

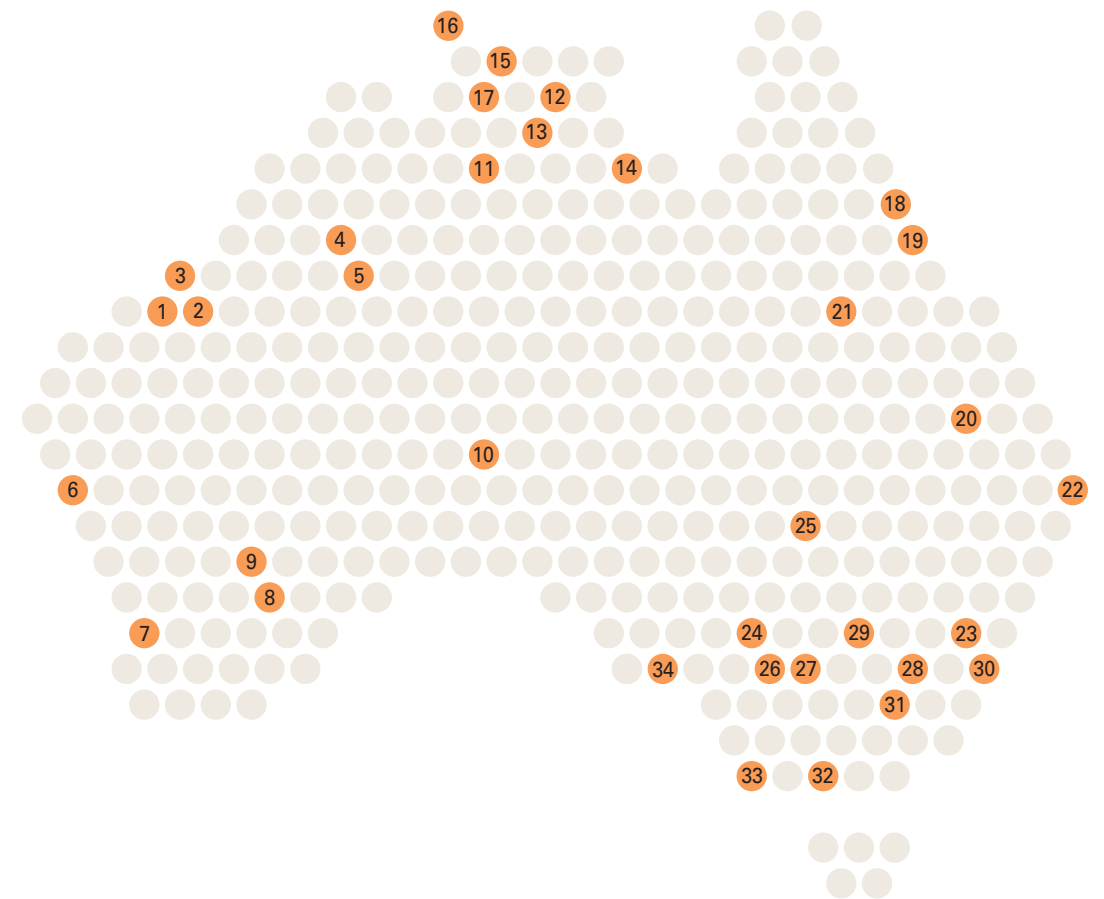


Australian Government  
Indigenous Business Australia

# INDIGENOUS BUSINESS AUSTRALIA ANNUAL REPORT 2006-07

INDIGENOUS BUSINESS AUSTRALIA ANNUAL REPORT 2006-07

## Principal investment sites at 30 June 2007



- |  |   |
|--|---|
| 1 Homestead Centre—South Hedland, WA   | 18 Warrama—Cairns, Qld  |
| 2 Commonwealth Centre—South Hedland, WA  | 19 Tjapukai Aboriginal Cultural Park—Cairns, Qld                                  |
| 3 Ngarda Civil and Mining—Port Hedland, WA                                     | 20 Foxleigh Coal Mine—Middlemount, Qld  |
| 4 Fitzroy River Lodge—Fitzroy River, WA  | 21 Australian Diatomaceous Earth Joint Venture—Greenvale, Qld                     |
| 5 The Crossing Inn—Fitzroy River, WA   | 22 Centrum Insurance—Brisbane, Qld  |
| 6 Monkey Mia Dolphin Resort—Shark Bay, WA                                      | 23 Huntlee Development—Hunter Region, NSW   |
| 7 Goldfields Building—West Perth, WA   | 24 Mungo Lodge—Mungo National Park, NSW   |
| 8 IBA Building—Kalgoorlie, WA  | 25 The Brewarrina Fisheries Motel and the Brewarrina<br>Dormitory—Brewarrina, NSW |
| 9 Coomanoo Evans Community Centre—Leonora, WA                                  | 26 Blighty Dairy Farm—Blighty, NSW  |
| 10 Kings Canyon Resort—Watarrka National Park, NT                              | 27 Cummeragunga Farm—Murray River, Barmah, NSW                                    |
| 11 Government Centre—Katherine, NT   | 28 All Hallows—Bathurst, NSW  |
| 12 Gagudju Crocodile Holiday Inn—Jabiru, NT                                    | 29 Willow Bend Sports Complex—Condobolin, NSW                                     |
| 13 Gagudju Lodge Cooinda and Yellow Water Cruises—<br>Kakadu National Park, NT | 30 Port Botany Transfer Station—Sydney, NSW                                       |
| 14 Carpentaria Shipping Services—Bing Bong, NT                                 | 31 Scarborough House—Woden, ACT   |
| 15 Mud Crab Licence, National Indigenous Fishing Trust—NT                      | 32 Western Linen Industries—Colac, Vic  |
| 16 Cape Don Experience—Cobourg Peninsular, NT                                  | 33 Abalone Licence, National Indigenous Fishing Trust—Vic                         |
| 17 Wildman Wilderness Resort—proposed Mary River<br>National Park, NT          | 34 CPS Building—Adelaide, SA  |

**NOTE** During 2006-07, IBA exited from two of its investments—Sumner Park in Queensland and Hunter Economic Zone in the Hunter Valley.

INDIGENOUS BUSINESS AUSTRALIA ANNUAL REPORT 2006-07

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ISSN 1833-945X

Web address of this report: <http://www.iba.gov.au>

*IBA respects Indigenous cultures and has attempted to ensure that no material that is offensive to Aboriginal and Torres Strait Islander peoples has been included in our annual report.*

Indigenous artwork by Lyndy Delian  
Designed by Designers Wakefield Bevanda  
Edited and indexed by WordsWorth Writing  
Printed by Pirion

#### ABOUT THE ARTIST AND THE ARTWORK

Lyndy Delian is an Aboriginal woman, originally from Victoria, who now lives in the Australian Capital Territory. She is an accomplished visual artist, writer and musician and has seven children. Her art works are held in the collection of the National Museum of Australia, the National Gallery of Australia, the Canberra Institute of Technology, and in numerous private collections. She has been profiled in a book *Black Lives, Rainbow Visions: Indigenous Sitings in the Creative Arts* (1999), and has exhibited widely. She currently teaches in the Indigenous Art and Fashion Course at the Canberra Institute of Technology, and is a founding member of the ACT Indigenous Textile Artists Group.

The work, *Timeless, suspended, continues*, was inspired by the chant 'Always was, always will be, Aboriginal Land' and represents the unbroken line of spirit and survival into an ever-changing future. The three panels are the three verses—a singing of past, present and future—all as one.

- The first panel uses rock for beginnings and foundations.
- The second panel reaches out to include, to seek the new.
- The third panel holds dreams.



#### Always was, always will be, Aboriginal Land

kultja our constant  
our rock  
from beyond time  
hands of time  
for all time

living kultja  
looking looking  
you find im in  
community  
survival, identity

kultja bein country  
clan and ash  
bones and blood  
changing, endless  
ancestors of the future  
born every day



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

23 November 2007

The Hon. Joe Hockey 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 2007.

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 5 October 2007.

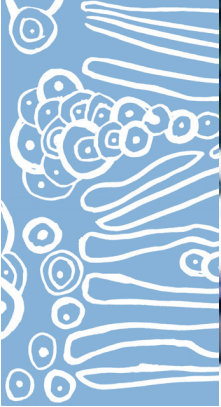
Yours sincerely

**Joseph Elu**  
CHAIRPERSON



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Performance of Sense of  
Kakadu at the Gagudju  
Crocodile Holiday Inn,  
Jabiru, Northern Territory,  
an IBA investment

PHOTO Kakadu Tourism

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## HIGHLIGHTS OF 2006-07

In 2006-07, Indigenous Business Australia:

- acquired investment properties at Wildman River and the Cobourg Peninsula in the Northern Territory, and in the Hunter Valley in New South Wales (page 20)
- sold our interest in the Hunter Economic Zone project, netting a 234 per cent return on our investment (page 17)
- created or supported 1,271 employment opportunities through our investments and small businesses (42 per cent of which were Indigenous) (pages 23 and 44)
- supported four remote Indigenous-owned stores under Outback Stores management, with operational improvements leading to increased turnover and gross profit (page 25)
- enabled a further 1,409 Indigenous Australians (including children) to live in their own homes (page 31)
- helped more than 700 clients with business support, including feasibility studies, business plans, mentoring and one-on-one training in business management (page 44)
- approved 86 small to medium business loans totalling \$21.6 million (page 45)
- created a new branch, IBA Constructions, in response to a growing need for project, construction and facility management to support government policy initiatives in remote and regional Indigenous communities (page 51)
- placed staff in the Indigenous Coordination Centre in Kununurra to meet increased demand for business finance and support in the Kimberley region (page 44)
- hosted the First Nations Economic Opportunities conference in Sydney, which included a youth forum (page 65)
- developed the Reconciliation Action Plan 2006-08 (pages 9 and 39).

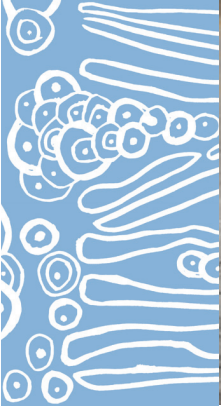


Image from the exhibition 'Reconciliation:  
It's all about us'

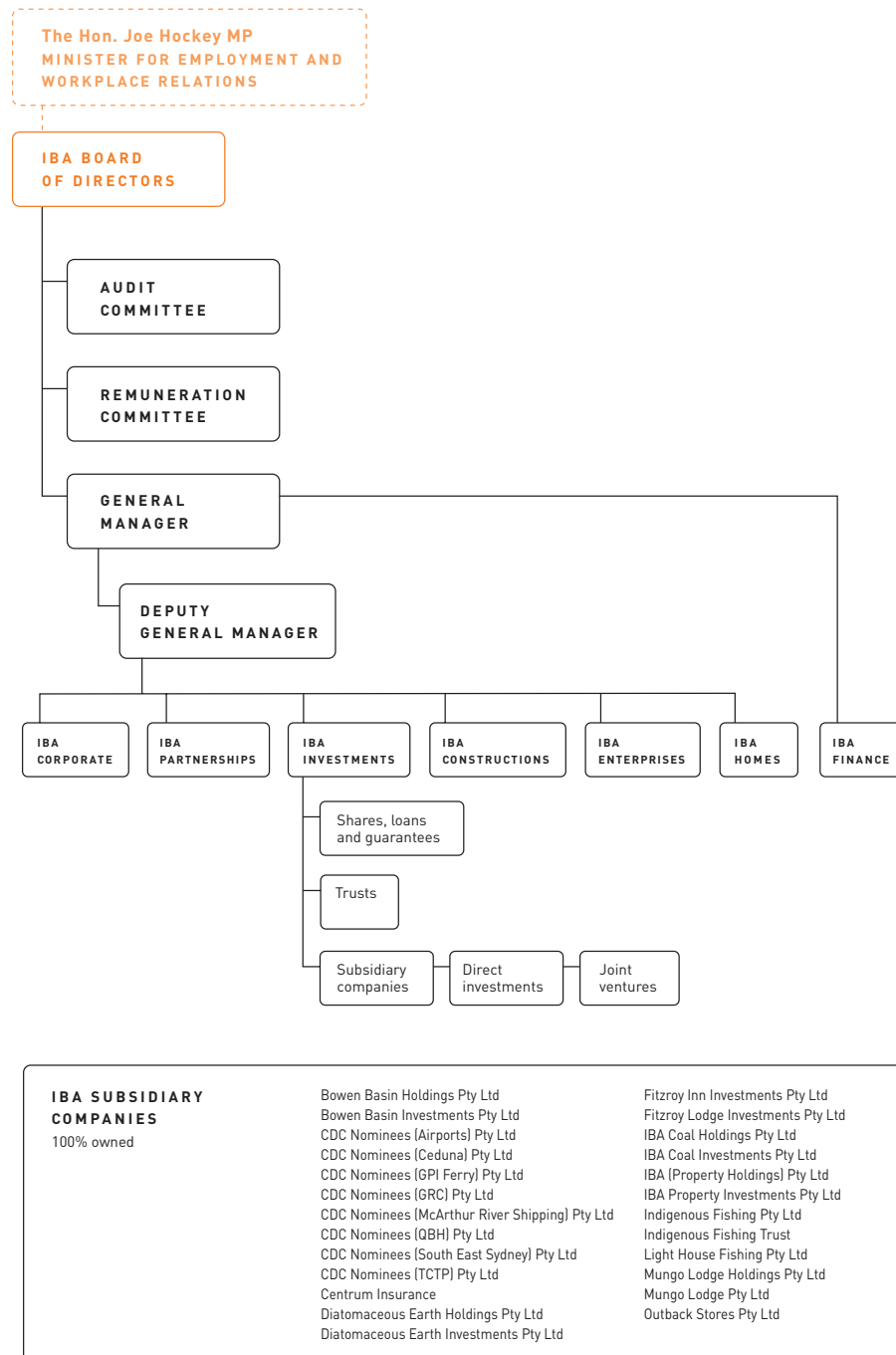
PHOTO Courtesy of Reconciliation Australia

OVERVIEWS

OVERVIEWS



FIGURE 1 Business and governance structure of Indigenous Business Australia as at 30 June 2007



## OVERVIEW OF OUR ORGANISATION

### Who we are

Indigenous Business Australia (IBA) is a statutory authority established by the *Aboriginal and Torres Strait Islander Commission Amendment Act 2001*, which came into effect on 17 April 2001.

IBA is a joint leader of the Australian Government's Indigenous Economic Development Strategy, which aims to support Indigenous Australians to achieve economic independence.

The organisation's reporting and accountability arrangements are set out in the *Commonwealth Authorities and Companies Act 1997*. Figure 1 outlines our business structure.

IBA has a net asset base of around \$720 million. In 2006–07, we earned \$78 million from sales and interest and received \$33 million in appropriations from the Australian Government.

We employ around 200 people, more than a quarter of whom are Indigenous Australians, at our national office in Canberra, in our office in Grafton and in 15 Indigenous Coordination Centres.

Our stakeholders include our clients (past, current and potential), our staff, our Board, Indigenous groups and spokespeople, our industry partners, and various Australian Government and state government agencies.

### What we do

IBA creates opportunities for Aboriginal and Torres Strait Islander people and communities to engage with the wider economy and to build assets and wealth. We:

- help Indigenous Australians buy their own homes, both in the general residential market and in townships on community-titled lands
- enable Indigenous Australians to participate in business through commercial projects and enterprises, including business partnerships with the private sector
- provide continuing support, including financial and economic advice, to Indigenous Australians who are in business

- support Indigenous people's ownership and control of companies and investments that are likely to provide a long-term commercial return and economic self-sufficiency
- work with Indigenous partners for higher economic returns from their assets
- help established Indigenous investment companies grow by sharing information about wealth-creation opportunities with them.

IBA invests directly in business opportunities with Indigenous Australians and organisations, usually through joint venture arrangements involving expert industry partners. We have developed sound commercial partnerships with major players in a range of industries. Our corporate partners include Leighton Contractors Pty Ltd, P&O Maritime Services, Voyages Hotels & Resorts, Veolia Environmental Services and the InterContinental Hotels Group.

*IBA's business model and leadership provides a strong support to the development of local communities utilising a commercial partnership model, with commercial operators recognised in their field of endeavour and clear expectations for all parties.*

**ANDREW KING**, P&O Maritime Services

Depending on the industry and the joint venture partner, we use various business structures. These vehicles include IBA subsidiaries, all of which are incorporated companies registered with the Australian Securities and Investments Commission, as well as unit trusts and partnerships.

By bringing industry and Indigenous communities together as partners, we create local and sustainable businesses and jobs. Our direct investment in these arrangements allows us to provide intensive support to the Indigenous partners, who will eventually buy out our equity.

IBA also plays a major role in the Australian Government's Indigenous Economic Development Strategy. Established programmes, such as the Home Ownership and Business Development and Assistance programmes, help to achieve the asset and wealth creation elements of the strategy. Newer programmes, such as Outback Stores and Home Ownership on Indigenous Land, and our projects to construct new housing and develop business precincts, provide a way to build economies in remote locations.

## Why we do it

We want future Indigenous generations to live in better circumstances than current generations. If Indigenous Australians are to have the same opportunities as other Australians, we need to remove the obstacles that prevent them from creating wealth, accumulating assets and fulfilling their aspirations.

## Asset building

Engagement in the private sector is the soundest way to build a significant asset base, but has historically been difficult for some Indigenous Australians. By brokering and supporting industry partnerships with Indigenous businesses, we grow local economies, bring Indigenous Australians into the mainstream economy and help them accumulate assets for further investment.

### Home ownership

The Indigenous rate of home ownership (36 per cent in 2006) is significantly less than that of non-Indigenous Australians (71 per cent). This inequitable situation has been exacerbated by the market's failure to provide a tailored home loan product for Indigenous Australians. IBA's Home Ownership programme has provided that gap product and has helped more than 12,900 Indigenous families buy homes. This equity base enables them to take part in further financial and commercial activities, and provides a means for the intergenerational transfer of wealth.

### Home ownership on Indigenous land

Historically, Indigenous Australians living on Indigenous land have not been able to buy their homes because their tenure of the property was not secure enough to meet lenders' requirements. This has limited their ability to control their living conditions, improve their long-term economic circumstances and transfer wealth through generations. IBA offers affordable home finance products to meet this need.

### Small and medium businesses

IBA provides Indigenous Australians with planning and mentoring support together with access to tailored business loans to enable them to take part in the mainstream economy through small and medium businesses. Demand continues to grow for this support. In 2006–07, this programme created or supported 283 jobs for Indigenous people.

### Construction activities

IBA's new project, construction and facility management capability will deliver essential infrastructure to communities in an attempt to improve their economic outcomes. We have entered this market to:

- reduce the cost of construction in remote areas
- increase Indigenous participation in the construction of local houses
- create small businesses and self-employment through government outlays for housing.

### How well we do it

Balancing IBA's short-term commercial needs with our long-term vision for Indigenous Australian economic equity is a difficult task. Our success is determined by how astutely we invest and by how well we monitor and manage our investments.

IBA achieved another solid year of performance in 2006–07, delivering opportunities for Indigenous people to participate in the economic life of the nation.

We acquired new investment properties in the Northern Territory, began operating a whale-watching facility on the Great Australian Bight, and signed a joint venture agreement to develop 1,719 hectares in the Hunter Valley. The sale of our interest in the Hunter Economic Zone project netted us a 234 per cent return on our investment.

Our loan portfolio has been growing since March 2005, when we took over the Home Ownership and Business Development and Assistance programmes of the former Aboriginal and Torres Strait Islander Commission. By introducing sound commercial

practices into the administration of these programmes and promoting mainstream economic participation, we have reduced the number of loans in arrears to 0.04 per cent of the loan portfolio balance for the Home Ownership programme and 11.4 per cent for the Business Development and Assistance programme.

Following last year's budget announcements, we are now also delivering home loans for housing on Indigenous land and undertaking construction activities, particularly in the Northern Territory.



#### **OUR VISION**

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



#### **OUR GOALS**

To increase the number of Indigenous Australians successfully engaged in financial and commercial activities

To develop and maintain our professional commercial and public policy expertise and continuously improve on our current high standard of corporate governance and administration

To develop our relationships with the private and public sectors to increase opportunities to improve the economic self-sufficiency of Indigenous peoples



#### **OUR STRATEGIES**

To grow and use our strong asset base, commercial expertise and lending capacity

To develop and offer commercial solutions for sustainable futures



#### **OUR VALUES**

- Integrity
- Commitment
- Accountability
- Transparency
- Equal opportunity
- Professionalism



## CHAIRPERSON'S OVERVIEW

On behalf of the Board, I am pleased to report on IBA's performance for 2006–07 and on a range of broader issues that IBA faced during the year.

### **Another year of success and expansion**

We continued to build the business and pursued growth opportunities that involve and encourage Indigenous Australians to participate in the mainstream economy. We continued to have strong client and industry partner satisfaction, as shown in home ownership surveys and industry partner testimonials.

#### **Asset building**

In 2006–07, we increased our investment portfolio with two new purchases:

- a small fishing venture in the Northern Territory, Cape Don Experience, which we purchased with the local Indigenous clan
- Wildman Wilderness Resort, on the outskirts of Kakadu National Park, which will be developed into an ecotourism lodge.

The Board approved our participation in the Huntlee Development, a joint venture residential, lifestyle, commercial and conservation lands project in the lower Hunter Valley in New South Wales.

Outback Stores set up its headquarters in Darwin in early 2007. It worked closely with participating communities to provide quality food at affordable prices. Under Outback Stores management, the community stores of Imanpa and Ringer Soak, in the Northern Territory, made significant progress towards increased turnover and gross profit, a more extensive grocery range and local Indigenous employment.

The demand for Outback Stores to manage community stores is increasing, as news spreads about the improvements made in the stores already under management. The emphasis at this initial stage is on the development of quality systems and culturally aware staff.

#### **Home ownership**

Our Home Ownership Programme has gone from strength to strength, with 508 new home loans approved in 2006–07. The recently released 2006 census data shows a rise in Indigenous home ownership. The proportion of Indigenous families who own or are paying off their home has increased from 32 per cent in 2001 to 36 per cent



Far left: Youth Forum delegates at IBA's First Nations Conference

Left: A Saibai dancer, from the Torres Strait Islands, at IBA's First Nations Conference

PHOTOS Michael Silver

in 2006. These positive results support IBA's and the Australian Government's recent focus on and investment in Indigenous home ownership. The challenge for IBA, however, is the steady increase in the median price of new and established housing over recent years. With increases in interest rates, the programme's ability to deliver home ownership opportunities to Indigenous Australians is continually being tested. Despite a \$20 million capital injection into the programme (which funded around 90 loans), more than 700 families are still on the IBA waiting list for a home loan.

We have continued to progress the Home Ownership on Indigenous Land 2006 Budget measure. Progress has been slower than expected, and the 30 loans planned for 2006-07 will not be approved until the 2007-08 financial year. The Department of Families, Community Services and Indigenous Affairs continues to lead the land tenure negotiations with all states and territories.

### Small and medium businesses

IBA helped more than 701 applicants to develop commercially viable business proposals and in some cases supported them throughout the course of their business to ensure commercial viability. We made business loans to 86 applicants and financially supported 67 initiatives, such as business development workshops and small business management training. These services created or supported 314 jobs, 90 per cent of which were filled by Indigenous Australians.

### Expanding relationships and knowledge

IBA's business model is heavily dependent on brokering effective partnerships between the private sector, Indigenous groups and government agencies. IBA also played a key role in developing and implementing five bilateral agreements between the Australian Government and state and territory governments.

In July 2006, IBA hosted the First Nations Economic Opportunities Conference. Its purpose was to assist and promote a greater understanding of the challenges facing Indigenous economic development in Australia today. A youth forum, which was run in conjunction with the conference, presented young Indigenous Australians with an opportunity to learn about the challenges they are likely to experience in business and to hear from respected and successful Indigenous business people on how to turn their economic hopes and dreams into reality. I commend my staff for their hard work to create a successful international conference that showcased stories from not only Australia, but also countries such as Canada and New Zealand. The conference highlighted how Indigenous peoples of the world can participate on an equal footing in the mainstream economy.



Far left: IBA staff members at IBA's First Nations Conference

Left: Canadian delegates at the gala dinner held during IBA's First Nations Conference

PHOTOS Michael Silver

In May 2007, IBA prepared a Reconciliation Action Plan in response to Reconciliation Australia's call for a national plan of action to coincide with the 40th anniversary of the 1967 referendum. IBA's Reconciliation Action Plan sets out the specific and measurable commitments that IBA makes to improve economic outcomes for Indigenous people through our business, our people and our products.

Specific performance indicators against these three key areas commit IBA to improving its overall performance, with particular reference to increasing home ownership on Indigenous lands, identifying new industry sectors for potential engagement, attracting and retaining Indigenous staff, and increasing cultural awareness across the organisation. In concentrating on these areas, in which we have experience and have gained results, we are devoting our energy and resources to where we can make a real and lasting difference.

Since the commitments outlined in the Reconciliation Action Plan are closely related to our business, we also expect the success of these initiatives to translate over time into direct business benefits. This will ensure that private sector partners continue to work with us and endorse our investments.

### Research

During the year, IBA commissioned, participated in or supported research to increase the evidence base for Indigenous economic participation.

Home ownership research involved interviews with 60 IBA Homes clients about their attitudes to home ownership. We expect a final report in August 2007.

IBA supported economic development studies in a number of regions, including in the Torres Strait, Galiwinku in the Northern Territory, and in Western Australia, which we hope may lead to the identification of new opportunities in the future.

### New directions

To maintain and build our relationships with key stakeholders nationally, we appointed state coordinators in Western Australia, the Northern Territory and Queensland. These coordinators work with state governments and the private sector to engage in and encourage Indigenous economic development.

We formed a new branch, IBA Constructions, late last year to manage construction work in remote communities. The branch is a commercial venture that relies on contract profits to fund activities.

## Outlook

In 2007–08, we will participate in the reform proposals for remote communities in the Northern Territory. Our involvement will include the following:

- **Outback Stores.** We will expand the Outback Stores initiative to more communities in the Northern Territory to ensure that they have access to healthy, reasonably priced food. Outback Stores acquires stores and upgrades and refurbishes them to meet health and safety standards. It also provides retail training for Indigenous staff.
- **New small businesses.** We will assist communities to identify and establish new small business enterprises following the Government's decision to transition CDEPs to other programmes. A number of these entities can transition into commercially viable private enterprises through our business support products and finance packages.
- **Asset leasing.** We will provide asset leasing for community organisations to purchase new assets and equipment. In the short term, IBA will manage a trust fund for existing and new asset leases. In the longer term, we intend to encourage private sector involvement and asset leasing in remote communities.

We are contributing to the Australian Government's repairs and maintenance efforts for Indigenous housing, and construction of new housing for Australian Government officials.

We are also looking for opportunities to involve new commercial partners in our home ownership and small business lending programmes so that through their expansion we can offer Indigenous Australians more opportunities.

## Conclusion and acknowledgments

I thank the Board, management and staff for their support and efforts throughout 2006–07, which has been a year of very high activity with many successes along the way. I am proud of what we have achieved this year. However, there is much more to strive for and achieve. In the coming years, we will continue to develop and provide commercial solutions to advance Indigenous Australians' economic development and wealth creation.

Our approach to supporting remote Aboriginal communities presents many challenges for us, but we will continue to look for commercial solutions that offer the prospect of jobs, better incomes and participation in the mainstream economy.

I am pleased to say that the private sector has been very supportive of our approach to Indigenous economic development. I expect that we will be calling on it in the next few months to give us even more support as we work to create economic opportunities for remote Aboriginal communities.



A blue ink handwritten signature of Joseph Elu.

**Joseph Elu**  
CHAIRPERSON  
30 June 2007

## 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 under the corporate banner of IBA Homes).

IBA also designs, develops and delivers construction and repairs projects aimed at expanding economic potential and opportunities for Indigenous Australians. These activities are marketed under the corporate banner of IBA Constructions.

Further information on the content of IBA programmes is available in the 'Our 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 2006–07 Portfolio Budget Statements (PBS) of the Department of Employment and Workplace Relations.

IBA Constructions' activities are not set out in the 2006–07 PBS. Funding for those activities is through a funding agreement or other contractual arrangements.

There were no variations between the outputs and performance measures set out in the PBS and the outputs and measures addressed in 'Our performance'.

FIGURE 2 Outcome and output groups, 2006–07

**OUTCOME 1**  
Stimulating the economic advancement of Aboriginal and Torres Strait Islander peoples

TOTAL PRICE<sup>a</sup>: \$110.452m

DEPARTMENTAL OUTPUTS APPROPRIATION: \$32.794m

OUTPUT GROUP 1.1 Equity and investments	OUTPUT GROUP 1.2 Home ownership	OUTPUT GROUP 1.3 Business development and assistance	OUTPUT GROUP 1.4 Home ownership on Indigenous land
TOTAL PRICE: \$45.332m  APPROPRIATION: \$2.556m	TOTAL PRICE: \$31.570m  APPROPRIATION: \$6.456m	TOTAL PRICE: \$28.775m  APPROPRIATION: \$20.874m	TOTAL PRICE: \$4.775m  APPROPRIATION: \$2.908m
PURPOSE: To seek, assess and invest in sound commercial ventures while encouraging and supporting Indigenous participation	PURPOSE: To provide a range of competitive housing loan products to eligible Aboriginal and Torres Strait Islander people	PURPOSE: To provide Indigenous people with a range of products, and assistance, for the development of commercially viable enterprises	PURPOSE: To encourage Aboriginal and Torres Strait Islander peoples to become home owners on community-titled lands
DELIVERED BY: IBA Investments	DELIVERED BY: IBA Homes	DELIVERED BY: IBA Enterprises	DELIVERED BY: IBA Homes
For performance details, see the Asset building section	For performance details, see the Home ownership section	For performance details, see the Small and medium businesses section	For performance details, see the Home ownership section

a Total price is appropriations plus total revenue from other sources, including interest income and dividends.

