

DISCUSSION DRAFT SUBMISSION

FEBRUARY 9, 2004

“... IRONICALLY, MANY OF THE HOME BUYERS CONDEMNED TO DEFAULTING BY PUNITIVE MORTGAGE RATES WERE THE SAME LOW-INCOME HOUSEHOLDS WHO QUALIFIED FOR GOVERNMENT ASSISTANCE PACKAGES...

... IN THE AUSTRALIAN CONTEXT, THEY ARE THE HOME BUYERS WHO CAME TO LEARN THE MEANING OF ENTRAPMENT...”

B. BADCOCK & A. BEER

HOME TRUTHS- PROPERTY OWNERSHIP AND HOUSING WEALTH IN AUSTRALIA (P.71)

IT IS APPARENT FROM THE DISCUSSION DRAFT THAT THE COMMISSION MAY HAVE MISCONCEIVED THE TASK PLACED BEFORE IT BY THE TREASURER.

A LARGE NUMBER OF SUPPLEMENTARY SUBMISSIONS ARE HIGHLY CRITICAL OF THE DRAFT, AND MANY POINT TO THE TERMS OF REFERENCE AND COMMISSION'S STATUTORY OBLIGATIONS.

THE DRAFT, NAIVELY, APPEARS TO APPROACH ITS TASK AS IF IT WAS DEALING WITH AN UN-ADULTERATED AND PERFECT HOUSING MARKET, WHEREAS IT IS, IN FACT, DEALING WITH A HIGHLY SOPHISTICATED PLAY AND A DELIBERATE PLOY TO PUSH, AND KEEP PUSHING UPWARDS THE PROPERTY PRICES FOR THE BENEFIT OF THOSE WHOSE INCREASING PERCENTAGE-LINKED PROFITS ARE DEPENDENT ON THE INCREASE IN THE NUMBER OF TRANSACTIONS AND IN THE SIZE OF THE ASSET PRICE “FOOTPRINT”, IN A PYRAMID-LIKE FASHION.

THE DRAFT, WE SUBMIT, USES AN INAPPROPRIATE TERMINOLOGY TO DESCRIBE MATHEMATICAL OUTCOMES OF THE ORDINARY AND/OR COMPOUNDING EVENTS, AND HAS THUS ALLOWED CONTAMINATION OF ITS OWN CONCLUSIONS, CAPABLE TO LEAD A LESS SOPHISTICATED READER INTO ERROR, FALSE IMPRESSION AND A FALSE SENSE OF ECONOMIC SECURITY.

FOR EXAMPLE, HAVING TO BORROW MORE AT LOWER RATES FOR THE SAME PROPERTY DOES NOT, LOGICALLY, AMOUNT TO “CHEAPER” FINANCE COSTS, AND/OR TO A LOW INFLATIONARY CLIMATE, BUT TO QUITE THE OPPOSITE; AND THAT, IN A DEBT-DRIVEN MARKET, RISING PRICES ARE INDICATIVE OF THE DEBT AVAILABLE AND SUPPLIERS’ PROFIT MOTIVES, RATHER THAN PURCHASERS’ DEMAND OUTSTRIPPING SUPPLY.

THERE CAN BE NO DOUBT THAT REGULATORY VIGILANCE AND THOROUGH LAW ENFORCEMENT ARE THE MOST EFFECTIVE WEAPONS IN DISCOURAGING UNTOWARD ACTIVITY IN THE PRIMARY, AND THE SECONDARY, DEBT AND EQUITY MARKETS.

IT IS MOST IMPORTANT TO UNDERSTAND THAT SETTING UP, AND ENTERING INTO, TRANSACTIONS AIMED AT, EVENTUALLY, CALLING UPON GOVERNMENT GUARRANTIES IS A GLOBAL INDUSTRY, WITH ITS ROOTS ON WALL STREET (THE RECENT ENTHUSIASTIC BUYING OF OUR CURRENCY CAN BE TRACED TO THE ANNOUNCEMENT OF THIS INQUIRY).

TEMPORARY “HOME OWNERSHIP” FOR THE LOW-INCOME ‘BUYERS’ IS AN IDEAL VEHICLE, AS THESE PEOPLE ARE THE LEAST LIKELY TO BE ABLE TO SUE FOR CONCEALED CIVIL AND/OR CRIMINAL ACCOUNTING FRAUD, ETC.

THE COMMISSION IS UNDER A POSITIVE STATUTORY DUTY TO PROTECT ECONOMIC WELLBEING OF ALL AUSTRALIANS AND, AS SUCH, MUST NOT MAKE RECOMMENDATIONS THAT MAY LEAD TO ECONOMIC IMPERILMENT OF ANY AUSTRALIAN CITIZEN, DEPLETION OF PUBLIC FUNDS AND/OR WRONGFUL IMPOSITION ON CONSOLIDATED REVENUE.

WE ARE HOPEFUL THAT, IN ITS FINAL REPORT TO THE HOWARD GOVERNMENT, THE COMMISSION WILL NOT FAIL TO REMEMBER ITS STATUTORY OBLIGATIONS AND WILL NOT RECOMMEND ANY ACTIONS LIKELY TO PLACE IT IN BREACH OF THOSE OBLIGATIONS.

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AUSTRALIAN CURRENCY TASKFORCE

