

## ENQUIRY INTO HOUSING AFFORDABILITY – FIRST HOME BUYERS

It simply cannot be denied that the GST and Stamp Duty significantly boost the price of a property but there are other matters which need attention which also greatly hinder first home ownership. **I am DEFINITELY AGAINST any proposal for joint bank/buyer ownership schemes, NO WAY!!**

- Loan Fees and Charges
- Legal Costs for conveyancing etc.
- Poor keep-up rate of wages while executive salaries spiral out of control.
- Job losses and poor employment prospects
- Excessive 'added-on' charges by contractors
- Excessive Local Council charges
- Closed shop mentality of building industry and lack of competition, particularly electrical. Prices kept artificially high. **The prices being observed in 'DIY TV Shows' for renovations and services are beyond a joke, eg \$10,000 for a kitchen or yard makeover, you've got to be kidding!!**
- Lack of skilled tradespeople (contributes to previous problem).
- Real Estate Industry behaviour, particularly auctions and overvaluing properties.
- Other costs of living (food & fuel prices, utility charges, rates, education, health, insurance) not to mention commuting to/from work.
- Cost of materials.
- Exorbitant land prices in very slow land releases.

I am amazed that interest rates have stayed so low during this latest boom which at its current rate is not sustainable. Having house prices growing at up to 10 times wage increases cannot go on. Stamp duty could be reduced or removed for first home purchase only.

The current increases in property prices are forcing people to live further away from the cities where most jobs are, the costs of commuting eating further into the already inadequate wages most people earn. To add insult to injury these costs cannot be claimed as a tax deduction even though they are **losses incurred for the purpose of earning an income**. Also with the current job situation, taking up to 30 years to pay off a house is no longer valid. Mortgages for the family home need to be paid off in **less than 10 years**, preferably sooner. People should be able to access superannuation NOW to pay off their home, but only for the first home and not investment properties or other purposes such as cars and holidays. The superannuation system needs a severe overhaul (accounts going backwards due to excessive fees and charges and taxation) to assist with this idea but that is another subject. The current superannuation system as it stands, is doomed to failure.

Auctions need a major overhaul, preferably banned altogether as has happened in some countries overseas. This is one area where prices are grossly exaggerated. If we must persist with auctions then the following should be implemented. These same rules could be applied to any auction, not just property auctions.

- Strict time limit (eg 3 seconds) between bids once the opening bid is issued. If time limit expires after a bid, then the hammer falls and it's all over. The property is either sold at that price or passed in.

- Property may not be auctioned again for a specific period (eg 2 weeks) if passed in. Property may be sold normally during this time.
- All bidders must be present.
- Auction not to be stopped or vendor consulted until hammer falls.
- All bids accepted even in \$1 increments.
- Buyers only may bid, agents may not participate. No dummy bids.
- Property prices need to be set in perspective. [A property in Goodna, near Ipswich consisting of an old house recently auctioned for \\$250,000, not in line with the area in general. At this price my own house within a stone's throw of the Ipswich CBD, on a hill with views should fetch \\$1M. Somehow I don't think so. Also the auction price for a 'doghouse' on a small block in a Sydney suburb on TV of over \\$600,000 is beyond reality.](#)

Another area for consideration is foreign ownership. There are many countries where Australians cannot own property so it's about time we reciprocated here.

Some ways to help first home buyers are:-

- Reduce or eliminate fees and charges for mortgages, particularly ongoing fees (perhaps only for principle residence, not investment properties). Same applies for legals and conveyancing.
- Simplify property purchase processes
- Allow those with capability to do so to participate in their home construction or renovation, such as supplying labour (eg I should be able to run all my electrical, phone/data and A/V wiring in my home and have it inspected and signed off before the wall and ceiling linings go in.) This would lower labour costs substantially and free up tradespeople for the work which cannot be done by a DIY person. The electrician would only need to terminate and test the electrical system and connect to the switchboard, much cheaper labour-wise than wiring the whole house from scratch. Also any 'call out' charges should be eliminated, only hourly rates charged, only for actual time worked.
- Encourage more trade jobs to improve availability of tradespeople to reduce costs via competition. Make it easier to enter a trade. [For example, do we really need a 4 year apprenticeship to become an electrician to wire a house??](#)
- Free or inexpensive and easy access to relevant standards information for the above (eg we can all go and do TAFE courses on Bricklaying, Carpentry, concreting so why not electrical, telecommunications cabling or plumbing work?) Those of us with the equipment and abilities should be able to do more of our own work around the house (other than major structural and re-stumping), with any inspections required of course.
- Regulation and control over expenses for services such as pest and building inspections and any inspections for point 3 above. Like it or not, regulation IS necessary as deregulation has resulted in cost hikes (eg technology should be making banking cheaper, but this is NOT the case). Also bring insurance (especially public liability) into line and get those costs down.