**Results**

In 2006–07, IBA programmes met or exceeded most PBS targets for quality, quantity and price. For example:

- Output group 1.1 (IBA Investments) exceeded its quantity targets by 35 per cent for projects considered and 13 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.
- Output group 1.3 (IBA Enterprises) received 25 per cent more loan applications and approved 20 per cent more applications than in 2005–06.

- Output group 1.4 (IBA Homes) identified suitable communities to participate in home ownership on Indigenous land, subject to obtaining appropriate land tenure.

However, output group 1.2 was unable to meet the PBS target of issuing more than 75 per cent of home loans to applicants with a combined household income of less than the IBA income amount; it issued 64 per cent of home loans to such applicants. This result was due to the continuing upward trend in the median price of housing, which reduced home loan affordability.

Reduced home loan affordability for low to medium income earners is emerging as a national issue for governments and industry stakeholders. IBA Homes is examining possible means of extending finance assistance to these groups, consistent with its role as a responsible lender.

Details of the targets and results for each output group are in 'Our performance'.

### Developments since the end of the financial year

IBA received additional appropriation funding in 2007–08 as a result of budget decisions in support of the government's response to the national emergency confronting the welfare of Aboriginal children in the Northern Territory. The supplementary appropriations were provided in the Appropriation (Northern Territory National Emergency Response) Bills (Nos. 1 and 2), which received royal assent on 17 August 2007.

The Bills provide IBA with additional funding to expand the Outback Stores initiative to ensure that more Aboriginal communities in the Northern Territory have access to healthy food and that Indigenous staff can be trained for work in the retail industry.

Additional funding for one year will enable IBA to support the transition of a number of Northern Territory Community Development Employment Projects (CDEPs) to commercially viable enterprises by providing business support and finance packages.

Additional funding provided to the Asset Trust will enable IBA to fund the replacement of assets and the purchase of new assets to meet additional demand from CDEPs in the Northern Territory transitioning into businesses.

Mick Davis from the IBA-funded business Davis Starlifter, Warialda, New South Wales

PHOTO iCatching Photography





Staff of Kakadu Adventures, a Northern Territory IBA-funded business

PHOTO iCatching Photography



PERFORMANCE

OUR PERFORMANCE



## ASSET BUILDING



**OUR GOAL:** To seek, assess and invest in sound commercial ventures while encouraging and supporting Indigenous participation

IBA builds assets through IBA Investments, which operates through our Acquisitions and Portfolio Management units. The Acquisitions Unit identifies, develops and assesses potential investment opportunities. The Portfolio Management Unit monitors the financial, strategic and operational performance of IBA Investments' commercial enterprises.

As this area of our operations does not receive annual Australian Government appropriations, we have to generate profits or sell some of our equity and move on to other investments to expand our activities.



Aerial view of Cape Don, an IBA Investment on the Cobourg Peninsula in the Northern Territory

PHOTO Indigenous Business Australia

## SUMMARY

### What we planned to do in 2006–07

- Continue to evaluate several investment proposals from 2005–06, including tourist accommodation, housing and land development, mining, shipping, fishing and construction.
- Evaluate incoming proposals and continue to monitor existing investments.
- Continue to use the deal flow strategy and deal flow management system to make stakeholder relationships and proposal assessments more efficient and effective.
- Build on the solid financial performance of existing commercial enterprises.
- Improve IBA Board equity reporting.
- Support these activities with quality staff training and development.

### What we did in 2006–07

- Received 88 enquiries and proposals for investment opportunities.
- Presented seven investment opportunities to the Board of IBA and monitored the performance of 34 investments.
- Used our new deal flow management system for stakeholder communications, proposal development, financial analysis, due diligence checks and IBA Board reporting.
- Acquired investment properties at Wildman River and the Cobourg Peninsula in the Northern Territory.
- Maintained high levels of commercial support for our existing businesses and Indigenous partners.
- Began a two-year licence to operate a whale-watching facility on the Great Australian Bight.
- Signed an agreement for a joint venture for the development of 1,719 hectares in the Hunter Valley.
- Sold our interest in the Hunter Economic Zone project, netting a 234 per cent return on our investment.
- Launched the operations of Outback Stores to support remote Indigenous communities.

### What we aim to do in 2007–08

- Analyse potential investments in retail businesses in Western Australia and the Northern Territory.
- Consider investments in commercial developments in New South Wales, Queensland and the Northern Territory.
- Assess the viability of projects in tourism, shipping, land and housing development, and mining.
- Continue to build the Outback Stores business.
- Evaluate incoming proposals and continue to monitor existing investments.
- Continue to develop our Indigenous partners.
- Provide relevant and timely staff training and development.

### Our major challenges

- Build a quality asset base.
- Achieve commercial returns while managing portfolio risks.
- Actively contribute to the Australian Government's overarching Indigenous Economic Development Strategy.
- Attract and retain quality staff.

## Overview

IBA Investments helps Indigenous groups and communities to participate in commercial enterprises through investments with us, the private sector, or both.

IBA's Corporate Plan 2006–2008 gives IBA Investments five objectives:

- create an environment in which the private sector and Indigenous groups, families and individuals involve each other in business opportunities
- support Indigenous ownership of enterprises that are likely to generate long-term commercial returns and increase opportunities for economic self-management and self-sufficiency
- provide ongoing business support and mentoring to Indigenous joint venture partners, and economic development advice to groups and individuals
- create training and employment opportunities as part of all joint ventures
- promote practical working relationships with government agencies and other stakeholders to help deliver IBA's programmes.

We have investments throughout Australia and across a broad range of industries. Our activities include tourism; mining and mine services; commercial and residential property; fisheries; financial services; agriculture; retailing; and other services. Figures 5 and 6 show our current investments by industry sector and location, respectively. Appendix A describes our current investments.

Through these investments, we bring together the private sector and Indigenous groups, families and individuals in joint venture ownership and management of commercial enterprises. With them, we invest in commercially viable opportunities with the potential to produce sustainable economic results by generating revenue streams, acquiring capital and developing skills. Many of our commercial ventures also provide employment and social benefits.

IBA Investments identifies investment opportunities through referrals or proposals from industry, government agencies and Indigenous groups, families or individuals; notices of businesses for sale; and word-of-mouth referrals.

We assess each investment opportunity and refer those most likely to succeed to the IBA Board for consideration. If the Board approves the investment, IBA Investments helps the Indigenous partners to establish an appropriate investment vehicle, and provides ongoing business support and mentoring.

IBA Investments maximises opportunities for Indigenous partners to sit on boards of management and boards of directors. These experiences help build Indigenous members' capacity in the governance, management and operation of commercial enterprises.

Pre-emptive rights written into the joint venture documents allow the Indigenous partners to buy out our share of the enterprise progressively, when the Indigenous partners are positioned to increase their equity.

*IBA's Indigenous business partners have different levels of equity in our many businesses. Our ultimate aim is for them to achieve economic self-sustainability. We contribute to this by selling down our equity to them after we have helped to give them the knowledge and skills they need to run a business.*

CHRIS SMITH, IBA Investments

Other significant potential benefits are increased economic activity and flows of funds through Indigenous communities in joint ventures with us. IBA Investments works with IBA Enterprises (our Business Development and Assistance Programme) to investigate the potential for small to medium enterprise spin-offs from joint ventures. These might include, for example, transport businesses to service tourism or mining joint ventures.

### Performance

In 2006–07, IBA Investments received 88 enquiries and proposals for investment opportunities (or 'deals'). Figures 3 and 4 show the distribution of investment proposals by location and industry sector, respectively.

FIGURE 3 Investment proposals by geographical location (total 88), 2006–07

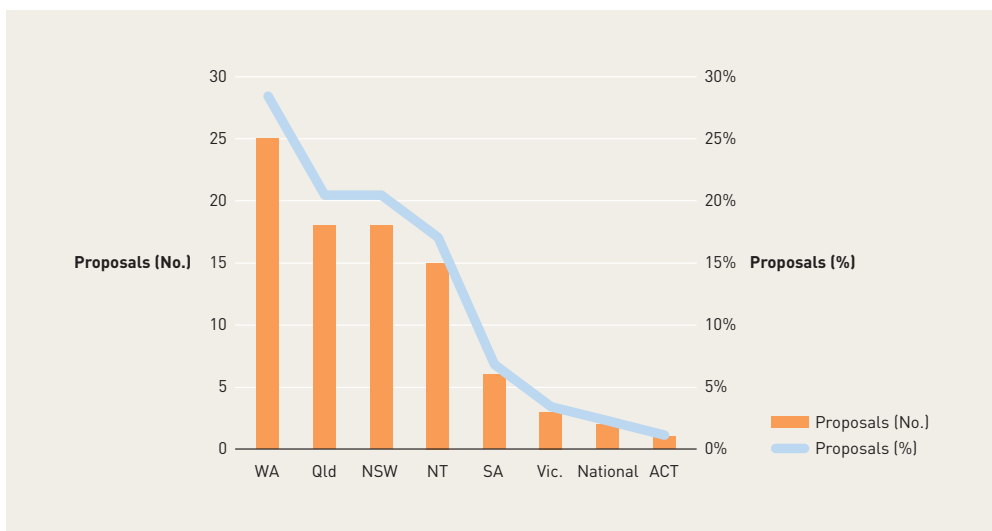
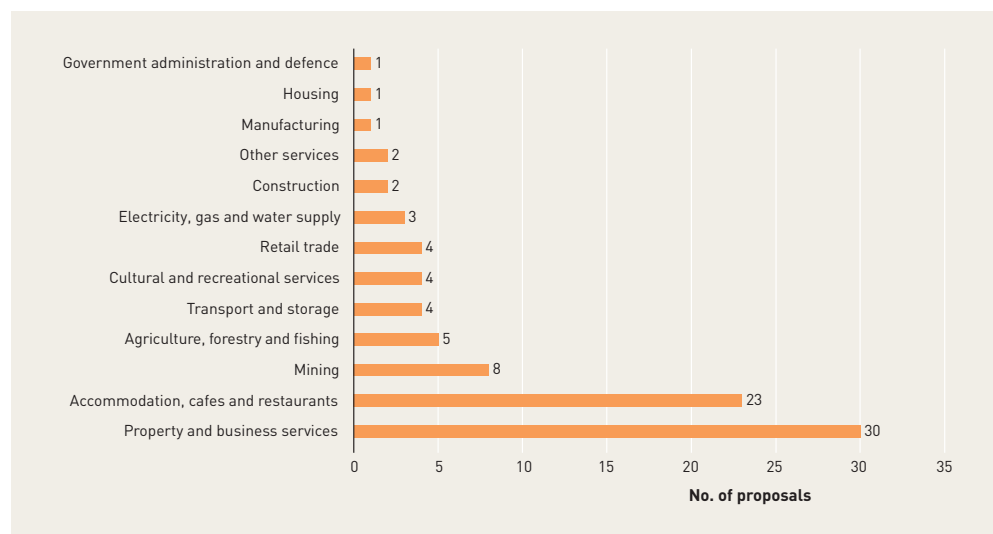


FIGURE 4 Investment proposals by industry sector (total 88), 2006–07



### Acquisitions

In late 2006, IBA Investments began to use a new ‘deal flow management system’ developed in the previous financial year. The system provides the structure, processes and tools we need for consistent and timely stakeholder communications, proposal development, financial analysis, due diligence checks and IBA Board reporting. The system allows us to manage potential investment opportunities more efficiently and effectively.

In August 2006, IBA settled the trust structure for Scarborough House, a prominent office building in Woden, in the Australian Capital Territory. IBA’s co-investors, through the unit trust, were Wunan Foundation Inc, Groote Eylandt and Bickerton Island Enterprises, Yarrteen Aboriginal and Torres Strait Islander Corporation and Mirrar Holdings Pty Ltd.

We sold our stake in the Hunter Economic Zone project in October 2006, netting a 234 per cent return on our investment.

In December 2006, we completed our purchase of the Wildman Wilderness Resort, just outside the Kakadu National Park near the northern coast of Arnhem Land. This strategic acquisition will complement our other tourism investments in Kakadu National Park.

In March 2007, IBA finalised the acquisition of Cape Don Experience, a boutique fishing tourism business on the tip of the Cobourg Peninsula in Arnhem Land. The traditional owners, the Djuldjurd Aboriginal Corporation, have secured an initial 10 per cent shareholding in the business.

Following a successful tender, IBA acquired a two-year licence to operate the Head of Bight whale-watching facility on the South Australian coast. This will provide the opportunity to assess the feasibility of further tourism development on the site.

In April 2007, the Board approved IBA’s participation in a joint venture for a 1,719

hectare residential, lifestyle, commercial and conservation lands project in the lower Hunter Valley in New South Wales. The board’s decision provided for an immediate and direct investment of \$5 million in project equity, and for a further \$5 million through an Indigenous Participation Trust (IPT). The IPT investment will give qualified Indigenous groups an opportunity to acquire a share in the project, and so derive significant long-term financial benefits. The total IBA–IPT investment will be 8.3 per cent of total project equity. IBA’s joint venture partners in the development, known as Huntlee Estate, are the Hardie family, LWP Property Group, Lehman Brothers and several small wholesale investors.

... *We are proud to be associated with the Indigenous community and IBA ... and are committed to the continuation of our strategic alliance with an aim to assist the Indigenous community in realising its cultural, social and economic goals.*  
 ... **DUNCAN HARDIE**, Hardie Holdings Pty Ltd

In June 2007, we completed a restructuring of our investment in Port Botany Transfer Station Pty Ltd (PBTS), which we owned with Veolia Environmental Services (Veolia). Under the restructure, we sold our 49.9 per cent share of the business to Veolia and acquired the land and buildings from PBTS. The land and buildings are subject to a long-term lease to Veolia. Our aim in the restructuring was to secure a commercial property that we can partly sell down to an Indigenous co-investor.

During the year, the IBA Board was consulted on the investment proposals listed in Table 1.

TABLE 1 Summary details of investment proposals considered by the IBA Board, 2006–07

STATUS OF PROPOSAL	NUMBER	INVESTMENT
Approved and settled	3	Cape Don Experience Huntlee Estate Wildman Wilderness Resort
Approved but not yet settled	1	Port Botany Transfer Station
Approved but will not proceed	1	Habode Australia
Noted	1	Murwangi Crocodile Farm
Not approved	1	Macquarie Pastoral Fund
<b>Total</b>	<b>7</b>	

### Portfolio management

The Portfolio Management Unit continued to monitor current investments during the year. IBA Investments has 34 current investments, of which 15 have current Indigenous involvement and 27 are in remote and rural areas. A map showing the locations of our investments is on the inside back cover of this report.

FIGURE 5 Current investments, by industry sector, at 30 June 2007

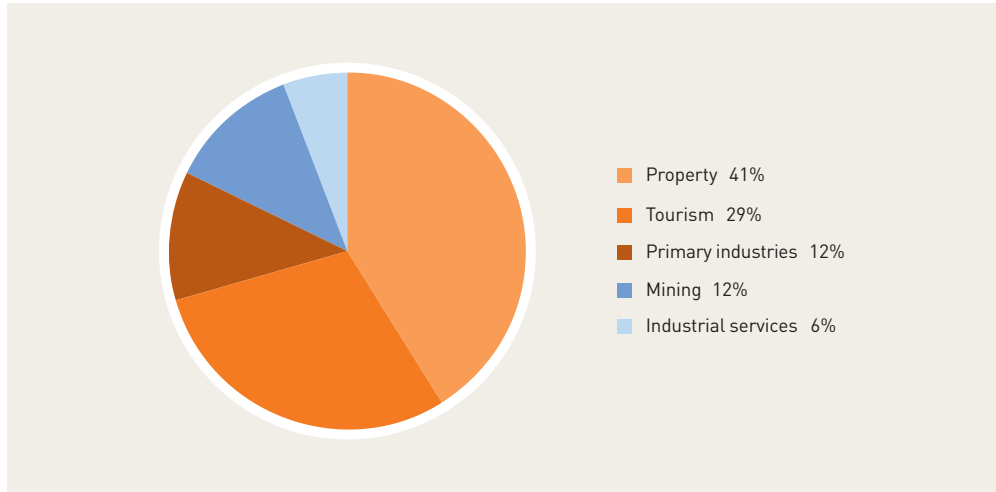


FIGURE 6 Current investments, by location, at 30 June 2007

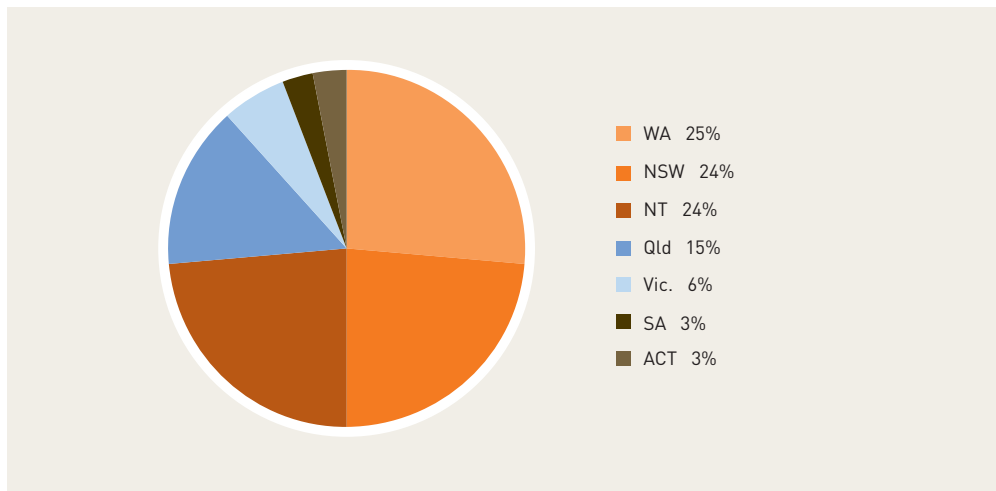




Table 2 summarises equity outcomes and associated investment activities during the past year (see also Appendix A).

TABLE 2 Summary of IBA Investment activities and equity outcomes, 2006–07

**NEW INVESTMENTS**

Huntlee Estate	In April 2007, the Board approved IBA's participation in a joint venture for a 1,719 hectare residential, lifestyle, commercial and conservation lands project in the Lower Hunter Valley in New South Wales.
Wildman Wilderness Resort	In December 2006, IBA purchased the Wildman Wilderness Resort near Kakadu National Park. The resort is currently in caretaker mode. IBA plans to redevelop the resort during 2008–09.
Cape Don Experience	Cape Don Experience is a fishing lodge on the tip of the Cobourg Peninsula in the Northern Territory. IBA purchased this business in March 2007. The Djuljurd Aboriginal Corporation holds 10% of the equity.
Port Botany Transfer Station	In June 2007, IBA completed a restructure of the Port Botany Transfer Station investment. Under the restructure, IBA sold its 49.9% share of the business to Veolia Environmental Services and acquired a 100% holding in the land and buildings. The premises are subject to a long-term lease to Veolia.
Mungo Lodge	The Board approved capital expenditure to redevelop Mungo Lodge to a 4-star standard. Redevelopment work will begin during 2007–08.

**EQUITY CHANGES**

Fitzroy River Lodge and The Crossing Inn	In December 2006, IBA's equity partner Leedal Pty Ltd bought 16.43% of IBA's equity share in the Fitzroy River Lodge and The Crossing Inn.
Scarborough House	In August 2006, settlement of the trust for the redeveloped Scarborough House was completed. Unit holders of the Scarborough House Trust are IBA, Wunan Foundation Inc., Groote Eylandt and Bickerton Island Enterprises Aboriginal Corporation, Mirrar Holdings Pty Ltd and Yarnteen Aboriginal and Torres Strait Islanders Corporation.

**DIVESTMENTS**

Hunter Economic Zone	During 2006, IBA sold its equity holding in the Hunter Economic Zone to one of its co-investment partners.
Sumner Park, Brisbane	Under a pre-emptive arrangement, IBA sold its 100% equity holding in the Sumner Park premises to the original vendor.

**INVESTMENT TRAINING AND EMPLOYMENT OUTCOMES**

Employment outcome	In 2006–07, IBA's investments provided 957 employment opportunities, of which 254 were taken up by Indigenous Australians.
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**INVESTMENT ACHIEVEMENTS IN 2006–07**

- Monkey Mia Dolphin Resort was runner-up in the Major Tourist Attraction category of the Western Australian Tourism Awards.
- Gagudju Lodge Coinda won a Northern Territory Tourism Brolga Award in the 'Significant Tourist Attraction' category. The lodge was subsequently the Northern Territory's nomination for the same category in the National Tourism Awards.
- Scarborough House gained a 4½ star Australian Building Greenhouse Rating.

### Budget targets

Table 3 details IBA's performance against the targets set out for Output group 1.1 in the 2006–07 Portfolio Budget Statements and Portfolio Additional Estimates Statements.

**Table 3 Performance in 2006–07: Output group 1.1—Equity and investments**

MEASURE	TARGET	PERFORMANCE
Quality	80% of investment proposals decided on in three months	83% of investment proposals decided on in three months
	100% reporting and monitoring of investments	100% of investments reported on and monitored
Quantity	65 projects considered per year and 30 investments monitored	88 projects considered and 34 investments monitored
Price	Cost of outputs \$37.339 million	Cost of outputs \$45.332 million

### Outlook

As the 2006–07 financial year drew to a close, IBA was examining several potential investments that may be presented for board consideration in 2007–08. Among them were opportunities in retail businesses in Western Australia and the Northern Territory and in commercial developments in New South Wales, Queensland and the Northern Territory. Other projects being considered included ventures in tourism, shipping, land and housing development, and mining.

IBA Investments is well placed to build on the solid 2006–07 financial performance of current investments in commercial enterprises, including our exciting Outback Stores venture (see Good news: Outback Stores).

We will continue to provide relevant and timely staff training and development in pursuit of these outcomes throughout 2007–08.

GOOD  
NEWS



Outback Stores

Outback Stores is a wholly owned subsidiary company within IBA, created in July 2006 to support remote Indigenous-owned community retail stores. The initiative received Budget funding of \$40 million in capital and \$8.3 million for running costs over the three years from 2006–07.



A child at a community store (assisted by Outback Stores)

PHOTO Outback Stores

The company aims to:

- build the business by negotiating long-term store management agreements with remote Indigenous communities
- expand the capacity and services offered by member stores
- develop partnerships with external agencies to strengthen the impact on Indigenous communities
- provide additional economic development opportunities for Indigenous communities.

Under a store management agreement, the Indigenous community and Outback Stores act in partnership. The community creates a

committee to advise the company on local employment, training needs and the distribution of profits, and retains ownership of the store.

In return for a fee for service set according to annual turnover, the company manages the store, arranges the supply of nutritious and affordable food and creates employment opportunities. Outback Stores employs a nutritionist, who works in partnership with other providers for optimal health outcomes.

Loans are available to upgrade or replace store infrastructure to allow for greater security, better food handling and a broader range of stock and services, such as banking facilities and nutrition advice.

Community stores under Outback Stores management operate efficiently and offer the cheapest prices possible.

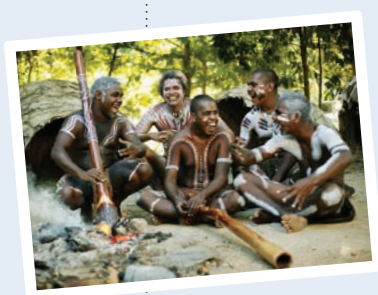
The company has negotiated store management agreements with the Ringer Soak, Imanpa, Nyrippi and Canteen Creek communities in the West Kimberley and Central Australia, and expects to sign at least four more agreements by December 2007.

GOOD NEWS



Tjapukai Aboriginal Cultural Park

Tjapukai started in 1987 as a cooperative partnership between six men from the Tjapukai (people of the rainforest) tribe and Don and Judy Freeman, international theatre artists with a global background in producing community theatre.



Tjapukai performers

PHOTO Tjapukai Aboriginal Cultural Park

IBA became involved in 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 industry partners hold the remaining equity.

The original Tjapukai Dance Theatre was situated in Kuranda. In 1996 it moved to Cairns, with the creation of the 25-acre Tjapukai Aboriginal Cultural Park.

The park combines the latest in theatre and technology with interactive activities with Aboriginal people, and features authentic traditional culture and customs. Dance and

music come alive in the Tjapukai Dance Theatre, and the cultural village has interactive demonstrations of boomerangs, didgeridoos and bush foods.

Tjapukai Aboriginal Cultural Park is one of the largest private employers of Aboriginal people in Australia. The project employs nearly 100 staff, of whom some 85 per cent are Aboriginal. The benefits of self-determination and cultural pride brought about by such valuable deployment of human resources are felt throughout the entire community.

From its inception, the Tjapukai Tribal Council and elders have worked cooperatively and consultatively with the staff and directors of the Tjapukai Dance Theatre on its design and content.

The company has toured extensively throughout the world playing shows in nine countries and four continents. Tjapukai is the most awarded attraction in Australia, with more than 25 major awards, including:

- seven Australian National Tourism Awards and 10 Queensland State Tourism Awards
- The Australian Tourism Export Council award for Australia's top attraction
- The Pacific Asia Travel Association Gold Award for the best presentation of culture in the Asia-Pacific region

It was also voted the most popular venue by the Institute of Australian Tour Guides.

## HOME OWNERSHIP



YOUR  TO HOME OWNERSHIP



### OUR GOALS:

To provide ways for Aboriginal and Torres Strait Islander people to own their own homes

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

Home ownership is recognised in Australia as the foundation for economic wellbeing. It is a major factor in family stability and a means of intergenerational wealth transfer, but many Indigenous Australians do not qualify for home loans from mainstream home loan providers.

IBA provides ways for Indigenous people to fulfil their home ownership aspirations.

IBA Homes clients, the O'Neill family, outside their home

PHOTO Indigenous Business Australia



## SUMMARY

### What we planned to do in 2006–07

- Promote awareness of IBA home ownership products.
- Improve the marketing of our products and services.
- Provide home loans to eligible clients.
- Work with stakeholders to explore new directions and strategies for Indigenous home ownership.
- Investigate more flexible options for home loan repayments.
- Make loans to 95 families to buy or build homes on freehold land with the \$20 million additional funding provided in the 2006 Budget.
- Consult state and territory governments and Indigenous communities interested in home ownership.
- Make loans to 50 families to buy or build homes on community-titled land.

### What we did in 2006–07

- Promoted and marketed the programme through targeted field trips by regional staff and selective radio advertising.
- Approved 508 new home loans.
- Made loans to 95 families to buy or build homes with the \$20 million capital injection.
- Held information workshops with Indigenous people to explain the range of housing loan products available to help them buy their own homes on community-titled land.
- Continued as an active member of the Australian Finance Conference, an authorised agent for the First Home Owners Grant.
- Undertook in-house training workshops to develop staff skills.
- Approved 16 loans for tenants of Indigenous housing organisations.
- Considered and approved BPAY and POSTbillpay as options for home loan repayments.
- Developed a television promotion to be aired on the Imparja network in 2007–08.

### What we aim to do in 2007–08

- Work with the financial sector to explore schemes to help manage the waiting list for home loan finance.
- Provide loan repayment options through BPAY and POSTbillpay.
- Improve the arrears management component of the loan management system.
- Work with stakeholders to improve Indigenous home ownership, particularly through partnerships with mainstream financial institutions.
- Continue to provide new home loans to more than 360 eligible clients.
- Make 60 loans to Indigenous people to buy houses on community-owned land.

### Our major challenges

- Meet the demand for affordable home loan finance.
- Overcome the negative effects on available funds of steady increases in the median price of new and established housing.
- Reduce the average waiting period for an offer of loan finance.
- Respond to land tenure legislative reforms.

## Overview

IBA facilitates Indigenous home ownership through:

- the Home Ownership Programme, which provides competitive housing loans to Indigenous people to buy homes in the general residential housing market
- the Home Ownership on Indigenous Land (HOIL) Programme, which gives people living on community-owned land access to loans to buy homes on that land.

### Home Ownership Programme

The Home Ownership 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. It is one of the most successful and enduring Indigenous-specific national programmes.

Under this programme, IBA provides affordable home finance within the reach of a significant and growing number of Indigenous people. Since the programme's establishment, it has helped 12,921 Indigenous families to buy their own homes.

The 2006 Budget provided IBA with a \$20 million capital injection, which enabled us to make an additional 95 home loans to Indigenous people who had been waiting to buy or build their own homes. The money returned to the programme in repayments is re-lent, growing to around \$95 million over a 32-year standard loan term.

Like other lenders, IBA assesses loan applications on the basis of the client's servicing capacity and on an independent property valuation. Loans for land acquisition and home purchase or construction, whether financed solely by IBA or by IBA in conjunction with other home financiers, are secured by registered mortgage.

The programme protects IBA's substantial investment in home lending by providing:

- an affordable loan with incremental repayment arrangements
- well-trained staff to help borrowers with ongoing loan management and aspects of home ownership.

The preliminary results of recent IBA-commissioned research into the perceptions, attitudes and experiences of former customers and current borrowers confirm the Home Ownership Programme's effectiveness in delivering affordable lending products tailored to the needs of Indigenous individuals and families. The full data analysis associated with this research is expected to be completed by the end of 2007.

Table 4 summarises the programme's standard lending criteria for houses on freehold land.

