

**Senate Finance and Public Administration Legislation Committee**  
**ANSWERS TO QUESTIONS ON NOTICE**  
Additional Budget Estimates Hearings 8-12 February 2016

Prime Minister and Cabinet Portfolio

**Department/Agency: Indigenous Business Australia**

**Topic:** Sell-offs

**Senator: Senator Moore**

**Question reference number: PM84**

**Type of question:** FPA Friday 12 February 2016, Pages 9 & 10

**Date set by the committee for the return of answer:** 1 April 2016

**Number of pages:** 1

**Question:**

**Senator MOORE:** In the interests of time—and I can feel the tension around the desks—would you be able to give us some information about the work you have done on this particular issue? This concept of sell-off has created some interest in the community. If you could, on notice, give us some more information about that. That would be very useful.

**Mr Fry:** Happily, Senator.

**Senator MOORE:** We are particularly interested about the effect of such an action on the client base, and how the secondary mortgage market would operate—I am sure Mr Clements and the team have looked at that—so if we could get that on notice that would be very useful. Minister, I would not be doing my job if I did not ask you to guarantee the future of the homeownership program. Are you able to do that?

**Answer:**

IBA is exploring the possibility of securitising its home loan portfolio to generate an increased level of funding for new home loans to Aboriginal and Torres Strait Islander peoples. Asset securitisation is a common source of funding for private sector financiers. Securitisation is the process of converting a pool of illiquid assets such as residential mortgages into tradeable securities that are attractive to investors. The payments that flow from these securities to investors are funded from the payments of principal and interest made on the underlying mortgages.

IBA has held commercial in confidence discussions with several private sector financiers regarding securitisation of its home loan portfolio. Discussions are at an early exploratory stage. IBA's portfolio of home loans differ to the typical portfolios funded through securitisation, due to a larger proportion of regional remote loans, IBA customers having lower relative incomes and higher loan to value ratios when compared to the broader lending market. Securitisation of a loan portfolio is generally not visible to end customers as they continue to deal with the home loan originator for all matters associated with their loan.