Parliamentary Budget Office

ECR-2025-2301

| Super Home Buyer Scheme | |
|---|---|
| Party: | The Coalition |
| Summary of proposal:<br>The proposal would establish the Super Home Buyer Scheme. The scheme would allow eligible individuals to access $50,000 of their superannuation (up to a cap of 40%) to buy their first home.<br>Eligible individuals are first home buyers who would be required to:<br>• Be an owner-occupier of the property for at least 12 months following the purchase.<br>• Provide a deposit of at least 5% of the property purchase price excluding the amount withdrawn from superannuation.<br>• Return the withdrawn funds, including any proportional capital gains or losses, to their superannuation upon disposal of the property. These funds would not be included in the annual superannuation contribution thresholds.<br>The scheme would apply to both new and existing homes. The scheme would be accessible in conjunction with existing first-home-buyer schemes, such as the Home Guarantee and First Home Super Saver Scheme.<br>There would be no income or property price thresholds under the scheme.<br>Couples would be assessed individually. Any member of a couple who is a first-home buyer can access the scheme, even if their partner is not a first-home buyer. However, only an eligible member of the couple may access their superannuation.<br>The proposal would start on 1 July 2025 and be ongoing. | |
| Additional information (based on further advice provided):<br>• In addition to first home buyers, eligible individuals also include those not having owned a property for 10 years or being separated or divorced and not currently owning property. | |

## Costing overview

The proposal would be expected to decrease the fiscal and underlying cash balances by around $539 million over the 2025-26 Budget forward estimates period (see Table 1). This impact reflects a decrease in superannuation tax revenue and an increase in departmental expenses.

The proposal would be expected to have an impact beyond the 2025-26 Budget forward estimates period. A breakdown of the financial implications (including separate public debt interest (PDI) tables) over the period to 2035-36 is provided at Attachment A.

**Table 1: Super Home Buyer Scheme – Financial implications ($m)[(a)(b)]**

| | 2025-26 | 2026-27 | 2027-28 | 2028-29 | Total to 2028-29 |
|---|---|---|---|---|---|
| Fiscal balance | -146.0 | -91.0 | -133.0 | -169.0 | **-539.0** |
| Underlying cash balance | -146.0 | -91.0 | -133.0 | -169.0 | **-539.0** |

(a) A positive number represents an increase in the relevant budget balance; a negative number represents a decrease.
(b) PDI impacts are not included in the totals.

## Uncertainties

The financial implications of this proposal are primarily driven by the take-up rate of the scheme, which affects the amount of tax collected on superannuation earnings. There is significant uncertainty around the proportion of the eligible population that would access the scheme, the amount of superannuation that would be withdrawn, and the capacity for the housing market to absorb housing purchases brought-forward due to the proposal. If, for example, the take-up rate of the scheme is much lower than what is assumed, the financial implications of this proposal would be much smaller.

There is also uncertainty around the capacity of the ATO to accurately identify the eligibility of individuals falling under the 'separated/divorced' eligibility criteria. Such information may require complex data linkages with other government departments.

The estimated costs are also sensitive to the rate of return on superannuation investments, the trajectory of property prices (which may increase in response to the proposal), and the amount of time that participants in the scheme would hold their property before disposal. Furthermore, no analysis has been undertaken to assess any potential flow-on effects to the housing market or the broader economy in response to the proposal.

The estimated costs of this policy may understate possible unintended consequences of the scheme. For example, there may be administrative challenges with clawing back withdrawal amounts following future asset sales, which would further decrease revenue.

There may also be incentives for savers to contribute their existing savings, or amounts they would otherwise save, as concessional superannuation contribution amounts (particularly those who do not already have $125,000 in their superannuation accounts), that would subsequently be withdrawn under this scheme. First home buyers with superannuation balances below $125,000 may also make additional contributions to their superannuation accounts through salary sacrifice arrangements to access the lower tax rate.

## Key assumptions

The Parliamentary Budget Office (PBO) has made the following assumptions in costing this proposal.

