



Australian Government  
Indigenous Business Australia

*Annual Report  
2005-06*





INDIGENOUS BUSINESS AUSTRALIA

*Annual Report  
2005-06*

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**Manager Corporate Development**

Indigenous Business Australia  
PO Box 38  
Woden ACT 2601

Telephone (02) 6121 2700  
Fax (02) 6121 2730  
ISSN 1833-945X

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**Australian Government**  
**Indigenous Business Australia**

15 November 2006

The Hon. Kevin Andrews MP  
Minister for Employment and Workplace Relations  
Parliament House  
Canberra ACT 2600

Dear Minister

In accordance with section 9 of the *Commonwealth Authorities and Companies Act 1997* (CAC Act) and section 189 of the *Aboriginal and Torres Strait Islander Act 2005*, I submit the annual report of Indigenous Business Australia (IBA) for the year ended 30 June 2006.

Under section 9 of the CAC Act, the directors of IBA are responsible for producing an annual report that includes a report of operations prepared in accordance with the Commonwealth Authorities and Companies (Report of Operations) Orders 2005. The attached Report of Operations and audited financial statements were made in accordance with a resolution of IBA's directors on 31 October 2006.

Yours sincerely

A handwritten signature in brown ink, appearing to read 'Joseph Elu'.

**Joseph Elu**  
CHAIRPERSON



5th Floor Bonner House West, Neptune St, Woden ACT 2606 | PO Box 38 Woden ACT 2606  
Phone (02) 6121 2700 | Fax (02) 6121 2730 | [www.iba.gov.au](http://www.iba.gov.au) | ABN: 25 192 932 833

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## *Highlights of 2005–06*

In 2005–06, Indigenous Business Australia:

- increased equity and investments capital base from \$115 million to over \$170 million
- increased the level of lending for home ownership by 30 per cent
- achieved full commitment of business-lending funding, which had not been achieved for the previous three years
- successfully took over and developed commercial strategies for a range of business assets previously owned by ATSIC
- reduced the provision for impairment on former ATSIC loans by 48 per cent
- successfully completed the transfer of staff from the Australian Government Department of Employment and Workplace Relations and Aboriginal and Torres Strait Islander Services, including finalising uniform employee conditions, establishing a common information technology platform and co-locating all staff based in the Australian Capital Territory
- commenced the planning and development of a programme aimed at assisting Indigenous Australians living on community-titled lands to own their own homes
- commenced the set-up of a commercial model for providing support to remote Indigenous-owned stores through a new corporate entity called Outback Stores
- continued to provide aftercare and support to clients to assist them in achieving their economic goals.



*Tangentyere Community Development  
Employment Project participants*

PHOTO *Department of Employment and Workplace Relations*

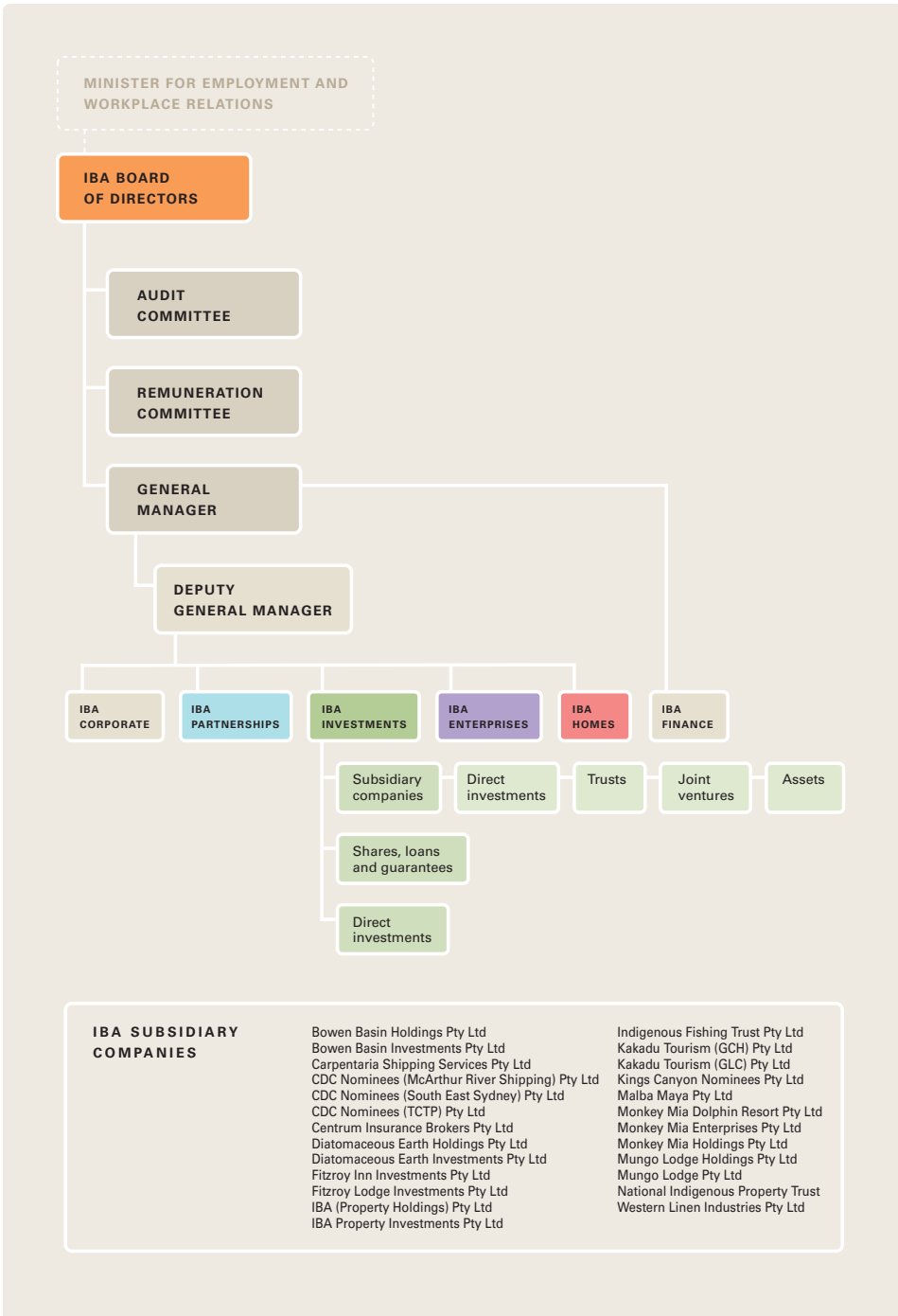


REPORT OF  
OPERATIONS

*Overviews*



**FIGURE 1 BUSINESS STRUCTURE OF INDIGENOUS BUSINESS AUSTRALIA**  
*as at 30 June 2006*





## OVERVIEW OF IBA

### *Organisation*

Indigenous Business Australia (IBA) is a statutory corporation which plays an important role in creating opportunities for Aboriginal and Torres Strait Islander individuals and communities to build assets and wealth. It does so as an integral partner within the Australian Government's overarching Indigenous Economic Development Strategy.

IBA was established by the *Aboriginal and Torres Strait Islander Commission Amendment Act 2001*, which came into effect on 17 April 2001, with reporting and accountability arrangements set out in the *Commonwealth Authorities and Companies Act 1997*. Further information regarding IBA's legislation and reporting framework is available in the 'Report of operations—corporate governance' section of this report.

IBA's business structure is outlined in Figure 1.

### *Activities*

In pursuing its objective of being the leading national organisation helping Indigenous people engage with the wider economy, IBA:

- helps Indigenous people own their homes
- enables Indigenous people to participate in business through commercial projects and enterprises, including business partnerships with non-Indigenous groups
- provides continuing support to IBA clients and gives financial and economic advice to Indigenous business people
- secures and supports Indigenous people's participation in the ownership and control of companies and investments that are likely to provide a long-term commercial return and enhance opportunities for economic self-sufficiency

- works with Indigenous groups to achieve improved economic outcomes from their assets
- assists established Indigenous investment agencies in their growth strategies, sharing with them information about wealth creation opportunities
- provides the opportunity for Indigenous people to own homes in townships on community-titled lands.

## *Corporate aims and values*



**OUR VISION** A nation in which Indigenous Australians share equitably in commercial and economic outcomes



**OUR OBJECTIVE** To be the leading national organisation helping Indigenous peoples engage with the wider economy



**OUR STRATEGIES** By acquiring assets and facilitating and supporting commercial enterprises, to grow and utilise our strong asset base, commercial expertise and lending capacity to pave the way for Indigenous people to become involved in the commercial world



### **OUR VALUES**

- Integrity
- Commitment to leading practice and commercial principles
- Accountability in meeting our statutory obligations and fiduciary duties
- Transparency in all our dealings
- Adherence to equal opportunity principles
- Professionalism in our work, our actions, our communications and our relations with clients and other stakeholders



## CHAIRPERSON'S OVERVIEW

On behalf of the Board, I am pleased to report on the outcomes for IBA in 2005–06 and to report on a range of broader issues that have affected IBA in the year under review.

### *A year of expansion*

The *Aboriginal and Torres Strait Islander Act 2005* has expanded IBA's role in a whole-of-government approach of improving services delivered to Aboriginal and Torres Strait Islander individuals and communities with the help of mainstream agencies. This sits well with IBA's commitment to stimulating and supporting the sustainable economic advancement of Indigenous people for the benefit of current and future generations.

In this expanded role, IBA has a potent mix of economic strength and Indigenous involvement. IBA directly engages with Indigenous people at all levels across the country, including individuals purchasing a house through IBA's Home Ownership Programme or through the recently developed Home Ownership on Indigenous Land Programme, family groups creating small businesses through the Business Development and Assistance Programme, and larger corporate groups benefiting from joint venture property investments managed by IBA's Equity and Investments Programme. IBA strongly believes that participation in the mainstream economy does more than just increase participants' income.

### **Encouraging successful Indigenous business and home ownership**

To encourage Indigenous business participation, the Business Development and Assistance Programme funded 54 enterprise development workshops delivered by First Australians Business. These workshops provide participants with the basic knowledge needed to start a small business and help them to apply for IBA loans. This assistance creates an important link between IBA and Indigenous people, helping both parties achieve the ultimate goal of increased economic independence.

To create strength and ensure security of investment, IBA assesses business loan

applications on sound commercial principles. It also supports its lending programmes and joint venture partners through mentoring and aftercare programmes, resulting in record low levels of loan defaults in the Home Ownership and Business Development and Assistance programmes. The Home Ownership Programme also experienced a record year in the level of lending.

## Promoting new directions

Expansion in 2005 resulted in significant changes to IBA's structure and public image. IBA was divided into four programme areas, each with specific tasks to ensure appropriate outcomes and objectives. In addition, IBA created a new corporate brand. This brand gives each programme an individual identity while maintaining the common IBA corporate theme of 'Indigenous Business Australia—Your IN to greater opportunity'. The programme areas—policy development, home lending, business lending and managing IBA's investment portfolio—were renamed IBA Partnerships, IBA Homes, IBA Enterprises and IBA Investments. This new image has clarified our approach to clients and renewed our efforts to engage Indigenous communities that can benefit from our programmes.

Under this revitalised approach, we established a liaison unit, or 'flying squad', through IBA Partnerships. The flying squad visits regional and remote Indigenous communities to inform them of the ways IBA supports economic advancement and to identify investment opportunities. We strongly believe that communication and consultation are the best tools to help us achieve our goal of greater Indigenous participation in mainstream business. We are already seeing success in more inquiries following the squad's first visits to western Queensland and Western Australia. This exercise complements the work of IBA's regional and state-based staff and focuses on locations where IBA does not have a day-to-day presence.



*Jason McCartney with Youth Forum participants at the First Nations Economic Opportunities Conference*

PHOTO Michael Silver

## Expanding relationships and knowledge

In addition to engaging with Indigenous communities throughout Australia, IBA seeks to forge stronger relationships with government agencies, Indigenous groups and, most importantly, the private sector. IBA is involved in the economic development aspects of bilateral agreements between the Australian Government and state and territory governments. Only by maintaining and developing these important relationships can IBA be certain that it is fully informed of the opportunities available to Indigenous people.

To expand its knowledge and to raise the profile of Indigenous business in Australia and internationally, IBA has convened the First Nations Economic Opportunities Conference, to be held in July 2006. The conference aims to share the lessons learned in other countries that have tried to increase Indigenous people's participation in the economy and to inform Indigenous people of the opportunities and benefits that come from participating in mainstream economic activity. IBA staff members have worked very hard towards creating an international conference that will showcase the success stories of not only Australian Indigenous businesses, but also those of other countries such as Canada and New Zealand. IBA's leading role in convening and supporting this conference demonstrates its commitment to the advancement of Indigenous economic opportunity.

IBA is also demonstrating its commitment to the future by holding an Indigenous youth forum before the conference. This will provide an opportunity for Indigenous youth to learn from respected and successful Indigenous business people how to turn their economic hopes and dreams into reality.

## *New directions*

IBA's ongoing close relationships with the Indigenous community and governments will be vital in the delivery of the Home Ownership on Indigenous Land Programme, known as Community Homes, which was announced in October 2005 and received an increase in funding in the 2006–07 Budget. This programme will enable Indigenous people living on community-titled lands to create equity in their homes and to share in the benefits that home ownership brings.

In the latest Budget, IBA also received funding for Outback Stores, a new concept to ensure the good governance and ongoing viability of the community store—an essential combination in rural and remote Indigenous communities. IBA will receive \$40 million in capital and \$8.1 million in running costs over the next three years to set up the Outback Stores company, and to administer loans supporting new and upgraded stores. IBA has engaged in high-level discussions with major retailers and grocery distributors to ensure the success of this initiative.

In the 2006–07 Budget, the government also provided \$21.6 million to IBA to supplement its existing Home Ownership Programme, marketed as IBA Homes. This funding includes \$20 million capital for new loans and \$1.6 million over four years for managing the expanded loan portfolio. The additional funds will cut waiting times for Indigenous people seeking affordable home finance.

## *Adjustment to our asset value*

The changes brought about by the introduction of the new Australian Equivalents to International Financial Reporting Standards are specified in the financial statements. Among other things, application of the new standards has materially affected IBA's loan portfolio, resulting in a write-down in value of these assets of around \$90 million as at 30 June 2006. This is a technical accounting treatment under the new standards, whereby IBA must recognise loans at fair value (market value) on inception. Given IBA's loans are issued below market rates, this saw a write-down to the portfolio value of around \$70 million, via accumulated surplus, on transition to the new standard on 1 July 2005. In addition, at 30 June 2006, IBA elected to again fair value the portfolio, resulting in a further write-down in the portfolio value of approximately \$19 million, taken as an expense via the income statement, as this was deemed to be the most practical treatment. This new standard has no effect on the ongoing excellent performance of the housing loans and continuing improvement of the business loans, and IBA's existing expectations of repayment and loan management strategies also remain unaffected.

## *Conclusion and acknowledgments*

The Board believes that, with the significant changes of the past 18 months, it is well placed to contribute to the aim of advancing Indigenous economic participation. With its portfolio of successful investments, a home loan programme providing record levels of lending, a business development and assistance programme with sound, commercially driven management and exciting new opportunities on Indigenous land, IBA sees the coming year as one full of challenge, hope and success.

I take this opportunity to thank my fellow board members for their contribution during the year. In particular, the Deputy Chairperson, Mr Bob Blair, has again given much to IBA in the interests of Indigenous people throughout Australia.

It gives me great pleasure to welcome Ms Gail Reynolds-Adamson, who was recently appointed to the Board, replacing Mr Ben Wyatt. I thank Mr Wyatt for his notable contributions to the Board and wish him well in his political career. I also thank Mr Ian Trust, Ms Judy Hardy, Ms Jenny Boddington and Ms Leah Armstrong and congratulate them on their reappointment to the Board.

I also thank the Hon. Kevin Andrews MP, Minister for Employment and Workplace Relations over the period covered in this report, for his continuing support of IBA and its ideals. The Board also extends its heartfelt appreciation to all IBA staff for their resolve and continued hard work during a challenging time of change.



**Joseph Elu**  
CHAIRPERSON



## PERFORMANCE OVERVIEW

### *Outcome and output group structure*

IBA delivers its activities through four programmes:

- Equity and Investments Programme (Output group 1.1; marketed under the corporate banner of IBA Investments)
- Home Ownership Programme (Output group 1.2; marketed under the corporate banner of IBA Homes)
- Business Development and Assistance Programme (Output group 1.3; marketed under the corporate banner of IBA Enterprises)
- Home Ownership on Indigenous Land Programme (Output group 1.4; marketed as Community Homes under the corporate banner of IBA Partnerships).

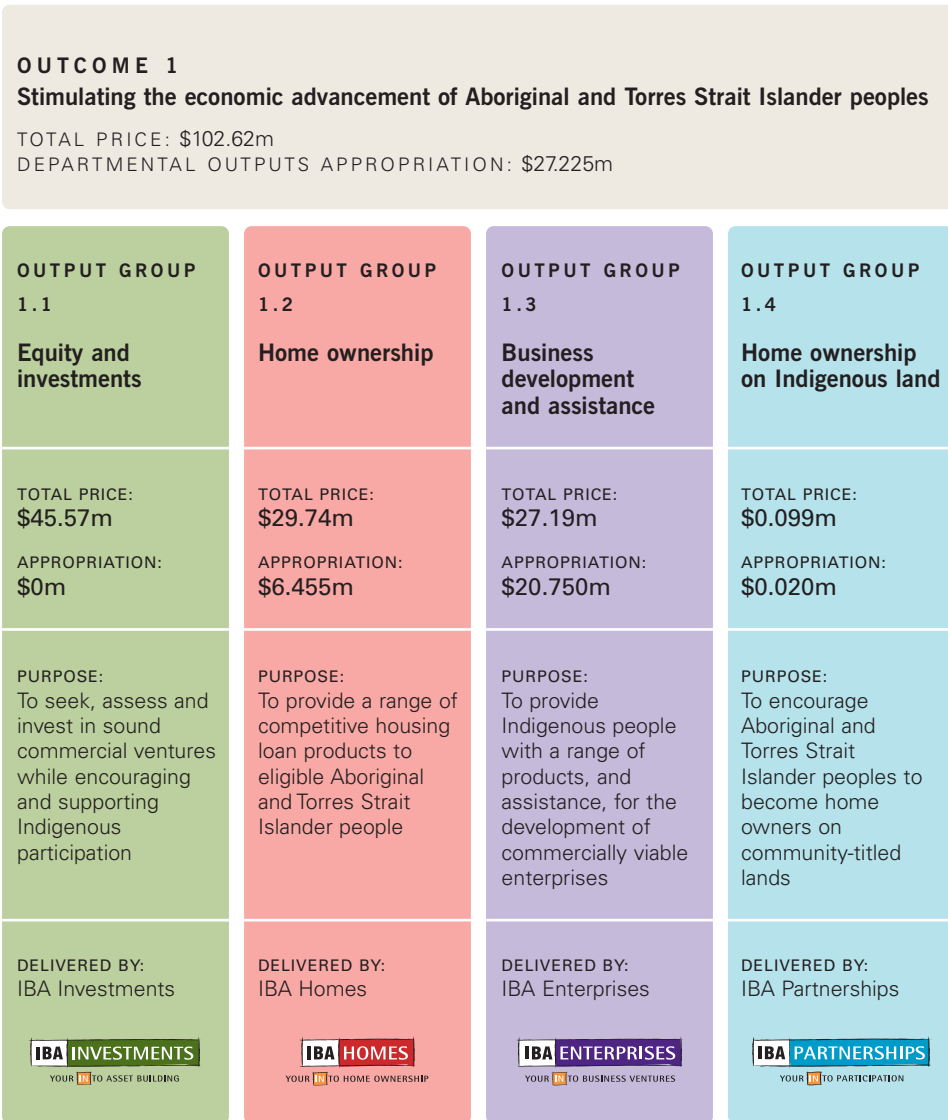
Further information on the content of IBA programmes is available in the 'Report of operations—performance' section of this report.

Figure 2 shows the relationships between IBA programmes and output groups and the single IBA outcome, as set out in the 2005–06 Portfolio Budget Statements (PBS) and Portfolio Additional Estimates Statements (PAES) of the Department of Employment and Workplace Relations. Output group 1.4 was created during 2005–06 as a result of the PAES.

There were no variations between the outputs and performance measures set out in the PBS and PAES and the outputs and measures addressed in the 'Report of operations—performance' in this annual report.



**FIGURE 2** OUTCOME AND OUTPUT GROUPS 2005–06



## *Results*

IBA performance in 2005–06 met or exceeded all PBS and PAES targets for quality, quantity and price. For example:

- Output group 1.1 (IBA Investments) exceeded its quantity targets by 25 per cent for projects considered and 10 per cent for projects monitored
- Output group 1.2 (IBA Homes) maintained reportable arrears as a proportion of the portfolio balance at a level four times lower than required by the target
- the number of loan applications received by Output group 1.3 (IBA Enterprises) increased by 47 per cent, while the number of approvals increased by 59 per cent
- Output group 1.4 (IBA Partnerships) registered 28 expressions of interest from communities interested in promoting home ownership on community-titled lands.

Details of the targets and results for each output group are available in the 'Report of operations—performance' section of this report.

## *Developments since the end of the financial year*

There have been no developments since the end of the financial year that significantly affected, or may significantly affect, IBA's operations or state of affairs in future years.



*Participants in the Youth Forum at the First Nations Economic Opportunities Conference*

PHOTO Michael Silver



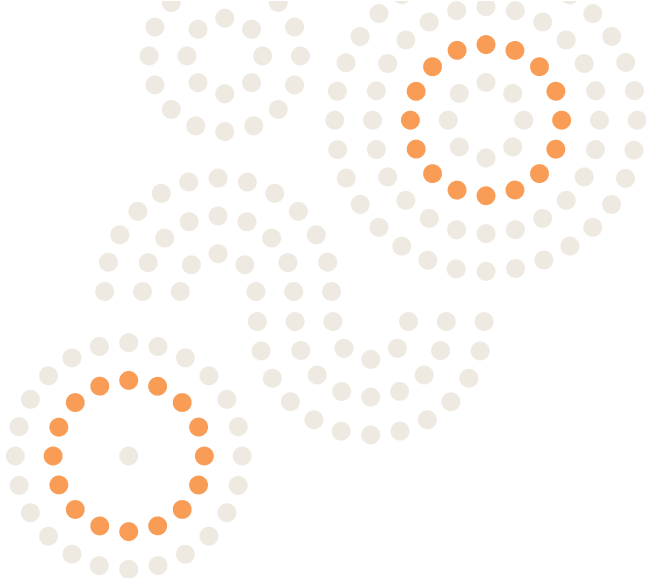
*Dolphin feeding at Monkey Mia Resort,  
an IBA investment*

PHOTO Monkey Mia Resort



REPORT OF  
OPERATIONS

*Performance*



## OUTPUT GROUP 1.1

### *Equity and investments*



To seek, assess and invest in sound commercial ventures while encouraging and supporting Indigenous participation

### *Overview*

Output group 1.1 is delivered through Indigenous Business Australia's (IBA's) Equity and Investments Programme, marketed as IBA Investments. This outcome reflects the legislative charter of IBA as set out in sections 146–148 of the *Aboriginal and Torres Strait Islander Act 2005*. These sections give IBA responsibility for assisting and enhancing Indigenous economic self-management and self-sufficiency.

The aim of IBA Investments is to assist Indigenous groups, families and individuals to participate in commercial enterprises through investments with the private sector and/or IBA. The programme operates through the Business Development and Equity units. The Business Development Unit identifies, develops and assesses potential investment opportunities. The Equity Unit monitors the ongoing financial, strategic and operational performance of IBA Investments' commercial enterprises.

IBA has investments throughout Australia and across an extensive range of industries. Details of all current investments are given in Appendix A. IBA is engaged in a range of business activity areas, including:

- tourism
- mining and mine services

- commercial property
- fisheries
- financial services
- agriculture
- manufacturing, retail and services.

Through these investments, the programme brings the private sector and Indigenous groups, families and individuals together via joint venture ownership and management of commercial enterprises. IBA Investments seeks to invest (with private sector and/or Indigenous partners) in commercially viable opportunities that have the potential to create sustainable economic outcomes through generating revenue streams, acquiring capital and developing skills. These commercial ventures may also provide employment and social benefits.

Investment opportunities are identified by:

- referrals or proposals from industry
- referrals or proposals from Indigenous groups, families and/or individuals
- notices of businesses for sale
- government agencies
- word-of-mouth referrals.

Investment opportunities are assessed by suitably qualified staff. If the proposed venture is considered likely to achieve commercial success, it is referred to the IBA Board for consideration. If the IBA Board approves an investment, IBA Investments staff members facilitate the establishment of the appropriate investment vehicle and provide ongoing business support and mentoring to the Indigenous partner(s).

The programme also assists Indigenous joint venture partners to develop appropriate corporate structures and to develop the constitutions or rules to govern their entities and, in some cases, determine the future distribution of profits.

IBA Investments also focuses on maximising the opportunities for Indigenous partners to participate on boards of management and boards of directors. These very valuable experiences help build the capacity of Indigenous board members in corporate governance and the management and operation of commercial enterprises.

Under pre-emptive rights written into joint venture documentation, once a commercial enterprise is making profits and the Indigenous partner is suitably positioned, IBA aims to reduce its equity by allowing the Indigenous partner to progressively buy IBA's share of that enterprise.

Another significant benefit of IBA Investments is the potential for increased economic activity (and resultant flow of funds) through an Indigenous community that has a joint venture with IBA. Working with IBA's Business Development and Assistance Programme (IBA Enterprises), IBA Investments investigates the potential for small to medium enterprise spin-offs from its joint ventures. These might include, for example, transport businesses to service tourism or mining joint ventures.

## Objectives

The objectives of IBA Investments are to:

- stimulate an environment where the private sector and Indigenous groups, families and individuals seek to involve each other in business opportunities
- facilitate and support Indigenous participation in the ownership of enterprises that are likely to generate long-term commercial returns and enhance opportunities for economic self-management and self-sufficiency
- provide ongoing business support and mentoring to Indigenous joint venture partners as well as economic development advice to Indigenous groups, families and individuals
- support training and employment opportunities for Indigenous people as part of all joint ventures
- promote practical working relationships with government agencies and other stakeholders to assist in the delivery of IBA programmes.

## Performance in 2005–06

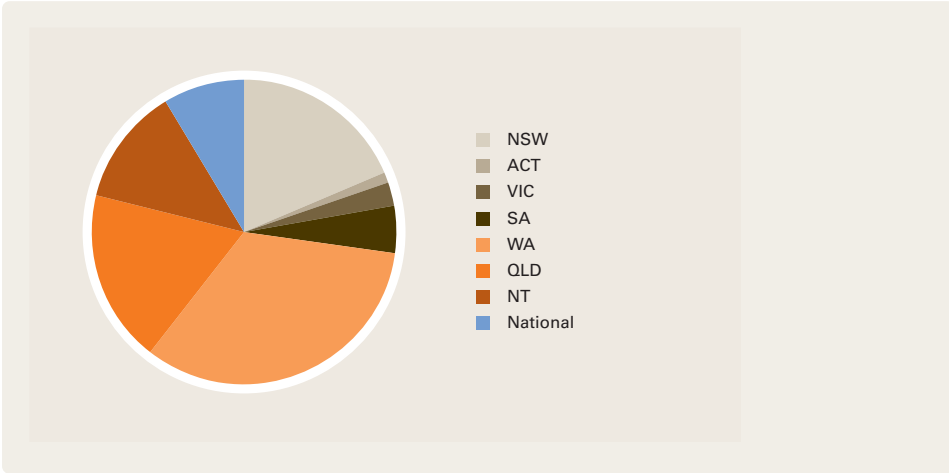
Table 1 details IBA's performance against the targets set out for Output group 1.1 in the 2005–06 Portfolio Budget Statements and Portfolio Additional Estimates Statements.

**TABLE 1** PERFORMANCE IN 2005–06: OUTPUT GROUP 1.1  
*Equity and investments*

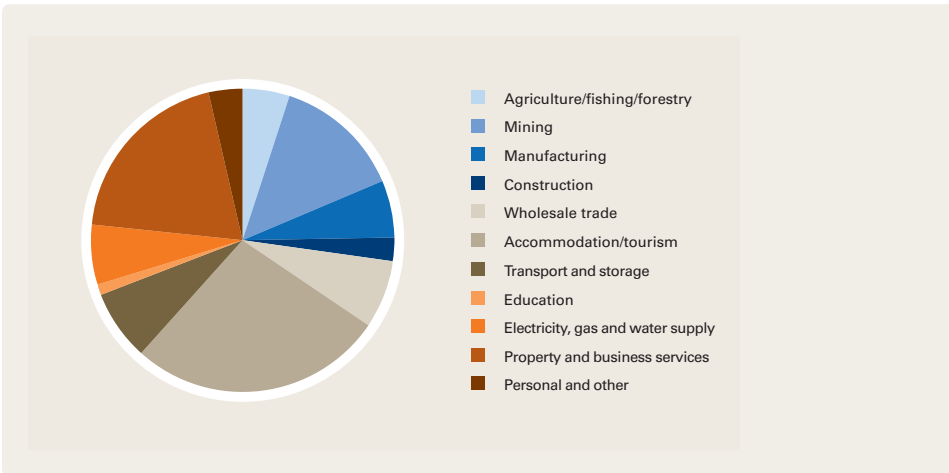
Measure	Target	Performance
QUALITY	80 per cent of investment proposals decided on in three months	80 per cent of investment proposals decided on in three months
	100 per cent reporting and monitoring of investments	100 per cent of investments reported on and monitored
QUANTITY	65 projects considered per year and 30 investments monitored	81 projects considered and 33 investments monitored
PRICE	Cost of outputs \$28.947 million	Cost of outputs \$45.57 million

The national distribution of investment proposals is shown in Figure 3, and the industry sector to which they belong is shown in Figure 4.

**FIGURE 3 INVESTMENT PROPOSALS BY GEOGRAPHICAL LOCATION 2005-06**



**FIGURE 4 INVESTMENT PROPOSALS BY INDUSTRY SECTOR 2005-06**





## Business Development Unit

Major outcomes of the Business Development Unit during the year were as follows.

### ***Strategic framework enhancements***

In 2005–06, IBA Investments continued to source investment opportunities (or ‘deals’) for Indigenous participation in commercially viable enterprises. To support this outcome, a deal flow strategy was developed to improve the quality and quantity of investment proposals received, and enhance connections with the private sector and potential Indigenous partners as well as public and private sector deal brokers. A recent upward trend in the number and quality of investment proposals received reflects the success of this strategy.

As well as achieving a constant flow of good quality investment proposals, it is also critical to manage potential investment opportunities efficiently and effectively. Accordingly, IBA Investments developed a deal flow management system to establish the structure, processes and tools required for consistent and timely stakeholder communications, proposal development, desktop analysis, due diligence checks and IBA Board reporting.

The deal flow management system, in conjunction with the deal flow strategy, will greatly assist in the prompt identification, development and assessment of those investment proposals deemed to have a high likelihood of success.

### ***Significant business development outcomes***

In November 2005, IBA acquired Cummeragunga, a 398-hectare freehold farm near Barmah in New South Wales. The farm was in the hands of a liquidator when IBA purchased the property. A maintenance plan for Cummeragunga is being implemented, and the local Community Development Employment Project currently leases 4 hectares of the property.

