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CORPORATE PLAN

—

2019-20



Australian Government
Indigenous Business Australia



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ACKNOWLEDGEMENT OF COUNTRY

IBA pays respect to Elders, past, present and emerging. We honour the resilience and continuing connection to country, culture and community of all Aboriginal and Torres Strait Islander people across Australia. We recognise the decisions we make today will impact the lives of generations to come..

INDIGENOUS BUSINESS AUSTRALIA CORPORATE PLAN

As the accountable authority of IBA, the Board presents the IBA Corporate Plan 2019–20, as required under section 35(1)(b) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

The plan is consistent with the obligations arising from IBA's enabling legislation, the *Aboriginal and Torres Strait Islander Act 2005* (ATSIA Act), and was prepared in accordance with the *Public Governance, Performance and Accountability Rule 2014*.

This plan has been prepared for the 2019-20 reporting period and includes information that covers the 2019–20 to 2022–23 reporting periods. It replaces IBA Corporate Plan 2018–19.

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Artwork by Indigenous artist Penny Evans.

IBA has taken all reasonable steps to ensure that the content of this publication is sensitive and considerate of Aboriginal or Torres Strait Islander people. Throughout this document the term 'Indigenous' refers to Aboriginal and Torres Strait Islander people.

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For more information, visit IBA's website at iba.gov.au or call **1800 107 107**.

“
I JUST WANT THE BEST
FOR MY KIDS, THAT’S
WHY WE BOUGHT THIS
HOUSE. IT’S SOMETHING
TO BE PROUD OF, IT’S
SOMETHING WE OWN.
”

- Brett French (Kamilaroi), Moree NSW.



WHY WE EXIST

OUR PURPOSE

IBA's vision is for a nation where Aboriginal and Torres Strait Islander people are economically independent and an integral part of the economy. We recognise and respect that Aboriginal and Torres Strait Islander people and communities are resilient, intelligent and forward thinking.

Throughout history, Aboriginal and Torres Strait Islander people have navigated country, culture and new systems to improve the well-being of their families and communities.

The world will continue to change and although IBA is not able to tackle all challenges that Aboriginal and Torres Strait Islander people face, we contribute meaningfully to increasing economic participation and development.

Our purpose and functions are set out in the *Aboriginal and Torres Strait Islander Act 2005* (the ATSI Act) which requires us:

- to assist and enhance Aboriginal and Torres Strait Islander self-management and economic self-sufficiency
- to advance the commercial and economic interests of Aboriginal persons and Torres Strait Islanders by accumulating and using a substantial capital asset for the benefit of the Aboriginal and Torres Strait Islander peoples.

In short, this means we work with Aboriginal and Torres Strait Islander people to enable home ownership, start or grow a business, or make informed investments for their future. While we are proud of the successes we have had, we know that there is still a lot of work to do for our shared dream to become a reality.

This Corporate Plan identifies IBA's purpose, what we intend to achieve and how we will measure our achievements, so that we can continue our success. Our performance against the Corporate Plan is supported by IBA's Strategic Plan. The Strategic Plan is consistent with the Corporate Plan in terms of what it is trying to achieve, but it provides IBA staff with guidance about our long term goals.

IBA believes that Aboriginal and Torres Strait Islander people must determine for themselves the best actions and strategies to improve their personal and economic well-being.

The capacity to make such choices is directly linked to financial independence, which is the ability and resources to take care of yourself and your family without government assistance.

IBA serves, partners and invests with Aboriginal and Torres Strait Islander people who want to own their future. We provide financial products and services, and we invest in people, places and ideas. We're deeply invested in the financial success and economic independence of Aboriginal and Torres Strait Islander people.

It's why we exist.

OUR VALUES

Invested: We excel culturally and technically, and we respect the aspirations of our customers.

Informed: We listen to our customers and use evidence to operate ethically, with agility, and with clarity of purpose.

Responsive: We manage customer expectations through positive customer experiences every time we engage, and we are open to opportunity.

Respectful: We value the diversity of our staff and we bring our collective skills and life experiences together to create value for our customers.

Connected: We maintain strategic relationships and are invested in our customers and the communities we serve.

HISTORY OF ECONOMIC SUCCESS



Evidence of a hearth with shells and burnt stones at the mouth of the Hopkins River, SW VIC, at a roughly twice the presently accepted age of arrival of people on the continent.

Evidence of fire used to shape the landscape on Lake George basin in Southern Tablelands of NSW.

120,000 years ago



Age of an axe-grinding stone found at Madjedbebe, Kakadu National Park, NT.

65,000 years ago



Aboriginal people inhabiting the site of Keilor, VIC (20km NW of Melbourne).

30,700 years ago



Aboriginal people living in Malngangarr in Arnhem Land employ world-leading technology with the use of ground-edge grooved axes.

Aboriginal people mine flint from caves under the Nullarbor Plains.

22,000 years ago



Coastline of Australia takes its present form.

5000 years ago

80,000 years ago

Age of tools and artefacts found at the Madjedbebe rock shelter, Kakadu National Park, NT.

49,000 years ago

The earliest known use of ochre in Australia found at the Warratji rock shelter, Flinders Ranges, SA.

