



MASTER BUILDERS
A U S T R A L I A

17 December 2020
Manager
NHFIC Act Review Secretariat
The Treasury
Langton Crescent
PARKES ACT 2600
NHFICsecretariat@treasury.gov.au

Dear Manager

RE: Submission on the NHFIC Act Review

Master Builders Australia welcomes the opportunity to partake in the consultation process as part of the NHFIC Act review.

At the outset, Master Builders would like to commend the work of NHFIC over the difficult past 12 months. The effective operation of the First Home Loan Deposit Scheme since it opened on 1st January 2020 has boosted first home buyer participation in the housing market at a time when it turned out to be most needed. At the same time, the continued operation of NHFIC's Bond Aggregator ensured the smooth delivery of new social housing units whilst industry experienced considerable turmoil in the pipeline of building work and in a year when the housing needs of financially distressed households was never greater.

Research conducted by NHFIC during 2020 has shed valuation light on the strong linkages between residential building activity and the health of other parts of the economy outside of construction. This included the report entitled *Building jobs: How residential construction drives the economy*, which found that every \$1 million worth of residential building activity supports 9 full-time jobs across all sectors of the Australian economy.

The severe reduction in migration to Australia experienced in 2020 and likely to continue into 2021 will deprive new residential building activity of one of its central pillars of private demand over the medium term. This is a theme which was explored in considerable detail by NHFIC's recent *State of the Nation's Housing 2020* report. As a consequence, the reliance of Australia's building industry on social housing projects is likely to be greater than at any time in many decades. This represents a real opportunity to narrow the deficit in social housing stock over the coming years, to the benefit of the Australian families and household in greatest need.



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Given the probable economic outlook over the next few years, we believe that consideration should be given to the following proposals:

- Modifying NHFIC's mandate to significantly expand the delivery of greater volumes of new social and affordable housing stock. This could be achieved by
 - expanding the types of housing providers which can access bond aggregator funding as required;
 - increasing the scope for NHFIC to leverage equity and institutional funding (including superannuation) for the financing of new social and affordable housing stock.
- Providing NHFIC with increased resources for influencing whole of government processes like the supply of fresh residential land, the planning system and methods of procurement, all of which affect housing affordability and the ease with which new social housing stock can be delivered.
- Increasing the resources available to NHFIC and/or the ABS so that a full census of Australia's social housing stock can be carried out. Ideally, resources would also allow additions too and reduction in the stock of social housing to be measured on an ongoing basis. Currently, there are considerable data gaps with respect to the stock of social housing as well as inflows and outflows to/from the stock.

Thank you for the opportunity to make a submission. Should you have any questions or seek further information please contact Shane Garrett on 0450 783 603 or at: shane@masterbuilders.com.au

Yours sincerely

Shane Garrett

Chief Economist

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