Throughout the year, the Business Development Unit continued to foster strong working relationships with other Australian Government agencies, including Indigenous Coordination Centres, as a means of maximising opportunities for whole-of-government responses to Indigenous economic development opportunities. In addition, several state and territory government relationships were strengthened. Progress was made, for example, towards acquiring fishing investments with the assistance of the South Australian and Northern Territory governments. In addition, business development staff participated in the Western Australian Government’s regional investment tour.

### ***IBA Board investment outcomes***

During the year, the IBA Board was consulted on the proposals listed in Table 2.

**TABLE 2** SUMMARY OF PROPOSALS CONSIDERED BY THE IBA BOARD  
*2005-06*

Status of proposal at 30 June 2006	Number	Investment
Approved and settled	1	Cummeragunga farm, New South Wales
Approved but not yet settled	1	Fishing co-investment, Western Australia
Approved but will not proceed	2	Property development, New South Wales Tourism venture, Queensland
Noted	1	Rottnest Island accommodation, Western Australia
Not approved	1	Gold Coast property development, Queensland
Total proposals	6	

### **Equity Unit**

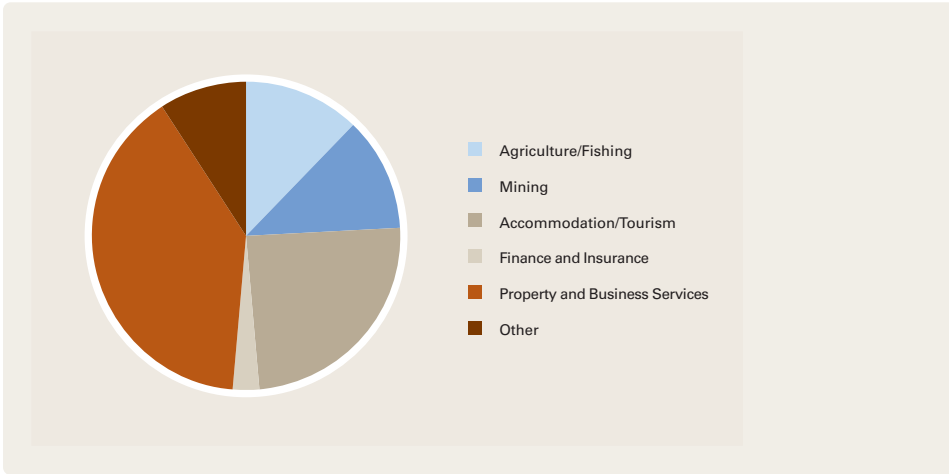
Major outcomes of the Equity Unit during the year were as follows.

#### ***Equity statistics and monitoring***

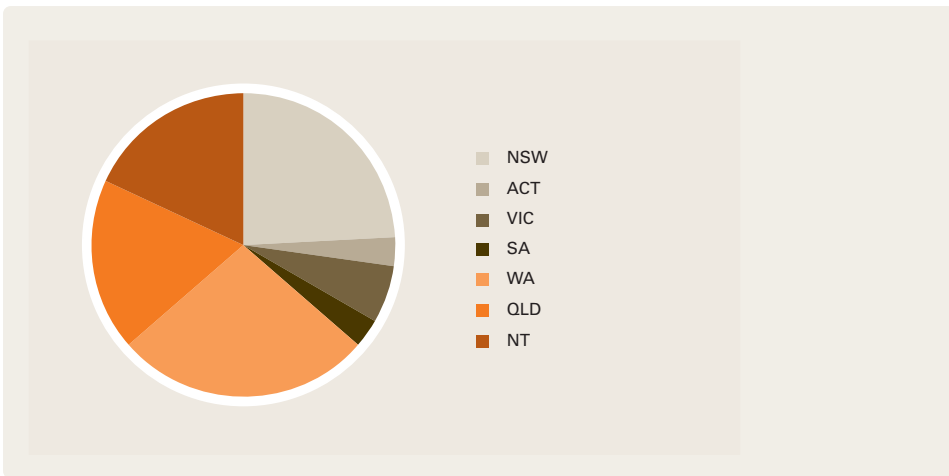
IBA Investments has 33 current investments of which 15 have existing Indigenous involvement and 27 are in remote and rural areas. Figure 5 shows how these investments are distributed by industry sector, and Figure 6 shows their geographical distribution.

Equity reporting rationale and formats are currently being reviewed. It is envisaged that a new standardised equity reporting format will be finalised by early 2006-07.

**FIGURE 5** CURRENT INVESTMENTS BY INDUSTRY SECTOR  
*as at 30 June 2006*



**FIGURE 6** CURRENT INVESTMENTS BY GEOGRAPHICAL LOCATION  
*as at 30 June 2006*



***Significant equity outcomes***

Table 3 and Table 4 summarise changes in, and achievements of, IBA Investments activities during the past year (further information about IBA Investments projects is available in Appendix A).

**TABLE 3**      **SIGNIFICANT CHANGES IN IBA INVESTMENTS ACTIVITIES**  
*2005–06*

<b>New investments</b>	
Mud crab licence	In June 2006, approval was given to lease a Northern Territory mud crab licence to a local Indigenous fisher. The lessee has an approved business loan from IBA Enterprises and is expected to commence crabbing in 2006–07.
Scarborough House	<p>In September 2005, the newly refurbished building was re-opened by the Minister for Employment and Workplace Relations, the Hon. Kevin Andrews MP, and the Chief Minister of the Australian Capital Territory, Jon Stanhope MLA.</p> <p>In June 2006, documentation for units in the Scarborough House Trust was issued to the unit holders, namely IBA, Wunan Foundation Inc., Groote Eylandt and Bickerton Island Enterprises Aboriginal Corporation, Gundjehmi Aboriginal Corporation and Yarrteen Aboriginal and Torres Strait Islanders Corporation.</p>
<b>Changes in equity/equity partners</b>	
Fitzroy River Lodge and The Crossing Inn	<p>In April 2006, the IBA Board approved the sale of 21.43 per cent of IBA's equity holding in both the lodge and the inn to Leedal Pty Ltd (Leedal). Negotiations with Leedal about the sale are continuing.</p> <p>In June 2006, Western Group Holdings Pty Ltd, which held a 10.71 per cent equity in both the lodge and the inn, sold its equity to Leedal.</p>
Monkey Mia Dolphin Resort	In December 2005, Monkey Mia Dolphin Investments sold its 50 per cent equity holding in the resort to the publicly listed Aspen Group.
Ngarda Civil and Mining (Ngarda)	Henry Walker Eltin (HWE), a shareholder in Ngarda, was placed into voluntary administration in January 2005. HWE's 50 per cent shareholding in Ngarda was acquired by the Leightons Contractors Pty Ltd, a subsidiary of the publicly listed Leightons Holdings, in February 2006.
Western Linen Industries (trading as Egan's Central Laundry)	In June 2006, IBA, as a result of a guarantee being called, acquired the 50 per cent equity holding previously held by Hailie Brae Pty Ltd. As a result, IBA's shareholding in Western Linen Industries increased to 75 per cent.

CONTINUED OVER PAGE

**TABLE 3**      **SIGNIFICANT CHANGES IN IBA INVESTMENTS ACTIVITIES**  
*2005-06* CONTINUED

**Changes of management companies**

Fitzroy River Lodge and The Crossing Inn	The management rights to the lodge and inn expired in June 2006. The new management rights were awarded to Mapigan Pty Ltd (which also holds a 3.57 per cent share in both properties).
Monkey Mia Dolphin Resort	The publicly listed Aspen Group was awarded the management rights to the resort in March 2006. The change in management rights was a direct consequence of the former shareholder Monkey Mia Dolphin Investments selling its 50 per cent equity holding in the resort to the Aspen Group in December 2005.
Mungo Lodge	In June 2006, the management rights to the lodge were awarded to the Jax Group.
Tjapukai Cultural Park	The management agreement with Freeman Productions was not renewed in September 2005. Tjapukai has since hired a manager.

**Divestments**

Eastern Coal	IBA (with a 16.4 per cent shareholding) and its joint venture partners sold their interests in this venture in February 2006. The venture held four coal exploration leases in the Bowen Basin, Queensland.
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**TABLE 4**      **SIGNIFICANT ACHIEVEMENTS OF IBA INVESTMENTS ACTIVITIES**  
**2005–06**

Community service awards	Gagudju Lodge Cooina won both the Northern Territory Australian Hotels Association award for community service and the Australian national award for community service.
Employment and training awards	The Gagudju Crocodile Holiday Inn won the Northern Territory Tourism Brolga Award for best employment and training programme in the territory.
Employment outcomes	IBA Investments provided 894 employment opportunities of which 195 were taken up by Indigenous Australians.
Tourism awards	A guide (an Indigenous Employment Programme graduate) from Gagudju Lodge Cooina won a Northern Territory Tourism Brolga Award for best tourism guide in the territory.  Tjapukai Aboriginal Cultural Park won the Queensland Tourism award for the most significant tourist attraction in Queensland.
Training outcomes	The Kakadu properties expanded the Indigenous Employment Programme to include three intakes. Trainees studied either tour guiding or hospitality. The programme included six weeks part-time pre-employment training and 13 weeks full-time on-the-job training. Charles Darwin University was engaged as the registered training provider, while the Kakadu properties were used for on-site training. Four Indigenous trainees gained a Certificate II in Tour Guiding, with another 11 Indigenous trainees gaining either a Certificate I or Certificate II in Hospitality.

## Staff training and development

IBA Investments is committed to continuous staff training and development.

During the year, one member of staff completed a Master of Business Administration degree, while another was awarded a Graduate Diploma in Business Administration. Two members of staff gained advanced diplomas from the Institute of Company Directors, and another a diploma. One staff member was admitted as an Associate of the Institute of Strata Title Management.

During the year, programme staff were supported by ongoing financial analysis and due diligence training. Furthermore, deal flow management system training for all IBA Investments staff is due to commence in July 2006.

Two staff members attended the InterContinental Hotel Group's Leadership Conference in Kuala Lumpur. The InterContinental Hotel Group has the management rights to the IBA properties in Kakadu National Park. In addition, programme staff attended a number of economic development forums during 2005–06.

## *Outlook for 2006–07*

As a result of work during 2005–06 to enhance capabilities to identify, develop, and assess investment opportunities, IBA Investments will commence 2006–07 with the consideration of several investment proposals. These proposals include tourist accommodation, housing and land development, mining, shipping, fishing, and construction.

The continued implementation of the deal flow strategy and new deal flow management system will contribute to the efficient and effective management of stakeholder relationships and proposal assessments. Overall, the programme is well positioned to present an increased number of commercially viable investment opportunities to the IBA Board in 2006–07.

In addition, the programme is well placed to build upon the solid 2005–06 financial performance of existing commercial enterprises, with enhanced IBA Board equity reporting due to commence in early 2006–07. These outcomes will continue to be well supported by relevant and timely staff training and development activities throughout 2006–07.



*Staff at Ngarda Civil & Mining*

PHOTO *Indigenous Business Australia*



## OUTPUT GROUP 1.2

### *Home ownership*



To provide a range of competitive housing loan products to eligible Aboriginal and Torres Strait Islander people

### *Overview*

Output group 1.2 is delivered through the Home Ownership Programme, marketed as IBA Homes. The programme was established in 1975 under the Aboriginal Loans Commission and was administered by successive statutory authorities before being transferred to IBA on 24 March 2005. The programme is recognised as one of the most successful and enduring Indigenous-specific national programmes supported by government since the 1967 referendum extended the franchise to Aboriginal and Torres Strait Islander people.

Home ownership continues to represent the single greatest asset a family normally acquires. It provides a significant economic base for achieving social advancement and economic independence. The Australian financial market does not uniformly provide opportunities for Indigenous Australians to own a home, as it is difficult for them to access affordable loans and the administration involved in managing the loans is often higher than normal.

The loans provided by IBA Homes place affordable home finance within the reach of a significant and growing number of Indigenous people aspiring to home ownership. Since the programme's establishment, it has helped 12,413 Indigenous families to buy their own homes.



The 2001 Australian census indicated that about 32 per cent of Indigenous households (that is, households in which one or more Indigenous people were living) owned their homes, compared with an ownership rate of around 71 per cent for other households. The Australian census conducted in August 2006 is expected to show an improvement in Indigenous home ownership.

Lending by IBA Homes is based on commercial home-lending practices. As happens in the regulated home-lending market, IBA Homes assesses loan applications on the client's servicing capacity and an independent property valuation. Loans are secured by registered mortgage.

The programme's overriding difference is its capacity to guide a family into an affordable home loan product that not only enables them to begin the home loan journey but also gives them every chance of completing it. The programme protects IBA's substantial investment in home lending through its capacity to structure an affordable loan with incremental repayment arrangements over the formative years, combined with appropriate ongoing loan management and aftercare provided through a national network of well-trained and helpful staff.

Lending for land acquisition and home purchase or construction, whether financed solely by IBA or by IBA in conjunction with other home financiers, is secured by registered mortgage. Table 5 summarises the programme's lending criteria.

**TABLE 5 IBA HOMES LENDING CRITERIA**

Criterion	Detail
Loan purpose	For the purchase or construction of standard owner-occupied homes, or purchase of residential land on which to build a home
Income limits	Up to 125 per cent of the IBA income amount if borrowing the balance of the purchase price <sup>a</sup>  Over 125 per cent and up to 150 per cent of the IBA income amount if borrowing 60 per cent or less of the purchase price  Up to 225 per cent of the IBA income amount if borrowing 20 per cent or less of the purchase price
Loan amount	Based on purchase price limits set periodically as a percentage of the Real Estate Institute of Australia median capital city sale price
Deposit	\$3,000 or 5 per cent of the purchase price but sometimes less, depending on circumstances (First Home Owner Grant of \$7,000 may be used to meet deposit requirements)
Interest rates	Generally commence at 4.5 per cent, gradually increasing until they reach the IBA home loan rate, currently capped at 1 per cent below market interest rates for owner-occupied homes
Loan terms	Up to 32 years, determined by the borrower's ability to meet loan repayments and, in certain circumstances, extended to 45 years (average loan life being eight years, which is similar to that in the regulated home loan market)

<sup>a</sup> The IBA income amount is equivalent to 125 per cent of the national average weekly male earnings as calculated by the Australian Bureau of Statistics.

## Objectives

The objectives of IBA Homes are to:

- provide a range of competitive housing loans to eligible Aboriginal and Torres Strait Islander people who may not qualify for assistance from mainstream lending institutions
- help increase the rate of home ownership by Aboriginal and Torres Strait Islander households to 40 per cent by 2010.

## Performance in 2005–06

Table 6 details IBA's performance against the targets set out for Output group 1.2 in the 2005–06 Portfolio Budget Statements and Portfolio Additional Estimates Statements.

**TABLE 6** PERFORMANCE IN 2005–06: OUTPUT GROUP 1.2  
*Home ownership*

Measure	Target	Performance
QUALITY	Maintain reportable arrears at or below 0.20 per cent of portfolio balance	Reportable arrears maintained at 0.05 per cent of portfolio balance
	Issue more than 75 per cent of home loans to applicants with a combined household income of less than the IBA income amount	Issued 88 per cent of home loans to applicants with a combined household income of less than the IBA income amount
QUANTITY	Increase Indigenous home ownership to 40 per cent by 2010	Increase achieved so far is 32 per cent
PRICE	Cost of outputs \$24.705 million	Cost of outputs \$29.746 million

## Loans to tenants of Indigenous housing organisations

IBA Homes continued its efforts to help tenants of Indigenous housing organisations to purchase their own homes. This assistance enables tenants to purchase the property they currently rent or another property on the open market. In either situation, the tenants purchase a property of their own choosing, freeing up rental accommodation for other Indigenous families. In 2005–06, new loan approvals to tenants of Indigenous housing organisations amounted to \$3.6 million.

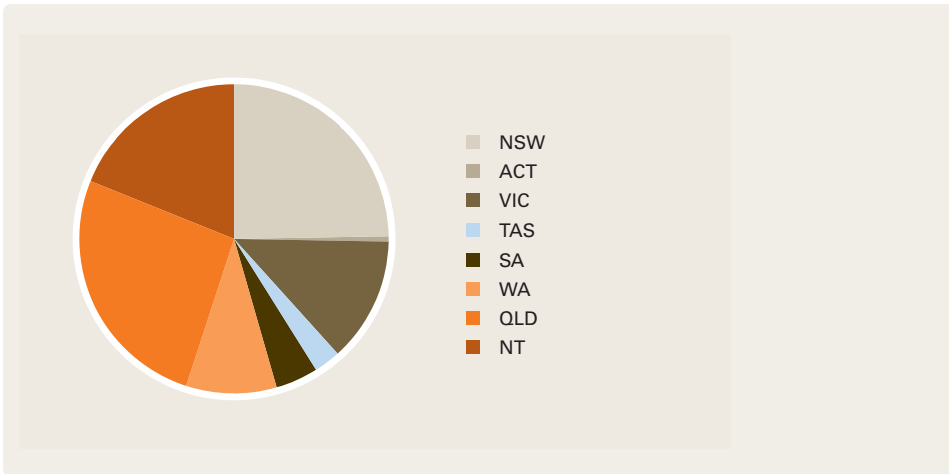
## New loans

During 2005–06, the programme approved 580 new loans with a total nominal value of \$122.9 million—an increase in lending of \$28.8 million, 30 per cent more than the total for the previous year. The state and territory distribution of these loans is shown in Figure 7. Trends in the programme’s lending since 1995 are shown in Figure 8. This new lending enabled a further 1,473 Aboriginal and Torres Strait Islander people to enjoy the many social and economic benefits associated with owning their own home. Over 88 per cent of families assisted had an adjusted household income of less than \$66,346, which was 125 per cent of national average weekly male earnings.

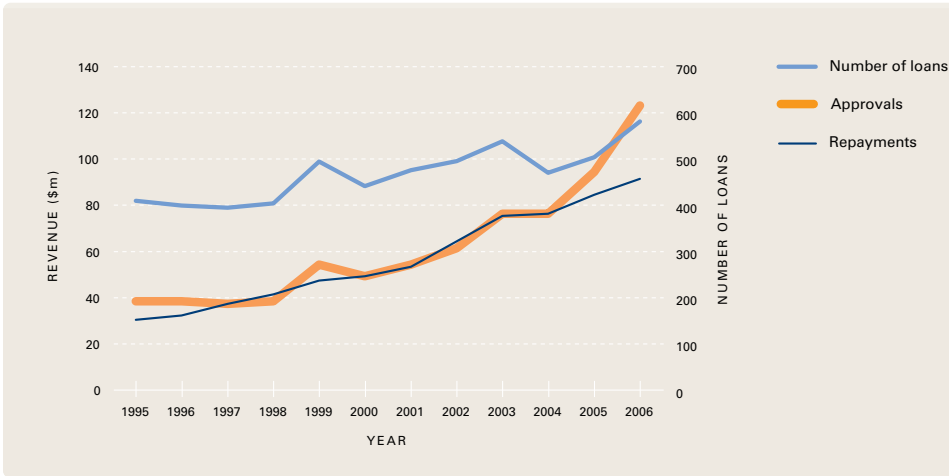
The demand for affordable home loan finance by clients with priority needs continues to exceed the funds available to the programme for new lending. At the end of a record year of new lending, 349 eligible applicants were waiting for an invitation to apply for home finance. A further 159 applicants already invited to apply for a loan were looking for a suitable home to buy.

The steady increase in the median price of new and established housing over recent years throughout all regions of Australia continues to challenge the programme’s objective of delivering home ownership opportunities to Indigenous Australians. The government’s First Home Owner Grant of \$7,000 is essential in helping most clients to meet the legal and stamp-duty costs associated with buying or building a home.

**FIGURE 7** NEW LOANS BY GEOGRAPHICAL LOCATION 2005–06



**FIGURE 8 REVENUE RECEIVED AND NEW LOAN APPROVALS BY NUMBER AND AMOUNT 1995-2006**



### Deposit gap loans

The programme’s deposit gap loan product continued to operate during the year, with 10 loans totalling \$1.6 million (nominal value) approved.

The deposit gap loan funds up to 20 per cent of the purchase price of a home, with the remainder of the required funds sourced from the private sector home finance market without the need for expensive mortgage insurance.

### Loans for renovations and extensions

The home loan programme continued to provide a range of smaller loans for eligible clients requiring financial assistance for a range of worthwhile purposes, including:

- improvements to maintain homes in good order or prevent harm to occupants
- alterations or improvements to accommodate new family members, or members with particular medical or health requirements
- improvements to quality of home life, such as installation of heating or cooling systems.

Through small loans, the programme also supports clients who embark on the home purchase journey but later encounter unexpected problems.

## Funds management

Since its inception, the programme has become largely self-funding. Revenue received from housing loan repayments, discharges and interest is paid into the New Housing Fund and used to make new loans. Despite markedly higher house prices throughout Australia, the combined funding resources of the New Housing Fund and the Home Loan Capital Account enabled IBA Homes to achieve a record level of loan funding during the year and to help a record number of families and individuals.

In early 2005–06, the IBA Board reaffirmed its commitment to playing a pivotal role in increasing Indigenous home ownership to 40 per cent by 2010. In recognition of the significant benefits home ownership brings to the lives and economic security of Indigenous Australians, the board allocated \$20 million of its investment portfolio to a Home Loan Capital Account to help overcome the substantial waiting period for new home loans.

At year's end, the housing loan portfolio comprised 3,359 active loans with a total nominal value of \$415.2 million. The programme's total assets, including funds held in the New Housing Fund and the Home Loan Capital Account, were \$457.9 million at nominal value. Loan interest added \$20 million to the programme's assets during 2005–06. The above loan values are stated at their nominal value, and differ from those stated in the financial statements, which, as per IBA's new accounting policy under the new AASB standards, are stated at their fair value. The total fair value for the home loan programme at 30 June 2006 was \$332.6 million.

## Arrears management

Improved arrears management arrangements introduced during the year enabled reportable arrears (two or more payments) to be further reduced. Reportable arrears now represent 0.05 per cent of the value of the housing loan portfolio, an outcome that compares very favourably with those from other targeted lending programmes.

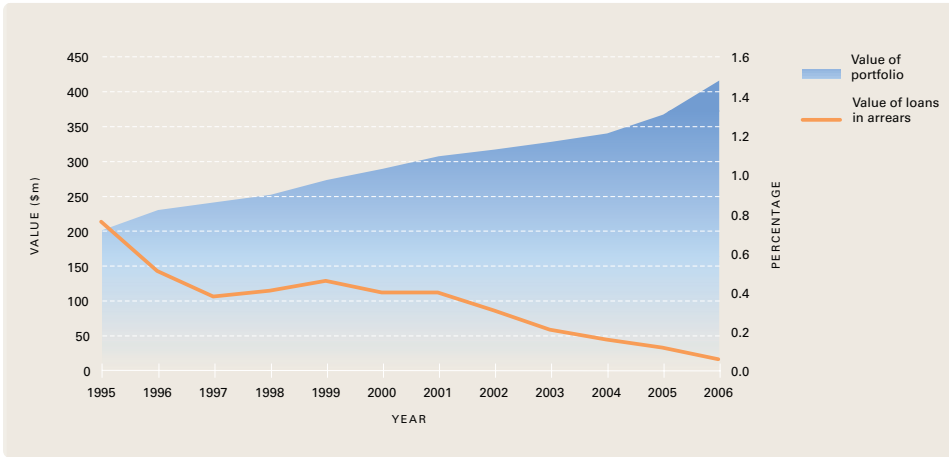
Figure 9 contrasts the growth of the portfolio with the continuing fall in arrears over the past 10 years.

## Operational relationships

During the year, IBA Homes reaffirmed its arrangements with all state and territory governments for IBA to continue processing First Home Owner Grants. Relationships were also established with a number of state and territory housing authorities to improve Indigenous access to home ownership.

IBA Homes has trained home loans officers located in 12 Indigenous Coordination Centres around Australia. These officers promote home ownership in local communities. In addition, they help eligible clients by providing local loan assessment and management support services. Where appropriate, they also help prospective home buyers to access alternative sources of finance from the private sector home finance market or state/territory home ownership assistance schemes.

**FIGURE 9 TRENDS IN PORTFOLIO GROWTH AND ARREARS DECLINE  
1995–2006**



IBA is a member of the Australian Finance Conference, Australia’s national finance industry association. Membership helps keep IBA informed of current market, legal and legislative developments.

### *Outlook for 2006–07*

In order to continue to improve the Indigenous home ownership participation rate, IBA will become more proactive in promoting individual and community awareness of IBA Homes, and develop and implement improved strategies for marketing the range of home loan products and services it provides.

IBA Homes will also actively pursue opportunities to work more closely with state and territory governments on promoting financial awareness and responsibility to Indigenous people. IBA Homes sees significant advantage in engaging with Aboriginal housing organisations, relevant Australian Government and state and territory government departments and other stakeholders to explore possible new directions and strategies for Indigenous home ownership.

Also, to assist existing and new clients, IBA Homes will consider additional options for making home loan repayments, including BPAY.

The IBA Board welcomed the 2006–07 Budget’s \$20 million capital injection into the New Housing Fund. The additional funding will enable IBA Homes to make loans to a further 95 families to buy or build homes in 2006–07. It will also help reduce waiting time.



## OUTPUT GROUP 1.3

### *Business development and assistance*



To provide Indigenous people with a range of products, and assistance, for the development of commercially viable enterprises

### *Overview*

Output 1.3 is delivered through the Business Development and Assistance Programme, marketed as IBA Enterprises.

IBA Enterprises supports small and medium businesses in their establishment and ongoing success. Financially, it provides loans, business grants, and assistance with other set-up costs. It also offers ongoing aftercare for borrowers and sustained mentoring for Indigenous people in business. In addition, the programme supports the cost of research to improve knowledge on regional economic circumstances which would impact on small business viability.

IBA Enterprises provides funding through three streams:

- business support
- business finance
- economic development initiatives.

IBA Enterprises considers the business support element of the programme to be the most important means of achieving long-term involvement of Aboriginal and Torres Strait Islander people in commercially viable businesses.

IBA Enterprises offers a range of business support services to all Aboriginal and Torres Strait Islander people, whether or not they are clients of the programme. This helps applicants to develop commercially viable business proposals, and supports them throughout the course of their business to ensure continued commercial viability. IBA Enterprises provides these services directly to approved clients through a range of professional preferred service providers (PSPs).

Business support may entail:

- professional advice to individuals and community organisations
- assistance with the development of business plans, marketing advice and product development or business growth assistance
- feasibility studies directed at establishing commercially viable enterprises or expanding existing businesses
- mentoring
- tailoring of business support products and services.

The business finance element of IBA Enterprises does not attempt to duplicate the services provided by the commercial banking sector. Rigid banking industry assessment formulas often restrict the ability of Indigenous people to access finance, even for commercially viable proposals. IBA Enterprises services help Indigenous people to implement their commercially viable ideas to achieve growth in wealth. They can bridge a gap and allow Indigenous people to access the financial services offered by the commercial banking sector.

The IBA Enterprises approach differs from that of banks in the following ways:

- IBA Enterprises considers security and equity when assessing a loan application, but concentrates more on a risk assessment of the whole proposal, including the business skills of the applicant, and sees commercial viability as the main factor in deciding whether to finance a business proposal.
- IBA Enterprises offers clients access to a range of professional business support services aimed at assisting the development of Indigenous enterprises and reducing the risk of business failure.

Economic development initiatives (EDIs) are the programme's flexible funds designed to remove barriers that directly inhibit the participation of Aboriginal and Torres Strait Islander people in commercial ventures and business opportunities. The funds are generally used to overcome a skills gap, increase the capacity of Indigenous people looking to undertake business activities, and fund projects that will foster the leveraging of identified Indigenous business opportunities.

EDIs include business development workshops, small business management training, business hub activities, the development of products aimed at assisting Indigenous involvement in commercial business, and industry-specific assistance.



## Objectives

The objective of IBA Enterprises is to facilitate the acquisition, establishment and development of commercially viable businesses by Aboriginal and Torres Strait Islander people.

IBA Enterprises seeks to:

- improve the economic wellbeing of, and business development opportunities for, Aboriginal and Torres Strait Islander people
- support Aboriginal and Torres Strait Islander people with the market intelligence, skills development services and alternative funding mechanisms needed to undertake economic and business development opportunities
- facilitate the transition of Aboriginal and Torres Strait Islander people from dedicated to mainstream financial products.

## Performance in 2005–06

Table 7 details IBA's performance against the targets set out for Output group 1.3 in the 2005–06 Portfolio Budget Statements and Portfolio Additional Estimates Statements. Statistics on the number of actions taken on pertinent issues are given in Table 8.

**TABLE 7** PERFORMANCE IN 2005–06: OUTPUT GROUP 1.3  
*Business development and assistance*

Measure	Target	Performance
QUALITY	95 per cent repayment rate on new loans	Achieved a 98 per cent repayment rate on new loans
	10 per cent reduction in provision for doubtful debts	Achieved a 48 per cent reduction in provision for doubtful debts
QUANTITY	Increase in the number of applications received	Received 122 applications, an increase of 47 per cent
	Increase in the number of applications approved	Approved 86 loans, an increase of 59 per cent, with 12 loan applications subsequently withdrawn
	Increase in the number of participants in business-related initiatives	Achieved a 28 per cent increase in participants in business-related initiatives
PRICE	Cost of outputs \$30.614 million	Cost of outputs \$27.197 million

**TABLE 8** SUMMARY OF IBA ENTERPRISES KEY ACTIVITIES 2005–06

Issue	Number
Inquiries answered	1,671
Business support approvals granted	450
Loan approvals granted	86
Loans refused	19
Economic development initiatives supported	47
Jobs created or supported	136
Indigenous jobs created or supported	111

## Business support

Table 9 outlines business support activities undertaken in the various regions during 2005–06.

**TABLE 9** BUSINESS SUPPORT STATISTICS BY REGION 2005–06

Regional office	Inquiries	Recipients of pre-start-up support	Recipients of post-start-up support	Workshops	Workshop participants
Adelaide	125	19	13	4	58
Alice Springs	38	15	9	1	20
Brisbane	260	50	30	10	132
Broome	116	45	21	5	59
Cairns	239	31	28	7	80
Darwin	139	31	26	3	44
Hobart	22	4	0	5	30
Melbourne	126	11	8	1	8
Perth	230	25	16	8	101
Sydney	206	24	24	8	103
Wagga Wagga	170	7	13	2	19
<b>Total</b>	<b>1,671</b>	<b>262</b>	<b>188</b>	<b>54</b>	<b>654</b>

To help ensure that business support clients receive good-quality professional assistance from appropriately skilled PSPs, IBA Enterprises conducts a national tender process to ensure that an appropriate mix of industry experience and expertise exists within the PSP ranks.

During 2005–06, IBA Enterprises conducted two national tenders seeking additional PSPs and revisiting existing PSPs. The first tender, completed in November 2005, resulted in 136 'standing offers for services' to PSPs Australia-wide to assist clients with the full range of business support services, an increase of 164 per cent. The second request for tender, issued in late April 2006, will be completed in early 2006–07.

## Business finance

There was a significant increase in the demand for IBA Enterprises loan products during 2005–06. Of 105 loan applications assessed, 74 totalling \$14.2 million (nominal value) were approved, 19 totalling \$12.1 million were declined and 12 totalling \$3.1 million were approved but subsequently withdrawn for a variety of reasons. It is expected that by early 2006–07 all approved loans will have been settled.

