

11 January 2023

Personal and Indirect Tax, Charities and Housing Division
Treasury
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To whom it may concern

Helia Submission in relation to the Housing Legislative Package

Helia Group Limited (formerly Genworth) is Australia's leading provider of Lenders' Mortgage Insurance (LMI) and has been an integral part of the residential lending market for over 55 years. Our purpose is to accelerate financial wellbeing through home ownership and we seek to provide home buyers with earlier access to the housing market.

Helia would like to commend the Government on the proposed Housing Legislative Package (**Package**) and the broader, ambitious targets to boost the supply of social and affordable housing so that more Australians can have a safe and secure place to call home.

We welcome the opportunity to make a submission on the draft Package and the introduction of the new Bills to legislate for a National Housing Supply and Affordability Council (Council) and a Housing Australia Future Fund. We recognise the Council's role will be to focus on housing supply challenges in its research and advisory capacity to Government and note that its scope also includes access to home ownership.

Our submission

On the topic of home ownership and housing affordability, we submit that the section of the legislation establishing the Council should expressly require the Council, in performing its functions,¹ to:

- assess any potential impacts on the viability of the private LMI sector when considering changes to the number of guarantees offered under the Government's Home Guarantee Scheme (the **Scheme**) and/or changes to the eligibility. This will ensure that changes to the Scheme are considered in context of their overall impact, including indirect impacts on the LMI sector which currently plays an important role in access to housing for more Australians; and

¹ See section 9 of the Exposure Draft *National Housing Supply and Affordability Council Bill 2023*.

- consider whether tax-payer funded guarantees under the Scheme should be specifically targeted to those Australians that would be unable to access home ownership using existing, private sector solutions (including, but not limited to, LMI). This would allow Government support to be more effectively used for those who most need assistance (such as those transitioning from social or affordable housing). We also submit that expansion of the Scheme should be limited to periods when extraordinary countercyclical support for activity may be required or in a way that supports additional housing supply.

These matters broadly reflect recommendations made to the previous Government in the *Statutory Review: Operation of the National Housing Finance and Investment Corporation – Final Report* (the **Leptos Report**).² These matters are relevant to the Council when advising and reporting to the Minister and have the potential to materially impact housing affordability and accessibility in Australia across the broader housing continuum. They may also be relevant considerations for the Council in advising the Minister on the amount of financial assistance and payments to be made to Housing Australia and the Housing Australia Future Fund.

Rationale

Adopting this submission will:

- provide a structured way for the Council to consider useful contextual information about housing affordability in Australia, particularly the material support provided by the private sector and the need to balance Government intervention with the broader system impacts of that intervention; and
- formalise Recommendations 16 and 17 in the **Leptos Report** which related to the First Home Loan Deposit Scheme (now the Home Guarantee Scheme).

As recognised in the Leptos Report, a viable LMI sector is important to the overall home ownership value chain. A vibrant LMI sector increasingly assists more home buyers to achieve early access to housing, supporting long-term financial wellbeing.

LMI also plays a particular role in supporting those Australians who do not qualify, are no longer eligible or do not wish to rely on Government assistance. It supports greater consumer choice through a range of mortgage lending options and facilitates healthy competition amongst home lenders.

A functioning private LMI sector also enables Government to focus on housing affordability issues that need the most assistance, including social and affordable housing and housing supply, particularly with the ambitious targets set under the Government's new housing agenda.

To perform its functions as an independent advisory body, it is important that the Council has access to relevant information about the potential and consequential impacts of demand-side Government housing interventions on the housing accessibility and affordability equation more broadly, so that Government policy is not further contributing to the very problem it wishes to address.

² Statutory Review: Operation of the National Housing Finance and Investment Corporation – Final Report (August 2021).

We believe that Government support is most impactful when targeted to low-to-moderate income earners and more vulnerable community segments who normally would not be able to access home ownership without Government assistance. This is consistent with recommendations from the Leptos Report and the recent Productivity Commission's review of the National Housing and Homelessness Agreement.³

Support to the Council

Helia has deep experience in helping thousands of Australians into their own home. Where appropriate, we can provide insight and support to the Council on the residential property market and in providing earlier access to homeownership.

Helia remains committed to working with Government to improve outcomes for all home buyers and to support solutions in addressing challenges of housing accessibility and affordability. It is in this spirit that we provide this submission.

Yours sincerely,



Pauline Blight-Johnston

Chief Executive Officer and Managing Director
Helia Group Limited

³ Productivity Commission, *In need of repair: The National Housing and Homelessness Agreement*, Study Report, Canberra (accessible at <https://www.pc.gov.au/inquiries/completed/housing-homelessness/report>) (August 2022).