

Senate Community Affairs Committee
ANSWERS TO ESTIMATES QUESTIONS ON NOTICE
FAMILIES, HOUSING, COMMUNITY SERVICES AND
INDIGENOUS AFFAIRS PORTFOLIO
2011-12 Supplementary Estimates Hearings

Outcome Number: 7

Question No: 215

Topic: Indigenous Business Australia – Home Ownership Program

Hansard Page: Written

Senator Payne asked:

The answer to QoN 242 (from Budget Estimates) indicated that Indigenous Business Australia will consider loans for existing home owners, under its Home Ownership Program, for necessary home improvements, replacement homes, necessary refinancing of loans and property settlement loans after relationship breakdown. The table of total expenditure on these loans indicated the amount has fallen by almost half each of the last four financial years. Is this due to a change in priorities for the Home Ownership Program? If not, do you have any views about why this reduction is occurring? I assume that the circumstances of individuals have not generally changed?

Answer:

In recent years, IBA has also worked with banks to develop and promote its Split Loan product, encouraging and assisting customers who are capable of doing so to obtain part of their home loan from a mainstream lender. This enables IBA to more efficiently target use of its limited capital to address real gaps in the market.

While IBA targets new loans to first home owners in this way, it does assist existing home ownership clients with housing related loans, particularly where they remain ineligible for mainstream finance. Over a period of relatively stable prevailing interest rates the demand for loans of this nature has decreased.

There was also a reduced demand for IBA property settlement home loans over this period. From the requests that IBA has processed, fewer property settlement arrangements have required a lump sum monetary adjustment to be made between the affected parties, and more customers obtained their finance through a mainstream source as a result of IBA requiring clients to access external funding wherever possible.

Following the introduction of National Consumer Protection reforms, there also has been a general decline in requests to IBA for refinance loans. Existing customers of licensed mainstream home loan financiers now have access to regulated hardship provisions, and can seek relief or relaxation of an existing credit contracts terms if unforeseen hardship is experienced as result of a change in financial circumstances.