

DEPARTMENT OF HOUSING — KEYSTART

740. Hon KEN TRAVERS to the Minister for Housing:

- (1) Is Keystart required to hold a minimum level of capital due to its residential mortgage exposures?
- (2) If yes —
 - (a) what is the current minimum level it is required to hold; and
 - (b) what is the actual current level it holds?
- (3) Is this a formal requirement of the Australian Prudential Regulation Authority?
- (4) Does the government expect there will be any changes to this level?
- (5) What is the current value of Keystart's loan book?

Hon COL HOLT replied:

I thank the honourable member for some notice of the question.

- (1) Keystart is not a savings account deposit holder and therefore is not regulated by APRA. It is financially prudent for a lending institution to hold reserves to manage the loan book, and Keystart, although not bound, is guided by the capital adequacy principles determined by APRA.
- (2)–(3) Not applicable.
- (4) Keystart's capital adequacy level is set by regular stringent stress testing of the portfolio. The current level supports such stress testing.
- (5) As at 31 July 2015, the current value was \$4.18 billion.