

October 14, 2003

Productivity Commission
LB2, Collins Street East
Melbourne, Victoria 8003

Dear Sirs

We must remember that the First Home Buyer Grant is to help the needy and low income salaried people not for the rich or for investors. Hence I have put down some simple facts that should be taken into consideration when deciding on how better you can help the young and needy obtain their first home.

1. The First Home Buyer Scheme should take the dwelling size into account and reduce the benefit to homebuyers opting for large dwellings. The grant if **genuinely** needed should be for a three bedroom house unless the couple can prove that they have more than 2 children. Remember this is to help the young people mostly aged 20 – 30 to get their **first** home hence they are not likely to have more than 2 children and should start off with a small home if they cannot afford anything more.
2. Council Rates should be charged according to the people who occupy the home.
 - If you live in your home you pay lower council rates,
 - if you rent it out you pay higher council rates. (that is the investor pays higher rates, this way it would control people from buying too many investment properties.) The council will not lose as it will balance out.
3. First Home Buyer Scheme should pay grants according to the Income Tax Assessment Certificate thereby young children will not be eligible for the grant. People should be employed for the duration of the year to obtain the benefit. Of course there will be exemptions from not being employed the whole year such as sickness, disability, maternity leave, etc.
4. The scheme should be tailored somewhat to the Family Tax Benefit schemes ie
 - if you earn \$50,000 (combined income) and less you are entitled to the whole amount,
 - \$60,000 (combined income) and less entitled to 80%
 - \$70,000 (combined income) and less entitled to 70% and thereon (this way the real needy will be assisted).
 - **if you earn over \$90,000 (combined income) you should not be entitled to anything at all as you should be able to pay your loan and do not need assistance.**
5. Investment institutions should not be allowed to purchase land and then resell. Government land should be sold direct to individuals at a reasonable price. There is plenty of land in Australia which is owned by the Government and can be sold at a cheaper price.

6. Put a cap on commission for real estate agents as they make the prices go up because they will get more commission.
7. Government to encourage businesses to move to regional country towns. The Government then builds houses and sells to the young for under \$200000 in these towns thereby encouraging the young to go to the country to work and live.

I remember when I first came into the country 20 years ago there was a thing called commissioned homes which the government owned and you had to qualify to get the same based on your yearly income. I remember because my income was \$1000 more than that specified and I did not get the grant. Why can't something like that be done again instead of distributing the tax payers money left right and centre. Give it to the young, needy, low income earners, however remember low income earners are those in the 50,000 bracket because if you stipulate 25,000 or less it will be those that are at the moment receiving allowances from the government including rent allowance, (people that actually need it are those that earn between 25000 to 50000 a year and our young, paying off a car loan and a hecs loan, they are the ones that need help).

Yours sincerely

J Hart