



Sustainable Australia Party submission

Inquiry into housing affordability and supply in Australia

13 September 2021



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Committee Secretariat
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Dear Sir/Madam/Committee

Re: Inquiry into housing affordability and supply in Australia¹

We thank the Committee for the opportunity to lodge a submission concerning this enquiry.

HOUSING CRISIS

The Sustainable Australia Party is very concerned about housing affordability in Australia, which is a genuine economic and social crisis.

Housing is a fundamental need and human right. Perversely, homes are now treated as an investment asset by governments rather than a shelter in which to live and/or raise a family.

It is a relatively complex issue, with no single policy solution. Unfortunately, state and federal government policies adopted during the COVID-19 pandemic demonstrates that our major party politicians have little appetite for falling or even stable house prices.

Dearer residential property and land does not create national wealth. It simply creates a society of haves and have-nots, increases the cost of living and doing business, and retards the capacity of individuals, families and banks to invest in wealth-generating small businesses and other economic enterprises. This collectively starves the broader Australian economy of capital.

"Land is a key input cost for most businesses. So when costs are inflated, it reduces the competitiveness of industry, making it harder for Australia to compete abroad. The associated higher housing costs also places upward pressure on wages. For decades, resource allocation has been channelled away from the tradable sector and infrastructure investment towards the financial sector, as home buyers have taken on ever-bigger mortgages as they chased house prices higher...Australia's housing obsession has also starved productive sectors of the economy of credit. At the heart of the problem are Australia's unique mix of tax concessions."²

¹ https://www.aph.gov.au/Parliamentary_Business/Committees/House/Tax_and_Revenue/Housingaffordability

² <https://www.macrobusiness.com.au/2014/02/its-housing-thats-killing-productivity/>



CORRUPTION

The Sustainable Australia Party is also very concerned about political corruption in Australia.

We believe that a key driver of corruption in politics is donations and gifts made to political parties and candidates for public office. We believe that the rules concerning these donations have not been adequate to prevent ever larger donations having an increasingly corrupting effect on the political process and subsequent housing policy.

The Sustainable Australia Party is particularly concerned about the influence of donations from property developers. It was recently reported that:

*"While Australians were distracted last week by Melbourne's lockdown ending and the final days of the Queensland and United States elections, both major parties joined forces in federal parliament to weaken political donations laws. This will make it easier for federal politicians to accept secret donations from property developers."*³

State and local authorities are uniquely placed to benefit property developers because of their crucial role in planning and zoning decisions concerning land. The migration policies of Federal Governments and politicians are also of great interest to property developers.

The Sustainable Australia Party believes that the housing policies of the major parties are directly influenced by funding from the property industry.

Further, the setting up of a *supply*-focused housing affordability enquiry also suggests that the enquiry is influenced by the property industry.

The Australian housing market has received record levels of annual supply over the last 15-20 years. But this has not fixed the housing affordability crisis.

That is because the real problem causing Australia's housing crisis is politically engineered hyper-demand.

³ <https://theconversation.com/federal-parliament-just-weakened-political-donations-laws-while-you-werent-watching-149171>



POLICIES

With the understanding that Australia's housing crisis is fundamentally a demand-driven issue, we present below for consideration the Sustainable Australia Party's holistic policy solution to achieve housing affordability in Australia.⁴

Sustainable Australia Party housing policy objective:

Achieve greater housing affordability for first home buyers and renters, whilst conserving Australia's built heritage and striving for relatively stable house prices.

Policy Methods (Federal):

- Remove the 50 per cent discount of capital gains tax on taxable Australian property (non-principal place of residence).⁵
- Abolish negative gearing on taxable Australian property.⁶
- Phase out provisions allowing Self-Managed Superannuation Funds to borrow for investment in real estate.
- Lower population growth by lowering annual permanent immigration from around 180-200,000 p.a. back to the long-term (i.e. twentieth century) average of 70,000 p.a.
- Restrict the purchase of Australian residential property and land for residential development to Australian citizens, longer term (5 year) permanent residents, and minimum 75 per cent Australian-owned entities.
- Increase Foreign Investment Review Board scrutiny of and penalties for breaches of foreign purchase rules.
- Restrict bank lending practices to better control the supply of housing credit, including the banning of interest-only housing loans and those above a loan to value ratio (LVR) of 90 per cent.

Policy Methods (State):

- Encourage developers to include a material element of social or affordable housing in new projects.
- Significantly increase investment in public housing.
- Reform tenancy laws to offer greater renters' rights including;
 - Longer standard rental tenure;
 - Longer notice for eviction;
 - Greater ability to keep pets;
 - Greater ability to make minor renovations including picture hangers;

⁴ <https://www.sustainableaustralia.org.au/housing>

⁵ This would only relate to capital gains after the policy comes into legislation. Capital gains made before the legislation could still be discounted.

⁶ This would only relate to negative gearing after the policy comes into legislation. Negative gearing before the legislation could still be applied.



- Removal of 'no-fault' termination from residential leases so that tenants have more security and stability. This will mean there will only be four situations in which a tenant can be removed from their home: 1) sale of the property, 2) major renovations, 3) failure to meet tenancy conditions including rent payments, or 4) Owner wants to move into their property.
- Pending a complete ban by the federal government, increase state taxes on foreign purchases and foreign ownership of residential land/property as follows:
 - 10% stamp duty surcharge (above standard rate);
 - 10% annual land tax (current owners would have this phased in over 10 years);
 - 10% annual vacancy tax (on property's full capital improved value).
- Offer future residential property buyers the option of paying current stamp duties or an annual land tax.⁷
- Expand existing anti-money laundering legislation (Anti-Money Laundering and Counter Terrorism Financing Act 2006) to accountants, lawyers and real estate agents to help prevent foreign and local crime-related money from entering the real estate market.

*"Australia's hot property market is an attractive haven for criminals, with estimates that billions of dollars of dirty money is being **laundered through residential property**."*

*"AUSTRAC has warned that laundering the proceeds of crime through property purchases can **drive up prices** and keep legitimate buyers out of the market..."*

- Abolish first home buyer grants when the above Federal and State policies are implemented.
- Ensure that any 'urban renewal' and infill is not at the expense of our built heritage, backyards and urban amenity.

⁷ State stamp duties are typically around 5%, whereas an annual land tax would likely be around .5%. A choice would benefit some buyers and the economy in several ways: With a lower total purchase price, the land tax option would improve housing affordability (market entry) for first home buyers, improve labour mobility by encouraging workers to relocate closer to employment, and encourage some people (e.g. empty nesters and short-to-medium-term movers) to more cost-effectively move to housing that better suits their needs.



CONCLUSION

We hope this policy platform designed to holistically address Australia's politically engineered hyper-demand for housing is of interest to the Committee.

Achieving housing affordability and stopping corruption are incredibly important public policy objectives.

We have no objection to this Submission being publicly disclosed, and we wish the Committee well in its deliberations.

Sustainable Australia Party's policy recommendations to achieve housing affordability can also be found at our website:

www.sustainableaustralia.org.au/policies

Kind regards

William Bourke
President

Sustainable Australia Party – Stop Overdevelopment / Corruption

www.SustainableAustralia.org.au



Better, not bigger