

Submission 5b to the Inquiry on First Home Ownership.

[ I have just received your second letter Dated January 22 just hours after sending submission 5a on the 27th. I apologize for further oversights in the earlier disqualified version(s) of this submission, - 4, 5, 5 and maybe 5a. This submission has been modified to be P.C. legislation compliant and contains other modifications. Although legislation is subject to the 1901 commonwealth of Australia constitution section 51 (xxvi) 67 referendum amendment which specifically allows the making of laws which discriminates on the basis of any race. However I have removed any reference to skin color from this submission. The submission does suggest immigration on the basis of merit or finding care for welfare reliant refugees offshore which is current government practice and policy, which is necessary for housing affordability for Australian citizens. Please consider this submission as a replacement of my submissions 4, 5, 5, 5a, or as an additional submission. However you have my permission to remove any part/s from this submission you consider to be banned content and publish this or any reduced submission. ]

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Further ideas, summary, and addressing the Productivity Commission draft report; attached RTF file.

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Following a closer look at land and house prices it appears to me that a large barrier to home ownership is the cost of land. It is possible to have a 2 bedroom dwelling commissioned for under \$80,000. However the cost of land with basic infrastructure such as on a standard bitumen road, and within 1,000 meters of a shopping centre and 500m of a metropolitan bus service starts at \$80,000. Over 1/2 of the cost of this new entry level dwelling would be the cost of land. In a 4 unit development on a 2 x larger block it would be possible have the cost of the land for each unit reduced but would still cost over \$40,000, still significant at over 1/3 of the final cost of the new dwelling.

To encourage land development their needs to be a system of private compulsory acquisition auction. Resulting in the auction of vacant property including pasture and cropping land or public land idle for more than 1 year other than conservation areas and except where having subdivision planning approval to minimum standard, development, construction, or occupancy in the prior 1 year to avoid compulsory acquisition auction. With a \$1 per meter squared reserve price with 10% of the bid paid to the former owner where yet to become a subdivision with all mandatory infrastructure or have a construction. The prior owner paid the first \$40 per square meter where a subdivision but yet to have a construction, and 10% of any higher bids, the extra amounts of the compulsory acquisition bid for investment by the buyer held in trust for development. If having a construction including a lot of 900 meters squared or the size of the construction if larger all and any amount of bid going to prior owner. With seller bids prohibited. To eliminate unproductive land speculation profiteering. A large subsidy should be paid to subdivision developers providing mandatory infrastructure and services and for building construction. With the requirement of planning approval before subdivision development commencement and proof of expenditure after subdivision development completion to ensure and certify service and infrastructure provision.

Together these measures would result in the maximum development of whole land and house packages to avoid any set maximum price.

The current system of urban growth boundaries on its own has failed to promote development as there is no requirement for development but a horrible cost in monopoly speculation. Urban growth boundaries said to check urban sprawl do little to promote orderly development but are instead to maintain monopoly house prices, together with speculation, taxes and charges on new land, subdivisions, and new homes supply has artificially restricted land supply so capitalists can profit for just being a hindrance to development so caused unemployment, homelessness and extortionate housing costs for otherwise productive citizens. I would rather have jobs, development, and urban sprawl and an over supply of new land, subdivisions and housing.

Rent assistance is already fairly well targeted but could be added to an assets and rent tested welfare paid to the bare bones working poor instead of going to rich loafers as under income testing. Assets test discounted rent could be continued for welfare housing. Negative gearing should be converted to a new welfare housing subsidy, - a market set equal percentage rebate for investors to construct new welfare housing for assets tested entrants [ almost any claimant at 15 years of age ] paying an assets tested percentage of the market rent, consolidated and paid to owners as an equal percentage of the market rent. The first home owners grant should instead be granted only where having earned \$20,000 in income converted to a 100% of cost loan and only be available to assets tested welfare housing tenants including for welfare housing house including for the second time, repaid by the recipient as an assets tested portion of the arbitrated rent for 25 years on an income and liquid assets dependent repayment schedule.