- The effective average tax rate on affected returns inside superannuation funds would be 13.5%.
  - This reflects the 15% tax rate on superannuation fund returns less discounts for capital gains.
- The rate of return on superannuation fund investments in the accumulation phase would be 7.5%, before fees on superannuation balances of 0.85%.
- The take-up rate of the proposal is assumed to include 80% of the estimated eligible population of first home buyers in each year.
- Around 235,000 participants would access the scheme in the first year of its operation (2025-26). In 2027-28, once the program has matured, around 140,000 participants would access the scheme per year.

  - The increased number of participants in 2025-26 and 2026-27 reflects a behavioural response for some individuals who adjust the timing of their purchase of a property in response to the proposal.
- Of the participants who would access the program after it has matured, around 85% would be first home buyers, while the other 15% would be other eligible individuals.
  - The number of scheme participants is assumed to grow over the medium term in line with population growth.
- For those using the scheme, the average superannuation withdrawal per participant would be around $23,500, reflecting the most recently available superannuation balance data for eligible populations.
  - While the maximum amount that can be withdrawn is $50,000, many participants in the scheme would not have accumulated $125,000 in superannuation at the time of purchase (which would allow for a withdrawal of $50,000 due to the 40% cap). In addition, some participants may choose to withdraw less than 40% of their superannuation balance, which would be expected to lower the average.
  - Individuals with balances of less than $10,000 are assumed to not be in a position to make use of the scheme.
  - For non-first home buyer participants, the average superannuation withdrawal per participant would be $50,000, reflecting the older age and higher superannuation balances of these participants.
- Around 30% of superannuation withdrawals made between 2025-26 and 2035-36 would be expected to be returned to superannuation by 2035-36.
  - This reflects the likelihood that some properties purchased under the scheme would be sold before the end of the period to 2035-36, as well as people choosing to top up their superannuation as they begin to pay off their property. This figure allows for capital gains or losses that would also be returned to superannuation.
- Any revenue from penalties levied on funds not returned to superannuation would be negligible.
- There is a negligible impact on Age Pension expenditure over the period to 2035-36.
  - This reflects that most participants in the scheme are first-home buyers who are unlikely to retire before 2035-36.
  - Age Pension outlays may increase for participants that retire before 2035-36 reflecting that the family home is not incorporated into the Age Pension assets test. However, this impact is expected to be relatively small.
  - Over the longer term, the ongoing impact of the proposal is likely to result in reduced superannuation balances and may result in a more significant increase in Age Pension outlays.
- Departmental costs are assumed to be incurred from 2025-26 onwards, but some costs would likely occur in 2024-25, for a 1 July 2025 start date.

## Methodology

The financial implications were estimated based on modelling initially provided by the Treasury and the ATO for the Coalition's 2022 election commitment, *COA 034 – Super Home Buyer Scheme and Downsizer Contributions*, with medium term estimates based on the assumptions outlined above.

The number of participants was estimated using a combination of ABS loan commitments data and the 2019-20 Survey of Income and Housing.

The total amount withdrawn from superannuation each year was calculated by multiplying the average number of participants by the assumed average superannuation withdrawal. The decrease in superannuation tax revenue was then estimated by calculating the change in superannuation earnings across the period to 2035-36 and multiplying this by the assumed superannuation tax rate, with provisions for CGT and investment balance fees.

The earnings after taxes and fees each year were added to the total amount withdrawn to calculate the tax impact of compounding returns, with an offset applied after the forward estimates to account for a proportion of withdrawals returned to superannuation.

Departmental expenses were estimated based on information from *COA 034* and adjusted to account for projected scheme take-up.

Financial implications were rounded consistent with the PBO's rounding rules.[1]

## Data sources


The Australian Taxation Office provided estimated departmental expenses for the Coalition's commitment *COA 034 – Super Home Buyer Scheme*.

The Treasury provided economic parameters as at the *2025-26 Budget*.

The Treasury provided the initial modelling for the Coalition's commitment *COA 034 – Super Home Buyer Scheme* from the 2022 ECR.

ABS (Australian Bureau of Statistics) (2022) 2019-20 Survey of Income and Housing [Microdata Download], ABS website, accessed 7 April 2025.

