

Key eyes up Australian mortgage relief deal - ONE News, 06 April 2009

Lose your job and get time off from repaying your mortgage - that is the deal in Australia after the government reached an agreement with the country's four major banks.

The scheme allows jobless Australians to delay repaying their homes for up to a year and its something our government is taking a look at.

Wellington resident Stephen Gunson is recently unemployed and now worries he will lose his home.

"We will be selling up in six months if I don't find another job," says Gunson.

He could be staying though if the New Zealand government forces banks to provide mortgage holidays.

"If we had a break from the mortgage ... that would be a huge relief," he says.

The Australian government has agreed to a deal with its banks, allowing those who are jobless to delay their mortgage repayments for up to a year.

"The period of 12 months establishing it as a national policy and establishing it as an expectation, we think is something very easy for the banks to do, and should be doing. If they don't we think the government should be stepping up," says Andrew Campbell from FINSEC.

Banks say delaying mortgage repayments will cost more in the long run.

For example, a mortgage holiday of a year would cost a family \$28,000 more in interest to service a standard \$330,000 loan over 25 years (based on an 8% interest rate).

New Zealand's major banks BNZ, ANZ National and Westpac are all Australian owned.

They told ONE News that shorter repayment breaks of three months are offered in many cases in New Zealand and there are no immediate plans to match Australia's broader 12 month scheme.

But New Zealand Prime Minister John Key says he will consider forcing banks to lighten up on unemployed borrowers.

"If there is some deal going on we will be interested in understanding what that is simply because I believe that the New Zealand government has been as generous as the Australian government," he says.

Raewyn Fox, from the New Zealand Federation of Family Budgeting, says it is a very situation for many.

"They hadn't expected to be made redundant and the first thing they will think about is the roof over their head," she says.

A roof that Gunson hopes to keep over his head in the long term.