Dawkins vows to push for graduate tax

L McCAULEY,

ster for Employment, and Training, Mr Dawkins yesterday that he was ed to push ahead with n tertiary tax despite n from some sections of.

he had no plans to drop Members of the ALP who there were political diffi- n introducing the tax cognise that there was alternative".

wkins said the Govern- d not pay for higher- expansion through a mployers because that taxing state govern- well as private busi-

whichever way you sue you come back to n that students must contribution to the higher education, y are undertaking terwards."

iversities and col- und that up to vere locked out of n because there places showed nment "simply urces of funds".

Minister, Mr Treasurer, Mr that the Gov- uld not finance ansion.

in plan, former students and graduates would pay a two per cent tax once their incomes reach $21,500. The proposed taxes would fall into three cost categories and would return about 20 per cent of the costs of higher education.

In a review of the proposals, the Wran committee on tertiary-education funding has suggested that the tax could start at about 0.5 per cent on a threshold of $21,500, and not reach the full two per cent until incomes reach $25,000.

Mr Dawkins has indicated that he is prepared to negotiate on two elements of the proposals — the tax threshold and the size of the tax. He is also looking at the three cost categories, but a spokesman for the minister denied that the Government would replace the three categories with a single charge for all subjects.

"This in effect would mean your arts graduate would be subsidising medicine graduates," the spokesman said. "There is a good correlation between the cost of a course and the income a graduate earns once finished the course."

Mr Dawkins will consult education groups and look at both the Wran tax and a levy on high-income earners before the budget in August. This follows the compromise resolution endorsed last week by the ALP national conference, which did not specifically give the go-ahead to the Wran tax but allowed the Government to consider user-pays proposals.

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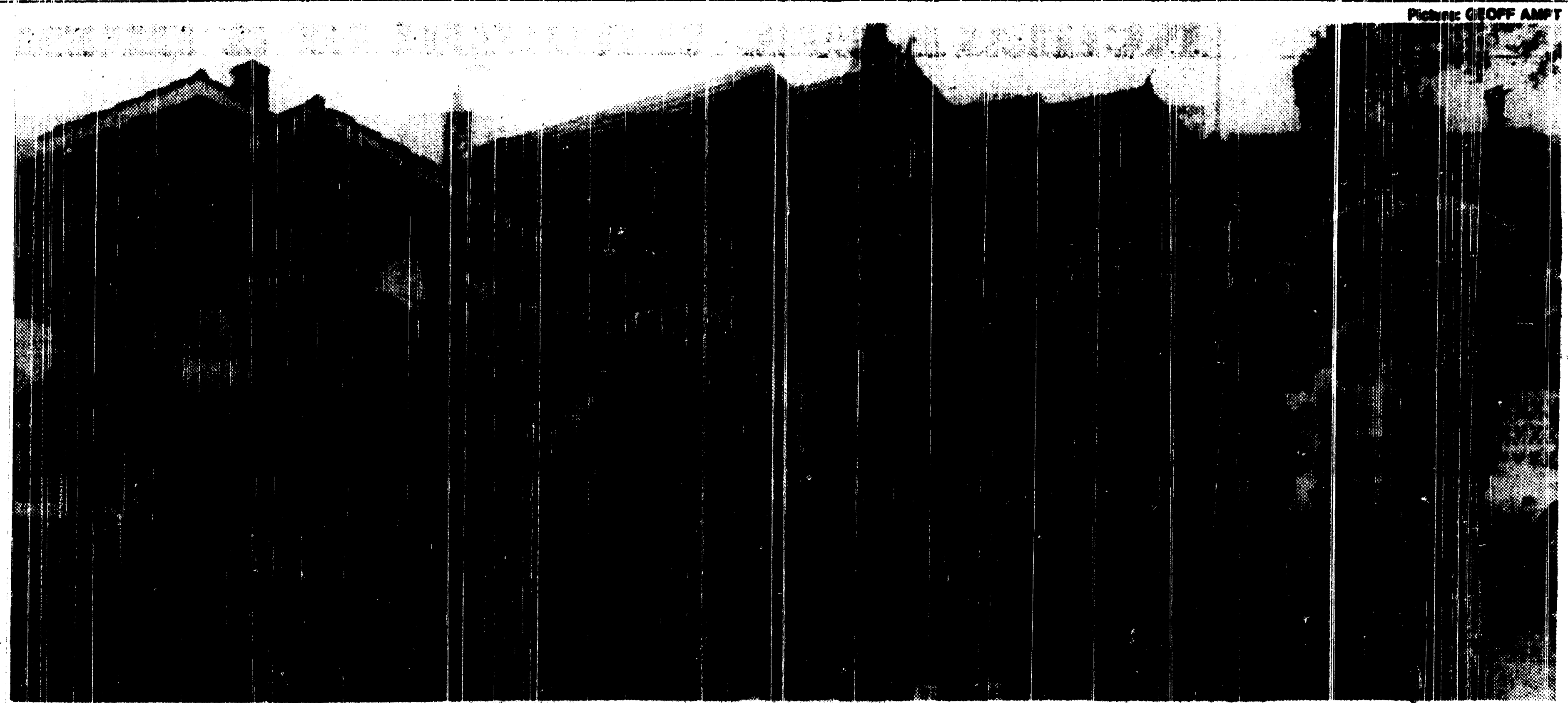
secretary of the ...line Flight Engi- ...ion, Mr Jim McDon- ...erday that another inevitable because ...put a satisfactory ...mbers.