26,000 years ago

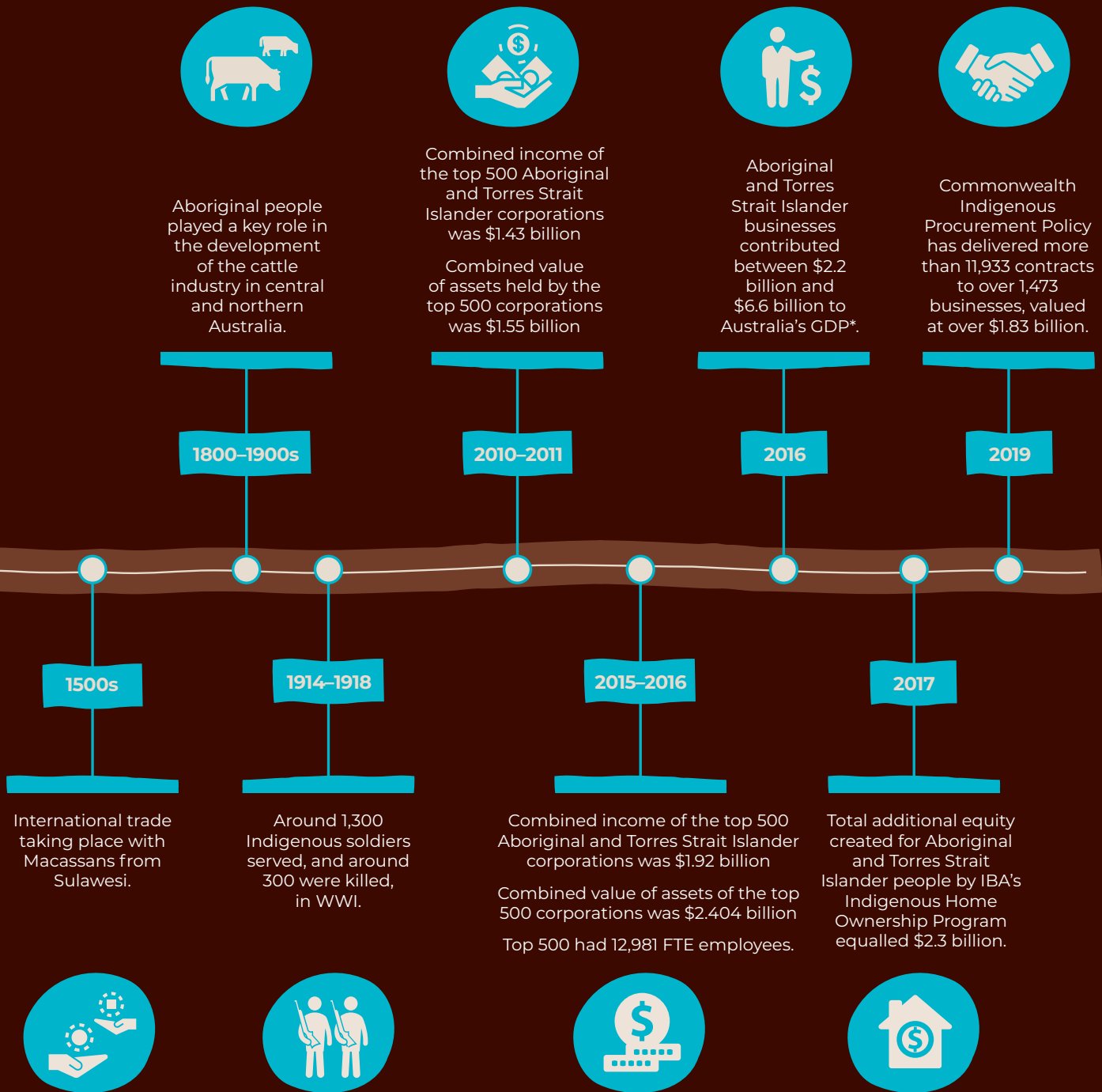
The body of a woman from Lake Mungo provides the earliest evidence in the world of ritual cremation.

18,000 years ago

Evidence shows the harvesting of grass seeds is integral to Aboriginal socio-economic life on large grasslands



Evidence points to a persuasive case that Aboriginal and Torres Strait Islander people operated complex economic systems, regulated by cultural and political institutions, and farmed their land, lived in villages, built houses, harvested cereals and built complex aquaculture systems, including possibly the earliest stone structures in human history.



* PwC's Indigenous Consulting, 2018, 'The contribution of the Indigenous business sector to Australia's economy'.

“
I THINK THERE IS
A NEW MOOD IN
THE COUNTRY,
AND WE’VE
GOT TO TAKE
ADVANTAGE OF
THAT MOOD.
”

- Bruce Pascoe at the IBA
Futures Forum, March 2019.



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CUSTOMER SUCCESS

IBA serves, partners and invests with Aboriginal and Torres Strait Islander people who want to own their future.

For too long, Indigenous Australians have not lead the critical decisions, policies and solutions that determine their futures. IBA is dedicated to changing this and ensuring our customers are at the centre of everything we do.

IBA's five year strategy (2018–2023) was designed with customer success at its core. We measure success by ensuring our products and services are designed to empower, inform and increase capacity. We believe that access to home ownership, business and investment opportunities are key contributors to positive intergenerational change, but in order to generate this change we need to get the right products and services to the right people, at the right time.

OUR CUSTOMER ENGAGEMENT MODEL

WE ENGAGE WITH INDIGENOUS AUSTRALIANS TO DESIGN OUR PRODUCTS AND SERVICES.

HOW WE DO THIS

- We engage with customers directly, through customer feedback, surveys, research, workshops and other channels.
- We collaborate with stakeholders and networks, including national Indigenous agencies and other government entities, and key Indigenous bodies in the states and territories.
- The members of our predominantly Indigenous Board provide insights, advice and feedback that help to ensure that our products best fit our customers.
- We continually implement and review product and service enhancements.
- We track and analyse our markets and our performance.

HOW WE HOLD OURSELVES TO ACCOUNT

- We meet our targets.
- We seek and respond to customer feedback.
- We strive for a culture of continuous improvement.
- We welcome innovation.

WHAT CUSTOMER SUCCESS LOOKS LIKE

- Customers can easily access products and services.
- Customers feel that products and services meet their needs.
- Customers can easily identify the products and services that are right for them.
- Customers have a consistent experience throughout.
- Customers feel empowered and informed.

CUSTOMER-LED SUCCESS

IBA continues to deliver new initiatives that change the way we connect with customers and develop products. We are constantly evaluating ways to deliver our existing products better and investigating new products that will meet emerging needs. We strive to ensure our product development starts and ends with customer success. Over the next year, IBA will continue to deliver a wide range of new and developing programs and products including:

- **Strong Women Strong Business:** created to provide Aboriginal and Torres Strait Islander business women with greater supporter and connectedness
- **Futures Forum:** created to support the growing number of young Indigenous business leaders and the increasing focus on the future intersection of business and culture
- **Accelerator:** developed to provide Indigenous entrepreneurs with critical start-up support on how to make their business ideas a successful reality
- **Film Finance:** finance products specifically designed to help Indigenous film makers share their stories.

CONTINUOUS IMPROVEMENT

Our customer-driven approach to decision-making is underpinned by our commitment to continuous improvement.

Over the past three years, we have seen a significant increase in the need for our home loans, business support and investment expertise. As demand has increased, we have continued to deliver our products and services to the extent of our resources. However, we know that our success is only sustainable if we are constantly adapting and responding to market shifts and trends.

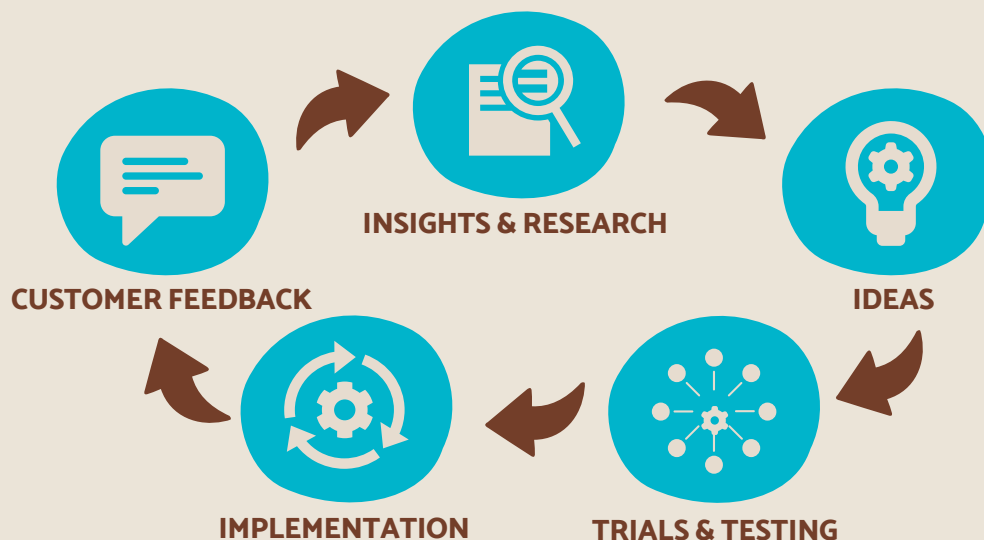
This is why we will conduct a holistic review of our products in 2019–20, to identify the:

- existing IBA products and services that are best meeting our customer needs
- changes that we need to make to existing products and services to improve customer outcomes
- new products and services that we need to create to provide the best outcomes for future customers.

