

CORONAVIRUS — KEYSTART CUSTOMERS

293. Mrs J.M.C. STOJKOVSKI to the Minister for Housing:

I refer to the McGowan government's response to the impact of COVID-19 on Western Australian households. Can the minister advise the house what the McGowan government is doing to ensure that Keystart customers who are experiencing hardship due to COVID-19 are being supported?

Mr P.C. TINLEY replied:

I thank the member for Kingsley for the question and for her enduring interest in ensuring that her electors are apprised of the issues relating to affordable housing opportunities in her electorate.

Keystart provides a sparkling example of public policy done well. It was invented in 1989 by the then Labor government and has for more than 30 years contributed to and supported Western Australians into home ownership. More than 104 000 Western Australians have been beneficiaries of Keystart loans, which are low-deposit, high-documentation loans. That has created a circumstance in which we now find, during the COVID-19 crisis that we are involved in, that Keystart is even more essential to the housing and construction industry. I advise the house that for the year to date, Keystart lending made up nearly 50 per cent of all first home owner loans in Western Australia. Housing construction businesses are overwhelmingly complimentary and understanding of the position that Keystart has in the industry, ensuring its future viability. Without it, we shudder to think what the industry would look like now and the jobs that would be leaking from that industry into the unemployment list.

We have gone further. Since coming to office, the McGowan Labor government has increased the borrowings of Keystart by nearly \$1 billion, taking it to \$5.3 billion worth of lending. I advise the house that about \$4.8 billion in lending is out there now. We also increased the income limits for a couple to \$130 000 to put it even more within reach. This was all pre-COVID-19 and in response to what the industry was telling us about the challenges around the five years of slow decline in the property cycle that we find ourselves in. We also went further in making sure that Keystart was responsive to its clientele and the nearly 20 000 active loans that are under management, and that arrears and defaults are consistently in line, hopefully, with the averages of its long-run history. I am pleased to report to the house that that appears to be the case, although we will wait until the next quarter to actually confirm that outcome.

In managing that, we made sure we did not find too many distressed loans as a result of the consequences of COVID-19 and the unemployment impacts. We found there was a requirement to move resources internally and to retrain staff to move across to the risk section of the agency, which would look after them. In doing so, we have created active engagement with those at-risk loans and clients to ensure that they are engaging with us early and coming up with alternative plans. One thing that the government is very proud to announce is the fact that we will defer interest payments for up to six months on a particular loan. Indeed, in normal hardship arrangements, we will waive the interest fees. By way of example: even if it is deferred, a \$350 000 loan over a 30-year term equates to estimated repayments of around \$10 600 over six months, or \$781 in savings to the household.

I am very happy to announce that that has not been taken up in great numbers. I will report back to the house in the fullness of time about the total impact that that might have on the revenue source from Keystart. In this way, we are able to support the construction industry and ordinary Western Australians as they continue on the journey and dream of home ownership.