Mr McDonald said the association's executive would meet today to consider further action.

The long-running dispute involves a promise given in 1984 by Ansett's joint managing director, Sir Peter Abeles, that a cockpit crew of three would be retained on new planes with more than 120 seats. The 144-seat A-320, scheduled for delivery late this year, was designed for two-pilot operation.

The flight engineers, who had already imposed freight bans on Ansett held last week's stoppage after Sir Peter indicated that Airbus would not redesign the cockpit to include a flight engineer.



Picture: GEOFF AMPT

A Melbourne weekend, rain coming down, property values going up. This house in Ruskin Street, Elwood, was auctioned for $193,500.

High stamp duty damaging state, says Opposition

The Victorian shadow treasurer, Mr Stockdale, yesterday criticised the Cain Government over Victoria's higher rates of stamp duty.

To buy a $150,000 house, he said, Victorians paid $5200 in stamp duty while people in New South Wales paid $3740.

"At virtually all levels, stamp duties are substantially higher in Victoria than in NSW.

"There is no doubt that the higher rates of duty in a Labor-run Victoria is discouraging investment in property," he said.

NSW stamp duty on a $120,000 house was $2690, compared with $3400 in Victoria. The charge on a $180,000 house was $4090 in NSW and $7000 in Victoria, Mr Stockdale said.

For houses between $100,000 and $760,000, stamp duty in Victoria was equivalent to $2200 plus six per cent of the value of the property above $100,000. In NSW, the stamp duty on houses between $100,000 and $300,000 was $1290 plus 3.5 per cent of the value above $80,000.

A Government spokesman said it was unreasonable to compare stamp duty in Sydney and Melbourne on similarly priced houses because property prices were much higher in Sydney. But, for average-priced houses in the two cities, the stamp duty was similar.

Record prices put squeeze on buyers

FROM PAGE ONE

$115,000 at the end of this month, a rise of 19 per cent.

The senior economist with BIS Shrapnel, Mr Ken Maxwell, said the short-term prospects for the residential market were "full steam ahead", as long as interest rates did not rise. He said the prices were being driven by strong demand and relatively low interest rates.

"When home-loan rates came down last year from 15.5 per cent to 13.5 per cent it released a large volume of pent-up demand that had built up during 1985, '86 and '87.

"The level of activity in the housing market had been way below what was needed to accommodate a growing population, so that demand was suddenly released on to the market."

People in the industry generally agree that the falls in interest rates and the loss of confidence in the sharemarket have been the main forces pumping property prices.

Mr Rod Curnow, from the property investment consultant John Hopkins and Co., said people were looking to property for a secure medium-term investment. "The stockmarket crash definitely fuelled the housing market as profit takers put their money into the haven of property."

One agent, Mr Graeme Hall, said prices were rising because people were feeling good about the economy and property. "Investment is all about confidence — it makes people prepared to pay that little bit more. Property goes in cycles, and this is a confident period. Where else do you put your money anyway? You don't leave it in the bank."

Many agents report that some of the biggest price increases have been in the market for flats and apartments. The reintroduction last year of negative gearing has given investors a good reason to put their money into rental properties.

