



21 November 2023

Warren Tease
Sustainable Finance Unit
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Treasury
Langton Cres
PARKES ACT 2600
Email: sustainablefinanceconsultation@treasury.gov.au

Dear Mr Tease

COMMONWEALTH TREASURY – AUSTRALIA’S SUSTAINABLE FINANCE STRATEGY

Indigenous Business Australia (IBA) welcomes the opportunity to provide a submission to Commonwealth Treasury about Australia’s Sustainable Finance Strategy. Our submission focusses on the role of sustainable finance in supporting the economic, social, and cultural aspirations of Aboriginal and Torres Strait Islander people and communities.

IBA is a Corporate Commonwealth Entity (CCE) established under the *Aboriginal and Torres Strait Islander Act 2005* (the Act) to support greater economic independence and self-sufficiency of Aboriginal and Torres Strait Islander people. IBA invests in enterprises that would otherwise face structural barriers to source capital and provides loans to customers who would not be able to access finance from the commercial banking sector or broader financial services market.

The Discussion Paper makes only a minor mention of addressing First Nations perspectives. While we understand that the primary focus of the strategy is on financing the transition to net zero, we believe that it is important that Australia’s Sustainable Finance Strategy is fair, equitable, and inclusive.

Substantial progress is being made by the financial services sector through the creation of the Australian Sustainable Finance Institute (ASFI) and delivery of the Australian Sustainable Finance Roadmap. Importantly, the roadmap includes recommendations that support First Nations self-determination and Free Prior and Informed Consent (FPIC).

IBA is assisting ASFI to incorporate First Nations perspectives into its work. Over the past twelve months ASFI has increased its focus on financial inclusion and has established a pillar in its work program focussed on First Nations and finance. It is important that First Nations perspectives be considered as part of the sustainable finance taxonomy also. This

is particularly important when initiatives may be delivered on First Nations land, which might occur without appropriate community involvement, control, or income distribution.

IBA invests with Aboriginal and Torres Strait Islander organisations to achieve their economic, social, cultural and increasingly – environmental – aspirations. For instance, IBA has previously invested in a solar farm in Western Australia, and we are actively exploring new investment opportunities in the renewables and clean energy sector. Our investment approach is to engage and collaborate with Aboriginal and Torres Strait Islander organisations to identify and invest in sustainable economic opportunities.

We work with each organisation to determine how they want to activate their land assets. There will be increased opportunities stemming from native title determinations and land settlements, and the increased First Nations ownership, management, and control of land and sea country.

We believe that there are also opportunities for the Australian Government to further support First Nations self-determination and involvement in the net zero transition through legislative reform of IBA's enabling legislation. Unlike most other CCEs, section 184 of the Act prevents IBA from borrowing or raising money. This restricts IBA's ability to collaborate with agencies like the Clean Energy Finance Corporation (CEFC).

Borrowing and raising capital are standard practice in the investment space and will be crucial for mobilising capital and leveraging IBA assets to support First Nations led net zero projects. The absence of these powers significantly limits the impact that IBA, and our partners, can have.

In relation to mandatory climate-risk disclosures, IBA has previously provided feedback to the Department of Finance on this matter. Our feedback primarily related to providing more clarity on specific aspects of the reform (such as thresholds) and the resourcing implications of complying with these new requirements. Additional appropriations and an increase in staffing levels, not only tools and training, may be needed to properly transition to the new arrangements while continuing to maintain our high level of customer service.

Should you have any questions about our submission, please contact IBA's Principal Advisor, Strategic Policy and Thought Leadership, Justin Vaughan on phone 02 9207 6365 or email justin.vaughan@iba.gov.au. We would be happy to meet with you and your team to discuss the matters raised in our submission further.

I hope this information assists you with the review. I consent to this letter being made public.

Yours sincerely



Kirsty Moore
Chief Executive Officer