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INDIGENOUS BUSINESS AUSTRALIA

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MODERN SLAVERY STATEMENT 2019-20



ACKNOWLEDGMENT

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

INDIGENOUS BUSINESS AUSTRALIA:

OUR VISION IS FOR A NATION IN WHICH ABORIGINAL AND TORRES STRAIT ISLANDER PEOPLE ARE ECONOMICALLY INDEPENDENT AND AN INTEGRAL PART OF THE ECONOMY.



STATEMENT FROM THE CEO & BOARD CHAIR

Indigenous Business Australia (IBA) achieves its purpose and vision by providing financial products and services that support our customers. In 2020 IBA celebrated 30 years¹ of walking alongside Aboriginal and Torres Strait Islander individuals, families, businesses and communities as they strive for their dream to:

- enter into home ownership;
- start, acquire or grow a business; or
- create wealth through investments.

As always, we begin with recognition and respect for the first Australians and their 80,000+ years of connection to land, sea and culture. We acknowledge that since colonisation, Aboriginal and Torres Strait Islander people have endured much, including the forceable removal from their land, being subjected to forced labour practices, wage theft, and restriction of movement.

These historical practices still impact on the lives of Indigenous Australians today and are evidenced by vast gaps in economic prosperity and inter-generational wealth compared with non-Indigenous Australians. IBA exists to address these economic gaps.

Modern slavery activities are, in some ways, analogous to the past experiences of Indigenous Australians. Both fail to consider individual human rights and create enduring and far-reaching detrimental impacts to people, and our society as a whole.

As an agency committed to enhancing and assisting the self-management and economic self-sufficiency of Aboriginal and Torres Strait Islander people, we have zero-tolerance for modern slavery activity. We acknowledge that this does not necessarily mean our operations and supply chains are entirely free of modern slavery risks, but where activities or risks are identified we will take appropriate action to mitigate or remediate the issue.

We submit our inaugural Modern Slavery Statement, which has been approved by the Board of IBA.



A handwritten signature in black ink, appearing to read 'Eddie Fry'.

Eddie Fry
Chair
Indigenous Business Australia

1. Established in 1990 as the Aboriginal and Torres Strait Islander Commercial Development Corporation. In 2005 our name was changed to Indigenous Business Australia and our scope, products, and services significantly expanded.

IBA STRUCTURE

Indigenous Business Australia (IBA) is a Corporate Commonwealth entity established by the *Aboriginal and Torres Strait Islander Act 2005* (Cth) (ATSI Act).

Our purpose under section 146 of the ATSI Act is:

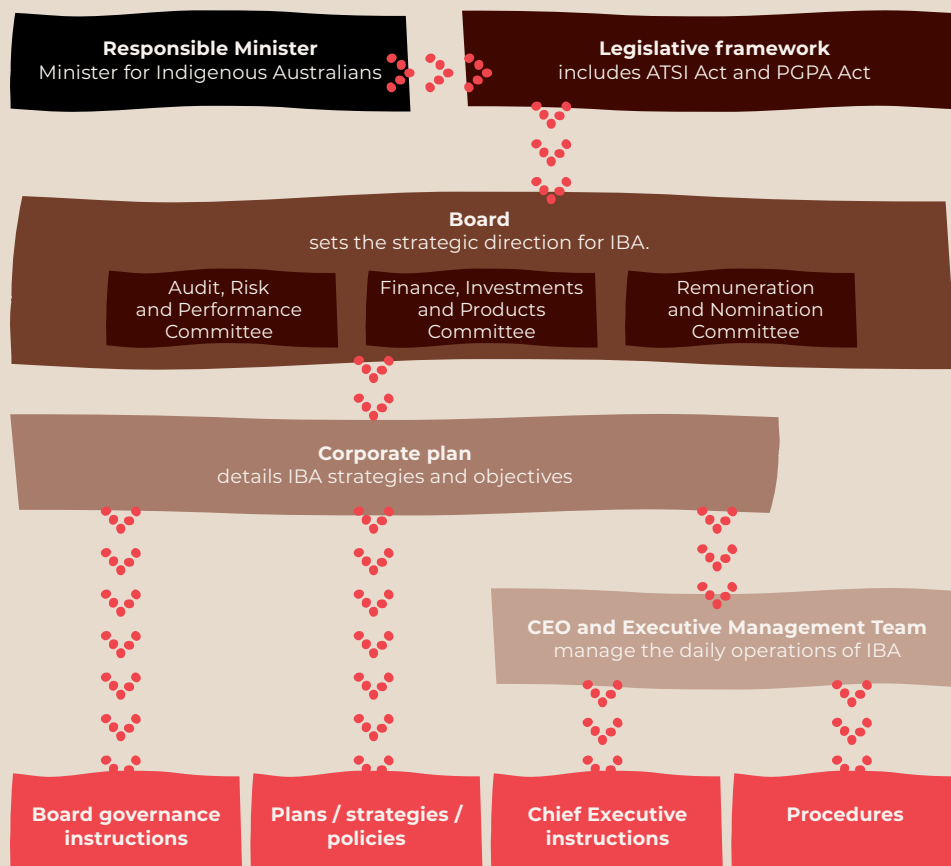
- to assist and enhance Aboriginal and Torres Strait Islander self-management and economic self-sufficiency; and
- to advance the commercial and economic interests of Aboriginal persons and Torres Strait Islanders by accumulating and using a substantial capital asset for the benefit of Aboriginal and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

