

# First home buyers disappear

AMANDA BANKS

The number of West Australians collecting the \$7000 first home buyers' grant has dropped to its lowest level in two years amid warnings that those trying to enter the market will be hit hardest by yesterday's interest rate rise.

Industry groups and the State Opposition say the figures are evidence that first home buyers are being pushed out of the market by soaring property prices. They have

called for increased concessions through a lift in the grants payment and cuts to stamp duty.

But State Under-Treasurer Tim Marney said the figures showed the number of grants had steadied since 2004 and were yet to reveal a drop in demand from people entering the market.

"To me it shows that what we are seeing across the market, in terms of supply constraints, is equally applying to first home owners now," Mr Marney said.

Department of Finance and Treasury figures show that 8573 first home buyers were paid the Federal Government grant in the six months to June this year. This compares with 9179 in the six months to December 2005, 9018 in the previous six months and 8850 between July and December 2004.

While the number of grants dropped by just 116 when comparing the past two financial years, the drop of 606 payments in the past six months is the first fall since grants

bottomed out at 6312 in the first half of 2004.

Real Estate Institute of WA president Greg Rossen said fewer payments were to be expected in 2004 when the housing market was comparatively sluggish. The figures were clear evidence of the need for further assistance for first home buyers.

Mr Rossen repeated his calls for the State Government to follow the NSW Government's lead and index stamp duty concessions to median house prices.

Housing Industry Association executive director John Dastlik, who supports an indexation of both stamp duty concessions and first home buyers' grants, said the figures showed that buyers entering the market were struggling.

Deputy Opposition Leader Troy Buswell said affordability was clearly pushing first home buyers out of the market. He cited ABS statistics showing that first home buyers were decreasing as a percentage of the market.

## Family bills jump almost \$50 a week

ANNE BUGGINS

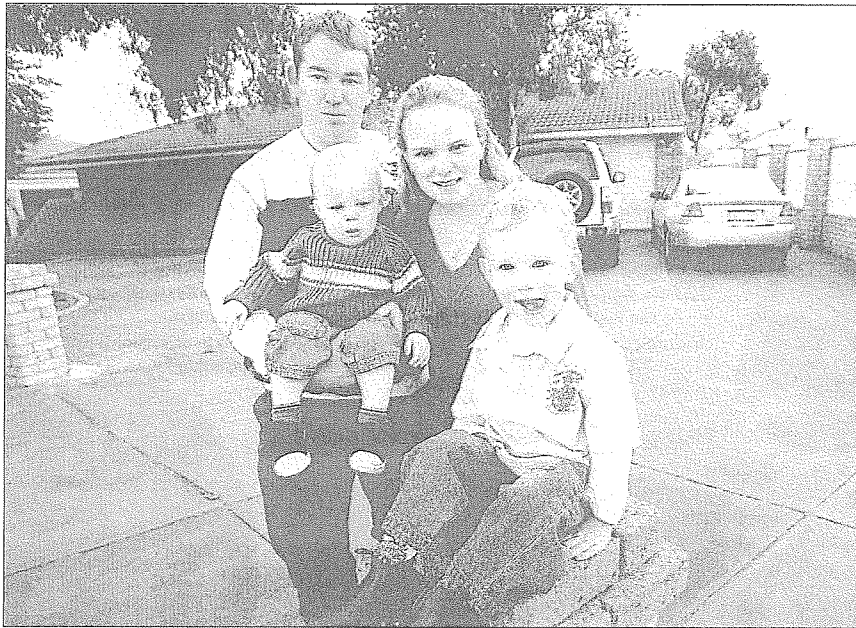
WA families are paying almost \$50 a week more for their mortgages, petrol and groceries than they were a year ago, according to calculations by *The West Australian*.

Repayments on the average new home loan have jumped \$17 a week, a 75-litre tank of petrol now costs an extra \$13.50, and a typical basket of selected groceries will dent the family budget by an additional \$18.

According to figures from the Australian Bureau of Statistics, the average first home loan in WA in May last year was \$179,200. A year later, that amount had jumped to \$220,400 — an increase of \$41,200.