TABLE 4 Home Ownership Programme 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% of the 'IBA income amount' if borrowing the balance of the purchase price <sup>a</sup>
	Over 125% and up to 150% of the IBA income amount if borrowing 60% or less of the purchase price
	Up to 225% of the IBA income amount if borrowing 20% or less of the purchase price
Limit on the purchase price of properties	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% of the purchase price but sometimes less, depending on circumstances (the First Home Owner Grant of \$7,000 may be used to meet deposit requirements)
Interest rates	Generally commence at 4.5%, 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 (the average loan life is seven years, which is similar to that in the regulated home loan market)

<sup>a</sup> The IBA income amount is equivalent to 100% of the national average weekly male earnings as calculated by the Australian Bureau of Statistics.

### Home Ownership on Indigenous Land

Historically, Indigenous Australians living on Indigenous land have not been able to buy their homes because the system of property title applying to the land does not support the security requirements of lenders. This is a major limitation on their ability to control their living conditions, improve their long-term economic circumstances and transfer wealth through generations.

On 5 October 2005, the Australian Government announced its intention to amend the *Aboriginal Land Rights (Northern Territory) Act 1976*, in part to make long-term leases over community-titled land readily available to prospective Indigenous home owners. To complement these reforms, the government funded IBA to develop the HOIL Programme, which consists of an affordable loans and grant package. In IBA's 2005–06 annual report, the HOIL Programme was referred to as Community Homes.

The programme offers affordable home finance products secured by a mortgage over a long-term lease on a block of land within a community.

In the 2006 Budget, the government announced an expansion of the programme. Over four years, IBA will receive:

- a \$54.6 million capital injection for loans to up to 460 Indigenous individuals or families
- \$23.6 million to manage and deliver grants and incentives to help overcome the high cost of housing and low employment and incomes in remote areas.



This programme funding is complemented by a money management education programme and the construction of additional houses in selected communities by the Department of Families, Community Services and Indigenous Affairs (FaCSIA).

The *Aboriginal Land Rights (Northern Territory) Act 1976* amending legislation was passed in August 2006. Legislation to establish a Commonwealth authority to hold and manage township leases was passed in June 2007.

The programme will be available in other states and territories once land tenure legislation is amended.

## Performance

IBA's lending products target low-income Indigenous people who need support to gain entry-level home ownership. Despite high residential house prices continuing to affect home loan affordability, the Home Ownership Programme is able to structure loans products to suit the circumstances of individual Indigenous customers. In 2006, IBA commissioned research into customers' motivation, expectations and experiences in borrowing to purchase a home. Preliminary findings confirm the positive role home acquisition plays in customers' lives by improving family and employment stability and self-esteem.

### New lending

During 2006–07, IBA approved 508 new loans with a total value of \$117.3 million, which is \$5.6 million (or 4.5 per cent) less than the total for the previous year. This new lending enabled a further 1,409 Aboriginal and Torres Strait Islander people (including children) to enjoy the social and economic benefits of owning their own homes. Over 64 per cent of the families assisted had an adjusted household income of less than 125 per cent of the national average annual male earnings (currently \$71,690).

Table 5 shows the distribution of loans approved in the 2006–07 financial year.

Michael Collins, an IBA loans officer, explaining the HOIL Programme to a potential customer

PHOTO Indigenous Business Australia



TABLE 5 Distribution of loans approved, 2006–07

REGIONAL OFFICE	NUMBER OF LOANS APPROVED	TOTAL APPROVED (\$)	NUMBER OF LOANS BELOW 125% OF NATIONAL AVERAGE ANNUAL MALE EARNINGS
Sydney	54	16,024,100	41
Coffs Harbour	37	8,936,272	32
Tamworth	31	6,481,439	30
Wagga Wagga	83	17,173,366	57
Melbourne	43	8,568,285	43
Brisbane	52	11,545,699	47
Rockhampton	35	8,318,606	30
Townsville	44	9,422,513	42
Adelaide	19	3,479,600	17
Perth	36	9,411,500	29
Broome	7	1,934,500	5
Hobart	11	2,290,500	11
Darwin	56	13,744,642	39
<b>Totals</b>	<b>508</b>	<b>117,331,022</b>	<b>440</b>

Figure 7 shows the number of loans approved each year over the 10 years since 1998. The higher number of loan approvals in 2005–06 can be attributed to a number of factors, including a higher carryover of uncommitted loan funds from 2004–05 and a further capital injection by the Australian Government of \$20 million. Although the amount of loan funds available in 2006–07 was only slightly lower than in 2005–06, an increase of approximately \$18,000 in the average purchase price of a home meant that fewer loans could be approved.

FIGURE 7 Number of loans approved, 1998–2007

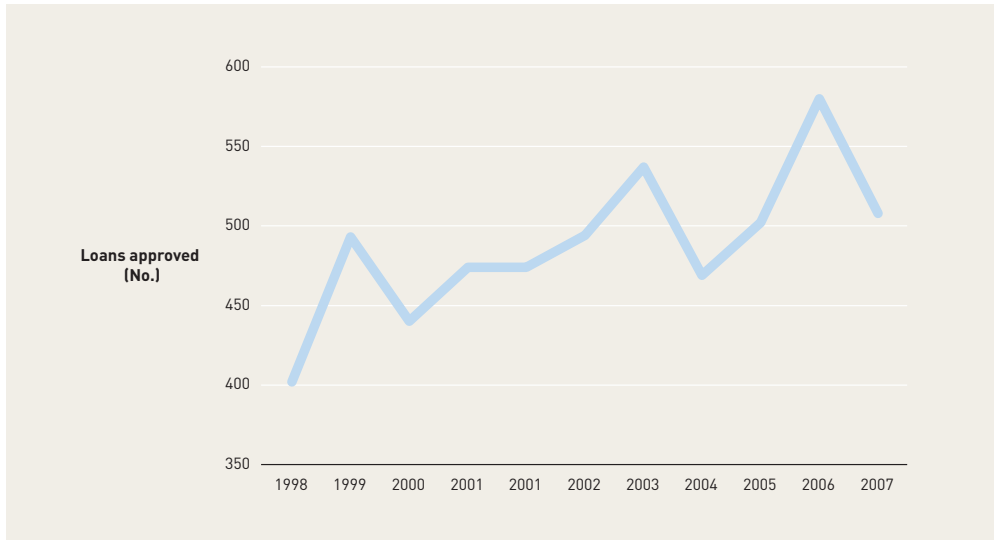
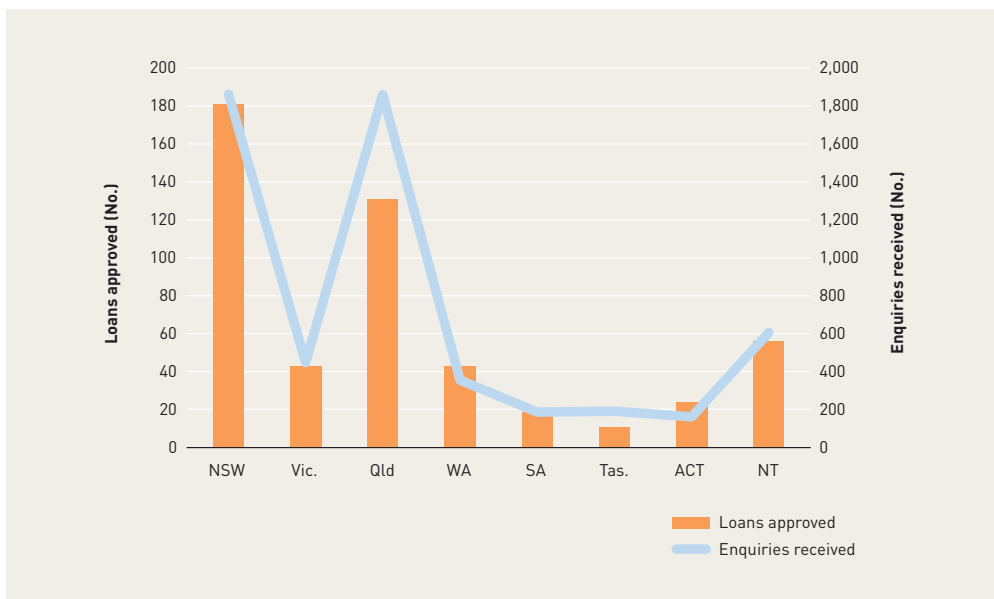


Figure 8 shows the distribution of loans and enquiries by state and territory. The number of loans approved in Queensland and New South Wales (61 per cent) corresponds to the number of enquiries received from these states (68 per cent) and is broadly in line with the concentration of the Indigenous population in them.

FIGURE 8 New loans approved and enquiries received, by region, 2006–07

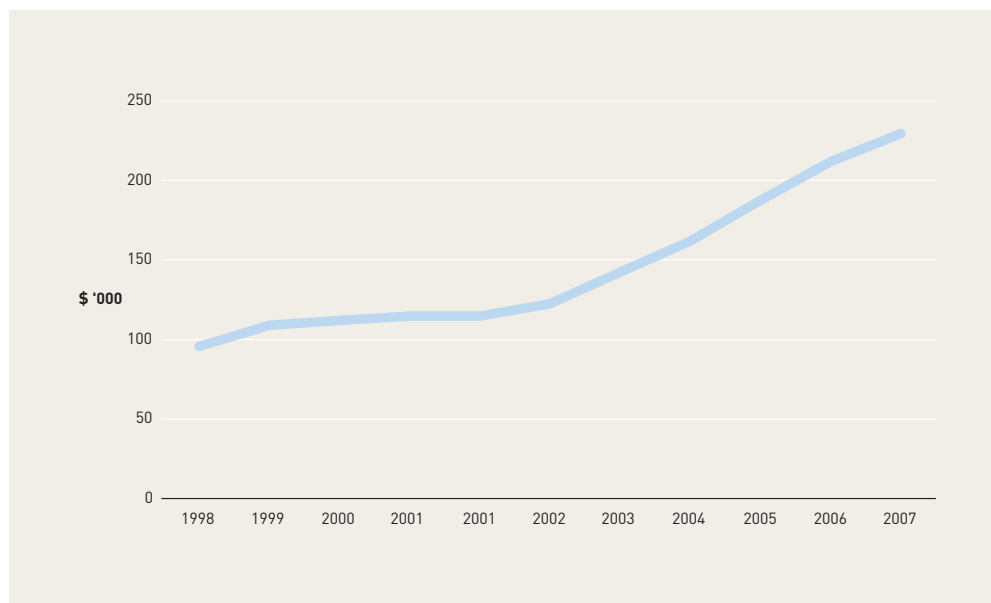


At the end of the financial year, 700 eligible applicants were waiting for an invitation to apply for home finance, an increase of 100 per cent from the previous year. A further 58 applicants already invited to apply for a loan were looking for a suitable home to buy. We also had 5,678 enquiries about our home loan products from potential customers during the year.

The steady increase in the median price of new and established housing throughout Australia over recent years continues to challenge the Home Ownership Programme. As the cost of housing increases, so does the loan amount IBA borrowers need to purchase a home. The average IBA home loan amount has continued to grow, reaching \$229,500 in 2006–07, an increase of around 20 per cent over two years.

Figure 9 shows the upward trend in the average loan amount required by IBA borrowers to purchase a home as a result of the steady increase in house prices over 10 years.

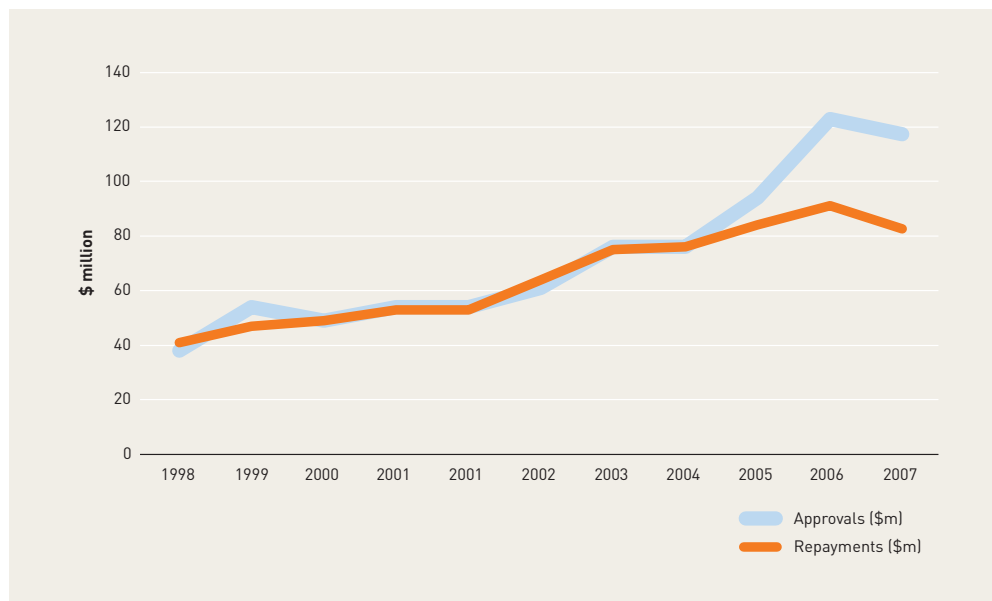
FIGURE 9 Average loan amount, 1998–2007



The government’s First Home Owner Grant of \$7,000 continues to be an essential factor in helping most clients meet legal costs and stamp duty.

Funding for the Home Ownership Programme is essentially derived from repayments received from borrowers as loans are repaid. As a result, the number of loans that can be approved is limited by the amount received from repayments and discharges during the year. The programme has received \$20 million per year in additional funding over three financial years from Australian Government capital injections in 2004 and 2006, and from an IBA capital allocation in 2005. The resulting increase in loan approvals is shown in Figure 10.

FIGURE 10 Loan approvals and repayments, by amount, 1998–2007



### Loans to tenants of Indigenous housing associations

IBA Homes has continued to help tenants of Indigenous housing organisations purchase their own homes. This frees rental accommodation for other Indigenous families. In 2006–07, there were 16 new loan approvals, totalling \$3.4 million, to tenants of Indigenous housing organisations, compared to 16 loans, totalling \$2.8 million, in 2005–06.

### Deposit gap loans

During the year, we approved 17 deposit gap loans, totalling \$1.8 million (2005–06: 10 loans, totalling \$1.6 million). 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. Borrowers who have a large enough deposit are not compelled by the finance provider to take out expensive mortgage insurance.

### Loans for renovations and extensions

The Home Ownership Programme continued to provide a range of smaller loans to eligible clients wanting financial assistance for various 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 life, such as installation of heating and cooling systems.

Through these small loans, the programme also supports clients who need assistance for modest renovations or repairs.

In 2006–07, IBA Homes approved 12 loans, totalling \$0.3 million, for renovations, extensions, repairs or maintenance. This was a 25 per cent reduction on the 16 loans, totalling \$0.4 million, made in the previous year for those purposes.

### Loans for home ownership on Indigenous land

The HOIL Programme depends on the legislative framework for land tenure in each state and territory. Land tenure reforms have been slower than expected, delaying the implementation of the programme in communities during 2006–07.

### Funds management

As the Home Ownership Programme is largely self-funded, applicants for home loans face a lengthy wait. The programme's New Housing Fund relies on revenue from loan repayments, discharges and interest, which is applied in accordance with budget estimates approved by the Minister. The total funding for home ownership in 2006–07 was \$118.5 million.

At year's end, the housing loan portfolio comprised 3,386 active loans with a total value of \$476.2 million. The programme's total loan assets, including funds held in the New Housing Fund and the Home Loan Capital Account, had a nominal value of \$478.9 million. Loan interest added \$22.7 million to the programme's assets during 2006–07.

### Arrears management

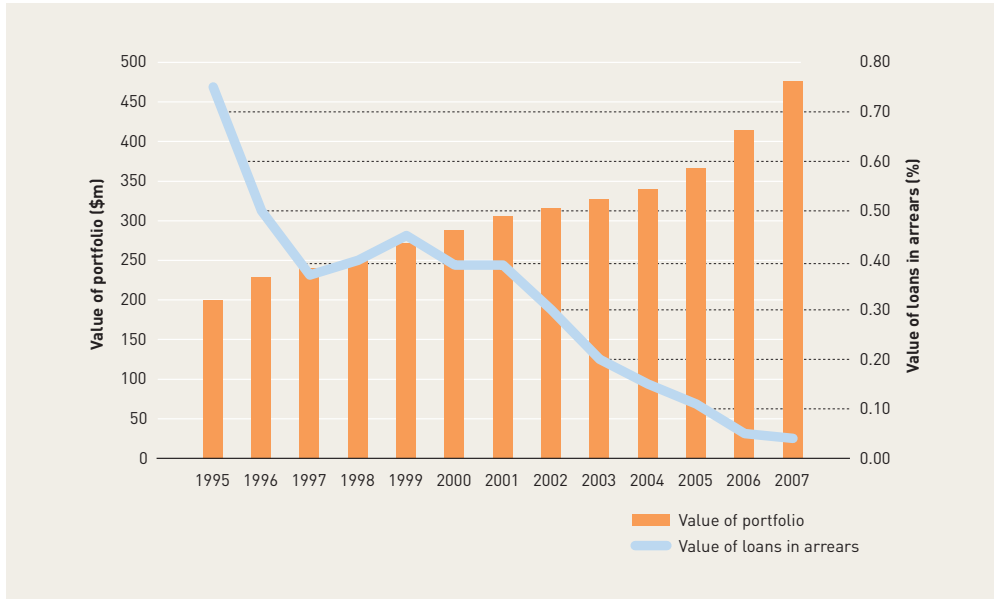
Streamlined arrears management arrangements introduced in 2006–07 continued to deliver an improvement in reportable arrears (two or more payments). Reportable arrears now represent 0.04 per cent of the value of the housing loan portfolio, an impressive outcome that compares very favourably with those from other targeted lending programmes.

Figure 11 contrasts the growth of the portfolio with the continuing fall in arrears over the past 10 years.



Wadeye outstation project construction site  
PHOTO Indigenous Business Australia

FIGURE 11 Portfolio growth and arrears decline, 1998–2007



During 2006–07, IBA Homes sold six houses under its mortgagee-in-possession powers. The average mortgage default amount was \$7,500, and all the properties were sold on the open property market. Three of the properties sold for less than the loan balance owing, with one defaulting borrower entering into a satisfactory arrangement to repay their residual loan balance by regular instalments. The other two loans are the subject of discharge of mortgage insurance claims.

**Rental houses**

IBA Homes manages the four rental homes at two Wadeye outstations in the Northern Territory. Those four homes make up IBA’s initial housing rental stock.

**Local support and management**

IBA has skilled home loan officers located in 13 Indigenous Coordination Centres around Australia. They promote home ownership in local communities and help eligible clients by providing local loan assessment and management support services. Where appropriate, they also help prospective home buyers access finance from the private sector or state and territory home ownership assistance schemes.

IBA has appointed a full-time property manager for the homes rented around Wadeye in the Northern Territory. Stationed at Wadeye, the property manager will be responsible for property and tenancy management of the properties.

## Budget targets

Tables 6 and 7 detail IBA's performance against the targets set out for output groups 1.2 and 1.4 in the 2006–07 Portfolio Budget Statements and Portfolio Additional Estimates Statements.

TABLE 6 Performance in 2006–07: Output group 1.2—Home ownership

MEASURE	TARGET	PERFORMANCE
Quality	Maintain reportable arrears at or below 0.20% of portfolio balance.	Reportable arrears maintained at 0.04% of portfolio balance.
Quantity	Issue more than 75% of home loans to applicants with a combined household income of less than the IBA income amount.	Issued 64% of home loans to applicants with a combined household income of less than the IBA income amount.
Price <sup>a</sup>	Cost of outputs \$66.158 million	Cost of outputs \$31.570 million

a The significant variance in price arises because the method of calculation of interest income changed during the year.

TABLE 7 Performance in 2006–07: Output group 1.4—Home ownership on Indigenous land

MEASURE	TARGET	PERFORMANCE
Quality	Suitable communities identified and selected for participation.	Consultations identified suitable sites subject to obtaining appropriate tenure.
Quantity	Three communities actively participating in the programme.	Programme developed ready to implement. Delayed waiting for state and territory legislative change.
Price	Cost of outputs \$4.108 million	Cost of outputs \$4.775 million

## Outlook

BPAY and POSTbillpay arrangements for making home loan repayments are scheduled to come into operation during the first quarter of 2007–08, making repayment more flexible and convenient for borrowers.

IBA Homes will roll out a new arrears management subsystem within the automated loans management system, greatly improving its functionality, particularly for loan compliance activities.

New home loan lending in 2007–08 is expected to be 20 per cent less in dollar value than in 2006–07. We also expect reduced income from loan revenue, largely due to fewer borrowers refinancing their home loans with mainstream lenders. The combination of these two factors is expected to extend the average waiting period for an offer of loan finance to beyond 12 months by the end of the financial year.



As part of IBA's Reconciliation Action Plan, we are committed to increasing the number of Indigenous people who own homes on Indigenous land. In 2007-08, IBA aims to make 60 loans to Indigenous people for this purpose, increasing to 200 by the end of 2009.

The Australian Government is also encouraging the states to make the land tenure reform needed before the HOIL Programme can be implemented. IBA will continue to work with governments to identify potential implementation sites. IBA is operationally ready to implement the programme as soon as appropriate land tenure frameworks are established.

GOOD NEWS



**Ken and Glenda Booth achieve home ownership**

To Ken and Glenda Booth, owning their own home is about lifestyle and about maximising their opportunities to build up assets. Mr and Mrs Booth live in the very isolated area of Normanton, Queensland. Although they always wanted to own their own home, regular banks rejected their applications for a home loan, because they saw remote areas as undesirable places for investment. After talking to IBA, the Booths discovered their dream could become a reality.

In 2007, the Booths paid off their loan with IBA and now proudly own their own home. The couple are sure that they could not have achieved their goal without IBA's help.

Mrs Booth says that once you obtain a home loan, doors for other endeavours open. Since their involvement with IBA began, the Booths have been able to save money to raise their family, buy a car, send their children to boarding school and extend their home. They hope to buy another home as an investment now that they have an asset in their home.



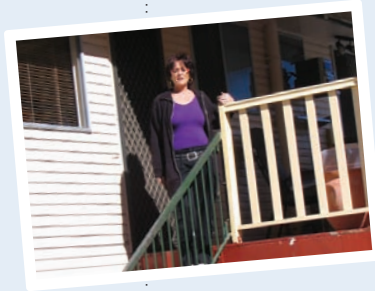
Ken and Glenda Booth in the garden of their home

PHOTO Indigenous Business Australia

GOOD NEWS



Ms. Lesley Alexandrou achieves home ownership



Lesley Alexandrou outside her Queensland home

PHOTO Indigenous Business Australia

While raising four children, Ms Lesley Alexandrou bought a home with IBA's assistance.

Ms Alexandrou always wanted to be a home owner and when her in-laws told her about the home loans on offer to her through IBA, she took advantage of the low interest rates and the ongoing support from IBA. Ms Alexandrou feels that she would not have been able to raise her children and make repayments on a regular banking home loan. With the benefits of an IBA home loan, she is now happy in her own home.

Recommending the programme to anybody she can, Ms Alexandrou has inspired her daughter, who will be contacting IBA soon about a home loan.



## SMALL AND MEDIUM BUSINESSES



**OUR GOAL:** To provide Indigenous Australians with a range of products and assistance to develop commercially viable enterprises

IBA assists Indigenous people to establish small and medium businesses and to manage them successfully, bridging a gap that is not provided by private financiers. IBA's Business Development and Assistance Programme provides business finance and business support and undertakes economic development initiatives.

Far left and left: Displaying hand-made merchandise at an IBA-funded business, the Aboriginal Art and Culture Centre, in Alice Springs, Northern Territory

Right: Making coffee at an IBA-funded business, Jade Ebony Café, in Alice Springs, Northern Territory

PHOTOS iCatching Photography



## SUMMARY

### What we planned to do in 2006–07

- Provide business finance that is tailored to the needs of clients.
- Provide high quality business support and mentoring for clients.
- Undertake economic development initiatives (EDIs) to build the capacity of clients to successfully develop and manage businesses.
- Review and revise the service delivery model to ensure that it meets clients' needs.
- Reduce doubtful debts and arrears accounts.
- Develop and provide a framework to support internal compliance.
- Build awareness of and demand for IBA Enterprises' products and services.

### What we did in 2006–07

- Approved 86 loans totalling \$21.6 million.
- Provided 701 clients with business support, with a total of \$6.2 million committed.
- Committed \$2.8 million to 46 EDIs.
- Reduced provision for doubtful debts by 23 per cent.
- Reduced loan arrears from 19.2 per cent to 11.4 per cent of total loans outstanding.
- Partially implemented an internal compliance framework, with the balance to be implemented in 2007–08.
- Conducted promotional activities to build awareness of products and support services.

### What we aim to do in 2007–08

- Continue to provide business loans, business support and EDIs, recognising the success of these products in assisting Indigenous Australians to develop and manage successful businesses.
- Assist with the implementation of whole-of-government policy initiatives, within the scope of the Business Development and Assistance Programme.
- Implement a new role of assisting Northern Territory CDEPs to convert current activities into viable businesses.
- Review all business processes to identify opportunities to improve customer service and efficiency.
- Offer staff opportunities to develop and maintain their professional skills.

### Our major challenges

- Develop our capacity to work in remote communities.
- Assist as many Indigenous Australians into business as possible.

## Overview

Traditional banking industry assessment formulae often make it hard for Indigenous people to access business finance, even for commercially viable proposals. IBA loans help clients to develop commercially viable businesses and to grow wealth. Over time, clients often bridge the gap and gain access to mainstream services.

IBA achieves this through an integrated suite of services:

- **business finance:** finance to help clients establish, acquire and grow commercially viable businesses, almost always provided as loans rather than grants, reflecting our increasingly commercial focus
- **business support:** help to analyse and demonstrate the commercial viability of proposed businesses, and mentoring for Indigenous business people before and after they begin operations
- **economic development initiatives:** capacity-building initiatives, including research on regional economic conditions, analyses of regional needs, and business-related learning opportunities.

IBA improves Indigenous Australians' economic wellbeing and their business development opportunities. Clients are supported with market intelligence, business-related skills development and alternative funding mechanisms. IBA makes it easier for clients to make the transition to mainstream financial products.

For each business proposal, IBA carries out a viability and risk assessment. Particular attention is paid to the proposed venture's commercial sustainability and the applicant's business skills and capacity to operate the business. Mentoring from the commencement of operations helps to ensure success of the business.

The business support and EDIs are delivered through our panel of preferred service providers and workshop service providers based in locations around Australia.

EDIs are designed to remove barriers to Indigenous Australians' participation in commercial ventures and business opportunities. The initiatives are used to identify business-related needs and to overcome skills gaps. EDIs include business development workshops, small business management training, research projects, product development and industry-specific assistance.

## Performance

IBA Enterprises experienced a high level of demand for products and services from Indigenous clients during 2006–07. Table 8 shows the higher level of activity relative to 2005–06. Particularly noteworthy is the increase in the number of jobs created or supported, from 136 in 2005–06 to 314 in 2006–07.

TABLE 8 Summary of IBA Enterprises key activities, 2005-06 and 2006-07

ISSUE	2005-06	2006-07	INCREASE/ DECREASE (%)
Inquiries answered	1,671	1,653	(1)
Business support approvals granted	450	701	56
Loan approvals granted	86	103	20
Loans declined	19	28	47
EDIs supported	47	46	(2)
Total jobs created or supported	136	314	131
Indigenous jobs created or supported	111	283	155

IBA Enterprises is represented in 11 regional locations around Australia and has its national office in Canberra. In April 2007, in response to the high level of demand for our services in the Kimberley, we placed staff in the Indigenous Coordination Centre in Kununurra, Western Australia. Through its regional offices, IBA provides services to all areas of Australia.

### Business support

Table 9 outlines business support activities in 2006-07.

TABLE 9 Business support statistics by regional office for 2006-07

REGIONAL OFFICE	RECIPIENTS OF PRE-START-UP SUPPORT	RECIPIENTS OF POST-START-UP SUPPORT	WORKSHOPS	ECONOMIC DEVELOPMENT INITIATIVES <sup>a</sup>
Adelaide <sup>b</sup>	25	27	1	3
Brisbane	73	54	1	0
Broome <sup>c</sup>	52	28	0	3
Cairns	77	38	2	1
Darwin	35	40	2	1
Grafton	18	30	1	0
Melbourne <sup>d</sup>	11	15	0	0
Perth	33	28	0	0
Sydney	15	26	5	1
Wagga Wagga	32	21	1	1
<b>Total</b>	<b>371</b>	<b>307</b>	<b>13</b>	<b>10</b>

a This represents those EDIs funded through business support arrangements.

b Alice Springs is serviced through Adelaide.

c Broome's statistics incorporate Kununurra's statistics. In future years, Kununurra's statistics will be reported separately.

d Hobart is serviced through Melbourne.

To ensure that business support clients receive the best available professional assistance, IBA conducted national tender processes in 2006–07 to select appropriately skilled providers of business support for clients.

### Business finance

There was a large increase in demand for small business loans during 2006–07. The increase in demand was attributed to strong economic conditions and to promotional activities to improve awareness of the products and services offered.

IBA was able to meet the additional demand because of a redirection of \$10 million from profits on IBA investments.

Of 131 loan applications assessed during the year:

- 86 (totalling \$21.6 million) were approved
- a further 17 loans (totalling \$3.5 million) were approved, but did not proceed
- 28 (totalling \$10.4 million) were declined.

Table 10 shows business loans, by region, number and balance at 30 June 2007, with figures for the previous year.