Our vision is to help build a nation where Aboriginal and Torres Strait Islander people are economically independent and an integral part of the economy.

IBA is governed by a Board of Directors and is accountable to the Minister for Indigenous Australians. Our governance structure is designed to ensure that we achieve our objectives in a transparent, accountable and efficient way.

IBA also has 48 subsidiary entities, with approximately half being operational and undertaking activities related to our Investment and Asset Management program. A list of all subsidiaries can be found in our 2019-20 IBA Annual Report (page 125). None of IBA's subsidiaries are reporting entities under the *Modern Slavery Act 2018* (Cth) and each subsidiary maintains its own governance structures and operations, independent from IBA.

Figure 1: IBA governance structure



IBA OPERATIONS

IBA has 14 offices across mainland Australia. In 2019-20 we employed 207 staff across the country. A further 683 people are employed across our subsidiary entities.

To deliver our purpose and vision, we operate three programs:

- **Housing Solutions** – providing concessional home loan opportunities and further support to assist our customers who cannot access home loans from mainstream lenders;
- **Business Solutions** – providing business finance, business support services and business development programs to assist our customers start or grow a business or increase their business management and entrepreneurial capabilities; and
- **Investments and Asset Management** – undertaking direct investments with Indigenous organisations in sustainable ventures, funds management and specialised investments that provide opportunities for Indigenous organisations to grow wealth and deliver economic, social and cultural impacts in their communities.

In addition to our lending and investment programs, IBA operations include a suite of corporate services including legal, risk, finance, human resources, information technology, communications and strategy and policy teams.

Our subsidiaries control and manage ten enterprises, the majority in joint venture with Indigenous organisations, operating in tourism and accommodation services, retail, and renewables and industrial sectors.

IBA and its subsidiaries have minority shareholdings in a further five joint ventures in tourism and accommodation, and renewables and industrial sectors.

IBA subsidiaries also own three commercial properties as investments and manage three investment portfolios, being the Indigenous Real Estate Investment Trust (I-REIT) and two Indigenous Prosperity Funds (IPF).

Figure 2: IBA program operations



IBA SUPPLY CHAINS

As a financial services provider, our direct supply chain consists primarily of professional services. We procure:

