Standing Committee on Indigenous Affairs

ANSWERS TO QUESTIONS ON NOTICE

Inquiry into pathways and participation opportunities for Indigenous Australians in employment and business

Prime Minister and Cabinet Portfolio

Department/Agency: Indigenous Business Australia
Topic: Housing and business loans

Member: Leeser
Question reference number: 0001
Type of question: Hansard, page 27, 22 July 2021
Date set by the committee for the return of answer: 2 August 2021

Number of pages: 2

Question:

CHAIR: I've only got two questions. The first question is about the importance of homelands for Indigenous people. To what extent do have any data that demonstrates the link between having a home loan and having a business as an Indigenous business? To what extent have Indigenous business owners have used the equity in their home that they've built up in order to start a business?

Mr Armistead: I might hand to my colleague Ms de Cos, who heads up a lot of the business solutions or has a history of working within the business solutions, just to tackle it, I guess, from that angle first.

Ms de Cos: Indigenous Business Australia has a homes or housing portfolio of some 5½ thousand accounts and customers and, within the business solutions program, we have over 800 loans and solutions for our customers. We do have a crossover, where we have some of our housing customers that have attained business loans and vice versa. We have looked at whether there is equity or capital in the business and those earnings to support those loans. I don't have those numbers at hand, but we can absolutely generate them for you. Additionally, in the last 12 months here at AIBA, we've actually created a social impact framework in which we went out and surveyed all of our existing customers and past customers. We've generated a lot of information to actually understand what impact our products, services and outcomes have had on their communities and family and even culture. We also have a cross section of data where we can actually determine how many of those customers have housing loans, as we suggested, and how many have business loans.

CHAIR: If you're able to come back to us with any data in that regard. I think there's probably some link between housing and business loans. There certainly is in the general population. I'm just interested there is something specific in an Indigenous population that you can help us with.

Answer:

- There are currently 35 Indigenous Business Australia (IBA) business lending customers (equating to 9% of business loan customers) who have an existing home loan through IBA's Housing Solutions Program. Of these, none have used the equity within their home to access business finance.

Number of Customers with IBA home and business loans

State	Number of Customers
ACT	1
NSW	14
NT	2
QLD	12
SA	1
TAS	1
VIC	3
WA	1
Grand Total	**35**

- 83% of business lending customers have not provided residential security. Some 71 customers (17%) have utilised residential property mortgaged through another financial institution to secure a business loan with IBA. In these instances, IBA has taken security on their properties which are generally held as 'second rank' to the bank holding the mortgage.

- IBA home loan applicants can access finance with low deposit levels, usually less than 5% of the property value they seek to acquire. When customers build enough equity in their property, they generally refinance with mainstream lenders which allows IBA to recycle its capital and assist other Aboriginal and Torres Strait Islander families to access homeownership.

- From financial years 2019 through to 2021, an average of 6.2% of IBA's home loan customers refinanced with other financial institutions. While IBA cannot monitor if customers who have refinanced with mainstream lenders have leveraged their property equity to access business finance, it is possible that the reason they refinanced was to secure business finance, as mainstream lenders will require having a security priority over any other lender.

Standing Committee on Indigenous Affairs

ANSWERS TO QUESTIONS ON NOTICE

Inquiry into pathways and participation opportunities for Indigenous Australians in employment and business

Prime Minister and Cabinet Portfolio

Department/Agency: Indigenous Business Australia
Topic: Geographic distribution of approved housing loan customers

Member: Snowdon
Question reference number: 00002
Type of question: Hansard, page 28, 22 July 2021
Date set by the committee for the return of answer: 2 August 2021

Number of pages: 4

Question:

Mr SNOWDON: I'm just looking at your submission, which, I must say, is very comprehensive. You've got a map which outlines the geographic distribution of approved housing loan customers. What sorts of numbers are we talking about in, say, South-East Queensland and Brisbane?

Mr Armistead: I might hand over to my colleagues if they have a perspective on that; otherwise, in order to provide data related to those regions, we could take that on notice.

Mr SNOWDON: If you would, I think it would be very interesting for us to understand the distribution by number and value. As I look at the map, I'm surmising that it's largely the east coast, with some in the South West of Western Australia and limited in remote communities. It will be valuable for us to understand precisely what that all means so we can establish what impediments to homeownership there might be for people who live in more rural and remote places.

