



Superannuation (Objective) Bill

HIA Submission – Senate Inquiry into
Superannuation Objective Bill 2023



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About HIA

The Housing Industry Association (HIA) is Australia's only national industry association representing the interests of the residential building industry.

As the voice of the residential building industry, HIA represents a membership of 60,000 across Australia. Our members are involved in delivering more than 170,000 new homes each year through the construction of new housing estates, detached homes, low & medium-density housing developments, apartment buildings and completing renovations on Australia's 9 million existing homes.

HIA members comprise a diverse mix of companies, including volume builders delivering thousands of new homes a year through to small and medium home builders delivering one or more custom built homes a year. From sole traders to multi-nationals, HIA members construct over 85 per cent of the nation's new building stock.

The residential building industry is one of Australia's most dynamic, innovative and efficient service industries and is a key driver of the Australian economy. The residential building industry has a wide reach into the manufacturing, supply and retail sectors.

Contributing over \$100 billion per annum and accounting for 5.8 per cent of Gross Domestic Product, the residential building industry employs over one million people, representing tens of thousands of small businesses and over 200,000 sub-contractors reliant on the industry for their livelihood.

HIA exists to service the businesses it represents, lobby for the best possible business environment for the building industry and to encourage a responsible and quality driven, affordable residential building development industry. HIA's mission is to:

"promote policies and provide services which enhance our members' business practices, products and profitability, consistent with the highest standards of professional and commercial conduct."

HIA develops and advocates policy on behalf of members to further advance new home building and renovating, enabling members to provide affordable and appropriate housing to the growing Australian population.

New policy is generated through a grassroots process that starts with local and regional committees before progressing to the National Policy Congress by which time it has passed through almost 1,000 sets of hands.

Policy development is supported by an ongoing process of collecting and analysing data, forecasting, and providing industry data and insights for members, the general public and on a contract basis.

The association operates offices in 22 centres around the nation providing a wide range of advocacy, business support services and products for members, including legal, technical, planning, workplace health and safety and business compliance advice, along with training services, contracts and stationary, industry awards for excellence, and member only discounts on goods and services.



Introduction

Thank you for the opportunity for the Housing Industry Association (HIA) to provide a submission for the Inquiry into the Superannuation (Objective) Bill 2023.

There has been extensive commentary over the past few years regarding the significant under supply of housing in Australia that is resulting in demand overwhelmingly outstripping supply and negatively impacting on housing affordability.

Furthermore, rental vacancies are at record lows and with a growing population finding it harder and harder to access adequate and affordable housing.

Equally access to finance for a deposit is the biggest obstacle for Australians trying to buy their first home, especially those paying rent while saving for their deposit.

HIA is broadly supportive of the Australian Government developing a long-term national plan to help all Australians to access housing, be it private, rental, social or community housing and this being a key pillar of Federal and State Government policies.

Within this context, HIA recently made a substantive submission to the National Housing and Homelessness Plan consultation paper ([HIA Submission](#)).

HIA's response focusses on measures to establish a reliable, long-term supply of housing that meets the demographic complexities and distribution of Australia's growing population.

To address this issue there is no silver bullet, rather it will require a multi-faceted approach that looks at a broad range of options and policy levers and it cannot solely be addressed by one area of policy.

Rather it cuts across housing supply, supply chain stability, access to skilled workers, planning reforms, policy settings that do not apply unnecessary or overly cumbersome rules on businesses as well as financial and monetary policies that support investment in housing.

HIA is constantly looking at these broader issues and seeking to put forward tangible policy options and solutions that provide clear pathways to achieving a steady and adequate supply of housing for all Australians and enabling them and in particular first home owners to get them into home ownership.

At a time when the cost of buying a home has doubled and the time required to save for a deposit continues to increase, the Government should leave no stone unturned to look at policy options to ease the burden on first home buyers.

This Senate Inquiry therefore provides an important opportunity to examine all available options to support greater housing supply and increasing rates of home ownership that have been dwindling year on year for the past decade.

HIA puts forward in this submission different policy options that should be considered by this Committee, that work to complement other Government policies to support greater levels of home ownership.

Thank you for allowing HIA to contribute to this very important conversation and we would welcome the opportunity to discuss these matters further as part of contribution to this Inquiry.



Home ownership rates continuing to decline

Poor housing affordability has become a characteristic of most of Australia's major metropolitan areas.

An inadequate supply of additional housing over many years has led to a situation where there is intense competition to secure housing, amongst limited options. The intense competition is evident across the spectrum of the housing market.

In the market to purchase property, auctions for established properties are hotly contested. Rental vacancies are minimal and there are far too few homes available to households who rely on community housing providers and public housing.

Supporting the delivery of all forms of homes along the housing continuum must be a priority. If supply falls in any one sector it will directly affect the affordability of housing in each of the other sectors.

Housing supply underpins housing affordability and improving affordability will enable more households to own their own homes.

Over the last two decades the rate of home ownership has declined. Home ownership data from the 2021 Census show home ownership rates in Australia are continuing to decline down to just 67%.

Furthermore, the rate for different age groups varies and paints an even more challenging landscape.

The home ownership rate of 30–34 year olds was 64% in 1971, decreasing 14 percentage points to only 50% in 2021.