ABS (Australian Bureau of Statistics), Lending indicators (December Quarter 2024), ABS, accessed 7 April 2025.

ABS (Australian Bureau of Statistics), Total Value of Dwellings (December Quarter 2024), ABS, accessed 7 April 2025.

Australian Taxation Office (2023) MAAS & MATS [2022-23 Microdata], accessed 1 April 2025.

Commonwealth of Australia (2025) *Pre-election Economic and Fiscal Outlook 2025,* Commonwealth of Australia.

Domain, First Home Buyer Report 2025, Domain Research, February 2025.

The Treasury (2020) *Retirement Income Review, July 2020*, Australian Government.


[1] https://www.pbo.gov.au/for-parliamentarians/how-we-analyse/pbo-rounding-rules

# Attachment A – Super Home Buyer Scheme – Financial implications

### Table A1: Super Home Buyer Scheme – Fiscal and underlying cash balances ($m)[(a)]

| | 2025-26 | 2026-27 | 2027-28 | 2028-29 | 2029-30 | 2030-31 | 2031-32 | 2032-33 | 2033-34 | 2034-35 | 2035-36 | **Total to 2028-29** | **Total to 2035-36** |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Tax revenue** | | | | | | | | | | | | | |
| *Superannuation tax* | *-16.0* | *-63.0* | *-111.0* | *-151.0* | *-182.0* | *-210.0* | *-233.0* | *-251.0* | *-268.0* | *-284.0* | *-299.0* | ***-341.0*** | ***-2,068.0*** |
| ***Total* – Tax revenue** | **-16.0** | **-63.0** | **-111.0** | **-151.0** | **-182.0** | **-210.0** | **-233.0** | **-251.0** | **-268.0** | **-284.0** | **-299.0** | **-341.0** | **-2,068.0** |
| **Expenses** | | | | | | | | | | | | | |
| ***Departmental*** | | | | | | | | | | | | | |
| *Australian Taxation Office* | *-130.0* | *-28.0* | *-22.0* | *-18.0* | *-18.0* | *-20.0* | *-20.0* | *-22.0* | *-24.0* | *-26.0* | *-26.0* | ***-198.0*** | ***-354.0*** |
| **Total – expenses** | **-130.0** | **-28.0** | **-22.0** | **-18.0** | **-18.0** | **-20.0** | **-20.0** | **-22.0** | **-24.0** | **-26.0** | **-26.0** | **-198.0** | **-354.0** |
| **Total (excluding PDI)** | **-146.0** | **-91.0** | **-133.0** | **-169.0** | **-200.0** | **-230.0** | **-253.0** | **-273.0** | **-292.0** | **-310.0** | **-325.0** | **-539.0** | **-2,422.0** |

(a) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.

### Table A2: Super Home Buyer Scheme – Memorandum item: Public Debt Interest (PDI) impacts – Fiscal and underlying cash balances ($m)[(a)(b)]

| | 2025-26 | 2026-27 | 2027-28 | 2028-29 | 2029-30 | 2030-31 | 2031-32 | 2032-33 | 2033-34 | 2034-35 | 2035-36 | **Total to 2028-29** | **Total to 2035-36** |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| ***Fiscal balance*** | *-3.0* | *-9.0* | *-14.0* | *-21.0* | *-30.0* | *-41.0* | *-54.0* | *-68.0* | *-84.0* | *-102.0* | *-121.0* | ***-47.0*** | ***-547.0*** |
| ***Underlying cash balance*** | *-2.0* | *-7.0* | *-13.0* | *-19.0* | *-28.0* | *-39.0* | *-51.0* | *-65.0* | *-80.0* | *-97.0* | *-116.0* | ***-41.0*** | ***-517.0*** |

(a) As this table is presented as a memorandum item, these figures are not reflected in the totals above. This is consistent with the approach taken in the budget where the budget impact of most measures is presented excluding the impact on PDI. If the reader would like a complete picture of the total aggregate, then these figures would need to be added to the figures above. For further information on government borrowing and financing please refer to the PBO's online budget glossary[2].

(b) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.

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[2] Online budget glossary – Parliamentary Budget Office (pbo.gov.au)