Mr Armistead: Yes, certainly. We'll take it on notice and provide the information. One thing I'd note is that the majority of our home loan customers are from regional Australia and we've got a changing dynamic. We'll bring that back to you.

Answer:

During the period 2019-20, one hundred and eight (108) home loans to the value of $38.35 million was approved by IBA in the State of Queensland, with fifty-three (53) home loans to the total value of $21.17 million being approved in Brisbane alone.

Furthermore, the total amount of approved loans across Australia between 2019-20 was four hundred and fifty-four (454) worth a total value of $165.89 million.

Table 1.1 below reflects the breakdown of approved home loans FY20 by State/Territory.

FY20 LOAN APPROVALS BY GEOGRAPHIC LOCATION		
State/Territory	Total	
	#	$
ACT	6	$2.43m
NSW	221	$84.1m
NT	19	$7.48m
QLD	108	$38.35m
SA	25	$7.76m
TAS	20	$6.68m
VIC	31	$11.88m
WA	24	$7.22m
Grand Total by Number	454	$165.89m

*Table 1.1

Table 1.2 below reflects the breakdown of approved home loans FY20 by geographical categories as defined under the Accessibility Remoteness Index of Australia - https://www.abs.gov.au/websitedbs/d3310114.nsf/home/remoteness+structure.

FY20 IBA HOME LOAN APPROVALS BY GEOGRAPHIC CATEGORIES		
Geographic Category	Total	
	#	$
MAJOR CITY	116	$48.71m
INNER REGIONAL	218	$80.86m
OUTER REGIONAL	90	$28.02m
REMOTE	24	$6.54m
VERY REMOTE	6	$1.76m
Grand Total by Number	454	$165.89m

*Table 1.2

Attachment A reflects more detailed data of approved home loans for FY2019-20 in quantity and value by geographical locations and categories.

FOR NOTING

As referred to in Q0002 on notice, diagram 1.1 below was included in Attachment A of IBA's submission to the Standing Committee on Indigenous Affairs' Inquiry into the Pathways and Participation Opportunities for Indigenous Australians in Employment and Business in March 2020.

The diagram is a visual representation of the geographical distribution of approved housing loan customers between FY2018-19. However, tables 1.1 and 1.2 (as above) and Attachment A represents data on approved IBA home loans as of 30 June 20 for the period 2019-2020.

Data as of 30 June 2021 will be included in our 2020-2021 Annual report which will be available in November 2021.