As well as reviewing our products, we will continue to identify and act on ways to improve our customer experience, including:

- improvements to our online customer-facing systems, our website, online tools and home loan application system
- a major project to upgrade our information and communications technology (ICT) architecture which will provide significant improvements to efficiency, access and the overall customer experience. The roll out of our three-year ICT strategic plan will be a key milestone for IBA and our customers
- the development and implementation of a new reporting framework that measures the positive social impact that IBA has on the lives of our customers, to expand the focus of our performance reporting.

HOW WE DESIGN OUR PRODUCTS



STRONG SYSTEMS

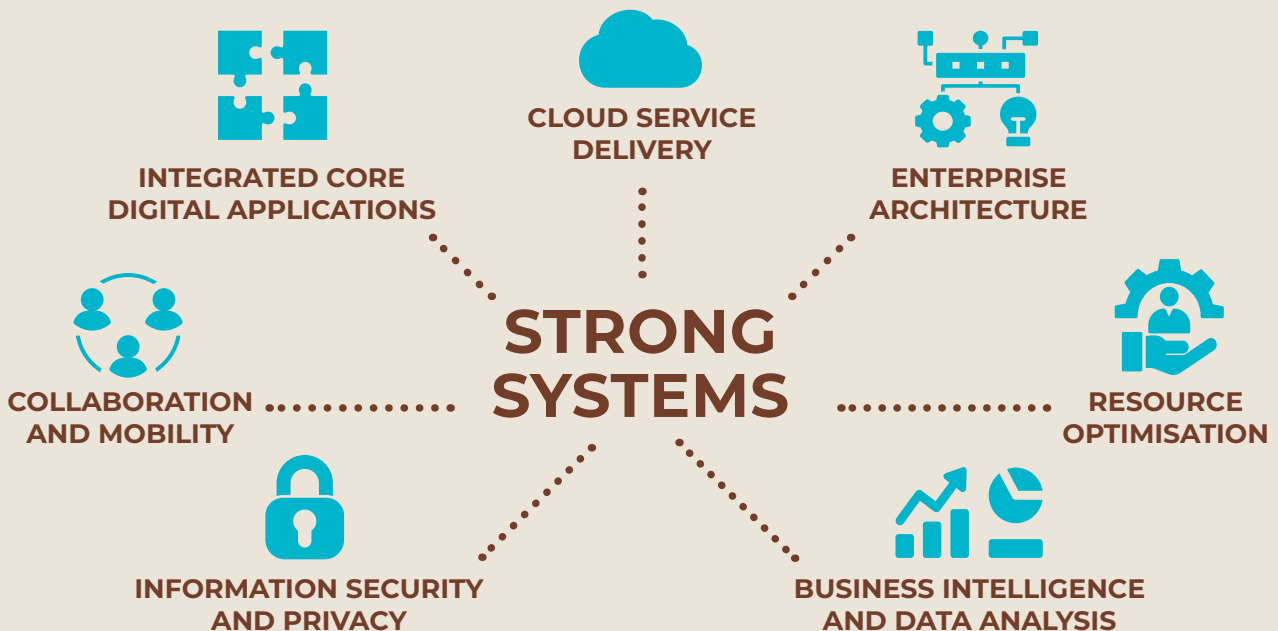
IBA is investing in strong information and communications technology (ICT) systems with an aim to deliver an operating platform that is modern, secure, cloud based, and customer focused. Our three-year ICT strategic plan will focus on opportunities to transform our automated services to support customer interactions and improve the cost-effectiveness of our business processes.

Over the course of 2019-20, we will continue our work in digitising IBA's record keeping system and the implementation a core business solution in order to

improve the end-to-end customer experience. This enhanced focus on improving our technology is designed create a customer-facing system similar to that of the major financial institutions.

Our transition to a cloud-based platform will also provide IBA with stronger cyber-resilience and resource optimisation. The creation of a data warehouse will ensure that our staff are well supported to provide evidence based solutions to our customers and stakeholders.

OUR FOCUS IN 2019-20



“
RUNNING YOUR OWN
BUSINESS IS SO HARD... BUT I’M
BUILDING MY OWN DREAMS...
AND SHOWING MY KIDS YOU
CAN GO OUT AND DO WHAT
YOU WANT...”

”

- Michael Weir, Wiradjuri.



SMART MONEY

The IBA Board has approved a new three-year investment strategy to drive outcomes for our customers, laying the foundation for our growth through to 2022. This strategy promotes strong client relationships and encourages investment in opportunities where both IBA and our partners achieve strong financial outcomes. It also ensures that we create outcomes aligned to the vision of IBA and the aspirations of our investment partners.

The investment strategy is built on the principle of positioning 'smart money' in areas that will achieve not only the desired financial returns but also social outcomes, which are becoming increasingly important. By investing smartly, we can provide the foundation for intergenerational wealth creation, enable sustainable businesses and achieve strong growth in employment and procurement.

We focus on reinvesting our wealth to continue growth for future generations and reinvest profits to support our clients.

Our funds management businesses follow the smart money mantra by pooling the funds of IBA and our partners to achieve scale that enables outcomes that would not be achievable by a single investor. These smart investment choices allow our partners to build long term wealth.

We have ambitious targets over the next four years. We aim to deliver strong financial returns of CPI+3.5% to our co-investors, while achieving 40% Indigenous employment across the IBA group.

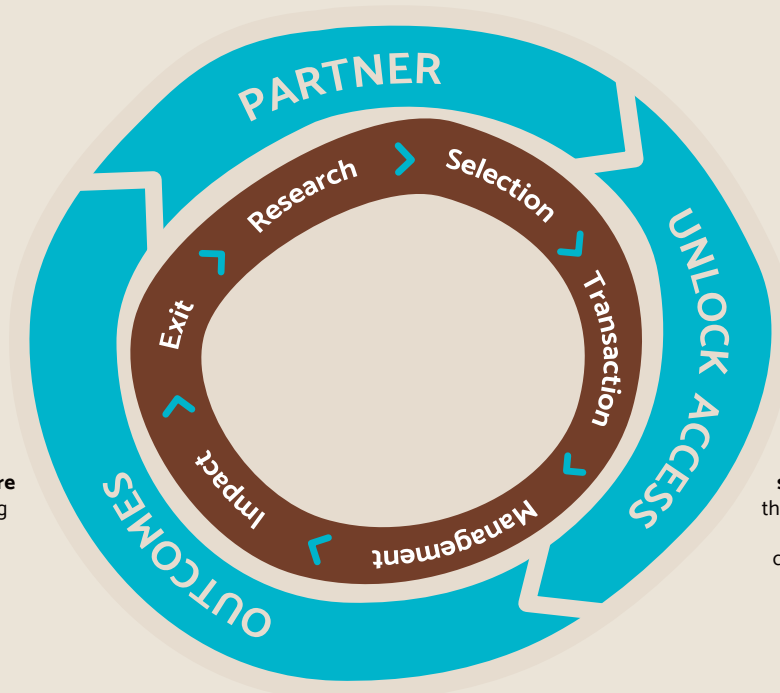
SMART MONEY STRATEGY



We partner with Indigenous groups in an investment portfolio that provides financial returns, and a lot more, for investors and their communities.



