

LEGISLATIVE COUNCIL
Question Without Notice

Wednesday, 8 November 2023

C1524. Hon Dr Steve Thomas to the Minister for Agriculture and Food representing the Minister for Housing

I refer to the Keystart shared ownership home scheme, and I ask:

1. Given the official interest rate was lifted by 25 basis points on Tuesday to 4.35%, what impact will that have on Keystart interest rates?
2. What interest rate will Keystart borrowers be paying from now on?
3. Will there be an increase in the monthly repayments for Keystart loans? And
4. If yes to 3, what is the average monthly repayment increase for loan holders?

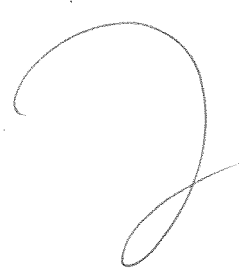
Answer

I thank the Honourable Member for some notice of this question.

Keystart changed its interest rate policy on 1 July 2023, setting its rates based on the movements of the Reserve Bank of Australia's official cash rate plus a fixed margin of 350 basis points. Information pertaining to Keystart's interest rate policies are publicly available via the Keystart website which I table below.

Keystart, like other lending institutions, follows a comprehensive internal process prior to any public announcement about interest rates and seeks to service its customers while still responsibly managing its risks as a low deposit home loan provider.

Once this due diligence is undertaken, Keystart will communicate any change to their interest rate publicly.





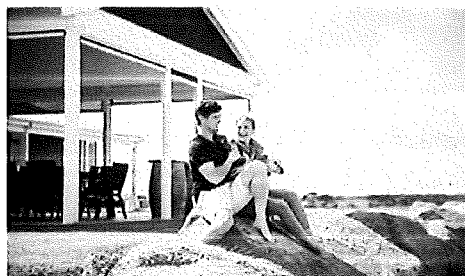
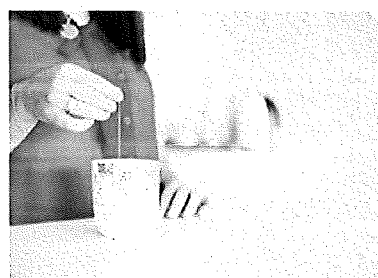
INDUSTRY NEWS

Changes to Keystart interest rate policy to ease pressure on Western Australian households



Paul Graham, CEO

03 JUL 2023 • 3 MINS



In a move that is set to benefit more than 14,000 Western Australian homeowners, as well as future homebuyers, Keystart has announced an update to its interest rate setting policy, effective from 1 July 2023.

Under the new policy, Keystart will now set its rates based on the movements of the Reserve Bank of Australia's (RBA's) official cash rate, meaning a reduction in Keystart's variable interest rates from 8.26% to 7.60% effective 1 July 2023. Under Keystart's previous policy, its interest rate would have increased to 8.51% following the recent movement of the big four banks.

This new rate applies for all Keystart customers with loans commencing after 16 October 2009. For Keystart customers with loans commencing prior to and including 16 October 2009, the standard variable interest rate will reduce from 7.48% to 6.82% at the same effective date.*

Keystart.

Previously Keystart has calculated its rates using the average of the standard variable interest rate of the four major lenders, ANZ, CBA, NAB and Westpac.

Keystart CEO Paul Graham said that Keystart's new interest rate policy follows extensive review and has been designed to better serve its customer's interests, while still responsibly managing its lending risk for its low deposit home loans.

"We have listened to our customers and understand that the rising interest rates over such a short time, coupled with inflationary pressures, have been a key concern for them," he said.

"Keystart's interest rates no longer being linked to the decisions of the four major banks will benefit customers, as the major lenders do not necessarily pass on the RBA's reductions and have at times increased rates outside of the official cash rate cycle.

"As a result, the difference between the banks' standard variable rate and the RBA's cash rate has increased gradually over time.

"I am delighted to announce that existing customers will benefit from an immediate reduction in rates, taking significant pressure off Western Australian families.

"The rate reduction will make it easier for customers to build equity in their home sooner, and Keystart continues to encourage them to transition to traditional lenders once they have built sufficient equity."

Mr Graham said that the change to Keystart's interest rate policy is also set to benefit future WA homebuyers.

"Our new interest rate policy also gives new customers greater borrowing capacity, subject to our rigorous assessment processes to ensure they will be able to comfortably service a loan, even if rates increase," he said.

"Our loan products are designed for homebuyers who can afford a mortgage but don't yet have the deposit required by a traditional lender, providing them with a low-cost entry pathway into home ownership."

Keystart is unique in the home loan market, with deposits as low as two per cent and no lender's mortgage insurance, potentially saving homeowners tens of thousands of dollars.

"The changes to Keystart's interest rate policy supports our mission of helping more Western Australians into affordable home ownership sooner," Mr Graham said.

* There is a small contingent of customers on different rates to above. These customers will be communicated with directly.

[More about our loans](#)

Next steps for customers