Legislative Assembly for the Australian Capital Territory
Select Committee on the Fiscal Sustainability of the ACT

Submission Cover Sheet

Inquiry into the Fiscal Sustainability of the ACT

Submission number: 006

Submitter: Mark Spain

Date authorised for publication: 17 February 2026

From: Mark Spain
Sent: Tuesday, 10 February 2026 2:59 PM
To: LA Committee - Fiscal <LACommitteeFiscal@parliament.act.gov.au>
Subject: A Submission to the Select Committee on the Fiscal Sustainability of the ACT

Hi Committee members

Please find below my submission on the Fiscal Sustainability of the ACT

Warmly

Mark Spain

[redacted]

[redacted] ACT

Submission to the Select Committee on the Fiscal Sustainability of the ACT

1. Core Premise: The Current Monetary System is a Barrier to Fiscal Sustainability
The ACT government, like all governments, cannot achieve long-term fiscal sustainability under the prevailing model of money creation. Currently, most new money enters the Australian economy when private banks issue interest-bearing loans. This system has two critical flaws:

- Money is *created as debt* that must be repaid with interest.
- The private banking sector effectively controls the quantity and allocation of this new money, profiting from the interest spread.

This model inherently increases systemic private debt and extracts value from the real economy, making broad public fiscal sustainability more difficult.

2. A Proposed Alternative: Publicly Directed Money Creation
There is an alternative. The ACT government can initiate systems where new money is introduced into the community through direct *public utility*, rather than private debt. This aligns with, but technically adapts, a core principle of Modern Monetary Theory (MMT). Rather than the government *spending* money into existence, the proposed mechanism involves *selling* money into existence for productive, asset-backed purposes.

3. Practical Application: Housing as a Pilot Sector
This alternative can be piloted in the housing sector, leveraging Federal "Build to Rent" incentives. The mechanism would work as follows:

- A public-purpose vehicle (e.g., in partnership with a community bank) would create new money to finance the construction of housing.
- This money would be introduced by *selling* it to purchasers or investors in exchange for a long-term income stream (e.g., rents, leasehold payments), not as an interest-bearing loan.
- The asset (the housing) backs the value of the newly created money.

4. Extending the Model: Benefits for Existing Communities
The same principles can be applied to existing neighbourhoods to dramatically reduce the *cost* of home ownership without artificially deflating market *prices*. By creating a vehicle to finance purchases through equity-like structures instead of debt, the lifetime cost of acquiring a home could be reduced by an estimated 50%. This addresses affordability without market disruption.

5. Broader Fiscal Reform: Tax Replacement
Revenue from these public-purpose monetary circuits can replace certain existing ACT taxes. For example, stamp duty and payroll taxes—which are inefficient and can inhibit economic activity—could be progressively phased out and replaced by flows from these new community-financed asset pools.

6. Potential Impact: Debt Elimination and Systemic Change
If implemented at scale, this approach has the potential to:

- Eliminate the net debt of the ACT government and its agencies.
- Significantly reduce household and business debt burdens.
- Achieve this through changes to financial *structures* and bookkeeping, not by imposing behavioural change or austerity on citizens.

7. A Proposed Path Forward: Community-Based Trials
The Committee can catalyse this transition by recommending small-scale, neighbourhood-level trials. Its role would be to:

- Endorse and oversee pilot projects.
- Assist communities and community banks in navigating relevant financial regulations.
- Enable local communities and business groups to test new models for financing essential assets.

These trials will generate critical evidence for the Committee, informing concrete recommendations to secure the ACT's fiscal sustainability.

Supporting Resources:
For a concise overview of the housing application, please see the 7-minute article: "Build to Rent or Build to Buy."
For a detailed, systemic exposition, a series of seven articles by Kevin Cox was submitted to the "Future Made in Australia" initiative, beginning with "A Future Made in Australia Is the Right Idea at the Right Time."
Further context on the current monetary system is provided in: "I Asked the Government How Much Money Enters the Economy. The Answer Was They Don't Know," and "Economics is not an objective science."