

W.J.A. Reynolds
Tasmania
September 19, 2003.

ATTENMON; Athena Wicks.

FAX No 9653-2305
Pages this transmission 4.

Please find attached copy of fax sent by me to the Prime Minister August 2 2003.

Your name and details have been forwarded to me by the prime Ministers Department of cabinet with recommendation to forward these details for consideration.

Yours Sincerely

WJA Reynolds.

FAX MESSAGE.

2 August 2003

TO. Prime Minister the Rt monourable John Howard

FROM. Mr W.J.A.REYNOLDS

SUBJECT: PARTY POLICIES

TASMANIA

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HOUSING PRICES

Dear Sir,

I am of the opinion that negative gearing has a large part to play in the rapid growth of housing prices and soaring rents.

As is most evident here in Tasmania it is common knowledge that mainland buyers are purchasing up to 10 homes at a time. More than one real estate agent has confirmed that many of these homes are bought either through family trusts, or individuals with considerable equity in their own home and many are negative geared.

I believe that opposition Treasurer Mark Latharm's statement on negative gearing has credibility. The abolition of negative gearing as Imposed by Paul Keating failed. Why? It greatly reduced the availability of rental properties without any form of compensation. This need not be the case, with support of State Premiers; I believe the following alternative could succeed.

State Housing commission homes are taxpayer subsidised accommodation for those less fortunate Australians unable to purchase their own home. Many residents of such accommodation are abusing the taxpayers generosity and it is now time for a review of the housing market.

ITEM [1]

All Commission homes to be offered for sale to first homebuyers only and on the following terms.

The price of the home should be calculated at market or book value plus a reasonable profit less 1% for each year that the tenant has occupied the home.

ITEM [2]

Occupiers of homes with a combined annual income of up to \$40,000 be given the opportunity to remain under the current rental arrangements.

ITEM [3]

Occupiers of homes with a combined annual Income exceeding \$40,000 and up to \$50,000 to pay rent equal to 80% of current market rents for that area.

ITEM [4]

Occupiers of homes with a total combined annual income exceeding \$50,000 to pay rent at full market rates or are compelled to purchase.

BENEFITS.

[1] All funds received from the sale of homes to go into providing additional State Housing Commission accommodation.

[2] Monies recovered by the taxation department from negative gearing to be returned to States for additional SHC accommodation.

As current superannuation arrangements continue to be of concern to many people, one concession could be that one negative geared residence to the value of one million dollars could replace superannuation contributions.

CREDIT CARD DEBT

Much has been said recently in the media about the mounting debt from credit cards and credit provisions in general.

The solution is simple.

All credit providers have the ability to determine the consumer's capacity to repay borrowed funds.

Where a person or persons are provided with or coerced into exceeding their reasonable credit limits and as a result defaults on the repayments, then that credit provider cannot legally recover those deemed excesses placed upon that consumer.

Yours Faithfully

W.J.A. Reynolds



Australian Government
Department of the ~ Minister and Cabinet

8 August 2003

Mr W J A Reynolds
TAS

Dear Mr Reynolds

On behalf of the Prime Minister, I would like to thank you for your correspondence of 2 August 2003 regarding your suggestions relating to affordable housing and credit card debt.

Mr Howard appreciates the time you have taken to convey your views to him. However, he regrets that due to the large volume of correspondence he receives, he is unable to respond to each item personally. Consequently, and to ensure that issues receive the attention they deserve, Mr Howard has asked that correspondence be referred to his Ministers for further consideration. I have referred your correspondence to the Treasurer, the Hon Peter Costello MP for attention, given that he is responsible for the development of policy on these issues.

Again, thank you for taking the time to write to Mr Howard.

Yours sincerely

Ministerial Officer
Ministerial Correspondence Unit