Creating a more dynamic and resilient economy inquiry

Questionnaire response 53

Name: Anonymous

Submission date: 6/06/2025

1. Support business investment through corporate tax reform

1. What features of the Australian business environment have encouraged or restrained investment over the past 10 years?

The business environment is being starved of investment to support innovation and productivity because it is far more attractive and less risky to invest in the housing sector. I adjusted the asset value of Australian housing and land in 1990 ($820bn) for 'normal growth' increases in CPI, population and persons per household and calculated an expected value of Australian housing and land of $2245bn in 2020. But the capital asset value of Australian housing and land in 2020 was $8058bn, nearly four times the 'normal growth'. Each year from 2020 to 2024, housing investment has extracted around $400bn per annum in capital value from the Australian economy over and above expected normal growth (adjusted for CPI, population change).
Rent-seeking, low productivity property is a more attractive investment than investment in business and innovation. In our economy, returns are guaranteed, over 6%.

2. What elements of the corporate tax system encourage and/or discourage investment and risk-taking?

The tax advantages of investment in housing trump investment in industry.... high returns, low risk, little effort required.

3. Which parts of the corporate tax system do you find the hardest, or most time or cost-intensive to comply with? How could the compliance burden of the business/company tax system be reduced?

The problem is the corporate tax system can't compete with housing investment tax concessions. The problem is the corporate tax system can't compete with housing investment tax concessions. How can we encourage people to move their wealth from property to productive innovation in businesses? If housing values and investment moved in line with CPI and population, EACH YEAR an additional $400bn would become available for investment in business and industry.

2. Reduce the impact of regulation on business dynamism

1. What areas of regulation do you see as enhancing business dynamism and resilience? What are the reasons for your answer?

The participant did not respond to this question.

2. How has your regulatory burden changed over time?

The participant did not respond to this question.

3. What regulations do you find time-consuming, overly complex or otherwise constraining business dynamism and resilience? What are the reasons for your answer?

The participant did not respond to this question.

4. Can you share any specific examples of where you think a regulator has done a good or bad job of understanding and reducing regulatory burden on businesses and why?

Cover sheet: Supporting document #1

Analysis of additional capital investment that would be available to support business innovation and productivity improvement if housing investment growth followed CPI and population increases from1990 to 2024

Productivity Commission: Supporting information for onlinequestionnaire for inquiry on Creating a more dynamic and resilient economy
reference: 1/1577) [SEC=OFFICIAL]

Historical value of dwellings and land compiled from data obtained from ABCrn-Cameron Kusher: Oz Property Insights

Year	Historical values							1990 values adjusted for CPI, pop, persons/house			Additional capital flowing to housing since 1990			Year	Average capital not available for business & innovation each year
	Dwellings value $bn	Land value $bn	Combined dwellings & land $bn	Av annual combined increase %	CPI Index	Australian population	Persons/ household	Adjusted value of Dwellings $bn	1990 value value of Land $bn	1990 value value of combined $bn	Extra capital invested in dwellings $bn	Extra capital invested in land $bn	Extra capital invested combined $bn		$bn pa
2024	2834	7167	10001	6.00%	139	26,733,334	2.49	1347	1414	2761	1487	5753	7240	**2024**	412
2020	2300	5758	8058	8.30%	117	25,514,286	2.52	1095	1150	2245	1205	4608	5813	**2020**	431
2015	1800	3900	5700	6.80%	108	23,800,000	2.55	954	1002	1956	846	2898	3744	**2015**	221
2010	1400	2850	4250	10.40%	97	22,000,000	2.55	792	832	1624	608	2018	2626	**2010**	221
2005	1000	1800	2800	24.8%	84	20,200,000	2.56	632	664	1296	368	1136	1504	**2005**	266
2000	500	750	1250	4.2%	73	19,000,000	2.61	528	554	1081	-28	196	169	**2000**	16
1995	450	585	1035	5.2%	66	18,000,000	2.68	463	486	949	-13	99	86	**1995**	17
1990	400	420	820		59	17,000,000	2.74	400	420	820				**1990**	

Overall % change 1990-2024						**Adjustment 1990-2024**		
709%	1706%	1220%	236%	157%	91%	337%	337%	337%
Dwellings	Land	Combined	CPI	Population	Occupants	Dwellings	Land	Combined

NOTE: Overall increase of 337% over 1990-2024 is 3.6%pa