

FINANCE AND PUBLIC ADMINISTRATION LEGISLATION COMMITTEE - ADDITIONAL ESTIMATES CROSS PORTFOLIO INDIGENOUS MATTERS



6 March 2020

FPA Legislation Committee
Tabled Document No. 14
By: Mr Rajiv Viswanathan
Date: 6 March 2020, 9.57am

Opening Statement

To begin, I would like to acknowledge the Ngunnawal peoples as the Traditional Owners of the land on which we meet today and acknowledge all Elders past and present and those who are emerging.

2020 marks 30 years since IBA was first established in 1990, initially as the Aboriginal and Torres Strait Islander Commercial Development Corporation. We remain committed to our mandate, to support Aboriginal and Torres Strait Islander people, businesses, organisations and communities to pursue their aspirations for economic independence by owning their own homes, starting or strengthening businesses and making investments.

Whilst remaining focused on ~~these central pillars of economic independence and financial inclusion to achieve~~ our purpose, the past three years have been a period of substantial change for IBA as we have chartered a new strategic direction, launched a range of new products and solutions, and significantly increased our levels of lending and investment – all whilst continuing to achieve strong results across our program areas.

I have shared in previous hearings of the committee our results and our increased levels of productivity that have substantially exceeded what IBA was able to achieve annually in prior periods. As a demonstration of this uplift, since 1 July 2016, IBA has deployed over \$1 billion through our investment and lending activity which is over 9 times the level of Government funding provided to IBA by way of capital during that period.

This demonstrates that IBA is a largely self-funded organisation, with the vast majority of our funding coming from the returns on our loan and investment portfolios. As we operate with about 15% fewer staff than we had just a few years ago, our results reflect a significant increase in the demand for, and productivity of IBA and our investment in new ways of working and technology to meet the needs of our customers. IBA is a relatively small agency by number of staff but generates significant impact for our Aboriginal and Torres Strait Islander customers through the strategic deployment of capital.

IBA has a national footprint and we service Aboriginal and Torres Strait Islander people across all of urban, regional and remote Australia. A substantial proportion of our work is in remote and regional areas.

1800 107 107



Housing, and in particular home ownership, is a key determinant of health, education and safety, but IBA is constrained in the capital available to deploy to prospective customers, and at current funding levels, IBA's waiting list is growing. We are working hard to develop an innovative funding solution to allow IBA to increase lending volumes to meet the current demand. Our goal is to enable IBA to make available to more Aboriginal and Torres Strait Islander families who are excluded from accessing mainstream lenders the significant social and economic benefits, including for the broader Australian economy and savings for Governments, that home ownership provides.

A recent study by Deloitte Access Economics showed that since its establishment the Indigenous Home Ownership Program has generated more than \$900 million in social and economic benefits, including economic activity, savings in Commonwealth rental assistance and avoided costs of homelessness.

Our lending activity is consistently overwhelmingly to lower income customers and first home buyers – our results this financial year are no different, with 95.6% of our lending to first home buyers. Underscoring our ability to reach underserved community members despite our size, over 70% of this activity has been in regional and remote areas.

In our Business Solutions division the past three years has seen us significantly reframe our approach to supporting and financing Indigenous small businesses. Whereas we previously offered a standard business loan only, we have launched new products such as start-up packages, new cash flow finance solutions and performance bonds, and film financing for Indigenous made films which generate employment outcomes. These are products are being utilised across Australia, with the total portfolio value of IBA's business financing products being \$130.3 million. This represents an increase in portfolio value of over 80% since June 2017.

Some of our most exciting small business clients harness Indigenous knowledge and concepts to drive innovation and have recently been featured on the SBS Small Business Secrets program. This including a Kimberley based business which turns boab nuts into tea and oils, an eco-retreat on Bremer Island off the coast of Arnhem Land, and a talented young woman producing swimwear from recycled plastics – she has had over 700,000 views on her digital pages since the story ran just two weeks ago and is getting global attention!

In addition to our small business financing products, IBA has played a strong role activating networks for the benefit of Aboriginal and Torres Strait Islander entrepreneurs. We've recently commenced the third iteration of our Accelerator Program "Accelerate with IBA", which participants selected using the strong pipeline of participants established through IBA's customer base.

In 2019 we launched the Futures Forum, which established a network of talented young Indigenous entrepreneurs under 30. We've recently partnered to deliver the Futures Forum Entrepreneurship Bootcamp, and with this youth network we've co-designed a 12-month plan to focus on investing in the capability and development of the young entrepreneurs through targeted development approaches.

As International Women's Day approaches on 8 March 2020, we are also presently in the final stages of planning for the 2020 Strong Women, Strong Business Conference which will be held in Darwin from 27-30 April. This conference will build on the success of the inaugural 2018 Strong Women Strong Business Conference and the Strong Women Strong Business network IBA subsequently established (and which presently has over 1700 members) and will see up to 350 Indigenous women in attendance – all Aboriginal and Torres Strait Islander female entrepreneurs and business owners,

ok
working against the odds to deliver results. The conference will focus on capacity building, innovation, technology, financial literacy, trade and markets. We're excited about this event, which will showcase the determination, ingenuity and innovation of women in the Indigenous business sector.

As we do,
These are just some of the examples of our work, and the ways that we're supporting Aboriginal and Torres Strait Islander people, groups and communities to achieve their aspirations for economic independence - we believe it's important to look forward to new economies and industries and to support our customer's innovation with our financial products and commercial expertise. One example is a satellite ground station we are financing on land owned by the Centre for Appropriate Technology, an Indigenous organisation based in Alice Springs, and which will be leased out to a global communications company. Indigenous businesses are undertaking some of the construction works and will have an ongoing facilities management role. We expect more similar projects across Northern Australia.

Finally, IBA has worked hard to support our customers through the recent bushfire crisis. In early January we announced a support package for affected customers comprising a grant for emergency expenses, suspension of loan repayments and support to make insurance claims. Affected customers can also invoke our hardship provisions to seek additional support. I visited the South Coast of NSW this week and heard first-hand about the devastating impact of the fires, and the trauma that people experienced. We will continue to monitor the recovery efforts closely to ensure that our customers are appropriately supported.

We are also working alongside Indigenous organisations with expertise in fire management to engage corporate Australia in understanding the opportunity for Indigenous businesses and organisations to participate in the recovery effort and future land management and prevention initiatives.

Thank you and I look forward to your questions.

excited to be

*through our
investments
division*