The increase in the level of activity in the programme was a direct result of a number of factors, including:

- improved stability and visibility of the programme due to its relocation within IBA
- improved procedures for ensuring that products provide sufficient flexibility to meet the needs of the client base and to speed up decision making
- improved linkages with other programmes, including the economic development programmes delivered by DEWR
- greater promotional activity, including EDIs, resulting in a greater awareness of the services and assistance available under the programme.

During 2005–06, the pilot project into micro-economic development was completed, resulting in the generation of a new product, Little Business Loans. Little Business Loans are designed to assist individuals seeking to move from Centrelink payments and the Community Development Employment Project programme to self-employment through establishing new businesses or expanding existing hobbies into small businesses. The new product will be available in 2006–07.

Business loans, by region, number and balance as at 30 June 2006, are outlined in Table 10.

The Compliance and Support Unit (CAS) established by the management of IBA Enterprises in the 2004–05 financial year continued to build on the outcomes previously reported. By 30 June 2006, it had completed a review of all loss salvage accounts and reduced loss salvage from about \$9.5 million to about \$3 million. Figure 10 provides a snapshot of this outcome. All but eight of the 74 accounts that remained in loss salvage are under repayment arrangements managed by CAS.

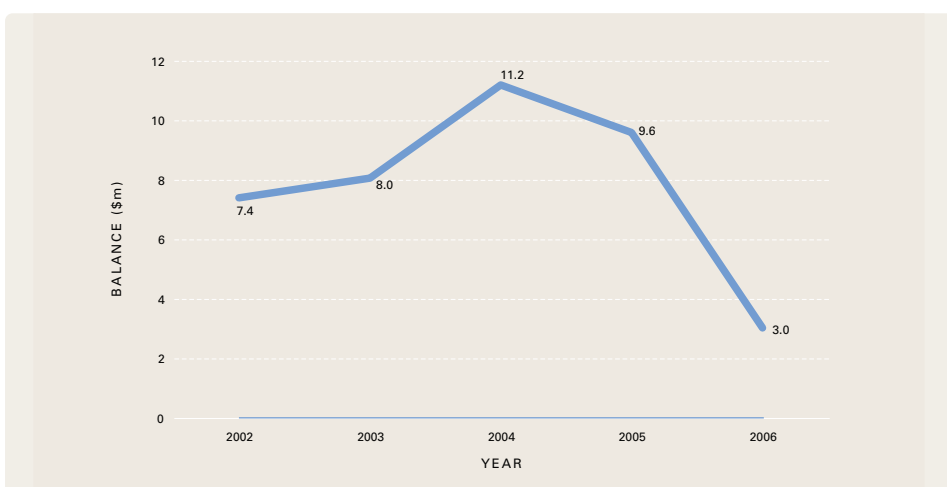
**TABLE 10 IBA ENTERPRISES LOANS at 30 June 2006**

Regional office	Number of loans	Balance \$ (nominal value) <sup>a</sup>
Adelaide	26	2,766,801
Alice Springs	15	2,468,770
Brisbane	53	6,070,725
Broome	23	1,778,103
Cairns	42	2,737,203
Darwin	45	5,690,359
Hobart	11	720,680
Melbourne	42	4,360,939
Perth	28	8,470,127
Sydney	61	4,216,989
Wagga Wagga	45	6,827,175
<b>Total</b>	<b>391</b>	<b>46,107,871</b>
Little Business Loans <sup>b</sup>	55	143,948

a The above loan values are stated at their nominal value, and differ from those stated in the financial statements, which, as per IBA's new accounting policy under the new AASB standards, are stated at their fair value. The total fair value for the business loans programme at 30 June 2006 was \$30.65 million.

b These were micro enterprise loans transferred to IBA at the close of the micro-economic development pilot.

**FIGURE 10 HISTORICAL LOSS SALVAGE BALANCES**



During the year, the number of accounts in arrears fell from 224 to 159. All current accounts having an arrears balance for more than 60 days as at 30 June 2005 were reviewed and are being managed by CAS. Management includes remedial adjustments to loan conditions, enterprise restructures and security adjustments, all of which seek to enable IBA borrowers to overcome a wide range of commercial and financial imposts on business viability. When all appropriate remedial options have been exhausted, litigation and/or realisation of securities is pursued. CAS has adopted a hands-on approach in the management of these activities through IBA's lawyers, to ensure that this action is timely and cost-effective.

Due to the loan portfolio management practices implemented, a significant reduction in the accumulated impairment of loans was a major outcome of CAS activities over the year, reducing the accumulated impairment from \$27.796 million at 30 June 2005 to \$14.346 million at 30 June 2006, representing a reduction of 48 per cent.

## Economic development initiatives

Table 11 details funds allocated to EDIs over the past year.

**TABLE 11** ECONOMIC DEVELOPMENT INITIATIVES 2005–06

Funding recipient	Amount \$	Activity
Aboriginal Tourism Australia	101,975	Conduct of a national tourism symposium designed to provide participants with practical information, in a workshop format, to immediately implement in their day-to-day business operations
Adelaide City Business	159,670	Provision of incubator and business support services through in-house and outreach services to Indigenous people in South Australia and selected areas of the Northern Territory until 30 June 2006
Ambrose NT Pty Ltd	134,500	The Kakadu–West Arnhem Indigenous Entrepreneur Financial Management Project—business hubs, designed to pilot a new accounting package aimed at assisting Indigenous business to better understand and control the financial position of their business operations
Australian Indigenous Communications Association Incorporated	154,080	Provision to the Australian Indigenous Communications Association Inc. of a professional methodology to enable the establishment of an Indigenous-specific television station and to ensure the future viability for Indigenous-owned media in Australia  Completion of a technical feasibility study and business plan, which will provide the planning and strategic platform for the successful establishment of an Indigenous television network
Balkanu Cape York Development Corporation	540,570	Establishment of a mobile business hub in Cairns targeting remote areas of Far North Queensland for the purpose of delivering small business support services to Indigenous Australians—this hub aims to increase Indigenous people's participation in the economy and improve their ability and capacity, and thereby promote increased income levels within the real economy  The funding supplements that received from similar activities provided by Queensland Government and Australian Government agencies

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**TABLE 11 ECONOMIC DEVELOPMENT INITIATIVES 2005–06** CONTINUED

Funding recipient	Amount \$	Activity
Central Great Southern Business Enterprise Centre (CGSBEC)	75,000	A pilot project to help establish an Indigenous incubator in the CGSBEC at Tambellup; the role of the incubator will be to: <ul style="list-style-type: none"> <li>• assess the viability of the business</li> <li>• determine if the client is ready to establish a business</li> <li>• introduce the concept of a business plan</li> </ul>
Creative Economy Pty Ltd	20,000	A sponsorship contribution to the Indigenous component of the National Memento awards, which showcase emerging businesses, and provide awards to Indigenous businesses in creative industries
Creative Economy Pty Ltd	743,405	Business support and mentoring services, delivered nationally, to Indigenous clients who operate within creative industries—art and craft, music, fashion and cultural tourism
Darebin Enterprise Centre Limited	142,614	Assistance to prospective Indigenous business owners and managers to identify possible business opportunities and critical success factors for financially viable enterprises in Tasmania
Department of the Prime Minister and Cabinet	70,000	Partnering the South Australian Government (\$60,000) in the employment of a ceramicist to: <ul style="list-style-type: none"> <li>• train men and women in ceramics</li> <li>• strengthen ties with the Jam Factory in Adelaide for sale of products</li> <li>• engage young people to learn new skills</li> <li>• permit full-time employment of artists working within the art centre, and in the ceramics project in particular</li> </ul>
First Australians Business Ltd (FAB)	1,064,900	Provision of workshops throughout Australia to encourage and facilitate the creation of new small businesses by Indigenous Australians, as a means of gaining economic independence and reducing reliance on welfare
First Australians Business Ltd	268,030	The FAB volunteer mentoring programme, which aims to facilitate the creation of new small businesses by Indigenous people, as a means of gaining economic independence and reducing the reliance on welfare programs, by providing clients with appropriately skilled business mentors to assist with the development and operation of commercially viable small business operations
Young Achievement Australia (YAA)	466,300	An Indigenous-specific programme modelled on the success of existing YAA activities, to allow Indigenous people to participate in the development, establishment and running of a commercial business operation; YAA will conduct 20 Indigenous-specific projects around Australia

### ***Business workshops***

During 2005–06, IBA funded First Australians Business to conduct 54 enterprise development workshops across Australia (see Table 9), ranging from one to four days, for 654 Indigenous people interested in small business. They were successful in generating interest and providing information to participants on how to take the first steps towards developing a small business.

Each workshop encouraged participants to link to a voluntary mentor to assist them to develop their business idea. The workshops also operated as a stepping stone for those participants at an advanced stage of business development, by identifying their specific needs and suggesting business support services to help them take the next step into commercial business.

### ***Training***

During 2004–05, the need was identified for nationally accredited training packages in small business management at the Certificate I, II and III levels that met the requirements of Indigenous Australians. In 2005–06, IBA Enterprises collaborated with Innovation and Business Skills Australia (IBSA), funded by the Department of Employment and Workplace Relations (DEWR), to develop the skill-based competencies required to deliver training that can lead to accreditation in small business management. The next stage of this project will be to develop training packages suitable for delivery to Indigenous small business operators.

As a result of the funding during 2005–06, IBSA:

- identified the small business management units of competency required to achieve a Certificate III and IV in small business management
- identified a series of skill sets to assist with developing a training pathway for clients seeking to undertake more advanced training, particularly at Certificate III and IV levels
- facilitated the Department of Education, Science and Training certification process for the units of competency.

In addition, the project funded by IBA Enterprises and DEWR resulted in an awareness that a review of all certified training was required to ensure that the units of competency recognised cultural diversity.

### ***Business hubs***

IBA Enterprises continued to support business hub and incubator activities in specific geographical areas or in particular industries with a high level of small business opportunities. Support included funding to Adelaide City Business, Creative Economy and Balkanu. While the services provided vary in relation to clients' needs, they essentially assist Indigenous Australians access support services to develop or strengthen their businesses.

## *Outlook for 2006–07*

During 2006–07, IBA Enterprises will continue to build on the current awareness and demand for the products and services offered by the programme. IBA Enterprises will review and revise its service delivery model to ensure that the programme delivery is in accordance with its services charter, to better meet the needs of clients.

CAS will build upon its positive outcomes to ensure continued reduction in the number of accounts in arrears and in the arrears balance. CAS will also implement an ongoing programme of compliance review for all current loans. This activity will include a security audit of all current accounts.

IBA Enterprises will continue to work closely with other agencies to achieve the objectives under the whole-of-government approach to service delivery, with the goal of being a driver with regard to Indigenous business development.

IBA Enterprises aims to explore new and innovative ways of assisting Indigenous people to develop appropriate skills and expertise to take advantage of the limited commercially viable business opportunities in their regions. The programme will continue to develop training packages and delivery models to ensure appropriate stepping stones are available to Indigenous people looking to be involved in small business.

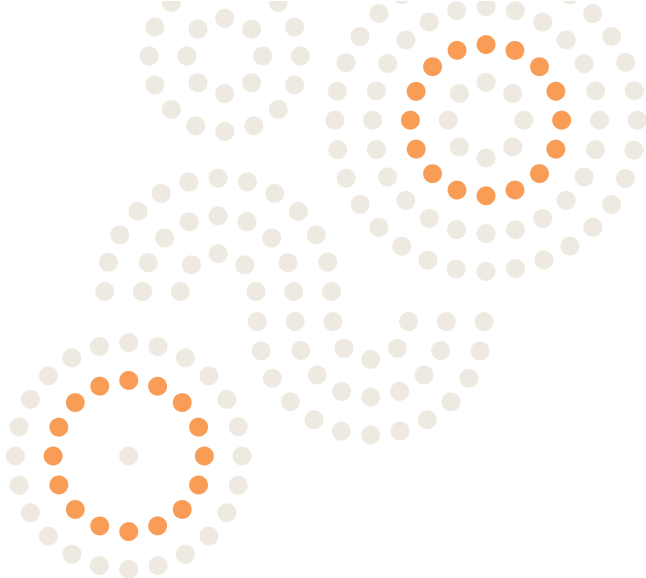
IBA Enterprises will be working with the banking, tourism and mining industries to identify small business opportunities for Indigenous people and provide assistance to those people to allow them to capitalise on those opportunities.



*IBA Enterprises supported business, Xpresso*

PHOTO Indigenous Business Australia





## OUTPUT GROUP 1.4

### *Home ownership on Indigenous land*



To encourage Aboriginal and Torres Strait Islander peoples to become home owners on community-titled lands

### *Overview*

Indigenous Australians living on Indigenous land do not currently have the choice of home ownership. This limits their ability to fulfil their home ownership aspirations, and to control their own living conditions and long-term economic circumstances. It is also a major barrier to inter-generational wealth transfer.

The Home Ownership on Indigenous Land Programme, delivered by IBA Partnerships and known as Community Homes, will offer eligible participants this choice for the first time.

Community Homes was developed in the context of the Indigenous Economic Development Strategy. The Australian Government announced in October 2005 that it would seek amendments to the *Aboriginal Land Rights (Northern Territory) Act 1976* to facilitate long-term leases in townships. Complementary measures to assist this aim were announced at the same time, including:

- allocation of \$7.3 million in 2005–06 and 2006–07 to IBA for development of affordable finance packages including loans and grants under Community Homes
- introduction by the Australian Government Department of Families, Community Services and Indigenous Affairs (FaCSIA) of the Home Purchase Incentive Scheme on community-titled lands to provide a discount of up to 20 per cent on the purchase price of community-owned rental housing for individuals with a good rental payment history.

The Australian Government is consulting with states and territories about the need to amend land tenure legislation to facilitate long-term leases needed for home ownership.

In the 2006–07 Budget, the Australian Government increased its October 2005 commitment by providing \$107.4 million over four years to IBA and FaCSIA. IBA received:

- \$54.6 million to expand home lending by Community Homes, which will enable 460 new home loans to be provided to individuals and families living on Indigenous land
- \$23.6 million to manage and deliver incentives to help overcome the high cost of housing and low-income levels in remote areas, funding which will enable IBA to offer co-payments of up to \$25,900 and cover establishment costs of up to \$13,000 for each borrower.

Funding for additional housing construction, discounts for good renters and money management education was provided to FaCSIA.

## *Objectives*

The objectives of Community Homes are to:

- provide a range of housing loan products to eligible Indigenous people to help them buy their own homes on community-titled land
- contribute to the goal of increasing Indigenous people's home ownership rate.

## *Performance in 2005–06*

Table 12 details IBA's performance against the targets set out for Output group 1.4 in the 2005–06 Portfolio Additional Estimates Statements.

**TABLE 12 PERFORMANCE IN 2005–06: OUTPUT GROUP 1.4**  
*Home ownership on Indigenous land*

Measure	Target	Performance
QUALITY	Identify eligible Indigenous communities and individuals who may qualify for home ownership on Indigenous land	Developed selection criteria with the Department of Families, Community Services and Indigenous Affairs  Established an expressions of interest register; received 28 community nominations as at 30 June 2006
QUANTITY	Consult with all interested Indigenous communities and all state and territory governments and establish initial loans by 2007	Undertook significant discussions with the Western Australian Government and a community in Broome, and with the Tiwi Land Council  Held consultations with the New South Wales, South Australian, Northern Territory, Queensland and Western Australian governments  Discussions with communities in other jurisdictions will commence when land tenure legislation has been appropriately amended
PRICE	Cost of outputs \$0.020 million	Cost of outputs \$0.099 million

## *Outlook for 2006–07*

IBA and FaCSIA will continue discussions with state and territory governments about programme implementation and will further identify and consult with Indigenous communities interested in home ownership. Since the 2006–07 Budget announcement, the number of communities which have registered expressions of interest in home ownership has risen from 13 to 28 as of 30 June 2006. IBA and FaCSIA will be actively engaged in delivering Community Homes over the coming year, during which the programme expects to approve up to 50 loans in selected communities.

IBA will develop a comprehensive communication and education strategy to ensure Indigenous organisations, communities and individuals are aware of the programme, including the benefits and obligations of home ownership. It will also establish the property valuation, sale and lending processes for buying a house in the community and will provide ongoing support for home buyers and borrowers.

It is expected that the amendment to the *Aboriginal Land Rights (Northern Territory) Act 1976* will be enacted by September 2006, enabling the establishment of headleases over townships and subsequent long-term individual leases on Indigenous land in the Northern Territory.



REPORT OF  
OPERATIONS

*Corporate Governance*



## CORPORATE GOVERNANCE

### *Enabling legislation*

Indigenous Business Australia (IBA) was established by the *Aboriginal and Torres Strait Islander Commission Amendment Act 2001*, which came into effect on 17 April 2001, with reporting and accountability arrangements set out in the *Commonwealth Authorities and Companies Act 1997* (CAC Act).

IBA was created to assist and enhance the economic advancement of Aboriginal and Torres Strait Islander people, primarily through facilitating Indigenous equity in sound commercial ventures. Under the enabling legislation, IBA must meet this role by accumulating and using a substantial capital asset. The legislation specifically requires that IBA engage in commercial activities.

With the passage of the *Aboriginal and Torres Strait Islander Act 2005*, IBA's responsibilities were expanded to include two new programmes, for provision of home and business loans, and for business development assistance.

### *Responsible minister*

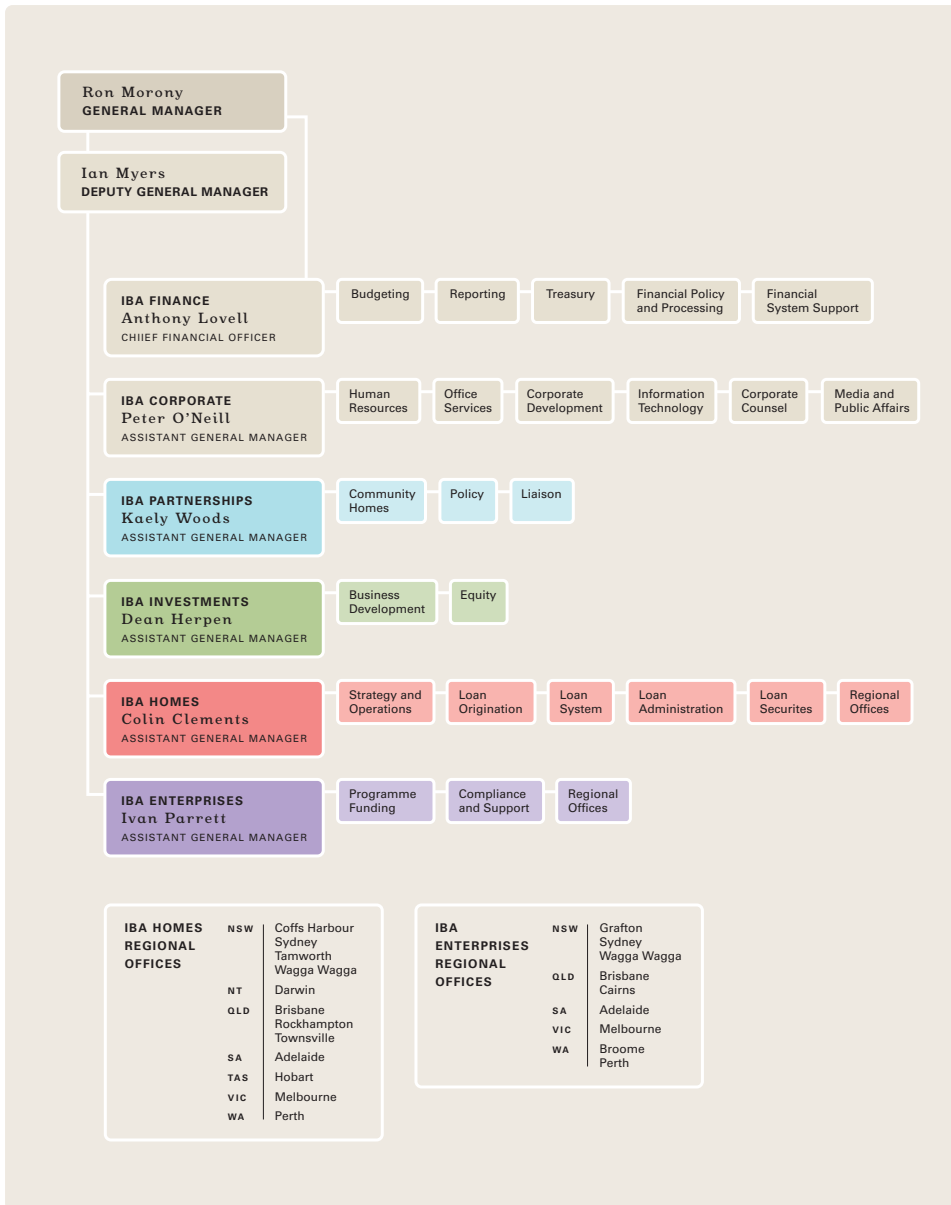
The Hon. Kevin Andrews MP, Minister for Employment and Workplace Relations, was responsible for IBA in 2005–06.

This report has been prepared for the Minister in accordance with the *Aboriginal and Torres Strait Islander Act 2005*, the CAC Act and the Finance Minister's Orders.

### *Corporate plan*

IBA developed its *Corporate Plan 2006–08* through a process of extensive consultation with IBA staff and interested parties. The corporate plan clearly articulates the organisation's vision, goals, strategies, values and challenges. The plan can be read at <http://www.iba.gov.au>.

**FIGURE 11 CORPORATE STRUCTURE OF INDIGENOUS BUSINESS AUSTRALIA**  
*as at 30 June 2006*



## *Structure*

IBA's current corporate structure is shown in Figure 11. The structure is based on four programme areas supported by the corporate and finance sections.

## *Executive management*

In 2005–06, the members of IBA's executive management were:

- Ron Morony—General Manager
- Ian Myers—Deputy General Manager
- Peter O'Neill—Assistant General Manager, IBA Corporate
- Anthony Lovell—Chief Finance Officer
- Kaely Woods—Assistant General Manager, IBA Partnerships
- Dean Herpen—Assistant General Manager, IBA Investments
- Colin Clements—Assistant General Manager, IBA Homes
- Ivan Parrett—Assistant General Manager, IBA Enterprises.

## *Board of directors*

The IBA Board is responsible for ensuring the proper and efficient performance of the functions of IBA and for determining IBA policies. In recognition of the need for the highest standard of corporate behaviour and accountability, IBA directors support and adhere to the principles of transparent corporate governance.

At the end of the financial year, the Board had eight non-executive directors. Information about the board members is provided in Table 13.

**TABLE 13 IBA BOARD DIRECTORS as at 30 June 2006**

<b>Joseph Elu</b> CHAIRPERSON	<b>Bob Blair</b> DEPUTY CHAIRPERSON	<b>Leah Armstrong</b> DIRECTOR	<b>Jenny Boddington</b> DIRECTOR
			
Reappointed 19 March 2005 for two years	Reappointed 25 August 2006 for two years	Reappointed 19 May 2005 for two years	Reappointed 19 May 2005 for two years
Remuneration Committee Chair	Audit Committee Chair Remuneration Committee member	Remuneration Committee member	Audit Committee member
<p>Mr Elu has been Chairperson of IBA since December 1996.</p> <p>He is a member of the National Indigenous Council that provides advice to government on policy, programme and service delivery issues for Aboriginal and Torres Strait Islander people.</p> <p>Mr Elu continues as Chairperson of the community-based Seisia Council on the tip of Cape York and is a member of the Island Coordinating Council.</p> <p>Mr Elu co-chairs the Voluntary Services to Indigenous Communities Foundation and is a member of the Torres Strait Regional Authority.</p> <p>From 2001 to May 2006, he served as a board member of the Special Broadcasting Service (SBS).</p> <p>In May 2006, Mr Elu was appointed to the Reconciliation Place Advisory Committee.</p> <p>A recipient of the Centenary Medal, Mr Elu holds an honorary Doctorate in Economics from the Queensland University of Technology. He is a strong advocate for including private enterprise in the economic development of Indigenous people.</p>	<p>For 17 years, Mr Blair has been the administrator of the Dreamtime Cultural Centre in Rockhampton, North Queensland. The centre is an innovative Indigenous business that provides high-standard conference and motel facilities.</p> <p>As a former senior training officer with the Central Queensland Aboriginal Corporation for Training Resources, he has experience in providing Indigenous training services.</p> <p>Mr Blair has served as a member of the Australian Army and achieved the rank of Warrant Officer Class 1. He served with distinction in Vietnam, Malaysia and New Zealand and received the following awards: the Australian Active Service Medal; the Vietnam Medal; the Australian Service Medal; the Defence Force Service Medal; the National Medal; and the Vietnam Star.</p> <p>Mr Blair is also a recipient of the Centenary Medal.</p> <p>He has been a board member of IBA since 3 July 1998.</p>	<p>Ms Armstrong, a Torres Strait Islander from Mackay, Queensland, is the Executive Director of the Yarnteen Aboriginal and Torres Strait Islander Corporation, based in New South Wales. Yarnteen aims to encourage greater Indigenous participation in the broader economy and build capacity within communities. Yarnteen's enterprises include a successful bulk warehousing and bagging facility for bulk grains and fertiliser, a car and boat wash enterprise, and commercial property investments. Yarnteen has also established an Indigenous Creative Enterprise Centre.</p> <p>Ms Armstrong brings to the IBA Board valuable knowledge of the issues that communities face when taking the path of economic development, as well as an understanding of the need to balance economic and social objectives.</p>	<p>Ms Boddington began her career as a management consultant with Booz Allen and Hamilton before moving into the finance industry in the United Kingdom.</p> <p>She spent some years analysing engineering companies for Morgan Grenfell Asset Management but later transferred to investment banking, where she spent 14 years advising companies on acquisitions, divestments, listings and capital raisings.</p> <p>Ms Boddington later joined DB Capital Partners, the private equity arm of Deutsche Bank, where she made investments on behalf of DB Capital Partners and held board seats on various investee companies.</p> <p>Ms Boddington, who holds an honours Masters Degree in Metallurgy, Economics and Industrial Management from Oxford University, has been in Australia for more than a decade and is a naturalised citizen.</p> <p>She runs a consultancy business in corporate governance and business development.</p>

CONTINUED OVER PAGE



**TABLE 13 IBA BOARD DIRECTORS as at 30 June 2006** CONTINUED

<b>Peter Boxall</b> DIRECTOR	<b>Judy Hardy</b> DIRECTOR	<b>Gail Reynolds-Adamson</b> DIRECTOR	<b>Ian Trust</b> DIRECTOR
			
Appointed 14 December 2004 for three years	Reappointed 25 August 2006 for three years	Appointed 25 August 2006 for three years	Reappointed 1 December 2005 for two years
Audit Committee member			
<p>Dr Boxall is Secretary of the Department of Employment and Workplace Relations (DEWR).</p> <p>He began his career as an economist with the Reserve Bank of Australia but from 1974 spent 13 years working in the United States, including seven years at the International Monetary Fund.</p> <p>Dr Boxall completed his graduate studies at the University of Chicago. He holds a PhD in economics.</p> <p>On his return to Australia, Dr Boxall joined the Department of Treasury. This was followed by two periods as Senior Economic Adviser to the Leader and Deputy Leader of the Opposition (1987–90 and 1991–93) before he returned to Treasury as Assistant Secretary.</p> <p>In 1994, Dr Boxall was appointed as Under Treasurer, Department of Treasury and Finance, in South Australia. In 1996, he returned to Canberra to take up the position of Principal Adviser to the Treasurer.</p> <p>Dr Boxall was appointed Secretary of the Department of Finance in 1997 and in 2002 was appointed Secretary of DEWR.</p>	<p>Ms Hardy operates an independent national consulting business from Adelaide, South Australia, and is owner-director of three other businesses that operate abroad.</p> <p>Ms Hardy is a member of various national committees that advise the Australian Government, including the Mental Health Council of Australia, the Strategic Planning Group for Private Psychiatric Services, the National Information Strategy Committee, the Australian Health Insurance Association Mental Health Committee, and the Housing and Homelessness Task Force.</p> <p>Ms Hardy holds qualifications in psychiatric and general nursing. She also has a Graduate Diploma in Health Administration and a Diploma in Teaching.</p> <p>Ms Hardy sees participation on the IBA Board as an opportunity to make a contribution to Indigenous economic development by offering support and advice to those who may be contemplating entry into the business sector.</p>	<p>Ms Reynolds-Adamson is a Director of Kepa Kurl Pty Ltd, a locally owned and private Aboriginal tourism company based in Esperance, Western Australia. The company operates eco-cultural discovery and adventure tours, an Aboriginal art gallery and a gift shop, as well as a consultancy service which specialises in the delivery of cross-cultural awareness training programs.</p> <p>Previously, Ms Reynolds-Adamson was the National Indigenous Relations Manager for Normandy Mining and the National Manager of Telstra's Aboriginal and Islander Unit.</p> <p>She is currently on the Board of the Western Australian Indigenous Tourism Operators Committee and the Esperance Regional Tourism Association.</p> <p>She is also on the Board of Indigenous Community Volunteers (ICV). ICV is making a difference by providing volunteers who can transfer their skills to people in Aboriginal and Torres Strait Islander communities and organisations.</p> <p>Ms Reynolds-Adamson attended a board meeting for orientation within the reporting period.</p>	<p>Mr Trust, a Gidja man, was born on Moola Bulla Station, west of Halls Creek, Western Australia.</p> <p>A long-term resident of the Kimberley, he has held a range of positions in Aboriginal and community organisations in the region.</p> <p>Mr Trust was administrator of the East Kimberley Aboriginal Medical Service for three years.</p> <p>He is an active committee member of the Aboriginal Housing Board, the Kimberley Aboriginal Aquaculture Corporation, the Kimberley College of TAFE and the Aboriginal Lands Trust.</p> <p>He served as chairperson on the Aboriginal and Torres Strait Islander Commission (ATSIC) Wunan (Kununurra Region) Regional Council for nine years and was instrumental in setting up the Wunan Foundation, established to develop economic initiatives in the region.</p>

## Committees

IBA's governance framework integrates business planning and budgeting.

IBA's employee performance achievement system is currently being implemented and will include individual performance plans for all employees. This system will be integrated with the business planning cycle to ensure that individual performance requirements are aligned with key business objectives.

The general manager is accountable to the Board for overall organisational performance, including financial management, quality assurance and risk management. In performing this role, the general manager is supported by the executive management and board committees as detailed in Table 14.

**TABLE 14** BOARD COMMITTEES *as at 30 June 2006*

<b>Audit Committee</b>	
<b>ROLE</b>	To ensure that IBA and its subsidiaries meet objectives and comply with legislative requirements
<b>MEMBERS</b>	Bob Blair (Chairperson)      Jenny Boddington Benjamin Wyatt (until 6 February 2006) Judy Hardy (from 6 June 2006)
<b>Remuneration Committee</b>	
<b>ROLE</b>	To review and assess the performance of executive management against the key performance criteria as determined by the Board; recommend any performance bonuses payable in respect of each financial year; and consider remuneration issues as they arise
<b>MEMBERS</b>	Joseph Elu (Chairperson)      Bob Blair Leah Armstrong

## Meetings

The Board held nine meetings during 2005–06. The attendance record of directors at board and board committee meetings is set out in Table 15.

