

# INVESTIGATIONS

THE GREAT AUSTRALIAN DREAM by Lindy Sharkey



What will the Great Australian Dream look like for the next generation of learners? In the 1950s the ‘Great Australian Dream’ started to gain popularity. Traditionally, the Great Australian Dream was the aspiration to own a suburban house. In 2017 Mortgage Choice produced a white paper *The evolving Great Australian Dream*, outlining the key differences in the types of properties and locations home owners are buying and the strategies taken by in order to save for them. In 2020 Grattan institute reports *Unaffordable housing is the biggest threat to a comfortable retirement* which can be attributed to retired homeowners spending approximately 5% of their income on housing but almost half of retired renters are living in poverty, spending nearly 30% of their income on housing.

## LEVEL 7

1. Students can search for a property on a real estate website.
2. As well as the cost of the property, another significant cost to consider is stamp duty. Use a stamp duty calculator or estimate as approximately 5% of the property value, note this is often subsidised or waived for first home buyers.
3. Home buyers are encouraged to save a deposit of 20% of the loan amount to avoid paying a one off Lenders Mortgage Insurance fee. Calculate the deposit required and create a weekly or monthly savings goal to save for a property.

## CURRICULUM CONNECTIONS

**Level 7:** VCMNA248 Find percentages of quantities and express one quantity as a percentage of another, with and without digital technologies. VCMNA257 Investigate, interpret and analyse graphs from real life data, including consideration of domain and range.

**Level 9:** VCMNA304 Solve problems involving simple interest.

**Level 10:** VCMNA328 Connect the compound interest formula to repeated applications of simple interest using appropriate digital technologies.

4. Use a home loan repayment calculator to graph the repayment amounts (generally a 30-year loan is the default).

5. The bank charges interest (a fee to loan you money), the interest is calculated as a percentage of the amount of money you owe the bank. Calculate the amount of interest you pay over the life of the loan. Explore what happens to the amount of interest you pay and the shape of the graph if you borrow less money, or if you increase the repayment amount?

## LEVEL 9

6. Just as interest can be thought of as a fee to borrow money, the bank pays people interest to put their money in an account. Investigate the potential interest earned on \$1000 in a savings account or a term deposit.

## LEVEL 10

7. CoreLogic’s 2022 property report shows that the value of a property increases by approximately 5% per year. Investigate the impact of the house chosen and the value year on year over the savings period.

8. Update the deposit and budget required to save for the property, chosen in Question 1.