TABLE 10 IBA Enterprises active loans at 30 June 2006 and 30 June 2007

REGIONAL OFFICE	30 JUNE 2006		30 JUNE 2007	
	NUMBER	BALANCE (\$ NOMINAL)	NUMBER	BALANCE (\$ NOMINAL)
Adelaide <sup>a</sup>	41	5,235,571	37	4,588,851
Brisbane	53	6,070,725	54	6,587,212
Broome <sup>b</sup>	23	1,778,103	23	5,641,835
Cairns	42	2,737,203	43	4,350,496
Darwin	45	5,690,359	37	9,735,413
Grafton	Data included in Sydney office in 2005–06		9	749,302
Melbourne <sup>c</sup>	53	5,081,619	47	5,071,738
Perth	28	8,470,127	26	5,612,389
Sydney	61	4,216,989	42	5,253,504
Wagga Wagga	45	6,827,175	37	6,541,678
<b>Total</b>	<b>391</b>	<b>46,107,871</b>	<b>355</b>	<b>54,132,418</b>
Micro-enterprise loans <sup>d</sup>	55	143,948	26	73,781

a Alice Springs is serviced through Adelaide.

b Broome's statistics include Kununurra's statistics. In future years, Kununurra's statistics will be reported separately.

c Hobart is serviced through Melbourne.

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

### Loan arrears

Loan arrears on loans made since 1 July 2003 decreased from 1.55 per cent to 1.47 per cent of total loans outstanding.

Provision for doubtful debts decreased by 23 per cent, from \$14.3 million at June 2006 to \$11.0 million at June 2007. Loan arrears on former ATSIC loans held steady as a proportion of total value of loans outstanding. The number of and total amount outstanding for loans in this portfolio have been steadily decreasing.

In 2006–07, IBA began a review of lending guidelines to improve risk management and commerciality.

A specialist compliance unit manages accounts with an arrears balance 60 days or more overdue. IBA aims to assist clients to overcome environmental, commercial and financial imposts on business viability, wherever possible. During 2006–07, loan arrears were reduced from 19.2 per cent to 11.4 per cent of total loans outstanding.

Loss salvage accounts are those for which all secured assets have been realised and/or judgements obtained. Loss salvage totalled \$7.6 million at June 2007, compared with \$3.0 million at June 2006. The increase is largely attributable to two large accounts totalling \$5.5 million, without which a reduction would have been achieved.

### Economic development initiatives

A wide range of economic development initiatives (EDIs) were undertaken, including:

- support for industry-specific business-related conferences, including sponsorship for clients to attend the conferences
- support for other organisations to develop business skills for Indigenous clients
- business capacity building workshops, conducted by IBA's network of registered training organisations. Thirty-two workshops were conducted, with 412 participants.
- assistance with the Indigenous Pastoral Program
- support for selected business incubators, which provide Indigenous clients with practical support and mentoring services, customised to the needs of individual clients in the development of their businesses
- sponsorship of awards.

Table 11 details funds committed to EDIs in 2006–07.



TABLE 11 EDI funding by region, 2006–07

REGION	NUMBER OF EDIS	EDIS COMMITTED (\$ GST EXCLUSIVE)	EDI FUNDS SPENT
National <sup>a</sup>	8	678,509	272,209
Adelaide	3	586,229	69,729
Brisbane	5	49,500	10,000
Broome	1	60,000	25,319
Cairns	1	409,500	127,760
Darwin	10	317,474	133,554
Grafton	2	113,745	113,745
Melbourne	4	239,419	84,546
Perth	2	128,285	127,613
Sydney	8	231,735	231,735
Wagga Wagga	2	28,910	28,910
<b>Total</b>	<b>46</b>	<b>2,843,306</b>	<b>1,225,120</b>

a National EDIs relate to the provision of services in more than one region.

### Budget targets

Table 12 details IBA’s performance against the targets set out for Output group 1.3 in the 2006–07 Portfolio Budget Statements.

Right and far right: Artist at work and child with products sold at the IBA-funded business, The Didge Hut, Darwin, Northern Territory

PHOTOS iCatching Photography



TABLE 12 Performance in 2006–07: Output group 1.3—business development and assistance

MEASURE	TARGET	PERFORMANCE
Quality	95% repayment rate on new loans	Achieved a 98% repayment rate on new loans
	10% reduction in provision for doubtful debts	Achieved a 23% reduction in provision for doubtful debts
	80% survival rate for new businesses funded past the first year	Achieved a 92% survival rate: 47 of the businesses funded through the 51 business loans settled in 2005–06 (that is, businesses that have been operating past the first year of funding) have survived
	20% business outcomes from clients receiving business support	307 business support applicants (45% by value of business support) were clients with existing businesses or were assisted into business. This included mentoring and business management skills development.
		371 business support applicants (55% by value of business support) were clients looking to get into business. This included investigating business opportunities through feasibility studies, business plans and business management skills development.
	20% business outcomes from clients assisted through economic development initiatives	100% of clients assisted through EDIs achieved some business outcome, through small business knowledge and skills development or through actual commencement of businesses
Quantity	Increase in the number of applications received	Received 131 applications for loans, an increase of 25%
	Number of applications approved and participants in economic development initiatives	Approved 103 loans, an increase of 20%, with 17 loan applications subsequently withdrawn
		Approved 701 applications for business support, an increase of 56%
		Approved 46 EDIs
Price	Cost of outputs \$23.714 million	Cost of outputs \$28.775 million

## Outlook

In 2007–08, IBA aims to commit some \$17 million in business loans and \$4.14 million in business support and economic development initiatives to assist Indigenous Australians to acquire, establish and grow successful business enterprises.

IBA will also establish and implement a new product, assisting Northern Territory CDEPs to transition activities into viable businesses.

There will be a focus on the effective management of loans and further reducing the level of arrears.

Business processes will be reviewed to identify opportunities to improve customer service and efficiency, and review and improve policy and guidelines.

IBA Enterprises also plans to focus on training staff to develop and maintain their professional skills.

## GOOD NEWS



### Normanton Bakery cooks up a storm

Until they bought the Normanton Bakery in December 2006, Joyce and Russell Downes did not see themselves as business people. Now they own and operate a thriving business operation, thanks to IBA's assistance.



IBA Enterprises clients Russell and Joyce Downes outside their business, Normanton Bakery, Queensland

PHOTO Indigenous Business Australia

The Normanton Bakery services the surrounding region with a selection of culinary delights, including cakes for special council occasions and all lunches for the local school. The bakery has cafe facilities, but they are currently unused. Joyce and Russell now plan an expansion to use the facilities and employ more local people.

Joyce and Russell lived and worked on stations for close to 20 years. During that time, Joyce used to just 'Cook, cook, cook!'

Moving to Cloncurry brought new opportunities for the couple, who had often walked past bakeries and thought how much fun it would be to be involved and 'play with the dough'. Joyce started working in the local bakery, where the owner provided her with hands-on training for the next six months.

Because of their circumstances, Joyce and Russell had never seriously entertained the idea of owning their own business. A business loan and mentoring from IBA changed all that.

The Normanton Bakery services the surrounding region with a selection of culinary delights, including cakes for special council

GOOD NEWS



Tour companies tap into growing market

Warren Whitfield and Leonie Young own and operate twin ecotourism companies in tropical North Queensland and the Gulf savannah country—The Great Green Way Eco Tours and Fire Stick Tours.



Warren Whitfield, owner of Fire Stick Tours

PHOTO Indigenous Business Australia

The Great Green Way Eco Tours specialises in full-day interpretive eco-tours with a wealth of quality information and examples of local geology, geomorphology, ecology, plants and animals.

Fire Stick Tours delivers tertiary-level study tours for school and university students from Australia and overseas. The tours are customised to the learning requirements of the clients. As part of the programme, Warren currently provides training to trainers at the Royal Australian Air Force Combat Survival Training School based in Townsville.

What makes these tours unique is Warren and Leonie's knowledge and attention to detail. In their words, 'If you're looking for a sightseeing tour with little or no information about the

environment, this is not the tour for you. We bombard you with information, in a friendly way.'

The pair had dreamed of owning their own business for a long time. Friends introduced them to IBA, and they realised this was the opportunity to make their dream come true. We provided a business loan and ongoing business mentoring, enabling them to begin operations in September 2005.

Since then, the business has gone from strength to strength. Starting on Magnetic Island, tours now also operate from Cairns and Port Douglas. The business has been featured in the *Sydney Morning Herald*, the *Sunday Mail* and *Voyeur*, Virgin Blue's in-flight magazine.

Warren is an Aboriginal botanist, a very experienced tour guide and a direct descendant of Bungaree (chief of the Broken Bay tribe and one of the most well known Aborigines of the 19th century). He has written two books and appeared in documentaries, and is regarded as one of the top experts in bush foods and medicines. He has studied, worked and taught in North Queensland for over 30 years, six of which he spent teaching Aboriginal rangers, for which he has won many awards.

Warren believes that The Great Green Way Eco Tours and Fire Stick Tours are positively affecting the local Indigenous community by inspiring people to participate in tourism and succeed. Warren and Leonie have begun to mentor Indigenous people to help them create their own business successes, just as they have.

In the future, Warren and Leonie hope to expand operations by purchasing new vehicles and employing additional tour guides. Their short-term goal is to get more involved in study tours, as that niche market expands.

Visit Warren and Leonie's website at [www.firesticktours.com.au](http://www.firesticktours.com.au).

## CONSTRUCTION ACTIVITIES



**OUR GOAL:** To undertake construction and repairs projects to expand economic opportunities for Indigenous Australians.

IBA Constructions was established in September 2006 to provide project, construction and facility management services in support of the Australian Government's policy initiatives in remote and regional Indigenous communities in the Northern Territory.

The branch is committed to creating jobs at the local level, as well as self-employment or business opportunities for Indigenous tradesmen.

### Overview

IBA has started a new commercial venture managing construction activities on behalf of government agencies. We seek project activities and opportunities within construction that will provide an economic base for our continued operation as well as more employment and business opportunities for Indigenous people.

Our business aims to:

- develop a strong economic base for our continued operation and to provide training, employment and enterprise opportunities for Indigenous people
- promote our services to both the public and private industry sectors in support of the current needs in remote Indigenous communities
- support IBA in its core activities.

### Performance

In 2006–07, in consultation with the Australian Government's lead agency, the Department of Families, Community Services and Indigenous Affairs, the branch provided critical services, such as staff accommodation in Wadeye, in the far north-west of the Northern Territory, for a government business manager to coordinate strategic intervention initiatives. IBA Constructions also managed the dismantling, uplift, refurbishment and storage of the buildings from the now closed Woomera

Immigration Detention Centre in South Australia. These buildings will be used for short-term accommodation for staff in the Northern Territory as a result of the Government's policy initiatives.

After constructing four display homes and associated infrastructure at outstations near Wadeye, the branch conducted a national tender for innovative, affordable housing that will be more suited to the needs of Indigenous people in remote and regional Australia than Western-style housing. As a result of the tender, about 35 houses will be constructed in remote communities throughout the Northern Territory.

Since being set up with the primary task of supporting the Australian Government's strategic interventions and the National Emergency Response in the Northern Territory, the branch has extended its operations from the Territory to Queensland, South Australia and Western Australia.

The new venture continues to seek contracts in construction and related activities and training and employment opportunities for Indigenous people within the construction industry.

## Outlook

In 2007-08, IBA Constructions will build on the achievements of 2006-07 by looking for and acting on opportunities to expand our business and attract more clients from the public and the private sectors. This should enable us to maximise training and employment opportunities for Indigenous people within the construction industry.

In 2007-08, we expect to:

- provide housing for staff and community members in remote Indigenous communities for state governments and the Australian Government
- develop infrastructure for business hubs in remote Indigenous communities
- develop infrastructure, such as roads, sewerage systems and power supply, in support of the housing under construction for staff and community members
- provide accommodation and infrastructure in support of the National Emergency Response in the Northern Territory
- assist Outback Stores by repairing and maintaining existing community store facilities, improving existing infrastructure, or providing new premises
- repair and maintain existing Indigenous housing.

In the coming year, we will continue our efforts to improve the housing and employment and business prospects of Indigenous people in regional and remote areas, contributing to IBA's outcome of stimulating the economic advancement of Aboriginal and Torres Strait Islander peoples, while contributing to government initiatives to improve Indigenous welfare.

GOVERNANCE

OUR 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. Reporting and accountability arrangements are 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 by facilitating Indigenous equity in sound commercial ventures. Under the enabling legislation, IBA must fulfil this role by accumulating and using a substantial capital asset. The Act specifically requires that IBA engage in commercial activities.

### Responsible minister



**The Hon. Joe Hockey,**  
MINISTER FOR EMPLOYMENT AND WORKPLACE RELATIONS

During 2006 through to 29 January 2007, the Hon. Kevin Andrews MP, as the Minister for Employment and Workplace Relations, was responsible for IBA.

On 30 January 2007, the Hon. Joe Hockey MP was appointed the Minister for Employment and Workplace Relations and has been responsible for IBA since that date.

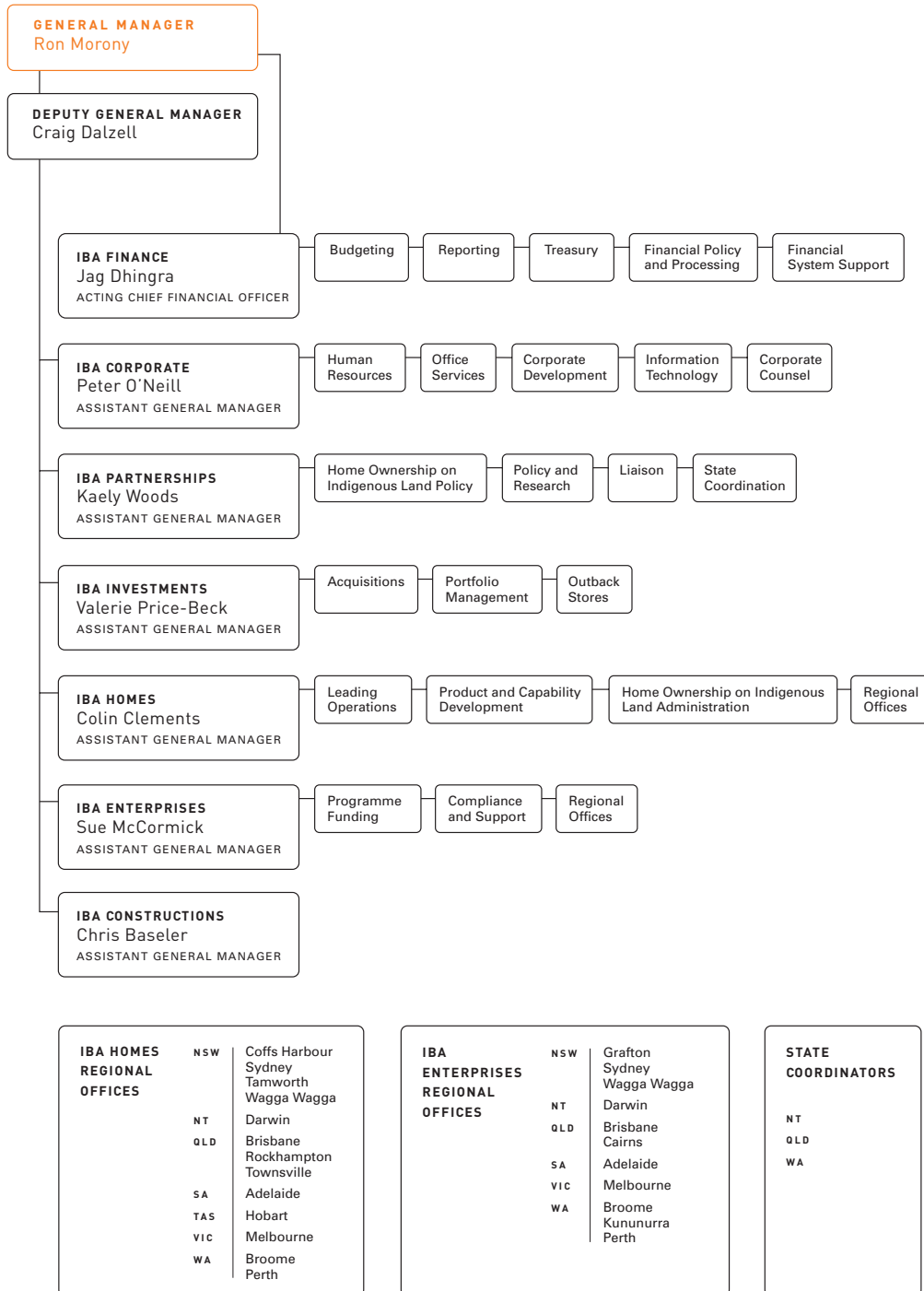
This report has been prepared for the Minister in accordance with the *Aboriginal and Torres Strait Islander Act 2005*, the CAC Act and the Finance Minister's Orders.

### Corporate plan

IBA's Corporate Plan 2006–08 clearly articulates our vision, goals, strategies, values and challenges. The plan, which will be updated in late 2007, can be read at <http://www.iba.gov.au>.



FIGURE 12 Organisation structure of Indigenous Business Australia at 30 June 2007



## Structure

IBA's current organisation structure is shown in Figure 12. The structure is based on programme areas supported by the corporate, finance and policy branches of IBA.

## Executive management

In 2006–07, the members of IBA's executive management team were:

- Ron Morony                      General Manager
- Craig Dalzell                    Deputy General Manager
- Peter O'Neill                    Assistant General Manager, IBA Corporate
- Kaely Woods                    Assistant General Manager, IBA Partnerships
- Valerie Price-Beck            Assistant General Manager, IBA Investments
- Sue McCormick                Assistant General Manager, IBA Enterprises
- Colin Clements                Assistant General Manager, IBA Homes
- Chris Baseler                   Assistant General Manager, IBA Constructions
- Jag Dhingra                    Acting Chief Financial Officer, IBA Finance

## 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. Table 13 provides information about the board members.

In accordance with internal policy, new board members undertake an informal induction process with key staff. They are also provided with a briefing pack and are encouraged to visit potential investment sites to inform their decision making.

Appropriate ethical standards are implemented and maintained. Board members are asked to complete a duty of disclosure statement annually. Any disclosures are reported in the financial statements of our annual report and board members are asked to report a conflict of interest prior to consideration of proposals put forward to the Board for approval.

A Certificate of Compliance is also completed annually. This asserts IBA's compliance with all CAC legislation and is submitted to the Minister for Finance and Administration.

At each board meeting, identified and foreseeable risks are discussed and noted as appropriate.

Information about the IBA Audit Committee is available on page 59.

TABLE 13 IBA Board directors as at 30 June 2007









<b>JOSEPH ELU</b> CHAIRPERSON	<b>BOB BLAIR</b> DEPUTY CHAIRPERSON	<b>LEAH ARMSTRONG</b> DIRECTOR	<b>JENNY BODDINGTON</b> DIRECTOR
			
Reappointed 19 March 2007 for two years	Reappointed 25 August 2006 for three years	Reappointed 19 May 2007 for three years	Reappointed 19 May 2007 for three 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 holds an honorary Doctorate in Economics from the Queensland University of Technology.</p> <p>Mr Elu has been actively involved with many organisations, including the National Indigenous Council, the Seisia Council, the Island Coordinating Council, the Voluntary Services to Indigenous Communities Foundation, the Torres Strait Regional Authority, the Special Broadcasting Service, and the Reconciliation Place Advisory Committee.</p> <p>In 2001, Mr Elu was awarded the Centenary Medal for service to the economic independence of Indigenous Australians.</p>	<p>Mr Blair has been an IBA Board member since 3 July 1998.</p> <p>He has an extensive business background as the administrator of the Dreamtime Cultural Centre, Rockhampton, North Queensland.</p> <p>Mr Blair also has Indigenous training experience, having been a senior training officer with the Central Queensland Aboriginal Corporation for Training Resources.</p> <p>In 2001, Mr Blair was awarded the Centenary Medal for service to the community through cultural awareness activities.</p>	<p>Ms Armstrong has been an IBA Board member since 2001.</p> <p>Ms Armstrong, a Torres Strait Islander from Mackay, Queensland, brings to the IBA Board valuable knowledge of the issues that communities face when taking the path of economic development. She also understands the need to balance economic and social objectives.</p> <p>Ms Armstrong is the Executive Director of the Yarnteen Aboriginal and Torres Strait Islanders Corporation, which is based in New South Wales. Yarnteen aims to encourage greater Indigenous participation in the broader economy and to build capacity within communities.</p>	<p>Ms Boddington has been an IBA Board member since 2003.</p> <p>Ms Boddington holds a Masters degree in Metallurgy, Economics and Industrial Management from Oxford University. She is head of new business ventures at PMI, a mortgage insurance company, where she identifies and develops expansion opportunities for the group. She is also a board member of the NSW Growth Centres Commission and holds various private board directorships.</p> <p>Ms Boddington spent 14 years in the investment banking sector, where she advised companies on acquisitions, divestments, listings and capital raisings.</p> <p>While with the private equity arm of Deutsche Bank, she made investments on its behalf. She has also held board seats in various investee companies.</p>

TABLE 13 CONTINUES OVER THE PAGE

TABLE 13 IBA Board directors as at 30 June 2007 CONTINUED

PRISCILLA COLLINS DIRECTOR	JUDY HARDY DIRECTOR	GAIL REYNOLDS-ADAMSON DIRECTOR	IAN TRUST DIRECTOR
			
Appointed 30 September 2006 for three years	Reappointed 9 August 2006 for three years	Appointed 10 May 2006 for three years	Reappointed 1 December 2005 for two years
Audit Committee member			

Ms Collins holds a Master of Arts in Producing and was nominated for Telstra Business Woman of the Year in 2004.

Ms Collins is the CEO of the North Australian Aboriginal Justice Agency, which provides high-quality and culturally appropriate legal aid services for Indigenous people in the Top End. She is fully engaged in pursuing the rights of Indigenous people through law and policy reform.

Previously Ms Collins was the CEO of the CAAMA Group, the largest Indigenous owned and operated multimedia organisation in Australia. It provides media services to Indigenous and non-Indigenous communities worldwide.

Ms Collins actively promoted Indigenous culture, language, dance and music.

She was also the executive producer and creator of *Double Trouble*, the first Indigenous children's television series produced for a commercial network, Channel 9, and Disney.

Mrs Hardy has been an IBA Board member since 2004.

Mrs Hardy operates an independent national consulting business from Adelaide, South Australia, and is owner-director of three other businesses operating in Australia, China and Morocco.

Mrs Hardy brings to the Board knowledge of strategic planning, marketing, community consultation and small business development. She is committed to a partnership approach to Indigenous economic development.

Mrs Hardy is also a member of a number of national committees advising the Australian Government on substance abuse.

Ms Reynolds-Adamson is a director of Kepa Kurl Pty Ltd, a private, locally owned Aboriginal tourism company based in Esperance, Western Australia. She also manages and operates a successful consultancy business to many mining companies and numerous government departments.

Previously, Ms Reynolds-Adamson was the National Indigenous Relations Manager for Normandy Mining and the National Manager of Telstra's Aboriginal and Islander Unit.

She is currently a Commissioner for Western Australia Tourism and sits on the boards of the Western Australian Indigenous Tourism Operators Committee and Indigenous Community Volunteers.

Mr Trust has been an IBA Board member since 2003.

Mr Trust, a Gidja man from the East Kimberley, is currently Executive Director of Wunan Foundation, Chair of Kimberley Group Training Company, Deputy Chair of Kimberley College of TAFE, Committee member of the WA Aboriginal Education and Training Council and a director of the Indigenous Land Corporation.

He previously served as Chairperson on the Aboriginal and Torres Strait Islander Commission (ATSIC) Wunan (Kununurra Region) Regional Council for nine years, and was Commissioner for two years. He was instrumental in the establishment of the Wunan Foundation and Kimberley Group Training Company in the East Kimberley.

Mr Trust was awarded the Centenary Medal in 2001 for his services to the Aboriginal people of the East Kimberley in the areas of social and economic development.

### Committees

IBA's governance framework integrates business planning and budgeting.

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 at 30 June 2007

#### AUDIT COMMITTEE

<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 Judy Hardy

#### REMUNERATION COMMITTEE

<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 five meetings during 2006–07. The attendance record of directors at board and board committee meetings is set out in Table 15.

Current IBA Board members  
PHOTO Palm Photographics



TABLE 15 Attendance at board and committee meetings, June 2006 to June 2007

BOARD MEMBER	BOARD		AUDIT COMMITTEE		REMUNERATION COMMITTEE	
	MEETINGS ATTENDED	MEETINGS HELD AND ELIGIBLE TO ATTEND	MEETINGS ATTENDED	MEETINGS HELD AND ELIGIBLE TO ATTEND	MEETINGS ATTENDED	MEETINGS HELD AND ELIGIBLE TO ATTEND
Joseph Elu	5	5			1	1
Bob Blair	5	5	2	2	1	1
Leah Armstrong	5	5			1	1
Jenny Boddington	4	5	1	2		
Peter Boxall <sup>a</sup>	1	1				
Priscilla Collins <sup>b</sup>	3	4				
Judy Hardy	4	5	2	2		
Gail Reynolds-Adamson	4	5				
Ian Trust	5	5				

a Peter Boxall resigned on 1 October 2006

b Priscilla Collins was appointed on 30 September 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 Act, to ensure the proper and efficient performance of the functions of IBA and to determine all IBA policies.

The Board achieves this by requiring monthly financial reports and regular reports on any occupational health and safety, environmental or legal issues that arise.

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 of the financial statements.

### **Indemnity and insurance**

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

The indemnity does not apply to any breach by them 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. We know of no circumstances likely to lead to any such claim.

The cost of directors' and staff indemnity insurance for 2006–07 was \$71,175.78.

### **Risk management and fraud**

IBA uses a risk-based approach in all its business dealings. All programme areas continuously monitor, treat and mitigate identified risks. An organisational risk assessment conducted during 2006–07 identified a number of enterprise business risks and measured the effectiveness of the current controls. As a result, we are putting in place additional controls to eliminate or mitigate the identified risks. All risk management matters are reported at each meeting of the Audit Committee and at each IBA Board meeting.

IBA applies the *Commonwealth Fraud Control Guidelines 2002* to minimise the incidence of fraud by developing, implementing and regularly reviewing fraud prevention and detection strategies. Our Fraud Control Plan, which was developed from a risk assessment, outlines our procedures for ensuring that fraudulent activity is negligible. The 2007–2009 Fraud Control Plan will be available to all staff when it is finalised later this year. Ongoing monitoring will occur with reporting to the IBA Audit Committee and the Attorney-General's Department.

### **Internal audit programme**

IBA conducts assurance and performance improvement reviews to help it ensure that its controls are efficient and effective and that its internal processes conform to best practice. We outsource aspects of the audit programme to further improve the independence of the process. No reviews were conducted in 2006–07.

We also monitor Australian National Audit Office guidelines and audit reports to ensure that we maintain compliance and best practice.

## Service charter

We reviewed and updated our service charter in 2006–07. Our new service charter incorporates all programmes within the IBA portfolio and gives information about IBA's approach to service delivery, including:

- what we do
- what standard of service our clients can expect
- the client's role in assisting us
- how clients can provide feedback on our service delivery
- information on privacy and freedom of information legislation, with reference to how it applies to us
- how to contact us.

The IBA Service Charter is available at <http://www.iba.gov.au/servicecharter>.

We are currently reviewing our complaints management system and expect to implement improved internal procedures soon.

## Consultative arrangements

Many of IBA's activities involve exchanging views and information with community, government and business representatives.

IBA Partnerships works closely with industry and government stakeholders to support IBA's commercial and social outcomes, and explores new partnership opportunities.

IBA actively contributed to the whole-of-government arrangements in Indigenous affairs overseen by the Ministerial Taskforce on Indigenous Affairs. Our activities are coordinated with those of other agencies to ensure that they add maximum value to the overall government effort. In particular, under the Indigenous Economic Development Strategy, IBA helped develop and implement initiatives aimed at creating Indigenous economies in remote communities through infrastructure development, housing construction and enterprise activity. These initiatives laid the groundwork for some of the measures developed as part of the Northern Territory National Emergency Response, which commenced in June 2007.

IBA engages with industry groups and other stakeholders that have the potential to promote Indigenous economic development to help them identify opportunities, including opportunities for working with IBA. In 2006–07, this engagement included the following:

- With the Indigenous Banking Reference Group and individual financial institutions, we developed collaborative approaches to financing and supporting Indigenous home ownership and involvement in business.
- With native title stakeholders, we promoted the goal of economic development and conducted a workshop on the practical aspects of getting into business at the Native Title Conference in June 2007.
- With the mining sector, we contributed to government–industry collaboration, under the 2005 agreement between the Minerals Council of Australia and the Australian Government, on building employment, business and social



opportunities in mining regions.

- We made presentations to peak industry bodies, such as the Indigenous engagement working group of the Uranium Industry Framework.
- We liaised with and gave expert policy advice to industry organisations and state and federal government agencies on ways to improve economic participation opportunities for Indigenous people through their programme delivery.

On 20 March 2007, IBA signed the memorandum of understanding (MOU) between the Australian Government and the Australian forest industries, which aims to advance the implementation of the National Indigenous Forest Strategy. The MOU focuses on Indigenous employment and skills shortages in the industry and on opportunities to encourage Indigenous business in rural Australia. IBA will assist in identifying Indigenous business development opportunities as part of an MOU implementation action plan.

### **Ministerial directions**

During 2006–07, the Minister made no directions to IBA under section 151 of the *Aboriginal and Torres Strait Islander Act 2005*.

### **Freedom of information**

Details of IBA's freedom of information arrangements, and requests handled in 2006–07 under the *Freedom of Information Act 1982*, are in Appendix C.

### **Judicial decisions and reviews by outside bodies**

No judicial decisions or decisions of administrative tribunals during 2006–07 had, or may have, a significant effect on the operations of IBA.

During 2006–07, 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 2006–07, the Privacy Commissioner did not receive any complaints about IBA or conduct any investigations of IBA.

