lot of capital. As a country, we are heavily reliant on wholesale capital from Australia and overseas for this necessary economic infrastructure.

A synchronised global downturn suggests a relatively synchronised global recovery, with countries competing for quality wholesale capital to kick-start their economies. Australia's policy settings will be crucial to harnessing this capital to fund the real estate projects and investments that will support local jobs and businesses.

Unfortunately, some key competitive advantages that have made Australia an attractive investment destination for years – our above-average population and GDP growth rates – will be significantly weakened as a result of the crisis.

Furthermore, we have tightened foreign investment requirements, making it difficult for global capital to invest in Australia, and the RBA has warned Australian banks to be cautious of the risks arising in the commercial property sector

The Plan

5.1 Make it clear that **Australia is open for business and open for investment** by:

- **Clear consistent messages and policy settings** from federal, state and territory governments, including a strong marketing campaign to reinforce this message
- Urgently ensure the **Foreign Investment Review Board approvals** are processed within 30 days, immediately remove the temporary hurdles to foreign investment introduced during the pandemic period for **routine FIRB transactions** such as leasing, fit-outs and small-scale transactions, and **normalise remaining settings** as soon as possible
- Removing **counter-productive foreign tax surcharges** for commercial property and the creation of new developments, which harm productivity and add costs to businesses and new housing.

5.2 **Strengthen access to competitive credit** for large and small property groups by ensuring Australian and foreign banks and lenders play a strongly supportive role with their real estate customers.

5.3 **Monitor conditions** in commercial property sector closely as the impact of reduced rental income, lower valuations and other risks work through the industry.