

# ACTU backs loans plan

**Ben Wilmot**

The ACTU has thrown its weight behind the concept of shared equity home loans in addressing the affordability crisis.

ACTU president Sharan Burrow said yesterday that super funds were more aware of their social obligations and allocating a share of their investments to residential property, including shared equity or low-rent housing assets, would meet this goal.

The returns were also likely to be attractive. "Residential property is an asset sub-class with tremendous potential to deliver good risk-adjusted returns in a diversified portfolio wholly consistent with the single purpose test to which fund trustees adhere," Ms Burrow said.

The ACTU head predicted that shared equity mortgages were likely to take root in the middle and higher ranges of the income distribution.

She dismissed criticism of shared equity initiatives for stimulating housing demand, noting that they could make up just 2 per cent of the overall mortgage market.

A private seminar hosted by fund manager Rismark International for institutional investors, which also attracted some sovereign wealth funds, was told that institutions were



**Sharan Burrow . . . potential seen.**

becoming more supportive of the area.

Rismark launched a private-sector shared equity scheme with Bendigo Bank and Adelaide Bank last year and the South Australian and West Australian governments have also introduced shared equity programs over the past 12-18 months.

Newly appointed Rismark chairman Greg Woolley, who also heads LJCB Investment Group which has invested in the Rismark business, said the shared equity concept was a fantastic consumer proposition and there was strong appetite among superannuation funds to invest in the asset class.

"Rismark is seeking to pro-

vide superannuation funds, and other investors with long-term investment horizons, an effective way of accessing the many attractive characteristics of the investment proposition," he said.

Rismark also appointed former ISPT head Arthur Apted to its advisory board.

Although the launches of its products have been deliberately low key, Rismark is understood to have built up a portfolio of mortgages with exposure to more than \$200 million worth of residential property. Returns are in the double-digit range and the group claims a high credit quality portfolio, with almost no defaults.

The size of the market could grow dramatically in coming years, with up to half of borrowers indicating their interest in shared equity products. Rismark's existing partners estimate they could each source about \$500 million of the loans annually.

One question about the sector is the direction of house prices as interest rates have risen. But ANZ economist Paul Braddick told the seminar that house prices had been resilient in the face of rises and could boom in coming years.

He said that Australia faced a critical shortage of housing, and that demand was already outstripping new supply.