Our partnerships lead to positive outcomes for the entire Indigenous economy, including jobs, procurement, commercial capacity development, and sustainable financial returns.



We unlock access to large scale investment opportunities that would otherwise be unavailable. We provide the scale, expertise, capability development and direct involvement. We are actively engaged in the success of each investment.

DEADLY PEOPLE

IBA is led by a Board which brings together members from diverse professional and cultural backgrounds, the majority of whom are Aboriginal and Torres Strait Islander people. Our staff also come from diverse backgrounds and bring a range of different professional skills that help us meet the needs of our customers. As of March 2019, the Indigenous component of our workforce reached 31%.

Having a skilled, culturally capable and adaptable workforce ensures that we can do what we set out to achieve. We invest in our people through providing excellent employment terms and conditions, contemporary learning and development opportunities, and strategies to help staff balance work with their other commitments.

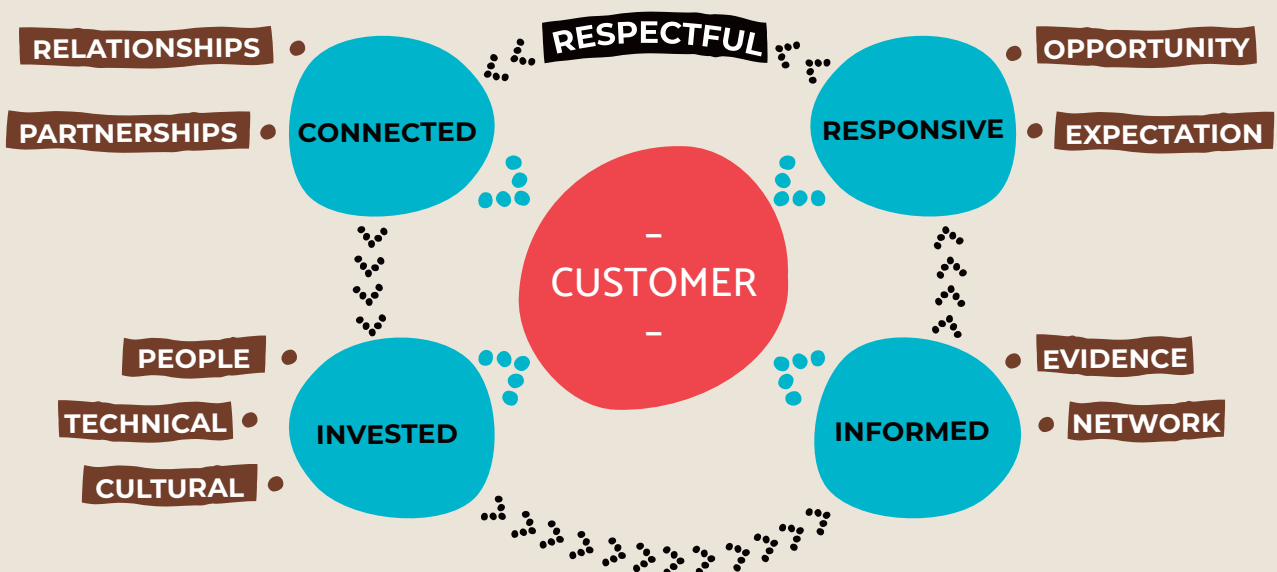
IBA's performance management approach is being streamlined, including the transition to an online platform with a focus on embedding the IBA values in each employee's performance agreement. IBA also invests in building the cultural capability of all staff, commencing with our recruitment practices and continuing through a range of training and networking opportunities.

In 2018–19, our strong investment in the leadership capability of our staff saw a cohort of our middle managers commence a personalised, two-year leadership development program. Twenty of our senior managers have also come together to workshop ways to enhance communication and deliver initiatives to build on IBA's culture, such as mentoring and monthly recognition awards.

The year ahead will see this investment continue, as we:

- adopt a systematic approach to workforce planning to ensure that we have talented people in the right locations to meet our future business needs
- review our approach to recruitment with the aim of building on our internal talent and diversity
- provide staff access to salary packaging arrangements
- provide staff with access to health and wellbeing initiatives aimed at sustaining our high-performing workforce.

OUR ENGAGEMENT FRAMEWORK



STRATEGIC PLAN: HOW ARE WE TRACKING?

BY 2023, IBA
WILL HAVE
SUPPORTED:



CUSTOMER SUCCESS

We are a go-to agency for Aboriginal and Torres Strait Islander people, providing them with products and solutions designed for their success. We make ourselves available to support our customers and celebrate their success.

GOAL 1



Support Aboriginal and Torres Strait Islander entrepreneurs and businesses to build business knowledge, skills and capabilities.



ON TRACK

2023 TARGET:
5,000
CUSTOMERS

GOAL 2



Build useful and smart pathways for Aboriginal and Torres Strait Islander people to buy a home.



ON TRACK

2023 TARGET:
70,000 PEOPLE



DEADLY PEOPLE

IBA's employees are culturally capable, technically capable and deliver results. Our customers trust that our staff have the right skills and are the best people for the job.

GOAL 3



Employ more Aboriginal and Torres Strait Islander people and buy more from Aboriginal and Torres Strait Islander businesses.



EXCEEDED

2023 TARGET: 40%
INDIGENOUS EMPLOYMENT



2023 TARGET: \$10M IN
INDIGENOUS PROCUREMENT

EXCEEDED



Housing

70,000* Aboriginal and Torres Strait Islander people into stable and secure housing.

*since the inception of the Indigenous Home Ownership Program.



Business

Delivery of business solutions to 5,000 additional* Aboriginal and Torres Strait Islander entrepreneurs and businesses

*from 2018



Investments

100 partnerships with Aboriginal and Torres Strait Islander co-investors investing at least \$250m* alongside IBA to generate impact.

*total portfolio value



SMART MONEY

Invest with our customers so their dreams become a reality. We will reinvest and build long-term wealth for Aboriginal and Torres Strait Islander communities.

GOAL 4



Keep making smart choices with our money so more Aboriginal and Torres Strait Islander people benefit.



ON TRACK

2023 TARGET:
\$250M CO-INVESTMENT

GOAL 5



Partner with Aboriginal and Torres Strait Islander people to find new and innovative ways to invest in their future.



ON TRACK

2023 TARGET:
100 PARTNERSHIPS.



STRONG SYSTEMS

Our customers experience at IBA is positive and consistent.

