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**INDIGENOUS  
BUSINESS  
AUSTRALIA**

ANNUAL REPORT 2008-2009

09



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# LETTER OF TRANSMITTAL



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

13 October 2009

The Hon. Jenny Macklin MP  
Minister for Families, Housing, Community Services and Indigenous Affairs  
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 2009.

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 2008. The attached Report of Operations and audited financial statements were made in accordance with a resolution of IBA's directors on 15 September 2009.

I am satisfied that IBA has prepared fraud risk assessments and fraud control plans, and has in place appropriate fraud prevention, detection, investigation, reporting and data collection procedures and processes that meet IBA's needs and comply with the Australian Government Fraud Control Guidelines.

This report assesses IBA's performance against the accountability framework as set out in the 2008–09 Portfolio Budget Statements of the Department of Families, Housing, Community Services and Indigenous Affairs, and highlights the success of IBA's programs. I commend this report to you as a record of our achievements and compliance.

Yours sincerely

**Dr Dawn Casey PSM FAHA**  
Chair



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NAIDOC Week celebrations in Broome

# 01

## YEAR IN REVIEW

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# CHAIR'S REPORT

## A message from Dr Dawn Casey



As the newly appointed Chair of IBA I have pleasure in presenting the report of the corporation's activities for the 2008–09 financial year. Throughout 2008–09, IBA continued to build on the successes and initiatives commenced in previous years while confronting some significant challenges.

The measures outlined in this report represent the corporation's contribution to supporting the government's efforts to enhance Indigenous participation and its Close the Gap initiative in the mainstream economy.

## Global financial crisis

It is hard to reflect on the past year without acknowledging the significant challenge that was brought about by the global financial crisis in the second half of 2008. The crisis affected many industries, businesses and individuals over the course of the year, and could have derailed many Indigenous enterprises. The corporation's strategy for dealing with this situation was to give greater emphasis to supporting existing Indigenous businesses, seek advice from a broad range of commercial experts and manage debt levels.

The Board and I were pleased to note that IBA's processes and support mechanisms assisted many of its clients during the

year, substantially minimising the effect of the crisis.

When we became aware of the potential impacts of the global financial crisis, we acted quickly to organise an economic summit to brief Indigenous business owners on emerging trends and the responses of the banking sector and other major commercial institutions.

IBA's investment assets performed well over the year, an outstanding result considering the downturn in sectors such as tourism. It is a credit to the staff and management of IBA that 2008–09 was a successful year overall.

Challenges like the global financial crisis also bring opportunities. IBA engaged with Indigenous business leaders, with the financial sector, and with industry to look at the investment opportunities that arise in times such as these, and considered emerging industries such as carbon trading. IBA came through the financial crisis in a better position than could be expected, which gives the Board confidence that it will continue to perform strongly. Clearly more can be done, and the Board is now planning for the future, so that the efforts of the past are not seriously eroded by the effects of the financial crisis.

## First year under the Rudd Labor Government

In 2008–09, the first full year of IBA operation under the Rudd Labor Government, Indigenous affairs continued to receive a high degree of prominence in government policies and activities, particularly around land tenure, home ownership, employment and closing the gap on Indigenous disadvantage.

The Board and IBA's management continue to explore how IBA can contribute to these areas of government focus and attention. IBA can use links it has established over a period of time with state and territory governments to complement government efforts to assist Indigenous Australians to participate in the mainstream economy.

As part of the Families, Housing, Community Services and Indigenous Affairs portfolio, we recognise that our efforts are a part of a whole-of-government effort to develop economic measures aimed at improved Indigenous participation in the mainstream economy.

## New initiatives

IBA recently awarded the first six scholarships from its IBA Scholarship Fund, which was initiated by the Board in 2007–08. With IBA's assistance, scholarship recipients will be well placed at the end of their studies to bring the skills and knowledge they acquire back to their communities. On behalf of the Board, I congratulate the scholarship recipients, and wish them all the best in their future endeavours.

During the year, IBA continued to work on improvements in client service delivery through business loan processes, and in hosting strategic business forums for Indigenous groups, industry representatives and others, on topics such as the global economic crisis and carbon trading.

