

Keystart Housing Scheme Trust —

Mr D.A.E. Scaife, Chair.

Mr J.N. Carey, Minister for Housing.

Ms N. Brown, Chief Financial Officer.

Mr L. McIvor, Deputy Director General, Department of Communities.

Ms C. Comrie, Chief of Staff, Minister for Housing.

[Witnesses introduced.]

The CHAIR: This estimates committee will be reported by Hansard. The daily proof *Hansard* will be available online as soon as possible within two business days. Questions must relate to the operations and budget of the off-budget authority. The chair will allow as many questions as possible. Questions and answers should be short and to the point.

A minister may agree to provide supplementary information to the committee. I will ask the minister to clearly indicate what information they agree to provide and will then allocate a reference number. Supplementary information should be provided to the principal clerk by noon on Friday, 2 June 2023. If a minister suggests that a matter be put on notice, members should use the online questions on notice system to submit their questions.

I give the member for Roe the call.

Mr P.J. RUNDLE: I refer to page 527 of budget paper No 2, paragraph 1. Has Keystart seen softness in the first home buyers' market? If so, can the minister comment on this relative to the long-term average for Western Australia? Is he seeing a slowdown in the market, given the cost of living and interest rate increases et cetera?

Mr J.N. CAREY: I think the member has already made this assessment: it is obvious in the current climate when we have seen successive interest rate rises that there is a lot more uncertainty for buyers. People put off decisions to buy a home and, obviously, that affects all products in the market. I will ask Nicole Brown to make further comment.

Ms N. Brown: I agree with the minister's comments. We are seeing softness generally across the book, whether it is first home buyers or applicants in general.

[9.20 pm]

Mr P.J. RUNDLE: Is the minister able to supply figures on how many loans Keystart signed up in 2022–23, and also how many are anticipated to be signed in 2023–24?

Mr J.N. CAREY: I am not going to do anticipation, but we can provide the numbers for this financial year. I will ask Nicole to answer.

Ms N. Brown: Is the member talking about the period to 30 April?

Mr P.J. RUNDLE: That is correct.

Ms N. Brown: They are our most recent figures. We have approved a total of 839 loans.

Mr P.J. RUNDLE: Also, is it possible to get the figures for the previous financial year so that I can get a comparison?

Mr J.N. CAREY: Yes.

Ms N. Brown: For the full financial year 2021–22, we approved 2 514 loans.

Mr P.J. RUNDLE: Can the minister enlighten me on the current Keystart home loan rate? How does it compare to the current market average?

Mr J.N. CAREY: As the member would be aware, a prescribed policy is set in place. I think the member knows it well. The rate is set in accordance with the four big banks. We have to remember—I have heard some public debate about this—that ultimately Keystart is a transitional lender. We ultimately want people to move on to another product. Keystart provides the up-front benefits with regards to insurance and so forth, but it is set in accordance with that policy. I will ask Ms Brown to comment further.

Ms N. Brown: In relation to the member's specific question, our current interest rate is 8.01 per cent. As the minister mentioned, that is the average of the big four banks' standard variable rate. Given that those rates have just increased, the rate will be increased to 8.26 per cent from the start of June.

Mr P.J. RUNDLE: What is the current rate of delinquency on loans and is the rate trending up from previous years?

Mr J.N. CAREY: I think the member would agree that Keystart is a well-respected institution in Western Australia. In fact, other states hold it in high regard as a mechanism to enable people to enter the market for the first time. Its record and reputation is also based on the fact that it does really work with its clients, particularly given it is a transitional lender, and it is in its interest to sustain its clients. It does work very hard if a client experiences financial

difficulty. I think the member is inferring that given cost-of-living pressures and interest rate rises, it is natural that we would see additional pressures for some clients. I ask Ms Brown to make a further comment.

Ms N. Brown: I would agree with those comments. In fact, in the industry generally, customers are experiencing increasing financial pressures through rising interest rates and cost-of-living pressures.

Mr P.J. RUNDLE: Do we have any numbers on how much default or delinquency has increased, say, over the last six to eight months perhaps or in this financial year up until April? Has the member seen a dramatic rise in the number of defaults compared with, say, the previous financial year?

Mr J.N. CAREY: Does the member mind if we take that on notice so we can provide further detail?

Mr P.J. RUNDLE: We will take that on notice. Further, just as a summary, without the numbers of course, has the minister seen an increase in the number of defaults—just as a general concept if you like?

Mr J.N. CAREY: Yes, we have, and that is reflective of the entire market across the board. I am happy to provide that information that the member previously asked for.

Mr P.J. RUNDLE: Is there a delinquency in the 30-day arrears rate, say from April 2023 compared with June 2022?

Mr J.N. CAREY: Can we please provide that by way of supplementary information? I am happy to do so.

Mr P.J. RUNDLE: Yes.

The CHAIR: Can I clarify the information that will be provided by way of supplementary information?

Mr P.J. RUNDLE: It is the 30-day arrears or delinquency rate in April 2023 compared with June 2022.

[Supplementary Information No B14.]

Mr P.J. RUNDLE: Has Keystart experienced an increase in the number of loans applied for or that originated as a result of the building boost?

Mr J.N. CAREY: Yes. As I expect, many did but it is not related to this financial year, which we have already reported on.

The CHAIR: That completes the examination of the Keystart Housing Scheme Trust