Mr Rob Harvey, from the agent Hocking Stuart, said the market was the strongest he had seen it for quite a few years, and flats, particularly the "older style", had gone up out of sight.

"We just sold a small one-bedroom flat in West St Kilda for $86,000. One month ago another flat in the same block sold for $76,000. You can't get much of a house in the inner-city areas for under $100,000, but you can buy a flat and show a good return on your investment."

While prices in nearly all Melbourne suburbs have risen by at least 15 per cent in the past year, there are pockets that defy the trend. Some outer suburbs have been slower to rise, and the inner-city areas generally have zoomed ahead.

The latest figures from the valuer-general show that in 1987, St Kilda prices rose by more than 21 per cent, Hawthorn by 17 per cent, and Camberwell and Sandringham by about 19 per cent. House prices in Croydon, Dandenong and Coburg went up by about four per cent.

Real estate agents can give specific examples. Mr Harvey cited another sale in West St Kilda, one of the fastest-rising areas in Melbourne. Two months ago a Victorian terrace house in Mary Street sold for $373,000. A week or so ago the house two doors away, in slightly better condition, sold for $500,000.

"Four hundred to 450,000 dollars would have been an excellent result. It's very hard to value properties. You expect a certain price when you first list them, and four weeks later people are prepared to pay more," he said.

In other suburbs the values are different, but the percentage increases are similar. A valuer, Mr David Manders from Killen and Thomas, said the eastern suburbs had had strong growth.

In the outer suburb of Mooroolbark, for example, a three-bedroom house worth $75,000 a year ago was now selling for $95,000. Balwyn and Ivanhoe prices had shot up by as much as 25 to 30 per cent.

Even in outer-western Melton the price of a three-bedroom house had risen $10,000 to about $75,000, he said.

Agents can debate among themselves whether such prices constitute a "boom", but the reality for the home buyer, especially the first-home buyer, is that the prospect of owning a house becomes more remote. House hunters either have to expand their horizons towards the cheaper fringes of the city, form a partnership with friends, take on a very large mortgage, or simply continue to pay rent.

Mrs Baker admits there is a negative side to the strong prices. "People are being priced out of the market. I feel a genuine concern for young people; they have to move further and further out, but I don't have an answer to the problem."

As for the future, the consensus is that prices will continue to rise, but not so sharply. Mr Maxwell said BIS Shrapnel was forecasting strong residential prices for the next two to three years, but the increases of the past six months would not be sustained. By 1990 the underlying demand would have been met and prices would flatten.

NEXT: Land shortages.

Mortgages grow in numbers and cost

By JENNIFER McASEY
urban affairs reporter

The average home mortgage in Victoria has grown by nearly $20,000 in the past three years as home-buyers face the growing gap between their savings and soaring housing prices.

In March 1985, Victorians were borrowing from savings banks an average of $38,540 to buy a house. In 1987 it had increased to $50,719. In March this year the figure was $55,674.

Sydney home-buyers are even more in the red. The size of the average savings bank loan in New South Wales has grown from $43,886 in 1985 to more than $64,000. Australia-wide, the average savings bank loan in March 1988 was $55,184, up from $48,177 the previous year.

Not only has the size of loans increased, but as a result of lower interest rates and plentiful finance the number of loans is also expanding rapidly.

The latest figures from the Australian Bureau of Statistics show that home-loan approvals rose to $2.3 billion in March, an increase of 33 per cent on the February figure and 97 per cent up on March last year.

The chief general manager responsible for Westpac's Savings Bank, Mr John Morris, said the bank was lending $18 million for housing every working day. In May the bank approved $370 million in housing loans, and demand had been strong for several months, he said.

Home-buyers are borrowing an average of about $56,000, but are paying back huge sums over 25 or 30-year terms. Westpac calculates that someone borrowing $55,000 at 13.5 per cent will pay a total of $137,331 interest over 25 years. Add that to the principal and the total repayment is more than $190,000.

On a mortgage of $65,000 at 13.5 per cent over 25 years — not a huge loan at today's prices — the repayments are $757.67 a month, and after 25 years later the borrower will have repaid a total of $227,301.

For the record: on a housing loan of $285,965 at 13.5 per cent over 25 years, the bank will receive $1,000,001 in repayments.

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