### **Use of consultants**

Section 178 of the *Aboriginal and Torres Strait Islander Act 2005* enables IBA to engage consultants. Section 189(2) of the Act requires us to include, in each annual report, particulars of 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 protection.

### Corporate performance

During 2006–07, IBA:

- installed low-energy lighting in new fit-outs
- used and purchased recycled furniture for new fit-outs and refurbishments
- continued to encourage staff to recycle paper
- began a printer toner recycling programme
- recycled all superseded mobile phones.

### Programme performance

After the redevelopment of Scarborough House in 2005–06, in 2006–07 IBA Investments sought a rating under the Australian Building Greenhouse Rating (ABGR) scheme, which is administered by the New South Wales Department of Environment and Climate Change.

The ABGR scheme assesses the greenhouse performance of buildings and gives them a rating of between one and five stars. A rating of five stars represents exceptional greenhouse performance. Scarborough House achieved an accredited rating of 4.5 stars, due to its integrated design, operation, management and fuel choices. Scarborough House is one of only a handful of buildings within Australia to achieve this standard.

IBA Investments continued to encourage the environmental sustainability of Gagudju Lodge Cooinda's Yellow Water Cruises through the ongoing administration of initiatives designed to eradicate the aquatic weed salvinia.

In 2006–07, IBA Constructions:

- installed solar hot water systems at houses in Wadeye, Northern Territory
- recycled demountable buildings, by relocating them from the Woomera detention centre in South Australia to remote Indigenous communities in the Northern Territory.



The distinctive Scarborough House sail

PHOTO Indigenous Business Australia

GOOD  
NEWS



First Nations Economic Opportunities Conference

In 2006, IBA hosted the First Nations Economic Opportunities Conference in Sydney, which was held to promote Indigenous economic development and to assist an understanding of the challenges facing Indigenous businesses in Australia today.



Representatives from Ngarda Civil and Mining (an IBA investment) at IBA's First Nations Conference

PHOTO Michael Silver

The conference, which also included a youth forum, was held at the Hilton Hotel from 17 July to 20 July 2006. More than 500 people attended, including delegations from New Zealand and Canada.

The Governor-General, Major General Michael Jeffery, officially opened the conference. Guest speakers included Gerhardt Pearson of the Balkanu Cape York Development Corporation; Shirley McPherson, Chairperson of the Indigenous Land Council; industry leaders from the mining, hospitality, and finance sectors; the Minister for Families, Community Services and Indigenous Affairs, the Hon. Mal Brough; the Minister for Immigration and Citizenship, the Hon. Kevin Andrews; and the Minister for Small Business and Tourism, the Hon. Fran Bailey.

The youth forum, which was attended by more than 100 Aboriginal and Torres Strait Islander youth, presented young Indigenous Australians with an opportunity to learn about the challenges they are likely to experience in business. It also provided an opportunity for the attendees to hear from and talk to successful Indigenous business owners and operators throughout Australia.

Guest speakers at the youth forum included Jason McCartney, a Bali bombing survivor and Youth Ambassador for the Australian Football League; Senator Aden Ridgeway; and many successful Indigenous entrepreneurs and business owners.

The conference, which was deemed a resounding success by those who attended, highlighted that, by comparison with the rest of the world, Australia still has a long way to go in terms of developing economic opportunities for Indigenous Australians.

## OUR PEOPLE

In 2006–07, IBA developed people management strategies that reflect our commercial operating environment. We implemented a new performance management system, developed an induction and cultural awareness programme and improved occupational health and safety arrangements.

Our performance management system, which includes individual performance plans for all employees, is designed to reward high performers and improve overall performance levels. Learning and development plans are an integral part of the individual performance plans, with all new staff attending an induction programme and cultural awareness training. In addition, staff are given programme-specific training and development activities as identified in their plans.

*The cultural awareness training assists staff to obtain a broader understanding of how IBA plays such a critical role in assisting ordinary Indigenous Australians with home ownership, or achieve their small business aspirations. It provides relevant information and perspectives in a positive environment that brings people together and benefits both the individual and the organisation.*

TREVOR SATOUR, Cultural Awareness Training Provider

### Attracting and retaining staff

Despite a 15 per cent increase in our staffing level in 2006–07, our rapid growth and a tight labour market make it hard for us to find enough capable and willing people with the required skills to work with Indigenous Australians and develop sustainable commercial solutions. Therefore, we have engaged a remuneration expert to review



our remuneration strategy to ensure that we are able to maintain market competitiveness, given our broad and commercially focused roles.

We are also committed to maintaining and improving on our Indigenous staffing level, which is currently 26 per cent, through a dedicated Indigenous employment strategy. This strategy will be developed in 2007–08.

## Staffing

Details of staffing levels and locations are given in Table 16.

TABLE 16 IBA staff numbers, by classification and location, 2006–07

CLASSIFICATION	STATE/TERRITORY								
	ACT	NSW	NT	QLD	SA	TAS	VIC	WA	TOTAL
General Manager	1								1
Deputy General Manager	1								1
Assistant General Manager	6								6
IBA Level 7	15		1	2				1	19
IBA Level 6	22	1							23
IBA Level 5	20	4	4	7	3	1	2	5	46
IBA Level 4	19	5	3	11	1		2	6	47
IBA Level 3	13	5	1	4	1		1	2	26
IBA Level 2	6	2		1	2		1	1	13
IBA Level 1	4			1					5
Cadet				1	1				2
<b>Total</b>	<b>107</b>	<b>17</b>	<b>9</b>	<b>27</b>	<b>8</b>	<b>1</b>	<b>6</b>	<b>15</b>	<b>190<sup>a</sup></b>

a This figure does not include the eight IBA Board members.

## Occupational health and safety

In accordance with section 74 of the *Occupational Health and Safety Act 1991*, IBA is currently developing its health and safety management arrangements.

During the year, an interim occupational health and safety committee met four times and commissioned the following activities:

- a comprehensive review and risk assessment of current OH&S policies and practices
- policies for first aid, incident reporting, rehabilitation and fitness for duty
- a forward action plan, to be developed in consultation with staff.

IBA will continue to develop and strengthen its health and safety environment and provide managers and staff with the necessary training and support to enable them to perform their duties safely and effectively. There was one serious personal injury, but no dangerous occurrences or incapacities were reported to Comcare during 2006–07.

### **Workers compensation**

IBA's workers compensation premium for 2006–07 was set at 0.42 per cent of salary and wages (0.21 per cent in 2005–06). The Commonwealth average in 2006–07 was 1.55 per cent (1.77 per cent in 2005–06).

### **Comcare investigations**

No investigations relating to IBA were carried out by Comcare in 2006–07.

### **Improvement notices**

No provisional improvement notices were issued to IBA during 2006–07.

### **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 fulfils the performance requirements for its roles of provider and employer.

In its provider role, IBA specifies the roles of the organisation and the consumer, and identifies performance standards in its service charter. IBA also has a complaints-handling mechanism which is currently under review. 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 that people with disabilities can access.

### **Equity and diversity**

In 2006–07, the proportion of females employed by IBA increased from 49 per cent to 52 per cent of total staff; three female members are on the executive, up from two in 2005–06. We also engaged two Indigenous cadets and supported and celebrated culturally significant events, such as NAIDOC Week.

# FINANCIALS

## OUR FINANCIAL PERFORMANCE



## FINANCIAL SUMMARY

### Overview

IBA's financial results for the year ended 30 June 2007 are detailed on pages 71 to 123 of this report.

The highlights for the year were:

- consolidated operating surplus for the year of \$61 million against \$53 million for the previous financial year
- consolidated net assets valued at \$721 million, an increase of \$124 million from the previous financial year
- IBA Homes, IBA Enterprises and other loans of the corporation valued at \$430 million on a fair value basis
- IBA's investment portfolio of the corporation valued at \$129 million, against \$104 million in the previous financial year.
- Contributed equity for the year was \$57 million—\$20 million for the New Housing Fund, \$20 million for Outback Stores and \$17 million for the Business Development and Assistance and Home Ownership on Indigenous Land programmes.

Interest income on loans is significantly lower than budget due to the shift in portfolio valuation and interest calculation under AASB 139 from amortised cost basis to fair value basis.

### Outlook

For the financial year 2007–08, allocated funds include:

- an equity contribution of \$37.6 million, of which \$10 million is allocated to Outback Stores
- an additional equity contribution of \$17.7 million under the Appropriation Northern Territory National Emergency Response Bills (Nos 1 and 2) 2007–2008.

In 2007–08, IBA Finance plans to continue to integrate its financial management and accounting processes under SAP, and to deliver timely and accurate corporation and consolidated reports. Staffing and training will focus on building the team to monitor expenditure and provide accurate feedback to programme areas.



## 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 2007

In our opinion, the attached financial statements for the year ended 30 June 2007 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 21 November 2007	Signed B. Blair Deputy Chairman 21 November 2007	Signed R. Morony General Manager 21 November 2007



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## INDEPENDENT AUDITOR'S REPORT

To the Minister for Employment and Workplace Relations

### Scope

I have audited the accompanying financial statements of Indigenous Business Australia and the consolidated entity, which comprise: a statement by the Directors and Chief Executive; Income Statement; Balance Sheet; Statement of Changes in Equity; Cash Flow Statement; Schedules of Commitments, Contingencies; Summary of Significant Accounting Policies; and Other Explanatory Notes.

### *The Responsibility of the Board of Directors for the Financial Statements*

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with the Finance Minister's Orders made under the *Commonwealth Authorities and Companies Act 1997* and the Australian Accounting Standards (including the Australian Accounting Interpretations). This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### *Auditor's Responsibility*

My responsibility is to express an opinion on the financial statements based on my audit. My audit has been conducted in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. These auditing standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the financial statements by Indigenous Business Australia in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. An audit also includes evaluating the

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appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

***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.

**Auditor's 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 the Australian Accounting Standards (including the Australian Accounting Interpretations); and
- (b) give a true and fair view of the matters required by the Finance Minister's Orders including Indigenous Business Australia and the consolidated entity's financial position as at 30 June 2007 and of its financial performance and its cash flows for the year then ended.

**Report on Other Legal and Regulatory Requirements**

Except for the Bowen Basin Companies and Centrum Insurance Services, I have not acted as auditor of, or audited the financial statements of the Subsidiaries listed in Note 6G.

Australian National Audit Office



Michael J Watson  
Group Executive Director

Delegate of the Auditor-General  
Canberra

21 November 2007

**INCOME STATEMENT**

for the period ended 30 June 2007

	Notes	Consolidated		Corporation	
		2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
<b>INCOME</b>					
<b>Revenue</b>					
Revenue from government	3A	32,794	27,225	32,794	27,225
Sale of goods and rendering of services	3B	53,722	43,536	17,008	(14)
Interest	3C	34,903	28,076	32,728	27,450
Dividends	3D	122	312	27,733	42,977
Rental income	3E	8,647	7,672	185	189
Other revenues	3F	2,497	3,542	-	3,469
<b>Total revenue</b>		<b>132,685</b>	<b>110,363</b>	<b>110,448</b>	<b>101,296</b>
<b>Gains</b>					
Sale of assets	3G	394	351	4	270
Foreign exchange	3H	-	1,290	-	-
Valuation Increments	3I	14,150	19,500	-	1,054
<b>Total gains</b>		<b>14,544</b>	<b>21,141</b>	<b>4</b>	<b>1,324</b>
<b>TOTAL INCOME</b>		<b>147,229</b>	<b>131,504</b>	<b>110,452</b>	<b>102,620</b>
<b>EXPENSES</b>					
Employee benefits	4A	15,306	11,913	15,296	11,406
Suppliers	4B	50,142	33,817	16,464	8,848
Grants	4C	9,183	9,722	10,683	9,722
Depreciation and amortisation	4D	4,480	2,492	493	99
Finance costs	4E	1,581	1,994	-	-
Write-down and impairment of assets	4F	-	168	2,177	2,427
Foreign exchange losses	4G	534	-	-	-
Losses from asset sales	4H	157	-	-	-
Other expenses	4I	13,692	20,597	13,683	20,597
<b>TOTAL EXPENSES</b>		<b>95,075</b>	<b>80,703</b>	<b>58,796</b>	<b>53,099</b>
Share of operating result of associates and joint ventures accounted for using the equity method		10,385	2,657	-	-
<b>Surplus (Deficit) before income tax</b>		<b>62,539</b>	<b>53,458</b>	<b>51,656</b>	<b>49,521</b>
Income tax expense	5	(96)	(138)	-	-
<b>Surplus (Deficit)</b>		<b>62,443</b>	<b>53,320</b>	<b>51,656</b>	<b>49,521</b>
<b>Surplus (Deficit) attributable to minority interests</b>		<b>(1,043)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Surplus (Deficit) attributable to the Australian Government</b>		<b>61,400</b>	<b>53,320</b>	<b>51,656</b>	<b>49,521</b>

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

**BALANCE SHEET**  
as at 30 June 2007

	Notes	Consolidated		Corporation	
		2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
<b>ASSETS</b>					
<b>Financial Assets</b>					
Cash and cash equivalents	6A	127,154	99,020	73,315	80,103
Trade and other receivables	6B	17,390	5,330	77,414	54,853
Loans and loans receivables	6C	430,278	367,191	429,732	367,191
Investments accounted for using the equity method	6D, 6H	23,094	24,906	-	-
Investments	6E, 6G, 6I	17,954	10,376	128,658	104,132
Other financial assets	6F	361	1,220	5	1,127
<b>Total financial assets</b>		<b>616,231</b>	<b>508,043</b>	<b>709,124</b>	<b>607,406</b>
<b>Non-Financial Assets</b>					
Land and buildings	7A, 7E	2,091	1,021	675	247
Infrastructure, plant and equipment	7B, 7E	27,857	26,527	380	405
Investment Property	7C, 7E	108,524	83,466	22,488	5,577
Intangibles	7D, 7E	7,916	11,106	732	427
Inventories	7F	1,525	2,211	-	-
Deferred tax assets	7G	17	26	-	-
Other non-financial assets	7H	9,470	4,004	-	-
<b>Total non-financial assets</b>		<b>157,400</b>	<b>128,361</b>	<b>24,275</b>	<b>6,656</b>
Assets held for sale		-	-	-	-
<b>Total Assets</b>		<b>773,631</b>	<b>636,404</b>	<b>733,399</b>	<b>614,062</b>
<b>LIABILITIES</b>					
<b>Payables</b>					
Suppliers	8A	15,204	4,465	7,818	2,109
Deferred tax liabilities	8B	4	82	-	-
Other payables	8C	15,018	12,636	14,051	9,500
<b>Total payables</b>		<b>30,226</b>	<b>17,183</b>	<b>21,869</b>	<b>11,609</b>
<b>Interest bearing liabilities</b>					
Loans	9A	16,493	16,888	-	-
Leases	9B	-	43	-	-
<b>Total interest bearing liabilities</b>		<b>16,493</b>	<b>16,931</b>	<b>-</b>	<b>-</b>
<b>Provisions</b>					
Employee provisions	10A	4,013	4,175	3,936	3,905
Other provisions	10B	1,686	1,290	-	-
<b>Total provisions</b>		<b>5,699</b>	<b>5,465</b>	<b>3,936</b>	<b>3,905</b>
<b>Total Liabilities</b>		<b>52,418</b>	<b>39,579</b>	<b>25,805</b>	<b>15,514</b>
<b>NET ASSETS</b>		<b>721,213</b>	<b>596,825</b>	<b>707,594</b>	<b>598,548</b>
<b>EQUITY</b>					
<b>Parent Entity Interest</b>					
Contributed equity		634,542	577,152	634,242	577,152
Reserves		5,410	5,410	10,440	10,440
Retained surplus (accumulated deficit)		75,663	14,263	62,912	10,956
<b>Total Parent Entity Interest</b>		<b>715,615</b>	<b>596,825</b>	<b>707,594</b>	<b>598,548</b>
<b>Attributed to Minority Interest</b>					
Contributed equity		4,555	-	-	-
Reserves		1,043	-	-	-
Retained earnings		-	-	-	-
<b>Total Minority Interest</b>		<b>5,598</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL EQUITY</b>		<b>721,213</b>	<b>596,825</b>	<b>707,594</b>	<b>598,548</b>
<b>Current Assets</b>		<b>209,326</b>	<b>143,726</b>	<b>256,699</b>	<b>171,019</b>
<b>Non-Current Assets</b>		<b>564,305</b>	<b>492,678</b>	<b>476,700</b>	<b>443,043</b>
<b>Current Liabilities</b>		<b>30,226</b>	<b>37,580</b>	<b>21,869</b>	<b>14,837</b>
<b>Non-Current Liabilities</b>		<b>22,192</b>	<b>1,999</b>	<b>3,936</b>	<b>677</b>

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

STATEMENT of CHANGES in EQUITY  
as at 30 June 2007

Consolidated

	Retained Earnings		Asset Revaluation Reserve		Other Reserves		Contributed Equity/Capital		Total Equity	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Opening balance</b>	14,263	31,766	5,410	4,637	-	-	577,152	562,693	596,825	599,096
Balance carried forward from previous period	-	-	-	-	-	-	300*	-	300	-
Adjustment for errors	-	(70,823)	-	-	-	-	-	-	-	(70,823)
Adjustment for changes in accounting policies	-	(39,057)	-	-	-	-	-	-	-	-
<b>Adjusted opening balance</b>	<b>14,263</b>	<b>(39,057)</b>	<b>5,410</b>	<b>4,637</b>	-	-	<b>577,452</b>	<b>562,693</b>	<b>597,125</b>	<b>528,273</b>
<b>Income and expense</b>										
Income and expenses recognised Directly in Equity (each item Revaluation adjustment)	-	-	-	773	-	-	-	-	-	773
<b>Sub-total income and expenses recognised Directly in Equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>773</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>773</b>
Surplus (Deficit) for the period	62,443	53,320	-	-	-	-	-	-	62,443	53,320
<b>Total income and expenses</b>	<b>62,443</b>	<b>53,320</b>	<b>-</b>	<b>773</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>62,443</b>	<b>54,093</b>
of which:										
attributable to the Australian Government	61,400	53,320	-	773	-	-	-	-	61,400	54,093
attributable to minority interest	1,043	-	-	-	-	-	-	-	1,043	-
<b>Transactions with owners</b>										
<i>Distributions to owners</i>										
Returns on capital:										
Dividends	-	-	-	-	-	-	-	-	-	-
Returns on capital:										
Restructuring (Note 11)	-	-	-	-	-	-	-	-	-	-
Other (details)	-	-	-	-	-	-	-	-	-	-
<i>Contributions by owners</i>										
Appropriation (equity injection)	-	-	-	-	-	-	57,090	13,700	57,090	13,700
Equity injection	-	-	-	-	-	-	4,555	759	4,555	759
<b>Sub-total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>61,645</b>	<b>14,459</b>	<b>61,645</b>	<b>14,459</b>
Transfers between equity components	-	-	-	-	-	-	-	-	-	-
<b>Closing balance as at 30 June</b>	<b>76,706</b>	<b>14,263</b>	<b>5,410</b>	<b>5,410</b>	<b>-</b>	<b>-</b>	<b>639,097</b>	<b>577,152</b>	<b>721,213</b>	<b>596,825</b>
Less: minority interests	(1,043)	-	-	-	-	-	(4,555)	-	(5,598)	-
<b>Outside equity interest</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Closing balance attributable to the Australian Government</b>	<b>75,663</b>	<b>14,263</b>	<b>5,410</b>	<b>5,410</b>	<b>-</b>	<b>-</b>	<b>634,542</b>	<b>577,152</b>	<b>715,616</b>	<b>596,825</b>

Corporation

	Retained Earnings		Asset revaluation reserve		Other reserves		Contributed equity/capital		Total equity	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
<b>Opening balance</b>	10,956	32,070	10,440	4,636	-	-	577,152	562,693	598,548	599,399
Balance carried forward from previous period	-	-	-	-	-	-	-	-	-	-
Adjustment for errors	310*	(70,635)	-	-	-	-	-	-	300	-
Adjustment for changes in accounting policies	-	-	-	-	-	-	-	-	-	(70,635)
<b>Adjusted opening balance</b>	<b>11,256</b>	<b>(38,565)</b>	<b>10,440</b>	<b>4,636</b>	-	-	<b>577,152</b>	<b>562,693</b>	<b>598,848</b>	<b>528,764</b>
<b>Income and expense</b>										
Income and expenses recognised Directly in Equity (each item)										
Revaluation adjustment	-	-	-	5,804	-	-	-	-	-	5,804
<b>Sub-total income and expenses recognised directly in equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,804</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,804</b>
Surplus (Deficit) for the period	51,656	49,521	-	-	-	-	-	-	51,656	49,521
<b>Total income and expenses</b>	<b>51,656</b>	<b>49,521</b>	<b>5,804</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>51,656</b>	<b>55,325</b>
of which:										
attributable to the Australian Government	51,656	49,521	-	5,804	-	-	-	-	51,656	55,325
attributable to minority interest	-	-	-	-	-	-	-	-	-	-
<b>Transactions with owners</b>										
<b>Distributions to owners</b>										
Returns on capital	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	-	-
Returns on capital:										
Restructuring (Note 11)	-	-	-	-	-	-	-	-	-	-
Other (details)	-	-	-	-	-	-	-	-	-	-
<b>Contributions by owners</b>										
Appropriation (equity injection)	-	-	-	-	-	-	-	-	-	-
Equity injection	-	-	-	-	-	-	-	-	-	-
Sub-total transactions with owners	-	-	-	-	-	-	57,090	13,700	57,090	13,700
Transfers between equity components	-	-	-	-	-	-	-	759	-	759
<b>Closing balance as at 30 June</b>	<b>62,912</b>	<b>10,956</b>	<b>10,440</b>	<b>10,440</b>	<b>-</b>	<b>-</b>	<b>634,242</b>	<b>577,152</b>	<b>707,594</b>	<b>598,548</b>
Less: minority interests	-	-	-	-	-	-	-	-	-	-
<b>Outside equity interest</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Closing balance attributable to the Australian Government</b>	<b>62,912</b>	<b>10,956</b>	<b>10,440</b>	<b>10,440</b>	<b>-</b>	<b>-</b>	<b>634,242</b>	<b>577,152</b>	<b>707,594</b>	<b>598,548</b>

\* Note: Adjustment for Errors  
This adjustment was done to reflect correct share capital of IBA in its' subsidiaries and for previous year accrued revenue at the Corporation level.

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

**CASH FLOW STATEMENT**  
for the period ended 30 June 2007

		Consolidated		Corporation	
	Notes	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Goods and services		54,183	58,987	20,181	193
Appropriations		32,794	27,225	32,794	27,225
Interest and dividend		33,352	31,239	38,392	30,381
Net GST received		1,053	1,226	885	2,052
Other cash received		12,282	4,915	185	5,316
<b>Total cash received</b>		<b>133,664</b>	<b>123,592</b>	<b>92,437</b>	<b>65,167</b>
<b>Cash used</b>					
Employees		(15,468)	(10,948)	(15,265)	(10,208)
Suppliers		(40,194)	(33,807)	(9,633)	(4,169)
Borrowing costs		(1,581)	(1,994)	-	-
Grants		(9,183)	(9,722)	(10,683)	(9,722)
Net GST paid		-	-	-	-
Other cash used		-	(560)	-	-
<b>Total cash used</b>		<b>(66,426)</b>	<b>(57,031)</b>	<b>(35,581)</b>	<b>(24,099)</b>
<b>Net cash from or (used by) Operating Activities</b>	11	<b>67,238</b>	<b>66,561</b>	<b>56,856</b>	<b>41,068</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash received</b>					
Proceeds from sales of property, plant and equipment		950	350	950	2,320
Proceeds from sales of financial instruments		-	-	-	-
Investments		14,541	1,500	8,074	2,000
Repayments of loans		64,630	79,977	64,630	79,977
<b>Total cash received</b>		<b>80,121</b>	<b>81,827</b>	<b>73,654</b>	<b>84,297</b>
<b>Cash used</b>					
Purchase of property, plant and equipment		(29,698)	(16,650)	(19,882)	(1,043)
Purchase of other non financial assets		(4,771)	-	-	-
Purchase of financial instruments		-	-	-	-
Investments		-	-	(33,652)	(11,909)
Loans / Advances		(141,408)	(130,237)	(140,854)	(129,361)
<b>Total cash used</b>		<b>(175,877)</b>	<b>(146,887)</b>	<b>(194,388)</b>	<b>(142,313)</b>
<b>Net cash from or (used by) investing activities</b>		<b>(95,756)</b>	<b>(65,060)</b>	<b>(120,734)</b>	<b>(58,016)</b>
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Appropriations - contributed equity		57,090	14,180	57,090	14,180
Proceeds from issuing financial instruments & debt		2,440	1,675	-	-
Other cash received		-	1,466	-	-
<b>Total cash received</b>		<b>59,530</b>	<b>17,321</b>	<b>57,090</b>	<b>14,180</b>
<b>Cash used</b>					
Repayment of borrowings		(2,878)	(1,309)	-	-
<b>Total cash used</b>		<b>(2,878)</b>	<b>(1,309)</b>	<b>-</b>	<b>-</b>
<b>Net cash from or (used by) financing activities</b>		<b>56,652</b>	<b>16,012</b>	<b>57,090</b>	<b>14,180</b>
<b>Net increase or (decrease) in cash held</b>		<b>28,134</b>	<b>17,513</b>	<b>(6,788)</b>	<b>(2,768)</b>
Cash at the beginning of the reporting period		99,020	81,507	80,103	82,871
<b>Cash at the end of the reporting period</b>	6A	<b>127,154</b>	<b>99,020</b>	<b>73,315</b>	<b>80,103</b>

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



**SCHEDULE OF COMMITMENTS**

as at 30 June 2007

	Consolidated		Corporation	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
<b>BY TYPE</b>				
<b>Commitments Receivable</b>				
Other commitments receivable <sup>1</sup>	(61,028)	(67,189)	(897)	(1,057)
<b>Total Commitments Receivable</b>	<b>(61,028)</b>	<b>(67,189)</b>	<b>(897)</b>	<b>(1,057)</b>
<b>Other commitments</b>				
Operating leases <sup>2</sup>	1,409	523	1,409	523
Programme commitments <sup>3</sup>	34,883	33,608	29,417	27,596
<b>Total other commitments</b>	<b>36,292</b>	<b>34,131</b>	<b>30,826</b>	<b>28,119</b>
<b>Net commitments by type</b>	<b>(24,736)</b>	<b>(33,058)</b>	<b>29,929</b>	<b>27,062</b>
<b>BY MATURITY</b>				
<b>Commitments receivable</b>				
<b>Operating lease income</b>				
One year or less	845	523	845	523
From one to five years	564	-	564	-
Over five years	-	-	-	-
<b>Total operating lease income</b>	<b>1,409</b>	<b>523</b>	<b>1,409</b>	<b>523</b>
<b>All net commitments</b>				
One year or less	18,963	18,176	29,416	27,389
From one to five years	(28,021)	(30,273)	513	(327)
Over five years	(15,678)	(20,961)	-	-
<b>Total net commitments</b>	<b>(24,736)</b>	<b>(33,058)</b>	<b>29,929</b>	<b>27,062</b>

NB: Commitments are GST inclusive where relevant.

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

- 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.

→ OUR FINANCIAL PERFORMANCE

SCHEDULE OF CONTINGENCIES for Not For Profit Reporting Entities  
as at 30 June 2007

Consolidated								
Contingent Assets	Guarantees		Indemnities		Claims for damages/costs		Total	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Balance from previous period	-	-	-	-	350	505	350	505
New	-	-	-	-	318	-	318	-
Re-measurement	-	-	-	-	-	-	-	-
Assets crystallised	-	-	-	-	-	-	-	-
Expired	-	-	-	-	(100)	(155)	(100)	(155)
<b>Total Contingent Assets</b>	-	-	-	-	<b>568</b>	<b>350</b>	<b>568</b>	<b>350</b>
Contingent Liabilities	Guarantees		Indemnities		Claims for damages/costs		Total	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Balance from previous period	3,604	5,847	1,000	1,000	100	100	4,704	6,947
New	463	260	-	-	2,225	-	2,688	260
Re-measurement	-	-	-	-	-	-	-	-
Liabilities crystallised	-	-	-	-	-	-	-	-
Obligations expired	(714)	(2,503)	-	-	(100)	-	(814)	(2,503)
<b>Total Contingent Liabilities</b>	<b>3,353</b>	<b>3,604</b>	<b>1,000</b>	<b>1,000</b>	<b>2,225</b>	<b>100</b>	<b>6,578</b>	<b>4,704</b>
<b>Net Contingent Assets (Liabilities)</b>	<b>(3,353)</b>	<b>(3,604)</b>	<b>(1,000)</b>	<b>(1,000)</b>	<b>(1,657)</b>	<b>250</b>	<b>(6,010)</b>	<b>(4,354)</b>

Corporation								
Contingent Assets	Guarantees		Indemnities		Claims for damages/costs		Total	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Balance from previous period	-	-	-	-	350	505	350	505
New	-	-	-	-	318	-	318	-
Re-measurement	-	-	-	-	-	-	-	-
Assets crystallised	-	-	-	-	-	-	-	-
Expired	-	-	-	-	(100)	(155)	(100)	(155)
<b>Total Contingent Assets</b>	-	-	-	-	<b>568</b>	<b>350</b>	<b>568</b>	<b>350</b>
Contingent Liabilities	Guarantees		Indemnities		Claims for damages/costs		Total	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Balance from previous period	1,685	3,928	1,000	1,000	100	100	2,785	5,028
New	-	260	-	-	2,225	-	2,225	260
Re-measurement	-	-	-	-	-	-	-	-
Liabilities crystallised	-	-	-	-	-	-	-	-
Obligations expired	-	(2,503)	-	-	(100)	-	(100)	(2,503)
<b>Total Contingent Liabilities</b>	<b>1,685</b>	<b>1,685</b>	<b>1,000</b>	<b>1,000</b>	<b>2,225</b>	<b>100</b>	<b>4,910</b>	<b>2,785</b>
<b>Net Contingent Assets (Liabilities)</b>	<b>(1,685)</b>	<b>(1,685)</b>	<b>(1,000)</b>	<b>(1,000)</b>	<b>(1,657)</b>	<b>250</b>	<b>(4,342)</b>	<b>(2,435)</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 2007*

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**Notes to and forming part of the Financial Statements  
for the year ended 30 June 2007**

**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 Report**

The Financial Statements and notes 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 Financial Statements and notes have been prepared in accordance with:

- Finance Minister's Orders (or FMOs) or reporting periods ending on or after 01 July 2006; and
- Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that apply for the reporting period including Interpretations issued by the AASB that apply for the reporting period.

