

Budget Estimates 2022-23
Finance and Public Administration Legislation Committee
Cross Portfolio Indigenous Matters, Friday 11 November 2022

CEO - OPENING STATEMENT

Kirsty Moore, Chief Executive Officer, Indigenous Business Australia

Thank you, Chair, for the opportunity to provide an opening statement to this Senate Estimates hearing today.

Acknowledgement of Country

I would like to acknowledge the Traditional Custodians of the lands on which we are all speaking from today, the Ngunnawal and Ngambri people, and acknowledge all Elders past, present and emerging, recognising their long and valued connection to earth, sea and sky.

I extend this acknowledgement to all Aboriginal and Torres Strait Islander people with us today.

What is IBA's mandate?

IBA's purpose as set out in the Aboriginal and Torres Strait Islander Act, is grounded in supporting customers towards economic independence and self-determination. In practice, IBA invests in Aboriginal and Torres Strait Islander people to establish their own economic security by providing access to capital, networks, and skills that may not otherwise be available.

As at 30 June 2022 IBA's consolidated assets totalled almost \$2 billion.

IBA leverages this asset base to provide products and services designed to assist aspiring First Nations business owners, families, and communities on their journey towards self-management and economic independence.

The returns from our home and business lending, are re-invested back into lending to other Aboriginal and Torres Strait Islander people.

Housing

We know that the first step of economic participation often starts with access to safe, affordable, and secure housing.

Home ownership creates a pathway for families to establish and build intergenerational wealth.

In October, our second Impact Report confirmed that First Nations families who have achieved home ownership, feel a sense of pride, control in life, better quality living, and the ability to dream bigger for the future.

Despite the effects of changing market conditions, IBA delivered home loan pre-approval to **616** applicants in the last financial year. Of those applicants, **461** went on to buy bought their own homes.

Of these, just over **97%** were first home buyers.

*(refer **Attachment A** for breakdown)*

IBA's research confirms the growing demand for home ownership by First Nations people over the next 10 years.

To meet this demand, IBA has entered into strategic banking partnerships with mainstream financial institutions so that we can lend together.

As recently announced, we are also collaborating on shared equity with the Victorian Government.

Business loans, finance and capability building

In addition to supporting housing outcomes, IBA supports First Nations entrepreneurs and business owners to start, develop or grow a business.

We know that First Nations owner-operated businesses play a significant role in improving employment outcomes, financial independence, and self-determination.

And yet, First Nations business ownership rates are less than half those of non-First Nations Australians.

Through our Business Solutions program, IBA delivers products including loans, equipment finance and cash flow finance, as well as business support services and

other related initiatives to assist First Nations Australians, including Strong Women Strong Business.

In the last financial year, we delivered business finance to **250** customers and **700** entrepreneurs attended our capability building workshops.

In addition to our core business, we delivered the Indigenous Business Relief Package in partnership with National Indigenous Australians Agency to support businesses adversely impacted by the COVID-19 pandemic.

*(refer **Attachment A** for breakdown)*

Investments

Despite the economic uncertainty of recent years, IBA's investments portfolio has remained resilient and the five-year average returns to IBA's Indigenous co-investors are **5.9%**.

Although we have supported new investment opportunities this year, I am particularly proud of our work on the redeveloped Tennant Creek IGA store, which re-opened its doors to the community in March this year after an extensive reconstruction of the original supermarket. The redevelopment faced many challenges, particularly with COVID-19 related border closures, however together with the local community we persevered, and the store is now providing security of food supply at affordable prices to the local region.

Flood relief

Many of IBA's customers were impacted by severe flooding this year.

IBA responded quickly to limit the worst effects of the hardships our customers faced by offering \$2,000 emergency flood relief grants to affected home loan customers and \$5,000 grants to business finance customers.

Future opportunities

IBA is currently in the final year of its current strategic plan and is reviewing what the future looks like over the coming decade, noting that demand for IBA's products and services continues to grow.

In the current financial year, we are modernising our technology with a new Core Business System which was implemented within IBA in September 2022.

We look forward to continuing to work with the Government on future opportunities and innovative solutions, particularly in the housing space, so that more Aboriginal

and Torres Strait Islander people participate in the economy and experience economic independence.

Thank you and I look forward to your questions.

Attachment A – Home loan and business program results by age, gender and location

Home loans breakdown (data as at 30 June 2022)

Home loans by age:

- 64 customers are aged between 18 and 24 years old
- 376 customers are over 24 years old

Home loans by gender:

- 121 customers are women (single, primary applicants)
- 242 customers are women in a partnership (primary or secondary applicants)

Home loans by regional areas:

- 37 participants were in remote Australia
- 300 participants were in regional Australia
- 103 customers are in Major Cities of Australia

Business programs breakdown (data as at 30 June 2022)

Business loans by gender:

- 63 customers are women
- 12 customers are women in a partnership
- 163 customers are men
- 12 customers are corporations

Business loans by regional area:

- 151 participants were in regional or remote Australia
 - o 33 customers are in Inner Regional Australia
 - o 59 customers are in Outer Regional Australia
 - o 35 customers are in Remote Australia
 - o 24 customers are in Very Remote Australia
- 99 customers are in Major Cities of Australia

Business workshops:

- 494 participants were women
- 208 participants were men

Business workshop participants by regional area:

- 307 participants were in regional or remote Australia
 - o 149 participants were in Inner Regional Australia
 - o 144 participants were in Outer Regional Australia
 - o 52 participants were in Remote Australia
 - o 25 participants were in Very Remote Australia
- 332 participants were in Major Cities of Australia