

Budget 2014: Little to lift spirits of first home buyers

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English admits suspension of tariffs, duties on materials modest offering.



Kanav and Shruti Malhotra, with 3-year-old daughter Kashish. Photo / Brett Phibbs

Aspiring first-home buyers looking for a leg-up into the property market in yesterday's Budget had little to cheer about as Finance Minister Bill English offered little more than a few dollars off the cost of a new home and a pledge to do what he could to control interest rates.

The Government's sole new home affordability measure yesterday was the temporary suspension of tariffs and duties on building products which Mr English said would reduce the cost of a standard new home by about \$3500.

The move drew derision from the Opposition. Labour Leader David Cunliffe dismissed it, along with the removal of cheque duty also announced yesterday, as "desperate little ideas that show no vision and very little substance".

"Kiwi first-home buyers could get a better deal from their mortgage broker than the paltry \$3500 the Government is offering."

The Budget had "nothing for first-home buyers," he said.

"There's no KiwiBuild policy, that's one of our ideas they haven't yet plundered. There's no capital gains tax, there's no limit on property speculation of urban real estate, there's nothing to get New Zealanders into homes."

Green Party co-leader Metiria Turei said: "Cheaper Gib board and a discount on a few nails must sound like a joke to a young person trying to get into the housing market."

Mr English acknowledged it was a modest step.

However he also said the biggest factor affecting home affordability was interest rates.

'The best thing that Government can do is limiting its own spending to take pressure off those rates.'

He warned a Labour-Greens Government with less-disciplined spending could push interest rates to over 10 per cent, which for those wanting to buy their first home, would mean "their dream is dead".

The home buyers: Kanav and Shruti Malhotra

House-hunters Kanav and Shruti Malhotra are no closer to their first home after yesterday's Budget, but are pleased with its package of goodies for children.

The Malhotras, both in professional jobs, have saved a 20 per cent deposit towards a first house which they expect to cost them \$450,000 to \$500,000.

They do not expect to buy a new house, so they will not benefit from lower import duties on building materials. They are not in social housing so they are unaffected by higher spending there.

"Nothing really affects us with those changes," said Mrs Malhotra. "Not that we were expecting anything. Just in terms of releasing more land, I think that would benefit us the most, so I don't think that would be in the Budget."

She did not qualify for paid parental leave when their daughter Kashish was born three years ago, but because she is now in a permanent job she hopes to get paid leave if they have another baby.

"By then we will have our house so that puts extra pressure on me [for the mortgage], so being able to be with your family for an extra month will be very important," she said.

She is also delighted with the extension of free health care for children from age 5 to age 12. "When they start school in the first one or two years they do tend to fall sick."

- *Simon Collins*

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