GOAL 6



Use our technology and systems to ensure we provide the best possible customer experience online, over the phone or in person.

REVIEW OF ICT SYSTEMS UNDERWAY AND ON TRACK.



GOAL 7



Impact framework in development to demonstrate and improve customer success and product impact.

DEVELOPMENT ON TRACK.



ENVIRONMENT

IBA works in a dynamic and changing environment. As an independent Corporate Commonwealth Entity of the Australian Government, IBA is accountable to the Parliament through the Prime Minister and Cabinet portfolio and the Minister for Indigenous Australians. Our legislative mandate is to support Aboriginal and Torres Strait Islander people across Australia – we have a prominent national footprint and impact, despite our small size. As more Aboriginal and Torres Strait Islander people are looking to own their own homes, get into business and invest for the future, we are experiencing growing demand for our solutions. The increasing younger demographic profile of the Aboriginal and Torres Strait Islander population creates significant opportunities for IBA to increase and scale our contribution to the economic prosperity and independence of Aboriginal and Torres Strait Islander people.


Notwithstanding this growing demand, external factors, like housing affordability, acutely impact IBA and our customers – significant increases in house prices in the last 15 years have exceeded average wage and salary increases over the same period, impacting affordability. Led by the Australian Government's successful Indigenous Procurement

Policy, the growth in preferential procurement policies across levels of governments and sectors in Australia impacts IBA and our customers – increasing demand for the services of our Business Solutions division. Similarly, the growth in native title, land settlements and negotiated outcomes, together with the growth in Aboriginal and Torres Strait Islander organisations provides a once in a lifetime opportunity to ensure that wealth, often derived from non-renewable assets, is invested wisely to benefit both current and future generations.

Our challenge is to keep pace with this demand, to make sure we deliver relevant solutions, and embrace new technologies to support our customers to participate and be included in the Australian economy.

Throughout our proud history, our solutions – which result in jobs, businesses, home ownership, capability and capacity development, prosperity, sound investments and wealth creation – have achieved economic independence for Indigenous Australians and strongly contributed to achieving the outcomes of government economic development policy initiatives.

We understand that our vision is bold, but we truly believe it is achievable.



"I'VE COME BACK WITH A WHOLE NEW WAY OF THINKING. WE'VE STARTED PUTTING SOME PRETTY BIG CHANGES IN PLACE IN OUR OWN BUSINESS THAT I THINK ARE GOING TO HAVE A HUGE SOCIAL IMPACT." - MARCIA, FUTURES FORUM PARTICIPANT.

The inaugural IBA Futures Forum was held on Worimi Country, NSW.

FACTORS AFFECTING IBA'S OPERATING ENVIRONMENT

FACTORS FULLY WITHIN IBA'S CONTROL

- Delivering on our mandate to support Aboriginal and Torres Strait Islander people across Australia.
- Delivering on the IBA Values of invested, informed, responsive, respectful and connected.
- Maintaining our position as the go-to economic development agency for Aboriginal and Torres Strait Islander people.
- Providing relevant and accessible finance solutions for Aboriginal and Torres Strait Islander home and business loan customers.
- Responsibly manage our capital allocation across products.
- Maintain high levels of engagement with customers and the community.
- Provide flexible terms for our customers.
- Provide well-managed investment options to grow wealth for our co-investors and customers.
- Committing resources across Australia to urban, regional and remote areas.
- Supporting the growth of Indigenous procurement policies.
- Our approach to organisational culture.
- Our approach to risk.
- Our commitment to delivering a positive customer experience.

FACTORS PARTIALLY WITHIN IBA'S CONTROL

- Ability to meet demand for our housing loans.
- Success of IBA Business Solutions customers to achieve their aspirations.
- Perception of IBA's performance and the importance of our work.
- Success of our direct investments because of regional economic variations and factors influencing our direct investment partners.
- The development of new initiatives or policy approaches by the public and private sectors.

FACTORS BROADLY OUTSIDE OF IBA'S CONTROL

- Australian economic conditions.
- Regulatory changes for mainstream lenders.
- Housing affordability.
- Interest rates.
- Performance of global equity markets.
- Consumer confidence.
- Machinery of government changes.

OUR CURRENT STATE



OVER 90%
LOANS TO FIRST
HOME BUYERS



5200
ACTIVE LOAN
CUSTOMERS



\$1.3B TOTAL
PORTFOLIO VALUE

MAJORITY OF LOANS IN
REGIONAL AUSTRALIA



HIGH LEVELS OF
CUSTOMER
SATISFACTION



1750 ELIGIBLE CUSTOMERS
ON OUR WAITING LIST

MAJOR SOCIAL &
ECONOMIC BENEFIT
STUDY COMPLETED



OVER \$560M
OF UNMET DEMAND
ON IBA BOOKS



**IBA HOME OWNER,
BROGAN LEE**

SUSTAINABLE DEVELOPMENT GOALS

In 2015, the United Nations General Assembly established 17 goals as part of its 2030 Agenda for Sustainable Development. A number of targets accompany each of the goals, which focus on social and economic development across the globe.

We aim to align our social and economic impact framework with the United Nations Sustainable Development Goals, to better understand IBA's national and global contributions. Each of our three program areas contributes to economic and social outcomes for Aboriginal and Torres Strait Islander people, which are linked to the global outcomes.

The Sustainable Development Goals (SDGs) to which our programs contribute are below.



IMPACT FRAMEWORK

We operate within a policy framework that broadly aims to promote the wellbeing of Aboriginal and Torres Strait Islander people and to afford them with life opportunities that are the same as those of other Australians.

Within this policy framework, IBA's particular focus is on facilitating the economic prosperity of Indigenous Australians by promoting development through self-management and self-sufficiency. Beyond the tangible material gains which our products and services deliver to the individuals, communities and groups with whom we engage, there is also a social dimension to our activities.

In the context of historical and contemporary Indigenous disadvantage, the social aspects of our programs are particularly relevant to achieving the planned outcomes of Indigenous policy. It is essential that IBA's activities have a demonstrable positive impact on well-being while contributing to economic prosperity. To ensure that IBA's performance information shows how IBA is

delivering on its intended outcomes, we are working over the reporting period towards developing an Impact Framework. We will continue to develop and refine the Impact Framework over the reporting period.

To be able to measure and demonstrate our success in this area, we are undertaking a study to develop an impact framework for our activities.

The framework will be built by identifying how our objectives and activities contribute to the achievement of specific social and economic outcomes for Indigenous Australians.

The framework will provide a measurement tool to help our customers and stakeholders to identify and quantify our impact, and enable us to evaluate, analyse and report on our activities.

Incorporating an impact measurement framework into our reporting processes will allow us to account for the total impact of our activities, and demonstrate how our activities contribute to the achievement of specific social and economic outcomes for Indigenous Australians.

