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STATEMENT

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RBA confirms housing catastrophe

The Reserve Bank Governor has given a brutal assessment of Labor's housing catastrophe at Senate Estimates.

On prices facing first home owners, the Governor said: "policies that add to demand in a supply-constrained environment, obviously will find its way into prices."

The Governor explicitly agreed with Cotality's analysis that the 5% deposit scheme helped push up first home prices by 1.2% in the month of October alone.

The Governor confirmed Labor's decision to remove the income cap has seen wealthy people take advantage of this taxpayer subsidy, saying: "Because there's no cap on the income of the first home buyers now, it could just be that there's some higher income people coming in."

The Bank also confirmed that Labor's housing target of 1.2 million new homes is a dead duck, declaring: "If you just look at the numbers so far according to targets, it doesn't look like we're going to get there, quite frankly."

And finally, the Governor threw her support behind APRA's new lending rules that serve as a handbrake on Labor's reckless housing policies, saying: "The concern is that if you end up with increasing riskier lending, they can find themselves in high loan valuation ratios or high debt-to-income ratios."

Labor is making Australia's housing crisis worse. They have failed on supply, and are using risky and dangerous policies to paper over their cracks. They're killing the Australian dream.

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