**TABLE 15 ATTENDANCE AT BOARD AND COMMITTEE MEETINGS**  
*June 2005 to June 2006*

Board member	Board		Audit Committee		Remuneration Committee	
	Meetings attended	Meetings held and eligible to attend <sup>a</sup>	Meetings attended	Meetings held and eligible to attend	Meetings attended	Meetings held and eligible to attend
Joseph Elu	10	10			1	1
Bob Blair	10	10	1	2	1	1
Leah Armstrong	8	10			1	1
Jenny Boddington	7	10	1	2		
Peter Boxall	9	10				
Keith Clarke <sup>b</sup>	1	2				
Judy Hardy	10	10	1	1		
Gail Reynolds-Adamson <sup>c</sup>	1	1				
Ian Trust	8	10				
Ben Wyatt <sup>d</sup>	7	7	1	1		

a Nine full board meetings were held during 2005–06. Meeting No. 34 on 7 June 2005 was not recorded in the 2004–05 annual report, so it has been included in the above reporting.

b Keith Clarke was appointed an interim board member from 14 February 2006 to 12 May 2006.

c Gail Reynolds-Adamson attended for orientation prior to her appointment on 25 August 2006.

d Ben Wyatt resigned on 6 February 2006.

## **Roles, responsibility and code of conduct**

Section 156 of the *Aboriginal and Torres Strait Islander Act 2005* advises that it is the responsibility of the IBA Board, subject to any direction from the Minister under section 151 of the *Aboriginal and Torres Strait Islander Act 2005*, to ensure the proper and efficient performance of the functions of IBA and to determine all IBA policies.

The Board achieves this through requiring the presentation of monthly financial reports, and regular reports on any occupational health and safety, environmental or legal issues.

The Board also considers all major financial decisions and meets at least once a year to consider policy and planning directions for the organisation.

## **Remuneration and interests**

Details of directors' remuneration and interests are set out in Note 13 and Note 14 of the financial statements.

## ***Indemnity and insurance***

IBA indemnifies current and former directors, as well as staff, in respect of their appointment to any office or position within an IBA or related entity. The indemnity applies to any liability or costs incurred in connection with any claim brought against a director or staff member as a result of, or in connection with, their appointment.

The indemnity does not apply to any breach by an appointee of their fiduciary duty to IBA or the entity to which they have been appointed. It is also limited to the extent, if any, permitted by the Corporations Law and will not apply if the giving of the indemnity contravenes section 163 of the *Aboriginal and Torres Strait Islander Commission Act 1989* or sections 26 or 27 of the CAC Act.

During the year, no indemnity-related claims were made. IBA knows of no circumstances likely to lead to any such claims.

The cost of directors' and staff indemnity insurance for 2005–06 was \$80,264.

## ***Risk management and fraud***

IBA pursues a policy of accountability and transparency in all its business dealings. A risk assessment is undertaken on each of the investments in the selection and evaluation phase through to the acquisition phase, and risk is continually monitored throughout the investment phase and divestment phase. Similarly, risk assessments of loans are conducted from the application phase through to the assessment and approval phase, and loans are subsequently monitored till discharge. Monitoring, treatment and mitigation of identified risks is an ongoing process throughout all programme areas.

All matters relating to risk management are reported at each meeting of the Audit Committee.

## *Internal audit programme*

IBA conducts a number of assurance and performance improvement reviews to help it ensure its controls are efficient and effective and that its internal processes conform with best practice. It outsources aspects of the audit programme to further improve the independence of the process.

IBA reviewed its investment-monitoring practices during the year and implemented several recommendations to improve practices.

## *Service charters*

IBA's service charters are being reviewed to incorporate all new programmes within the IBA portfolio.

In handling complaints, IBA aims to:

- provide an accessible, fair and equitable system for clients lodging complaints with IBA
- guide staff on the action to be taken when a complaint is lodged
- ensure all complaints are investigated promptly and cost effectively
- provide an effective means to monitor the performance of IBA's operations and to identify any areas for improvement.

During the year ended 30 June 2006, no formal complaints were lodged with IBA.

## *Consultative arrangements*

Many IBA activities involve exchanging views and information with community, government or business representatives. Examples of consultations in 2005–06 are available in the 'Chairperson's overview' and 'Report of operations—performance' sections of this report.

IBA also welcomes comment on its activities from other organisations and members of the public. Please contact:

### **Indigenous Business Australia**

PO Box 38	<b>TELEPHONE</b>	(02) 6121 2700
Woden ACT 2601	<b>FAX</b>	(02) 6121 2730

## *Ministerial directions*

The Minister made no formal directions to IBA during 2005–06. No directions were issued in previous years.

## *Freedom of information*

The *Freedom of Information Act 1982* (FOI Act) requires Australian Government agencies to make particular information about their activities publicly available.

IBA is exempt from the provisions of the FOI Act in relation to documents in respect of its commercial activities.

### **FOI procedures and initial point of contact**

All requests for access should adhere to the requirements set out in the FOI Act and be sent to:

**FOI Coordinator**  
**Indigenous Business Australia**

PO Box 38	<b>TELEPHONE</b>	(02) 6121 2700
Woden ACT 2606	<b>FAX</b>	(02) 6121 2730

### **FOI requests**

Table 16 summarises FOI requests to IBA, and their outcomes, during the year.

**TABLE 16** FREEDOM OF INFORMATION STATISTICS 2005–06

Activity	Number
<b>Requests</b>	
On hand at 1 July 2005	nil
New requests received	2
Total requests handled	2
Total requests completed at 30 June 2006	2
Outstanding at 30 June 2006	nil
<b>Action on requests</b>	
Access in full	nil
Access in part	1
Access refused	1
Access transferred in full	nil
Request withdrawn	nil
<b>Response times</b>	
0–30 days	2
31–60 days	nil
61–90 days	nil
90+ days	nil
<b>Internal review</b>	
Requests received	1
Decision affirmed	1
Decision amended	nil
Request withdrawn	nil
<b>Review by Administrative Appeals Tribunal</b>	
Applications received	nil

### Ombudsman activity

During the 2005–06 financial year, IBA responded to one new formal request for information from the Office of the Commonwealth Ombudsman.

## Categories of documents held by IBA

Documents in the categories listed below are held by IBA as paper records or on optical, audio or digital media:

- briefs, submissions and reports
- administration documents from areas such as human resources, finance, property management and resource management
- documents relating to the provision of IBA-specific services, including individual case files and papers
- separate records of management meetings, such as agendas and minutes
- general correspondence and associated categories of documents according to subject matter
- documents, maintained separately, which relate to specific functions
- ministerial, interdepartmental and general correspondence
- internal administration papers
- IBA policy documents
- copies of instruments of delegations
- requests for legal advice and copies of notes and advice given
- briefing papers prepared for ministers
- answers to parliamentary questions
- training material
- FOI request files and papers dealing with consideration of those requests
- financial reports, expenditure estimates and expenditure reports.

## *Judicial decisions and reviews by outside bodies*

There were no judicial decisions or decisions of administrative tribunals during 2005–06 that had, or may have, a significant effect on the operations of IBA.

During 2005–06 IBA received no reports on its operations from the Auditor-General, parliamentary committees or the Commonwealth Ombudsman.

## *Privacy*

IBA collects, uses and records personal information in accordance with the Information Privacy Principles of the *Privacy Act 1988*.

During 2005–06, the Privacy Commissioner did not receive any complaints about or conduct any investigations of IBA.



## *Use of consultants*

Section 178 of the *Aboriginal and Torres Strait Islander Act 2005* enables the engagement of consultants. Section 189(2) of the Act requires IBA to include in each annual report particulars of any consultants engaged under section 178. The list of consultants is provided in Appendix B.

## *Environmental protection and ecologically sustainable development*

Section 516A of the *Environment Protection and Biodiversity Conservation Act 1999* requires that Australian Government organisations include in their annual report a section detailing their environmental performance and their contribution to ecologically sustainable development.

IBA is committed to the principles of ecologically sustainable development and environmental performance.

### **Corporate performance**

During the year, IBA:

- implemented low-energy lighting in new fit-outs
- continued to encourage staff to recycle paper
- donated superseded computer equipment to schools and Indigenous training institutions.

### **Programme performance**

IBA Investments undertook two environmental initiatives in this reporting period.

To ensure that Gagudju Lodge Coinda's Yellow Water Cruises is a sustainable venture, the property introduced initiatives to administer the eradication of the recently discovered outbreak of salvinia (an aquatic weed). During 2005, one of the Yellow Water Cruises tour guides, Agnes Page, identified the weed, recognised the environmental risk, and alerted Parks Australia North. This action contributed to Ms Page, an Indigenous person from the Katherine region, being recognised by the Northern Territory Tourism Commission with the Brolga Award for Tourism Excellence—Outstanding Interpretive Guide.

Scarborough House has been totally redeveloped and contains A-grade office accommodation. The building is currently in the process of gaining a Sustainable Energy Development Authority four-star energy rating.



## PEOPLE MANAGEMENT

To ensure effective people management in a rapidly expanding organisation, IBA established a human resources team in early 2006, with the primary objectives of:

- creating systems to support efficient payroll and personnel records administration
- developing a common set of employment conditions
- designing and implementing a universal performance management system
- recruiting new employees to ensure delivery of new and ongoing programmes.

With employees transferred from a number of agencies under machinery of government arrangements, and new employees from many other public and private sector sources, the development of a consistent approach to employment conditions and straightforward people management policies has been essential.

A certified agreement, drafted after extensive consultation with staff, was voted on in December 2005 and rejected. Many employees signed individual Australian Workplace Agreements, and the remaining employees voted to accept a new collective agreement in June 2006.

A performance management system that allows for bonuses for high performance is being implemented through training programmes and individual coaching during June–August 2006.

An induction programme for new employees is being developed.

## Staffing

Details of staffing levels and locations are given in Table 17.

**TABLE 17 IBA PERMANENT STAFF NUMBERS**  
by classification and location, 2005–06

Classification	State/territory								
	ACT	NSW	NT	QLD	SA	TAS	VIC	WA	Total
General Manager	1								1
Deputy General Manager	1								1
Senior Executive Service	5								5
IBA Level 7	14			1					15
IBA Level 6	25								25
IBA Level 5	13	7	2	7	3	1	2	3	38
IBA Level 4	14	5	3	7	1		2	5	37
IBA Level 3	10	6	1	4	1		1		23
IBA Level 2	4	2	1	5	1			1	14
IBA Level 1	3								3
Cadet				1					1
Total	90	20	7	25	6	1	5	9	163

## Occupational health and safety

In accordance with section 74 of the *Occupational Health and Safety (Commonwealth Employment) Act 1991*, IBA is currently developing its occupational health and safety (OH&S) policies. Until this work is finalised, OH&S issues are being managed by the human resources team.

There were no incapacities, dangerous occurrences or serious personal injuries reported to Comcare during 2005–06.

## *Workers compensation*

IBA's workers compensation premium for 2005–06 was set at 0.21 per cent of salary and wages (0.21 per cent in 2004–05). The Commonwealth average in 2005–06 was 1.77 per cent (1.67 per cent in 2004–05).

### **Comcare investigations**

No investigations relating to IBA were carried out by Comcare in 2005–06.

### **Improvement notices**

No provisional improvement notices were issued to IBA during 2005–06.

## *Commonwealth Disability Strategy*

The Commonwealth Disability Strategy requires all Australian Government departments and agencies to ensure that people with disabilities have the same access as other Australians to all mainstream Australian Government policies, programmes and services.

While IBA does not have a formal assessment process of its performance against the strategy, it does fulfil its provider and employer roles.

In its provider role, IBA specifies the roles of the organisation and the consumer, and identifies performance standards in its numerous service charters. These service charters are currently under review. IBA also has a complaints-handling mechanism. Information about complaints is fed back to business decision makers to improve service delivery.

In its employer role, IBA complies with the *Disability Discrimination Act 1992* in its people management practices, including recruitment. New workplace agreements provide for special employment programmes for employees with disabilities and for workplaces free of obstacles to access by people with disabilities.

## *Equity and diversity*

Some 30 per cent of IBA's employees are Indigenous. During the year, IBA supported an Indigenous cadet, provided funds of \$22,000 to Charles Darwin University in the Northern Territory to support Indigenous students, and began a cultural awareness programme for all its employees to extend understanding of Indigenous and other cultures.



*IBA Homes can assist Indigenous  
Australians to own their own home*  
PHOTO Indigenous Business Australia



REPORT OF  
OPERATIONS

*Financial Performance*



## FINANCIAL SUMMARY

### *Overview*

IBA's full financial results for the year ending 30 June 2006 are at pages 70 to 123 of this report.

Key statistics for the year were:

- Consolidated operating profit from ordinary activities was \$53.32 million, an increase of \$44.44 million over the financial year ended 30 June 2005.
- The value of consolidated net assets was \$596 million, compared with \$600 million at 30 June 2005, a decrease of \$3.17 million.
- Contributed equity rose to \$577.15 million due to a government appropriation capital injection of \$13.7 million.

### *Explanation of major differences from 2004–05*

The financial year ended 30 June 2006 was the first in which the full impact of the machinery of government changes was reflected in IBA's financial statements.

This full year of programme activity within housing and business loans saw a general increase in operating expenses and grants/subsidies expensed. The full-year effect was the major contributor to the increase in operating profit and cash flow.

The value of net assets also benefited from the full year of growth in the housing and business loans portfolios and further dividends from IBA's equity investments.

## Outlook

IBA funding will be boosted.

The Home Ownership Programme will receive an additional \$20 million in capital from the government to increase home lending to Indigenous people, and another smaller amount for running costs to help deliver this.

The Business Development and Assistance Programme will receive funding for Outback Stores, a new measure to improve the sustainability of community stores over the next four years. For 2006–07, this will see a capital injection of \$20 million and funding for associated start-up and running costs of about \$2.56 million.

For the expansion of the Home Ownership on Indigenous Land Programme, which was a new programme in 2005–06, IBA will receive a funding boost of \$3.39 million in capital and \$2.89 million in running costs for 2006–07.

IBA's finance section will continue to convert all IBA's accounting records and transactions to the upgraded finance software MySAP ERP, in conjunction with continuing work to align and standardise all IBA's financial records and transactions. IBA is also working towards making wider use of software capabilities, particularly in asset management, consolidations and internal budgeting and funds control.

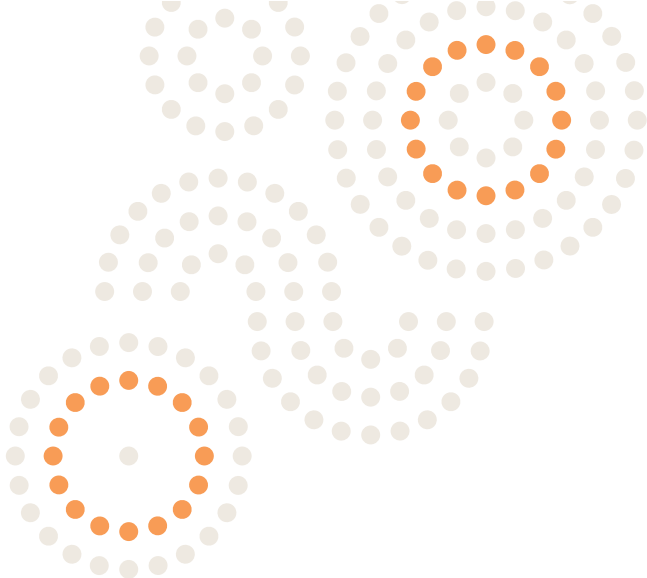
Three new financial staff positions were created during the year: budgets officer, deputy chief finance officer and SAP administrator. When all these positions are filled, these staff will help the finance section to deliver increased levels and quality of service to all internal and external stakeholders.



*The Ross Family*

PHOTO *Indigenous Business Australia*





# FINANCIAL STATEMENTS



**Australian Government**  
**Indigenous Business Australia**

**INDIGENOUS BUSINESS AUSTRALIA  
AND CONTROLLED ENTITIES**

**STATEMENT BY DIRECTORS AND CHIEF EXECUTIVE IN RESPECT OF THE  
FINANCIAL STATEMENTS OF THE CORPORATION AND CONSOLIDATED  
ENTITY FOR THE YEAR ENDED 30 JUNE 2006**

In our opinion, the attached financial statements for the year ended 30 June 2006 are based on properly maintained financial records and give a true and fair view of matters required by the Finance Minister's Orders made under the *Commonwealth Authorities and Companies Act 1997*.

In our opinion, at the date of this statement, there are reasonable grounds to believe that Indigenous Business Australia will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Board of Directors.

Signed  
J. Elu  
Chairman

31 October 2006

Signed  
B. Blair  
Deputy Chairman

31 October 2006

Signed  
R. Morony  
General Manager

31 October 2006



## INDEPENDENT AUDIT REPORT

To the Minister for Employment and Workplace Relations

### Scope

#### *The financial statements and directors' responsibility*

The financial statements comprise:

- Statement by Directors and Chief Executive;
- Income Statement, Balance Sheet and Statement of Cash Flows;
- Statement of Changes in Equity;
- Schedules of Commitments and Contingencies; and
- Notes to and forming part of the Financial Statements

for both Indigenous Business Australia and the consolidated entity, for the year ended 30 June 2006. The consolidated entity comprises both Indigenous Business Australia and the entities it controlled during that year.

The Directors of Indigenous Business Australia are responsible for preparing the financial statements that give a true and fair view of the financial position and performance of Indigenous Business Australia and the consolidated entity, and that comply with the Finance Minister's Orders made under the *Commonwealth Authorities and Companies Act 1997* and Accounting Standards and other mandatory financial reporting requirements in Australia. The Directors are also responsible for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial statements.

#### *Audit approach*

I have conducted an independent audit of the financial statements in order to express an opinion on them to you. My audit has been conducted in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing and Assurance Standards, in order to provide reasonable assurance as to whether the financial statements are free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive, rather than conclusive, evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

While the effectiveness of management's internal controls over financial reporting was considered when determining the nature and extent of audit procedures, the audit was not designed to provide assurance on internal controls.

GPO Box 707 CANBERRA ACT 2601  
Centenary House  
19 National Circuit BARTON ACT  
Phone (02) 6203 7300 Fax (02) 6203 7777

I have performed procedures to assess whether, in all material respects, the financial statements present fairly, in accordance with the Finance Minister's Orders made under the *Commonwealth Authorities and Companies Act 1997* and Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with my understanding of Indigenous Business Australia's and the consolidated entity's financial position, and of their financial performance and cash flows.

The audit opinion is formed on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial statements; and
- assessing the appropriateness of the accounting policies and disclosures used, and the reasonableness of significant accounting estimates made by the Directors.

#### ***Independence***

In conducting the audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the ethical requirements of the Australian accounting profession.

#### **Audit Opinion**

In my opinion, the financial statements of Indigenous Business Australia and the consolidated entity:

- (a) have been prepared in accordance with the Finance Minister's Orders made under the *Commonwealth Authorities and Companies Act 1997*; and
- (b) give a true and fair view of Indigenous Business Australia's and the consolidated entity's financial position as at 30 June 2006 and of their performance and cash flows for the year then ended, in accordance with:
  - (i) the matters required by the Finance Minister's Orders; and
  - (ii) applicable Accounting Standards and other mandatory financial reporting requirements in Australia.

Australian National Audit Office



Rebecca Reilly  
Executive Director

Delegate of the Auditor-General  
Canberra

2 November 2006

## INCOME STATEMENT

for the year ended 30 June 2006

	Notes	CONSOLIDATED		CORPORATION	
		2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
<b>INCOME</b>					
<i>Revenue</i>					
Revenue from government	3A	27,225	–	27,225	–
Goods and services	3B	51,208	33,860	175	3
Interest	3C	28,076	8,188	27,450	7,646
Dividends	3D	312	350	42,977	13,205
Other revenues	3E	3,542	248	3,469	233
<b>Total revenue</b>		<b>110,363</b>	<b>42,646</b>	<b>101,296</b>	<b>21,087</b>
<i>Gains</i>					
Net gain from sale of assets	3F	351	132	270	132
Net foreign exchange gain	3G	1,290	1,845	–	–
Net valuation increment	3H	19,500	–	1,054	–
<b>Total gains</b>		<b>21,141</b>	<b>1,977</b>	<b>1,324</b>	<b>132</b>
<b>TOTAL INCOME</b>		<b>131,504</b>	<b>44,623</b>	<b>102,620</b>	<b>21,219</b>
<b>EXPENSES</b>					
Employees	4A	11,913	5,293	11,406	4,471
Suppliers	4B	33,817	27,972	8,848	3,913
Depreciation and amortisation	4C	2,492	1,031	99	51
Write-down and impairment of assets	4D	168	1,862	2,427	1,899
Other expenses	4E	20,597	–	20,597	–
Finance costs	4F	1,994	1,383	–	–
Grants	4G	9,722	1,233	9,722	1,233
<b>TOTAL EXPENSES</b>		<b>80,703</b>	<b>38,774</b>	<b>53,099</b>	<b>11,567</b>
<b>Operating profit before income tax</b>		<b>50,801</b>	<b>5,849</b>	<b>49,521</b>	<b>9,652</b>
Income tax expense	5	(138)	(189)	–	–
Share of associates profits/(losses)		2,657	3,323	–	–
<b>Operating result</b>		<b>53,320</b>	<b>8,983</b>	<b>49,521</b>	<b>9,652</b>
Operating result attributable to outside equity interest		–	(106)	–	–
<b>OPERATING RESULT ATTRIBUTABLE TO THE AUSTRALIAN GOVERNMENT</b>		<b>53,320</b>	<b>8,877</b>	<b>49,521</b>	<b>9,652</b>

The above statement should be read in conjunction with the accompanying notes.

## BALANCE SHEET

as at 30 June 2006

	Notes	CONSOLIDATED		CORPORATION	
		2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
<b>ASSETS</b>					
<i>Financial assets</i>					
Cash and cash equivalents	6A	99,020	81,507	80,103	82,871
Loans and receivables	6B,C	372,521	418,674	422,044	425,882
Investments under s. 18 of the CAC Act	6D	1,009	106	-	-
Investments under s. 147 (1) (a) of the ATSI Act	6E,F,G,H	34,273	33,145	104,132	90,774
Other financial assets	6I	1,220	-	1,127	-
<b>Total financial assets</b>		<b>508,043</b>	<b>533,432</b>	<b>607,406</b>	<b>599,527</b>
<i>Non-financial assets</i>					
Land and buildings	7A,E	1,021	-	247	-
Investment property	7B,E	83,466	60,474	5,577	4,522
Infrastructure, plant and equipment	7C,E	26,527	13,857	405	135
Intangibles	7D,E	11,106	10,918	427	-
Inventories	7F	2,211	2,398	-	-
Other non-financial assets	7G	4,030	4,719	-	-
<b>Total non-financial assets</b>		<b>128,361</b>	<b>92,366</b>	<b>6,656</b>	<b>4,657</b>
<b>TOTAL ASSETS</b>		<b>636,404</b>	<b>625,798</b>	<b>614,062</b>	<b>604,184</b>
<b>LIABILITIES</b>					
<i>Payables</i>					
Suppliers	8A	4,465	6,457	2,109	2,079
Other payables	8B	12,636	-	9,500	-
Tax liabilities	8C	82	-	-	-
<b>Total payables</b>		<b>17,183</b>	<b>6,457</b>	<b>11,609</b>	<b>2,079</b>
<i>Interest-bearing liabilities</i>					
Loans	9A	16,888	16,565	--	-
Leases	9B	43	-	-	-
<b>Total interest-bearing liabilities</b>		<b>16,931</b>	<b>16,565</b>	<b>-</b>	<b>-</b>
<i>Provisions</i>					
Employee provisions	10A	4,175	3,210	3,905	2,706
Other provisions	10B	1,290	405	-	-
<b>Total provisions</b>		<b>5,465</b>	<b>3,615</b>	<b>3,905</b>	<b>2,706</b>
<b>TOTAL LIABILITIES</b>		<b>39,579</b>	<b>26,637</b>	<b>15,514</b>	<b>4,785</b>
<b>NET ASSETS</b>		<b>596,825</b>	<b>599,161</b>	<b>598,548</b>	<b>599,399</b>
<b>EQUITY</b>					
Contributed equity		577,152	562,693	577,152	562,693
Asset revaluation reserve		5,410	4,637	10,440	4,636
Other reserves		-	-	-	-
Retained surplus or (accumulated deficits)		14,263	31,766	10,956	32,070
		<b>596,825</b>	<b>599,096</b>	<b>598,548</b>	<b>599,399</b>
Outside equity interest		-	65	-	-
<b>TOTAL EQUITY</b>		<b>596,825</b>	<b>599,161</b>	<b>598,548</b>	<b>599,399</b>
<i>Current assets</i>		<b>143,726</b>	<b>98,390</b>	<b>171,019</b>	<b>104,521</b>
<i>Non-current assets</i>		<b>492,678</b>	<b>527,408</b>	<b>443,043</b>	<b>499,663</b>
<i>Current liabilities</i>		<b>37,580</b>	<b>25,711</b>	<b>14,837</b>	<b>4,316</b>
<i>Non-current liabilities</i>		<b>1,999</b>	<b>926</b>	<b>677</b>	<b>469</b>

The above statement should be read in conjunction with the accompanying notes.

## STATEMENT OF CASH FLOWS

for the year ended 30 June 2006

	Notes	CONSOLIDATED		CORPORATION	
		2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
<b>OPERATING ACTIVITIES</b>					
<i>Cash received</i>					
Appropriations		27,225	-	27,225	-
Goods and services		58,987	35,088	193	3
Interest and dividends		31,239	5,037	30,381	6,184
Other		4,915	396	5,316	367
Net cash received from ATO		1,226	-	2,052	-
<b>Total cash received</b>		<b>123,592</b>	<b>40,521</b>	<b>65,167</b>	<b>6,554</b>
<i>Cash used</i>					
Employees		(10,948)	(3,506)	(10,208)	(3,506)
Grants		(9,722)	(1,233)	(9,722)	(1,233)
Suppliers		(33,807)	(32,577)	(4,169)	(3,397)
Financing costs		(1,994)	-	-	-
Other		(560)	(274)	-	(80)
<b>Total cash used</b>		<b>(57,031)</b>	<b>(37,590)</b>	<b>(24,099)</b>	<b>(8,216)</b>
<b>Net cash from or (used by) operating activities</b>	11	<b>66,561</b>	<b>2,931</b>	<b>41,068</b>	<b>(1,662)</b>
<b>INVESTING ACTIVITIES</b>					
<i>Cash received</i>					
Repayments of loans		79,977	27,920	79,977	27,920
Proceeds from the sale of property, plant and equipment		350	-	2,320	-
Other investing activities		1,500	513	2,000	451
Proceeds from the sale of equity instruments		-	41	-	-
<b>Total cash received</b>		<b>81,827</b>	<b>28,474</b>	<b>84,297</b>	<b>28,371</b>
<i>Cash used</i>					
Purchase of equity investments		-	(6,397)	-	-
Purchase of property, plant and equipment		(16,650)	(5,159)	(1,043)	(33)
Purchase of investments		-	-	(11,909)	-
Loans/advances		(130,237)	(34,844)	(129,361)	(48,609)
Other		-	(23,112)	-	-
<b>Total cash used</b>		<b>(146,887)</b>	<b>(69,512)</b>	<b>(142,313)</b>	<b>(48,642)</b>
<b>Net cash from or (used by) investing activities</b>		<b>(65,060)</b>	<b>(41,038)</b>	<b>(58,016)</b>	<b>(20,271)</b>
<b>FINANCING ACTIVITIES</b>					
<i>Cash received</i>					
Capital injection		14,180	89,735	14,180	89,735
Proceeds from debt		1,675	7,425	-	-
Other		1,466	-	-	-
<b>Total cash received</b>		<b>17,321</b>	<b>97,160</b>	<b>14,180</b>	<b>89,735</b>
<i>Cash used</i>					
Repayments of debt		(1,309)	(77)	-	-
Settlement of forward exchange contracts		-	-	-	-
Other		-	(109)	-	-
<b>Total cash used</b>		<b>(1,309)</b>	<b>(186)</b>	<b>-</b>	<b>-</b>
<b>Net cash from or (used by) financing activities</b>		<b>16,012</b>	<b>96,974</b>	<b>14,180</b>	<b>89,735</b>
Net increase or (decrease) in cash held		17,513	58,867	(2,768)	67,802
Cash at the beginning of the reporting period		81,507	22,640	82,871	15,069
<b>Cash at the end of the reporting period</b>	6A	<b>99,020</b>	<b>81,507</b>	<b>80,103</b>	<b>82,871</b>

The above statement should be read in conjunction with the accompanying notes.

## STATEMENT OF CHANGES IN EQUITY

*as at 30 June 2006*

	CONSOLIDATED CONTRIBUTED EQUITY/CAPITAL		ACCUMULATED RESULTS		ASSET REVALUATION RESERVE		OTHER RESERVES		TOTAL EQUITY	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
<i>Opening balance 1 July 2005</i>	562,693	70,461	31,766	23,030	4,637	2,677	-	2,788	599,096	98,956
Adjustment for errors	-	-	-	-	-	-	-	-	-	-
Adjustment for AEIFRS	-	-	(70,823)	(141)	-	-	-	-	(70,823)	(141)
<b>Adjusted opening balance</b>	<b>562,693</b>	<b>70,461</b>	<b>(39,057)</b>	<b>22,889</b>	<b>4,637</b>	<b>2,677</b>	<b>-</b>	<b>2,788</b>	<b>528,273</b>	<b>98,815</b>
<i>Income and expense</i>										
Revaluation adjustment	-	-	-	-	773	1,960	-	-	773	1,960
<i>Sub-total income and expenses recognised directly in equity</i>	-	-	-	-	773	1,960	-	-	773	1,960
Net operating result	-	-	53,320	8,983	-	-	-	-	53,320	8,983
<b>Total income and expenses</b>	<b>-</b>	<b>-</b>	<b>53,320</b>	<b>8,983</b>	<b>773</b>	<b>1,960</b>	<b>-</b>	<b>-</b>	<b>54,093</b>	<b>10,943</b>
<i>Transactions with owners</i>										
Distributions to owners	-	-	-	-	-	-	-	-	-	-
Returns on capital	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	-	-
Contributions by owners	13,700	-	-	-	-	-	-	-	13,700	-
Appropriation (equity injection)	759	489,444	-	-	-	-	-	-	759	489,444
Equity injection	-	-	-	-	-	-	-	-	-	-
<b>Sub-total transactions with owners</b>	<b>14,459</b>	<b>489,444</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,459</b>	<b>489,444</b>
<i>Transfers between equity components</i>										
Transfers between equity components	-	2,788	-	-	-	-	-	(2,788)	-	-
<i>Outside equity interest</i>										
Outside equity interest	-	-	-	(106)	-	-	-	-	-	(106)
<b>Closing balance at 30 June 2006</b>	<b>577,152</b>	<b>562,693</b>	<b>14,263</b>	<b>31,766</b>	<b>5,410</b>	<b>4,637</b>	<b>-</b>	<b>-</b>	<b>596,825</b>	<b>659,096</b>

The above statement should be read in conjunction with the accompanying notes.