ISSUE



- Lack of financial independence
- Financial exclusion at nearly every income band
- Barriers to accessing opportunities for self-management and economic self-sufficiency
- Low rate of home ownership—38% of Aboriginal and Torres Strait Islander households own their homes compared to 66% of non-Indigenous
- Low incomes
- Lack of intergenerational wealth

ACTION



- We provide commercially focused solutions to support Aboriginal and Torres Strait Islander people who want to own their futures
- We support our customers to achieve their aspirations for home ownership, business development and wealth creation

IMPACT



- Changed lives, positive futures, economic independence
- Aboriginal and Torres Strait Islander-led economic development and economic prosperity
- Home ownership, jobs, support for businesses and intergenerational wealth
- Savings to government
- Additional economic activity that contributes to GDP and employment figures



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**“THERE’S A HUGE
PUSH ACROSS
AUSTRALIA TO
MAKE A CHANGE.”**

Dionne, Strong Women
Strong Business
conference attendee.

PERFORMANCE

IBA's Corporate Plan and Annual Report documents play a critical role in communicating to our customers and stakeholders what our strategic goals are, how we are going to achieve them and what the outcomes were. This is the way we measure how our programs are performing in achieving our vision and fulfilling our legislated role as a Commonwealth entity.

Over time we have seen an increasing interest in how IBA's products and services create positive long-term social impacts to our customers and their communities. As a result, we will be developing a critical impact framework to identify how our activities impact the lives and livelihoods of people beyond just the number and value of outputs.

In addition to the benefits of home ownership, business support and investment opportunities, we help to ensure Aboriginal and Torres Strait Islander Australians experience improved access to employment and procurement opportunities through IBA's business operations. In 2019–20, we will:

- increase the total value of the goods or services IBA purchases from Indigenous suppliers to 5%
- increase the proportion of IBA's suppliers that are Indigenous to 15%
- continue to focus on building the number of jobs supported by IBA's associates, subsidiaries and program customers that are held by Indigenous Australians.
- continue to have a culturally capable, inclusive and diverse workplace that supports and recognises a strong Indigenous workforce and develops the capability of all staff.

Alongside our customers, and with the unique demographics of the Indigenous population in mind, over the four years from 2019–20 to 2022–23 we will particularly focus on:

- placing at our core, our ability to support secure housing solutions for Indigenous families across the continuum
- increasing our support, through our commercial solutions, for the development of social infrastructure for Indigenous communities, groups and individuals
- supporting the economic empowerment of Indigenous women
- supporting the economic ambitions and aspirations of Indigenous youth.

This will involve growing our research, evaluation and thought leadership capabilities, including through research partnerships, so that we can better utilise, share and broaden IBA's impact and success in supporting economic development outcomes led by Indigenous Australians.

We will also ensure that we deliver relevant solutions and embrace new technologies to support our customers to participate in and be included in the Australian economy, now and into the future.

CAPABILITY

While IBA's purpose aspires to deliver a significant social impact for Aboriginal and Torres Strait Islander people, at our core we are a commercially focused organisation with a strong emphasis on capability, delivery and evaluation.

Working closely with our Board, we regularly assess and align our strategic goals to maximise results whilst maintaining long term sustainability. We understand that organisational strategies and goals must adapt to changes in markets, policies and customer needs. This is why we don't adhere to a 'set and forget' approach, but we work to continuously improve and remain agile enough to respond to opportunities and demands as required.

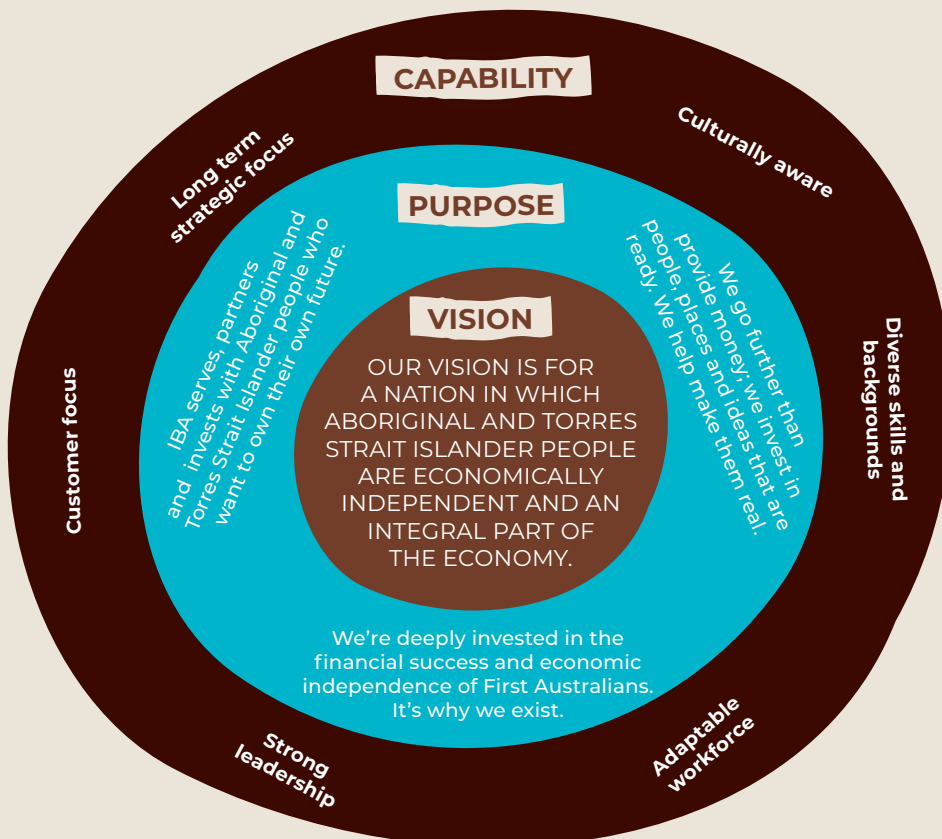
In 2018-19, IBA launched a new five-year strategy outlining an ambitious agenda to invest in more Aboriginal and Torres Strait Islander people, ideas and places than ever before. This strategy was built around the four strategic pillars of customer success, smart money, strong systems and deadly people. We devote the time and effort required to ensure we deliver on the outputs and outcomes outlined in our Portfolio Budget Statement and other reporting documents. In 2019-20 our capability focus is centred on:

Impact: In partnership with Deloitte Access Economics, IBA are developing an impact framework designed to measure the impact of our products and services on Aboriginal and Torres Strait Islander economic independence over time. This new emphasis on impact measurement will ensure our focus in the short, medium and long term are on the areas where we can have the greatest impact.

People: IBA remains committed to investing in our staff to ensure they continue to develop their technical abilities, people skills, and cultural capabilities now and into the future. We understand the need to build a workforce that can deliver a high volume of outputs in complex situations, while remaining adaptable to change. In 2019-20 we will continue to work with our staff to create a supportive and highly competent workplace with a strong focus on long-term sustainability, diversity and well-being.

Systems: In 2019-20 IBA continues the roll out of our ICT reform project. This investment in our IT systems will ensure our customers get the best possible customer service and that our staff are equipped to provide an efficient, consistent and seamless service.