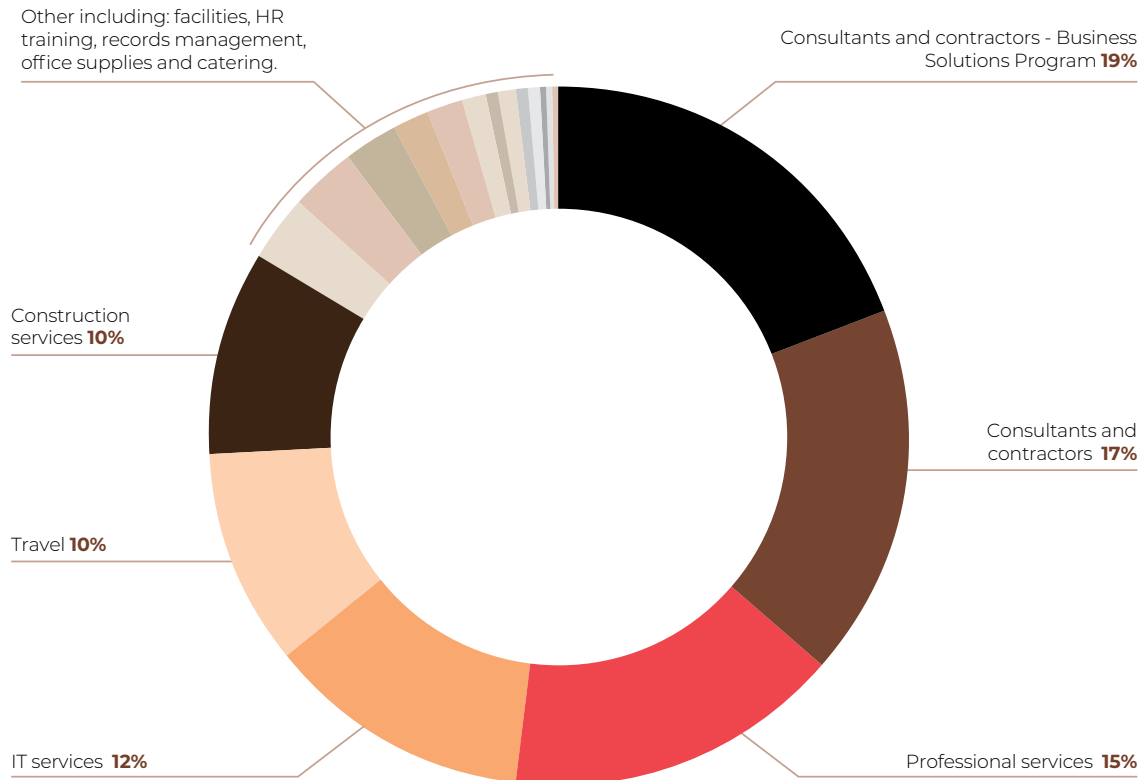
- Professional services: including legal, accounting, auditing, marketing and valuations
- Consultants and contractors, both for IBA and through our Business Solutions Program in support of our customers
- IT services
- Travel
- Construction services: including IBA office fit outs and maintenance, and to maintain and repair other residential and commercial properties within IBA possession
- Human resources and training
- Office supplies and facilities management: including catering, freight and postage, records management, stationary and consumables.

All tier 1 suppliers were Australian businesses.

Key supply chain statistics



Chart 1: IBA supplier categories as a percentage of total \$ spent



IBA SUBSIDIARY SUPPLY CHAINS

IBA's subsidiary supply chains vary depending on the nature of the subsidiary's operations. IBA joint ventures are located across Australia in three key sectors: Retail, Tourism and Accommodation, and Renewables and Industrial.

Retail – suppliers include the provision of food products and groceries, fuel, transport, management and professional services, administration, utilities and communications.

Tourism and Accommodation – suppliers include cleaning services, food and beverage suppliers, hotel supplies, event management, tour operators and services, fuel, transport, utilities, communications, management and consultancy services.

Renewables and Industrial – suppliers include asset management services, operational and management services, consultancy services, and services relating to replacement parts, transport and fuel.

Investment Funds – suppliers to the investment funds provide administrator, director, fund management and registry services, property management, insurance, maintenance and repairs.

The vast majority of IBA subsidiary tier 1 suppliers were Australian businesses.

Key subsidiary supply chain statistics



Chart 2: Joint venture suppliers - percentage of total procurement spend by joint venture industry



IDENTIFYING, ASSESSING & ADDRESSING OUR MODERN SLAVERY RISKS

In 2019, IBA commenced a cross-functional working group with members from the Strategy and Innovation, Legal, Risk and Procurement teams.

We conducted:

- an initial review to identify the likelihood of modern slavery risks present in our operations and supply chains
- an analysis to determine improvements IBA could make to governance, process, and practices to mitigate the potential occurrence of modern slavery risks.

We developed a risk rating matrix and applied it to each operation type and supplier category. In assigning risk ratings, we adopted the approach of the United Nations Guiding Principles on Business and Human Rights, which sets out that modern slavery risk does not necessarily correlate to the value of expenditure with any individual supplier.

We assessed our operations and suppliers against the following key modern slavery risk factors:



products and services



sectors and industries



geographic risks



entities known for modern slavery activities



other indicators (such as industries with vulnerable workers, seasonal workers, base or entry-level workers, etc.)

IBA operations predominantly focused on the provision of financial products and support services which were assessed as having a low risk of modern slavery activity. IBA's existing governance structure, risk management practices, support of the United Nations sustainable development goals, and employment conditions and employee code of conduct all contribute to an environment and work practices which support and uphold respect for individual human rights.