Safety Bay mother-of-two Ainslee Langeard, 26, said the price rises were cutting deep into her family budget. She paid \$10 to \$20 a week more for groceries than she did a year ago, as well as an extra \$15 for a tank of fuel.

But they were protected from the latest interest rate rise because two months ago they fixed their mortgage interest rate for three years.



Budget blues: Chris and Ainslee Langeard and their children James, 2, and Ryan, 1, face tight times. Picture: Steve Ferrier

At the same time, Mrs Langeard, who has two young children, decided to return to work part-time to make ends meet.

Mortgage repayments now swallowed more than a third of their weekly income. Bills, food, fuel and child care ate up the rest.

"Before I started working again, we were struggling," she said. "I did up a budget and we had no disposable income left, nothing."

"Now that I've gone back to work we have got a little bit to play with, but not much."

Mrs Langeard said that although

their home had doubled in value in the two years since they bought it, it was only a paper profit.

"If we were to sell this house, we would make a lot out of it, but then we would have to buy another house that cost a lot as well, so we wouldn't be any better off," she said.

## PM to blame for interest rates pain: Beazley

From page 1

September at 30 per cent, rising to 45 per cent for October. Betting on a rise by November at the Sydney Futures Exchange rose to 80 per cent.

Economists, however, were more conservative, with most suggesting the Reserve would want to wait at least a few months to examine the impact of yesterday's rate rise.

"In our view the next move on interest rates is likely to be down — but not until next year," AMP Capital Investors chief economist Shane Oliver said.

"Global growth is starting to slow, the Australian consumer and housing

sectors are fragile and Australia does not have a major inflation problem."

Interest rates are now at a five-year high with \$35 added to the average monthly mortgage payment.

"This is an interest rate rise signed, sealed and delivered from John Howard," Mr Beazley said.

"It's a massive breach of trust with the Australian community, the third rise since the election when clear undertakings were given and John Howard was taken on trust that he'd keep interest rates at record lows."

"They are not and the Australian people are suffering a triple whammy. A whammy on the bottom line of

their household budgets from interest rate rises, a whammy from petrol price increases and a forthcoming whammy from the experience they'll have with John Howard's new and extreme industrial relations system."

But Mr Howard said if the Reserve had not lifted rates yesterday, it would have had to later in the year.

"Nobody likes interest rates going up but I don't believe that the Reserve Bank had any responsible alternative," he said. "If it had not taken that decision, perhaps in a few months time, it would have needed to take even less popular action."

Reserve Bank governor Ian

## Retailers say rate rise no barrier to buying frenzy

Retailers in WA are expecting the good times to keep rolling, despite the interest rate rise.

Harvey Norman founder Gerry Harvey said even a 2 or 3 per cent rise would be unlikely to dull West Australians' spending during the current boom.

But in the rest of the country there would be fierce competition for a shy consumer dollar.

"At the moment I would have thought (the boom in WA) is unstoppable," Mr Norman said.

"Which means it wouldn't matter what price you put on interest rates. It might affect certain sections of the community but not others. You have a very unique situation over there."

Electrical appliance chain store owner Rick Hart said the rise might restrain some consumers in the short term.

"It has been a very favourable market and we have had the benefit of that," Mr Hart said.

"I don't think it will turn off to any great degree but I do expect a little bit of resistance at least in the short term."

## Welfare lobby calls for fair minimum wage rise

The Australian Council of Social Service wants the Australian Fair Pay Commission to recognise low paid workers are struggling with rising costs and need more help.

The AFPC, the Howard Government's new wage-setting body, is receiving submissions ahead of its first wage decision.

"ACOSS is concerned that jobless households and low paid households are under strain with rising living costs and relatively low wages," ACOSS executive director Andrew Johnson said.

"Taking into account inflation, the minimum wage is at the same level as it was in 1989."

Mr Johnson did not put a figure on what pay rise ACOSS wanted but said modest increases in minimum wages did not negatively impact employment.

The ACTU wants a \$30 a week pay rise for low-paid workers.