- Controlling or banning auctions so property market grows at a more sensible and 'natural' rate. Also severe action against so-called property investment schemes or 2-tiered selling. May be easier to ban altogether if cost of enforcement is too much.
- Allow access to super for first home purchase only, especially if this will eliminate the need for a mortgage altogether OR reduces the term of the loan to less than 10 years. Cut tax on super accounts, the performance of super is slow enough without being slugged 3 times (on contributions, earnings and exit), and being bled by those who run it.
- People should be able to source and use whatever fittings they wish, not only choose what is in the showroom when dealing with a project builder or company.
- Tax relief for those who have to travel more than a certain distance to/from work, particularly those who HAVE to go to their workplace. More realistic public transport prices. It is not feasible for everyone to live near their job.
- Blocking foreign ownership particularly speculation.
- Put in place policies for those who can work from home to reduce commuting costs. *In my own case driving my car or public transport is similar in cost; approx \$2500 - \$3000 per year is lost from my salary with about 3 hours/day in lost time spent travelling. The lost income would be better spent on my mortgage or super.* Why should anybody be forced to move closer to work? Is this practical in the current job market where jobs are no longer long-term and may change often? This would go a long way in solving our congested roads and urban air pollution problems and allow people to live with more freedom of choice with location. We can't all be crammed into the cities.
- Reduce or remove stamp duty for first home purchase.
- Better control of the Real Estate industry.
- Better rates of interest on savings accounts, the interest earned on these is nothing short of pathetic, compared to the obscene profits by banks. No wonder people aren't saving, how can they??? We can't all be share traders or high profile investors.
- Reducing personal income tax. This could be a lot lower with the GST now active. Get serious about tax evasion by the 'big end of town' and multinational companies to help with this matter. Also, if Australian companies pay tax on business conducted overseas, then foreign companies shall pay tax here.
- Stop deregulating/privatising everything!! Every example of deregulation/privatisation in this country so far has resulted in only 3 things: *poor service standards, higher costs and job losses. How the hell can anybody afford a house on the dole?* If we deregulate everything, why should we need governments if there's nothing to govern? Like it or not, regulation in moderation IS NECESSARY in all aspects of life. Public services should remain public. *Just look at what happened in New York with those massive blackouts, most likely caused by private enterprise not carrying out maintenance. Queensland's power industry is superior to that in NSW and Victoria because QLD's is still in PUBLIC OWNERSHIP.*
- Monitor costs of building materials. We have all these large 'warehouse style' supply stores, but we are still paying retail prices. WHY?

- Set realistic land prices in new estates and set minimum land sizes. There is no need for the crowded housing estates we are seeing today, which will be the slums of the future. It may also be necessary to impose population limits in some areas. ([\\$400,000 for a postage stamp block at Brookwater or Springfield? I don't think so. You can't even get ADSL in these areas!!!](#)).
- Executive salaries to be locked to a maximum multiple of average employee wages across the company. This would control the massive hikes in executive salary packages as employee wages would have to be boosted accordingly. If the company performs well, everybody benefits, not just a few. Ensure this doesn't result in job shedding.

As you can see there are a large number of issues (possibly more than mentioned here) to be examined and dealt with if we are to even scratch the surface in solving this problem. Some of the above issues may not be directly related to housing, but they certainly contribute to the problem, so a wholistic approach is needed. We cannot afford to ignore this.

Thank you

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