



BANKING | INSURANCE

24 September 2019

Mr Andrew Gaczol  
Acting Committee Secretary  
Senate Economics Legislation Committee  
PO Box 6100  
Parliament House  
**CANBERRA ACT 2600**

By email: [economics.sen@aph.gov.au](mailto:economics.sen@aph.gov.au)

Dear Mr Gaczol,

**Inquiry into National Housing Finance and Investment Corporation Amendment Bill 2019 [Provisions]**

CUA would like to thank the Committee for the opportunity to provide a submission on the *National Housing Finance and Investment Corporation Amendment Bill 2019 [Provisions]* (the Bill). We welcome the opportunity to comment on the Bill which amends the *National Housing Finance and Investment Corporation Act 2018* to establish the framework for the First Home Loan Deposit Scheme (the Scheme).

By way of background, CUA is Australia's largest and oldest credit union, offering responsible financial, health and insurance solutions to more than 550,000 Australians. With roots dating back to 1946, CUA has grown and evolved and today, has consolidated assets worth more than \$15bn and 1,100 team members.

Whilst headquartered in Brisbane, our reach is national via our branch network of almost 50 branches. Our geographical spread is also amplified through our mortgage broker channel with CUA being represented by over 1,500 brokers across Australia. CUA understands the importance of mortgage brokers to first home buyers and supports the Scheme being offered through brokers.

As a mutual, CUA is 100% owned by our members with each member having an equal share in the organisation. Being owned by our members, not shareholders, means we don't have the conflict of balancing competing interests and that members are at the core of all our decisions.

We believe the Scheme closely aligns with our values and creates another potential opportunity for CUA to contribute to the financial wellbeing of Australians by helping them to get onto the property ladder. Reinforcing our values, CUA welcomes initiatives, such as the First Home Loan Deposit Scheme, that are aimed at helping first home buyers get into their own home sooner.

Since the announcement of the Scheme by the Prime Minister in May 2019, CUA has taken a strong interest in the Scheme, particularly around its design, establishment, and implementation.

CUA welcomes the commitment from the Australian Government that smaller lenders will be prioritised to help boost competition. However, we have a number of concerns that centre around capital requirements for smaller lenders who participate in the Scheme. We believe the capital requirements for guaranteed loans under the Scheme will disadvantage smaller lenders that operate under Prudential Standard APS 112.

As the Bill expands the National Housing Finance and Investment Corporation's (NHFIC) functions to allow it to provide guarantees, and to undertake research into housing affordability, we are cognisant that it does not address technical elements of the Scheme such as capital requirements. We hope these technical elements will be addressed by the NHFIC and regulators closer to the launch of the Scheme on 1 January 2020.

CUA looks forward to continuing our strong interest in the Scheme and expect that we will have further comments to make as more details of the Scheme are released.

Once again, thank you for the opportunity to provide comment on the *National Housing Finance and Investment Corporation Amendment Bill 2019 [Provisions]*. If you have any queries or require further information, please do not hesitate to contact [REDACTED], CUA Government Relations on [REDACTED] or by email [REDACTED].

Kind regards



**Rob Goudswaard**

Chief Executive Officer