

2017-18 BUDGET SENATE ESTIMATES
CROSS PORTFOLIO INDIGENOUS MATTERS
25 May 2018

Opening Statement

Good morning Senators

To begin with I would like to acknowledge the Traditional Owners of the land on which we meet today, the Ngunnawal peoples and acknowledge their elders past, present and emerging.

At previous hearings, I have advised you of the significant increase in IBA's performance and outcomes over the past 18 months. I am pleased to advise that since the Senate Estimates hearing in March this year, this has continued through the hard work of our staff across Australia.

We remain on track to deploy more than \$350 million of capital in 2017-18 through investment and lending, which I believe is the largest amount of capital deployed in any one year in our history. This amount of capital is well over 10 times the government funding we receive to use as capital – we are able to do this because we recycle our loan repayments and investment returns into supporting more Aboriginal and Torres Strait Islander people with their economic aspirations.

work with
With just over 200 staff, ~~we are not a large organisation compared to many other Departments and agencies.~~ Yet through our three main divisions - Housing Solutions, Business Solutions and Investments, we support a portfolio of almost 5,000 home loan customers, hundreds of entrepreneurs, small to medium business and have over 50 Indigenous organisations co-investing with us into commercial ventures and assets. Across these areas of work, we support over ~~860~~ *800* customers in remote areas, 4,300 in regional areas and over 2100 in urban areas.

With housing affordability remaining a major issue for many Aboriginal and Torres Strait Islander people, we are proud of the results we are achieving in our Housing Solutions division.

We have now written more than 800 home loans this year, which is a record and significantly more than the annual target of 580 loans for 2017-18. This equates to over \$276 million in home finance, adding to the over \$2 billion in wealth created in Aboriginal and Torres Strait Islander hands since the program commenced in 1975.

95% of loans were to first home buyers, and more than 75% were outside major cities.

have the opportunity
In doing this, we maintain a responsible approach to lending, ~~ensuring that we set up~~ *loans* our customers to succeed in home ownership. Our ~~products~~ *financial* are structured so that our customers can transition to mainstream lenders over time as they build their credit history. Already this year, we have supported 5.9% of our home loan customers to transition to mainstream lenders, against an annual target of 4.5%. *At the same time, we have enhanced our operating platform, introducing online expressions of interest and home loan applications.*

Our revitalised Business Solutions division works with Indigenous entrepreneurs, and small and medium sized enterprises, and is funded mainly by way of a funding agreement with the Commonwealth.

As at 30 April 2018, we've already met or are on track to exceed all the performance targets in our funding agreement with the Commonwealth. Under the contract we were funded with \$10.2 million to provide 80 instances of business finance for the full year, but we have already approved 124 business loans. On top of this, we have provided ~~over 100~~ *well* other instances of *100*



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business finance, including a number of new products we've launched to meet our customers' needs, such as performance bonds for Indigenous construction businesses.

In total, we have approved over \$40.5 million in business finance, reflecting IBA's reinvestment of loan repayments and investment returns into supporting entrepreneurs to achieve their business goals. Having invested in revamping the program and developing a suite of products that meet customer needs, we are keen to secure our funding for the long term so that we can continue to meet the growing demand for our solutions.

In addition to providing loans and finance, we have also delivered ~~662~~ instances of business support to ~~545 customers~~, exceeding our full year target of 500 supports. over 600

We're also innovating in other ways. We are running two more accelerator programs in Sydney and Alice Springs, to help people bring their start-up ideas to life.

Along with the development of an app for Indigenous businesses owners to access timely information and advice to support their business – a digital platform is also under development, which will provide a community of support to Aboriginal and Torres Strait Islander Women who want to start a business or are in business, especially in remote and regional Australia.

This builds on the Strong Women, Strong Business Conference we held in Adelaide in early May, an inspiring event bringing together 180 Indigenous women in business from across urban, regional and remote areas and live streaming to many more people. In addition to sharing knowledge and experiences, participants forged connections with each other as women starting or growing their businesses – that I am sure will last long beyond the event.

This year, we've attracted more than \$50 million in new co-investment from Indigenous organisations investing in our trusts or in joint ventures, also a record. Over 50 Indigenous organisations now hold close to 40% of our investment portfolio in aggregate, a significant increase from just a few years ago.

Construction has commenced on the large scale solar facility we are investing in alongside our Indigenous and private sector partners. We are also in due diligence on a number of exciting investments alongside Indigenous organisations, such as in telecommunications, renewable energy, water rights and other industries.

Whilst I've outlined many of our results, as we know this is not just about numbers. Behind these statistics lie real stories of families buying their first home, people starting and growing businesses, often against the odds, and communities making impactful investments. These are the often hitherto untold stories that we are sharing through our networks and social media, highlighting the experiences, hard work and successes of so many of our customers and partners across Australia.

Thank you and I look forward to your questions.