

KEYSTART — CAPITAL ADEQUACY RATIO

42. Hon KEN TRAVERS to the Minister for Housing:

- (1) How much cash and retained earnings are currently held by Keystart?
- (2) How much of this is held to ensure that Keystart meets its required capital adequacy ratio?
- (3) Prior to the implementation on Keystart of the loan guarantee fee, what was Keystart's policy on its required capital adequacy ratio?
- (4) Was this based on actuarial advice?
- (5) Has, or will, this policy be changed due to the implementation of the loan guarantee fee; and, if yes, what will be the new policy?

Hon COL HOLT replied:

I thank the member for some notice of this question.

- (1) There is \$268.4 million in retained earnings, which includes \$209.4 million of cash and short-term investments.
- (2) The amount held is \$268.4 million.
- (3) The loan guarantee fee has not changed Keystart's capital adequacy policy.
- (4) The capital framework is based upon Australian Prudential Regulation Authority guidelines and is regularly reviewed by KPMG.
- (5) The loan guarantee fee will phase in over time with new borrowings. The capital adequacy policy will be maintained, and accordingly the prudential requirements of Keystart will be monitored over coming budgets.