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**STATEMENT OF CHANGES IN EQUITY** CONTINUED  
*as at 30 June 2006*

	CORPORATION		CONTRIBUTED EQUITY/CAPITAL		ACCUMULATED RESULTS		ASSET REVALUATION RESERVE		OTHER RESERVES		TOTAL EQUITY	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
<i>Opening balance 1 July 2005</i>	562,693	70,461	32,070	22,419	4,636	2,677	-	-	-	-	599,399	98,345
Adjustment for errors	-	-	-	-	-	-	-	-	-	-	-	-
Adjustment for AEIFRS	-	-	(70,635)	-	-	-	-	-	-	-	(70,635)	-
<i>Adjusted opening balance</i>	562,693	70,461	(38,565)	22,419	4,636	2,677	-	-	-	2,788	528,764	98,345
<i>Income and expense</i>												
Revaluation adjustment	-	-	-	-	5,804	1,959	-	-	-	-	5,804	1,959
<i>Sub-total income and expenses recognised directly in equity</i>	-	-	-	-	5,804	1,959	-	-	-	-	5,804	1,959
Net operating result	-	-	49,521	9,651	-	-	-	-	-	-	49,521	9,651
<i>Total income and expenses</i>	-	-	49,521	9,651	5,804	1,959	-	-	-	-	55,325	11,610
<i>Transactions with owners</i>												
Distributions to owners	-	-	-	-	-	-	-	-	-	-	-	-
Returns on capital	-	-	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	-	-	-	-
Contributions by owners	13,700	-	-	-	-	-	-	-	-	-	13,700	-
Appropriation (equity injection)	759	489,444	-	-	-	-	-	-	-	-	759	489,444
Equity injection	14,459	489,444	-	-	-	-	-	-	-	-	14,459	489,444
<i>Sub-total transactions with owners</i>	14,459	489,444	-	-	-	-	-	-	-	-	14,459	489,444
<i>Transfers between equity components</i>	-	2,788	-	-	-	-	-	-	-	(2,788)	-	-
<i>Outside equity interest</i>	-	-	-	-	-	-	-	-	-	-	-	-
<b>Closing balance at 30 June 2006</b>	<b>577,152</b>	<b>562,693</b>	<b>10,956</b>	<b>32,070</b>	<b>10,440</b>	<b>4,636</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>598,548</b>	<b>599,399</b>

The above statement should be read in conjunction with the accompanying notes.

## SCHEDULE OF COMMITMENTS

as at 30 June 2006

	CONSOLIDATED		CORPORATION	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
<b>BY TYPE</b>				
Programme commitments <sup>1</sup>	33,608	16,667	27,596	15,226
Operating leases <sup>2</sup>	523	218	523	218
<i>Total other commitments</i>	<b>34,131</b>	16,885	<b>28,119</b>	15,444
<i>Commitments receivable<sup>3</sup></i>	<b>(67,189)</b>	(16,373)	<b>(1,057)</b>	(512)
<b>Net commitments by type</b>	<b>(33,058)</b>	512	<b>27,062</b>	14,932
<b>BY MATURITY</b>				
<i>All net commitments</i>				
One year or less	18,176	10,824	27,388	14,924
From one to five years	(30,273)	(8,170)	(326)	8
Over five years	(20,961)	(2,142)	-	-
<b>Total net commitments</b>	<b>(33,058)</b>	512	<b>27,062</b>	14,932
<i>Operating lease commitments</i>				
One year or less	523	170	523	170
From one to five years	-	48	-	48
Over five years	-	-	-	-
<b>Total operating lease commitments</b>	<b>523</b>	218	<b>523</b>	218

NB: Commitments are GST inclusive where relevant.

1. Relates to GST on rent receivable, trade commitments and housing loans committed

2. Operating leases included are effectively non-cancellable and comprise:

Nature of lease	General description of leasing arrangement
Leases for office accommodation.	Lease payments are subject to annual increase in accordance with upwards movements in the Consumer Price Index. The initial periods of office accommodation leases are still current.

3. Rental income receivable from commercial rental properties and GST on operating leases and trade commitments

The above schedule should be read in conjunction with the accompanying notes.

## SCHEDULE OF CONTINGENCIES

as at 30 June 2006

CONTINGENT LIABILITIES	CONSOLIDATED						TOTAL
	2006 \$'000	2005 \$'000	CLAIMS FOR DAMAGES/COSTS 2006 \$'000	2005 \$'000	INDEMNITIES 2006 \$'000	2005 \$'000	
Balance from previous period	3,928	5,825	100	-	1,000	1,000	6,825
New	260	-	-	100	-	-	100
Re-measurement	-	3	-	-	-	-	3
Liabilities crystallised	-	-	-	-	-	-	-
Obligations expired	(2,503)	(1,900)	-	-	-	-	(1,900)
<b>Total contingent liabilities</b>	<b>1,685</b>	<b>3,928</b>	<b>100</b>	<b>100</b>	<b>1,000</b>	<b>1,000</b>	<b>5,028</b>
CONTINGENT ASSETS	2006 \$'000	2005 \$'000	CLAIMS FOR DAMAGES/COSTS 2006 \$'000	2005 \$'000	INDEMNITIES 2006 \$'000	2005 \$'000	TOTAL 2006 \$'000
Balance from previous period	-	-	505	-	-	-	-
New	-	-	-	505	-	-	505
Re-measurement	-	-	-	-	-	-	-
Assets crystallised	-	-	-	-	-	-	-
Expired	-	-	(155)	-	-	-	(155)
<b>Total contingent assets</b>	<b>-</b>	<b>-</b>	<b>350</b>	<b>505</b>	<b>-</b>	<b>-</b>	<b>505</b>
<b>Net contingent liabilities/(assets)</b>	<b>1,685</b>	<b>3,928</b>	<b>(250)</b>	<b>(405)</b>	<b>1,000</b>	<b>1,000</b>	<b>2,435</b>
							4,523

Details of each class of contingent liabilities and assets, including those not included above because they cannot be quantified or are considered remote, are disclosed in Note 12: Contingent Liabilities and Assets.

The above schedules should be read in conjunction with the accompanying notes.

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## SCHEDULE OF CONTINGENCIES CONTINUED

*as at 30 June 2006*

### CORPORATION

CONTINGENT LIABILITIES	GUARANTEES		CLAIMS FOR DAMAGES/COSTS		INDEMNITIES		TOTAL
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	
Balance from previous period	3,928	5,825	100	-	1,000	1,000	6,825
New	260	-	-	100	-	-	100
Re-measurement	-	3	-	-	-	-	3
Liabilities crystallised	-	-	-	-	-	-	-
Obligations expired	(2,503)	(1,900)	-	-	-	-	(1,900)
<b>Total contingent liabilities</b>	<b>1,685</b>	<b>3,928</b>	<b>100</b>	<b>100</b>	<b>1,000</b>	<b>1,000</b>	<b>5,028</b>

CONTINGENT ASSETS	GUARANTEES		CLAIMS FOR DAMAGES/COSTS		INDEMNITIES		TOTAL
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	
Balance from previous period	-	-	505	-	-	-	-
New	-	-	-	505	-	-	505
Re-measurement	-	-	-	-	-	-	-
Assets crystallised	-	-	-	-	-	-	-
Expired	-	-	(155)	-	-	-	(155)
<b>Total contingent assets</b>	<b>-</b>	<b>-</b>	<b>350</b>	<b>505</b>	<b>-</b>	<b>-</b>	<b>505</b>
<b>Net contingent liabilities/(assets)</b>	<b>1,685</b>	<b>3,928</b>	<b>(250)</b>	<b>(405)</b>	<b>1,000</b>	<b>1,000</b>	<b>4,523</b>

Details of each class of contingent liabilities and assets, including those not included above because they cannot be quantified or are considered remote, are disclosed in Note 12: Contingent Liabilities and Assets.

The above schedules should be read in conjunction with the accompanying notes.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

*for the year ended 30 June 2006*

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## **Note 1: Summary of significant accounting policies**

### **1.1 Purpose of IBA**

Indigenous Business Australia (IBA) was established on 5 March 1990, when the *Aboriginal and Torres Strait Islander Commission Act 1989* came into operation. On 23 March 2005 this Act was repealed and replaced by the *Aboriginal and Torres Strait Islander Act 2005* (the Act). IBA's purpose, set out at section 147 of the Act, is as follows:

1. (a) to engage in commercial activities;  
(b) to promote and encourage Aboriginal and Torres Strait Islander self-management and economic self sufficiency;  
(c) such other functions as are conferred on it by this Act.
2. Without limiting by implication the meaning of commercial activities in paragraph (1)(a), those activities include the performance of functions that:
  - (a) the Minister has authorised Indigenous Business Australia to perform as an agent of the Commonwealth; or
  - (b) the Minister has delegated to Indigenous Business Australia.

### **1.2 Basis of preparation of the financial statements**

The financial statements are required by clause 1(b) of Schedule 1 to the *Commonwealth Authorities and Companies Act 1997* and are a general purpose financial report.

The continued existence of IBA in its present form and with its present programmes is dependent on government policy and on continuing appropriations by Parliament for IBA's administration and programmes.

The statements have been prepared in accordance with:

- Finance Minister's Orders (or FMOs, being the *Commonwealth Authorities and Companies Orders (Financial Statements for reporting periods ending on or after 1 July 2005)*);
- Australian Accounting Standards issued by the Australian Accounting Standards Board that apply for the reporting period; and
- interpretations issued by the AASB and UIG that apply for the reporting period.

This is the first financial report to be prepared under Australian Equivalents to International Financial Reporting Standards (AEIFRS). The impacts of adopting AEIFRS are disclosed in Note 2.

The Income Statement, Balance Sheet and Statement of Changes in Equity have been prepared on an accrual basis and are in accordance with historical cost convention, except for certain assets and liabilities, which, as noted, are at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

The financial report is presented in Australian dollars and values are rounded to the nearest thousand dollars unless disclosure of the full amount is specifically required.

Unless alternative treatment is specifically required by an accounting standard, assets and liabilities are recognised in the Balance Sheet when and only when it is probable that future economic benefits will flow and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under agreements equally proportionately unperformed are not recognised unless required by an Accounting Standard. Liabilities and assets that are unrecognised are reported in the Schedule of Commitments and the Schedule of Contingencies (other than unquantifiable or remote contingencies, which are reported at Note 12).

Unless alternative treatment is specifically required by an accounting standard, revenues and expenses are recognised in the Income Statement when and only when the flow or consumption or loss of economic benefits has occurred and can be reliably measured.

### 1.3 Significant accounting judgements and estimates

In the process of applying the accounting policies listed in this note, IBA has made the following judgements that have the most significant impact on the amounts recorded in the financial statements:

The fair value of land and buildings has been taken to be the market value of similar properties as determined by an independent valuer.

IBA has designated Housing and Business Loans at fair value. The calculation at 1/7/05 and 30/6/06 of this fair value has involved considerable analysis of IBA's historical records, of market trends and use of private sector expert valuation techniques.

### 1.4 Statement of compliance

The financial report complies with Australian Accounting Standards, which include Australian Equivalents to International Financial Reporting Standards (AEIFRS).

Australian Accounting Standards require IBA to disclose Australian Accounting Standards that have not been applied, for standards that have been issued but are not yet effective.

The AASB has issued amendments to existing standards, these amendments are denoted by year and then number, for example 2005-1 indicates amendment 1 issued in 2005.

The table below illustrates standards and amendments that will become effective for IBA in the future. The nature of the impending change within the table, has been out of necessity abbreviated and users should consult the full version available on the AASB's website to identify the full impact of the change. The expected impact on the financial report of adoption of these standards is based on IBA's initial assessment at this date, but may change. IBA intends to adopt all of standards upon their application date.

Title	Standard affected	Application date*	Nature of impending change	Impact expected on financial report
2005-1	AASB 139	1 Jan 2006	Amends hedging requirements for foreign currency risk of a highly probable intra-group transaction.	No expected impact
2005-4	AASB 139, AASB 132, AASB 1, AASB 1023 and AASB 1038	1 Jan 2006	Amends AASB 139, AASB 1023 and AASB 1038 to restrict the option to fair value through profit and loss and makes consequential amendments to AASB 1 and AASB 132.	IBA will be required to revert to accounting for loans to amortised cost. In the current year, Receivables are designated at fair value through profit and loss.
2005-5	AASB 1 and AASB 139	1 Jan 2006	Amends AASB 1 to allow an entity to determine whether an arrangement is, or contains, a lease.  Amends AASB 139 to scope out a contractual right to receive reimbursement (in accordance with AASB 137) in the form of cash.	No expected impact
2005-6	AASB 3	1 Jan 2006	Amends the scope to exclude business combinations involving entities or businesses under common control.	No expected impact
2005-9	AASB 4, AASB 1023, AASB 139 and AASB 132	1 Jan 2006	Amended standards in regards to financial guarantee contracts.	No expected impact

\* Application date is for annual reporting periods beginning on or after the date shown

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

for the year ended 30 June 2006

<b>Title</b>	<b>Standard affected</b>	<b>Application date*</b>	<b>Nature of impending change</b>	<b>Impact expected on financial report</b>
2005-10	AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 and AASB 1038	1 Jan 2007	Amended requirements subsequent to the issuing of AASB 7.	No expected impact
2006-1	AASB 121	31 Dec 2006	Changes in requirements for net investments in foreign subsidiaries depending on denominated currency.	No expected impact
	AASB 7 Financial Instruments: Disclosures	1 Jan 2007	Revise the disclosure requirements for financial instruments from AASB 132 requirements.	No expected impact

\* Application date is for annual reporting periods beginning on or after the date shown

### 1.5 Principles of consolidation

The consolidated financial statements are those of the economic entity, comprising IBA and all the entities it controls from time to time during the year and at balance date. These include trusts, where IBA is a beneficiary, and where IBA controls the trustee. The financial statements of the controlled entities are prepared for the period 1 July 2005 to 30 June 2006 using accounting policies which are consistent with those of IBA. The effects of transactions and balances between the entities, including any unrealised profits or losses, have been eliminated in full.

IBA's investment in associated entities is accounted for using the equity method. Under this method, IBA's share of profits and losses of associates is recognised as revenue or expense in the consolidated Income Statement and its share of movements in reserves is recognised in consolidated reserves. Associates are those entities over which IBA exercises significant influence, but not control. The associated entities are detailed in Note 7.

### 1.6 Comparative figures

Where required, prior year's comparative figures have been adjusted to reflect the current year's presentation in these financial statements.

### 1.7 Revenue

Revenue from the sale of goods is recognised when:

- The risks and rewards of ownership have been transferred to the buyer;
- The seller retains no managerial involvement nor effective control over the goods;
- The revenue and transaction costs incurred can be reliably measured; and
- It is probable that the economic benefits associated with the transaction will flow to the entity.

Revenue from rendering of services is recognised by reference to the stage of completion of contracts at the reporting date. The revenue is recognised when:

- The amount of revenue, stage of completion and transaction costs incurred can be reliably measured; and
- The probable economic benefits associated with the transaction will flow to the entity.

The stage of completion of contracts at the reporting date is determined by reference to the proportion that costs incurred to date bear to the estimated total costs of the transaction.

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due less any provision for bad and doubtful debts. Collectability of debts is reviewed at balance date. Provisions are made when collectability of the debt is no longer probable.



Interest revenue is recognised using the effective interest method as set out in AASB 139.

Dividends received from associates are accounted for in accordance with the equity method of accounting for the economic entity, and the cost method for IBA.

***Revenues from government***

Amounts appropriated for departmental outputs appropriations for the year (adjusted for any formal additions and reductions) are recognised as revenue, except for certain amounts that relate to activities that are reciprocal in nature, in which case revenue is recognised only when it has been earned.

Appropriations receivable are recognised at their nominal amounts.

***Resources received free of charge***

Services received free of charge are recognised as revenue when and only when a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense.

Contributions of assets at no cost of acquisition or for nominal consideration are recognised as revenue at their fair value when the asset qualifies for recognition.

**1.8 Transactions with the government as owner**

***Equity injections***

Amounts appropriated which are designated as 'equity injections' for a year (less any formal reductions) are recognised directly in Contributed Equity in that year.

***Other distributions to owners***

The FMOs require that distributions to owners be debited to contributed equity unless in the nature of a dividend.

**1.9 Employee benefits**

As required by the Finance Minister's Orders, IBA has early adopted AASB 119 Employee Benefits as issued in December 2004.

Liabilities for services rendered by employees are recognised at the reporting date to the extent that they have not been settled.

Liabilities for 'short-term employee benefits' (as defined in AASB 119) and termination benefits due within twelve months are measured at their nominal amounts.

The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

All other employee benefit liabilities are measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date.

***Leave***

The liability for employee benefits includes provision for annual leave and long service leave. No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees of IBA is estimated to be less than the annual entitlement for sick leave.

The leave liabilities are calculated on the basis of employees' remuneration, including IBA's employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination.

The liability for long service leave has been determined using the Australian Government's shorthand method which is based on a standard profile table developed by the Australian Government Actuary in the mid-1990s and reviewed in June 2006.

***Superannuation***

Staff of IBA are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS) or the PSS accumulation plan (PSSap).

The CSS and PSS are defined benefit schemes for the Commonwealth. The PSSap is a defined contribution scheme.

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course.

IBA makes employer contributions to the Australian Government at rates determined by an actuary to be sufficient to meet the cost to the government of the superannuation entitlements of IBA's employees.

From 1 July 2005, new employees are eligible to join the PSSap scheme.

The liability for superannuation recognised as at 30 June represents outstanding contributions for the final fortnight of the year.

**1.10 Leases**

A distinction is made between finance leases and operating leases. Finance leases effectively transfer from the lessor to the lessee substantially all the risks and rewards incidental to ownership of leased non-current assets. An operating lease is a lease that is not a finance lease. In operating leases, the lessor effectively retains substantially all such risks and benefits.

Where a non-current asset is acquired by means of a finance lease, the asset is capitalised at either the fair value of the lease property or, if lower, the present value of minimum lease payments at the inception of the contract and a liability recognised at the same time and for the same amount.

The discount rate used is the interest rate implicit in the lease. Leased assets are amortised over the period of the lease. Lease payments are allocated between the principal component and the interest expense.

Operating lease payments are expensed on a straight line basis which is representative of the pattern of benefits derived from the leased assets.

**1.11 Finance costs**

All finance costs are expensed as incurred.

**1.12 Cash and equivalents**

Cash and equivalents means notes and coins held and any deposits held at call with a bank or financial institution. Cash and equivalents are recognised at nominal amounts.

**1.13 Financial risk management**

IBA's activities expose it to normal commercial financial risk. As a result of the nature of IBA's business and internal and Australian Government policies, dealing with the management of financial risk, IBA's exposure to market, credit, liquidity and cash flow and fair value interest rate risk is considered to be low.

**1.14 Investments**

Investments are initially measured at their fair value.

After initial recognition, financial assets are to be measured at their fair values except for:

- a) loans and receivables (with the exception of housing and business portfolios) which are measured at amortised cost using the effective interest method,
- b) investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, which shall be measured at cost.

### **1.15 Interests in joint ventures**

The economic entity's share of assets, liabilities, revenue and expenses of joint venture operations are included in the appropriate items of the consolidated Income Statement and consolidated Balance Sheet. Details of the economic entity's interests are shown at Note 6.

The economic entity's interest in joint venture entities is brought to account using the equity method of accounting in the consolidated financial statements. The parent entity's interest in joint venture entities is brought to account using the cost method.

### **1.16 Foreign currency transactions and balances**

Foreign currency transactions during the year are converted to Australian currency at the rate of exchange applicable at the dates of the transactions. Amounts receivable and payable in foreign currencies at balance date are converted at the rates of exchange ruling at that date.

The gains and losses from conversion of short-term assets and liabilities, whether realised or unrealised, are included in profit from ordinary activities as they arise.

Exchange differences arising on hedge transactions undertaken to hedge foreign currency exposure, other than those for the purchase and sale of goods and services, are brought to account in the Income Statement when the exchange rates change. Any material gain or loss arising at the time of entering into hedge transactions is deferred and brought to account in the Income Statement on maturity.

Where a purchase or sale is specifically hedged, exchange gains or losses on the hedging transaction arising up to the date of purchase or sale and costs, premiums and discounts relative to the hedging transaction are included with the purchase or sale. Exchange gains and losses arising on the hedge transaction after that date are taken to the Income Statement.

### **1.17 Exploration, evaluation and development expenditure**

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage which permits a reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to abandoned areas are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserve.

### **1.18 Derecognition of financial assets and liabilities**

As prescribed in the Finance Minister's Orders, IBA has applied the option available under AASB 1 of adopting AASB 132 and 139 from 1 July 2005 rather than 1 July 2004.

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or the asset is transferred to another entity. In the case of a transfer to another entity, it is necessary that the risks and rewards of ownership are also transferred.

Financial liabilities are derecognised when the obligation under the contract is discharged or cancelled or expires.

For the comparative year, financial assets were derecognised when the contractual right to receive cash no longer existed. Financial liabilities were derecognised when the contractual obligation to pay cash no longer existed.

### 1.19 Impairment of financial assets

As prescribed in the Finance Minister's Orders, IBA has applied the option available under AASB 1 of adopting AASB 132 and 139 from 1 July 2005 rather than 1 July 2004.

Financial assets are assessed for impairment at each balance date.

#### *Financial assets held at amortised cost*

If there is objective evidence that an impairment loss has been incurred for loans and receivables or held to maturity investments held at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount is reduced by way of an allowance account. The loss is recognised in profit and loss.

#### *Financial assets held at cost*

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because it cannot be reliably measured, or a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the impairment loss is the difference between the carrying amount of the asset and the present value of the estimated future cash flows discounted at the current market rate for similar assets.

#### *Available for sale financial assets*

If there is objective evidence that an impairment loss on an available for sale financial asset has been incurred, the amount of the difference between its cost, less principal repayments and amortisation, and its current fair value, less any impairment loss previously recognised in profit and loss, is transferred from equity to the profit and loss.

#### *Comparative year*

The above policies were not applied for the comparative year. For receivables, amounts were recognised and carried at original invoice amount less a provision for doubtful debts based on an estimate made when collection of the full amount was no longer probable. Bad debts were written off as incurred.

Other financial assets carried at cost which were not held to generate net cash inflows were assessed for indicators of impairment. Where such indicators were found to exist, the recoverable amount of the assets was estimated and compared to the assets' carrying amount and, if less, reduced to the carrying amount. The reduction was shown as an impairment loss.

### 1.20 Interest-bearing loans and borrowings

Government loans are carried at the balance yet to be repaid. Interest is expensed as it accrues.

### 1.21 Trade creditors

Trade creditors and accruals are recognised at their nominal amounts, being the amounts at which the liabilities will be settled. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

### 1.22 Contingent liabilities and contingent assets

Contingent liabilities and assets are not recognised in the Balance Sheet but are discussed in the relevant schedules and notes. They may arise from uncertainty as to the existence of a liability or asset, or represent an existing liability or asset in respect of which settlement is not probable or the amount cannot be reliably measured. Remote contingencies are part of this disclosure. Where settlement becomes probable, a liability or asset is recognised. A liability or asset is recognised when its existence is confirmed by a future event, settlement becomes probable (virtually certain for assets) or reliable measurement becomes possible.

### 1.23 Acquisition of assets

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken. Financial assets are initially measured at their fair value plus transaction costs where appropriate.

### 1.24 Property, plant and equipment (PP&E)

#### *Asset Recognition Threshold*

Purchases of property, plant and equipment are recognised initially at cost in the Balance Sheet, except for purchases costing less than \$1,000, which are expensed in the year of acquisition.

The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located. This is particularly relevant to 'make good' provisions in property leases taken up by IBA where there exists an obligation to restore the property to its original condition. These costs are included in the value of IBA's leasehold improvements with a corresponding provision for the 'make good' taken up.

#### *Revaluations*

##### *Basis*

Land and buildings are carried at fair value, being revalued with sufficient frequency such that the carrying amount of each asset is not materially different, at reporting date, from its fair value.

Valuations undertaken in each year are as at 30 June.

Fair values for each class of asset are determined as shown below:

Asset class	Fair value measured at:
Land and buildings	At valuation (AASB 116)
Investment properties	At valuation (AASB 140)
Leasehold improvements	Depreciated replacement cost
Plant and equipment	Depreciated replacement cost

Following initial recognition at cost, valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets is not materially different from the assets' fair values as at the reporting date.

Investment properties are to be fair valued at every reporting period and a gain or loss arising from change in the fair value of an investment property is recognised in profit or loss for the period in which it arises. The fair value of investment property is based on the valuation method of discounted estimated future cash flows. This method is chiefly used by the independent professional licensed valuers used by IBA. In the absence of an independent valuation a directors' valuation is conducted using the same methodology.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset restated to the revalued amount.

#### *Depreciation*

Depreciable property, plant and equipment assets are written off to their estimated residual values over their estimated useful lives to IBA using, in all cases, the straight-line method of depreciation. Leasehold improvements are depreciated on a straight-line basis over the lesser of the estimated useful life of the improvements or the unexpired period of the lease.

Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2006

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

	2006	2005
Mine development plant and equipment	1 to 16 years	1 to 16 years
Leasehold improvements	Lease term	Lease term
Plant and equipment	3 to 5 years	4 to 5 years

**Impairment**

All assets were assessed for impairment at 30 June 2006. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its *fair value less costs to sell* and its *value in use*. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if IBA was deprived of the asset, its value in use is taken to be its depreciated replacement cost.

No indicators of impairment were found for assets at fair value.

**1.25 Intangibles**

IBA's intangibles comprise internally developed software for internal use. These assets are carried at cost.

Software is amortised on a straight-line basis over its anticipated useful life. The useful lives of IBA's software is 3 years (2005: 3 years). All software assets were assessed for indications of impairment as at 30 June 2006.

Under AASB 3 Business Combinations goodwill is no longer amortised but instead is subject to annual impairment testing.

**1.26 Inventories**

Inventories held for sale are valued at the lower of cost and net realisable value.

Inventories held for distribution are measured at the lower of cost and current replacement cost.

Costs incurred in bringing each item of inventory to its present location and condition are assigned as follows:

- raw materials and stores—purchase cost on a first-in-first-out basis; and
- finished goods and work in progress—cost of direct materials and labour plus attributable costs that are capable of being allocated on a reasonable basis.

Inventories acquired at no cost or nominal consideration are measured at current replacement cost at the date of acquisition.

**1.27 Taxation**

IBA is exempt from all forms of taxation except fringe benefits tax and the goods and services tax (GST).

Revenues, expenses and assets are recognised net of GST:

- except where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- except for receivables and payables.

However, the exemption does not apply to controlled entities and therefore incorporated controlled entities are subject to income tax. For these entities, the economic entity adopts the liability method of tax-effect accounting, whereby the income tax expense is based on the profit from ordinary activities adjusted for any permanent differences.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

*for the year ended 30 June 2006*

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

for the year ended 30 June 2006

	CONSOLIDATED		CORPORATION	
	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'000

**Note 2: The impact of the transition to AEIFRS from previous AGAAP**

*Reconciliation of total equity as presented under previous AGAAP to that under AEIFRS*

Total equity under previous AGAAP	<b>600,049</b>	99,498	<b>599,399</b>	98,345
Adjustments to retained earnings:				
Asset fair value adjustments <sup>1</sup>	<b>(141)</b>	–	–	–
Intangibles <sup>2</sup>	<b>(542)</b>	(542)	–	–
Amortisation <sup>3</sup>	<b>316</b>	–	–	–
Share of associates' profit restated <sup>4</sup>	<b>(586)</b>	–	–	–
Adjustments to other reserves:				
Other reserves <sup>5</sup>	<b>(2,788)</b>	(2,788)	<b>(2,788)</b>	(2,788)
Contributed equity <sup>5</sup>	<b>2,788</b>	2,788	<b>2,788</b>	2,788
<b>Total equity translated to AEIFRS</b>	<b>599,096</b>	98,956	<b>599,399</b>	98,345

*Reconciliation of profit and loss as presented under previous AGAAP to AEIFRS*

Prior year profit as previously reported	<b>9,254</b>	–	<b>9,651</b>	–
Adjustments:				
Amortisation <sup>3</sup>	<b>315</b>	–	–	–
Share of associates' profit restated <sup>4</sup>	<b>(586)</b>	–	–	–
<b>Prior year profit translated to AEIFRS</b>	<b>8,983</b>	–	<b>9,651</b>	–

The cash flow statement presented under previous AGAAP is equivalent to that prepared under AEIFRS.

1. On 30 June 2005 the consolidated entity made fair value adjustments to two investments in the order of \$141,081.
2. On 1 July 2004 the consolidated entity derecognised intangibles in the order of \$542,164.
3. Reversal of amortisation of \$45,000 in Centrum Insurance Pty Ltd and \$270,039 in Bowen Basin Investments on de-recognised intangible assets.
4. On restatement of the 2005 consolidated entity under AEIFRS, profit and loss taken up from associates was reduced by \$585,464.
5. On 1 July 2004 the consolidated entity and corporation re-classified general reserve to capital.

**The housing and business loans portfolios**

On adoption of AASB 139 housing and business loans were designated at fair value through profit and loss. This election took effect from 1 July 2005. The net loss from measurement of loans at fair value through profit and loss represent the adjustment to retained earnings required to account for the receivables at fair value calculated as the difference between the cost value and fair value.

IBA has not restated comparatives for financial instruments. The adjustments between AEIFRS and the previous GAAP have been taken up at 1 July 2005. The only adjustments necessary were as follows:

- 1) A decrease in loans by \$70,634,581 as a result of change in accounting policy from cost to fair value as a result of election by the consolidated entity to designate the loans at fair value through profit and loss. This was done on adoption of AASB 139 at 1 July 2005.
- 2) The net loss on measurement of loans at fair value through the profit and loss account was recognised in retained earnings as an AEIFRS transition adjustment. The cost value of loans designated at fair value through the profit and loss account was \$405,428,437 and the fair value was \$334,793,856.

