



## Australian Citizens Party

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### MEDIA RELEASE

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## Politicians who deny economic reality destroy their constituents

The local mayor, state MP and federal MP for Mandurah, Western Australia, have attacked the Interests Of The People (IOTP) show [“The Economic Massacre of Mandurah”](#) for exposing that their city is the leading edge of Australia’s housing and economic crisis.

The show featured independent economist John Adams and CEC Research Director Robert Barwick briefing host Martin North on their recent visit to Mandurah, where they witnessed streets littered with For Sale signs, and were informed by locals of the area’s serious economic and social problems, including the worst drug problem in the state. Martin North shared his comprehensive survey data of Mandurah’s 30 per cent house price falls, and more than 40 per cent unemployment and underemployment.

In the [17 July Mandurah Coastal Times](#), Federal Liberal MP for Canning, Andrew Hastie, attacked the show as “over the top”.

By contrast, the show struck a chord among WA locals, with many expressing that they know the show is right. “We’re seeing exactly what they say as fact in this town”, said local sport store owner Hayden Burbidge to Perth’s biggest radio station, 6PR, on 12 July.

The online *Daily Mail* also covered the show, in an 18 July article headlined [“Economists drive through WA town counting endless ‘for sale’ signs on properties revealing the true extent of Australia’s housing crisis”](#).

The problem for Andrew Hastie, who is known to be personally very concerned about the situation in Mandurah, is that if he publicly acknowledges the crisis, he will be contradicting the claims of his own government. The Morrison Coalition government is both denying the crisis, and hustling the population to scam them into thinking that another housing boom is about to start and so they should rush out and buy houses.

They are preying on young households in particular, to lure them into thinking now is the right time to buy their first home. To do so, Assistant Treasurer and Housing Minister Michael Sukkar is trying to spread fear among young families—fear of missing out!

He is urging them to rush out and buy their first home now, *before* the government’s 5 per cent deposit scheme starts in January. Prices will skyrocket, Sukkar is implying.

“Housing Minister Michael Sukkar has urged first-home buyers to try to snap up a property now, ahead of the government’s signature loan deposit scheme starting next year, warning that housing prices are likely to increase”, Rosie Lewis reported in *The Australian* on 18 July.

“If you’ve got an opportunity to get a foot in the market before then you should take it, given I think the market is starting to improve,” Mr Sukkar told *The Australian*. “People who buy now I don’t think will regret it at all. A re-elected Morrison government has put a lot more confidence into the market. We’re seeing green shoots in Melbourne and Sydney in the last quarter and I think with low interest rates, with APRA reducing service-ability buffers, all those factors combine to confirm that optimism.” (Emphasis added.)

Sukkar might be confused. There *are* green shoots in the housing market—green shoots of weeds taking over abandoned greenfield developments in Sydney and Melbourne from the more than 25 per cent defaults from people walking away from their deposits, unable or unwilling to pay the balance and start building a home.

More likely, Sukkar is not confused, but along with the rest of the government is desperate to con people into the market, in the hope that a rush of buyers will start pushing up prices again.

The question is, if it doesn’t work to drive up prices, and the thousands of buyers who’ve followed Sukkar’s advice find themselves trapped in negative equity, will the Morrison government pay their debts for them?

WA shows that negative equity is a very real danger from these low-deposit schemes. The state's Keystart program helps people into the housing market with a 2 per cent deposit, but a higher introductory interest rate. After a few years of building equity, the borrowers would refinance at a lower rate with a commercial bank. It worked for years... while prices were going up. Since prices have been plunging, however, all it is doing is trapping borrowers in negative equity and high interest rates, because commercial banks are unwilling to refinance their loans if they have no equity.

The insanity of the Morrison government's approach is that it is trying to put off a crash by reinflating an already overstretched bubble. In reality, the bubble will burst, and it must burst, and house prices must fall a very long way so that once again they become truly affordable, without households chaining themselves to huge, unpayable debts. The longer politicians put it off, the worse the eventual crash will be, and they will destroy their constituents.

## **Solutions**

What politicians should be doing is implementing economic solutions before the crash. The CEC has drafted a number of pieces of legislation:

- to reform the banks and protect their customers through a Glass-Steagall separation of banking from speculation;
- to put a freeze on foreclosures on family homes and family farms while the unpayable mortgage debt is reorganised and written down to affordable levels matching the true value of the property;
- to direct the Auditor-General to urgently audit the banks to ascertain their true exposure to this crisis, and what needs to be done to clean up their books; and
- a national bank to invest in productive infrastructure and industries, in order to restructure the economy away from its current focus on financial services, housing construction and raw materials exports, and back to being a powerhouse of manufacturing and agricultural production.

To fight for these solutions, [join the CEC!](#)

Click here to watch the IOTP response: [The Mandurah Establishment Attacks Adams and North](#)

[Click here to sign the petition to the Australian Parliament: Hands off our bank deposits—stop 'bail-in'!](#)

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