

13 October 2003

Inquiry into first home ownership
Productivity Commission
LB2 Collins street East
MELBOURNE VIC 8003

Submission to First Home Ownership Inquiry

The National Council on Intellectual Disability (NCID) was established over 30 years ago by parents and friends in an endeavour to improve the quality of life of people with intellectual disability and to fill the need for national unity and information.

The Council is the recognised national peak body with the single focus on intellectual disability, ie, our actions and priorities centre on issues that affect the lives of people with intellectual disability and their families. Our mission is to work to make the Australian community one in which people with intellectual disability are involved and accepted as equal participating members.

➤ **Introduction**

- The Productivity Commission's research paper, **Social Capital: reviewing the Concept and its Policy Implications** (Productivity Commission, 2003), is an important milestone in the economic life of the Australian Community. Social capital is built in both tangible and intangible ways and the importance of the role of taxation and owning ones home should not be under estimated.
- For people with intellectual disability and their families the support services provided by taxation are invaluable in assisting some to have their basic living needs met. It must be remembered though that the majority of the support provided to people with intellectual disability is provided by families members (without remuneration) and that unmet need is by far the biggest issue facing people with intellectual disability, particularly those with ageing parents.
- Home ownership is an aspiration not only of the middle class and those without a disability. Home ownership carries with it a number of positive values that both encourages the home owner to be a valued member of the community and causes the community to view the home owner as a person of wealth and substance.

➤ **Taxation**

Terms of Reference:

"Identify and analyse all components of the cost and price of housing, including new and existing housing for those endeavouring to become first home buyers."

Particular attention should be given to ... (c) the efficiency and transparency of taxes, levies and charges imposed at all stages of the housing supply chain.”

- The recent discussion on how Commonwealth budget surpluses should be spent has been reassuring to the many people with intellectual disability and their families who are in crisis as they struggle to meet their daily needs.
- It has been refreshing to hear both Peter Costello, Treasurer, and John Anderson, Deputy Prime Minister, speak on the need to use Federal budget surpluses to ensure that the Commonwealth's community obligations are met.
- The danger of course is that at election time or when an issue is very emotional, such as first time home ownership, the tendency is to narrowly think of the 'problem' in front of them and not the wider implications.
- Australia is only a wealthy country if it can provide for all its members. All Australians must be able to live a life that provides them with a reasonable standard of living, material, emotional, etc. This can only be achieved and maintained with a strong and sustainable taxation base.
- **In making recommendations about any reduction in the taxation base of the States/Territories the Productivity Commission must address the issue of how the States will make up any loss. Taxation pays for services for people with intellectual disability and their families and an increase in taxation is needed to meet the large unmet need in the community.**
- In its consideration of compensating the States/Territories for loss of taxation and other revenue the Commonwealth could return the PAYE taxation it collects from disability services. Disability spending is largely funding of support staff to assist people to live their daily lives. For every dollar spent on disability support services the Commonwealth 'reaps' 25% via PAYE. **If the Commonwealth is serious in meeting the unmet need for support for people with disability and if the Commonwealth wants to reduce the taxation costs of first home buyers then it should return to the States/Territories the 10's of million of dollars that it collects in disability related PAYE taxation.**
- **THE COMMONWEALTH'S TAXATION OF THE WELFARE SPENDING IS THE GREATEST IMPEDIMENT TO THE STATES/TERRITORIES AND COMMONWEALTH MEETING THEIR COMMUNITY SUPPORT RESPONSIBILITIES.**

Home Ownership

Terms of Reference:

“Identify any impediments to first home ownership, and assess the feasibility and implications of reducing or removing such impediments.”

“The inquiry will also identify and examine mechanisms available to improve the ability of households, particularly low income households, to benefit from owner-occupied housing. This will include an assessment of rent and direct ownership of subsidies, loan guarantees and shared equity initiatives.”

- People with intellectual disability and many family carers are financially disadvantaged. They either rely on the disability support pension or the carer payment to meet not only their basic material needs but also the added costs of having a disability, or they are in low paid jobs.
- While many people want to live in public housing and some are content to live in private rental accommodation there are many who have a strong desire to own their own home. Home ownership

attaches to the 'homeowner' the valued status of property owner (wealth) and permanent member of the community (a sense of belonging). Home ownership builds social capital giving a greater sense of value to the person with disability and the community viewing the person in a positive light, ie, as one of us. It is therefore more likely that the person with disability will want more readily participate in community activities and the community will more readily include them in community activities.

- In many respects this is not different to any one who owns a home. Owning a house makes it a home and places a person in a valued position within the community. A common complaint from people who rent houses is that they are not accepted as permanent residents and when they voice their views at community meetings, say, in relation to a local development, their views are discounted as 'they only rent'.
- To be a valued member of the community has huge positive impacts on people with disability in terms of their self esteem, their community engagement, their ability to form social networks and to find paid employment. This in turn has huge impacts on their family who find their 'caring role' lessen and on the reduction of services that the person needs to support them in the community.
- The Terms of Reference for the First Home Ownership Inquiry states:

The inquiry will also identify and examine mechanisms available to improve the ability of households, particularly low income households, to benefit from owner-occupied housing. This will include an assessment of rent and direct ownership subsidies, loan guarantees and shared equity initiatives.

NCID encourages the Productivity Commission to favourably examine such arrangements in detail.

For example:

- Many people with intellectual disability will receive rent assistance for the whole of their lives. This rent assistance should be able to be used to meet mortgage payments for as long as the person is eligible for rental assistance
- Many people with intellectual disability who are on low wages have difficulty obtaining a loan, because of their work history, disability, etc. A fund that would act as a loan guarantee would overcome this issue and such a trust could also act as a safety net where a person has a temporary inability to meet mortgage payments.
- In Europe and North America schemes such as shared equity (with bank or community organisation) and housing co-operatives have been used to either start a person on the home owning path or as a long term alternative to rental.

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