CAPABILITY AND PURPOSE



RISK

KEY RISKS OVER THE NEXT 12 MONTHS

Risk type	Description	Managing the risk
Strategic	Risks related to IBA's business model and how it positions itself in the commercial, social, political and Indigenous affairs environment.	<ul style="list-style-type: none"> Given strategic risk is complex and dependent on the external environment, IBA's strategic risks are monitored through a strategic risk register.
Reputational	The risk of negative perceptions of IBA on the part of stakeholders, including government and customers.	<ul style="list-style-type: none"> IBA has a well-established complaints management system, to ensure we act with integrity and deal with customers promptly and in a respectful manner. Creating and maintaining a positive risk culture and capability. Creating and maintaining strong relationships with our customers and other stakeholders. Understanding and managing shared risk.
Operational	Risks arising from inadequate or failed internal processes, people or systems, or from external events.	<ul style="list-style-type: none"> Incident identification, escalation and reporting processes (including potential breaches, systems failures, control weaknesses). Employee compliance mandatory training program. Quality Assurance Framework and internal and external audit/review program. Systems for risk oversight and management and reporting to relevant accountable authorities. Systems of internal control and reporting to relevant accountable authorities. Regular customer and employee surveys.
Legal, Governance and Compliance	The risks arising from the failure of IBA or other parties to comply with relevant laws or regulations, policies, guidelines or contractual agreements.	<ul style="list-style-type: none"> Policy, Procedures and Chief Executive Instructions to guide and instruct staff on protocols, governance and compliance programs. Specific legal and governance procedures to ensure decisions are informed by high quality legal and governance advice, that meet relevant statutes and better practice. Employee awareness program to ensure legal and governance changes/requirements are understood. Risk management principles, framework and processes. Undertaking extensive consultation to set risk tolerance indicators and limits. Reporting on and regularly reviewing risk tolerance indicators and limits. Ensuring the responsibilities for risk management are understood throughout the organisation. Whistle blower protection policy enabling employees to make confidential and anonymous disclosures.

Risk type	Description	Managing the risk
Financial	Risks arising from failure to obtain, allocate and manage financial resources effectively.	<ul style="list-style-type: none"> · Sound forecasting, monitoring and reporting. · Constant analysis of funding opportunities
Credit	Risks of losses due to counterparty failure or customer default.	<ul style="list-style-type: none"> · Policies and procedures that govern credit risk. These cover all areas of the credit life cycle of IBA's product offerings, including: <ul style="list-style-type: none"> · product structuring, risk grading · initial application and approval · ongoing loan and debt management.
Market	Risks arising from adverse movements in market interest rates, prices and economic conditions.	<ul style="list-style-type: none"> · Ongoing monitoring of external rates, prices and economic conditions. · Ongoing internal portfolio review and reporting. · Strong due diligence and compliance checking framework.
Equity	Risks of losses due to adverse movements in the value of IBA's investments/assets.	<ul style="list-style-type: none"> · Prudent asset management and diversification of asset classes. · Regular reviews of operating businesses and investment markets.

RISK TYPES

STRATEGIC

CREDIT

MARKET

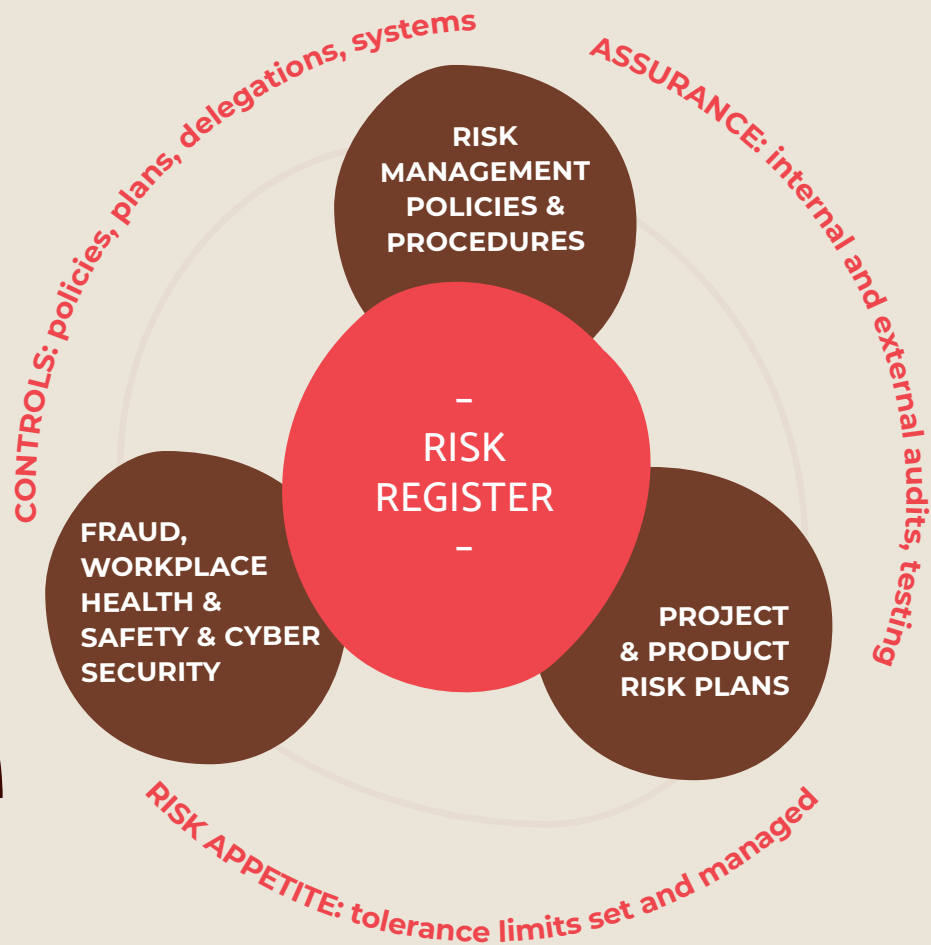
EQUITY

OPERATIONAL

LEGAL

FINANCIAL

REPUTATIONAL



APPENDIX A: RESOURCES

One of the big questions we get from customers has to do with money. We are often asked about who we receive money from, how much money we receive and what we spend the money on. To help make it easier for our customers and staff, here are some easy reminders about how IBA is resourced:

- IBA is a Corporate Commonwealth Entity.
- IBA must meet rules of accountability, which are managed through the Commonwealth portfolio budget statements process under the Prime Minister and Cabinet Portfolio. We report to the minister responsible for administering the *Aboriginal and Torres Strait Islander Act 2005*.

- IBA receives Australian Government funding to assist with the operation of a portion of our Housing Solutions and Business Solutions programs.
- Most of IBA's operations use self-generated revenue from home and business loans and investments.
- IBA's Investment and Asset Management program receives no money from the Australian Government and is run solely from overall returns from IBA's investment portfolio.

Details of IBA's revenue and expenses can be found in the table below.

