



MASTER BUILDERS
A U S T R A L I A

9th February 2024

Mr Alan Raine
Committee Secretary,
Senate Economics Legislation Committee,
Parliament House,
Canberra
Economics.Sen@aph.gov.au

Dear Mr Raine,

Re: Inquiry into the Help to Buy Bills 2023

Master Builders Australia wishes to express our appreciation for being invited to provide a submission relating to the Help to Buy Bills 2023.

Master Builders is Australia's peak building and construction industry association. We were established in 1890 through the federation of the Master Builders State and Territory Associations. Over our 130-year history, we have come to represent over 32,000 businesses nationwide and are the only association representing all sectors in the building and construction industry – residential, commercial, and civil construction.

Master Builders Australia is strongly supportive of both Bills relating to the Help to Buy Scheme. It is our understanding that the proposed scheme will assist homebuyers in acquiring their first home through the provision of equity contributions by the Commonwealth. Those qualifying for the equity contributions will be able to purchase the home with a deposit as low as 2 per cent of the purchase price. The Bill proposes that the Scheme will be administered by the Housing Australia agency. The maximum equity contributions proposed are

- 30 per cent of the purchase price of an existing home; and
- 40 per cent of the purchase price of a new home.

Master Builders Australia notes that the Help to Buy scheme will be rolled out at the same time as the National Housing Accord, an initiative which includes the ambitious target of delivering 1.2 million new homes over the five year to June 2029. Never before has this volume of new home building been achieved over any five-year period. Beating our industry's 'personal best' can only be done against the backdrop of exceptionally favourable conditions for the residential

building industry. In this vein, the proposal to provide higher equity caps for new homes (40 per cent) compared with existing homes (30 per cent) is to be commended. Designing the scheme in this way will help divert demand towards new home building and mean that the Help to Buy scheme works to expand Australia's stock of dwellings – bringing us closer to the Accord's 1.2 million home goal.

However, we believe the impact of Help to Buy on new home building output could be magnified even further if the maximum equity cap for new homes were increased by even more, perhaps to 50 per cent rather than the 40 per cent proposed.

There are also more ways in which Help to Buy can be modified in order to maximise its impact on new home building. Consideration should be given to ring fencing a share of places on the scheme specifically for new homes only, perhaps 50 per cent or more.

We note the proposal to restrict eligibility for the scheme to homes below certain price thresholds depending on geographic market. This is a sensible approach given that home prices vary so much from place to place. Over recent years, we have seen sharp escalations in the price of both new and existing homes. Accordingly, it may be worth considering applying automatic uplifts to the home price limits under Help to Buy to ensure that these caps are still appropriate to future market conditions.

Our final suggestion relates to the number of places on the Help to Buy scheme. Our current understanding is that 40,000 places are to be provided. Along with reserving at least 20,000 of these for the purchase of new homes, we also propose that the legislation be amended as necessary to expand the number of places on the scheme should demand from first homebuyers justify it.

We thank you for the opportunity to provide this input. Should you have any questions or would like further information, please feel free to contact Shane Garrett, Chief Economist, at

Yours faithfully,

Shane Garrett
Chief Economist
Master Builders Australia