

**Senate Finance and Public Administration Legislation Committee**  
**ANSWERS TO QUESTIONS ON NOTICE**  
**Supplementary Budget Estimates – 2016-17**

**Prime Minister and Cabinet Portfolio**

**Department/Agency:** Indigenous Business Australia

**Outcome/Program:** Outcome 2; Indigenous

**Topic:** Loans

**Senator:** Dodson

**Question reference number:** 150

**Type of question:** Written

**Date set by the committee for the return of answer:** 2 December 2016

**Number of pages:** 2.

**Question:**

1. Can you please provide the number of home loans approved by the IBA each year for the last four years?
2. How does this amount compare with the targets set by the IBA in each of those individual years?
3. What reason can you give that these targets have not been met?
4. Can you please provide the number of business loans over that same period?
5. How do those numbers compare with the target?
6. What reasons can you give that these targets are not being met?

**Answer:**

1. The following table provides the home loan targets (from Portfolio Budget Statements) and actual approvals for the last four years.

Year	Target	Loans Approved
2015-16	575	489
2014-15	560	517
2013-14	560	556
2012-13	645	664

2. The higher target and actual loan approvals in 2012-13 is directly related to this being the year that the former Home Ownership Program (HOP) and Home Ownership on Indigenous Land (HOIL) were combined into a single program Indigenous Home Ownership (IHOp) and the lending budget had a one off increase of \$58 million. During this year the waiting list for home loans was eliminated. At the beginning of the year there were 506 applicants on a waiting list and by 30 June there were no applicants remaining on the waiting list.
3. Significant increases in property prices and resultant increases in average loan sizes for purchase has impacted on the actual number of loans written.

State Government withdrawal of FHOG schemes for the purchase of existing homes and the withdrawal of stamp duty concessions for first home buyers has also impacted on the first home buyer market.

The downturn in manufacturing and mining sectors has also dampened lending in some jurisdictions. Despite intensive promotional effort and attractive loan assistance packages - loan applications in discrete communities have been lower than expected.

4.

Financial Year	Actual
2012/13	95
2013/14	75
2014/15	49
2015/16	36

5.

Financial Year	Target
2012/13	75
2013/14	80
2014/15	80
2015/16	60

6. Whilst the number of actual loans has not been met, the total value of the loans written exceeded budget for financial years 2013/14 and 2014/15 and was 13% below budget for 2015/16.

Although IBA carries higher risk in its portfolio when compared to private sector lenders, we are committed to ensure that the debt a customer takes on is appropriate to their needs and financial capacity to service the loan.

In addition to this IBA has seen a decline in demand for business loans perhaps due to the Australian economy experiencing only modest growth, and a continued slowing in the resources sector.