The accounting policies applied to accounting for financial instruments in the current financial year are detailed in Note 1 to the accounts. The following accounting policies were applied to accounting for financial instruments in the comparative financial year:

- (a) Receivables for goods and services  
Receivables are recognised at the nominal amounts due less any provision for bad and doubtful debts.
- (b) Loans  
Loans are recognised at the amounts lent. Provision is made for bad and doubtful loans when collection of the loan or part thereof is judged to be less rather than more likely. In exceptional circumstances, loan repayment may be waived.
- (c) Other debtors  
As for receivables for goods and services.
- (d) Term deposit  
Deposits are recognised at cost. Interest is accrued as it is earned.
- (e) Trade creditors  
Creditors and accruals are recognised at their nominal amounts, being the amounts at which the liabilities will be settled. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2006

	CONSOLIDATED		CORPORATION	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
<b>Note 3: Income</b>				
<b>REVENUE</b>				
<b>NOTE 3A: REVENUES FROM GOVERNMENT</b>				
Appropriations for outputs	27,225	–	27,225	–
<b>Total revenues from government</b>	<b>27,225</b>	<b>–</b>	<b>27,225</b>	<b>–</b>
<b>NOTE 3B: GOODS, SERVICES AND RENTAL INCOME</b>				
Goods	41,920	27,567	(14)	–
Services	1,616	2,465	–	3
Rental income	7,672	3,828	189	–
<b>Total sales of goods and services and rental income</b>	<b>51,208</b>	<b>33,860</b>	<b>175</b>	<b>3</b>
<i>Provision of goods to:</i>				
Related entities	–	–	–	–
External entities	41,920	27,567	(14)	–
<b>Total sales of goods</b>	<b>41,920</b>	<b>27,567</b>	<b>(14)</b>	<b>–</b>
<i>Rendering of services to:</i>				
Related entities	–	–	–	–
External entities	1,616	2,465	–	3
<b>Total rendering of services</b>	<b>1,616</b>	<b>2,465</b>	<b>–</b>	<b>3</b>
<i>Rental income received from:</i>				
Related entities	4,426	–	–	–
External entities	3,246	3,828	189	–
<b>Total rental income received</b>	<b>7,672</b>	<b>3,828</b>	<b>189</b>	<b>–</b>
<b>NOTE 3C: INTEREST</b>				
Interest on deposits	4,930	1,877	4,232	1,332
Interest on loans	23,146	6,311	23,218	6,314
<b>Total interest</b>	<b>28,076</b>	<b>8,188</b>	<b>27,450</b>	<b>7,646</b>
<b>NOTE 3D: DIVIDENDS</b>				
Subsidiaries	–	–	40,492	9,453
Associated companies	–	–	2,285	3,402
Other companies	312	350	200	350
<b>Total dividends</b>	<b>312</b>	<b>350</b>	<b>42,977</b>	<b>13,205</b>
<b>NOTE 3E: OTHER REVENUE</b>				
Grants received	3,469	–	3,469	–
Other	73	248	–	233
<b>Total other revenue</b>	<b>3,542</b>	<b>248</b>	<b>3,469</b>	<b>233</b>
<b>GAINS</b>				
<b>NOTE 3F: REVENUE FROM SALE OF ASSETS</b>				
Investments	351	132	264	132
Property, plant and equipment	–	–	6	–
<b>Total revenue from sale of assets</b>	<b>351</b>	<b>132</b>	<b>270</b>	<b>132</b>
<b>NOTE 3G: NET FOREIGN EXCHANGE (GAIN)/LOSSES</b>				
Non-speculative	1,290	1,845	–	–
<b>Total net foreign exchange (gain)/loss</b>	<b>1,290</b>	<b>1,845</b>	<b>–</b>	<b>–</b>
<b>NOTE 3H: VALUATION INCREMENTS</b>				
Investments properties	19,500	–	1,054	1,960
<b>Total valuation increments</b>	<b>19,500</b>	<b>–</b>	<b>1,054</b>	<b>1,960</b>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2006

	CONSOLIDATED		CORPORATION	
	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'000
<b>Note 4: Operating expenses</b>				
<b>NOTE 4A: EMPLOYEE EXPENSES</b>				
Wages and salaries	9,632	4,280	9,154	3,684
Superannuation	1,281	569	1,271	636
Leave and other entitlements	944	419	944	151
Other employee expenses	56	25	37	–
<b>Total employee expenses</b>	<b>11,913</b>	<b>5,293</b>	<b>11,406</b>	<b>4,471</b>
<b>NOTE 4B: SUPPLIERS</b>				
Provision of goods and services—external entities	31,600	27,308	7,389	3,331
Direct rental operating expenses	1,834	52	1,076	–
Operating lease rentals	383	–	383	–
Other loan related expenses	–	612	–	582
<b>Total supplier expenses</b>	<b>33,817</b>	<b>27,972</b>	<b>8,848</b>	<b>3,913</b>
<b>NOTE 4C: DEPRECIATION AND AMORTISATION</b>				
Depreciation				
Buildings on freehold land	182	–	–	–
Other infrastructure, plant and equipment	2,100	533	99	51
Total depreciation	2,282	533	99	51
Amortisation				
Intangibles	210	498	–	–
<b>Total depreciation and amortisation</b>	<b>2,492</b>	<b>1,031</b>	<b>99</b>	<b>51</b>
The aggregate amounts of depreciation or amortisation expensed during the reporting period for each class of depreciable asset are as follows:				
Buildings on freehold land	182	–	–	–
Other infrastructure, plant and equipment	2,100	533	99	51
Intangibles	210	498	–	–
<b>Total depreciation and amortisation</b>	<b>2,492</b>	<b>1,031</b>	<b>99</b>	<b>51</b>
<b>NOTE 4D: WRITE-DOWN AND IMPAIRMENT OF ASSETS</b>				
Investments	168	1,862	2,427	1,899
Internally developed software—impairment	–	–	–	–
<b>Total write-down and impairment of assets</b>	<b>168</b>	<b>1,862</b>	<b>2,427</b>	<b>1,899</b>
<b>NOTE 4E: OTHER EXPENSES</b>				
Initial recognition write-downs and re-measurement of loans at fair value through profit and loss	20,597	–	20,597	–
<b>Total other expenses</b>	<b>20,597</b>	<b>–</b>	<b>20,597</b>	<b>–</b>
<b>NOTE 4F: FINANCE COSTS</b>				
Loan interest	1,994	1,383	–	–
<b>Total finance costs</b>	<b>1,994</b>	<b>1,383</b>	<b>–</b>	<b>–</b>
<b>NOTE 4G: GRANTS</b>				
Business development grants	9,722	1,233	9,722	1,233
<b>Total grants</b>	<b>9,722</b>	<b>1,233</b>	<b>9,722</b>	<b>1,233</b>

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
*for the year ended 30 June 2006*

	CONSOLIDATED		CORPORATION	
	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'000
<b>Note 5: Income tax expense</b>				
Prima facie tax expense	<b>15,240</b>	2,833	-	-
Deferred tax expense (income) relating to the origination and reversal of temporary differences:				
Add tax effect of :				
Share of net profits of associates	<b>797</b>	(1,173)	-	-
Tax profits (losses) transferred from controlled entities	<b>114</b>	106	-	-
Less tax effect of:				
Depreciation/timing differences	<b>(70)</b>	83	-	-
Non-taxable consolidated	<b>(15,943)</b>	(1,660)	-	-
<b>Tax expense</b>	<b>138</b>	189	-	-

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
for the year ended 30 June 2006

	CONSOLIDATED		CORPORATION	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
<b>Note 6: Financial assets</b>				
<b>NOTE 6A: CASH AND CASH EQUIVALENTS</b>				
Cash at bank	61,313	39,236	42,396	40,600
Cash at bank—Housing Fund	37,707	42,270	37,707	42,270
Cash on hand	–	1	–	1
<b>Total cash and cash equivalents</b>	<b>99,020</b>	<b>81,507</b>	<b>80,103</b>	<b>82,871</b>
<b>NOTE 6B: RECEIVABLES</b>				
<i>Current</i>				
Goods and services	1,253	8,314	2,265	4,259
Wholly-owned subsidiaries	–	–	50,276	11,363
Other related parties—associates	2,523	1,414	2,509	1,377
Others	1,518	–	–	–
Less: allowance for doubtful debts	–	–	–	–
	5,294	9,728	55,050	16,999
GST receivable from the Australian Taxation Office	36	–	(197)	–
<b>Total current receivables (net)</b>	<b>5,330</b>	<b>9,728</b>	<b>54,853</b>	<b>16,999</b>
<b>NOTE 6C: LOANS</b>				
<b>Loans—Home loans, Housing Fund and home loans capital</b>				
At cost—opening balance	366,398	368,168	366,398	368,168
Less: AEIFRS transition adjustment—net loss on designation at fair value through profit and loss*	(65,182)	–	(65,182)	–
Add: net loans movement at cost**	50,787	–	50,787	–
Less: allowance for doubtful debts	–	(1,770)	–	(1,770)
Less: net loss on re-measurement at fair value through profit and loss**	(19,346)	–	(19,346)	–
Less: impairment movement through profit and loss	(46)	–	(46)	–
<b>At fair value/cost—closing balance*</b>	<b>332,611</b>	<b>366,398</b>	<b>332,611</b>	<b>366,398</b>

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2006

CONSOLIDATED		CORPORATION	
2006	2005	2006	2005
\$'000	\$'000	\$'000	\$'000

**Note 6: Financial assets**

**NOTE 6C: LOANS** CONTINUED

**Loans—business development**

At cost—opening balance	<b>39,030</b>	66,826	<b>39,030</b>	66,826
Less: AEIFRS transition adjustment—net loss on designation at fair value through profit and loss*	<b>(5,453)</b>	—	<b>(5,453)</b>	—
Add: net loans movement at cost**	<b>(1,717)</b>	—	<b>(1,717)</b>	—
Less: allowance for doubtful debts	—	(27,796)	—	(27,796)
Less: net loss on re-measurement at fair value through profit and loss**	<b>(276)</b>	—	<b>(276)</b>	—
Less: impairment movement through profit and loss	<b>(929)</b>	—	<b>(929)</b>	—
<b>At fair value/cost—closing balance*</b>	<b>30,655</b>	39,030	<b>30,655</b>	39,030
Other loans	<b>3,925</b>	3,518	<b>3,925</b>	3,455
Current loans receivable	<b>34,936</b>	4,651	<b>34,936</b>	4,651
Non-current loans receivable	<b>332,255</b>	404,295	<b>332,255</b>	404,232
<b>Total loans</b>	<b>367,191</b>	408,946	<b>367,191</b>	408,883
<b>Total loans and receivables</b>	<b>372,521</b>	418,674	<b>422,044</b>	425,882

\* On adoption of AEIFRS, the consolidated entity elected to designate the loans at fair value through profit and loss. This was done at the AEIFRS transition date of 1 July 2005. It required the consolidated entity to fair value the loans at the AEIFRS transition date and to recognise the fair value adjustment through retained earnings. The net loss on designation at fair value through profit and loss is \$70,634,581 due to loans being carried at below market interest rates.

\*\* Net loans movement at cost represents the net effect of loan repayments received, new loans made and interest accrued.

\*\*\*All new loans granted during the year were recognised at fair value at initial recognition. Since the consolidated entity designated the new loans at fair value through profit and loss, these loans continue to be recognised at their fair value. Any adjustment to the cost value at initial recognition and change in the fair value subsequent to initial recognition was recognised in the profit and loss account. The \$19,622,696 net loss comprises the initial recognition of new loans in the period, and re-measurement at fair value of existing loans as at 30 June 2006 through profit and loss, due to loans being carried at below market interest rates.

All loans and receivables are with entities external to the entity. Credit terms are net 30 days (2005: 30 days).

**Loans and receivables are aged as follows:**

Loans and receivables not overdue	<b>363,160</b>	426,960	<b>412,683</b>	426,791
Loans and receivables overdue by:				
Less than 30 days	<b>122</b>	128	<b>122</b>	128
30 to 60 days	<b>157</b>	953	<b>157</b>	953
61 to 90 days	<b>195</b>	312	<b>195</b>	312
More than 90 days	<b>8,887</b>	10,266	<b>8,887</b>	10,266
Sub-total loan and receivables overdue	<b>9,361</b>	11,659	<b>9,361</b>	11,659
<b>Total loans and receivables</b>	<b>372,521</b>	438,619	<b>422,044</b>	438,450

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
for the year ended 30 June 2006

	CONSOLIDATED		CORPORATION	
	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'000

**Note 6: Financial assets**

**NOTE 6C: LOANS** CONTINUED

The allowance for doubtful debts is aged as follows:

Current	-	-	-	-
Overdue by:				
Less than 30 days	-	(323)	-	(323)
30 to 60 days	-	(2,417)	-	(2,417)
61 to 90 days	-	(790)	-	(790)
More than 90 days	-	(26,035)	-	(26,035)
<i>Total provision for doubtful debts</i>	-	(29,565)	-	(29,565)
<b>Total receivables</b>	<b>372,521</b>	409,054	<b>422,044</b>	408,885

**NOTE 6D: INVESTMENTS UNDER S. 18 OF THE CAC ACT**

Term deposits	<b>1,009</b>	106	-	-
<b>Total investments under s. 18 of the CAC Act</b>	<b>1,009</b>	106	-	-

**NOTE 6E: INVESTMENTS UNDER S. 147 (1) (A) OF THE ATSI ACT**

Non-current				
Investments at fair value comprise:				
Shares and advances in subsidiaries (refer Note 6F)	-	-	<b>77,179</b>	68,017
Shares and advances in associated companies	-	225	<b>17,896</b>	14,466
Investments at equity accounted amount comprise:				
Associated companies (refer Note 6G)	<b>24,906</b>	24,334	-	-
Interest in business undertakings	<b>9,367</b>	8,586	<b>9,057</b>	8,291
<b>Total investments</b>	<b>34,273</b>	33,145	<b>104,132</b>	90,774

**Note 6: Financial assets**

**NOTE 6F: INTERESTS IN SUBSIDIARIES (CORPORATION ONLY)**

NAME	COUNTRY OF INCORPORATION	PERCENTAGE OF EQUITY INTEREST HELD BY CONSOLIDATED ENTITY		CARRYING AMOUNT OF INVESTMENT	
		2006 (%)	2005 (%)	2006 \$	2005 \$
<b>Bowen Basin Holdings Pty Ltd</b>	Australia	<b>100</b>	100		
- ordinary shares				<b>1</b>	1
<b>Bowen Basin Investments Pty Ltd</b>	Australia	<b>100</b>	100		
- ordinary shares				<b>1</b>	1
- intercompany advance				<b>6,000,302</b>	6,000,302
<b>Centrum Insurance Services</b>	Australia	<b>100</b>	100		
- intercompany advance				<b>2,245,894</b>	2,662,536
<b>CDC Nominees (Ceduna) Pty Ltd*</b>	Australia	<b>100</b>	100		
- ordinary shares				<b>2</b>	-
<b>CDC Nominees (Dandenong) Pty Ltd*</b>	Australia	<b>100</b>	100		
- ordinary shares				<b>2</b>	-
<b>CDC Nominees (GPI Ferry) Pty Ltd*</b>	Australia	<b>100</b>	100		
- ordinary shares				<b>2</b>	2
<b>CDC Nominees (GRC) Pty Ltd*</b>	Australia	<b>100</b>	100		
- ordinary shares				<b>2</b>	2
<b>CDC Nominees (McArthur River Shipping) Pty Ltd</b>	Australia	<b>100</b>	100		
- ordinary shares				<b>2</b>	2
- intercompany advance				<b>241,690</b>	241,690
<b>CDC Nominees (QBH) Pty Ltd</b>	Australia	<b>100</b>	100		
- ordinary shares				<b>1</b>	1
- intercompany advance				<b>162,560</b>	162,560
<b>CDC Nominees (SES) Pty Ltd</b>	Australia	<b>100</b>	100		
- ordinary shares				<b>2</b>	2
- intercompany advance				<b>4,303,282</b>	4,303,282
<b>CDC Nominees (TCTP) Pty Ltd</b>	Australia	<b>100</b>	100		
- ordinary shares				<b>2</b>	2
- intercompany advance				<b>295,530</b>	295,530
<b>Diatomaceous Earth Holdings Pty Ltd</b>	Australia	<b>100</b>	100		
- ordinary shares				<b>1</b>	1

\* non-trading

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
for the year ended 30 June 2006

**Note 6: Financial assets**

NOTE 6F: INTERESTS IN SUBSIDIARIES (CORPORATION ONLY) CONTINUED

NAME	COUNTRY OF INCORPORATION	PERCENTAGE OF EQUITY INTEREST HELD BY CONSOLIDATED ENTITY		CARRYING AMOUNT OF INVESTMENT	
		2006 (%)	2005 (%)	2006 \$	2005 \$
<b>Diatomaceous Earth Investments Pty Ltd</b>	Australia	100	100		
- ordinary shares				1	1
<b>Fitzroy Inn Investments Pty Ltd</b>	Australia	100	100		
- ordinary shares				1	1
- intercompany advance				1,468,029	1,468,029
<b>Fitzroy Lodge Investments Pty Ltd</b>	Australia	100	100		
- ordinary shares				-	1
- intercompany advance				1,865,523	1,865,523
<b>IBA Coal Holdings Pty Limited</b>	Australia	100	100		
- ordinary shares				1	1
<b>IBA Coal Investments Pty Limited</b>	Australia	100	100		
- ordinary shares				1	1
- intercompany advance				-	2,050,000
<b>IBA Property Investments Pty Ltd</b>	Australia	100	100		
- ordinary shares				2	2
<b>Indigenous Property Trust—Katherine</b>	Australia	100	100		
- units in trust				7,700,000	8,800,000
<b>Indigenous Property Trust—South Hedland</b>	Australia	100	100		
- units in trust				4,000,000	2,000,000
<b>Indigenous Fishing Pty Ltd</b>	Australia	100	100		
- ordinary shares				6,738,805	6,318,805
<b>Mungo Lodge</b>	Australia	100	100		
- intercompany advance				225,946	165,946
<b>Mungo Lodge Holdings Trust</b>	Australia	100	100		
- intercompany advance				510,391	1,444,502
<b>National Indigenous Property Trust</b>	Australia	100	100		
- units in trust				7,850,000	14,850,000
<b>Scarborough Holding Trust</b>	Australia	100	100		
- intercompany advance				33,570,871	15,387,897
<b>Total Interests in Subsidiaries (Corporation only)</b>				<b>77,178,847</b>	<b>68,016,623</b>

\* non-trading



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2006

**Note 6: Financial assets**

**NOTE 6G: INTERESTS IN ASSOCIATES (CONSOLIDATED ONLY)**

Interests are held in the following associated companies

ASSOCIATED COMPANY	PRINCIPAL ACTIVITIES	OWNERSHIP INTEREST		VOTING POWER		CARRYING AMOUNT OF INVESTMENT	
		2006 (%)	2005 (%)	2006 (%)	2005 (%)	2006 \$'000	2005 \$'000
Carpentaria Shipping Services Pty Limited	Transportation	18	18	25	25	460	515
Fitzroy Crossing Inn Partnership	Hotel/accommodation facilities	43	43	25	25	950	924
Fitzroy River Lodge Partnership	Accommodation provider	43	43	25	25	2,521	2,409
Kakadu Tourism (GCH) Pty Limited	Accommodation provider	70	70	50	50	3,783	3,670
Kakadu Tourism (GLC) Pty Limited	Tour operator and accommodation provider	70	70	50	50	5,054	4,724
Mitchell St Trust	Property	50	50	50	50	62	72
Monkey Mia Enterprises Pty Ltd	Accommodation provider	54	54	50	50	1,292	1,027
Monkey Mia Holding Trust	Accommodation provider	54	54	50	50	2,625	2,625
Noongar Property Trust	Property	66	66	50	50	3,390	3,390
Port Botany Transfer Station Pty Limited	Waste management	50	50	50	50	3,721	3,930
Port Hedland Investment Trust	Property	70	70	50	50	1,048	1,048
						<b>24,906</b>	<b>24,334</b>

**Note 6: Financial assets**

	CONSOLIDATED		CORPORATION	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
<b>NOTE 6G: INTERESTS IN ASSOCIATES</b>				
<b>(CONSOLIDATED ONLY)</b> CONTINUED				
<b>(i) Economic entity's share of associates:</b>				
Profit from ordinary activities before tax	2,657	3,323	-	-
Share of income tax expense	(102)	(83)	-	-
<b>Net profit</b>	<b>2,555</b>	<b>3,240</b>	<b>-</b>	<b>-</b>
<b>(ii) Movements during the year in equity accounted investment in associated companies:</b>				
Balance at beginning of financial year	24,334	24,288	-	-
Add:				
New investments during the year	665	946	-	-
Share of associated companies' profit from ordinary activities and after income tax	2,555	3,240	-	-
Less:				
Dividend revenue from associated companies	(2,648)	(3,852)	-	-
Disposals during the year	-	(288)	-	-
<b>Balance at end of financial year</b>	<b>24,906</b>	<b>24,334</b>	<b>-</b>	<b>-</b>
<b>(iii) Retained earnings attributable to associates:</b>				
Balance at beginning of financial year	1,962	2,574	-	-
Share of associated companies' profit from ordinary activities	2,555	3,240	-	-
Dividends received	(2,648)	(3,852)	-	-
<b>Balance at end of financial year</b>	<b>1,869</b>	<b>1,962</b>	<b>-</b>	<b>-</b>
<b>(iv) The consolidated entity's share of the assets and liabilities of associates in aggregate:</b>				
Current assets	8,200	12,565	-	-
Non-current assets	30,678	30,928	-	-
Current liabilities	(10,101)	(8,259)	-	-
Non-current liabilities	(3,871)	(10,900)	-	-
<b>Net assets</b>	<b>24,906</b>	<b>24,334</b>	<b>-</b>	<b>-</b>

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

for the year ended 30 June 2006

**Note 6: Financial assets**

**NOTE 6H: INTERESTS IN JOINT VENTURES**

A controlled entity, Bowen Basin Investments Pty Limited, has a 16.4% interest in the Foxleigh Joint Venture, whose principal activity is the exploration, mining and sale of PCI Coal.

A controlled entity, Diatomaceous Earth Investments Pty Limited, has up to a 20% interest in the Australian Diatomaceous Earth Joint Venture, whose principal activity is the exploration and marketing of diatomaceous earth.

A controlled entity, IBA Coal Investments Pty Limited, sold its 16.4% interest in the Eastern Coal Joint Venture, whose principal activity is the exploration of coal, in October 2005.

	CONSOLIDATED		CORPORATION	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
The economic entity's share of assets employed in the joint ventures are:				
<b>CURRENT ASSETS</b>				
Cash	651	781	-	-
Receivables				
Trade debtors	265	387	-	-
Prepayments and deposits	712	1,647	-	-
Other debtors	84	176	-	-
Inventories				
Raw materials	2,201	2,385	-	-
<b>Total current assets</b>	<b>3,913</b>	<b>5,376</b>	<b>-</b>	<b>-</b>
<b>NON-CURRENT ASSETS</b>				
Exploration and evaluation phases	2,065	4,039	-	-
Development phase	-	-	-	-
Property, plant and equipment	26,488	1,649	-	-
Deferred expenditure	3,192	13,515	-	-
Work in progress	-	719	-	-
Other	7	-	-	-
<b>Total non-current assets</b>	<b>31,752</b>	<b>19,922</b>	<b>-</b>	<b>-</b>
<b>Share of total assets of joint ventures</b>	<b>35,665</b>	<b>25,298</b>	<b>-</b>	<b>-</b>
<b>CURRENT LIABILITIES</b>				
Payables	4,875	4,448	-	-
Deferred tax liability	(5)	-	-	-
Provisions	1,290	405	-	-
<b>Total current liabilities</b>	<b>6,160</b>	<b>4,853</b>	<b>-</b>	<b>-</b>
<b>NON-CURRENT LIABILITIES</b>				
Borrowings	-	515	-	-
<b>Total non-current liabilities</b>	<b>-</b>	<b>515</b>	<b>-</b>	<b>-</b>
<b>Net interest in joint ventures</b>	<b>29,505</b>	<b>19,930</b>	<b>-</b>	<b>-</b>

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
*for the year ended 30 June 2006*

CONSOLIDATED		CORPORATION	
2006	2005	2006	2005
\$'000	\$'000	\$'000	\$'000

**Note 6: Financial assets**

**NOTE 6I: OTHER FINANCIAL ASSETS**

Current

Prepayments	<b>1,220</b>	–	<b>1,127</b>	–
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<b>Total other financial assets</b>	<b>1,220</b>	–	<b>1,127</b>	–
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
for the year ended 30 June 2006

	CONSOLIDATED		CORPORATION	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
<b>Note 7: Non-financial assets</b>				
<b>NOTE 7A: LAND AND BUILDINGS</b>				
Land				
Fair value	-	-	-	-
<b>Total land</b>	-	-	-	-
Buildings on freehold land				
Work in progress	-	-	-	-
Fair value	865	-	-	-
Accumulated depreciation	(91)	-	-	-
<b>Total buildings on freehold land</b>	774	-	-	-
Leasehold improvements				
Fair value	338	-	319	-
Accumulated amortisation	(91)	-	(72)	-
Impairment losses	-	-	-	-
<b>Total leasehold improvements</b>	247	-	247	-
<b>Total land and buildings</b>	1,021	-	247	-
<b>NOTE 7B: INVESTMENT PROPERTY</b>				
Investment property				
Fair value	83,466	60,474	5,577	4,522
<b>Total investment property</b>	83,466	60,474	5,577	4,522
<b>NOTE 7C: INFRASTRUCTURE, PLANT AND EQUIPMENT</b>				
Infrastructure, plant and equipment				
Fair value	31,460	15,762	718	481
Accumulated depreciation	(4,933)	(1,905)	(313)	(346)
<b>Total infrastructure, plant and equipment</b>	26,527	13,857	405	135
All revaluations are conducted in accordance with the revaluation policy stated at Note 1.				
<b>NOTE 7D: INTANGIBLE ASSETS</b>				
Computer software				
At cost	427	-	427	-
Accumulated amortisation	-	-	-	-
	427	-	427	-
Other				
Fishing licences at fair value	6,622	6,397	-	-
Other at cost	4,489	6,054	-	-
Goodwill	-	-	-	-
Recoverable formation costs	-	-	-	-
	11,111	12,451	-	-
<b>Accumulated amortisation</b>	(432)	(1,533)	-	-
	10,679	10,918	-	-
<b>Total intangibles (non-current)</b>	11,106	10,918	427	-

**Note 7: Non-financial assets**

**NOTE 7E: ANALYSIS OF PROPERTY, PLANT, EQUIPMENT AND INTANGIBLES**

Table A—Reconciliation of the opening and closing balances of property, plant and equipment and intangibles (consolidated)

ITEM	LAND AND BUILDINGS	INVESTMENT PROPERTY	OTHER INFRASTRUCTURE, PLANT AND EQUIPMENT	INTANGIBLES	TOTAL
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>As at 1 July 2005</b>					
Gross book value	1,203	60,474	15,762	12,451	89,890
Accumulated depreciation/amortisation	–	–	(1,905)	(1,533)	(3,438)
<b>Opening net book value</b>	<b>1,203</b>	<b>60,474</b>	<b>13,857</b>	<b>10,918</b>	<b>86,452</b>
Additions:					
By purchase	–	3,492	14,770	398	18,660
From acquisitions of operations (including restructuring)	–	–	–	–	–
Revaluations and impairments	–	19,500	–	–	19,500
Depreciation/amortisation expense	(182)	–	(2,100)	(210)	(2,492)
AEIFRS reclassification	–	–	–	–	–
Disposals:					
From disposal of operations	–	–	–	–	–
Other disposals	–	–	–	–	–
<b>As at 30 June 2006</b>					
Gross book value	1,203	83,466	30,532	12,849	128,050
Accumulated depreciation/amortisation	(182)	–	(4,005)	(1,743)	(5,930)
<b>Closing net book value</b>	<b>1,021</b>	<b>83,466</b>	<b>26,527</b>	<b>11,106</b>	<b>122,120</b>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
for the year ended 30 June 2006

CONSOLIDATED		CORPORATION	
2006	2005	2006	2005
\$'000	\$'000	\$'000	\$'000

**Note 7: Non-financial assets**

**NOTE 7F: INVENTORIES**

Current

Raw material inventories held for sale	<b>2,211</b>	2,398	-	-
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<b>Total inventories</b>	<b>2,211</b>	2,398	-	-
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**NOTE 7G: OTHER NON-FINANCIAL ASSETS**

Exploration and development costs	<b>3,905</b>	2,823	-	-
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Other	<b>99</b>	1,896	-	-
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Deferred tax asset	<b>26</b>	-	-	-
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<b>Total other non-financial assets</b>	<b>4,030</b>	4,719	-	-
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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2006

	CONSOLIDATED		CORPORATION	
	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'000

**Note 8: Payables**

**NOTE 8A: SUPPLIERS**

Trade creditors	<b>4,465</b>	6,457	<b>2,109</b>	2,079
<b>Total supplier payables</b>	<b>4,465</b>	6,457	<b>2,109</b>	2,079

Supplier payables are represented by:

Current	<b>4,465</b>	6,457	<b>2,109</b>	2,079
Non-current	-	-	-	-
<b>Total supplier payables</b>	<b>4,465</b>	6,457	<b>2,109</b>	2,079

Settlement is usually made net 30 days.

**NOTE 8B: OTHER PAYABLES**

Prepayments received	<b>10,829</b>	-	<b>9,500</b>	-
GST payable to ATO	<b>157</b>	-	-	-
Accrued expenses	<b>1,650</b>	-	-	-
<b>Total other payables</b>	<b>12,636</b>	-	<b>9,500</b>	-

All other payables are current liabilities.

**NOTE 8C: TAX LIABILITIES**

Tax liabilities	<b>82</b>	-	-	-
<b>Total tax liabilities</b>	<b>82</b>	-	-	-



**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2006

	CONSOLIDATED		CORPORATION	
	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'000

**Note 9: Interest-bearing liabilities**

**NOTE 9A: LOANS**

Loans from government	-	-	-	-
Borrowings secured by floating charge	<b>16,888</b>	16,565	-	-
<b>Total loan liability</b>	<b>16,888</b>	16,565	-	-

Maturity schedule for loans:

Payable:

Within one year	<b>16,888</b>	16,565	-	-
In one to five years	-	-	-	-
In more than five years	-	-	-	-
<b>Total loan liability</b>	<b>16,888</b>	16,565	-	-

Subsidiaries' borrowings secured by floating charge are:

- \$8,410,000 by National Indigenous Property Trust for financing of land and building, by a commercial bill. The loan is payable on demand. The interest rate implicit in the bill is 7.67%.
- \$8,478,012 by Bowen Basin Investments Trust for financing of infrastructure, plant and equipment, comprising:
  - \$3,169,640 Westpac Australian dollar facility. The loan is payable on demand. The interest rate implicit in the loan is 7.14%.
  - \$3,557,362 Caterpillar Finance Australia loan. The loan is payable on demand. The interest rate implicit in the loan is 7.80%.
  - \$1,751,010 Komatsu Finance loan facility. The loan is payable on demand. The interest rate implicit in the loan is 7.51%.

