

Standing Committee on Social Policy and Legal Affairs

ANSWERS TO QUESTIONS ON NOTICE

Homelessness in Australia

Prime Minister and Cabinet Portfolio

Department/Agency: National Indigenous Australians Agency

Topic: Homeownership programs for Aboriginal or Torres Strait Islander Peoples

Senator: Freeland

Question reference number: 0001

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Number of pages: 2

Question:

Dr FREELANDER: So there are actually some targeted homeownership programs for the urban Indigenous population?

Mr Bulman: Yes, that's correct—through Indigenous Business Australia, a Commonwealth portfolio body.

Dr FREELANDER: Would you provide that information for us.

Mr Bulman: Yes, on notice I can provide an overview, working with Indigenous Business Australia, providing some of the statistics and some of the products that are available for Indigenous Australians.

Dr FREELANDER: That would be great.

Answer:

Indigenous Business Australia (IBA) plays a crucial role in enabling Aboriginal and Torres Strait Islander home ownership through delivery of the Indigenous Home Ownership Program (IHOP) successfully supporting Aboriginal and Torres Strait Islander Peoples into home ownership. Since 1975 over 19,000 Aboriginal and Torres Strait Islander Peoples have been assisted into home ownership.

The IHOP provides an entry point into home ownership for Aboriginal or Torres Strait Islander Peoples who have the capacity to service a home loan but do not have the capacity to save the required deposit or meet other loan assessment requirements of other home lenders. IBA home loans are predominantly provided to low and middle income first home buyers looking to purchase an established or to construct a new home.

The key features of IBA home loans include concessional interest rates, low deposit requirements and no requirement for lenders mortgage insurance. Currently IBA customers do not pay interest higher than 2.5 per cent.

Although IBA customers are considered higher risk than customers funded by mainstream banks, the IHOP loss rate remains low, well under 0.4 per cent over the last ten years, mainly due to the tailored support IBA provides throughout the life of the home loan.

IBA's active home loan portfolio is well diversified across all states and territories in Australia with eighteen per cent of customers based in major cities, forty per cent in inner regional areas, thirty one per cent in outer regional areas and eleven per cent in remote (including very remote) locations.

The IBA housing loan portfolio is made up of 5,348 active loans, as at 30 June 2019. A record 913 loans were approved in 2017-18 under the IHOP. In 2018-19 IBA approved 688 home loans, valued at \$242.4 million. Despite the COVID-19 situation, IBA continues to experience increasing demand. IBA currently receives approximately 140 inquiries for IHOP per week for its home loan program.

In the delivery of its housing loan product, IBA offers capacity building workshops for Aboriginal and Torres Strait Islander Peoples seeking information on the home loan process and budgeting, as well as personalised after-care and hardship support. Without this targeted assistance, these applicants would be excluded from the opportunity of buying their own home and benefiting from the social and economic benefits that home ownership provides.