

Housing Legislation Amendment Bill 2022

Submission No:	5
Submitted by:	Jim McCoombes
Publication:	Making the submission and your name public
Attachments:	See attachment
Submitter Comments:	

Dear committee members,

I would like to add my voice to the chorus of concern in regard to the Housing Legislation Amendment Bill 2022 being considered by yourselves.

I am a retired journalist and have worked as a federal public servant from the APS and while I worked in the field of security, have been following legislative changes in the residential tenancy sector closely out of concern for the housing security of my children and especially my grandchildren who are facing a bleak outlook with their lives likely to consist of rental accommodation until I pass.

I have been pleased with the progress made so far by the Queensland Government in granting minimum protections for renters who are increasingly being seen as a second class of citizen while those who have been lucky (sorry 'hard working') enough to acquire property increasingly see themselves as feudal lords bemoaning every action taken to provide renters any sort of quality of life.

Following from the government's recent and much needed changes to the Housing Act, I perused this proposed bill with, at first optimism, which rapidly grew into concern and then white-hot rage. While I support the changes to the Retirement Village Act, the changes that concern myself and my wider network is the proposal to allow 'Homes for Homes' to place administrative orders on Queensland property following a donation deed of 0.1% of the sale price being made as a 'gentle reminder' at the point of sale.

I would like to bring to the Committee's attention that Homes for Homes appears to be a front organisation for an international banking cartel with involvement from none other than the disgraced Goldman Sachs with the former Premier Anna Bligh in her new role as CEO of the Australian Banking Industry leading their investment advisory group. This 'investment advisory group' contains none other than Terry Campbell, a Senior Chairman of Goldman Sachs along with a 'who's who' of the banking and corporate world. All while receiving 'pro-bono' advice from Australia's leading law firms. I hate to be cynical, but I can assure you that such people do not participate in such activities out of the goodness of their heart. If there is any law they follow it is their corporate charter dictating increasing profits for their shareholders and/or themselves.

I am sure that the committee members are aware of the numerous and pernicious financial transgressions of Goldman Sachs in both recent and historical times, such as:

- **Involvement in the Global Financial Crisis**
 - On May 10, 2009, Goldman Sachs agreed to pay up to \$60 million to end an investigation by the Massachusetts attorney general's office into whether the firm helped promote unfair home loans in the state.
- **Short selling**
 - In 2015, Goldman settled with Overstock for \$20 million for participating in abusive practices described as "creat[ing] fake lendable shares out of thin air" with the end of result of "organized counterfeiting of shares in the market"
- **Operating out of tax havens to avoid paying any tax**
 - A 2016 report by Citizens for Tax Justice stated that "Goldman Sachs reports having 987 subsidiaries in offshore tax havens, 537 of which are in the Cayman Islands despite not operating a single legitimate office in that country, according to its own website. The group officially holds \$28.6 billion offshore."
- **Stock price manipulation**
 - Goldman Sachs was charged for repeatedly issuing research reports with extremely inflated financial projections for Exodus Communications and Goldman Sachs was accused of giving Exodus its highest stock rating even though Goldman knew Exodus did not deserve such a rating.
 - On July 15, 2003, Goldman Sachs, Lehman Brothers and Morgan Stanley were sued for artificially inflating the stock price of RSL Communications by issuing untrue or materially misleading statements in research analyst reports, and paid \$3,380,000 for settlement.

- **Goldman Sachs is accused of asking for kickback bribes from institutional clients who made large profits flipping stocks which Goldman had intentionally undervalued in initial public offerings it was underwriting.**
- Short selling
 - In 2015, Goldman settled with Overstock for \$20 million for participating in abusive practices described as "creat[ing] fake lendable shares out of thin air" with the end of result of "organized counterfeiting of shares in the market"
- Involvement in the European Debt Crisis
 - Goldman is being criticized for its involvement in the 2010 European sovereign debt crisis. Goldman Sachs is reported to have systematically helped the Greek government mask the true facts concerning its national debt between the years 1998 and 2009.
 - **Ties between Goldman Sachs and European leadership positions** were another source of controversy.[70] Lucas Papademos, Greece's former prime minister, ran the Central Bank of Greece at the time of the controversial derivatives deals with Goldman Sachs that enabled Greece to hide the size of its debt.
- **Intimate links with government officials**
 - During 2008 Goldman Sachs received criticism for an apparent revolving door relationship, in which its employees and consultants have moved in and out of high level U.S. Government positions, creating the potential for conflicts of interest. The large number of former Goldman Sachs employees in the US government has been jokingly referred to "Government Sachs"
- Civil fraud
 - In April 2010, the U.S. Securities and Exchange Commission (SEC) charged Goldman Sachs and one of its vice-presidents, Fabrice Tourre, with securities fraud.