## Future direction

While the effects of the global financial crisis are probably far from over, there are encouraging signs, both locally and internationally, that the worst may have passed. While it may be some time before industries such as mining and tourism fully recover, there are still opportunities to be taken. IBA is well placed to assist and advise Indigenous organisations and people so that they can stay the course and, when the time is right, build, grow and prosper.

The Board and I are engaging in a process of consultation, review and strategic development to ensure that IBA continues to maximise its capacity to promote and support the participation of Indigenous Australians in the mainstream economy.



The Hon. Jenny Macklin MP announced Dr Dawn Casey's appointment as Chair at IBA's NAIDOC Week breakfast (10 July 2009) in Brisbane

# HIGHLIGHTS

**Against the background of the Government's approach to addressing Indigenous disadvantage, in 2008–09, undoubtedly one of the most challenging financial years for many commercial organisations, IBA:**

- › acquired the Tennant Food Barn in Tennant Creek in the Northern Territory in partnership with Julalikari Council Aboriginal Corporation, which represents 16 Indigenous groups in Tennant Creek and the surrounding Barkly Shire
- › increased its profit distribution to Indigenous partners by 135 per cent
- › grew its investments portfolio asset value by 7.55 per cent
- › approved home loans totalling \$86.8 million to 348 eligible applicants, 90 per cent of whom were first home buyers, through the Home Ownership Program
- › strengthened its local support operations in response to the increased difficulties faced by borrowers experiencing mortgage stress or financial hardship because of the global economic crisis and achieved a further reduction in overall reportable arrears (from 0.046 in 2007–08 to 0.037 in 2008–09)
- › assisted clients to achieve a business survival rate past the first year of 86 per cent for businesses funded
- › provided 63 loans and 648 business support projects to assist with the commencement or expansion of a business
- › undertook 56 Economic Development Initiatives, which provided relevant information and advice to individuals contemplating entry into small business
- › referred 11 business support clients to take up microfinance (between \$500 and \$20,000) as part of the National Australia Bank (NAB) Indigenous Entrepreneurs Program created through a partnership between NAB and IBA
- › facilitated the bringing together of a range of young Indigenous entrepreneurs seeking to establish a voice, independent of government, for Indigenous business people throughout Australia

- › approved nine housing loans at Nguui in the Northern Territory under the Home Ownership on Indigenous Land Program and held discussions with more than 120 other families in other communities who expressed an interest in building or purchasing homes
- › supported or created a total of 1,145 jobs, of which 430, or 37.5 per cent, were held by Indigenous Australians
- › increased its Indigenous staff ratio to 24 per cent (an increase from 22.2 per cent in 2007–08)
- › awarded six scholarships (under the new IBA Scholarship Fund) to mature age Indigenous Australians to develop their financial knowledge and skills through education
- › hosted events to encourage discussion between Indigenous commercial organisations, industry and government, including discussions with Local Aboriginal Land Councils about land use options and exploration of the opportunities for Indigenous land owners through carbon trading
- › hosted an inaugural business-focused event during NAIDOC Week to demonstrate its support of Indigenous achievement
- › released two editions of *Inspire*, a magazine that adds to the discussion of Indigenous economic development through the promotion of opportunities available and success stories
- › received a Bronze Award for its 2007–08 Annual Report in the General Awards Category of the Australasian Reporting Awards.

The Australian Government's continued commitment to addressing Indigenous disadvantage is consistent with the Board's focus on the role that IBA can play. The Board will be focusing on how IBA can support and link to the strategies being developed by all levels of government.

## Acknowledgements

It was a great honour to have my appointment as IBA's Chair announced during NAIDOC Week, a national celebration of Indigenous history and achievement. IBA's increasing participation rates in this event are just one of the ways it is fulfilling its commitment to reconciliation.

I acknowledge the invaluable contribution of Mr Bob Blair, who has been acting Chair for a significant part of this financial year. Bob is deeply committed to Indigenous affairs and has contributed immensely to IBA. I also

thank my fellow Board members for their contributions, expertise, enthusiasm and assistance provided to me as the new Chair. I thank the staff and management of IBA, who have managed the challenges of the year with great skill and dedication.

