

For immediate release
Monday, 23 March 2015

Homebuyers back 'super' idea

More than 65% of South Australian first homebuyers would be willing to dip into their superannuation savings to help fund a home deposit, according to new research from HomeStart Finance.

The research comes on the back of recent comments by Federal Treasurer Joe Hockey, who said the Government would be open to considering proposals that would enable young Australians to use superannuation to buy their first home.

The idea of using superannuation to fund a home deposit, based on the successful Canadian Home Buyer's Plan, was put forward by HomeStart in its submission to the Senate Inquiry into Affordable Housing early last year.

HomeStart was invited to present to the Senate Committee to expand on its submission and also discuss the potential replication of the HomeStart model in other Australian States and Territories.

The Canadian Home Buyers' Plan enables first homebuyers to withdraw up to \$25,000 from their superannuation for the purpose of using it for a deposit on a house, which then has to be replenished over the next 15 years.

HomeStart surveyed more than more than 290 South Australian first homebuyers to gauge the appetite for a similar scheme to be introduced in Australia.

The key findings from the survey included:

- 66% would potentially use their superannuation for deposit and to meet other start-up costs (17% unsure and 17% would not)
- Of these, a total of 63% already had superannuation balances greater than \$20,000 and 47% earned more than \$50,000 per year
- 63% of all respondents were aged between 18-39

HomeStart's Chief Executive Officer John Oliver said the results highlighted that a proposal to enable first homebuyers to access superannuation to fund a home deposit would be likely to receive strong support among its target demographic.

"It is disappointing that potential homebuyers with secure employment, a reasonable level of income and are in a good position to service a home loan can't actually buy a home because they don't have enough money saved to get started," he said.

HomeStart makes home ownership a reality for more South Australians in more ways. We are a statutory authority that reports to the Minister for Housing and Urban Development. We were created in 1989 and since then have helped over 64,500 households into home ownership.

“HomeStart takes the view that there are two long-term assets that most people aspire to by the end of their working life – owning a home and having a superannuation balance that provides for a comfortable retirement.

“Both are linked to a person’s long-term financial wellbeing and yet there is nothing in place to encourage people to use part of their superannuation to put toward a home deposit, despite the future financial benefits home ownership is likely to deliver.

“The concern that a person’s superannuation balance would be forever impacted by drawing on it for a home deposit is understandable. But the majority of the money would be replenished over time and at retirement, a person is likely to own a significant asset that may not have been possible if not for the assistance they received.

“One of the real ironies is that if you are struggling to make house repayments and are on the cusp of being evicted, you can make an application on hardship grounds to get access to your superannuation.

“Yet we do not allow good, creditworthy people access to superannuation at a time when they need it.”

HomeStart first highlighted the Canadian Home Buyer’s Plan in its submission to the Federal Government’s Inquiry into Affordable Housing in March this year and as a result, was invited to address the Senate Committee in August 2014.

HomeStart makes home ownership a reality for more South Australians in more ways. We are a statutory authority that reports to the Minister for Housing and Urban Development. We were created in 1989 and since then have helped over 64,500 households into home ownership.