

# media release



**MASTERS OF OUR INDUSTRY**

Master Builders Association of Victoria  
ABN: 38 004 255 654

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## **Master Builders' wary of banking reforms**

The Master Builders Association of Victoria has described the Federal Government's banking reform as a potential threat to business sector lending.

The package, entitled a 'Competitive and Sustainable Banking System', consists of a variety of measures aimed at improving the competitiveness of the current banking system.

Association Executive Director Brian Welch said the reforms were a step in the right direction for consumers but could have a detrimental effect on commercial customers, including builders.

"These reforms – including banning exit fees from 1 July, 2011 – will help Victorians manage their ability to buy and keep the Great Australian Dream," Mr Welch said.

"Measures like enhancing the combined competitiveness of credit unions and building societies will help create a friendlier banking environment for struggling Victorians trying to buy or rent a home," he said.

"However, the package is far from perfect and could lead to the banks increasing costs in other areas, most likely in the commercial and business banking sectors."

"Since the beginning of the Global Financial Crisis, many of the smaller, 'mum-and-dad' builders have told us they are struggling to make a go of it, and addressing this needs to be the next priority.

"A recent Master Builders survey revealed that nearly 45 per cent of residential builders' clients have cancelled or postponed projects this year because they could not secure finance.

"We fear that the government's lack of consultation in dictating these reforms will only lead to heart-ache in other areas, impacting on builders' businesses that are trying to remain profitable."

## **FAST FACTS**

- Victoria has an undersupply of 29,000 homes and we're currently building 5,000 too few homes per year to meet that demand.
- 24 per cent of builders surveyed recently by the Master Builders reported a deterioration in their ability to access credit.
- A further 24 per cent of the builders said they also had difficulty accessing credit themselves.
- 45 per cent of residential builders' clients have cancelled or postponed projects this year because they could not secure finance.

## **Media enquiries:**

Brian Welch, Executive Director, 0411 501 075  
Laura Luvara, Media Adviser, 03 9411 4534, 0466 777 059  
[lluvara@mbav.com.au](mailto:lluvara@mbav.com.au)

[www.mbav.com.au](http://www.mbav.com.au)