



Australian Citizens Party

Craig Isherwood, National Secretary

PO Box 376, COBURG, VIC 3058

Phone: 1800 636 432 **Email:** info@citizensparty.org.au **Web:** citizensparty.org.au

MEDIA RELEASE

17 May 2022

Morrison hatches superannuation plan to save banks, not help home buyers

The primary purpose of Scott Morrison's plan to give first home buyers access to their superannuation is not to help young Australian afford a home, but to keep the big banks ringing up profits from mortgages.

If young Australians access \$50K from their super to buy a home just before rising interest rates trigger a market crash, will Prime Minister Scott Morrison care if they lose their home? No!

Why? Because his policy is designed not to create an asset for the young borrower, a home, but an asset for their bank—a *mortgage*. And, regardless of whether they keep their home or not, these young Australians will continue to owe their full mortgage debt to the bank until they pay it off—or until they die (which is literally what mortgage means).

This is the reality facing any young person who is conned into using this policy out of their desperation to buy into the completely unaffordable housing market.

The Demographia International Housing Affordability Survey 2022 reports that in Australia's two biggest housing markets, the median house price in Sydney is now over 15 times income (the historic average is 4-6 times) and in Melbourne it is 12 times; *Sydney is listed as the second most unaffordable housing market in the world, while Melbourne is fifth!*

Repeating the big lie

The big lie Morrison has told is that his policy is intended to make housing more *affordable*. It is not.

It is deliberately intended to make housing more unaffordable, i.e. to push prices higher.

How do we know this?

Because, as both major parties know, every time the government announces a new scheme to "help" first home buyers purchase a house, the extra money that flows into the housing market pushes prices up.

The Labor Party told the same lie about its shared equity policy, which is also premised on keeping prices up.

In 2008 the Kevin Rudd Labor government told the same lie when Rudd announced he was tripling the first home buyers grant as a "housing affordability" measure; in truth, as revealed later by Lenore Taylor and David Uren in their book *Sh*tstorm*, Rudd's Cabinet had explicitly taken the decision to stop the housing market from falling, i.e. to push house prices higher, as it did.

Panic

The government never announces these fake "housing affordability" measures because housing is getting more unaffordable; in fact, they always celebrate when house prices skyrocket to increasingly less affordable levels.

No, they only announce them when there is a fear that house prices are falling or might fall.

As it happened, the last time they announced a first home buyer scheme was during the 2019 federal election, when prices were falling because the banks' irresponsible lending practices had come under scrutiny by the banking royal commission.

They created a scheme to enable first home buyers to purchase a home with just a 5 per cent deposit, and it worked—over the next two years Australian house prices soared by record amounts, despite the pandemic!

Now, however, they fear house prices will fall due to rising interest rates that are being forced up by runaway inflation.

The Australian Prudential Regulation Authority (APRA), the banking regulator, says a fall in housing prices is “expected”.

In New Zealand, where interest rates have climbed by 1.5 percentage points since mid-2021, house prices have fallen by 5 per cent since November 2021, led by the largest market Auckland, where they have fallen by 10 per cent.

Former Reserve Bank of Australia (RBA) economist Christopher Joye forecast in the 6 May *Australian Financial Review* that expected interest rate rises in Australia by 1 to 1.5 percentage points will trigger a fall in house prices of 15 to 25 per cent.

This would wipe out the equity of everybody who has bought a home in the last few years approaching the peak of the market.

Bankers first, women and children last!

The real concern of the government and APRA is not for the home buyers who will lose their equity and in many cases their homes, but for the banks.

Australia’s Big Four banks are the most exposed to reckless mortgage lending of any banks in the world—more than 65 per cent of their lending is for mortgages, whereas, by comparison, the banks in the USA and UK that crashed in the 2008 financial crisis directed less than 40 per cent of their lending into the mortgages that eventually bankrupted them.

A housing market crash in Australia would smash the Big Four banks to smithereens.

The only way to avert a banking crisis is to keep the market up, and the only way to do that is to ensure the banks keep pumping out mortgage loans.

The problem is that with the recent surge in the cost of living, rising interest rates, and sky-high house prices, the number of Australians who can actually save up a deposit is falling sharply.

[Nassim Khadem reported for ABC on 12 May](#) that it takes 11.5 years for first home buyers to save a 20 per cent deposit for a median-price home.

Scott Morrison has therefore devised a way to disguise this reality that young Australians can’t afford to save up enough to qualify for a home loan, by allowing them to access up to \$50K from their super.

It is a short-term gamble—to both get re-elected, and to keep the banks ringing up profits—with people’s lives.

When it goes bad, as it inevitably will, Morrison won’t lift a finger to help the young families he has conned, but he’ll scramble to save the banks.

As the Citizens Party detailed on [3 May](#), it’s time to rip off the bandaid to make housing affordable again, by:

- letting prices crash;
- enacting a foreclosure moratorium to keep people in their homes; and
- using the capacity of the RBA to write down mortgage debts to affordable levels and restructure the banks.

On top of that, Australia needs a massive investment in public housing which, aside from giving families a place to live, would be a permanent brake on the housing market so house prices never again soar to the unaffordable levels that have ruined the lives of a generation of Australians.

[Click here to sign the Citizens Party’s petition for a public post office bank, which would invest its deposits in infrastructure projects to develop Australia.](#)