The financial report has been prepared on an accrual basis and is in accordance with historical cost convention, except for certain assets 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 an alternative treatment is specifically required by an Accounting Standard or the FMOs, assets and liabilities are recognised in the Balance Sheet when and only when it is probable that future economic benefits will flow to the Entity 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 unrealised are reported in the Schedule of Commitments and the Schedule of Contingencies (other than unquantifiable or remote contingencies).

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, 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 1/7/06 and 30/6/07 of this fair value has involved considerable analysis of IBA's historical records, of market trends and use of expert valuation techniques.

**1.4 Statement of Compliance**

Australian Accounting Standards require a statement of compliance with International Financial Reporting Standards (IFRSs) to be made where the financial report complies with these standards. Some Australian

**Notes to and forming part of the Financial Statements  
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equivalents to IFRSs and other Australian Accounting Standards contain requirements specific to not-for-profit entities that are inconsistent with IFRS requirements. IBA is a not for profit entity and has applied these requirements, so while this financial report complies with Australian Accounting Standards including Australian Equivalents to International Financial Reporting Standards (AEIFRSs) it cannot make this statement.

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.

No accounting standard has been adopted earlier than the effective date in the current period. The following adopted requirements have resulted in a change to IBA's accounting policies or have affected the amounts reported in the current or prior periods or are estimated to have a financial affect in future reporting periods

Title	Standard affected	Application date*	Nature of impending change	Impact expected on financial report
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 or loss and makes consequential amendments to AASB 1 and AASB 132.	IBA continues to designate its loan portfolio at fair value through profit and loss per paragraph 11A of AASB 139 which provides for contracts with embedded derivatives, such as prepayment options, to be designated at fair value through profit and loss.

Other effective requirement changes

The following amendments, revised standards or interpretations have become effective but have had no financial impact or do not apply to the operations of IBA.

Amendments:

- 2005-1 Amendments to Australian Accounting Standards [AASBs 1, 101, 124]
- 2005-5 Amendments to Australian Accounting Standards [AASBs 1, 139]
- 2005-6 Amendments to Australian Accounting Standards [AASB 3]
- 2005-9 Amendments to Australian Accounting Standards [AASB 4, 1023, 139, 132]
- 2006-1 Amendments to Australian Accounting Standards [AASB 121]
- 2006-3 Amendments to Australian Accounting Standards [AASB 1045]

Interpretations:

- UIG 4 Determining whether an Arrangement contains a Lease
- UIG 5 Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
- UIG 7 Applying the Restatement Approach under AASB 129 Financial Reporting in Hyperinflationary Economies
- UIG 8 Scope of AASB 2
- UIG 9 Reassessment of Embedded Derivatives
- UIG 4 and UIG 9 might have impacts in future periods, subject to existing contracts being renegotiated.

Future Australian Accounting Standard requirements

The following new standards, amendments to standards or interpretations have been issued by the Australian Accounting Standards Board but are effective for future reporting periods. It is estimated that the impact of adopting these pronouncements when effective will have no material financial impact on future reporting periods.

Financial instrument disclosure

AASB 7 Financial Instruments: Disclosures is effective for reporting periods beginning on or after 1 January 2007 (the 2007-08 financial year) and amends the disclosure requirements for financial instruments. In general AASB 7 requires greater disclosure than that presently. Associated with the introduction of AASB 7 a number of accounting standards were amended to reference the new standard or remove the present disclosure requirements through 2005-10 Amendments to Australian Accounting Standards [AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 & AASB 1038]. These changes have no financial impact but will effect the disclosure presented in future financial reports.

Other

The following standards and interpretations have been issued but are not applicable to the operations of PRIMA Authority.

- AASB 1049 Financial Reporting of General Government Sectors by Governments
- UIG 10 Interim Financial Reporting and Impairment

**Notes to and forming part of the Financial Statements  
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**1.5 Principals 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 2006 to 30 June 2007 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 6H.

**1.6 Comparative Figures**

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

**1.7 Revenue**

*Resources Received Free of Charge*

Resources received free of charge are recognised as gains 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.

Resources received free of charge are recorded as either revenue or gains depending on their nature ie. whether they have been generated in the course of the ordinary activities of the Entity.

*Other Types of 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 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.

**1.8 Gains**

*Other Resources received free of charge*

Resources 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 gains at their fair value when the asset qualifies for recognition, unless received from another Government Authority or Authority as

**Notes to and forming part of the Financial Statements  
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a consequence of a restructuring of administrative arrangements (Refer to Note 1.7).

Resources received free of charge are recorded as either revenue or gains depending on their nature ie. whether they have been generated in the course of the ordinary activities of the Entity.

**Sale of Assets**

Gains from disposal of non-current assets is recognised when control of the asset has passed to the buyer.

**1.9 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.

Restructuring of Administrative Arrangements

Net assets received from or relinquished to another Australian Government Authority or Agency under a restructuring of administrative arrangements are adjusted at their book value directly against contributed equity.

Other distributions to owners

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

**1.10 Employee benefits**

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 by reference to the Australian Government shorthand method.

Separation and Redundancy

Provision is made for separation and redundancy benefit payments. IBA recognises a provision for termination when it has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations.

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. IBA accounts for the contributions as if they were contributions to defined contribution plans.

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.

**Notes to and forming part of the Financial Statements  
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**1.11 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.

**1.12 Borrowing costs**

All finance costs are expensed as incurred.

**1.13 Cash**

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

**1.14 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 is exposed to market, credit, liquidity and cash flow and fair value interest rate risk. However these risks are being monitored.

**1.15 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 loan 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.

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

**1.17 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.



**Notes to and forming part of the Financial Statements  
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**1.18 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.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that restoration will be completed within one year of abandoning the site.

**1.19 Derecognition of financial assets and liabilities**

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.

**1.20 Impairment of financial assets**

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 the Income Statement

*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 Income Statement

**1.21 Interest bearing loans and borrowings**

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

**Notes to and forming part of the Financial Statements  
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**1.22 Suppliers and other payables**

Supplier and other payables 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).

**1.23 Contingent liabilities and contingent assets**

Contingent Liabilities and Contingent Assets are not recognised in the Balance Sheet but are reported 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. Contingent assets are reported when settlement is probable, and contingent liabilities are recognised when settlement is greater than remote.

**1.24 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.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and revenues at their fair value at the date of acquisition, unless acquired as a consequence of restructuring of administrative arrangements. In the latter case, assets are initially recognised as contributions by owners at the amounts at which they were recognised in the transferor Authority's accounts immediately prior to the restructuring.

**1.25 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**

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

Asset class	Fair value measured at:
Land & buildings	Market selling price
Investment properties	Market selling price
Leasehold improvements	Depreciated replacement cost
Plant & 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 (designated under AASB 140) 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.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reverses a previous revaluation decrement of the same asset class that was previously recognised through surplus and deficit. Revaluation decrements for a class of assets are recognised directly through surplus and deficit except to the extent that they reverse a previous revaluation increment for that class.

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

**Notes to and forming part of the Financial Statements  
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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.

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

	2007	2006
Mine development plant & 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 2007. 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 the 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.

**1.26 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 (2006: 3 years). All software assets were assessed for indications of impairment as at 30 June 2007.

Under AASB 3 - Business Combinations, goodwill is no longer amortised but instead is subject to annual impairment testing. All software assets were assessed for indications of impairment as at 30 June 2007.

**1.27 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.

**1.28 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.

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.

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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.

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

The transition to AEIFRS from previous AGAAP had no impact in the current year.

**Notes to and forming part of the financial statements**  
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	<b>Consolidated</b>		<b>Corporation</b>	
	<b>2007</b>	2006	<b>2007</b>	2006
	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000
<b>Note 3: Income</b>				
<i>Revenue</i>				
<b>Note 3A: Revenue from government</b>				
Appropriation:				
Departmental outputs	32,794	27,225	32,794	27,225
<b>Total revenue from Government</b>	<b>32,794</b>	<b>27,225</b>	<b>32,794</b>	<b>27,225</b>
<b>Note 3B: Sale of goods and rendering of services</b>				
Sale of goods - related entities	14,084	-	14,084	-
Sale of goods - external entities	35,893	41,920	-	(14)
<b>Total sale of goods</b>	<b>49,977</b>	<b>41,920</b>	<b>14,084</b>	<b>(14)</b>
Rendering of services - external entities	3,745	1,616	2,924	-
<b>Total rendering of services</b>	<b>3,745</b>	<b>1,616</b>	<b>2,924</b>	<b>-</b>
<b>Total sale of goods and rendering of services</b>	<b>53,722</b>	<b>43,536</b>	<b>17,008</b>	<b>(14)</b>
<b>Note 3C: Interest</b>				
Loans	27,278	23,146	27,986	23,218
Deposits	7,625	4,930	4,742	4,232
<b>Total interest</b>	<b>34,903</b>	<b>28,076</b>	<b>32,728</b>	<b>27,450</b>
<b>Note 3D: Dividends</b>				
Subsidiary companies	91	-	19,257	40,492
Associated companies	-	-	8,476	2,285
Other companies	31	312	-	200
<b>Total dividends</b>	<b>122</b>	<b>312</b>	<b>27,733</b>	<b>42,977</b>
<b>Note 3E: Rental income</b>				
Operating lease:				
Investment properties	8,647	7,672	185	189
<b>Total rental income</b>	<b>8,647</b>	<b>7,672</b>	<b>185</b>	<b>189</b>
<b>Note 3F: Other revenue</b>				
Grants received	-	3,469	-	3,469
Other	2,497	73	-	-
<b>Total other revenue</b>	<b>2,497</b>	<b>3,542</b>	<b>-</b>	<b>3,469</b>

→ OUR FINANCIAL PERFORMANCE

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	Consolidated		Corporation	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
<i>Gains</i>				
<b>Note 3G: Sale of assets</b>				
Investments				
Proceeds from sale	9,523	351	8,074	264
Carrying value of assets sold	8,183	-	7,124	-
Selling expense	946	-	946	-
Land and buildings				
Proceeds from sale	950	-	950	-
Carrying value of assets sold	950	-	950	-
Infrastructure, plant and equipment				
Proceeds from sale	-	-	-	6
<i>Net gain from sale of assets</i>	<u>394</u>	<u>351</u>	<u>4</u>	<u>270</u>
<b>Note 3H: Foreign exchange</b>				
Non-speculative	-	1,290	-	-
<i>Total foreign exchange gains</i>	<u>-</u>	<u>1,290</u>	<u>-</u>	<u>-</u>
<b>Note 3I: Valuation Increments</b>				
Valuation increase in assets	14,150	19,500	-	1,054
<i>Total valuation increase in assets</i>	<u>14,150</u>	<u>19,500</u>	<u>-</u>	<u>1,054</u>

**Notes to and forming part of the financial statements**  
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	Consolidated		Corporation	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
<b>Note 4: Expenses</b>				
<b>Note 4A: Employee benefits</b>				
Wages and salaries	12,060	9,632	12,060	9,154
Superannuation	1,750	1,281	1,740	1,271
Leave and other entitlements	1,262	944	1,262	944
Separation and redundancies	234	56	234	37
<b>Total employee benefits</b>	<b>15,306</b>	<b>11,913</b>	<b>15,296</b>	<b>11,406</b>
<b>Note 4B: Suppliers</b>				
Provision of goods – related entities	4,840	-	4,224	-
Provision of goods – external entities	42,369	31,600	11,395	7,389
Direct rental operating expenses	2,933	1,834	845	1,076
Operating lease rentals:				
Minimum lease payments	-	383	-	383
<b>Total supplier expenses</b>	<b>50,142</b>	<b>33,817</b>	<b>16,464</b>	<b>8,848</b>
<b>Note 4C: Grants</b>				
Public sector:				
Australian Government Entities (related Entities)	1,521	-	3,021	-
Private sector:				
Other – business development grants	7,662	9,722	7,662	9,722
<b>Total grants</b>	<b>9,183</b>	<b>9,722</b>	<b>10,683</b>	<b>9,722</b>
<b>Note 4D: Depreciation and amortisation</b>				
Depreciation:				
Infrastructure, plant and equipment	4,040	2,100	285	99
Buildings	-	182	-	-
<b>Total depreciation</b>	<b>4,040</b>	<b>2,282</b>	<b>285</b>	<b>99</b>
Amortisation:				
Intangibles:				
Computer Software	208	-	208	-
Other	232	210	-	-
<b>Total amortisation</b>	<b>440</b>	<b>210</b>	<b>208</b>	<b>-</b>
<b>Total depreciation and amortisation</b>	<b>4,480</b>	<b>2,492</b>	<b>493</b>	<b>99</b>
<b>Note 4E: Finance costs</b>				
Loans	1,581	1,994	-	-
<b>Total finance costs</b>	<b>1,581</b>	<b>1,994</b>	<b>-</b>	<b>-</b>
<b>Note 4F: Write-down and impairment of assets</b>				
Revaluation decrements - non-financial assets				
Investments	-	168	2,177	2,427
<b>Total write-down and impairment of assets</b>	<b>-</b>	<b>168</b>	<b>2,177</b>	<b>2,427</b>
<b>Note 4G: Foreign exchange losses</b>				
Non-speculative	534	-	-	-
Total foreign exchange losses	534	-	-	-
<b>Note 4H: Losses from assets sales</b>				
Investments				
Selling expense	157	-	-	-
Total losses from assets sales	157	-	-	-
<b>Note 4I: Other expenses</b>				
Losses from remeasuring financial instruments held at fair value through profit and loss	13,692	20,597	13,683	20,597
Total other expenses	13,692	20,597	13,683	20,597

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	<b>Consolidated</b>		<b>Corporation</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Note 5: Income tax expense</b>	<b>96</b>	<b>138</b>		
Tax expense	<u>96</u>	<u>138</u>	<u>-</u>	<u>-</u>



**Notes to and forming part of the financial statements**  
for the year ended 30 June 2007

	<b>Consolidated</b>		<b>Corporation</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Note 6: Financial assets</b>				
<b>Note 6A: Cash and cash equivalents</b>				
Cash on hand or on deposit	105,221	61,313	51,382	42,396
Cash on hand or on deposit - Housing Fund	21,933	37,707	21,933	37,707
Other	-	-	-	-
<b>Total cash and cash equivalents</b>	<b>127,154</b>	<b>99,020</b>	<b>73,315</b>	<b>80,103</b>
<b>Note 6B: Trade and other receivables</b>				
Goods and services	3,807	1,253	2,560	2,265
Wholly-owned group - subsidiaries	-	-	64,878	50,276
Other related parties - associates	13,539	2,523	9,976	2,509
<b>Total appropriations receivable</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
GST receivable from the Australian Taxation Office	-	36	-	(197)
Other receivables	44	1,518	-	-
<b>Total other receivables</b>	<b>44</b>	<b>1,518</b>	<b>-</b>	<b>-</b>
<b>Total trade and other receivables (net)</b>	<b>17,390</b>	<b>5,330</b>	<b>77,414</b>	<b>54,853</b>
Receivables are aged as follows:				
Not overdue	17,390	5,330	77,414	54,853
Receivables are represented by:				
Current	17,390	5,330	77,414	54,853
Non-current	-	-	-	-
<b>Total trade and other receivables (net)</b>	<b>17,390</b>	<b>5,330</b>	<b>77,414</b>	<b>54,853</b>

**Notes to and forming part of the financial statements**  
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**Note 6C: Loans**

**Loans - Home loans, Housing Fund and Home Loans**

**Capital**

Opening balance	332,611	366,398	332,611	366,398
Less: AEIFRS Transition Adjustment - Net loss on designation at fair value through profit or loss*	-	(65,182)	-	(65,182)
Add: net loans movement at cost**	59,935	50,787	59,935	50,787
Less: net loss on remeasurement at fair value through profit or loss***	(13,037)	(19,346)	(13,037)	(19,346)
Add/ (Less): impairment movement through P&L	(148)	(46)	(148)	(46)
<i>At fair value/cost - closing balance*</i>	<u>379,361</u>	<u>332,611</u>	<u>379,361</u>	<u>332,611</u>

**Loans business development**

Opening balance	30,655	39,030	30,655	39,030
Less: AEIFRS Transition Adjustment - Net loss on designation at fair value through profit or loss*	-	(5,453)	-	(5,453)
Add: net loans movement at cost**	16,610	(1,717)	16,610	(1,717)
Less: net loss on remeasurement at fair value through profit or loss***	(491)	(276)	(491)	(276)
Add/ (Less): impairment movement through P&L	468	(929)	468	(929)
<i>At fair value/cost - closing balance*</i>	<u>47,242</u>	<u>30,655</u>	<u>47,242</u>	<u>30,655</u>

Other loans	3,675	3,925	3,129	3,925
Current loans receivable	55,771	34,936	55,771	34,936
Non current loans receivable	374,507	332,255	373,961	332,255
<i>Total loans receivable</i>	<u>430,278</u>	<u>367,191</u>	<u>429,732</u>	<u>367,191</u>
<i>Total loans and loans receivables</i>	<u>447,668</u>	<u>372,521</u>	<u>507,146</u>	<u>422,044</u>

\*On adoption of AEIFRS, the consolidated entity elected to designate the loans at fair value through profit or loss. This was done at AEIFRS transition date - 1 July 2005 and 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 or loss comprised \$70,634,581 in 2006 due to loans being carried at below market interest rate.

\*\*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 or 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 or loss account.  
All loan and receivables are with entities external to the entity.

Loans and loan receivables are aged as follows:

Not overdue	441,099	363,160	500,577	412,683
Overdue by:				
Less than 30 days	107	122	107	122
30 to 60 days	168	157	168	157
61 to 90 days	62	195	62	195
More than 90 days	6,232	8,887	6,232	8,887
Sub-total loan and receivables overdue	<u>6,569</u>	<u>9,361</u>	<u>6,569</u>	<u>9,361</u>
Total loan and receivables	<u>447,668</u>	<u>372,521</u>	<u>507,146</u>	<u>422,044</u>

**Notes to and forming part of the financial statements**  
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**Note 6D: Investments accounted for using the equity method**

Investments in associates (refer Note 6H)	23,094	24,906	-	-
Investments in joint ventures	-	-	-	-
<b>Total investments account for using the equity method</b>	<b>23,094</b>	<b>24,906</b>	<b>-</b>	<b>-</b>

All such investments are non-current

**Note 6E: Investments**

Deposits				
Term deposits for investments under s. 18 CAC Act	1,000	1,009	-	-
Shares (or equity interest in)				
Other companies	-	-	19,775	17,896
Shares and advances in subsidiaries (refer Note 6G)	-	-	92,350	77,179
Interest in business undertakings	16,954	9,367	16,533	9,057
<b>Total investments</b>	<b>17,954</b>	<b>10,376</b>	<b>128,658</b>	<b>104,132</b>

Investments are represented by:

Current	8,650	(1,901)	50,194	40,625
Non-current	32,398	26,807	78,464	63,507
<b>Total investments</b>	<b>41,048</b>	<b>24,906</b>	<b>128,658</b>	<b>104,132</b>

**Note 6F - Other financial assets**

Prepayments	361	1,220	5	1,127
<b>Total other financial assets</b>	<b>361</b>	<b>1,220</b>	<b>5</b>	<b>1,127</b>

All other financial assets are current

Notes to and forming part of the Financial Statements  
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**Note 6: Financial assets**

**Note 6G - Interests in subsidiaries (Corporation only)**

Name	Country of Incorporation	Percentage of equity interest held by consolidated entity		Carrying amount of investment	
		2007	2006	2007 \$	2006 \$
<b>Bowen Basin Holdings Pty Ltd</b> - ordinary shares	Australia	100%	100%	1	1
<b>Bowen Basin Investments Pty Ltd</b> - ordinary shares - intercompany advance	Australia	100%	100%	1 6,000,303	1 6,000,302
<b>Cape Don Pty Ltd</b> - ordinary shares - intercompany advance	Australia	100%	-	693,000 150,000	- -
<b>Centrum Insurance Services</b> - intercompany advance	Australia	100%	100%	2,685,493	2,245,894
<b>CDC Nominees (Ceduna) Pty Ltd *</b> - ordinary shares	Australia	100%	100%	2	2
<b>CDC Nominees (Dandenong) Pty Ltd *</b> - ordinary shares	Australia	100%	100%	2	2
<b>CDC Nominees (GPI Ferry) Pty Ltd *</b> - ordinary shares	Australia	100%	100%	2	2
<b>CDC Nominees (GRC) Pty Ltd *</b> - ordinary shares	Australia	100%	100%	2	2
<b>CDC Nominees (McArthur River Shipping) Pty Ltd</b> - ordinary shares - intercompany advance	Australia	100%	100%	2 366,266	2 241,690
<b>CDC Nominees (QBH) Pty Ltd</b> - ordinary shares - intercompany advance	Australia	100%	100%	1 15,255	1 162,560
<b>CDC Nominees (SES) Pty Ltd</b> - ordinary shares - intercompany advance	Australia	100%	100%	2 4,303,234	2 4,303,282
<b>CDC Nominees (TCTP) Pty Ltd</b> - ordinary shares - intercompany advance	Australia	100%	100%	2 638,989	2 295,530
<b>CDC Nominees (WVLS) Pty Ltd</b> - ordinary shares	Australia	100%	100%	2	2
<b>Diatomaceous Earth Holdings Pty Ltd</b> - ordinary shares	Australia	100%	100%	1	1
<b>Diatomaceous Earth Investments Pty Ltd</b> - ordinary shares	Australia	100%	100%	1	1
<b>Fitzroy Inn Investments Pty Ltd</b> - ordinary shares - intercompany advance	Australia	100%	100%	1 899,965	1 1,468,029
<b>Fitzroy Lodge Investments Pty Ltd</b> - ordinary shares - intercompany advance	Australia	100%	100%	1 1,506,235	- 1,865,523
<b>IBA Coal Holdings Pty Limited</b> - ordinary shares	Australia	100%	100%	1	1
<b>IBA Coal Investments Pty Limited</b> - ordinary shares	Australia	100%	100%	1	1
<b>IBA Property Investments Pty Ltd</b> - ordinary shares	Australia	100%	100%	2	2
<b>Indigenous Property Trust - Katherine</b> - units in trust	Australia	100%	100%	8,750,010	7,700,000
<b>Indigenous Property Trust - South Hedland</b> - units in trust	Australia	100%	100%	1,961,277	4,000,000
<b>Indigenous Fishing Pty Ltd</b> - ordinary shares	Australia	100%	100%	2,704,913	6,738,805
<b>Mungo Lodge</b> - intercompany advance	Australia	100%	100%	-	225,946
<b>Mungo Lodge Holdings Trust</b> - ordinary shares - intercompany advance	Australia	100%	100%	2 3,509,562	2 510,389
<b>National Indigenous Property Trust - Adelaide</b> - units in trust	Australia	100%	100%	6,150,000	6,150,000
<b>National Indigenous Property Trust - Kalgoorlie</b> - ordinary shares - intercompany advance - units in trust	Australia	100%	100%	116,659 833,341 750,000	116,659 833,341 750,000
<b>Outback Stores</b> - intercompany advance	Australia	100%	-	20,000,000	-
<b>Scarborough Holding Trust</b> - ordinary shares - intercompany advance - units in trust	Australia	100%	100%	635,202 29,130,000	33,570,871 -
<b>Wildman Wilderness Lodge Trust</b> - units in trust	Australia	100%	-	550,000	-
<b>Total Interests in Subsidiaries (Corporation only)</b>				<b>92,349,732</b>	<b>77,178,849</b>

\* non-trading

Notes to and forming part of the financial statements  
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**Note 6: Financial assets**

**Note 6H - 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	
		2007	2006	2007	2006	2007 \$'000	2006 \$'000
Carpentaria Shipping Services Pty Limited	Transportation	18%	18%	25%	25%	585	460
Fitzroy Crossing Inn Partnership	Hotel/accommodation facilities	26%	43%	25%	25%	1,099	950
Fitzroy River Lodge Partnership	Accommodation provider	26%	43%	25%	25%	2,741	2,521
Kakadu Tourism (GCH) Pty Limited	Accommodation provider	70%	70%	50%	50%	4,202	3,783
Kakadu Tourism (GLC) Pty Limited	Tour operator & accommodation provider	70%	70%	50%	50%	5,647	5,054
Mitchell St Trust	Property	50%	50%	50%	50%	62	62
Monkey Mia Enterprises Pty Limited *	Accommodation provider	54%	54%	50%	50%	1,292	1,292
Monkey Mia Holding Trust *	Accommodation provider	54%	54%	50%	50%	2,656	2,625
Noongar Property Trust	Property	66%	66%	50%	50%	3,762	3,390
Port Botany Transfer Station Pty Limited **	Waste management	50%	50%	50%	50%	-	3,721
Port Hedland Investment Trust*	Property	70%	70%	50%	50%	1,048	1,048
						<b>23,094</b>	<b>24,906</b>

\* The carrying amounts of investment for these Associated Companies are based on unaudited figures. Individual entity's annual reports will have to be referred to for audited figures.

\*\* The operating business of the Company has been sold during the year

**Notes to and forming part of the financial statements**  
for the year ended 30 June 2007

**Note 6: Financial assets**

	Consolidated		Corporation	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000

Note 6H - Interests in associates (consolidated only) (continued)

(i) *Economic Entity's share of associates:*

Profit from ordinary activities before tax	10,447	2,657	-	-
Share of income tax expense	(62)	(102)	-	-
Net profit	<u>10,385</u>	<u>2,555</u>	-	-

(ii) *Movements during the year in equity accounted investment in associated companies:*

Balance at beginning of financial year	24,906	24,334	-	-
Add:				
New investments during the year	-	665	-	-
Share of associated companies' profit from ordinary activities and after income tax	10,385	2,555	-	-
Less:				
Dividend revenue from associated companies	(8,476)	(2,648)	-	-
Disposals during the year	(3,721)	-	-	-
Balance at end of financial year	<u>23,094</u>	<u>24,906</u>	-	-

(iii) *The consolidated entity's share of the assets and liabilities of associates in aggregate:*

Current assets	11,876	8,200	-	-
Non-current assets	33,069	30,678	-	-
Current liabilities	(16,692)	(10,101)	-	-
Non-current liabilities	(5,159)	(3,871)	-	-
Net assets	<u>23,094</u>	<u>24,906</u>	-	-

**Notes to and forming part of the financial statements**  
for the year ended 30 June 2007

**Note 6: Financial assets**

Note 6I - 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.

	<b>Consolidated</b>		<b>Corporation</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
The economic entity's share of assets employed in the joint ventures are:				
<b>CURRENT ASSETS</b>				
Cash	233	651	-	-
Receivables				
Trade debtors	183	265	-	-
Prepayments and deposits	312	712	-	-
Other debtors	316	84	-	-
Inventories				
Raw materials	1,448	2,201	-	-
<b>Total current assets</b>	<b>2,492</b>	<b>3,913</b>	<b>-</b>	<b>-</b>
<b>NON-CURRENT ASSETS</b>				
Exploration and evaluation phases	1,104	2,065	-	-
Property, plant and equipment	25,485	26,488	-	-
Deferred expenditure	4,620	3,192	-	-
Work in progress	213	-	-	-
Other	-	7	-	-
<b>Total non-current assets</b>	<b>31,422</b>	<b>31,752</b>	<b>-</b>	<b>-</b>
<b>Share of total assets of joint ventures</b>	<b>33,914</b>	<b>35,665</b>	<b>-</b>	<b>-</b>
<b>CURRENT LIABILITIES</b>				
Payables	6,716	4,875	-	-
Deferred tax liability	-	(5)	-	-
Provisions	362	1,290	-	-
<b>Total current liabilities</b>	<b>7,078</b>	<b>6,160</b>	<b>-</b>	<b>-</b>
<b>Net interest in joint ventures</b>	<b>26,836</b>	<b>29,505</b>	<b>-</b>	<b>-</b>

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**Notes to and forming part of the financial statements**  
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	Consolidated		Corporation	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000

**Note 7: Non-financial assets**

**Note 7A: Land and buildings**

Buildings on freehold land:				
- fair value	2,446	865	-	-
- accumulated amortisation	(355)	(91)	-	-
<b>Total buildings on freehold land</b>	<b>2,091</b>	<b>774</b>	<b>-</b>	<b>-</b>
Leasehold improvements				
- fair value	-	338	828	319
- accumulated amortisation	-	(91)	(153)	(72)
<b>Total leasehold improvements</b>	<b>-</b>	<b>247</b>	<b>675</b>	<b>247</b>
<b>Total land and buildings (non-current)</b>	<b>2,091</b>	<b>1,021</b>	<b>675</b>	<b>247</b>

No indicators of impairment were found for land and buildings.

