

Committee Secretariat
Senate Standing Committee on Economics
PO Box 6100
Parliament House
Canberra ACT 2600

7 February 2024

By email: economics.sen@aph.gov.au

Dear Committee Secretariat

HELP TO BUY BILL 2023 HELP TO BUY (CONSEQUENTIAL PROVISIONS) BILL 2023

The Mortgage and Finance Association of Australia (**MFAA**) appreciates the opportunity to make a submission with respect to the Committee's consideration of the Help to Buy Bill 2023 and the Help to Buy (Consequential Provisions) Bill 2023 (**the Bills**).

As context to this submission, the MFAA is Australia's leading professional association for the mortgage and finance broking industry with circa 15,000 members, 97% of which are mortgage and finance brokers. Brokers play a critical role in intermediated lending, providing access to credit and promoting choice in both consumer and business finance. Brokers facilitate more than two thirds of all new residential home loans¹ and approximately four out of ten small business loans² in Australia.

Further information about the MFAA can be found in **Attachment A**.

OUR SUBMISSION

The MFAA welcomes and supports the Bills which give effect to the Help to Buy Scheme (**the Scheme**) to be administered by Housing Australia. In our view, Government schemes such as this Scheme will positively increase home ownership rates for Australians.

Design of Help to Buy must include mortgage brokers

While we have no comment on the Bills themselves, we wish to emphasise the importance of ensuring that prospective Scheme applicants have access to a mortgage broker to facilitate financing the remainder of their home purchase price.

The proposed Scheme criteria includes a requirement not only for a prospective Scheme applicant to have saved a required minimum 2 per cent deposit of the home price, but that the prospective

¹ [MFAA Industry Intelligence Service Report 16th Edition](#) pg 4

² Productivity Commission research paper [Small business access to finance: The evolving lending market](#) pg 44

Scheme applicant also qualifies for (and can finance) the remainder of the purchase through a standard home loan with a participating lender.³

It is critically important that the design of the Scheme provides for prospective home buyers to utilise the services of mortgage brokers. This can be achieved through:

- ensuring a diversified panel of participating lenders that include lenders to utilise the broking channel to receive home loan applications, and
- ensuring that those participating lenders provide for home loan applications to be made through brokers.

Why is this important?

The increasing reliance by consumers on broker services can be demonstrated, particularly in the increase in mortgage broker market share, with 71.5% of new home loans in Australia now originating through the broking channel.⁴ The number of first home buyers is also on the rise, in October 2023 increasing nationally 6.8% when compared to October 2022.⁵ With more consumers actively seeking a home, there is a reliance on mortgage brokers for the choice, experience and convenience that a broker provides.

Relevantly mortgage brokers extensively assist home buyers, particularly first home buyers to access government schemes. First home buyer schemes are highly dependent on mortgage brokers – in 2022 brokers facilitated 72% of loans utilising federal Home Guarantee Schemes (comprising the First Home Loan Deposit Scheme, New Home Guarantee and First Home Loan Deposit Scheme).⁶

It is important therefore that those who are looking to access the Scheme have the choice to do so through mortgage brokers. As a result, ensuring that lenders participating in the Scheme are those that consumers can access through mortgage brokers is critical to supporting competition and choice for the benefit of consumers.

CLOSING REMARKS

The MFAA extends its appreciation for the opportunity to provide this submission. If you wish to discuss this submission or require further information, please contact either me
or Stefania Riotto

Yours sincerely

Naveen Ahluwalia
Executive, Policy and Legal
Mortgage and Finance Association of Australia

³ See Bills Digest No. 41, 2023-2024, Help to Buy Bill [and] Help to Buy (Consequential Provisions) Bill 2023 [here](#).

⁴ See MFAA media release [here](#).

⁵ See Australian Bureau of Statistics Lending Indicators for October 2023 [here](#).

⁶ See page 6 of the First Home Loan Deposit Scheme Trends and Insights report 2021-22 [here](#).

Attachment A - About the MFAA

The MFAA's membership includes mortgage and finance brokers, aggregators, lenders, mortgage managers, mortgage insurers and other suppliers to the mortgage and finance broking industry.

The MFAA's role, as an industry association, is to provide leadership and to represent its members' views. We do this through engagement with governments, financial regulators and other key stakeholders on issues that are important to our members and their customers. This includes advocating for balanced legislation, policy and regulation and encouraging policies that foster competition and improve access to credit products and credit assistance for all Australians.