

Senate Finance and Public Administration Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
Supplementary Budget Estimates 2016-17

Prime Minister and Cabinet Portfolio

Department/Agency: Indigenous Business Australia

Outcome/Program: Outcome 2; Indigenous – Home Ownership Program

Topic: Home Ownership Program

Senator: Siewert

Question reference number: 109

Type of question: FPA Friday 21 October 2016, page 22

Date set by the committee for the return of answer: 2 December 2016

Number of pages: 2.

Question:

Senator Scullion: Not specifically, no. But, without reflecting too much on what has already been said about the matter, there are a number of factors, and we can put a target of how many we want to give away. Perhaps a question that might be of use to us all is: how many people came who met all the requirements of a loan and were refused? The organisation can do only so much. And we have indicated that yes, the market is a bit tighter. We have had all these market pressures. I am not actually sure. I think the question I would like to get the answer to is how you actually set the target. If we are going to make people come and apply for a home loan, it would be a pretty tough target to meet. I am not sure actually how you ascertain that this is the number of home loans we want to provide. I do not know how you come to that target. I think that would be something I would like to inform myself of.

So, I will ask them to provide me with a brief and I will give that brief as a question on notice, because I think that will be a lot more important than some of those other matters.

Answer:

IBA's targets for new lending is prepared each year as part of the Commonwealth budget process and included in the Portfolio Budget Statements.

In preparing the 2016-17 budget, it was calculated that IBA would be able to draw on \$160 million for its new home lending budget.

The target for the number of new loans is primarily a factor of the available lending budget and estimated average loan amount. Given the available lending budget of \$160 million and an estimated average loan size of \$302,000 would result in 530 new home loans in 2016-17 being the target.

The estimated average loan of \$302,000 in 2016-17 is significantly less than the \$331,400 experienced in 2015-16. It should be noted the lower estimated average loan amount for 2016-17 reflects the policy changes that were made on 1 July 2016 to support more lending to

lower income applicants with a resultant lower average home purchase price and lower average loan amount requirement.

IBA would not refuse a home loan to an applicant that met all of the loan eligibility criteria due to insufficient funding; rather they would be placed on a waiting list and approved when funds became available. IBA currently does not have a waiting list.