**Note 7B: Infrastructure, plant and equipment**

Infrastructure, plant and equipment				
- gross carrying value (at fair value)	34,421	31,460	898	718
- accumulated depreciation	(6,564)	(4,933)	(518)	(313)
<b>Total infrastructure, plant and equipment (non-current)</b>	<b>27,857</b>	<b>26,527</b>	<b>380</b>	<b>405</b>

**Note 7C: Investment property**

Table A: Value of investment property

Investment property				
- work in progress	954	-	741	-
- fair value	107,570	83,466	21,747	5,577
<b>Total investment property</b>	<b>108,524</b>	<b>83,466</b>	<b>22,488</b>	<b>5,577</b>

Table B: Reconciliation of the opening and closing balances of investment property

	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
<b>As at 1 July 2006</b>	<b>83,466</b>	<b>60,474</b>	<b>5,577</b>	<b>4,522</b>
Additions:				
by acquisition	19,672	22,992	14,151	1,055
by subsequent expenditure	-	-	4,535	-
Disposals and property held for sale	(950)	-	(950)	-
Net gain (loss) from fair value adjustments	6,275	-	(825)	-
Other changes	61	-	-	-
<b>Net book value 30 June</b>	<b>108,524</b>	<b>83,466</b>	<b>22,488</b>	<b>5,577</b>

**Note 7D: Intangible assets**

Computer software at cost:				
Internally developed - in use	940	427	940	427
Accumulated amortisation	(208)	-	(208)	-
	<b>732</b>	<b>427</b>	<b>732</b>	<b>427</b>
Other intangibles:				
Fishing licences	6,622	6,622	-	-
Other	8,184	4,489	-	-
Accumulated amortisation and write-down	(7,622)	(432)	-	-
<b>Total other intangibles</b>	<b>7,184</b>	<b>10,679</b>	<b>-</b>	<b>-</b>
<b>Total intangibles (non-current)</b>	<b>7,916</b>	<b>11,106</b>	<b>732</b>	<b>427</b>



**Notes to and forming part of the financial statements**  
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**Note 7: Non-Financial assets**

*Table C - Reconciliation of the opening and closing balances of property, plant & equipment and intangibles (2006-07 Consolidated)*

	Land & buildings \$'000	Other infrastructure, plant and equipment \$'000	Investment property \$'000	Intangibles \$'000	Total \$'000
<b>As at 1 July 2006</b>					
Gross book value	1,203	30,532	83,466	12,849	128,050
Accumulated depreciation/amortisation and impairment	(182)	(4,005)	-	(1,743)	(5,930)
<b>Opening net book value</b>	<b>1,021</b>	<b>26,527</b>	<b>83,466</b>	<b>11,106</b>	<b>122,120</b>
Additions:					
by purchase	1,243	3,214	19,672	1,460	25,589
by finance lease	-	-	-	-	-
from acquisitions of operations (including restructuring)	-	706	-	402	1,108
Revaluations and impairments through equity	-	-	-	-	-
Reclassification	-	2	-	1,035	1,037
Depreciation/amortisation expense	(173)	(2,559)	-	(314)	(3,045)
Revaluations and impairments recognised in the operating result	-	-	6,275	(5,773)	502
Other movements	-	-	61	-	61
Disposals:					
From disposal of entities or operations (including restructuring)	-	-	(950)	-	(950)
Other disposals	-	(33)	-	-	(33)
<b>Net book value 30 June 2007</b>	<b>2,091</b>	<b>27,857</b>	<b>108,524</b>	<b>7,916</b>	<b>146,389</b>
<b>Net book value as of 30 June 2007 represented by:</b>					
Gross book value	2,446	34,421	102,249	15,746	154,862
Accumulated depreciation, amortisation, impairment and fair value adjustments	(355)	(6,564)	6,275	(7,830)	(8,473)
<b>Closing net book value</b>	<b>2,091</b>	<b>27,857</b>	<b>108,524</b>	<b>7,916</b>	<b>146,389</b>

*Table D - Reconciliation of the opening and closing balances of property, plant and equipment and intangibles (2005-06 Consolidated)*

	Land & buildings \$'000	Other infrastructure, plant and equipment \$'000	Investment property \$'000	Intangibles \$'000	Total \$'000
<b>As at 1 July 2005</b>					
Gross book value	1,203	15,762	60,474	12,451	89,890
Accumulated depreciation/amortisation and impairment	-	(1,905)	-	(1,533)	(3,438)
<b>Net book value 1 July 2005</b>	<b>1,203</b>	<b>13,857</b>	<b>60,474</b>	<b>10,918</b>	<b>86,452</b>
Additions:					
by purchase	-	14,770	3,492	398	18,660
by finance lease	-	-	-	-	-
from acquisition of entities or operations (including restructuring)	-	-	-	-	-
Revaluations and impairments through equity	-	-	19,500	-	19,500
Reclassification	-	-	-	-	-
Depreciation/amortisation expense	(182)	(2,100)	-	(210)	(2,492)
Revaluations and impairments recognised in the operating result	-	-	-	-	-
Other movements	-	-	-	-	-
Disposals:					
From disposal of entities or operations (including restructuring)	-	-	-	-	-
Other disposals	-	-	-	-	-
<b>Net book value 30 June 2006</b>	<b>1,021</b>	<b>26,527</b>	<b>83,466</b>	<b>11,106</b>	<b>122,120</b>
<b>Net book value as of 30 June 2006 represented by:</b>					
Gross book value	1,203	30,532	83,466	12,849	128,050
Accumulated depreciation/amortisation and impairment	(182)	(4,005)	-	(1,743)	(5,930)
<b>Closing net book value</b>	<b>1,021</b>	<b>26,527</b>	<b>83,466</b>	<b>11,106</b>	<b>122,120</b>

**Notes to and forming part of the financial statements**  
for the year ended 30 June 2007

**Note 7E: Intangibles**

*Table E: Reconciliation of the opening and closing balances of intangibles (2006-07 Consolidated)*

	Computer software internally developed \$'000	Computer software purchased \$'000	Other intangibles purchased - fishing licenses \$'000	Other intangibles purchased \$'000	Total \$'000
<b>As at 1 July 2006</b>					
Gross book value	-	427	6,622	5,800	12,849
Accumulated depreciation/amortisation and impairment	-	-	-	(1,743)	(1,743)
<b>Net book value 1 July 2006</b>	-	427	6,622	4,057	11,106
Additions:					
by purchase or internally developed	-	513	-	947	1,460
by finance lease	-	-	-	-	-
from acquisition of entities or operations (including restructuring)	-	-	-	402	402
Reclassifications	-	-	-	1,035	1,035
Amortisation	-	(208)	-	(106)	(314)
Revaluations and impairments recognised in the operating result	-	-	(4,897)	(876)	(5,773)
Other movements	-	-	-	-	-
Disposals:					
from disposal of entities or operations (including restructuring)	-	-	-	-	-
other disposals	-	-	-	-	-
<b>Net book value 30 June 2007</b>	-	732	1,725	5,459	7,916
<b>Net book value as of 30 June 2007 represented by:</b>					
Gross book value	-	940	6,622	8,184	15,746
Accumulated depreciation/amortisation and impairment	-	(208)	(4,897)	(2,725)	(7,830)
<b>Closing net book value</b>	-	732	1,725	5,459	7,916

*Table F: Reconciliation of the opening and closing balances of intangibles (2005-06 Consolidated)*

	Computer software internally developed \$'000	Computer software purchased \$'000	Other intangibles purchased - fishing licenses \$'000	Other intangibles purchased \$'000	Total \$'000
<b>As at 1 July 2005</b>					
Gross book value	-	254	6,397	5,800	12,451
Accumulated amortisation and impairment	-	-	-	(1,533)	(1,533)
<b>Net book value 1 July 2005</b>	-	254	6,397	4,267	10,918
Additions:					
by purchase or internally developed	-	173	225	-	398
by finance lease	-	-	-	-	-
from acquisition of entities or operations (including restructuring)	-	-	-	-	-
Reclassifications	-	-	-	-	-
Amortisation	-	-	-	(210)	(210)
Revaluations and impairments recognised in the operating result	-	-	-	-	-
Other movements:					
Reduction of accumulated amortisation due to disposal	-	-	-	-	-
Disposals:					
from disposal of entities or operations (including restructuring)	-	-	-	-	-
other disposals	-	-	-	-	-
<b>Net book value 30 June 2006</b>	-	427	6,622	4,057	11,106
<b>Net book value as of 30 June 2006 represented by:</b>					
Gross book value	-	427	6,622	5,800	12,849
Accumulated depreciation/amortisation and impairment	-	-	-	(1,743)	(1,743)
<b>Closing net book value</b>	-	427	6,622	4,057	11,106

**Notes to and forming part of the financial statements**  
for the year ended 30 June 2007

	<b>Consolidated</b>		<b>Corporation</b>	
	<b>2007</b>	2006	<b>2007</b>	2006
	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000
<b>Note 7: Non-financial assets</b>				
<b>Note 7F - Inventories</b>				
Inventories held for sale				
Raw material	1,525	2,211	-	-
<b>Total inventories (current)</b>	<b>1,525</b>	<b>2,211</b>	<b>-</b>	<b>-</b>
<b>Note 7G: Deferred tax assets</b>				
Deferred tax asset	17	26	-	-
<b>Total deferred tax assets</b>	<b>17</b>	<b>26</b>	<b>-</b>	<b>-</b>
All other deferred tax assets are non-current assets.				
<b>Note 7H - Other non-financial assets</b>				
Exploration and development costs	3,409	3,905	-	-
Other	6,061	99	-	-
<b>Total other non-financial assets</b>	<b>9,470</b>	<b>4,004</b>	<b>-</b>	<b>-</b>

**Notes to and forming part of the financial statements**  
for the year ended 30 June 2007

	<b>Consolidated</b>		<b>Corporation</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Note 8: Payables</b>				
<b>Note 8A: Suppliers</b>				
Trade creditors	<b>15,204</b>	4,465	<b>7,818</b>	2,109
<b>Total supplier payables</b>	<b>15,204</b>	4,465	<b>7,818</b>	2,109
Supplier payables are represented by:				
Current	<b>15,204</b>	4,465	<b>7,818</b>	2,109
<b>Total supplier payables</b>	<b>15,204</b>	4,465	<b>7,818</b>	2,109
Settlement is usually made net 30 days.				
<b>Note 8B: Deferred Tax liabilities</b>				
Tax liabilities equivalent	<b>4</b>	82	-	-
<b>Total tax liabilities</b>	<b>4</b>	82	-	-
<b>Note 8C: Other payables</b>				
Interest payable	-	-	-	-
Prepayments received/unearned income	<b>13,844</b>	10,829	<b>12,969</b>	9,500
GST payable to ATO	<b>1,174</b>	157	<b>1,082</b>	-
Accrued expenses	-	1,650	-	-
<b>Total other payables</b>	<b>15,018</b>	12,636	<b>14,051</b>	9,500

All other payables are current liabilities.

**Notes to and forming part of the financial statements**  
for the year ended 30 June 2007

	<b>Consolidated</b>		<b>Corporation</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>

**Note 9: Interest bearing liabilities**

**Note 9A: Loans**

Borrowings secured by floating charge <sup>1</sup>	<b>16,493</b>	16,888	-	-
<b>Total loans</b>	<b>16,493</b>	16,888	-	-

Maturity schedule for loans:

Payable:				
Within one year	<b>16,493</b>	16,888	-	-
<b>Total loans</b>	<b>16,493</b>	16,888	-	-

Subsidiaries' borrowings secured by floating charge are:

1. Comprises:

(i) \$7,852,000 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%.

(ii) \$8,640,911 by Bowen Basin Investments Trust for financing of infrastructure, plant and equipment, comprising:

- \$3,621,403 Westpac Australian dollar facility. The loan is payable on demand. The interest rate implicit in the loan is 7.57%

- \$3,076,598 Caterpillar Finance Australia loan. The loan is payable on demand. The interest rate implicit in the loan is 7.82%

- \$1,942,910 Komatsu Finance loan facility. The loan is payable on demand. The interest rate implicit in the loan is 7.48%

**Note 9B: Leases**

Finance leases	-	43	-	-
<b>Total finance leases</b>	-	43	-	-

Payable:

Within one year				
Minimum lease payments	-	11	-	-
In one to five years				
Minimum lease payments	-	39	-	-
Deduct: future finance charges	-	7	-	-
<b>Finance leases recognised on the balance sheet</b>	-	43	-	-

**Notes to and forming part of the financial statements**  
for the year ended 30 June 2007

	<b>Consolidated</b>		<b>Corporation</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Note 10: Provisions</b>				
<b>Note 10A: Employee provisions</b>				
Salaries and wages	414	-	384	-
Leave				
Annual leave	1,375	1,371	1,337	1,365
Long service leave	2,224	2,315	2,215	2,315
Other	-	489	-	225
<b>Total employee provisions</b>	<b>4,013</b>	<b>4,175</b>	<b>3,936</b>	<b>3,905</b>
Employee provisions are represented by:				
Current	3,445	3,498	3,367	3,228
Non-current	568	677	569	677
<b>Total employee provisions</b>	<b>4,013</b>	<b>4,175</b>	<b>3,936</b>	<b>3,905</b>

The classification of current includes amounts for which there is not an unconditional right of deferral of one year, hence in the case of employee provisions the above classification does not equal the amount expected to be settled within one year of reporting date.

**Note 10B: Other provisions**

Other	1,686	1,290	-	-
<b>Total other provisions</b>	<b>1,686</b>	<b>1,290</b>	<b>-</b>	<b>-</b>
Other provisions are represented by:				
Current	1,686	1,290	-	-
	<b>1,686</b>	<b>1,290</b>	<b>-</b>	<b>-</b>

Notes to and forming part of the financial statements  
for the year ended 30 June 2007

Consolidated		Corporation	
2007	2006	2007	2006
\$'000	\$'000	\$'000	\$'000

Note 11: Cash flow reconciliation

Reconciliation of cash and cash equivalents as per Balance Sheet  
to Cash Flow Statement

Report cash and cash equivalents as per:

Cash Flow Statement	127,154	99,020	73,315	80,103
Balance Sheet	127,154	99,020	73,315	80,103
Difference	-	-	-	-

Reconciliation of operating result to net cash from operating  
activities:

Operating result	62,443	53,320	51,656	49,521
Depreciation /amortisation (including exploration)	4,480	2,492	493	99
Net write down of non-financial assets	-	(19,332)	825	1,373
Net write-down of financial assets	(458)	20,597	15,035	20,597
Gain on disposal of assets	(237)	(351)	(4)	(270)
Deterioration of financial condition of guarantee during period	-	-	-	-
(Increase) / decrease in net receivables	(12,096)	8,624	(22,364)	-
(Increase) / decrease in inventories	686	188	-	-
(Increase) / decrease in prepayments	(859)	2,375	1,122	(30,788)
(Increase) / decrease in prepayments	-	-	-	(1,127)
Increase / (decrease) in employee provisions	(162)	965	31	1,198
Increase / (decrease) in supplier payables	10,741	(2,399)	5,708	30
Increase / (decrease) in prepayments received	3,015	-	3,469	-
Increase / (decrease) in GST payable	1,017	-	885	-
Increase / (decrease) in accrued expenses	(1,650)	-	-	-
Increase / (decrease) in creditors and borrowings	-	-	-	435
Increase / (decrease) in appropriation deferred	-	-	-	-
Increase / (decrease) in other provisions	396	-	-	-
Increase / (decrease) in tax liabilities	(78)	82	-	-
Increase / (decrease) in competitive neutrality payable	-	-	-	-
<i>Net cash from / (used by) operating activities</i>	<u>67,238</u>	<u>66,561</u>	<u>56,856</u>	<u>41,068</u>

**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2007

**Note 12 - Contingent Liabilities and Assets**

	Consolidated		Corporation	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
<b>Contingent Assets</b>				
Claims for damages/costs <sup>1</sup>	568	350	568	350
<b>Total contingent assets</b>	<b>568</b>	<b>350</b>	<b>568</b>	<b>350</b>
<b>Contingent Liabilities</b>				
Guarantees <sup>2</sup>	3,353	3,604	1,685	1,685
Indemnities <sup>3</sup>	1,000	1,000	1,000	1,000
Claims for damages/costs <sup>4</sup>	2,225	100	2,225	100
<b>Total contingent liabilities</b>	<b>6,578</b>	<b>4,704</b>	<b>4,910</b>	<b>2,785</b>
<b>Net contingent assets (liabilities)</b>	<b>(6,010)</b>	<b>(4,354)</b>	<b>(4,342)</b>	<b>(2,435)</b>

**Quantifiable contingencies**

**1. 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.

**2. 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 2007 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 Eurobadella Shire Council relating to finance for establishment of a waste recycling depot for Cobowra Environmental Services Ltd.

The provision of a guarantee for \$1,667,882 in favour of the Westpac Banking Corporation by Bowen Basin Investments Pty Ltd in respect of its banking operations.

**3. 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.

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

The amount represents an estimate of IBA's liability based on two legal matters that are currently ongoing.

**Other quantifiable contingencies**

	Consolidated		Corporation	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
At 30 June loss not brought to account for Forward Exchange Contracts with Westpac Banking Corporation was:	373	-	-	-

**Unquantifiable contingencies**

At 30 June 2007, IBA had several outstanding legal matters which were 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 2007

	Consolidated		Corporation	
	2007	2006	2007	2006
<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 to \$ 14,999	-	2	-	2
\$ 15,000 to \$ 29,999	3	4	3	4
\$ 30,000 to \$ 44,999	3	-	3	-
\$ 45,000 to \$ 59,999	1	1	1	1
\$195,000 to \$209,999	1	1	1	1
\$210,000 to \$214,999				
<b>Total number of directors of IBA</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Total remuneration received or due and receivable by directors of IBA	<b>373,215</b>	361,726	<b>373,215</b>	361,726

**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2007

**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 for 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 \$23,642 and \$176,781 respectively. The transactions between Wunan Foundation and Indigenous Business Australia (IBA) are on a normal commercial arms 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 \$157,770. The transactions between the Dreamtime Cultural Centre Pty Ltd and IBA are on a normal commercial arms length basis.

	<b>2007</b>	2006
	<b>\$'000</b>	\$'000
Loans to director related entities outstanding at year-end:	<b>358</b>	453
Loans to director related entities during the year:	-	-
Loan repayments during the year:	<b>95</b>	63
Interest revenue included in operating result from loans to director related entities.	<b>26</b>	31

**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2007

	Consolidated		Corporation	
	2007	2006	2007	2006
<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:				
\$130,000 to \$144,999	-	-	-	-
\$145,000 to \$159,999	-	-	-	-
\$160,000 to \$174,999	-	1	-	1
\$175,000 to \$189,999	1	-	1	-
\$190,000 to \$204,999	2	-	2	-
\$205,000 to \$219,999	2	-	2	-
\$220,000 to \$234,999	-	1	-	1
\$235,000 to \$249,999	-	-	-	-
\$250,000 to \$264,999	-	1	-	1
\$265,000 to \$279,999	-	-	-	-
\$280,000 to \$294,999	-	1	-	1
\$355,000 to \$369,999	1	-	1	-
\$655,000 to \$669,999	1	-	1	-
<b>Total</b>	<b>7</b>	<b>4</b>	<b>7</b>	<b>4</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
The aggregate amount of total remuneration of executives shown above.	<b>2,036,076</b>	933,080	<b>2,036,076</b>	933,080
The aggregate amount of separation benefit payments during the year to executives shown above.	234,397	Nil	234,397	Nil

**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2007

	<b>Consolidated</b>		<b>Corporation</b>	
	<b>2007</b>	2006	<b>2007</b>	2006
	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000

**Note 16: Remuneration of auditors**

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

Auditor-General	<u>179</u>	166	<u>153</u>	156
	<u>179</u>	<u>166</u>	<u>153</u>	<u>156</u>

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 2006-07 to the value of \$42,302. These transactions with RSM Bird Cameron were conducted on a normal commercial arms length. No other services were provided by the Auditor-General or RSM Bird Cameron during the reporting period.

**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2007

	<b>Consolidated</b>		<b>Corporation</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
<b>Note 17: Average staffing levels</b>				
The average staffing levels for IBA during the year were:	<u>173</u>	<u>120</u>	<u>173</u>	<u>120</u>
	<u>173</u>	<u>120</u>	<u>173</u>	<u>120</u>

Notes to and forming part of the Financial Statements for the year ended 30 June 2007

Note 18 - Financial Instruments

Note 18A - Interest rate risk (continued)

Financial Instrument	Note	Fixed interest rate maturing in							Total	Weighted Average Effective Interest Rate	
		Floating interest rate	1 year or less	1 to 2 years	2 to 5 years	5 to 10 years	More than 10 years	Non-Interest Bearing		2006-07	2005-06
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%	%
<b>Financial Assets</b>											
Cash at bank	6A	127,154	-	-	-	-	-	-	99,020	6.05	5.48
Cash on hand	6A	-	-	-	-	-	-	-	-	n/a	n/a
Receivables	6B	-	-	-	-	-	-	17,390	5,294	n/a	n/a
Loans	6C	430,277	-	-	-	-	-	367,191	430,277	6.84	9.21
Term deposit	6E	1,000	-	-	-	-	-	1,000	1,009	6.06	5.50
Prepayment	6F	-	-	-	-	-	-	361	1,220	n/a	n/a
Shares	6D	-	-	-	-	-	-	23,094	24,906	n/a	n/a
Interest in business undertakings	6E	-	-	-	-	-	-	16,954	9,367	n/a	n/a
<b>Total Assets</b>		<b>558,431</b>	<b>467,220</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>616,230</b>	<b>505,007</b>		
<b>Financial liabilities</b>											
Trade creditors	8A	-	-	-	-	-	-	15,204	4,465	n/a	n/a
Borrowings	9A	16,493	-	-	-	-	-	16,493	16,588	7.64	7.50
Other payables	8B,8C	4	-	-	-	-	-	13,844	12,636	n/a	n/a
Leases	9B	-	-	-	-	-	-	-	43	n/a	13.03
<b>Total financial liabilities (recognised)</b>		<b>16,497</b>	<b>16,931</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>45,541</b>	<b>34,032</b>		
Other non-current liabilities	12	-	-	-	-	-	-	3,553	3,604		
Indemnities	12	-	-	-	-	-	-	1,000	1,000		
<b>Total financial liabilities (Unrecognised)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,353</b>	<b>4,604</b>		

**Notes to and forming part of the Financial Statements**

for the year ended 30 June 2007

**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 2007

Note 19: Appropriations

Particulars	Departmental outputs		Loans		Equity		Total	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
<b>Year ended 30 June</b>								
Balance carried forward from previous year	-	-	-	-	-	-	-	-
Appropriation Acts 1 and 3	32,794	27,225	-	-	-	-	32,794	27,225
Appropriation Acts 2 and 4	-	-	-	-	57,090	13,700	57,090	13,700
Available for payment of CRF	32,794	27,225	-	-	57,090	13,700	89,884	40,925
Cash payments made out of CRF	32,794	27,225	-	-	57,090	13,700	89,884	40,925
<b>Balance carried forward to next year</b>	-	-	-	-	-	-	-	-

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 2007

	<b>2007</b>	2006
	<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>2,995</b>	2,840
Interest received	<b>186</b>	155
Available for payments	<b>3,181</b>	2,995
Payments made	-	-
<i>Balance carried forward to next year</i>	<b>3,181</b>	2,995

## → OUR FINANCIAL PERFORMANCE

### Notes to and forming part of the Financial Statements for the year ended 30 June 2007

#### 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	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
<b>Expenses</b>				
Departmental	58,796	53,099	58,796	53,099
<b>Total expenses</b>	<b>58,796</b>	<b>53,099</b>	<b>58,796</b>	<b>53,099</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	17,008	175	17,008	175
Interest	32,728	27,450	32,728	27,450
Dividends	27,733	42,977	27,733	42,977
Net gains from disposal of assets	4	270	4	270
Fair value increments	-	1,054	-	1,054
Other external revenues	185	3,469	185	3,469
<b>Total Departmental</b>	<b>77,658</b>	<b>75,395</b>	<b>77,658</b>	<b>75,395</b>
<b>Total other external revenues</b>	<b>77,658</b>	<b>75,395</b>	<b>77,658</b>	<b>75,395</b>
<b>Net cost/(contribution) of outcome</b>	<b>(18,862)</b>	<b>(22,296)</b>	<b>(18,862)</b>	<b>(22,296)</b>

##### 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	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
<b>Operating expenses</b>										
Employees	2,652	1,770	6,543	4,920	5,747	4,591	354	125	15,296	11,406
Suppliers	3,386	1,311	10,099	3,647	2,433	3,752	546	138	16,464	8,848
Grants	1,096	-	-	-	9,587	9,722	-	-	10,683	9,722
Depreciation and amortisation	86	10	211	46	185	41	11	2	493	99
Write-down of assets	96	2,426	-	19,393	2,081	1,205	-	-	2,177	23,024
Other	469	-	13,185	-	29	-	-	-	13,683	-
<b>Total operating expenses</b>	<b>7,785</b>	<b>5,517</b>	<b>30,038</b>	<b>28,006</b>	<b>20,062</b>	<b>19,311</b>	<b>911</b>	<b>265</b>	<b>58,796</b>	<b>53,099</b>
<b>Funded by:</b>										
Revenue from Government	2,556	-	6,456	6,456	20,874	20,749	2,908	20	32,794	27,225
Sales of goods and services	12,650	175	249	-	2,434	-	1,675	-	17,008	175
Interest	2,218	1,102	24,865	22,021	5,453	4,248	192	79	32,728	27,450
Dividends	27,733	42,977	-	-	-	-	-	-	27,733	42,977
Revenue from sale of assets	4	270	-	-	-	-	-	-	4	270
Fair value increments	-	1,054	-	-	-	-	-	-	-	1,054
Other	171	-	-	1,269	14	2,200	-	-	185	3,469
<b>Total operating revenues</b>	<b>45,332</b>	<b>45,578</b>	<b>31,570</b>	<b>29,746</b>	<b>28,775</b>	<b>27,197</b>	<b>4,775</b>	<b>99</b>	<b>110,452</b>	<b>102,620</b>

**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2007

**Note 22 - Housing Fund**

As per section 181 A of the ATSI Act 2005 Money held in the new housing fund may only be applied in the making of housing loans. Specific information on the housing fund operations and financial position, which has been included in the preceding statements and notes, is disclosed as follows:

<b>INCOME STATEMENT - Housing Fund</b> <b>for the year ended 30 June 2007</b>		<b>Corporation only</b>	
		<b>2007</b>	<b>2006</b>
	<b>Notes</b>	<b>\$'000</b>	<b>\$'000</b>
<b>INCOME</b>			
<i>Revenue</i>			
Interest	22A	<b>23,890</b>	21,376
Other		<b>247</b>	1,270
<i>Total revenue</i>		<b>24,137</b>	22,646
<b>TOTAL INCOME</b>		<b>24,137</b>	22,646
<b>EXPENSES</b>			
Write-down of assets	22B	<b>8,885</b>	18,604
<b>TOTAL EXPENSES</b>		<b>8,885</b>	18,604
<b>OPERATING RESULT</b>		<b>15,252</b>	4,042

<b>BALANCE SHEET - Housing Fund</b> <b>as at 30 June 2007</b>		<b>Corporation only</b>	
		<b>2007</b>	<b>2006</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>ASSETS</b>			
<b>Financial Assets</b>			
Cash	22C	<b>21,933</b>	22,379
Receivables	22D	<b>365,870</b>	330,962
<i>Total Financial Assets</i>		<b>387,803</b>	353,341
<b>TOTAL ASSETS</b>		<b>387,803</b>	353,341
<b>LIABILITIES</b>			
<b>Payables</b>			
<i>Total Payables</i>		-	-
<b>TOTAL LIABILITIES</b>		-	-
<b>NET ASSETS</b>		<b>387,803</b>	353,341
<b>EQUITY</b>			
<b>Parent Entity Interest</b>			
Capital		<b>429,397</b>	409,397
Retained surpluses		<b>(41,594)</b>	(56,056)
<i>Total Parent Entity Interest</i>		<b>387,803</b>	353,341
<b>TOTAL EQUITY</b>		<b>387,803</b>	353,341

**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2007

**Note 22 - Housing Fund (cont.)**

STATEMENT OF CASH FLOWS - Housing Fund for the year ended 30 June 2007		Corporation only	
		2007 \$'000	2006 \$'000
<b>OPERATING ACTIVITIES</b>			
<b>Cash received</b>			
Interest	23,890	20,042	
Other	2,238	1,334	
<b>Total cash received</b>	<b>26,128</b>	<b>21,376</b>	
<b>Cash used</b>			
<b>Total cash used</b>	<b>-</b>	<b>-</b>	
<b>Net cash from or (used by) operating activities</b>	<b>26,128</b>	<b>21,376</b>	22E
<b>INVESTING ACTIVITIES</b>			
<b>Cash received</b>			
Repayments of loans	57,197	71,066	
<b>Total cash received</b>	<b>57,197</b>	<b>71,066</b>	
<b>Cash used</b>			
Loans made	(103,770)	(116,751)	
<b>Total cash used</b>	<b>(103,770)</b>	<b>(116,751)</b>	
<b>Net cash or (used by) from investing activities</b>	<b>(46,573)</b>	<b>(45,685)</b>	
<b>FINANCING ACTIVITIES</b>			
<b>Cash received</b>			
Transfers from general fund	-	4,417	
Transfers Contributed Equity (MOG Changes)	20,000	-	
<b>Total cash received</b>	<b>20,000</b>	<b>4,417</b>	
<b>Net increase or (decrease) in cash held</b>	<b>(445)</b>	<b>(19,892)</b>	
Cash at beginning of reporting period	22,378	42,270	
<b>Cash at the end of the reporting period</b>	<b>21,933</b>	<b>22,378</b>	

The above statements should be read with the accompanying notes

**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2007

**Notes to the above Housing Fund statements**

Note 22A: Interest revenue

Interest on bank account	1,147	1,334
Interest on housing loans	22,743	20,042
<b>Total interest revenue</b>	<b>23,890</b>	<b>21,376</b>

Note 22B: Write-down of assets

Financial assets:		
Loans fair value adjustment	(8,885)	(18,604)
<b>Total write-down of assets</b>	<b>(8,885)</b>	<b>(18,604)</b>

Note 22C: Cash

Cash at bank and on hand	17,673	20,781
Cash at agents	4,260	1,598
<b>Total cash</b>	<b>21,933</b>	<b>22,379</b>

Note 22D: Receivables

Trade Debtors	-	1,000
Other debtors	405	1,396
<b>Total Trade debtors</b>	<b>405</b>	<b>2,396</b>

Loans housing fund only		
At Cost - opening balance	328,566	366,398
Less: AEIFRS Transition Adjustment - Net loss on designation at fair value through profit or loss*	-	(65,182)
Add: Net movement in loans cost**	45,784	45,954
Less: Net loss on remeasurement at fair value through profit or loss***	(9,012)	(18,558)
Less: impairment movement through P&L	127	(46)
<b>At fair value/cost - Closing Balance*</b>	<b>365,465</b>	<b>328,566</b>
Current loans receivable	45,623	29,371
Non current loans receivable	319,842	299,195
	<b>365,465</b>	<b>328,566</b>

Note 22E: Reconciliation of Net Surplus to Net Cash from Operating Activities

<b>Net surplus</b>	15,252	4,042
Loans fair value adjustment	9,012	18,558
<b>Changes in assets and liabilities</b>		
(Increase) / decrease in receivables	1,864	(1,224)
<b>Net cash from operating activities</b>	<b>26,128</b>	<b>21,376</b>

\*On adoption of AEIFRS, the consolidated entity elected to designate the housing fund loans at fair value through profit or loss. This was done at AEIFRS transition date - 1 July 2005 and it required the consolidated entity to fair value the loans at the AEIFRS transition date and recognise the fair value adjustment through retained earnings.

