

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS

Westpac

WBC98QW: At the last round of hearings your bank stated that it could devise a product that utilises superannuation as a form of security to enable Australians to purchase a first home. To do so, please advise what legislative change would be required to enable you to do so?

Answer: In response to questioning at the previous House of Representatives Hearing Westpac indicated it could explore whether it was able to develop a product that utilises superannuation as a form of security in the event that such an arrangement was permitted by law.

Currently, there are restrictions on the ability of superannuation members to obtain early access to their superannuation (i.e. before they reach their preservation age). There are also restrictions on the purpose for which superannuation trustee exercises its powers (primarily to provide benefits for members' retirement) and on the ability to grant security over funds held in trust. These limitations mean superannuation funds are not suitable as a form of security for a loan.