IBA revenue, equity injections and expenses (\$,000)	2018-19 Budget \$'000	2019-20 Budget \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000	2022-23 Forward estimate \$'000
Funds from Government	40,326	37,087	37,212	37,212	37,109
<i>Appropriation funding</i>	9,762	9,587	9,712	9,712	9,609
<i>Grants</i>	30,564	27,500	27,500	27,500	27,500
Unwinding concessional discount*	56,874	57,615	57,600	57,300	57,600
Other revenue	118,428	134,141	124,539	128,906	130,097
Total Revenue	255,954	265,930	256,563	260,630	261,915
Equity injections from Government	22,850	22,850	22,850	22,850	22,850
Expenses					
Housing Solutions	103,379	95,161	91,175	91,460	91,370
Business Solutions	22,451	26,137	25,042	25,120	25,095
Equity and Investments	86,456	87,280	83,623	83,885	83,803
Corporate and other	25,169	27,401	26,253	26,335	26,310
Total expenses for Outcome 1	237,455	235,979	226,093	226,800	226,578

* Represents the amortisation of the fair value discount and expected credit losses on housing loans previously recognised as an expense on origination.



**“WE’RE KEEPING OUR
CULTURE STRONG
THROUGH BUSINESS.”**

Wes, Futures Forum Participant

APPENDIX B: PERFORMANCE

The performance criteria in the following table are indicators from IBA's 2019-20 Portfolio Budget Statements and are aligned to the key elements of our purpose. Where relevant, the performance measures relate to IBA inclusive of its subsidiaries and associates.

In forward planning targets, IBA takes into consideration how it can make the best use of its available capital and resources to achieve its strategic goals.

Whilst IBA's goal is to grow its impact over the long-term, certain targets in the table below relating to lending volumes are consistent over the four reporting periods, largely due to the constraints in the level of capital expected to be available in any given year. Targets are periodically reassessed, revised and updated from year-to-year, where appropriate, to take account of changes in available capital.



**ACCELERATOR
PROGRAM
PARTICIPANTS,
BRISBANE 2019.**

Outcome 1 – Improved wealth acquisition to support the economic independence of Aboriginal and Torres Strait Islander peoples through commercial enterprise, asset acquisition and access to concessional business and home finance

Delivery	<p>IBA increases wealth and assets for Aboriginal and Torres Strait Islander Australians, families, businesses, organisations and communities through:</p> <ol style="list-style-type: none"> 1. Delivering finance products and support to assist Indigenous customers to enter into home ownership. 2. Providing finance products and support to help start-up, acquire or grow their own businesses. 3. Building commercial capability and creating wealth through investment in and direct management of businesses and assets
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PERFORMANCE INFORMATION

Performance criteria	Targets	Measurements			
		2019/20	2020/21	2021/22	2022/23
<i>Aboriginal and Torres Strait Islander communities and people experience improved access to economic and business opportunities.</i>	Value of business finance approved (annual) ¹	\$40m	\$45m	\$50m	\$50m
	Survivability of IBA business finance customers ²	Meets or exceeds the Australian average	Meets or exceeds the Australian average	Meets or exceeds the Australian average	Meets or exceeds the Australian average
	Total amount of Indigenous co-investments with IBA ³	\$200m	\$220m	\$230m	\$250m
	Portfolio return to Indigenous co-investors (annual) ^{4,5}	CPI +3.5%	CPI +3.5%	CPI +3.5%	CPI +3.5%
<i>Aboriginal and Torres Strait Islander Australians experience improved access to employment and procurement opportunities.</i>	% of total value of goods or services purchased from Indigenous suppliers (annual) ⁶	5%	5%	7.5%	10%
	% of IBA's suppliers that are Indigenous (annual) ⁷	15%	15%	15%	15%
	% of jobs supported by IBA's associates, subsidiaries and program customers held by Indigenous Australians ⁸	40%	40%	40%	40%
<i>Aboriginal and Torres Strait Islander Australians experience improved equitable access to secure and stable housing.</i>	Number of home ownership outcomes approved (annual) ^{9,10}	650	650	650	650
	Value of home ownership outcomes approved (annual) ⁹	\$200m	\$220m	\$220m	\$220m
	% of Indigenous home owners who transition or are supported into mainstream lending (annual) ¹¹	4.5%	4.5%	4.5%	4.5%
	% of housing loans to applicants who are first home buyers (annual)	90%	90%	90%	90%
	% of homeowners who transition from social housing and affordable rental to homeownership (annual) ¹²	5%	5%	5%	5%
Purposes:	<ol style="list-style-type: none"> 1. To assist and enhance Aboriginal and Torres Strait Islander self-management and economic self-sufficiency. 2. To advance the commercial and economic interests of Aboriginal persons and Torres Strait Islanders by accumulating and using a substantial capital asset for the benefit of the Aboriginal and Torres Strait Islander peoples. 				

- ¹ Business related finance products include loans, performance bonds, leases and other finance products approved in financial year.
- ² The trading status of business finance customers is measured at the end of each financial year. Results are compared with data showing "survival rate by employment size range" as published by the Australian Bureau of Statistics in the most recent available version of: Cat. no. 81650.0 Counts of Australian Businesses, including entry and exits. Measure will be reported on by survivability of finance clients compared to Australian average.
- ³ Total value of funds invested by Indigenous organisations, businesses and individuals alongside IBA, including in managed funds, direct investments and property.
- ⁴ Portfolio return to IBA's Indigenous co-investors during the year, calculated as the after-tax comprehensive income (including valuation increments and decrements) generated by Indigenous co-investors' and beneficiaries' interests in the investment portfolio in the budget year, expressed as a percentage of the aggregate value of Indigenous co-investors' and beneficiaries' holdings.
- ⁵ Portfolio CPI refers to the average consumer price index for Australia during the measurement period. For example, if the realised CPI for 2019–20 is 1.7%, the expected return based on a target of CPI + 3.5% is 5.2% (1.7% + 3.5%).
- ⁶ Goods and services procured from Indigenous businesses by IBA and its subsidiaries and associates.
- ⁷ Total percentage of suppliers who are Indigenous owned businesses used to procure goods and services by IBA and its subsidiaries and associates.
- ⁸ Is calculated as the sum of (i) the rolling twelve-month average of all Indigenous employees of IBA subsidiaries and associates (to incorporate seasonality changes); and (ii) the number of Indigenous employees within IBA's businesses finance customers (recorded annually).
- ⁹ Loans, guarantees and other finance products provided for home acquisitions (including purchase of residential land), property settlement, refinance and essential home improvements approved in financial year.
- ¹⁰ Is calculated as the sum of the rolling twelve-month average of all home loans approved to Aboriginal and Torres Strait Islander Australians.
- ¹¹ Total transition to mainstream lending arises where the customer refinances home finance with a commercial lender. Support provided by IBA to access mainstream lending includes loans, guarantees, deposit assistance and other finance products that enable the customer to access finance with a commercial lender.
- ¹² Calculated using the total number of IBA home loan customers who were previously in social housing (including public housing or community housing).

“
DO YOUR RESEARCH, MAKE
SURE YOU HAVE A STRONG
BUSINESS PLAN AND MAKE
SURE TO TAKE RISKS.
”

- Print Junction, Adelaide, SA.





FUTURES INVESTED