

QW10: What percentage of mortgages issued to property investors in Sydney and Melbourne during the last 12 months are either negatively or neutrally geared?

Answer: All investor mortgage customers are entitled to offset interest and property expenses against property and other income. Depending on rental income, all investor lending (approximately 40 per cent of all loans originated since October 2015) has the potential to become negatively or neutrally geared. However, given current low interest rates, a portion of these loans would be positively geared. For some borrowers we will take into account the potential for tax refunds through negative gearing when assessing servicing capacity. We have not done so for all borrowers and do not keep records of all customers' tax situations. As a result we are unable to provide a meaningful estimate of how many were negatively or positively geared.