I look forward to continuing to serve this immensely capable and inspiring organisation. There are many challenges still ahead, but just as many opportunities.



Dr Dawn Casey with Mr Bob Blair during IBA's 2009 NAIDOC Week breakfast event in Brisbane

# 02

## ABOUT IBA



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# OUR VISION

IBA's vision is for a nation in which the First Australians are economically independent and an integral part of the economy.

# OUR OBJECTIVE

Our objective is to provide quality leadership in facilitating and enabling Aboriginal and Torres Strait Islander engagement in the wider economy.

# OUR PURPOSE

IBA's purpose, as set out in section 146 of the *Aboriginal and Torres Strait Islander Act 2005*, is:

(a) to assist and enhance Aboriginal and Torres Strait Islander self-management and economic self-sufficiency; and

(b) to advance the commercial and economic interests of Aboriginal persons and Torres Strait Islanders

by accumulating and using a substantial capital asset for the benefit of the Aboriginal and Torres Strait Islander peoples.

Our Corporate Plan 2008–13 clearly articulates our vision, values and objective.

# OUR ROLE

IBA, which has been in existence for 19 years, supports Indigenous Australians to participate in the wealth and prosperity of this nation. Originally known as the Aboriginal and Torres Strait Islander Commercial Development Corporation, IBA was established in March 1990 following the proclamation of the *Aboriginal and Torres Strait Islander Commission Act 1989* (ATSIC Act).

IBA was created to assist and enhance Indigenous self-management and economic self-sufficiency and to advance the commercial and economic interests of Indigenous Australians by accumulating and using a substantial capital asset for their benefit.

This involved facilitating equity involvement in sound commercial ventures, usually by way of joint venture arrangements with industry partners, through its Equity and Investments Program. IBA's functions were subsequently expanded to enable it to make housing and business loans and grants through its Home Ownership and Business Development and Assistance Programs, and to give guarantees in relation to loans or grants that would further the social, economic or cultural development of Indigenous Australians.

In addition, IBA undertakes research and development activities to develop innovative commercial solutions in areas of entrenched socio-economic disadvantage. IBA also continues to develop its Home Ownership on Indigenous Land Program to facilitate home ownership on community-titled land where tenure provisions allow.

Through the Council of Australian Governments (COAG), all governments in Australia have committed to closing the gap on Indigenous disadvantage. As recently as February 2009, in a statement titled *Closing the Gap on Indigenous Disadvantage: The Challenge for Australia*, the Prime Minister stated:

**'If we are to move forward together as a nation, and build a stronger and fairer Australia in the twenty-first century, we must address the appalling gap between the life opportunities enjoyed by Indigenous and non-Indigenous Australians.'**

COAG has recognised that economic development is an important building block to improve the social and economic wellbeing of Aboriginal and Torres Strait Islander people.

IBA has a significant part to play in supporting the Government to achieve its goals for Indigenous economic development and 'closing the gap'. IBA's 2008–13 Strategic Plan includes employment and training outcomes as key objectives and its scholarship fund is an investment in education.

## OUR APPROACH

IBA programs provide the means for Indigenous Australians to create wealth and accumulate assets, take up mainstream investment opportunities, create business enterprises that provide additional employment opportunities, and own homes. Its construction activities also provide employment opportunities and training for Indigenous Australians in rural and remote areas.

IBA provides these services and opportunities by adopting a unique approach to Indigenous economic development. Key elements of IBA's approach include:

- › providing services and support not available to Indigenous Australians through the private sector
- › maintaining a commercial focus in all activities
- › providing individualised support arrangements to increase capacity and experience
- › working with clients in partnership over the longer term.

# OUR VALUES

In implementing our purpose, we are:



## **Professional**

We act in a commercial manner, building and maintaining a reputation for excellence in both our dealings with all our stakeholders and in our decision-making processes.



## **Outcome-focused**

We are creative, flexible, and results driven. We have courage to attempt solutions in difficult business situations.



