

20 August 2020

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Hon Cameron Dick MP
Treasurer, Minister for Infrastructure and Planning
GPO Box 611
Brisbane Q 4001
Via Email: treasurer@ministerial.qld.gov.au

Dear Minister

Subject: HomeBuilder needs its own renovation to underpin construction in the longer-term

Master Builders thanks the Queensland government in its the role in swiftly making the HomeBuilder grant available.

The grant has been a lifeline for a construction industry buffeted by the COVID economy. Since it was announced, both the Housing finance numbers from the ABS and anecdotal evidence from Master Builders members point to a significant lift in interest in building or buying a new home. Right now, the grant is doing its job and holding up demand for new residential construction.

We are concerned however, that the way the grant is currently being administered is preventing it from fulfilling its original intention. Technicalities mean new home buyers and those looking to build or renovate are unable to use the \$25,000 grant as part of their deposit, nor can it be considered as a factor in determining loan eligibility. This limits access to the grant to those who can afford to build without it. A concern for builders is it may lead to many of the build contracts signed to date falling over as owners fail to secure finance.

Lenders tell us that the situation has arisen from the responsible lending obligations which require them to assess a customer's situation when granting a loan on the evidence they present at the time of that loan assessment. That is, they must discount or disregard uncertain income such as a future lump sum (such as the HomeBuilder Grant) unless the amount is verifiable. Consequently, banks cannot take into consideration a grant which has not yet been issued.

We understand that the South Australian government has incorporated a pre-approval stage into their process, which would allow lenders to factor in the grant. This pre-approval is based on an applicant meeting initial eligibility criteria (value thresholds, citizenship etc) with full approval subject to an applicant meeting additional criteria (construction commencing within three months). The grant is still paid when the loan is first drawn down, aligning it with the First Home Owners' Grant process.


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We ask that the Queensland Government incorporate a 'pre-approval' stage in its own application process that would similarly provide lenders with some certainty as to the availability of the grant when the applicant seeks financial approval.

We also bring to your attention calls by Master Builders Australia to the Australian Government to extend the grant beyond 31 December 2020. We ask that the Queensland Government lend its support to this extension. With the pandemic continuing, we believe that there is a strong case for extending the grant. It will ensure that the cliff the industry is facing isn't just delayed by six months; and give the stimulus more time to do its job.

Thank you for your consideration. If it would assist, I would welcome the opportunity to meet with you to discuss this issue further.

Kind Regards,
Grant Galvin
CEO