For Australians aged 25–29, in 1971 it was around 50%, compared with just 36% in 2021.

This all further reinforces that it has become increasingly difficult for those under 40 to get onto the property ladder.

Housing preferences and the expectations that people have for their housing have changed in response to the scarcity of housing and rising costs, however the 'Australian Dream' of owning your own home remains.

Polling conducted for HIA by JWS Research found that 81 per cent of Australians believe that everyday Australians should be able to own their own home.

Furthermore, the research found that 92 per cent of renting households aspire to own their own home, yet only 49 per cent of these households feel that they will achieve this aspiration.

The pandemic has further changed people's approach to housing.

The type of home people prefer, the location and the way they use their home have all changed. A home has always been our haven – post pandemic, many more Australians also see their home as their workplace, their retreat and a key part of their future financial stability.

Ensuring housing supply can respond to changes in demand in a timely way should be the basis for all Government actions that influence the housing market.



Supporting Home ownership

All policy options should be considered to boost housing supply and support home ownership

Access to finance for a deposit is the biggest obstacle for Australians trying to buy their first home, especially those paying rent while saving for their deposit.

Owning your own home is one of the best forms of security for your future retirement.

Given the current housing challenges, HIA believes that when it comes to getting first homebuyers into a home, the government should be open minded and leave all options on the table to support higher rates of home ownership and support for first home buyers.

One of these options should include consideration of a well thought out plan that would enable the equity Australians hold in their superannuation to be able to be used effectively to ensure they own their home now and in retirement, and at the same time retain a managed approach to financial security.

In the future, when that house is sold, they can put the money back into their retirement fund with a proportion of the capital growth in value of their home.

It means that funds that are available to Australians via their super can be accessed to get their foot on the home ownership ladder.

Previous HIA research showed that Australians believe owning their own home is one of the most important aspects in helping them in retirement. People who retire owning a home are much more likely to be financially secure in their retirement.

HIA believes that this policy option warrants further detailed consideration as part of this Inquiry as an innovative way for Australians to secure a home for their retirement using their superannuation.

Whilst enabling access to superannuation for housing would provide support to some Australians, this also needs to be coupled with and be complimentary to other forms of housing support programs which are critical in boosting housing supply and greater home ownership rates.



Accessing Super to support home ownership

HIA believes that Government policies and programs should support and promote home ownership and housing investment as a direct means of funding retirement. Owner occupied housing plays an important role supporting living standards in retirement.

The housing costs of retirees who need to pay rent consumes a much greater share of household income than the housing costs of retiree households who own their own homes.

It is considered that there are existing options, and potentially new policy ideas that could be explored which would allow Australians to purchase their home utilising their super balance, without putting their financial future at risk.

The tax settings that apply to owner occupied housing and savings within the superannuation system encourage people to accumulate wealth during their working life that will enable them to maintain their living standards in retirement. These two important components of household wealth should work hand in hand.

There are policies supporting this premise which apply to older households. Owner occupier households who downsize are able to contribute part of the sale the proceeds into superannuation.

This provides flexibility for households to balance their income needs and their consumption of housing to best meet their needs as needs change throughout stages of their lives. In this instance, the housing wealth that is shifted into superannuation would support a higher level of income in retirement.

The reverse should apply to younger households. Younger people should also be given the choice as to how their savings are best utilised to support their living standards throughout the stages of life.

Noting that home ownership is an aspiration for many households and that home ownership makes such an important contribution to living standards in retirement, there should be greater opportunity for younger households to use savings within the superannuation system to achieve home ownership.

HIA acknowledges that enabling unrestricted withdrawals from superannuation would risk eroding the integrity of the superannuation system and diminish its capacity to provide income in retirement.

However, well designed programs could mitigate these risks while enabling the superannuation system to better support people into home ownership.

Options worthy of consideration generally fall into two broad categories, although these are not mutually exclusive.

1. Boosting capacity to save for a home deposit (providing a concessional tax environment for home deposit savings).
2. Leveraging savings within superannuation to facilitate home ownership (loans from super accounts and shared equity type models).

Examples of such schemes that could be further considered are included overpage.



First Home Super Saver Scheme

The First Home Super Saver Scheme (FHSSS) enables savers to access many of the same financial incentives that apply to saving within super to apply to saving for a home deposit.

This is a scheme that HIA supports and would like to see strengthened and expanded.

There is scope for reform to the FHSSS to improve its effectiveness.

For example, it may be possible to give greater flexibility within the withdrawal cap, provide a greater tax concession, or allowing every dollar from voluntary contributions withdrawn to be matched by a dollar attributable to employer contributions.

Leveraging superannuation savings

HIA believes that there is an opportunity to replicate the Canadian Home Buyers' Plan in Australia.

The Canadian scheme allows people to borrow a capped amount from their pension plan to purchase a home and the loan is to be repaid back to their pension plan over a period of 15 years.

Considering the existing measures that support households into home ownership, it is unlikely that borrowing from their superfund would be the first choice for many home buyers.

However, a well-designed scheme could provide an additional option for those who do not meet the eligibility criteria for government funded schemes (e.g. non-first home buyers trying to re-enter the housing market).