

# MEDIA RELEASE



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## Access to Finance Requires Reform

“Access to finance has tightened over the past two years, despite evidence of a problem. This constraint on finance was the key cause of a decline in the volume of home building by almost 20 per cent in 2018,” HIA Chief Economist, Tim Reardon said today.

Mr Reardon’s comments come off the back of HIA attending an Industry Roundtable led by Michael Sukkar, Minister for Housing and Assistant Treasurer, today. The Roundtable’s main agenda was to explore ways access to finance could be improved to allow more first home buyers to enter the market.

“The timeframe taken for processing loan applications in 2018 grew from 2 weeks to 2 months.

“First homebuyers have been forced to delay their entry into the housing market as additional barriers to lending were introduced.

“This is despite evidence that lending for a residential mortgage is anything other than ‘unquestionably strong’.

“Banks should be responsible for determining the capacity of a household to service a mortgage, not government agencies.

“Improving access to credit for small businesses and households will contribute to a swift recovery from the COVID-19 recession.

“Since the Global Financial Crisis, there has been a decade long program of reforms in the pursuit of an ‘unquestionably strong’ financial system.

“This ‘belt and braces’ approach to regulation has reduced risk in the financial system but it has come at a cost to first time home buyers.

“The regulatory squeeze has forced the banking sector to eliminate much of the flexibility in the mortgage market that made home ownership achievable and has prevented many aspiring homeowners from entering the market.

“The legislation will begin to restore a degree of flexibility in the lending market that will allow millions of dollars to be injected into the economy at a time when Australia needs it most,” concluded Mr Reardon.

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