IBA identified areas for future focus and risk mitigation to include our suppliers in construction services, facilities management, IT hardware, mobile phone suppliers, and catering and food services. Across our subsidiary operations, we will also take further action to understand their supply chains and provide support where necessary to strengthen governance and operational policies and practice.

In 2019-20 we undertook the following activities and milestones to address modern slavery risks:

- ✓ established a cross-functional working group to review and analyse modern slavery risks and stay abreast of modern slavery risk management requirements;
- ✓ consulted with external experts and organisations to gain an understanding of legislative requirements, and industry best practice;
- ✓ developed IBA's Executive Committee's knowledge and understanding of modern slavery risks;
- ✓ developed an organisation-wide policy – a Modern Slavery Risk Framework (the Framework) to assist embed modern slavery risk assessment at IBA; and
- ✓ to accompany and embed the Framework at IBA, we developed a Modern Slavery Risk Roadmap (the Roadmap) to address potential gaps and embed effective risk management, mitigation and evaluation over a three-year period.



Modern Slavery Risk Framework and Roadmap

Our newly developed framework establishes governance and operational practices to identify, assess, address, and evaluate modern slavery risks across IBA operations and supply chains. IBA's Chief Executive Officer is responsible for embedding the framework and modern slavery risk mitigation at IBA, with all risk management findings to be reported regularly to the IBA Board.

The roadmap is a key document for planning activities that will improve our response to modern slavery risk in coming years. As our supply chain and risk management activities evolve and become further embedded, we expect the framework and roadmap content to be responsive, flexible, and to adapt over time.

Over the next two financial years our working group will continue to implement the following roadmap initiatives:

IBA roadmap initiatives

- develop a modern slavery risk register and embed modern slavery risk reporting in current risk management processes
- develop incident reporting and evaluation processes
- introduce tailored staff training modules
- improve data and information collection from suppliers and subsidiaries
- review procurement strategy and policy and supplier relationship procedures.

COVID-19 Impacts

The onset of the pandemic in early 2020 had significant impacts for IBA customers and to IBA operations, as did the bushfire disasters throughout late 2019 and early 2020. Our modern slavery working group reduced activities early in 2020 as all available resources were committed to the staged and orderly transition of IBA's 200-person strong workforce to working from home arrangements.

Activity and demand across all programs increased significantly as we acted quickly to provide support to our customers:

- We received 723 hardship requests from home loan customers related to COVID-19 impacts. And from April 2020 we reduced the maximum interest rate to 2.99% for every home loan customer. This reduced rate will continue until 30 November 2020.
- Supported by the National Indigenous Australians Agency, we established a \$50 million COVID-19 response package which included new products and services to assist businesses through the pandemic. To June 2020, we supported 729 businesses with tailored impact assistance, both in response to COVID-19 restrictions and bushfire impacts.
- We assisted our joint venture operations through forced shutdowns to ensure that employees and communities were supported and safe, and we worked creatively to ensure that plans were underway for recovery.

Our response to COVID-19 drew on expertise and resources across the entire organisation and delayed the Modern Slavery Roadmap activities we had planned in 2019-20. We re-drafted the Roadmap and, with a renewed focus, have moved important actions into 2020-21 and beyond.



ASSESSING THE EFFECTIVENESS OF OUR ACTIONS

As IBA establishes and embeds modern slavery risk management and mitigation in operations and supply chains, we will also adopt evaluation practices to ensure processes are effective, and that a focus remains on continuous improvement. The Framework establishes IBA's reporting functions for modern slavery risk including maintaining a modern slavery risk register, and regular reporting to our Audit, Risk and Performance Committee.

Review activities to determine effectiveness of action may include:

- senior management review of activities;
- reviewing and updating risk assessment processes;
- regular engagement with business units;
- regular engagement with contracted suppliers, including to check how suppliers may be progressing with their own action items;
- regular engagement with IBA subsidiaries;
- reviewing incident reporting and grievance processes; and
- partnering or consultation with similar organisations to establish and develop best practices.

COVID-19 Impacts

As outlined in the previous section, our response to COVID-19 impacts delayed the progress of modern slavery risk management implementation. Correspondingly, this has also delayed evaluation processes.

