

## Help to Buy (Commonwealth Powers) Bill 2024

**Submission No:** 5  
**Submitted by:** Mortgage & Finance Association of Australia  
**Publication:** Making the submission and your name public  
**Attachments:**  
**Submitter Comments:**



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The Hon Julie Collins MP  
Minister for Housing, Minister for Homelessness,  
Minister for Small Business

5 January 2022

By email: [REDACTED]

Cc: [REDACTED]

Dear Minister Collins

## **FEDERAL GOVERNMENT HELP TO BUY SCHEME MUST INCLUDE MORTGAGE BROKERS**

We are writing to you in relation to the Federal Government Help to Buy Scheme which was announced through the Federal Budget in October 2022. The MFAA is Australia's peak industry body for the mortgage and finance broking industry, with over 14,500 members. For more information about the MFAA please see **Attachment A**. The MFAA has a track record in collaboratively partnering with government to achieve viable policy solutions and outcomes for industry and the broader community.

We acknowledge the Federal Government's commitment to supporting housing security for vulnerable Australians and commend the Government for its Help to Buy shared equity scheme. The scheme will allow first home buyers to enter the market sooner, and previous homeowners to re-enter the market.

It is important that those who are looking to access the Scheme have the choice to do so through mortgage brokers. Mortgage brokers extensively assist home buyers, particularly first home buyers to access government schemes. We have previously shared concerns that certain state-based shared equity schemes have selected participating lenders<sup>1</sup> that do not utilise mortgage brokers and this we think is a significant disadvantage to vulnerable home buyers that are looking to access those schemes.

The increasing reliance by consumers on broker services can be demonstrated, particularly in the increase in mortgage broker market share, with 71.7% of new home loans in Australia now originating through the broking channel.<sup>2</sup> We know that many vulnerable customers rely on mortgage brokers for the choice, experience and convenience that a broker provides, particularly those that have

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<sup>1</sup> Home buyers who wish to access the Victorian HomeBuyer Fund can only do so through three lenders (Bank Australia, Bendigo Bank and Indigenous Business Australia) none of which allow for broker support. See [here](#).

<sup>2</sup> See MFAA media release [here](#).

complex or difficult circumstances and have greater challenges in getting access to credit. As trusted finance experts, brokers are also critical in assisting their customers through their financial journey to achieve financial wellbeing through financial literacy support.

We note Treasury's consultation in relation to the Housing Legislative Package<sup>3</sup> will transition the National Housing Finance and Investment Corporation (**NHFIC**) to Housing Australia and its functions expanded. Housing Australia will likely administer the Help to Buy Scheme.

Two schemes currently administered by NHFIC being the First Home Loan Deposit Scheme (**FHLDS**) and New Home Guarantee Scheme (**NHG**) are both highly dependent on mortgage brokers. In 2020/21, mortgage brokers facilitated 56% of FHLDS guarantees and 72% of NHGs.<sup>4</sup>

With brokers being trusted sources of assistance and support for vulnerable Australians looking to enter the housing market, it is critical that the design of the Help to Buy scheme includes choice for prospective home buyers to utilise the services of brokers.

### **CLOSING REMARKS**

We extend our thanks to you for consideration of the points we have raised in our letter. We would welcome the opportunity to speak with you. If you would like further information, please contact me at [REDACTED] or Naveen Ahluwalia at [REDACTED] or [REDACTED].

Yours sincerely

[REDACTED]

**Anja Pannek**  
Chief Executive Officer  
Mortgage & Finance Association of Australia

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<sup>3</sup> See [Housing Legislative Package – Housing Australia Future Fund Bill, National Housing Supply and Affordability Council Bill, and Amendment Bill | Treasury.gov.au](#)

<sup>4</sup> [National Housing Finance and Investment Commission First Home Loan Deposit Scheme and New Home Guarantee Trends and Insights Report 2020-21](#) Pg 6

## **ATTACHMENT A – THE MFAA**

Our members include mortgage and finance brokers, aggregators, lenders, mortgage managers, mortgage insurers and other suppliers to the mortgage and finance broking industry. Brokers play an important role in intermediated lending, providing access to credit and promoting choice in both consumer and business finance. Brokers now facilitate more than two thirds of all new residential home loans<sup>5</sup> and at least four in ten small business loans<sup>6</sup> in Australia.

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 drive competition and improve access to credit products and credit assistance for all Australians.

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<sup>5</sup> [MFAA Industry Intelligence Service Report 14<sup>th</sup> Edition](#) pg 4.

<sup>6</sup> Productivity Commission research paper [Small business access to finance: The evolving lending market](#) pg 44.

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](mailto: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 loans<sup>1</sup> and approximately four out of ten small business loans<sup>2</sup> 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

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

<sup>2</sup> 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.<sup>3</sup>

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.<sup>4</sup> The number of first home buyers is also on the rise, in October 2023 increasing nationally 6.8% when compared to October 2022.<sup>5</sup> 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).<sup>6</sup>

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 at [REDACTED] or Stefania Riotto at [REDACTED]

Yours sincerely

[REDACTED]

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

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

<sup>4</sup> See MFAA media release [here](#).

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

<sup>6</sup> 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.