

Views on the causes of increased cost of buying a home in recent times.

K.P..Balson. 28th October 2003.

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- The introduction of the GST on building materials (formerly Sales Tax free) and the application of the GST to all labour and services associated with housing.
- Stamp duty unadjusted for rising prices.
- The opportunity for investors to take significant advantage of the Tax system through negative gearing. Paul Keating at one stage called this system a “rort” Are we the only country that allows interest as a tax deduction? Why should the taxpayer subsidise this group?
- The Government Home Buyers grant, especially the doubling of the grant before the elections, artificially elevated the demand for new and existing housing, especially coupled with the action of financial institutions accepting the grant as a house deposit. The abuse of this grant has created additional demande for houses.
- The role of financial institutions in providing “overgenerous” and often imprudent lending for housing. When I go to a bank the teller usually asks me whether I need a loan. Are there Government guidelines or controls on bank lending?
- The inflow of Asian Capital which is invested in new or established housing. (Are there guidelines on this issue?)
- The uncontrolled activity of property salesmen encouraging the investment in High Rises developments, often without the purchaser providing any capital coupled with the banks being over ready to provide finance.

- These “get rich quick” schemes also create and encourage unwise demand. The TV Hot Property type shows encourage a demand for improved housing that did not formerly exist.
- Relatively high migration and the settlement of these migrants in the capital cities with the resultant demand on limited city land.
- The Capital Gains provisions that do not attract tax on the sale of the private home. Again over expenditure on the home.
- The Social Security system that does not count the value of the private home in the assets test. This encourages the upgrading of the home to gain the benefits of the system.
- Many of the above are within the ability of the government to remedy so as not to distort the “normal” demand for housing.