Welfare housing; \$15billion {2003 GDP relative} subsidy for emergency and welfare housing construction for private owners with community service obligations to provide emergency housing to persons most in need as has the lowest means using the assets test assessments of the welfare means test counting all of personal wealth over \$1,000 {2003 GDP relative}, .2 x cash and investments for assets used by others, 50% deduction of debt and excluding rent and income. For each vacancy for one month citizen claimants may bid lowest assets tested means if below \$1,000 {2003 GDP relative} then immediate access. The person with the least means gaining the emergency housing. Rent; For children to 15 rent is 50% of the proceeds of child board and education vouchers paid to parents. For youth 16 to 25 rent is 100% of board voucher. [ board and education voucher increased by income and decreased by assets ] For adults rent is a welfare means test including the value of the property decimal fraction of the arbitrated market rent of the property per week of  $.00002 \times$  the [ 90% wealth tested ] welfare or wealth tax means above \$1,000 {2003 GDP / population relative} up to the arbitrated full rent. [ if someone has \$31,000 in assets then required to pay .6 or 60% of the market rent ] All rent revenue is consolidated and paid out to owners of emergency housing [ that commissioned the housing ] with tenants who have paid rent as an equal percentage of the arbitrated rent. If on average a \$150,000 rebate for each dwelling then construction of 2,500,000 dwellings over a 25 year period. Rent payment may be by automated calculation and deduction from accounts. Tenants may stay as long as rent is paid, if the tenant has during the previous 2 years earned \$20,000 {2003 GDP relative} the tenant may buy the property, with a percentage of the the original net decimal fraction the investor contributed after receiving a rebate  $\times 1000 \times$  the current arbitrated market rent paid to the emergency housing investor to become the prior owner. Financed by the commonwealth through an increase in the money supply; the commonwealth from then on repaid the means tested

including the property fraction of the arbitrated rent for a period of 25 years, on an income and liquid assets dependent repayment schedule. Plus when sold the difference between the amount already paid and the market price paid to pay out the loan.

My other suggestions in summary are as follows.

+GST removed from new dwellings for all purchasers and a tax applied to second hand dwellings for all purchasers. To have tax revenue from housing increased 10 fold from \$2billion [ .6 by consumers of 10% GST of \$30billion housing construction industry ] to \$20+ billion [ \$200 billion real estate industry x .5 of the market after subsequent contraction as a consequence of the tax in the second hand sales from .85 of the market x .2 [ 20% ] Second hand sales tax = \$20 billion ]

+Differential loan interest rates,- loan interest rate based on the inputs asset class. With a interest rate subsidy to bring lower interest income up to 8%, and tax to bring higher interest rates income down to 8%. So having 2% interest rates for new housing and 25% interest rates for existing housing [ subject to other measures ]. And a fixed deposit rate of 4%. One thing worse than high interest rates has been where the official inflation and interest rates exclude housing inflation, and so perpetuate high housing inflation.

+Abolition of urban growth boundaries except for conservation areas.

+\$13 billion / year subsidy of land subdivision paid to the developer requiring the developer to provide mandatory services including roads, curbs, drainage, lighting, ducts, bus stop within 500 metres, groceries shopping within 1000 metres, playing field within 1000 metres, and telecommunications. With provision of sewers, electricity, and water optional or else requiring self provision of subsidized dry pit toilets, grey water tanks, electricity generators, and rain water tanks.

+Levy of 10% on payroll, for 1000 channels of datacast training interactive cable vector graphics and text to speech presentations, with multiple choice question every 10 minutes. [ also 6 choices x 15 levels = 90 real time video channels for use for primary and secondary school home education ] \$20billion tax payer consolidated revenue provided student allowance paid to students relative to the number of questions the student is able to answer. Also \$15 billion per year subsidy to channels for program co-ordination, player or sever, 1 fiber cable distribution network and 1 fiber of internet for upload of answers and download of missed sections.- Paid relative to the number of interactive responses. For maximum utilization of best educators and graphic artists, and local availability. Plus \$15billion per year for student allowance paid per answer per channel then divided per answer the student answers correctly. Also 10% levy on payroll for sponsorship of practical skills courses by private providers having accreditation. Also 10% levy for matched student allowance. With no obligations on the student, or sponsor, The provider paid relative to attendance.

