



23 September 2019

Mr Andrew Gaczol
Acting Committee Secretary
Senate Economics Legislation Committee
Parliament House
Canberra ACT 2600

Dear Mr Gaczol

First Home Loan Deposit Scheme (FHLDS)

Bendigo and Adelaide Bank welcomes the opportunity to make a submission in relation to the Inquiry into the National Housing Finance and Investment Corporation Amendment Bill 2019.

We believe the Government's scheme is a positive development in assisting Australia's first home buyers with entry into the market that can seem beyond the reach for many. We also commend the Prime Minister's commitment that the scheme works with smaller banks in an effort to boost competition with the industry.

However, it is important that the scheme is based on sound principles regarding the credit risk capital treatment of the Government Guarantee for most smaller institutions using APRA standardised approach to credit risk.

Capital treatment methodology

We request that APRA provide guidance as to the credit risk weight that will apply to all new FHLDS lending facilities. It is our view that APRA should undertake a process to set an industry risk weight that reflects the following:

- (a) Indicates the protection of a guarantee issued by the Australian Government.
- (b) Supports the policy intent of the scheme.
- (c) Ensures a level playing field in cost and pricing for all participants.

If you have any questions, please do not hesitate to contact the bank through Chris Bone on [REDACTED] or email [REDACTED]

Yours sincerely

A large black rectangular redaction box covering the signature of Chris Bone.

Chris Bone
Head of Industry Affairs

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