

Senate Community Affairs Committee
ANSWERS TO ESTIMATES QUESTIONS ON NOTICE
FAMILIES, HOUSING, COMMUNITY SERVICES AND
INDIGENOUS AFFAIRS PORTFOLIO
2010-11 Supplementary Estimates Hearings

Outcome Number: 7

Question No: 287

Topic: IBA – Business Development and Assistance - Loan default rate

Hansard Page: 22/10/10 - CA71

Senator Boyce asked:

What is the default rate for your business loan book? Please provide business failures and arrears of more than three months.

Answer:

Default is defined as where a client fails to make a repayment as per contractual arrangements. Accounts in default include those a day or more in arrears and loans classified as loss salvage. Loss salvage is an account where there is a residual loan balance after sale of securities. These accounts are subject to normal commercial recovery arrangements.

31.7 per cent of accounts, by number, are in default as at 31 October 2010. This is a decrease from 34.3 per cent as at 30 June 2010.

	As at 30 June 2010	As at 31 October 2010
Number of arrears loans	77	71
Number of loss salvage loans	44	40
Value of loss salvage loans	\$2.2 million	\$2.2 million
Number of arrears >3 months	48	41
Value of arrears >3 months (A)	\$13.6 million	\$12.8 million
Value of business loan book (B)	\$58.7 million	\$55.2 million
Arrears >3 months % (A/B)	23.2%	23.2%