+Remove the welfare requirements which have prohibited people from moving to areas of cheaper housing and some employment opportunities.- Access to a doctor or residence in areas with misguided assessments of employment opportunity.

+Many of the affordable properties in Australia including of the S.A. Housing Trust have been taken up by a high number of welfare reliant asylum seekers. To be just on Australian [ construction ] workers, for residency including for refugees we should require residents have earned independent income and/or bring other means to Australia and pass a character test. For citizenship we should have the above residency

requirements for a period, an English language test, and a propensity test. To have a population with a propensity to construct 10+ x better and 10+ x more housing than [ worldwide ] average. We can not refuse access to welfare seeking refugees without offering alternative assistance. We could pay an equal portion of \$20 billion to safe failed states in our region to take welfare reliant refugees free any confinement, for each refugee say paid \$100,000, an equal amount of it paid to each resident of the failed state as social security including the refugee. We would be able to help 1000+ x more this way, be it for the cost of assisting others most in need our region. And avoid becoming a magnet to those who would overload our welfare and housing, created Australian slums, and perpetuated tendency for poverty. ]

+Exemption from GST on the sale by new parents of their existing dwelling at the birth of a child. For a more productive gene pool, a zero interest income relative repayment state loan paid to parents with children a product of fair children genetic material purchased in a subsidised open market other than from self [ a market in genetic material is allowed in the USA but not in Australia ]. So as to have children able to be constructive. [ Also a baby bonus based on the genetic mothers past years income without the requirement that the parent take leave ]

+Abolition of all income and profit taxes so removing the need for negative gearing. Consumption tax on new dwellings of consumers replaced with a higher second hand sales tax on all sales of second hand dwellings for 5 x the revenue from housing, also a wealth tax, death duties, currency exodus tax, and import duties.

+Welfare instead much more reliant on the assets testing counting assets as shared between self and dependents and consumption testing rather than, income testing. To encourage earned income, and best utilization of assets. With the deeming of investment housing at 20% of the normal rate to encourage investment in housing for others and self funded retirees. Personal asset rich retirees loaned a percentage of their remaining equity in their home per week to be taken out of their estate. Welfare savings master trust accounts,- superannuation but a small percentage accessed in times of low income and for dwelling purchase. To make a reality the excuse for welfare dependency that after a lifetime of work they deserve welfare. To have those working and saving but in personal poverty paid welfare rather than personal asset rich loafers as we have under exemption of the main home.

+Abolish local councils and contract out Infrastructure planning, Subdivision approval, and Building design approval. Private provider competition in subdivision approval. Also for approval of building designs that the builder may gain approval for so that any purchaser may commission the design without the requirement for council approval for each construction.

+Housing construction warranty insurance abolished to be replaced by holding of house building finance in trust [ if pre purchased ] until dwelling is complete and sound, or be repaid to the purchaser.

+Abolish workers compensation, work-cover premiums, and indemnity insurance [ on building sites ] to be replaced with limited liability fines paid by the actual inflictor [ rather than by the insurer and so born as premiums by all safe builders ] to lawyers and witnesses. Health services loans with repayment percentages assets tested as with any other health problem.

+Abolish compulsory unionism (particularly on commercial sites in Victoria)

+Charity levy of 1% of income paid to payers choice of charity including accommodation for homeless or welfare housing recipient citizens.

+Abolition of the sharing of ownership of property on marriage, to instead have ownership retained by the original purchaser, to allow people with wealth be able to share it with partner without losing it in divorce.