\*\*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 or 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 or loss account. The \$9,698 net loss comprises the initial recognition of new loans in the period, and remeasurement at fair value of existing loans as at 30 June 2007 through profit or loss, due to loans being carried at below market interest rates.



# APPENDICES

## APPENDICES



## APPENDIX A

### DESCRIPTION OF INDIGENOUS BUSINESS AUSTRALIA INVESTMENTS

#### Australian Capital Territory

##### Scarborough House

Scarborough House, in Woden, 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 reopened in September 2005.

The reconstruction increased the net lettable area from 11,000 square metres to 16,777 square metres. The building contains A-grade office accommodation with an energy efficiency Australian Building Greenhouse Rating of four and a half stars.

Approximately 98 per cent of the building is leased to a government tenant and the remaining 2 per cent is leased as a cafe.

In August 2006, the unit trust for Scarborough House was settled. The Indigenous unit holders in the trust are Yarnteen Aboriginal and Torres Strait Islanders Corporation, Mirrar Holdings Pty Ltd, Wunan Foundation Inc and Groote Eylandt and Bickerton Island Enterprises Aboriginal Corporation.

#### New South Wales

##### All Hallows

The main building is situated on Lloyds Road in Bathurst, New South Wales. The property was donated to the former Aboriginal Development Commission in 1984 by 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 eight years. 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.



### Blighty dairy farm

Blighty dairy farm, in south-western New South Wales, comprises 460 hectares of high-quality irrigable land able to carry up to 800 head of cattle. The farm is leased to an experienced dairy operator until 2010. In 2006–07, the continuing drought reduced the performance of this investment.

### Brewarrina Fisheries Motel and Brewarrina Dormitory

IBA has two separate properties in the township of Brewarrina—Brewarrina Fisheries Motel and Brewarrina Dormitory. The motel, which is approximately 36 years old and in a poor state of repair, is currently closed. The dormitory, which was built in 2001, is currently vacant. IBA is continuing to assess commercially viable options for both properties. This asset was transferred from Aboriginal and Torres Strait Islander Commission (ATSIC) in March 2005.

### Cummeragunga farm

Cummeragunga Farm is located in Moama, New South Wales. The property comprises 398 hectares of freehold land. Four hectares of the property is subject to a lease with the Yorta Yorta Community Development organisation. The property is also used to agist stock.

### Huntlee Estate

Huntlee Estate is a joint venture between IBA, the Hardie family, LWP Property Group, Lehman Brothers and several small wholesale investors to develop a 1,719 hectare residential, lifestyle, commercial and conservation lands project in the lower Hunter Valley in New South Wales.

IBA has established an Indigenous Participation Trust (IPT) which will give qualified Indigenous groups an opportunity to acquire a share in the project, and so derive significant long-term financial benefits. The total IBA–IPT investment will be 8.3 per cent of total project equity.

### Mungo Lodge

Mungo Lodge is 100 per cent owned by IBA and was purchased in October 2003. The lodge is adjacent to Mungo National Park, within the Willandra Lakes World Heritage Region of New South Wales. 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 and an all-weather airstrip. Following an independent marketing review, IBA has committed to a major upgrade of the lodge and its facilities. Upgrade works are expected to begin in the second half of 2007 and to be completed in early 2008.

### Port Botany Transfer Station

The Port Botany Transfer Station is a 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.

In June 2007, IBA sold its 50 per cent interest in the business to Veolia Environmental Services. In a separate transaction, IBA acquired Veolia's 50 per cent share of the land and buildings. Veolia will continue to operate the Port Botany Transfer station while paying IBA a commercial rent for use of the facility.

### Willow Bend Sports Complex

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

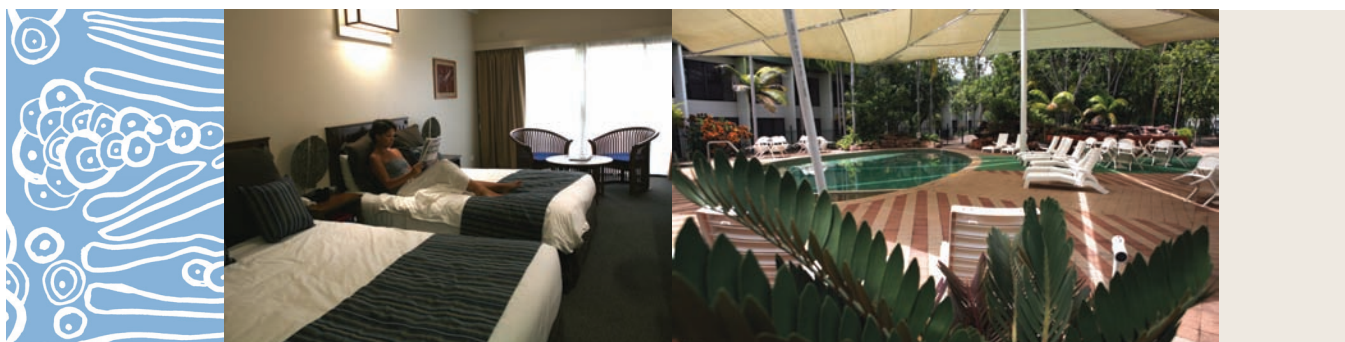
This asset was transferred from ATSIC in March 2005. IBA is in the process of divesting ownership of the complex to a local Aboriginal organisation.

## 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. It barges it from the port of Bing Bong, in the Gulf of Carpentaria, to ships anchored 30 kilometres offshore. The company shipped 327,000 tonnes during 2006-07.



### Gagudju Crocodile Holiday Inn

The Gagudju Crocodile Holiday Inn is a four-star rated property located at Jabiru, within the World Heritage-listed Kakadu National Park. The hotel, designed in the shape of a crocodile, is two and a half hours drive from Darwin. 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.

During 2006–07, the hotel completed major refurbishment of the entrance, the dining room and 70 rooms.

In late 2006 the owners reappointed InterContinental Hotels Group as the hotel property managers on a long-term contract.

### Gagudju Lodge Cooinda

Gagudju Lodge Cooinda (Cooinda), located at the southern end of Kakadu National Park, operates Yellow Water Cruises. Accommodation includes 48 lodge rooms, 34 budget rooms, and 400 powered and non-powered camping sites. There are two swimming pools, a general store, a bar and bistro, a restaurant, and petrol facilities. Cooinda also offers gorge and waterfall tours and operates the Warradjan Cultural Centre.

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 late 2006, the owners reappointed InterContinental Hotels Group as the property manager on a long-term contract.

In early 2007, some staff accommodation and all lodge rooms were flooded. As a result of the floods the lodge rooms were closed for two weeks and will require refurbishment in 2007–08.

Far left and left: An IBA investment, the Gagudju Crocodile Holiday Inn, Jabiru, Northern Territory

Right: Tourists enjoying themselves on a Kakadu cruise conducted by Yellow Water Cruises, an IBA investment

PHOTOS iCatching Photography



### Government Centre

Centrally located within the township of Katherine, approximately 300 kilometres south of Darwin, the Government Centre is a commercial property with ground and upper-level office accommodation.

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

An in-principle agreement has also been made with the Northern Territory Government to extend its long lease. The new lease is subject to final negotiations and is dependent on comprehensive capital works being undertaken.

### Kings Canyon Resort

Kings Canyon Resort is located in a loop off the main highway running between Uluru and Alice Springs. The sensitively designed resort is situated seven 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. Facilities 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, 32.67 per cent; Ngurratjura/Pmara Ntjarra Aboriginal Corporation, 2.91 per cent; Sitzler Bros (Darwin) Pty Ltd, 1.15 per cent; and Voyages Hotels & Resorts, the remaining equity.

### National Indigenous Fishing Trust—mud crab licence

The aim of the Indigenous Fishing 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 2005, the trust purchased a Northern Territory mud-crab licence, which it currently leases to an Indigenous fisherman.



Left and far left: River beauty at Wildman Wilderness Resort, an IBA-owned business

PHOTOS Indigenous Business Australia

### Cape Don Experience

In March 2007, IBA and the Djuldjurd Aboriginal Corporation purchased the business known as Cape Don Experience. The business provides accommodation for up to 12 guests, and caters particularly for those interested in sports fishing and ecotourism. IBA holds 90 per cent of the equity in the business with the Djuldjurd Aboriginal Corporation holding the remaining 10 per cent.

### Wildman Wilderness Resort

In December 2006, IBA acquired Wildman Wilderness Resort, in the proposed Mary River national park. The business requires extensive capital works to lift the property standard to a level that matches the natural beauty around it. Quantity surveyors are preparing costing tables and detailed plans for consideration, and works are expected to begin in early 2008.

### Outback Stores Pty Ltd

Outback Stores is a company within IBA, created in 2005–06 to support remote Indigenous-owned community retail stores. The company was formed to improve the health and nutrition of Indigenous Australians living in remote communities by securing the commercial viability of community stores through improved management, supply chain logistics and infrastructure. Its mission is to 'make a positive difference in the health and economy of Indigenous communities by providing quality retail stores.' A detailed description of Outback Stores is in the 'Our performance' section of the report under asset building.

## 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.

Right: A well-stocked Outback Stores assisted community store

PHOTO Outback Stores

Far right: A fisherman with his barramundi catch at Cape Don Experience, an IBA investment

PHOTO Cape Don Experience



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

### Centrum Insurance

Centrum Insurance Brokers (Centrum) is wholly owned by IBA. Centrum provides quality insurance products at competitive premium costs, together with personal service and independent advice to Indigenous associations, organisations and businesses Australia wide.

Centrum has negotiated a specific Indigenous insurance program with a major Australian insurer, providing the opportunity for Indigenous businesses and communities to obtain an independent review of their existing insurance programs, together with obligation-free premium quotations.

In 2006, Centrum acquired the brokerage books of Ken Hill and Associates.

### 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 Middlesmoot, in Queensland's Bowen Basin.

During 2006–07, Foxleigh mined approximately 2.7 million tonnes of coal. Foxleigh is now processing its coal at its newly commissioned wash plant located to the west of the north-west mining area.

*IBA has been a committed and co-operative partner in the Foxleigh Joint Venture and the development of the Foxleigh Mine, providing experience and stewardship from start-up through to the efficient operation we have today. IBA's ability to provide opportunities through investment has generated substantial returns for the wider Indigenous community, both from an employment and financial perspective. The Joint Venture Partners congratulate IBA on their continued success within the mining business sector.*

**KAREN WHITEHOUSE**, Foxleigh Mining Pty Ltd

### Sumner Park

In June 2003, IBA acquired a commercial property located in the Sumner Industrial Estate, approximately 14 kilometres south-west of Brisbane's central business district. The property was fully leased to the previous owner, who negotiated an early buy-back. The property was sold on 30 March 2007.

### Tjapukai Aboriginal Cultural Park

IBA became involved in 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 industry partners hold the remaining equity.

The park allows visitors to experience every facet of Tjapukai culture and to gain a greater understanding of the Tjapukai way of life and traditional practices. Tjapukai also operates an extensive retail outlet and a 250-seat restaurant.

Tjapukai is one of the largest private employers of Indigenous people in Australia. During 2006–07, Tjapukai employed almost 100 staff, 85 per cent of them Indigenous. The Tjapukai Board comprises three local Indigenous directors nominated by their respective communities.

### Warrama

Warrama is a 13.08-hectare property 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 closed in the early 1990s. IBA identified a purchaser for the property and in September 2006 a sale contract was entered into. The contract contains some conditions precedent.

This asset was transferred from ATSIC in March 2005.

## South Australia

### CPS Building

The CPS Building is a modern office building in the City of 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 total net lettable area). The current occupancy rate of this prime site, which is ideally situated adjacent to a council car park, is 100 per cent.

In June 2007, we commenced refurbishing the ground floor foyer and lifts.

Publicity image from Tjapukai  
 фото Tjapukai Aboriginal Cultural Park



## Victoria

### National Indigenous Fishing Trust—abalone licence

The Indigenous Fishing Trust aims 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 Victoria–South Australia border.

In 2006–07, the wild abalone population of Western Victoria was affected by a herpes-like virus. The virus was reported as being the single most significant issue to confront the abalone industry, with mortality expected to be as high as 70 per cent. The viral outbreak reduced the value of the Victorian Western Zone abalone quota units.

### Western Linen Industries

This venture is a commercial laundry and linen service in Colac, Victoria. Trading as Egan's Central Laundry (Egans), 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 Co-operative Ltd, secure an ATSIC grant to buy the premises used by Egans. In August 2002, both Indigenous communities joined the business by buying half IBA's share (25 per cent of the laundry business) at cost. IBA negotiated the purchase of the industry partner's 50 per cent share, with the final settlement documents signed in June 2006.

IBA is currently negotiating the sale of Egans to a professional service provider.

## Western Australia

### Commonwealth Centre

IBA purchased the Commonwealth Centre in South Hedland in 2000. The building comprises two levels at the rear with 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. The building accommodates the Regional Indigenous Coordination Centre, the local Centrelink office and various local Indigenous organisations, as well as a number of smaller tenants. The current occupancy rate is 100 per cent.



When the township of Port Hedland was hit by cyclones George and Jacob, the building escaped with only minor damage compared to other properties in the area. IBA wholly owns this investment, but in 2007–08 it will continue to negotiate the possible sale of equity to local Indigenous groups.

#### **Coomanoo Evans Community Centre**

The centre, 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. During 2006–07, IBA tried to find tenants and found a possible tenant late in the financial year 2006–07. The centre is partially occupied by Centrelink.

This asset was transferred from ATSIC in March 2005.

#### **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.

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.

IBA became involved in the business in July 2001, with Leedal Pty Ltd and IBA each holding 42.86 per cent equity, and industry partners holding the remaining equity. In late 2006, Leedal Pty Ltd acquired a further 27.14 per cent equity in The Crossing Inn and is now the majority shareholder with a 70 per cent equity holding.

#### **Fitzroy River Lodge**

The Fitzroy River Lodge was established in 1989. IBA became involved in the business in July 2001 when it acquired a 42.86 per cent equity share. At the same time, Leedal Pty Ltd, representing local Indigenous groups, acquired a 42.86 per cent equity holding in 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.

In 2007, the lodge completed developing a 25-room budget accommodation facility. All rooms have ensuites, and guests can use a central kitchen and laundry services.

In 2006, Leedal Pty Ltd acquired a further 27.14 per cent equity in the Fitzroy River Lodge and is now the majority shareholder with a 70 per cent equity holding.

### Goldfields Building

IBA, together with the Perth Noongar Foundation (PNF) and the Noongar Country Economic Foundation (NCEF), purchased the Goldfields Building in West Perth 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 also includes 94 undercover car parking bays. The building is widely considered to be a landmark in West Perth and consists of a mezzanine ground floor with lobby and three upper levels of office accommodation. It was built in 1990 and has a total net lettable area of 4,054.9 square metres.

During 2006–07 the lifts and security system were upgraded. It is expected that the front steps and the forecourt will be refurbished during 2007–08.

At 30 June 2007, the building occupancy rate was 100 per cent.

### Homestead Centre

IBA purchased the Homestead Centre, a retail and office complex in South Hedland, 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.

When the township of Port Hedland was hit by cyclones George and Jacob, the building escaped with only minor damage compared with other properties within the vicinity.

At present, the equity share in this joint venture is IBA 70 per cent and PHRAC 30 per cent.

As at 30 June 2007, the occupancy rate was 100 per cent.

### IBA Building

The IBA Building, in Kalgoorlie, was only partially complete when IBA acquired it in 2003 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 total 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, which expires in 2014.

### Monkey Mia Dolphin Resort

In May 2002, IBA and the Yadgalah Corporation collectively acquired 50 per cent of the Monkey Mia Dolphin 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 8 beachfront villas, 52 garden villas, 24 beachfront rooms, as well as budget accommodation. Other amenities include a mini supermarket, a tennis court, swimming pool, 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 area of Western Australia. At 30 June 2007, approximately 52 per cent of Ngarda's staff was Indigenous. Ngarda aims for 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.

Employees and machinery at a Ngarda work site

PHOTO Indigenous Business Australia



## APPENDIX B

### CONSULTANTS ENGAGED IN 2006-07

VENDOR NAME	PURPOSE OF CONSULTANCY	AMOUNT \$
1-2-1 Consulting Sources	Business support	978
Access Business Consultants Pty Ltd	Business support	58,809
Accomplix Group	Business support	35,046
Acteum Management Group Pty Ltd	Business support	107,098
Admin Advantage	Business support	16,404
AGB Melbourne	Business support	8,734
Alitek Consulting	Business support	10,065
Ambrose NT Pty Ltd	Business support	294,109
Anthony M Lee & Associates	Business support	58,845
Armstrong Muller Consulting	Surveying for project	44,308
Arnhemland Progress Association	Business support	32,612
Ashby & Co	Business support	35,090
Auslink Pty Ltd	Business support	40,240
Beacon Hill Global	Business support	103,573
BDA Marketing Planning Pty Ltd	Marketing research and evaluations	33,000
BDO Consultants (WA) Pty Ltd	Business support	72,511
Belmores Pty Ltd	Business support	38,066
Bennett Design	Business support	20,500
BizIsUs Pty Ltd	Business support	3,713
Black Business Consultancy	Business support	39,290
Business Mapping Solutions Pty Ltd	Business support	13,436

CONTINUED OVER THE PAGE

VENDOR NAME	PURPOSE OF CONSULTANCY	AMOUNT \$
CB Richard Ellis	Business support	34,045
CCH Benchmarking	Business support	995
Centre for Appropriate Technology	Research	12,034
Centre for Business Success Pty Ltd	Business support	15,076
Charlotte Prowise	Business support	9,037
Colin Tidswell	Business support	102,595
Colmer Brunton Social Research	Business support	17,488
Contact First Pty Ltd	Business support	103,415
Cummings Economics	Business support	28,600
D J Troiano	Business support	4,840
Darebin Enterprise Centre	Business support	142,066
Davidson Wilson Solutions Pty Ltd	Industrial relations	88,511
Davis Consultancies Pty Ltd	Business support	147,701
Deloitte Growth Solutions Pty Ltd	Business support	52,703
Deloitte Touche Tohmatsu	Business services	477,134
Design Construct Industries	Business support	340,000
Enmark Pty Ltd	Business support	186,996
Enterprise Development Centre Inc.	Business support	6,543
Faith Construction	Business support	320,906
Farmanco	Business support	5,173
First Australians Business	Business support	47,851
Future Profits	Business support	51,654
Future Solutions Australia	Business support	317,795
Geoffrey E Hansen	Business support	23,895
GHD Pty Ltd	Business support	9,708
Graeme Jones and Associates	Business support	2,200
Grahame Brook & Co Pty Ltd	Business support	4,372
Grant Thornton Chartered Accountant	Business support	13,090
GR Langford & CD Thornton	Business support	16,428
Hames Sharley Pty Ltd	Business support	42,359
Harlequin Business and Training Consultants	Business support	159,433
Hume Consulting Group Pty Ltd	Business support	7,689
Hunt Tourism Services Pty Ltd	Business support	2,885

CONTINUED OVER THE PAGE

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VENDOR NAME	PURPOSE OF CONSULTANCY	AMOUNT \$
Hunter Region	Business support	50,753
IMS Pty Ltd	Business support	56,467
Incite Management Group Pty Ltd	Business support	122,205
Indigenous Development Group Pty Ltd	Business support	236,171
Integrated Valuation Services	Business support	11,660
Island Training Tasmania Pty Ltd	Business support	53,785
Jayne Sunbird Enterprises	Business support	42,673
Kimberley Economic Development Services	Business services	201,237
Maginess Consulting Pty Ltd	Business support	137,915
Mapigan Pty Ltd	Business support	2,422
Mercer Human resources Consultants	Human resources services	9,825
Merit Partners	Business support	43,475
MLCS Corporate Pty Ltd	Business support	129,936
Mountney Pty Ltd	Business support	4,950
Murtagh Bond Structures	Business support	6,721
Niche Strategies Pty Ltd	Communications and branding	113,175
Norrish & Associates	Business support	78,458
Northern Regional Development Board	Business support	13,027
Oakebridge Pty Ltd	Business support	76,994
OSA Group	Business support	16,277
Owen Cole	Administrative assistance	2,750
PA Lucas and Co	Business support	84,673
Panda Consulting Pty Ltd	Business assessment	6,177
Paul Pholeros	Business support	15,870
Peter Sinclair McIntyre	Business support	3,410
Phillip Camens	Business support	68,227
Pitcher Partners	Financial assessment	12,099
Price Louvel	Business support	12,318
Project Building Certifiers	Business support	17,050
Property Beyond	Business support	11,043
Prosperity	Business support	38,171
Quality Management Solutions	Industrial relations	19,800
Rapalo Pty Ltd	Business support	3,245

CONTINUED OVER THE PAGE

VENDOR NAME	PURPOSE OF CONSULTANCY	AMOUNT \$
Red Ochre Consulting	Business support	27,700
Regional and Rural Valuers Pty Ltd	Business support	880
Remote Rural Resources Pty Ltd	Business services	168,262
Rex Piastri & Russell Guppy	Business support	1,899
Robert Sutherland	Business support	88,013
Rural Management Partners	Business support	33,443
Rural Solutions SA	Business support	24,552
Secure Vote	Human resources services	1,100
SED Consulting	Business support	60,588
SGS Economic & Planning	Regional economic research pilot	61,150
Small Business Development Service Pty Ltd	Business support	143,145
Spearpoints Corporation Pty Ltd	Business advisory and review	2,277
SRC Solutions	Business support	14,199
Starfish Business Solutions	Business services	266,168
Tass Accountants and Advisers	Business advisory and review	5,154
Thamarrurr Regional Council	Business support	75,154
The Illawarra Itec Ltd	Business support	3,924
The Marketing Professionals	Marketing research and evaluations	66,708
TLE North Pty Ltd	Business support	51,115
Tony Varnes	Business support	2,574
Turner and Townsend Rawlinsons Pty Ltd	Business support	6,058
Uptuyu	Business support	34,361
Verve Group	Business support	15,785
Walker Reid	Business support	18,523
Wendy Davidson Enterprises Pty Ltd	Business support	19,784
Wilde & Woollard	Project management	25,201
WordsWorth Writing	Administrative services	24,990
Yael Katz Consulting	Business support	90,733
<b>Total 2006-07</b>		<b>6,898,043</b>

## APPENDIX C

### FREEDOM OF INFORMATION

This statement meets the requirements of the *Freedom of Information Act 1982* (the FOI Act).

IBA is exempt from the provisions of the *Freedom of Information Act 1982* in relation to documents in respect of its commercial activities.

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

A request for access to a document:

- must be made in writing
- should give as much information as possible about the document being requested
- must also include an address in Australia to which notices can be sent.

Requests should be sent to:

: FOI Coordinator  
: Indigenous Business Australia  
: PO Box 38  
: Woden ACT 2606  
: Telephone (02) 6121 2700  
: Fax (02) 6121 2730

#### **FOI requests**

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



TABLE 17 Freedom of information statistics, 2006–07

ACTIVITY	NUMBER
<b>REQUESTS</b>	
On hand at 1 July 2006	2
New requests received	nil
Total requests handled	2
Total requests completed at 30 June 2007	2
Outstanding at 30 June 2007	nil
<b>ACTION ON REQUESTS</b>	
Access in full	nil
Access in part	nil
Access refused	2
Access transferred in full	nil
Request withdrawn	nil
<b>RESPONSE TIMES</b>	
0–30 days	nil
31–60 days	2
61–90 days	nil
90+ days	nil
<b>INTERNAL REVIEW</b>	
Requests received	2
Decision affirmed	2
Decision amended	nil
Request withdrawn	nil
<b>REVIEW BY ADMINISTRATIVE APPEALS TRIBUNAL</b>	
Applications received	2

### Ombudsman activity

During the 2006–07 financial year, IBA responded to two new formal requests 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

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- 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.



Narelle Young owns and operates the IBA-funded business Kiva Beauty and Relaxation, Broome, Western Australia

PHOTO iCatching Photography

## APPENDIX D

### GLOSSARY AND ABBREVIATIONS LIST

<b>AASB</b>	Australian Accounting Standards Board
<b>ABGR</b>	Australian Building Greenhouse Rating
<b>administered items</b>	revenues, expenses, assets and liabilities that the government controls, but which an agency or authority manages on the government's behalf.
<b>ATSIC</b>	Aboriginal and Torres Strait Islander Commission
<b>CAC Act</b>	<i>Commonwealth Authorities and Companies Act 1997</i>
<b>Centrum</b>	Centrum Insurance Brokers Pty Ltd
<b>CEO</b>	chief executive officer
<b>Cooinda</b>	Gagudju Lodge Cooinda
<b>DEWR</b>	Department of Employment and Workplace Relations
<b>EDI</b>	economic development initiative
<b>FaCSIA</b>	Department of Families, Community Services and Indigenous Affairs
<b>HEZ</b>	Hunter Economic Zone
<b>HOIL</b>	Home Ownership on Indigenous Land
<b>IBA</b>	Indigenous Business Australia
<b>IBA Enterprises</b>	manages IBA's Business Development and Assistance Programme
<b>IBA Homes</b>	manages IBA's Home Ownership Programme and Home Ownership on Indigenous Land Programme

<b>IBA Investments</b>	manages IBA's Equity and Investments Programme
<b>IBA Partnerships</b>	IBA's Policy and Liaison Units and IBA's Home Ownership on Indigenous Land (HOIL) Policy section
<b>Indigenous</b>	a person of Aboriginal or Torres Strait Islander origin who identifies as an Aboriginal or Torres Strait Islander
<b>IPT</b>	Indigenous Participation Trust
<b>Kakadu</b>	Kakadu National Park
<b>KPI</b>	key performance indicator
<b>MOU</b>	memorandum of understanding
<b>National Emergency Response</b>	the Australian Government's response to the national emergency confronting the welfare of Aboriginal children in the Northern Territory
<b>NCEF</b>	Noongar Country Economic Foundation
<b>Ngarda</b>	Ngarda Civil and Mining
<b>OH&amp;S</b>	occupational health and safety
<b>outcomes and outputs</b>	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.
<b>PBTS</b>	Port Botany Transfer Station Pty Ltd
<b>PHRAC</b>	Port Hedland Regional Aboriginal Corporation
<b>PNF</b>	Perth Noongar Foundation
<b>Veolia</b>	Veolia Environmental Services

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REQUIREMENT	REFERENCE	PAGES
Advertising and market research	CAC Orders 2005, subclause 17(2), ref <i>Commonwealth Electoral Act 1918</i> , section 311A	Not applicable—IBA is not an agency under the <i>Public Service Act 1999</i>
Audit Committee	CAC Orders 2005, subclause 15(2)	59
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)	11, 18, 29, 43
Commonwealth Disability Strategy	CAC Orders 2005, clause 18	68
Consultants engaged	<i>Aboriginal and Torres Strait Islander Act 2005</i> , section 189	138
Directors	CAC Orders 2005, clause 14	56
Ecologically sustainable development and environmental performance	CAC Orders 2005, subclause 17(2), ref <i>Environment Protection and Biodiversity Conservation Act 1999</i> , section 516A	64
Effects of ministerial directions and notification of general policies of the government	CAC Orders 2005, clause 12	No ministerial directions or notifications were given
Efficiency and effectiveness of the operations in producing its principal outputs	CAC Orders 2005, subclause 10(2)(a)	12
Enabling legislation, functions and objectives	CAC Orders 2005, clause 8	54
Exemptions to requirements for financial statements	CAC Financials, clause 1D	No exemptions were given

REQUIREMENT	REFERENCE	PAGES
Factors, events or trends influencing performance	CAC Orders 2005, subclause 10(1)(b)	7-10, 32, 34, 38-39
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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	63
Ministerial directions regarding reporting	CAC Orders 2005, Subclause 12(1)(a), ref <i>Aboriginal and Torres Strait Islander Act 2005</i> , section 189	63
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