	CONSOLIDATED		CORPORATION	
	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'000

**NOTE 9B: LEASES**

Finance lease commitments

Payable: minimum lease payments

Not later than one year	<b>11</b>	-	-	-
Later than one year but not later than five years	<b>39</b>	-	-	-
Later than five years	-	-	-	-
Minimum lease payments	<b>50</b>	-	-	-
Deduct: future finance charges	<b>(7)</b>	-	-	-
<b>Finance leases recognised in balance sheet</b>	<b>43</b>	-	-	-

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
*for the year ended 30 June 2006*

	CONSOLIDATED		CORPORATION	
	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'000
<b>Note 10: Provisions</b>				
<b>NOTE 10A: EMPLOYEE PROVISIONS</b>				
Annual leave	<b>1,371</b>	1,680	<b>1,365</b>	1,194
Long service leave	<b>2,315</b>	1,530	<b>2,315</b>	1,512
Other	<b>489</b>	–	<b>225</b>	–
<b>Total employee provisions</b>	<b>4,175</b>	3,210	<b>3,905</b>	2,706
Current	<b>3,498</b>	2,689	<b>3,228</b>	2,237
Non-current	<b>677</b>	521	<b>677</b>	469
<b>Total employee provisions</b>	<b>4,175</b>	3,210	<b>3,905</b>	2,706
<b>NOTE 10B: OTHER PROVISIONS</b>				
Other	<b>1,290</b>	405	–	–
<b>Total other</b>	<b>1,290</b>	405	–	–

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

for the year ended 30 June 2006

	CONSOLIDATED		CORPORATION	
Notes	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'000

**Note 11: Cash flow reconciliation**

**Reconciliation of cash per Income Statement to Statement of Cash Flows**

Cash at year end per Statement of Cash Flows is 6A reconciled to the 'Financial Assets—Cash and Cash Equivalents' items in the Balance Sheet as follows:

Cash at bank	<b>61,313</b>	39,236	<b>42,396</b>	40,600
Cash at bank Housing Fund	<b>37,707</b>	42,270	<b>37,707</b>	42,270
Cash on hand	–	1	–	1
	<b>99,020</b>	81,507	<b>80,103</b>	82,871

**Reconciliation of operating result to net cash from operating activities:**

Operating result	<b>53,320</b>	9,148	<b>49,521</b>	9,651
Depreciation and amortisation (including exploration)	<b>2,492</b>	1,346	<b>99</b>	51
Net gain on disposal of investments	–	288	<b>(270)</b>	13
Net gain on disposal of property, plant and equipment	<b>(351)</b>	22	–	–
Share of associates' net profits	–	(3,828)	–	–
Net valuation increment	<b>(19,500)</b>	–	<b>(1,054)</b>	–
Write-downs to recoverable amount	<b>168</b>	–	<b>2,427</b>	325
Net loss on re-measurement of loans at fair value	<b>20,597</b>	–	<b>20,597</b>	–
Foreign currency translation loss / (gain)	–	(1,845)	–	–
(Increase) / decrease in net receivables	<b>8,624</b>	–	–	–
Increase / (decrease) in income taxes payable	<b>82</b>	12	–	–
(Increase) / decrease in suppliers payable	<b>(2,399)</b>	–	<b>30</b>	–
(Increase) / decrease in debtors and prepayments	<b>2,375</b>	(69)	<b>(30,788)</b>	(14,915)
(Increase) / decrease in inventories	<b>188</b>	(1,519)	–	–
(Increase) / decrease in other assets	–	(4,214)	<b>(1,127)</b>	–
Increase / (decrease) in creditors and borrowings	–	745	<b>435</b>	673
Increase / (decrease) in provisions	<b>965</b>	2,845	<b>1,198</b>	2,540
<b>Net cash from / (used by) operating activities</b>	<b>66,561</b>	2,931	<b>41,068</b>	(1,662)

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

for the year ended 30 June 2006

**Note 12: Contingent liabilities and assets**

	CONSOLIDATED		CORPORATION	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
<b>Contingent liabilities</b>				
Guarantees <sup>1</sup>	1,685	3,928	1,685	3,928
Indemnities <sup>2</sup>	1,000	1,000	1,000	1,000
Claims for damages/costs <sup>3</sup>	100	100	100	100
<b>Total contingent liabilities</b>	<b>2,785</b>	<b>5,028</b>	<b>2,785</b>	<b>5,028</b>
<b>Contingent assets</b>				
Claims for damages/costs <sup>4</sup>	350	505	350	505
<b>Total contingent assets</b>	<b>350</b>	<b>505</b>	<b>350</b>	<b>505</b>
<b>Net contingent liabilities</b>	<b>2,435</b>	<b>4,523</b>	<b>2,435</b>	<b>4,523</b>

**Quantifiable contingencies**

**1. Guarantees**

On 8 December 2004 the Commonwealth Treasurer gave approval to IBA to give guarantees to \$12,000,000 in total, in accordance with the provisions of the Aboriginal and Torres Strait Islander Commission Act 1989.

During the year ended 30 June 2006 the following guarantees have been provided by IBA in accordance with this approval:

The provision of a guarantee for \$1,425,000 in favour of the Westpac Banking Corporation relating to long-term finance to be provided to Carpentaria Shipping Services Pty Ltd in respect of its bulk carrier the MV Aburri.

The provision of a guarantee for \$250,000 in favour of Westpac Banking Corporation relating to a loan to Kalumburu Aboriginal Corporation to re-establish the Kalumburu Community Store.

The provision of a guarantee for \$10,000 in favour of Eurobodalla Shire Council relating to finance for establishment of a waste recycling depot for Cobowra Environmental Services Ltd.

**2. Indemnities**

In addition to the guarantees, IBA has agreed to enter into cross-indemnity agreements with:

P&O Maritime Services, whereby IBA will warrant to meet up to one half of any liability (subject to a maximum of IBA's exposure, being \$1,000,000) arising from a total of \$5,000,000 performance guarantee provided by P&O Maritime Services to Mount Isa Mines.

Guarantee and indemnity undertakings were made only to satisfy normal commercial funding conditions imposed by financiers and, at balance date, there are no grounds to believe that a liability will arise.

**3. Claims for damages/costs (contingent liability)**

The amount represents an estimate of IBA's liability based on a legal matter that is currently ongoing.

**4. Claims for damages/costs (contingent asset)**

It is considered possible that IBA will succeed in a number of legal matters, although the cases are continuing.

**Other quantifiable contingencies**

**Forward exchange contracts**

	CONSOLIDATED		CORPORATION	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
<b>At 30 June 2006 gain/loss not brought to account for Forward Exchange Contracts with Westpac Banking Corporation was:</b>	-	2,083	-	-

**Unquantifiable contingencies**

At 30 June 2006, IBA had an outstanding legal matter which was unquantifiable. It is not possible to estimate the amounts of any eventual payments that may be required in relation to these claims.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

for the year ended 30 June 2006

	CONSOLIDATED		CORPORATION	
	2006	2005	2006	2005
<b>Note 13: Director remuneration</b>				
The number of directors of IBA included in these figures are shown below in the relevant remuneration bands:				
\$Nil-\$14,999	2	1	2	1
\$15,000-\$29,999	4	5	4	5
\$30,000-\$44,999	-	-	-	-
\$45,000-\$59,999	1	1	1	1
\$180,000-\$194,999	-	1	-	1
\$195,000-\$209,999	1	-	1	-
<b>Total number of directors of IBA</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>
	\$	\$	\$	\$
<b>Total remuneration received or due and receivable by directors of IBA</b>	<b>361,726</b>	317,506	<b>361,726</b>	317,506

**Note 14: Related party disclosures**

**TRANSACTIONS WITH DIRECTOR-RELATED ENTITIES**

**Loans**

Loans were made to the following director-related entities. They were made under normal terms and conditions. The directors involved took no part in the relevant decisions of the Board.

- Wunan Foundation

- Dreamtime Cultural Centre Pty Ltd

Director Trust is the Chairperson of the Wunan Foundation. The Wunan Foundation has received two loans from the Business Development programme (then under ATSIIC); on 25 August 2000 for \$300,000 and on 24 April 2002 for \$250,000. The loans have a current balance of \$66,791 and \$198,731 respectively. The transactions between Wunan Foundation and Indigenous Business Australia (IBA) are on a normal commercial arm's length basis.

Deputy Chairperson Blair is the Administrator of Dreamtime Cultural Centre Pty Ltd. On 24 January 2000 the Dreamtime Cultural Centre Pty Ltd received a loan from the Business Development programme for \$300,000. This loan has a current balance of \$187,674. The transactions between the Dreamtime Cultural Centre Pty Ltd and IBA are on a normal commercial arm's length basis.

	2006 \$'000	2005 \$'000
Loans to director-related entities outstanding at year-end	453	516
Loans to director-related entities during the year	-	-
Loan repayments during the year	63	-
Interest revenue included in operating result from loans to director-related entities	31	(35)

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2006

	CONSOLIDATED		CORPORATION	
	2006	2005	2006	2005
<b>Note 15: Executive remuneration</b>				
The number of senior executives who received or were due to receive total remuneration of \$130,000 or more:				
\$235,000 to \$249,999	-	1	-	1
\$250,000 to \$264,999	1	-	1	-
\$265,000 to \$279,999	-	-	-	-
\$280,000 to \$294,999	1	1	1	1
<b>Total</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>
<b>The aggregate amount of total remuneration of executives shown above</b>	<b>\$543,342</b>	\$524,903	<b>\$543,342</b>	\$524,903

The aggregate amount of separation and redundancy/termination benefit payments during the year to executives shown above

Nil	Nil	Nil	Nil
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	CONSOLIDATED		CORPORATION	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000

**Note 16: Remuneration of auditors**

The cost of financial statement audit services provided to IBA were:

Auditor-General	166	120	156	110
<b>Total</b>	<b>166</b>	<b>120</b>	<b>156</b>	<b>110</b>

RSM Bird Cameron have been contracted by the Australian National Audit Office (ANAO) to provide audit services on the ANAO's behalf. Fees for these services are included above.

RSM Bird Cameron also acted as consultants to the Business Development programme during 2005–06 to the value of \$19,000. These transactions with RSM Bird Cameron were conducted on a normal commercial arm's length basis.

No other services were provided by the Auditor-General or RSM Bird Cameron during the reporting period.

	CONSOLIDATED		CORPORATION	
	2006	2005	2006	2005
<b>Note 17: Average staffing levels</b>				
The average staffing levels for IBA during the year were:	164	70	164	70
<b>Total</b>	<b>164</b>	<b>70</b>	<b>164</b>	<b>70</b>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
for the year ended 30 June 2006

**Note 18: Financial instruments**

**NOTE 18A: INTEREST RATE RISK (CONSOLIDATED ONLY)**

FINANCIAL INSTRUMENT	NOTES	FLOATING INTEREST RATE		FIXED INTEREST RATE MATURING IN			
		2006 \$'000	2005 \$'000	1 YEAR OR LESS		1 TO 2 YEARS	
				2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
<b>Financial Assets</b>							
Cash at bank	6A	99,020	81,506	-	-	-	-
Cash on hand	6A	-	-	-	-	-	-
Receivables	6B	-	-	-	-	-	-
Loans	6C	367,191	408,946	-	-	-	-
Term deposit	6D	1,009	106	-	-	-	-
Prepayments	6I	-	-	-	-	-	-
Shares	6E	-	-	-	-	-	-
Interest in business undertakings	6E	-	-	-	-	-	-
<b>Total Assets</b>		<b>467,220</b>	<b>490,558</b>	-	-	-	-
<b>Financial liabilities (Recognised)</b>							
Trade creditors	8A	-	-	-	-	-	-
Borrowings	9A	16,888	16,565	-	-	-	-
Other payables	8B	-	-	-	-	-	-
Leases	9B	43	-	-	-	-	-
<b>Total financial liabilities (recognised)</b>		<b>16,931</b>	<b>16,565</b>	-	-	-	-
Other guarantees	12	-	-	-	-	-	-
Indemnities	12	-	-	-	-	-	-
<b>Total financial liabilities (unrecognised)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2006

FIXED INTEREST RATE MATURING IN				NON INTEREST BEARING		TOTAL		WEIGHTED AVERAGE EFFECTIVE INTEREST RATE	
2 TO 5 YEARS		> 5 YEARS							
2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 %	2005 %
-	-	-	-	-	-	99,020	81,506	5.48	5.48
-	-	-	-	-	1	-	1	n/a	n/a
-	-	-	-	5,294	9,728	5,294	9,728	n/a	n/a
-	-	-	-	-	-	367,191	408,946	9.21	5.12
-	-	-	-	-	-	1,009	106	5.50	4.80
-	-	-	-	1,220	-	1,220	-	n/a	n/a
-	-	-	-	24,906	24,334	24,906	24,334	n/a	n/a
-	-	-	-	9,367	8,586	9,367	8,586	n/a	n/a
-	-	-	-	40,787	42,649	508,007	533,207		
-	-	-	-	4,465	6,457	4,465	6,457	n/a	n/a
-	-	-	-	-	-	16,888	16,565	7.50	7.56
-	-	-	-	12,636	-	12,636	-	n/a	n/a
-	-	-	-	-	-	43	-	13.03	n/a
-	-	-	-	17,101	6,457	34,032	23,022		
-	-	-	-	1,685	3,928	1,685	3,928		
-	-	-	-	1,000	1,000	1,000	1,000		
-	-	-	-	2,685	4,928	2,685	4,928		



**Note 18: Financial instruments**

**NOTE 18B: FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES**

All financial assets and liabilities' aggregate carrying values are equal to their fair value.

**Fair value methodology**

The fair values and net fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.
- the fair value of loans are determined by using discounted cashflow analysis. Critical assumptions necessary to carry out the valuation were based on historical data. Such assumptions include the credit risk premium, expected term and future interest rate.
- the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.
- the fair value of derivative instruments, included in hedging assets and liabilities, are calculated using quoted prices. Where such prices are not available use is made of discounted cash flow analysis using the applicable yield curve for the duration of the instruments.

Transaction costs are included in the determination of net fair value.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
for the year ended 30 June 2006

**Note 19: Appropriations**

PARTICULARS	DEPARTMENTAL OUTPUTS		LOANS		EQUITY		TOTAL	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Year ended 30 June								
Balance carried forward from previous year	-	-	-	-	-	-	-	-
Appropriation Acts 1 and 3	27,225	-	-	-	-	-	27,225	-
Appropriation Acts 2 and 4	-	-	-	-	13,700	-	13,700	-
Available for payment of CRF	27,225	-	-	-	13,700	-	40,925	-
<b>Cash payments made out of CRF</b>	<b>27,225</b>	-	-	-	<b>13,700</b>	-	<b>40,925</b>	-
<b>Balance carried forward to next year</b>	-	-	-	-	-	-	-	-
Represented by:								
Appropriations receivable	-	-	-	-	-	-	-	-

This table reports on appropriations made by the Parliament of the Consolidated Revenue Fund (CRF) for payment to IBA. When received by IBA, the payments made are legally the money of IBA and do not represent any balance remaining in the CRF.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
*for the year ended 30 June 2006*

	<b>2006</b>	2005
	<b>\$'000</b>	\$'000

**Note 20: Assets held in trust**

IBA established the Aboriginal and Torres Strait Islander Commission Funds held in Trust Account. Funds held in the trust were received from the Aboriginal and Torres Strait Islander Commission under formal trust arrangements. Moneys received are placed in a separate bank account and are granted to parties in accordance with the Grant Agreement. These monies are not available for any other purposes of the Corporation and are not recognised in the financial statements.

Balance carried forward from previous year	<b>2,840</b>	3,091
Receipts during the year	–	644
Interest received	<b>155</b>	133
<i>Available for payments</i>	<b>2,995</b>	3,868
Payments made	–	(1,028)
<b>Balance carried forward to next year</b>	<b>2,995</b>	2,840

## Note 21: Reporting of outcomes

### NOTE 21A: OUTCOMES OF INDIGENOUS BUSINESS AUSTRALIA

IBA is structured to meet one outcome:

**Outcome 1:** To stimulate the economic advancement of Aboriginal and Torres Strait Islanders, achieved via the following four outputs:

Output 1.1—Equity and Investments, to seek, assess and invest in sound commercial ventures while encouraging and supporting Indigenous participation.

Output 1.2—Home Ownership, to provide a range of competitive home loan products to eligible Aboriginal and Torres Strait Islander people.

Output 1.3—Business Development and Assistance, to provide Indigenous people with a range of products and assistance for the development of commercially viable enterprises.

Output 1.4—Home Ownership on Indigenous Land, to provide affordable home loan finance to Indigenous families living in communities on Indigenous land.

### NOTE 21B: NET COST OF OUTCOME DELIVERY

Costs and revenue are attributed directly to the appropriate Output wherever possible, via the IBA accounting system. Those items that cannot be directly associated with a particular Output are allocated across the Outputs using an attribution percentage, based on the number of staff per output.

	OUTCOME 1		TOTAL	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
<b>Expenses</b>				
Departmental	53,099	11,567	53,099	11,567
<b>Total expenses</b>	<b>53,099</b>	<b>11,567</b>	<b>53,099</b>	<b>11,567</b>
<b>Costs recovered from provision of goods and services to the non-government sector</b>				
Departmental	—	—	—	—
<b>Total costs recovered</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Other external revenues</b>				
Departmental	—	—	—	—
Sale of goods and services—to related parties	175	—	175	—
Interest	27,450	7,646	27,450	7,646
Dividends	42,977	13,205	42,977	13,205
Net gains from disposal of assets	270	132	270	132
Fair value increments	1,054	—	1,054	—
Other external revenues	3,469	233	3,469	233
<b>Total departmental</b>	<b>75,395</b>	<b>21,216</b>	<b>75,395</b>	<b>21,216</b>
<b>Total other external revenues</b>	<b>75,395</b>	<b>21,216</b>	<b>75,395</b>	<b>21,216</b>
<b>Net cost/(contribution) of outcome</b>	<b>(22,296)</b>	<b>(9,649)</b>	<b>(22,296)</b>	<b>(9,649)</b>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
for the year ended 30 June 2006

NOTE 21C: DEPARTMENTAL REVENUES AND EXPENSES BY OUTPUT GROUPS AND OUTPUTS

	OUTCOME 1								
	OUTPUT 1.1		OUTPUT 1.2		OUTPUT 1.3		OUTPUT 1.4		TOTAL
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000
Operating expenses									
Employees	1,770	2,341	4,920	1,272	4,591	858	125	-	11,406
Suppliers	1,311	1,875	3,647	1,019	3,752	1,019	138	-	8,848
Grants	-	-	-	-	9,722	1,233	-	-	9,722
Depreciation and amortisation	10	51	46	-	41	-	2	-	99
Write-down of assets	2,426	325	19,393	504	1,205	1,070	-	-	23,024
Other	-	-	-	-	-	-	-	-	-
<b>Total operating expenses</b>	<b>5,517</b>	<b>4,592</b>	<b>28,006</b>	<b>2,795</b>	<b>19,311</b>	<b>4,180</b>	<b>236</b>	<b>-</b>	<b>53,099</b>
<b>Funded by:</b>									
Revenue from Government	-	-	6,456	-	20,749	-	20	-	27,225
Sales of goods and services	175	3	-	-	-	-	-	-	175
Interest	1,102	795	22,021	5,546	4,248	1,305	79	-	27,450
Dividends	42,977	13,205	-	-	-	-	-	-	42,977
Revenue from sale of assets	270	132	-	-	-	-	-	-	270
Fair value increments	1,054	-	-	-	-	-	-	-	1,054
Other	-	11	1,269	42	2,200	180	-	-	3,469
<b>Total operating revenues</b>	<b>45,578</b>	<b>14,146</b>	<b>29,746</b>	<b>5,588</b>	<b>27,197</b>	<b>1,485</b>	<b>99</b>	<b>-</b>	<b>102,620</b>
									21,219

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2006

**Note 22: Housing Fund**

As per section 181A of the ATSI Act 2005 money held in the new housing fund may only be applied in the making of housing loans therefore for specific information on the housing fund. The operations and financial position of the Housing Fund, which has been included in the preceding statements and notes, are disclosed as follows:

**INCOME STATEMENT – HOUSING FUND**

CORPORATION ONLY

for the year ended 30 June 2006

	Notes	2006 \$'000	2005 \$'000
<b>INCOME</b>			
<b>Revenue</b>			
Interest	22A	21,376	5,546
Other		1,270	42
<b>Total revenue</b>		<b>22,646</b>	5,588
<b>Total income</b>		<b>22,646</b>	5,588
<b>EXPENSES</b>			
<b>Suppliers</b>			
Write-down of assets	22B	18,604	504
<b>Total expenses</b>		<b>18,604</b>	504
<b>Operating result</b>		<b>4,042</b>	5,084

**BALANCE SHEET – HOUSING FUND**

CORPORATION ONLY

as at 30 June 2006

	Notes	2006 \$'000	2005 \$'000
<b>ASSETS</b>			
<b>Financial assets</b>			
Cash	22C	22,379	42,270
Receivables	22D	330,962	372,211
<b>Total financial assets</b>		<b>353,341</b>	414,481
<b>Total assets</b>		<b>353,341</b>	414,481
<b>LIABILITIES</b>			
<b>Payables</b>			
Suppliers		-	-
Other payables and provisions		-	-
<b>Total payables</b>		<b>-</b>	-
<b>Total liabilities</b>		<b>-</b>	-
<b>Net assets</b>		<b>353,341</b>	414,481
<b>EQUITY</b>			
<b>Parent entity interest</b>			
Capital		409,397	409,397
Retained surpluses		(56,056)	5,084
<b>Total parent entity interest</b>		<b>353,341</b>	414,481
<b>Total equity</b>		<b>353,341</b>	414,481

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
for the year ended 30 June 2006

**Note 22: Housing Fund** CONTINUED

**STATEMENT OF CASH FLOWS—HOUSING FUND**  
for the year ended 30 June 2006

CORPORATION ONLY

	Notes	2006 \$'000	2005 \$'000
<b>OPERATING ACTIVITIES</b>			
Cash received			
Appropriation		–	–
Interest		20,042	748
Other		1,334	589
<b>Total cash received</b>		<b>21,376</b>	1,337
<b>Cash used</b>			
Suppliers		–	–
Grants		–	–
<b>Total cash used</b>		<b>–</b>	–
<b>Net cash from (used by) operating activities</b>	22E	<b>21,376</b>	1,337
<b>INVESTING ACTIVITIES</b>			
Cash received			
Repayments of loans made		71,066	18,435
<b>Total cash received</b>		<b>71,066</b>	18,435
<b>Cash used</b>			
Loans made		(116,751)	(30,530)
<b>Total cash used</b>		<b>(116,751)</b>	(30,530)
<b>Net cash from (used by) investing activities</b>		<b>(45,685)</b>	(12,095)
<b>FINANCING ACTIVITIES</b>			
Cash received			
Transfers from general fund		4,417	–
Transfers contributed equity (MOG changes)		–	53,028
<b>Total cash received</b>		<b>4,417</b>	53,028
<b>Net increase (decrease) in cash held</b>		<b>(19,892)</b>	42,270
Cash at beginning of reporting period		42,270	–
<b>Cash at the end of the reporting period</b>		<b>22,378</b>	42,270

The above statements should be read with the accompanying notes.

**Note 22: Housing Fund** CONTINUED

NOTES TO THE ABOVE HOUSING FUND STATEMENTS

CORPORATION ONLY

	2006 \$'000	2005 \$'000
<b>NOTE 22A: INTEREST REVENUE</b>		
Interest on bank account	1,334	592
Interest on housing loans	20,042	4,954
<b>Total interest revenue</b>	<b>21,376</b>	<b>5,546</b>
<b>NOTE 22B: WRITE-DOWN OF ASSETS</b>		
Financial assets		
Loans fair value adjustment	(18,604)	504
<b>Total write-down of assets</b>	<b>(18,604)</b>	<b>504</b>
<b>NOTE 22C: CASH</b>		
Cash at bank and on hand	20,781	34,557
Cash at agents	1,598	7,713
<b>Total cash</b>	<b>22,379</b>	<b>42,270</b>
<b>NOTE 22D: RECEIVABLES</b>		
Trade debtors	1,000	–
Other debtors	1,396	5,814
<b>Total trade debtors</b>	<b>2,396</b>	<b>5,814</b>
Loans housing fund only		
At cost—opening balance	366,398	368,168
Less: AEIFRS Transition Adjustment—net loss on designation at fair value through profit and loss*	(65,182)	–
Add: Net movement in loans cost**	45,954	–
Less: Allowance for doubtful debts	–	(1,771)
Less: Net loss on re-measurement at fair value through profit and loss***	(18,558)	–
Less: Impairment movement through profit and loss	(46)	–
<b>At fair value/cost—closing balance*</b>	<b>328,566</b>	<b>366,397</b>
Current loans receivable	29,371	28,540
Non-current loans receivable	299,195	337,857
	<b>328,566</b>	<b>366,397</b>



**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2006

**Note 22: Housing Fund** CONTINUED

<b>NOTE 22E: RECONCILIATION OF NET SURPLUS TO NET CASH FROM OPERATING ACTIVITIES</b>	<b>CORPORATION ONLY</b>	
	<b>2006 \$'000</b>	<b>2005 \$'000</b>
Net surplus	<b>4,042</b>	5,084
Write down of assets	-	505
Loans fair value adjustment	<b>18,558</b>	(4,954)
<b>Changes in assets and liabilities</b>		
(Increase)/decrease in receivables	<b>(1,224)</b>	155
Increase/(decrease) in suppliers	-	547
<b>Net cash from operating activities</b>	<b>21,376</b>	1,337

\* On adoption of AEIFRS, the consolidated entity elected to designate the housing fund loans at fair value through profit and loss. This was done at the AEIFRS transition date of 1 July 2005. It required the consolidated entity to fair value the loans at the AEIFRS transition date and recognise the fair value adjustment through retained earnings. The net loss on designation at fair value through profit and loss comprises \$65,182 due to loans being carried at below market interest rates.

\*\* Net loans movement at cost represents the net effect of loan repayments received, new loans made and interest accrued.

\*\*\*All new loans granted during the year were recognised at fair value at initial recognition. Since the consolidated entity designated the new loans at fair value through profit and loss, these loans continue to be recognised at their fair value. Any adjustment to the cost value at initial recognition and change in the fair value subsequent to initial recognition was recognised in the profit and loss account. The \$18,558 net loss comprises the initial recognition of new loans in the period, and re-measurement at fair value of existing loans as at 30 June 2006 through profit and loss, due to loans being carried at below market interest rates.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

for the year ended 30 June 2006

**Note 23: Restructuring**

As a result of Machinery of Government changes, resulting from the passage of legislation on the 23rd of March 2005, IBA assumed responsibility for the delivery of two programmes as of that date, being Home Ownership and Business Development and Assistance.

These formerly resided in ATSIC, ATSIIS and DEWR.

In respect of functions assumed, the net book values of assets and liabilities transferred to IBA for no consideration and recognised at the date of transfer were:

	<b>2006</b>	2005
	<b>\$'000</b>	\$'000
<b>Business Development and Assistance Programme</b>		
Former ATSIC business loans	–	64,186
Former DEWR BDP loans	–	6,950
- Less provision	–	(29,657)
Cash—Loans capital transferred from DEWR	–	20,113
Cash—Departmental appropriation transferred from DEWR	–	12,752
<b>Total transferred</b>	<b>–</b>	<b>74,344</b>
<b>Home Ownership Programme</b>		
Former ATSIC housing loans balances	–	356,017
- Less provision	–	(1,733)
Cash at bank Westpac	–	44,838
Cash at agent housing	–	8,191
Cash—Departmental appropriation transferred from ATSIIS	–	2,600
Receivables and prepayments	–	2,084
<b>Total transferred</b>	<b>–</b>	<b>411,997</b>
<b>Property, plant &amp; equipment</b>	<b>–</b>	<b>3,313</b>
<b>Liabilities assumed</b>		
Staff leave liabilities		
- Long service leave	–	(1,087)
- Annual leave	–	(827)
<b>Total transferred</b>	<b>–</b>	<b>(1,913)</b>
<b>Net assets transferred</b>	<b>–</b>	<b>487,741</b>



*The Top End*

PHOTO *Indigenous Business Australia*





## APPENDIXES



## APPENDIX A

### *Description of IBA investments*

#### *Australian Capital Territory*

##### **Scarborough House**

Scarborough House, in Canberra, was a vacant 15-storey office complex when Indigenous Business Australia (IBA) purchased it from the Australian Government in 2001. After refurbishment and reconstruction, Scarborough House was ready for occupation in mid-2005, with the official re-opening occurring in September 2005.

The reconstruction increased the net lettable area from 11,000 square metres to 16,777 square metres. The building now contains A-grade office accommodation with a Sustainable Energy Development Authority four-star energy rating. Approximately 98 per cent of the building is leased to a government tenant and the remaining 2 per cent is leased as a cafe on the ground floor.

## *New South Wales*

### **All Hallows**

The main building is situated on Lloyds Road in Bathurst. The property was donated to the Aboriginal Development Commission in 1984, by way of deed of trust, for use as Indigenous student accommodation. The original two-storey structure dates from the 1880s. A western wing was added in the 1930s.

The main building was operated as a student hostel in the 1990s, but has been vacant for the past seven years. Recent additions to the 4.5 hectare property include a three-bedroom house and a childcare centre. The childcare centre, house and west wing are currently leased.

This asset was transferred from the Aboriginal and Torres Strait Islander Commission (ATSIC) in March 2005. IBA is continuing to investigate the most viable long-term future for the property.

### **Blighty dairy farm**

In March 2005, this asset was transferred from ATSIC. The farm, in south-western New South Wales, comprises 460 hectares of high-quality irrigable land able to carry up to 800 head of cattle.

During 2005–06 IBA, as mortgagee in possession of this asset, arranged for the property to be leased for five years to an experienced dairy operator. The farm has undergone capital improvements and the lease is now generating an industry rate of return for IBA.

### **Brewarrina Fisheries Motel and Brewarrina Dormitory**

IBA has two separate properties in the township of Brewarrina—Brewarrina Fisheries Motel and Brewarrina Dormitory. The motel is approximately 35 years old; it is currently closed and in a poor state of repair. The dormitory was built in 2001 through an ATSIC grant but has never been used. The dormitory is in good condition considering it has been vacant for five years. IBA is in the process of accessing commercially viable options for both properties. This asset was transferred from ATSIC in March 2005.

### **Cummeragunga farm**

In March 2005, this asset was transferred from ATSIC. The property is located in Barmah, on the Murray River. The property comprises 398 hectares of freehold land. The Yorta Yorta Community Development Employment Project currently leases 4 hectares with the intent to service a timber contract.

## Hunter Economic Zone Trust

The Hunter Economic Zone (HEZ) is a 448.5 hectare parcel of land situated approximately 30 kilometres west of Newcastle.

The land is being developed into a large-scale business estate. The project is designed to exploit the chronic shortage of industrial land in greater Sydney and the consequent very high prices for whatever land is available. The project includes industrial, business and residential developments.

The trust was established in July 2003 and includes IBA, Westpac Banking Corporation, Valad Property Group and Hardie Holdings Ltd. Hardie Holdings Ltd, a privately owned property development company, manages the HEZ project.

IBA is negotiating the sale of its equity in this venture. Settlement is expected in October 2006.

## Mungo Lodge

Mungo Lodge is 100 per cent owned by IBA and was purchased in October 2003. The lodge is situated adjacent to Mungo National Park, within the World Heritage listed Willandra Lakes Region. The region was granted World Heritage Listing in 1981 in recognition of its Aboriginal heritage, archaeological values and natural landscape.

Facilities include 16 cabins, two self-contained cottages, a licensed restaurant, an all-weather airstrip and a tour operator. IBA is currently conducting a marketing review of the lodge to ascertain which markets should be targeted and to define what future investment in the lodge would be needed to tap into those markets.

## Port Botany Transfer Station

The Port Botany Transfer Station is the receiving station for non-organic waste from eastern and southern Sydney and the city's central business district. The waste is brought in by local councils and other customers, compacted at Port Botany, and transferred to trucks for hauling to landfill.

The transfer station is managed by Collex Pty Ltd, one of Australia's largest waste management companies. IBA and Collex each own 50 per cent equity in the business.

In 2005–06, the operation processed 110,000 tonnes of waste and employed seven staff, including two Indigenous people, as plant operators. Port Botany has an affirmative action policy for Indigenous employment.

## Willow Bend Sports Complex

This complex, located in Condobolin, comprises a sports centre and adjacent bitumen car park. The centre has a large open area (the size of two netball courts) as well as a canteen and gymnasium facilities. The complex is currently leased by the New South Wales Department of Education.

This asset was transferred from ATSIC in March 2005. IBA is continuing to investigate the most viable long-term future for the property.



*Aerial photo of the Gagudju Crocodile Holiday Inn*

PHOTO Gagudju Crocodile Holiday Inn

## *Northern Territory*

### **Carpentaria Shipping Services**

Carpentaria Shipping Services is a joint venture between Mawa Riinbi Pty Ltd (32 per cent), representing the four language groups in the Borroloola region; IBA (18 per cent); and P&O Maritime Services (50 per cent). Since commencing operations, Mawa Riinbi has used profit distributions to purchase some of IBA's equity. Initially holding 25 per cent, Mawa Riinbi has steadily increased this stake to its current equity position.

