

Senate Economics References Committee

ANSWERS TO QUESTIONS ON NOTICE

Financial Regulatory Framework and Home Ownership

Agency: Australian Prudential Regulation Authority
Question No: 5
Topic: Serviceability Buffer
Reference: Written
Senator: Andrew Bragg

Question:

1. How many exemptions from the mortgage serviceability buffer have been sought by ADIs?
2. What type of exemptions have been sought, and please categorise them by cohort (i.e. first home buyer) and by reason.
3. How many of these who have received exemptions have become delinquent?

Answer:

Authorised Deposit-taking Institutions (ADIs) have the discretion to apply exceptions to serviceability policies (including but not limited to the buffer) where it is prudent to do so. APRA collects data on all serviceability policy exceptions, but not specifically in relation to the serviceability buffer.

The total number of serviceability policy exceptions was 4.7 per cent of new loans funded over the June 2024 quarter.

APRA does not collect data on breakdowns by cohort or subsequent delinquency, however individual ADIs are expected to monitor these exceptions in detail internally.