



11 January 2023

Personal and Indirect Tax, Charities and Housing Division
Treasury
Langton Cres
Parkes ACT 2600

Prosper welcomes the opportunity to contribute to Housing Legislative Package – *Housing Australia Future Fund Bill, National Housing Supply and Affordability Council Bill, and Amendment Bill.*

We are an independent, Melbourne-based research institute with a focus on the management of exclusive and essential resource allocation through revenue policy. This includes land and other natural resources, essential services that are most efficiently provided by one supplier, and government-instituted monopolies such as taxi and fishing licences.

It is our position that the unearned and unproductive streams of private income derived from these elements of our economy should be more heavily taxed. Meanwhile, taxes on the productive sector should be eased, making for a more equitable and more efficient economy.

Prosper's submission focuses on a few suggestions to the legislation itself, looking at areas where slight changes could be beneficial, primarily for the *National Housing Supply and Affordability Council Bill.*

Notably the explanatory notes are vast and our small organisation has not had time to review these in depth due to the short submission deadline. We understand the government's eagerness to get things moving, although we caution that consultation feedback is constrained for smaller organisations such as ours due to the limited timelines granted from December last year.

Thank you for this opportunity to contribute our perspective. Should you wish to contact us, we have provided details below.

Warm regards,

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Housing Council Bill

Part 2 Section 9: Functions

Paragraphs 9(1)(e)

The “undertake research” clause appears to limit collaboration with other stakeholders in (1)(e)(ii) to only collection and publication of housing data. It’s unclear if this effectively precludes the Council from collaborating with other stakeholders on non-data collection related housing research, as well as preventing collaboration on “monitoring” mentioned in (1)(e)(i). Such constraints would be detrimental to the council making use of the assistance of other organisations involved in housing research.

Paragraphs 9(2)(a)

The line “the performance of the housing sector”, is vague and unclear as to how “performance” is measured. The explanatory notes on page 40 (Advice 2.48-2.50), provide no guidance on what “performance” refers to. It appears this term has been intentionally left undefined/ambiguous. Performance could refer to a range of factors, including financial, social (affordability outcomes), inequality, dwelling completion rates, unused land supply (zoned capacity) etc. Further explanation of this section is required.

Paragraphs 9(2)(b)

This section refers to “value for taxpayers” (and is mentioned throughout all documents). While understandably the government wishes to quantify financial returns on investment, this framing presumes only “taxpayer” value matters.

What about the value for “non-taxpayer” members of the public? Not all residents and members of the public (including voters) are taxpayers, and it seems discriminatory to assume that only value for taxpayers should be evaluated. Value from investment in the housing sector can also be created for non-taxpayers, and as such this terminology should not be embedded in legislation. Value for all members of the public should be considered when public money is invested, as misallocated spending costs non-taxpayers in forgone alternative uses of such spending.

Paragraphs 9(2)(c)

The extensive list in (c) should also include alternative tenure types/models. Different tenure models can also have impacts on housing supply and demand for affordable housing. This not only includes traditional tenures such as owner occupation, private rental, and social housing, but also community land trusts, land rent schemes, and shared-equity schemes. Different tenure models that separate housing investment rights from homebuyers purchasing occupation rights, have significant potential to improve housing affordability.¹

¹ https://www.prosper.org.au/wp-content/uploads/2018/09/Unspoken-Alternatives-final_print_web.pdf

Part 4 Division 2, Section 22: Appointment

Subsection 22(2)

Prosper supports the broad range of professional fields listed, however we wish to make a suggestion for two additional distinct fields to be added:

Property economics is a distinct field of economics that specialises in understanding land and housing markets. In Prosper's experience, many economists are inadequately trained and equipped to understand the unique factors that affect land and housing markets.

Property economics provides a much more appropriate set of tools and knowledge base to analyse housing market issues, and should be explicitly made distinct from economics as a field of expertise. We suggest (2)(c) be changed to: economics *and property economics*.

Property valuation can provide useful knowledge and experience in understanding land and housing valuation, as well as the effect of different policies on land and property values (and thus affordability). Having worked with some valuers on housing research, we believe such knowledge and experience could be a useful addition.

Treasury Laws Amendment Bill

Schedule 2, Part 1, After subsection 8(1):

Subsection 8(1C)

The limitation of capacity to existing registered community housing providers is understandable, however this may preclude the potential to help capacity build affordable housing organisations that have not yet achieved registration status. The government should consider a clause that allows capacity building to be extended to affordable housing organisations seeking registration status, including new and emerging pilot schemes and models such as community land trusts.

Housing Future Fund Bill

Part 6 - Investment of the Housing Australia Future Fund

Section 41

Prosper Australia notes that the funds' objectives are to maximise returns earned on the fund over the long term. However there does not appear to be in this legislation any reference to an environmental, social and governance (ESG) framework for investment. We are concerned that such funds could be invested in unethical industries such as tobacco, weapons etc. While no doubt this legislation is following the precedents set by the existing Future Fund, we believe the government needs to reconsider governance of all its investment funds and ensure that their investment objectives to maximise returns are made within reference to a clear ESG framework. We are aware this step has been taken for Norway's Sovereign Wealth fund.