The business ships zinc and lead concentrate from the McArthur River Mine, barging it from the port of Bing Bong, on the Gulf of Carpentaria, to ships anchored 30 kilometres offshore. The company shipped 340,000 tonnes during 2005–06.

### **Gagudju Crocodile Holiday Inn**

The Gagudju Crocodile Holiday Inn is a four-star rated hotel located at Jabiru, within the World Heritage listed Kakadu National Park, 2.5 hours drive from Darwin. The hotel is designed in the shape of a crocodile. Facilities include 110 guest rooms, two function rooms, a restaurant, a cocktail bar, an art gallery, a swimming pool and a gift shop.

IBA holds 70 per cent equity and Gagudju Association (which represents the 10 Indigenous clan groups located at Kakadu) holds the other 30 per cent.

In 2005–06, the local Indigenous Employment Programme was expanded to include three intakes. Four Indigenous trainees gained a Certificate II in Tour Guiding and another 11 Indigenous trainees gained a Certificate I or a Certificate II in Hospitality. Eleven of the graduates are employed at the hotel or at nearby Gagudju Lodge Coinda.



## Gagudju Lodge Cooinda

Gagudju Lodge Cooinda (Cooinda) is located at the southern end of Kakadu National Park and operates Yellow Water Cruises. Other services offered include 48 lodge rooms, 34 budget rooms, 400 powered and non-powered camping sites, two swimming pools, a general store, a bar and bistro, Mimi restaurant, petrol facilities and Gorge and Waterfall tours. Cooinda also operates the Warradjan Cultural Centre.

Cooinda is jointly owned by IBA (70 per cent) and the Gagudju Association (30 per cent). In June 2005, Cooinda completed an expansive capital works programme, including an extension to and sealing of the existing car park and the completion of a ring road. The capital works programme also included a new 20-metre billabong-shaped swimming pool (complete with rock features and waterfall), ablutions, tropical gardens and barbecue facilities. The facilities building, including kitchens, ablutions, storage and dining areas, was also completely renovated.

## Government Centre–Katherine

This commercial property comprises an office building with ground and upper-level office accommodation. The building is centrally located within the township of Katherine, approximately 300 kilometres south of Darwin.

IBA purchased the building in June 2000. The building has a net lettable area of 4,547 square metres and the property also has a 124-vehicle parking lot. The property is fully leased to the Northern Territory Government in a long-term arrangement.

When Katherine Town Centre was flooded during April 2006, the Government Centre escaped damage.

Negotiations are underway with a local Indigenous group for a partial sale of IBA's equity in this building. An in-principle agreement has also been made with the Northern Territory Government to further extend its long lease. This agreement will assist the local Indigenous group to obtain IBA loan funding for the purchase of equity. The Northern Territory Government is also seeking assurances that a comprehensive programme of works, spanning the next 10 years, will be put in place before the existing lease is formally extended.



*Carpentaria Shipping Services*

PHOTO *Indigenous Business Australia*

## **Kings Canyon Resort**

This sensitively designed resort is located off the main highway running between Uluru and Alice Springs, 7 kilometres from Watarrka National Park, home of Kings Canyon.

Designed to blend in with the environment, the resort offers guests 36 deluxe spa rooms, 96 range-view rooms, 36 budget lodge rooms and a camping ground. Other services include two swimming pools, a petrol station, two restaurants, and a bar and bistro.

IBA holds 17.23 per cent equity in the Resort; Centrecorp Aboriginal Investment Corporation and Ngurratjura/Pmara Ntjarra Aboriginal Corporation hold 32.67 per cent and 2.91 per cent, respectively; Sitzler Bros (Darwin) Pty Ltd holds 1.15 per cent; and the remaining equity is held by Voyagers.

## **National Indigenous Fishing Trust—mud crab licence**

The Indigenous Fishing Trust was initially conceived as a cooperative activity between IBA and ATSIC. The aim of the trust is to acquire and hold individual transferable quotas and associated licences for the benefit of present and future generations of Indigenous Australians wishing to enter the fishing industry.

A Northern Territory mud-crab licence was purchased in 2005, with negotiations well advanced to lease this licence to a local Indigenous fisher.

## **Outback Stores Pty Ltd**

The Outback Stores company was incorporated as the vehicle to implement the 2006–07 Budget initiative. This initiative aims to develop and introduce a new approach to improving the performance and profitability of community stores.

# *Queensland*

## **Australian Diatomaceous Earth Joint Venture**

This joint venture aims to mine freshwater deposits of diatomaceous earth at Greenvale, in Far North Queensland, for use as a filter in beer, wine and soft-drink making. Domestic breweries and other drink makers currently use diatomaceous earth imported from the United States of America.

The joint venture is a partnership between IBA, which has a 20 per cent stake and another 20 per cent option, and Australian Diatomaceous Earth Pty Ltd.

In 2003–04, the joint venture concluded negotiations for an Indigenous Land Use Agreement (ILUA) with the Gugu Badhun group, which also has a native title claim over

the tenements. Under the ILUA, members of the Indigenous group will be offered employment and ancillary business opportunities, such as provision of environmental services (for example, seed and nut collection, plant propagation and rehabilitation work). The native title group will also have an option to buy equity in this venture from IBA.

## Centrum Insurance

IBA acquired Centrum Insurance Brokers Pty Ltd (Centrum) from ATSIIC, which funded the original purchase in 2003. Centrum also owned 51 per cent of Northern Insurance Brokers, which it sold in July 2005. Centrum has agreed to purchase an additional insurance agency on 1 July 2006 and will also retain the principal's services for the next two years. Centrum's head office is in Brisbane.

Centrum is continuing to investigate the creation of an Indigenous insurance facility that will enable Indigenous groups, such as land councils, community development employment projects and housing organisations, to obtain insurance at competitive prices, but without the overly stringent conditions that some insurance companies have forced upon these Indigenous groups in the past.

## Foxleigh coal mine

Foxleigh is a joint venture between CAML Resources Pty Ltd (60.0 per cent), ICRA Foxleigh Pty Ltd (20.6 per cent), IBA (16.4 per cent) and Lake Lindsay Investments (3.0 per cent). The joint venture holds mining leases for the Foxleigh and Cockatoo Creek sites.

The Foxleigh mine site covers 2,500 hectares and has a 35-year lease, issued in 1999. The Cockatoo Creek site is about one-third the size of the Foxleigh site and has a 22-year lease, issued in 2004. The mine is situated 12 kilometres from Middlemount, in Queensland's Bowen Basin.

During 2005–06, Foxleigh mined approximately 2.2 million tonnes of coal. Currently, it hauls the coal to the German Creek Mine, where it is washed and processed under contract. Foxleigh has constructed its own wash-plant, which is scheduled to be commissioned in early 2006–07. Processing at the nearby German Creek Mine will continue until approximately October 2006.

## Sumner Park

IBA acquired this commercial property in June 2003. It is located in the Sumner Industrial Estate, approximately 14 kilometres south-west of Brisbane's central business district.

The property is currently used for steel fabrication. Infrastructure consists of an office–warehouse building (comprising three attached buildings of various ages and heights). The building and workshop have a net lettable area of 1,572 square metres. The total area of the site is 8,542 square metres.

This property is fully leased to the previous owner, who is currently negotiating a buy-back option.

## Tjapukai Aboriginal Cultural Park

IBA became involved in Tjapukai Aboriginal Cultural Park (Tjapukai) in 1996, when it acquired 19.93 per cent equity in the business. Budadji, representing the local Djabugay people, holds 15.82 per cent; Irukandji, representing the Yirrgandyji people, holds 10.03 per cent; Ngandjin holds 3.57 per cent; and the remaining equity is held by industry partners.

The park allows visitors to experience and gain a greater understanding of the way of life, culture and traditional practices of the rainforest people of tropical Queensland. Tjapukai operates an extensive retail outlet and a 250-seat restaurant.

Tjapukai is one of the largest private employers of Indigenous people in Australia. During 2005–06, Tjapukai employed almost 100 staff, 60 per cent of them Indigenous. The Tjapukai Board comprises three local Indigenous directors who are nominated by their respective communities.

## Warrama

Warrama is a 13.08-hectare property located at Trinity Beach, Cairns. It was developed as a cultural-theme park in the early 1990s and includes a large artificial lake and several other small structures. The theme park venture failed.

The former cultural park included an office building, auditorium, restaurant and small residential dwelling. Most of these buildings have since had their fittings and fixtures removed and several have been vandalised. The local Community Development Employment Project organisation has leased the office building for the past several years.

This asset was transferred from ATSIC in March 2005. IBA is continuing to investigate the most viable long-term future for the property.



*Scarborough House*

PHOTO *Indigenous Business Australia*



*Ngarda Civil & Mining*

PHOTO *Ngarda, Port Hedland*

## *South Australia*

### **CPS Building**

This investment is a modern office building in Adelaide's core office precinct. It was built in 1988 and incorporates a ground floor and 12 upper levels. The net lettable area under the current tenancy configuration is 7,201.5 square metres.

IBA acquired the property in June 2003. The building is subject to a long-term leaseback to CPS Credit Union, which occupies 3,090 square metres over six floors (approximately 43 per cent of the building's net lettable area). The current occupancy rate of this prime site, which is situated adjacent to a council car park, is 100 per cent.

In 2004–05, the building underwent soft refurbishments that included painting of some of the internal common areas and a minor upgrade of the plant room.

Although the building is currently 100 per cent owned by IBA, negotiations to sell some of IBA's equity to a local Indigenous organisation are well advanced.

## *Victoria*

### **National Indigenous Fishing Trust—abalone licence**

The Indigenous Fishing Trust was initially conceived as a cooperative activity between IBA and ATSIC. The aim of the trust is to acquire and hold individual transferable quotas and associated licences for the benefit of present and future generations of Indigenous Australians wishing to enter the fishing industry.

In December 2004, the National Indigenous Fishing Trust acquired its first quota and associated licence. The licence allows for an annual quota of abalone to be fished from the western zone of Victoria, which lies between Apollo Bay and the Victorian–South Australian border.

### **Western Linen Industries**

This venture is a commercial laundry and linen service in Colac. Trading as Egan's Central Laundry (Egan's), the business launders linen for hotels and restaurants along the Great Ocean Road. The business also washes uniforms and overalls for industrial clients, and services the health-care industry, including hospices and aged-care homes. Exposure to the tourism industry results in highly seasonal revenue streams, with the bulk of profits generated between October and March.

IBA bought into the business in January 2000. IBA also helped two Indigenous communities, Framlingham Aboriginal Trust and Wathaurong Aboriginal Cooperative Ltd, secure an ATSIC grant to buy the premises used by Egan's. In August 2002, both Indigenous communities joined the business by buying half of IBA's share (25 per cent of the laundry business) at cost. IBA has negotiated the purchase of the industry partner's 50 per cent share, with the final settlement documents signed in June 2006.

## *Western Australia*

### **Commonwealth Centre**

IBA purchased the Commonwealth Centre in South Hedland in 2000. The building comprises two levels at the rear and a single-level front. It was built in 1980 as a single-storey structure and extended in 1987.

The net lettable area is 2,141.4 square metres and the building stands on 6,384 square metres of land. Along with a number of smaller tenants, the building accommodates the Regional Indigenous Coordination Centre, the local Centrelink office and the state Ministry of Justice. The current occupancy rate is 100 per cent.

Although this investment is wholly owned by IBA, in 2006–07 IBA will continue to negotiate the possible sale of equity to local Indigenous groups.

## Coomanoo Evans Community Centre

The centre, located in Leonora, covers 220 square metres and comprises a meeting room, four offices, a kitchen–dining room, toilet facilities and a reception area. The property also has a transportable caretaker’s cottage of approximately 75 square metres which has two bedrooms, a kitchen, a lounge–dining room, and a bathroom and laundry. The centre is partially occupied by Centrelink and several local organisations.

This asset was transferred from ATSIC in March 2005. IBA is continuing to investigate the most viable long-term future for the property.

## The Crossing Inn

The Crossing Inn was established in 1897 and sits on the bank of the Fitzroy River. The inn is located about three minutes from the Fitzroy Crossing township, which is approximately 400 kilometres south-east of Broome and 250 kilometres south-east of Derby.

IBA became involved in the business in July 2001, with Leedal Pty Ltd and IBA each holding 42.86 per cent equity and the remaining equity held by industry partners.

Facilities include a camping ground, restaurant, art gallery and bar, and 26 motel rooms with air conditioning, tea and coffee facilities, ensuites and balconies overlooking the Fitzroy River.

In 2004, the Western Australian Director of Liquor Licensing commended the inn for its implementation of the most stringent self-imposed restrictions of all hotels operating within the Kimberley.

Negotiations have commenced between Leedal and IBA for Leedal to acquire a significant share of IBA’s interest in the business.

## Fitzroy River Lodge

The Fitzroy River Lodge was established in 1989. IBA became involved in the business in July 2001 through acquisition of a 42.86 per cent equity share. Leedal Pty Ltd represents the local Indigenous interests, and currently owns 42.86 per cent of the investment; the remaining equity is held by industry partners.

The lodge is built in the style of a pastoral homestead and includes 20 hectares fronting the Fitzroy River. The lodge offers travellers 48 motel rooms, two self-contained family units, two river-view suites with spa, 30 safari lodges with ensuites, 110 powered caravan bays and extensive camping sites. Other amenities include a swimming pool, tennis court, two restaurants, two bars and fuel services.

Negotiations have commenced between Leedal and IBA for Leedal to acquire a significant share of IBA’s interest in the business.



### *Monkey Mia Resort*

**PHOTO** *Monkey Mia Resort*

## **Goldfields Building**

IBA, together with the Perth Noongar Foundation (PNF) and the Noongar Country Economic Foundation (NCEF), purchased this property in November 2002.

The equity interests of the parties were determined by the initial capital contributions; IBA holds 66.25 per cent, PNF 21.25 per cent and NCEF 12.50 per cent. Over time, surplus rental income will be applied by the Indigenous partners to facilitate a gradual buy-out of IBA's equity in the joint venture.

The building is a modern office development over five levels, and includes 94 undercover car-parking bays. The building is widely considered to be a landmark in the West Perth locality and consists of a mezzanine ground floor with lobby and three upper levels of office accommodation. It was built in 1990 and has a net lettable area of 4,054.9 square metres.

At 30 June 2006, the building occupancy rate was 100 per cent.

## **Homestead Centre**

IBA purchased this retail and office complex in March 1993, in association with the Port Hedland Regional Aboriginal Corporation (PHRAC). The Homestead Centre is operated as a body corporate and caters for 13 tenancies over 1,441 square metres. Australia Post owns one of these tenancies.

At present, the equity share in this joint venture is IBA 70 per cent and PHRAC 30 per cent. The investment has been affected by the general downturn in the South Hedland economy, but continues to provide an income to the joint venture. As at 30 June 2006, the occupancy rate was 81 per cent.



## **IBA Building, Kalgoorlie**

In 2003, IBA acquired this building, in a semi-completed state, from the administrator of the Goldfields Medical Fund. In early 2004, the building was completed to meet the requirements of the Australian Government tenant's standards.

The two-storey building has 652.25 square metres on the ground floor and 231.25 square metres on the upper level, giving the building a net lettable area of 883.5 square metres. The land component is 2,731 square metres. The building has office facilities on the ground floor and conference, office and library facilities on the upper level.

The building, which is 100 per cent owned by IBA, currently houses the local Indigenous Coordination Centre and is subject to a 10-year lease.

## **Monkey Mia Dolphin Resort**

In May 2002, IBA and the Yadgalah Corporation collectively acquired 50 per cent of the resort, which is located on the Peron Peninsula, a section of World Heritage listed coastline 850 kilometres north of Perth. In December 2005, Monkey Mia Dolphin Investments sold its 50 per cent equity holding in the resort to the publicly listed Aspen Group. IBA holds 27 per cent equity and Yadgalah 23 per cent.

Monkey Mia is renowned for a pod of visiting dolphins, while the region is widely acclaimed for its significant ecological and biological interest. The resort offers visitors eight beachfront villas, 52 garden villas and 24 beachfront rooms, as well as budget accommodation. Other amenities include a mini supermarket, a tennis court, a swimming pool, a spa pool, powered caravan bays, camping sites and a 100-person restaurant and cafe with bar.

## **Ngarda Civil and Mining**

Ngarda Civil and Mining (Ngarda) is a contract mining business based in Port Hedland, in the Pilbara. As at 30 June 2006, approximately 59 per cent of Ngarda's staff were Indigenous, an employment ratio not seen elsewhere in the mining sector. Ngarda targets an Indigenous employment ratio of more than 50 per cent.

Ngarda is owned by Leightons Contractors Pty Ltd (50 per cent), with IBA and the Ngarda Ngarli Yarndu Foundation each owning 25 per cent.

The previous industry partner, Henry Walker Eltin (HWE), went into voluntary administration in January 2005. HWE's interest in Ngarda was sold to Leightons on 28 February 2006, which alleviated many of the problems associated with HWE's wind-up. Ngarda is currently updating its business plan with a view to consolidating and growing its operations in the Pilbara.

## APPENDIX B

### *Consultants engaged in 2005–06*



Vendor name	Purpose of consultancy	Amount \$
Access Business Consultants Pty Ltd	Business support	11,413
Accomplice Group	Business support	8,520
Acteum Management Group Pty Ltd	Business support	59,009
Admin Advantage	Business support	17,616
Alitek Consulting	Business support	3,600
Ambrose NT Pty Ltd	Business support	22,500
Anthony M Lee & Associates	Business support	10,369
Armstrong Muller Consulting	Surveying for project	81,209
Arndell Surveying Pty Ltd	Surveying for project	2,200
Arnhemland Progress Association	Business support	2,500
Ashby & Co	Business support	13,430
Auslink Pty Ltd	Business support	4,773
BDA Marketing Planning Pty Ltd	Marketing research and evaluations	50,000
BDO Consultants (WA) Pty Ltd	Business support	89,882
Behre Dolbear Australia	Business support	13,520

CONTINUED OVER PAGE

Vendor name	Purpose of consultancy	Amount \$
Belmores Pty Ltd	Business support	16,520
BizIsUs Pty Ltd	Business support	19,351
Black Business Consultancy	Business support	26,850
BTEQ Pty Ltd	Business support	5,000
Business Mapping Solutions Pty Ltd	Business support	3,378
GR Langford & CD Thornton	Business support	2,159
Centre for Business Success Pty Ltd	Business support	4,887
Contact First Pty Ltd	Business support	22,508
Courage Partners	Review of program delivery	34,067
CSi Remuneration Specialists	Human resources services	11,000
D J Troiano	Business support	3,300
D'Arcy Consulting Group Pty Ltd	Training	6,862
Darebin Enterprise Centre	Business support	32,640
Datab Pty Ltd	Human resources services	7,500
Davidson Wilson Solutions Pty Ltd	Industrial relations	42,852
Davis Consultancies Pty Ltd	Business support	4,954
Deloitte Growth Solutions Pty Ltd	Business support	15,900
Deloitte Touche Tohmatsu	Business services	383,049
Enmark Pty Ltd	Business support	128,032
Enterprise Development Centre Inc.	Business support	4,450
Farmanco	Business support	3,430
First Australians Business	Business support	374,696
Future Profits	Business support	4,230
Future Solutions Australia	Business support	146,116
George Ranger	Business support	1,030
Glen Barker	Property maintenance	1,510
Grahame Brook & Co Pty Ltd	Business support	3,148
Grant Thornton Chartered Accountant	Business support	43,650
Harlequin Business and Training Consultants	Business support	142,414
Hooykaas Lawry Valjan	Business advisory and review	1,170

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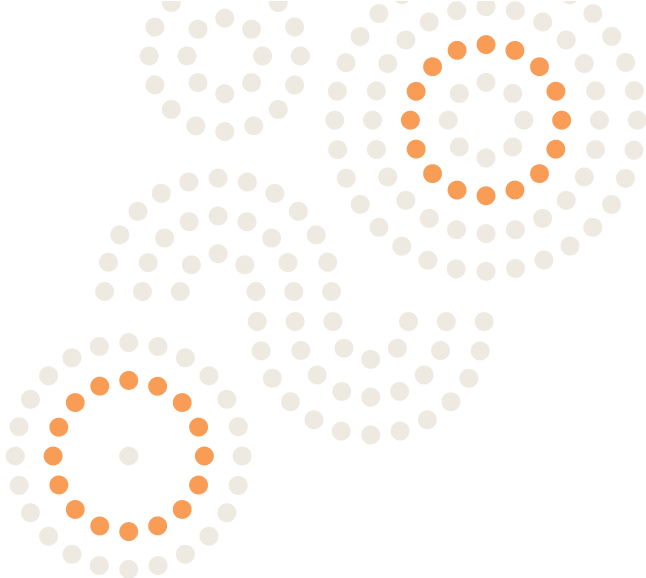
<b>Vendor name</b>	<b>Purpose of consultancy</b>	<b>Amount \$</b>
Hunter Region	Business support	3,706
IMS Pty Ltd	Business support	38,010
Incite Management Group Pty Ltd	Business support	79,179
Indigenous Development Group Pty Ltd	Business support	34,645
Indigenous Employment Specialists	Business support	1,582
Innovation & Business Skills Australia	Business support	554
Island Training Tasmania Pty Ltd	Business support	4,235
Jackson Grace Enterprises Pty Ltd	Business support	1,250
James Family Trust	Business support	1,250
Jayne Sunbird Enterprises	Business support	62,668
Jessup & Partners	Business support	1,740
Johnston Withers & Assoc Pty Ltd	Business support	1,475
Just About Business	Business services	5,198
Karratha Youth Housing Project Inc.	Business services	5,000
Kearney & Crowe	Business services	1,500
Kimberley Economic Development Services	Business services	141,603
KL Knock & Associates	Business services	11,385
Kuckreja	Business services	473
Kullarri Indigenous Womens Aboriginal Corporation	Business services	2,385
Luke Trevor	Administrative assistance	19,768
Maclennan Morley Gubbins	Business support	2,500
Mamabulanjin Aboriginal Corporation	Business support	8,007
Merit Partners	Business support	104,551
MLCS Corporate Pty Ltd	Business support	179,888
Mogg Osborne & Co	Business support	540
Mountney Pty Ltd	Business support	22,736
Murraylands Regional Development Board	Business support	1,540
Niche Strategies Pty Ltd	Communications and branding	66,300
Norrish & Associates	Business support	11,913
Northern Regional Development Board	Business support	8,935

CONTINUED OVER PAGE

Vendor name	Purpose of consultancy	Amount \$
Owen Cole	Administrative assistance	1,500
Panda Consulting Pty Ltd	Business assessment	51,290
Peter D Wilson	Business analysis	75,143
Peter Sinclair McIntyre	Business support	12,400
Phillip Camens	Business support	15,691
Pitcher Partners	Financial assessment	12,370
Price Louvel	Business support	1,399
Prosperity	Business support	23,578
Quality Management Solutions	Industrial relations	16,280
Rasme Prior Consultancy Services	Business support	1,000
Red Ochre Consulting	Business support	2,000
Remote Rural Resources Pty Ltd	Business services	143,324
Result's Training Group Pty Ltd	Business support	468
Rex Piastrri & Russell Guppy	Business support	4,200
Robert Sutherland	Business support	39,475
Ron Flavel Business Advisers	Business support	12,788
RSM Bird Cameron	Business support	19,000
Rural Management Partners	Business support	69,166
Rural Solutions SA	Business support	64,012
Secure Vote	Human resources services	5,077
SED Consulting	Business support	51,310
Senatore Brennan Rashid	Business support	2,132
SGS Economic & Planning	Regional economic research pilot	87,776
Shelston IP	Business support	5,500
Small Business Development Service Pty Ltd	Business support	21,493
Something Ventured Pty Ltd	Business support	11,087
Spearpoints Corporation Pty Ltd	Business advisory and review	4,238
Spectrum Survey & Mapping	Business advisory and review	1,890
Starfish Business Solutions	Business services	103,815

CONTINUED OVER PAGE

<b>Vendor name</b>	<b>Purpose of consultancy</b>	<b>Amount \$</b>
The Illawarra Itec Ltd	Business support	2,761
TLE North Pty Ltd	Business support	56,653
Tony Varnes	Business support	2,500
Uptuyu	Business support	13,690
Verve Group	Business support	6,039
Walker Reid	Business support	25,103
Wendy Davidson Enterprises Pty Ltd	Business support	19,352
WHK Thomsons	Business support	4,264
Wilde & Woollard	Project management	20,100
WordsWorth Writing	Administrative services	4,545
Paul Wright	Business analysis	71,028
Wrights Chartered Accountants	Business support	1,080
Yael Katz Consulting	Business support	86,907
Yaran Business Services Pty Ltd	Business support	2,950
<b>Total 2005-06</b>		<b>3,869,082</b>



## APPENDIX C

### *Glossary and abbreviations list*

AEIFRS	Australian Equivalents to International Financial Reporting Standards
ATSIAC	Aboriginal and Torres Strait Islander Commission
CAC Act	<i>Commonwealth Authorities and Companies Act 1997</i>
CAS	Compliance and Support Unit
Centrum	Centrum Insurance Brokers Pty Ltd
CGSBEC	Central Great Southern Business Enterprise Centre
Community Homes	IBA's Home Ownership on Indigenous Land Programme
Cooinda	Gagudju Lodge Cooinda
DEWR	Department of Employment and Workplace Relations
EDI	economic development initiative
Egan's	Egan's Central Laundry
FAB	First Australians Business
FaCSIA	Department of Families, Community Services and Indigenous Affairs

HEZ	Hunter Economic Zone
HWE	Henry Walker Eltin
IBA	Indigenous Business Australia
IBA Enterprises	IBA's Business Development and Assistance Programme
IBA Homes	IBA's Home Ownership Programme
IBA Investments	IBA's Equity and Investments Programme
IBA Partnerships	IBA's Policy and Liaison Units and IBA's Home Ownership on Indigenous Land Programme (also known as Community Homes)
IBSA	Innovation and Business Skills Australia
ILUA	Indigenous Land Use Agreement
Kakadu	Kakadu National Park
MOG	machinery of government
NCEF	Noongar Country Economic Foundation
Ngarda	Ngarda Civil and Mining
OH&S	occupational health and safety
outcomes and outputs structure	This structure reflects an agency's business and enables sound performance reporting to parliament. Outcomes are the results, impacts or consequences of actions by the Australian Government on the Australian community. Outputs contribute to outcomes. They are the goods or services produced by agencies on behalf of the government and are specified by price, quantity and quality.
PHRAC	Port Hedland Regional Aboriginal Corporation
PNF	Perth Noongar Foundation
PSP	preferred service provider
CGSBEC	Central Great Southern Business Enterprise Centre
YAA	Young Achievement Australia







## INDEXES



## COMPLIANCE INDEX

Requirement	Reference	Pages
Advertising and market research	CAC Orders 2005, subclause 17(2), ref <i>Commonwealth Electoral Act 1918</i> , section 311A	Not applicable
Audit Committee	CAC Orders 2005, subclause 15(2)	51–52
Certification	CAC Orders 2005, clause 4	iii
Clear links between outcomes, strategies for achieving those outcomes and the principal outputs	CAC Orders 2005, subclause 10(2)(b)	14–44
Commonwealth Disability Strategy	CAC Orders 2005, clause 18	61
Consultants engaged	<i>Aboriginal and Torres Strait Islander Act 2005</i> , section 18	58, 139
Directors	CAC Orders 2005, clause 14	48–53
Ecologically sustainable development and environmental performance	CAC Orders 2005, subclause 17(2), ref <i>Environment Protection and Biodiversity Conservation Act 1999</i> , section 516A	58
Effects of ministerial directions and notification of general policies of the government	CAC Orders 2005, clause 12	55
Efficiency and effectiveness of the operations in producing its principal outputs	CAC Orders 2005, subclause 10(2)(a)	14–44

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CAC Act	<i>Commonwealth Authorities and Companies Act 1997</i>
CAC Orders 2005	Commonwealth Authorities and Companies (Report of Operations) Orders 2005
CAC Financials 2005	Commonwealth Authorities and Companies Orders (Financial Statements for periods ended on or after 1 July 2005)

<b>Requirement</b>	<b>Reference</b>	<b>Pages</b>
Enabling legislation, functions and objectives	CAC Orders 2005, clause 8	46
Exemptions to requirements for financial statements	CAC Financials, clause 1D	No exemptions sought
Factors, events or trends influencing performance	CAC Orders 2005, subclause 10(1)(b)	5–6, 64–65
Financial statements	Subclause 1(b) and subclause 2(1) of Schedule 1 to the CAC Act	66–123
Financial statements certification: a statement, signed by the directors	Subclause 2(3) of Schedule 1 to the CAC Act	67
Financial statements certification: Auditor-General's Report	Subclause 1(c) of Schedule 1 to the CAC Act	68
Fraud risk assessment and control	Commonwealth Fraud Control Guidelines 2002	53
Freedom of information	CAC Orders 2005, subclause 17(2), ref <i>Freedom of Information Act 1982</i> , subsection 8(1)	55–56
Indemnities and insurance premiums for officers	CAC Orders 2005, clause 16	53
Judicial decisions and decisions of administrative tribunals that have had, or may have, a significant impact on operations	CAC Orders 2005, clause 11	57
Location of major activities and facilities	CAC Orders 2005, clause 9	54, Inside back cover
Ministerial directions on performance of functions, exercise of powers	CAC Orders 2005, subclause 12(1)(a), ref <i>Aboriginal and Torres Strait Islander Act 2005</i> , sections 151 and 189	55
Ministerial directions regarding reporting	CAC Orders 2005, Subclause 12(1)(a), ref <i>Aboriginal and Torres Strait Islander Act 2005</i> , section 189	55
Occupational health and safety	CAC Orders 2005, subclause 17(2), ref <i>Occupational Health and Safety (Commonwealth Employment) Act 1991</i> , section 74	60
Operational and financial results during the year, including principal outputs, major investing activities, key financial and non-financial activities	CAC Orders 2005, subclause 10(1)(d)	9–11, 16–23, 27–31, 34–39, 43–44
Organisational structure	CAC Orders 2005, clause 9	2, 47

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CAC Act	<i>Commonwealth Authorities and Companies Act 1997</i>
CAC Orders 2005	Commonwealth Authorities and Companies (Report of Operations) Orders 2005
CAC Financials 2005	Commonwealth Authorities and Companies Orders (Financial Statements for periods ended on or after 1 July 2005)

<b>Requirement</b>	<b>Reference</b>	<b>Pages</b>
Reports on the operations of the authority by the Auditor-General, a parliamentary committee or the Commonwealth Ombudsman	CAC Orders 2005, clause 11	56–57
Responsible minister(s)	CAC Orders 2005, subclause 8(b)	46
Review of performance	CAC Orders 2005, subclause 10(1)(a)	4, 9–11
Significant changes in state of affairs or principal activities during the financial year.	CAC Orders 2005, subclause 10(1)(e)	6, 8, 21–22
Significant developments since the end of the financial year	CAC Orders 2005, subclause 10(1)(f)	11
Significant events per s. 15 CAC Act	CAC Orders 2005, subclause 10(1)(c)	11

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CAC Act	<i>Commonwealth Authorities and Companies Act 1997</i>
CAC Orders 2005	Commonwealth Authorities and Companies (Report of Operations) Orders 2005
CAC Financials 2005	Commonwealth Authorities and Companies Orders (Financial Statements for periods ended on or after 1 July 2005)



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