This list is not exhaustive and is freely available to anyone with an internet access. I have cut and pasted this info from Wikipedia and bolded the information pertinent to this inquiry. I have included numerous links for the committee's perusal at the end of this submission.

As recently as 2015 Goldman Sachs were implicated, investigated, charged and fined for participation in the one of the world's greatest financial corruption scandals looting \$1B from Malaysia's Sovereign Wealth Fund. <https://www.bbc.com/news/business-61043609>

In 2009 the renowned economist Matt Taibbi famously described Goldman Sachs as a **"great vampire squid wrapped around the face of humanity, relentlessly jamming its blood funnel into anything that smells like money."** This view has been reaffirmed numerous times, and not only in fringe economic circles and is a common view which is why I am so surprised at the Queensland Government's eagerness to expose funding intended for the most vulnerable of our society to Goldman Sachs' 'blood funnel'. I'm very surprising that this proposal has received any attention at all. It almost appears than legislative changes to facilitate this ruse are fait accompli.

However, I have become very cynical in my old age and perhaps these people really have now found a desire to 'help end homelessness'. I note the participation of the 'Big Issue' and hope that this excellent organisation has not had their good name co-opted to slip themselves into Australia's financial architecture.

I urge the committee to adopt a 'Trust but verify' approach by obtaining the following information:

- Has this proposal been reviewed by ASIC? If so, what is their comment?
- Has this proposal been reviewed by the AFP? If so, what is their comment?
- Has this proposal been reviewed by ASIO? If so, what is their comment?
- Has this proposal been reviewed by the FIRB? If so, what is their comment?
- What level of scrutiny or other feedback was provided by the relevant state public servant/s in reviewing this application?
- What financial information has been provided by Homes to Homes to policy makers?
- What relationship does Homes for Homes have with the Queensland Government?

I am pleased to see that the Land Title office have not supported Homes for Homes the use of caveats as a 'gentle reminder'. However, their persistence in seeking a substitute in the form of Administrative Advice remains of concern, especially as it is ostensibly a 'gentle reminder'. Apparent lack of oversight or concern from policy makers only compounds my concern. Quite frankly I am surprised there hasn't been a headline appear along the lines of:

Former Premier Lays Out the Red Carpet for Disgraced International Banking Cartel in Her Home State

And for what? The Homes for Homes website itself notes that they have been in operation for 25 years, work with the ACT, SA and Victorian Government and have provided \$1.28 million in funding to house 96 people. 96 people! While also acknowledging a deficiency of 600,000 social housing homes. I would suggest that the risk of permitting such an organisation access to Queensland conveyancing and financial architecture falls well short on a risk/reward basis.

What was the gross amount collected from which this \$1.28 million was granted?

I note that other states such as Victoria, South Australia and the ACT have aligned themselves with this program. I would urge the Committee to investigate how this program operates in these jurisdictions and what investigations have been made with them by the Queensland public service in determining the efficacy of this program.

I bring to the attention of the committee the first line of the community consultation section on Page 9 of the explanatory notes:

"Homes for Homes has sought expansion of the Homes for Homes model into Queensland for several years and proposed the use of Administrative Advices as an alternative to the permissive caveats used in other jurisdictions."

Questions for the committee to consider:

- What sort of charity organisation 'seeks expansion'? Charities respond to need and do not seek 'market share'. It's really quite perverse and concerning and sounds much more akin to a marketing strategy.
- What relationship does Homes for Homes have with the Queensland government (noting the former Premier is head of the advisory group) that would make them seeks these amendments, especially at a time of severe rental crisis where there are numerous more pressing priorities?
- Is this model really that 'innovative'? Taking 0.1% from voluntary participants? Why can't this 'innovative' model be adopted by the Queensland Government with pooled funding managed by QIC or another government entity rather than Goldman Sachs (who no doubt pay themselves quite handsomely to manage these funds)
- What input (if any) do state government have in the grant process when distributing funds?

