

ADJOURNMENT

Fadden Electorate: Mortgage Stress

Mr ROBERT (Fadden) (12.32 p.m.)—I am deeply distressed to have to report to the parliament that the Gold Coast suburb of Helensvale in my electorate is suffering the worst mortgage stress of any suburb in the entire nation. As reported today in the *Courier Mail* by the housing editor, Melissa Ketchell:

The report by global credit rating agency Fitch Ratings found the number of people more than 30 days in arrears of their mortgage payments had increased to 2.13 per cent—up from 1.88 per cent over the six months to September 30.

The 90-day default rate had also increased, from 0.73 per cent to 0.97 per cent.

Helensvale was by dollar value the worst suburb for delinquencies with a staggering 7.78 per cent of the total value of mortgages 30 days or more in arrears.

The article continues:

The Gold Coast and upmarket Vaucluse ... joined more working-class suburbs in southwestern Sydney to be named the areas most suffering from loan defaults.

More than 840,000 residential mortgages, valued at \$140 billion, were outstanding at the end of September, Fitch Ratings said in its report "Australian Mortgage Delinquency by Postcode—30 September 2008".

It said interest rate rises in late 2007 and 2008 were to blame for people falling behind in their loans.

Fitch Ratings said it expected the rate of defaults across the country to increase as households dealt with Christmas costs and an expected rise in unemployment.

... ..

Report author Ben McCarthy said the most significant changes had been seen in the suburbs of Perth and southeast Queensland ...

According to the article, he went on to say:

"As long as people keep their jobs, serviceability has actually improved and mortgage performance should remain good."

My great concern for the people of Helensvale, in the middle of my electorate, and indeed all of those mortgage holders in my electorate, is that the government has forecast that unemployment will increase by 200,000 people this financial year alone, to five per cent, and to 5.75 per cent in the following year. The impact that that increase in unemployment will have on mortgage holders in Helensvale, with 7.78 per cent of them already in arrears, could be devastating. The Helensvale and northern Gold Coast area has already been badly affected by a range of the economic mismanagement we have seen. Twenty per cent of staff at the marine precinct in the northern part of Fadden have been made redundant or lost their jobs. It began with Riviera Marine, with over 250 job losses, and moved on to Telwater; Maritimo followed.

Some argue that it started with the genie out of the bottle, an inflation monster wreaking havoc. The government sought to denounce the Howard-Costello legacy for purely political purposes, and all it did was to force interest rates up. At a time when the rest of the world was reducing interest rates and taxation and increasing spending, this government did the opposite in a war on inflation, the first of 11 wars that have not assisted. This was the government's response to an economic crisis in which other

governments across the world have taken measured, conservative, well-considered, well-modelled responses. Unfortunately, the Swan-Rudd government is now known as the only government on the planet whose response has made things worse.

It moved on to unlimited bank guarantees, which have affected many people in Fadden, because the result has been 270,000 Australians who have had redemptions of money frozen in cash and property management accounts because of the market distortion of the unlimited guarantee announced on 14 October. It would be dreadful if that unlimited guarantee was made simply because the government wanted to practise one-upmanship on the opposition leader, Mr Turnbull, who had announced only two days previously that \$100,000 would be more appropriate, as that is where the rest of the developed world were pitching their bank guarantees. We are now heading for a budget deficit. Some argue the budget is already in deficit. The community of Helensvale, already in mortgage default, cannot handle more bad economic news, and I implore this government to make sensible and reasoned decisions.