

The adjustment of the economy and distribution of wealth needs to be analysed.

Why when so many are struggling to pay rent and mortgage payments do property prices continue to rise ?

It is because when the RBA cash rate is rising every one percent increase drives billions of dollars of extra liquidity and profit to the banks and combined with principal turned over at higher interest rates the banks are flush with cash and continue to over value houses held as security.

Changes noted below would fund the Government to Guarantee loans to 90% and remove lenders mortgage insurance.

BASE INTEREST TO BE FIXED AT 2% FOR INTERNATIONAL AND DOMESTIC RATES

INTERNATIONAL

FIXED RBA BASE RATE OF 2% Basis points changes applied according to the state of the global economy . eg : USA interest rate change

DOMESTIC

FIXED RBA BASE RATE OF 2% : Basis points changes applied as Australian economic alignment levy applied to mortgage interest and paid to the ATO

A: For example INTERNATIONAL FIXED BASE RATE increased by 50 basis points = 2.5% interest rate to align with international rates .

B :For example. 2% DOMESTIC FIXED BASE RATE plus Australian Economic Alignment Levy 50 basis points levied on interest as a charge by the ATO.

That is RBA BASE RATE 2% plus AEA Levy 50 basis points = 2% BASE RATE add banks required margin 2% =4% add ATO LEVY adjusted variable rate is 4.5%

Fixed interest rate loans have a built in buffer to account for rises and falls in the AEA Levy. A fixed interest rate loan at 6% will not change.

Change in the AEL will be levied on fixed rate mortgages as a charge to the bank. A fixed 6% rate = 5.5% for the bank and .05% levy is charged and sent to the ATO

An AEA Levy of 50BP OR ½ OF 1 % will send 10 to 15 billion dollars to the ATO and puts the Government in charge of the economy .

GST will be replaced with EST (Economic sustainability tax) and applied according to Industry classification and industry loading . refer to notes about EST

Replacing GST with EST (varied 12 monthly) spreads the burden of change fairly across the whole economic spectrum and send billions of dollars to the government.

The bank sets its margin between cost of funds and interest on loans. No change.

The bank is not obliged to adhere to RBA rates which are advisory only. No change.

A bank may well set a rate of 2.5% on deposits and add a required margin of 2% = 4.5% variable mortgage interest rate.

An AEA Levy of 50 basis points added to the 4.5% = 5% charged to the banks customer .

THE TIME FOR CHANGE IS NOW !

Billions of dollars of taxpayers take home pay previously sent to the banks will go to the Governments to fund services and infrastructure including affordable homes.

AEA LEVY Adjustments to the economy will be according to changes in the EST Index and will be 6 monthly to align with bas reporting refer to notes about EST

AEA LEVY adjustments will be set at quarterly board meetings of the The Australian Treasury.

Interest rates will stabilise over time in a range of 4 to 5 %

Negative gearing of rental properties will be phased out over 3 years time and a 3 year amnesty on CGT will apply.

At the termination of negative gearing CGT on disposal of shares will no longer apply. DRIVING INVESTMENT IN AUSTRALIAN CORPORATIONS.

Combined with the replacement of GST with EST at around 5% reduced churning of taxes and fraud the Government will have a windfall

The ATO has the data to asses the outcome of the proposed changes but without changes the average house will not be affordable for many Australians