

Productivity commission  
Inquiry Into First Home Ownership  
Collins Street Melbourne

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Moorabbin Victoria 3189

28/1/04

Dear Sirs,

Re- The Discussion Draft released by The  
Commission On " First Home Ownership".

Further to my letter of 20/1/04. (sorry for putting 03 on that  
letter, please amend.)

With the size of Australia, "IT SHOULD BE THE FUNDAMENTAL RIGHT  
OF EVERY AUSTRALIAN TO BE ABLE TO AFFORD AND OWN A BLOCK OF  
LAND TO BUILD A HOUSE FOR THEMSELVES WHEN THE TIME ARISES, OR  
BE ABLE TO AFFORD AN EXISTING HOME".

Even with "RECORD LOW INTEREST  
RATES THIS HAS NOT BEEN THE CASE, WHY?, BECAUSE ALL  
COSTS/CHARGES/TAXES THAT HAVE ANYTHING TO DO WITH HOUSING HAVE  
INCREASED FAR BEYOND ANY BENEFITS OF THE LOW INTEREST RATES!".

Governments have SHAME-  
FULLY SAT BACK AND ALLOWED, EVEN CONDONED THROUGH VESTED  
INTERESTS, I.E. HIGHER PRICES = HIGHER TAXES", THE CURRENT  
SITUATION TO MANIFEST ITSELF, THIS ENQUIRY IS "A PLEA FOR HELP  
BY THEM TO HELP RECTIFY THE SITUATION", THEY WISH TO SAVE  
FACE!. So if The Commission does its job "THE ONLY  
BENEFICIARIES OF THIS ENQUIRY SHOULD BE THOSE WHO DO NOT OWN A  
HOME & THOSE WHO RENT.

The provision of land, \_\_\_\_\_

Even with the "HUGE REDUCTION" of most building block sizes, it  
would seem that the savings have not been passed onto the  
purchaser, this is even more evident and significant in the  
inner suburbs, where many thousands of would be "FIRST HOMES  
HAVE BEEN DEMOLISHED", the blocks then "STRATA TITLED" and in  
most cases "UP-MARKET DEVELOPMENTS ARE BUILT ON THE SMALLER  
BLOCKS".

Governments must be involved in the provision of suitable  
land FOR FIRST HOME BUYERS, the private sector "NEEDS GENUINE  
COMPETITION".

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Taxes and charges, \_\_\_

How many potential families are "ON HOLD" because of "THE IMPOST OF THESE ON THE FIRST HOME"?, this is no good for any society, especially one such as Australia which is still growing.

Putting aside the \$7,000 first home owners grant, LOGICALLY WHY SHOULD THERE BE ANY TAXES; ON THE FIRST HOME?, average first home of course, surely as a society we have a duty to assist genuine would be first home owners/ families.

Perhaps a refund of "ALL TAXES AND CHARGES SHOULD APPLY TO GENUINE FIRST HOME OWNERS WISHING TO START A FAMILY".

Negative Gearing,

The impact of this tax concession on all housing is "ASTRONOMICAL", it allows far "TOO MUCH OF THE WRONG MONEY" to be injected into the Housing industry, which of course inflates the "PRICES FOR EVERYONE".

Example being:-, Double income "NO KIDS" and other "CASHED UP" entities in a position "TO NEGATIVE GEAR HOUSING/PROPERTIES" to build their wealth/assets, competing for the same properties as "THE GENUINE FIRST HOME BUYER AND COUPLES WISHING TO START A FAMILY", what sort of "GENUINE CARING SOCIETY WOULD ALLOW/CONDONE THIS SITUATION TO CONTINUE?".

NEGATIVE GEARING ON HOUSES/FLATS/UNITS SHOULD BE REMOVED IN THE INTERESTS OF THE WHOLE COMMUNITY!, IT IS AN UNFAIR TAX CONCESSION.

Property Developers \_\_\_\_\_

The Henry Kay saga has highlighted a "HUGE FLAW" in the checks by Governments on such people / organisations / schemes. It is more than likely too late for Government action for many investors in these schemes, "BUT GOVERNMENTS NEED TO BE MORE HANDS ON" in the future to stop such schemes operating in the first place, "IT DOESN'T TAKE A ROCKET SCIENTIST TO SEE THAT THE SCHEMES ARE FLAWED!".

All they do is "FALSELY INFLATE THE MARKET".

IMMIGRATION, OVERSEAS STUDENTS,

Obviously' the annual intake of both Immigrants & Overseas Students studying here has a huge impact on "HOUSING SUPPLY, AT REASONABLE PRICES AND THE HIGHER THAN WOULD BE RENTS PEOPLE HAVE TO PAY".

I may be wrong but I do not think any Government provides housing / accommodation for either of these groups, which, if I am right, is totally wrong.

Because those Citizens/ Residents who are already trying to get into the Housing / Rental Market will be "FORCED TO PAY INFLATED PRICES BECAUSE OF THE IMPACT OF THE ABOVE".

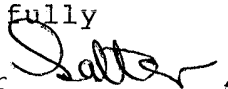
The Government should endeavor to "SEPARATE" the two competing forces by injecting more funds into "MIGRANT AND STUDENT ACCOMMODATION", if it does not "THE WIDER AUSTRALIAN COMMUNITY WILL CONTINUE TO BE RIPPED OFF BY HIGHER THAN NECESSARY PRICES". Let's not forget "THE NEW ZEALANDERS" in the above.

The Government has been "HANDS OFF" as far as the Housing / Rental market has been concerned, but it should be "HANDS ON", after all they "ARE THE PROTECTORS OF OUR SOCIETY", which should include stopping them from "BEING RIPPED OFF".

This should be either done by "MONITORING OF THE HOUSING INDUSTRY BY THE ACCC OR FOR THE PRODUCTIVITY COMMISSION TO HAVE AN ON GOING ROLE", this monitoring should also include "THE REAL ESTATE INDUSTRY" and their impact on prices.

It is preferable that "THE HOUSING / RENTAL" markets be brought back to its "TRUE VALUES", (bare bones) now, rather than new entrants to the markets having to pay "FALSE OVER-INFLATED PRICES".

Yours Faith

fully  
  
 Alan Salter

P.S. since starting to type this I believe THE QUEENSLAND GOVERNMENT HAVE ANNOUNCED SOME CONCESSION FOR FIRST HOME BUYERS.