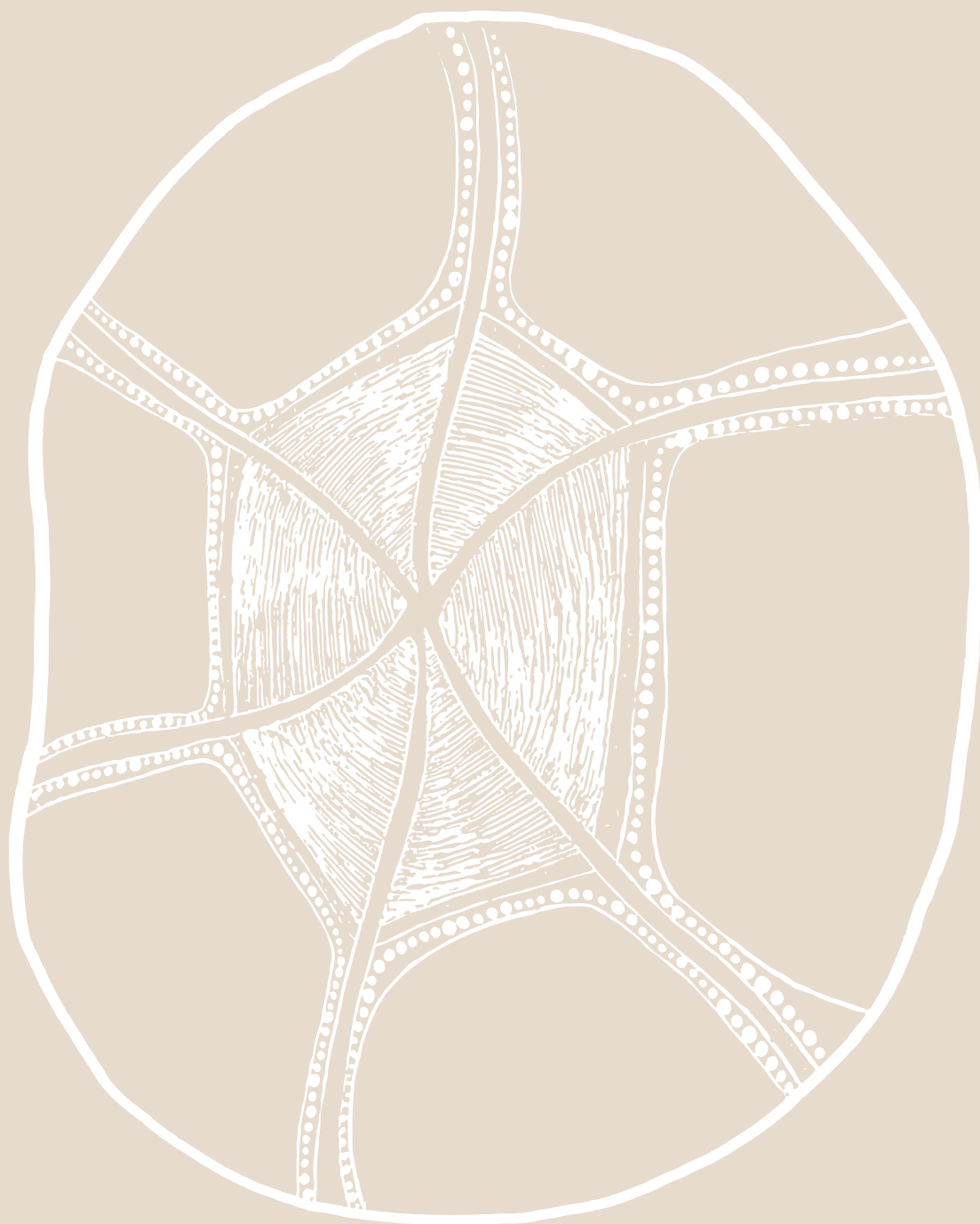
Our focus in 2019-20 has been to build organisational understanding of modern slavery risks and planning good governance and risk management practices.

Roadmap activities planned in 2020-21 and 2021-22 will strengthen and provide more detailed evaluation of our activities.

CONSULTATION WITH OUR SUBSIDIARIES

In this financial year, our relationship management and governance experts in our Investments and Asset Management Program have provided advice on the potential modern slavery risks and mitigation activities in our subsidiaries. IBA staff maintain close relationships with our subsidiary management teams and are well positioned to provide relevant risk information.

Future reporting will see IBA increase active engagement with subsidiaries to support best practice risk mitigation, with a particular focus on industries, sectors and products that are at higher risk of modern slavery activity.



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