It appears that this model has been copied from similar ideas coming out of the United States. The committee should note:

- The United States is the home of the tent city and ground zero for the homelessness crisis. Any model originating there should be scrutinised extensively.
- Australia does NOT subscribe to the charity model of welfare or social support. In the United States people are given the 'freedom' to donate as they so please. In Australia we gauge community need and tax accordingly. Any change to this stance requires debate in parliament and preferably subject to election rather than slipped quietly into the legislative process along with another, quite reasonable retirement act amendment, such as we are witnessing here.

This proposal also makes a mockery of the Housing Strategy and could lead to accusations that the entire strategy was devised with foreign entity collusion to access the vast sums of money they anticipate flowing into the social housing space over the coming years. These people are very smart and understand the

demographic need for social housing arising in the near to medium term and the subsequent need for public funding. This proposal is nothing more than a 'trojan horse' to position themselves as fund managers to the billion dollars they themselves have projected to be made available to them. For bankers there is a startling lack of information available to the public. Those committee members with a mortgage will no doubt understand what a 'gentle reminder' is should they have ever missed a payment.

I imagine that once this proposal is legislated, the future Housing Amendment Bill 2023 will again request removal of Queensland's traditional opposition to caveats, make them binding and expanded due to 'increased pressure' from increased homelessness. All funds to be managed by Goldman Sachs of course.

The Committee should consider:

- Where are these funds pooled?
- What do fund managers pay themselves?
- Who makes decisions on where grant funding goes?
- Will the managers of these funds use them as leverage for other lending?

This is nothing new. I remind the committee of the lessons from Naomi Klein's excellent analysis of crisis capitalism in her 2009 book 'The Shock Doctrine'. This appears to be a classic case and I look forward to the Queensland Government appearing in the latest instalment with their own chapter should this legislation pass.

We all know the relevant crisis:

"Brisbane's rental market an unmitigated disaster" <https://www.macrobusiness.com.au/2022/11/brisbanes-rental-market-an-unmitigated-disaster/> (among thousands of similar articles, however I am sure the committee is aware of the current crisis).

And the solution put forward by the Queensland Government? 'Hey let's allow Goldman Sachs et al and their 'innovative' model to put caveats on people's houses as a 'gentle reminder' to make their donation! You know they've provided enough funding for 96 people!'. The mind boggles. If Homes for Homes are unable to operated in Queensland without the power to put caveats or Administrative Orders on people's house as a 'gentle reminder', then I hope the committees' suspicions are raised and the bill rejected.

Haven't these people heard of a simple email if all they want to do is offer a 'gentle reminder'?

I do not want to see all the good work of the Queensland Government has done in the housing crisis, or their housing strategy, undermined by the passage of this Bill. If this bill is legislated, it will be politically impossible to remove. It's the thin edge of the wedge and needs to be stopped dead in its tracks now.

I suggest the Minister respond to Homes for Homes with a message similar to the following:

"Thank you for your submission. I am impressed by both your innovative model and commitment to helping the most disadvantaged in our community.

I intend to adopt your model through Government taxation. We will be implementing a universal payment into a central fund, managed by QIC, upon sale of all property sold in Queensland at the following rates:

- Primary Place of Residence – 0.005% (unless sold for less than purchase amount)
- Residential Investment Properties – 0.01%
- Commercial Property – 0.02%

As a token of appreciation from the Queensland Government for your most excellent and innovative funding model, please accept \$1.00. However, I am confident you and the Board will be much more pleased with the knowledge that vulnerable Queenslanders are being housed using your innovative funding model.

Yours in social conscience

Minister Enoch"

I'm sure the REIQ and associated parties will grumble at this additional cost impost, however it will soon be baked into the 'cost of selling a property' and lose visibility. This method is open and transparent and not reliant on property developers surreptitiously enrolling properties into a scheme backed by one of the most notorious companies in history (foreign-owned) hopefully 'for perpetuity' and with no ability for foreign entities to place caveats (binding or not), Administrative Orders or otherwise on people's houses.

Such an approach requires is some ministerial fortitude. I know politicians don't like announcing new taxes, however inviting odious foreign entities to collect, manage and distribute funding is a much worse option. And the fact that it is intended for the most vulnerable is the most macabre of all. Oh wait it's not- hijacking the good name of The Big Issue and associated them with such a proposal is worse.