+Subsidized housing for commercial community service providers. \$8.4 billion/ year. Plus proceeds of accommodation sales, and lease revenue. Purchase for national dwellings use or rent to private service providers or subsidy for commission of accommodation for private company run public services. If a subsidy averaging \$132,275 then for 63,504 new dwellings. For private provider commission of dormitories for private baby and child care accommodation, boarding schools for youth 15 to 24, nursing home accommodation units, asylum seeker visa holders units, remand cells, local services delivery center personnel lodgings, representative residences. With service provider paid from consolidated tax payers revenue with income increased assets decreased voucher for child care, boarding school and youth accommodation, also Medicare credit card with means tested total percentage repaid, or other private resources including welfare.

+Rental housing relocation payment ; \$4,000,000,000 divided between persons homeless or with notice to leave a rental property to begin renting accommodation at a new location to become their main place of residence for themselves and most of their personal possessions. Paid up to once in the previous 10 weeks. Particularly to assist persons left homeless to obtain means to begin renting, and to prevent persons evicted from becoming homeless and losing possessions because of an inability to afford alternative accommodation. [ if the average 50% of tenancy agreements terminated by the owner and the average term of tenancy of 4 years then for 50% of 25% of 8,000,000 tenants so \$4billion / \$2 million = \$4,000 per relocation. Plus \$5,000 compensation from the owner if the owner has terminated the tenancy agreement. ]

+Tenants paid compensation of about \$5,000 by the landlord if a tenancy agreement is terminated. With arbitrated rent. This arbitration and security of tenancy or compensation would alleviate many of the housing stresses put on persons with low means.

I welcome the P.C.'s advocacy of land tax to cover the cost of subdivision infrastructure.

I reject the P.C.'s apathy in terms of the value of encouraging greater home ownership.

I reject the P.C.'s lock in position on the benefits of the GST. I support the GST on most products but would like it modified to exclude new construction for all purchasers and instead have a second hand sales tax on all second hand constructions resale. The P.C. could have capitalist monopoly motives for supporting the scope of the existing GST.

Measures to subsidise, un-tax and invest in dwellings can be either good or bad, if invested in new property this has been deflationary and enhancing supply so good [ for builders and buyers ], investment in existing property and enforcement of a market monopoly is bad as it is inflationary and results in homelessness, unemployment and higher input costs. Going on the draft report the Productivity commission has ignored the affect on costs of supply constraints that the GST causes over a long period of time. The P.C. needs reminding that the focus of this inquiry is to have increased affordability for first home owner consumers. [ Rather than having commercial entities having exclusive GST exemption for new and existing dwellings; revenue for the building industry and lower input costs would be more a consequence of an increase in supply with GST

exemption for all new dwellings and GST paid on second hand dwellings. ] I reject the P.C,s defence of the GST in making the distinction being between producers and consumers which are all have much the same effect when it comes to increasing housing supply so lower input costs and higher building industry revenue. The distinction should be made between encouraging new home buyers with an increase in supply and second hand dwelling buyers where sellers have restricted supply. It is the increase in supply which would drive affordability and reduced input costs for consumers and producers alike in the long term [ 20+ years ]. The large second hand market in comparison with other products and the social benefit of own home ownership and a building industry and consequential tax revenue implications is why I support the introduction of the GST in all sectors except the housing sector where I would rather have a second hand sales tax than a GST.

I reject submissions by others to restrict investment in new construction.

I commend the government for this inquiry. The Productivity Commission is doing a good job at conducting this inquiry. I welcome all submissions including the Productivity Commission draft report, and comments by elected representatives. Most to some degree have information to inspire and help others address housing affordability. But although largely competent in their field most submission lacked merit and initiative such as where against development or against reward being directed into for productivity to increase supply, showing a large degree of collective policy corruption and ineptitude. I believe the initiatives I am suggesting may also need refinement but would be of some assistance to first time home buyers. I hope the inquiry leads to more reward for constructive action and assistance to the bare bones working poor.