

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: Home Improvements

Senator: Senator Moore

Question reference number: PM83

Type of question: FPA Friday 12 February 2016, Page 7

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

Number of pages: 2

Question:

Mr Fry: There are two other elements: 0.8 per cent were for home improvements, where existing clients of IBA had severe problems with their house not being up to accommodation standard. We do not do home improvements for a swimming pool—

Senator MOORE: Essential renovations.

Mr Fry: Essential renovations.

Senator MOORE: That is all documented, Mr Fry?

Mr Fry: We can provide that to you.

Senator MOORE: We will put these on notice. That would be useful, rather than taking the time here. There were the ANAO recommendations. You have said you accept them and you gave us an indication of the kinds of things you were doing within the agency to respond. I would like a more fulsome explanation to what you have given us in brief of some of those things, just so that the statement that the loans are not being effectively targeted does not stand unchallenged. You can accept, as you have done, that there is work to be done, but you cannot have your professional reputation put out in such a way that there is an inference that you are not doing your job. That would be good.

Mr Fry: ... We have accepted all of their recommendations. There is some work to be done from our side, but we look forward to putting those responses in formal records.

Answer:

Home Improvements

IBA's Indigenous Home Ownership Program Policy provides that Home Improvement Loans are available for necessary renovations, extensions (e.g. additional bedroom), routine

maintenance and repairs to an existing home for those customers who are not able to access finance for these purposes from other lenders and who meet the product eligibility criteria.

IBA may consider providing a Home Improvement loan when the improvement is required:

- a) to accommodate changes in the number of family members
- b) for medical, or related health reasons
- c) to assist a family cope with local environmental conditions such as heat or cold
- d) to repair or replace worn-out or obsolete items of domestic infrastructure, or
- e) to prevent harm or danger to the family members.

IBA's Proposed Actions in Response to the ANAO Recommendations

A full response to ANAO's recommendations is included in the published ANAO report. Key actions in response to the recommendations include the following:

- 1) Adjusted policy settings for targeting of home loans, including a strengthened income test, a new assets test and income tiered deposit requirements are being developed and are expected to be implemented with effect from 1 July 2016.
- 2) Enhanced reporting of home ownership outcomes is being developed for inclusion in Portfolio Budget Statements.
- 3) Investigation of alternative business models that would support IBA to grow its capital base through public-private sector arrangements with commercial banks, which could deliver larger numbers of home loans and an expanded product range.
- 4) Streamlining of IBA's business practices, based on better use of on-line and self-service capabilities for aspiring home loan customers.
- 5) IBA is enhancing its promotion of the program to customers in areas where there are realistic opportunities for home ownership. This includes dedicated resources to develop, implement and oversight promotional activities with particular focus on those regional areas that have lower home ownership rates and a higher proportion of lower income customers.

Program Targeting

IBA has included commentary in respect of program targeting as part of its response to Question on Notice PM81