Finally, I would like the Committee to consider potential unintended consequences arising from this proposed change:

- 0.01% of a property sale price seems insignificant however with house price falls expected to continue, what of people who are selling for less than they bought? These people will need every cent they can get, and once again it will fall on the most vulnerable.
- Debt collection agencies set themselves up a 'Not-for-profits' so they too can put Administrative Orders on debtor's houses.
- Future politicians, desperate for money and lacking the will to impose new taxes, tweak this program to be mandatory (which I expect is the medium to long term plan/hope) creating rivers of tax-payer gold to be managed by overpaid Goldman Sachs fund managers with the Board paying themselves whatever they want under Australia's notoriously lax rules governing not-for-profits.

I am surprised that the Queensland opposition has not highlighted these issues in parliament and urge them to do so. However, I am reminded that the likes of Goldman Sachs are their traditional support base. It would not surprise me if they have however put it in their back pocket to raise at a later date (closer to the election) with the added benefit that this legislation is enshrined in law by then and the rivers of gold are already running to their donors.

I am very surprised that a Labor Government would seek to promote such a scheme, especially at a time when daily headlines shriek about the housing crisis with families sleeping in cars etc. It's a disgrace and as mentioned above, I expect will appear in media outlets from early next year.

I urge the committee NOT to be a rubberstamp for the corporate infiltration of our financial and conveyancing infrastructure without asked the relevant and pertinent questions.

So this is the proposal in a nutshell: The former premier of Queensland, has coopted the name of an existing, well-regarded social enterprise (The Big Issue) as a front for Goldman Sachs to allow them to place Administrative Orders (via developers who incur no cost to themselves) on people's houses in the knowledge that most people will forget about their paltry donation deed it until the time of sale by which time its too late (camouflaged amongst the host of other selling costs), creating a rivers of gold into funds that they can legitimately pay themselves whatever they want to manage. All run out of a basement in Australia's Wall Street!

All of this information, and more, is available to anyone with an internet connection and is general knowledge to most and certainly should be to public servants and housing professionals assessing such proposals. I urge the committee to ask how this proposal came to be approved, especially at this time of crisis.

I have performed consultancy work for government procurement projects and a corporate history such as Goldman Sachs would be an automatic disqualifier. Why not here?

I close with a famous quote which the committee should keep in mind when considering whether to allow the now-famous vampire squid to attach itself to Queensland-

Cui Bono? – Cicero

<https://www.rollingstone.com/politics/politics-news/the-great-american-bubble-machine-195229/>

<https://www.bbc.com/news/business-61043609>

<https://www.corp-research.org/goldman-sachs>

https://bettermarkets.org/sites/default/files/Goldman_Sachs%27_20-Year_RAP_Sheet_Jan-28-2020.pdf

https://en.wikipedia.org/wiki/Goldman_Sachs_controversies#:~:text=Goldman%20has%20also%20been%20accused,driving%20up%20prices%20of%20commodities

<https://www.afr.com/companies/financial-services/from-vampire-squid-to-wall-st-scrapper-the-humbling-of-goldman-sachs-20200220-p542jj>

https://en.wikipedia.org/wiki/The_Shock_Doctrine

<https://www.americamagazine.org/content/all-things/goldmans-shame>

<http://www.ephemerajournal.org/contribution/bringing-down-house-goldman-sachs-analyzing-corrupt-forms-trading-lacan>

<https://abcnews.go.com/Business/goldman-sachs-fabrice-fabulous-fab-tourre-wall-streets/story?id=10429139>

<https://www.asianinvestor.net/article/goldman-sachs-pays-fine-in-australia/389878>

https://www.researchgate.net/publication/332293804_Bringing_down_the_house_of_Goldman_Sachs_Analyzing_corrupt_forms_of_trading_with_Lacan

<https://www.justice.gov/opa/pr/former-goldman-sachs-investment-banker-convicted-massive-bribery-and-money-laundering-scheme>

<https://medium.com/yardcouch-com/goldman-sachs-the-most-evil-bank-in-the-world-681bb5b37361>

<https://www.theatlantic.com/business/archive/2009/06/is-goldman-sachs-the-root-of-all-evil/20210/>

<https://www.afr.com/companies/professional-services/the-dark-side-of-goldman-sachs-20220904-p5bf81>

<https://nymag.com/news/business/58094/>

<https://www.independent.co.uk/independentpremium/business/goldman-sachs-banking-giant-vampire-squid-2008-change-a9323191.html>

<https://www.ft.com/content/88e3e75e-2f43-4621-9115-a8475a45b33f>

<https://spearswms.com/goldman-sachs-spears/>