Geographic distribution of approved housing loan customers

**Diagram 1.1 – FY2018-2019 IBA Home Loan approvals by Geographic distribution (as referred to in Q0002)*

Attachment A

FY 19-20 LOAN APPROVALS BY GEOGRAPHIC LOCATION															
State/Territory	Geographic Location*	Major City		Inner Regional		Outer Regional		Remote		Very Remote		Total		%	
		#	$	#	$	#	$	#	$	#	$	#	$	#	$
ACT	Canberra	4	$1.56m	2	$873k	0	$k	0	$k	0	$k	6	$2.43m	100%	100%
	Subtotal	**4**	**$1.56m**	**2**	**$873k**	**0**	**$k**	**0**	**$k**	**0**	**$k**	**6**	**$2.43m**	**1%**	**1%**
NSW	Sydney	24	$10.88m	8	$3.97m	0	$k	0	$k	0	$k	32	$14.85m	14%	18%
	Central Coast	26	$11.61m	11	$5.49m	0	$k	0	$k	0	$k	37	$17.1m	17%	20%
	Queanbeyan	3	$978k	16	$6.47m	1	$351k	0	$k	0	$k	20	$7.8m	9%	9%
	Wagga Wagga	0	$k	24	$7.99m	10	$2.83m	0	$k	0	$k	34	$10.82m	15%	13%
	Bourke	0	$k	0	$k	1	$124k	6	$1.01m	0	$k	7	$1.14m	3%	1%
	Dubbo	0	$k	13	$4.65m	9	$2.71m	0	$k	0	$k	22	$7.37m	10%	9%
	Tamworth	0	$k	7	$2.01m	4	$809k	0	$k	0	$k	11	$2.82m	5%	3%
	Coffs Harbour	6	$2.52m	47	$17.59m	5	$2.1m	0	$k	0	$k	58	$22.21m	26%	26%
	Subtotal	**59**	**$25.99m**	**126**	**$48.18m**	**30**	**$8.92m**	**6**	**$1.01m**	**0**	**$k**	**221**	**$84.1m**	**49%**	**51%**
NT	Darwin	0	$k	0	$k	11	$4.27m	0	$k	0	$k	11	$4.27m	58%	57%
	Katherine	0	$k	0	$k	0	$k	1	$328k	0	$k	1	$328k	5%	4%
	Nhulunbuy	0	$k	0	$k	0	$k	0	$k	0	$k	0	$k	0%	0%
	Alice Springs	0	$k	0	$k	0	$k	5	$2.14m	1	$424k	6	$2.56m	32%	34%
	Tennant Creek	0	$k	0	$k	0	$k	0	$k	1	$317k	1	$317k	5%	4%
	Subtotal	**0**	**$k**	**0**	**$k**	**11**	**$4.27m**	**6**	**$2.47m**	**2**	**$741k**	**19**	**$7.48m**	**4%**	**5%**
QLD	Brisbane	28	$11.2m	25	$9.97m	0	$k	0	$k	0	$k	53	$21.17m	49%	55%
	Roma	0	$k	7	$2.16m	2	$570k	1	$145k	0	$k	10	$2.88m	9%	8%
	Mount Isa	0	$k	0	$k	0	$k	0	$k	0	$k	0	$k	0%	0%
	Rockhampton	0	$k	12	$3.48m	8	$2.73m	0	$k	0	$k	20	$6.2m	19%	16%
	Townsville	0	$k	0	$k	10	$3.01m	0	$k	0	$k	10	$3.01m	9%	8%
	Cairns	0	$k	0	$k	14	$4.75m	1	$348k	0	$k	15	$5.09m	14%	13%
	Subtotal	**28**	**$11.2m**	**44**	**$15.61m**	**34**	**$11.05m**	**2**	**$493k**	**0**	**$k**	**108**	**$38.35m**	**24%**	**23%**
SA	Adelaide	9	$3.13m	7	$2.34m	1	$179k	0	$k	0	$k	17	$5.65m	68%	73%
	Port Augusta	0	$k	1	$414k	1	$223k	0	$k	1	$255k	3	$892k	12%	11%
	Ceduna	0	$k	0	$k	2	$416k	1	$294k	2	$505k	5	$1.21m	20%	16%
	Subtotal	**9**	**$3.13m**	**8**	**$2.75m**	**4**	**$817k**	**1**	**$294k**	**3**	**$760k**	**25**	**$7.76m**	**6%**	**5%**
TAS	Hobart	0	$k	16	$5.51m	4	$1.17m	0	$k	0	$k	20	$6.68m	100%	100%
	Subtotal	**0**	**$k**	**16**	**$5.51m**	**4**	**$1.17m**	**0**	**$k**	**0**	**$k**	**20**	**$6.68m**	**4%**	**4%**
VIC	Melbourne	9	$4.25m	18	$6.66m	4	$971k	0	$k	0	$k	31	$11.88m	100%	100%
	Subtotal	**9**	**$4.25m**	**18**	**$6.66m**	**4**	**$971k**	**0**	**$k**	**0**	**$k**	**31**	**$11.88m**	**7%**	**7%**
WA	Perth	7	$2.59m	4	$1.28m	0	$k	0	$k	0	$k	11	$3.87m	46%	54%
	Kalgoorlie	0	$k	0	$k	2	$502k	0	$k	0	$k	2	$502k	8%	7%
	Geraldton	0	$k	0	$k	1	$312k	3	$260k	0	$k	4	$572k	17%	8%
	South Hedland	0	$k	0	$k	0	$k	1	$232k	1	$259k	2	$491k	8%	7%
	Broome	0	$k	0	$k	0	$k	5	$1.79m	0	$k	5	$1.79m	21%	25%
	Derby	0	$k	0	$k	0	$k	0	$k	0	$k	0	$k	0%	0%
	Kununurra	0	$k	0	$k	0	$k	0	$k	0	$k	0	$k	0%	0%
	Subtotal	**7**	**$2.59m**	**4**	**$1.28m**	**3**	**$814k**	**9**	**$2.28m**	**1**	**$259k**	**24**	**$7.22m**	**5%**	**4%**
Grand Total by Number		**116**	**$48.71m**	**218**	**$80.86m**	**90**	**$28.02m**	**24**	**$6.54m**	**6**	**$1.76m**	**454**	**$165.89m**		
Grand Total by %		26%	29%	48%	49%	20%	17%	5%	4%	1%	1%				

** Geographical locations based on Australian Indigenous Geographical Classification*