## **Collaborative**

We build partnerships with our clients, business partners and our stakeholders. Internally we draw together our skills, knowledge and expertise to harness the breadth of capabilities in IBA.



## **Responsive**

We meet the needs of our clients and stakeholders in a timely way. We take the time to listen to be sure we understand what needs to be done.



## **Proactive**

We anticipate opportunities and plan ahead so we are ready for new challenges.



## **Realistic**

We face challenges with practical and achievable solutions.



## **Respectful**

We aim to understand the cultural and social context in which we work; we build trust and display integrity in our dealings.

# PERFORMANCE REVIEW



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# OUTCOME AND OUTPUTS STRUCTURE

Figure 1 shows IBA's performance reporting framework, which is based on delivering one 'outcome': Stimulating the economic advancement of Aboriginal and Torres Strait Islander peoples. The functions performed by IBA to produce the desired outcome are defined as 'outputs'. IBA's outcomes and outputs, and corresponding key performance indicators, are described in the annual Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA) Portfolio Budget Statements 2008–09.

**Figure 1:** Outcome and outputs structure

<b>Outcome 1 Stimulating the economic advancement of Aboriginal and Torres Strait Islander peoples</b> Total price: \$121.101 million Departmental outputs appropriation: \$37.402 million			
<b>Output group 1.1: Equity and investments</b>	<b>Output group 1.2: Home ownership</b>	<b>Output group 1.3: Business development and assistance</b>	<b>Output group 1.4: Home ownership on Indigenous land</b>
<i>Total price:</i> \$31.649 million <i>Appropriation:</i> Nil	<i>Total price:</i> \$44.427 million <i>Appropriation:</i> \$6.756 million	<i>Total price:</i> \$35.619 million <i>Appropriation:</i> \$23.538 million	<i>Total price:</i> \$9.406 million <i>Appropriation:</i> \$7.108 million
<i>Purpose:</i> IBA brings together Indigenous Australians and industry capability partners into sustainable commercial ventures which provide for profit distribution, employment opportunities and asset accumulation.	<i>Purpose:</i> IBA aims to provide an affordable entry into home ownership for Indigenous people, particularly those on lower incomes. The Home Ownership Program is focused on first home buyers who have difficulty obtaining home loan finance from mainstream commercial lenders. The program's success is assessed in terms of increasing Indigenous home ownership rates so that they are closer to that of the wider Australian community.	<i>Purpose:</i> IBA will assist Indigenous people to establish, acquire and grow viable businesses, thereby contributing to employment, wealth creation and participation in the economy. The program is aimed at those Indigenous people who are unable to access private sector finance. The success of the program is assessed on how effectively it assists Indigenous people to develop successful businesses.	<i>Purpose:</i> IBA aims to provide incentives and affordable loans aimed at making home ownership a realistic choice for Indigenous people living on community titled land.
<i>For performance details, see page 21</i>	<i>For performance details, see page 45</i>	<i>For performance details, see page 60</i>	<i>For performance details, see page 74</i>

# OUTPUT GROUP 1.1: EQUITY AND INVESTMENTS

IBA brings together Indigenous Australians and industry capability partners into sustainable commercial ventures which provide for profit distribution, employment opportunities and asset accumulation. (FaHCSIA Portfolio Budget Statements 2008–09)

## Overview

IBA provides Indigenous corporations with the means to invest (by providing them with opportunities and access to equity and capability partners) and to succeed (by providing them with ongoing support and training to equip them to manage and grow their investments).

Assets investment provides Indigenous Australians with an avenue to bridge the 'gap', because it gives them access to income and capital growth, which can underpin the future financial structure of the Indigenous corporations and communities.

## Business model

This area of IBA's activity is not supported by an annual appropriation. Therefore IBA's investment portfolio must deliver a positive net return after management and operating expenses. Each investment is selected on the basis that the asset can produce a sustainable benefit to Indigenous groups, organisations and corporations. Indigenous partners benefit from being able to acquire an interest in large, active capital assets with relatively small levels of equity and risk exposure.

IBA ensures that over time its Indigenous partners obtain the industry knowledge and skills they need to manage their investments without the assistance of IBA. Other significant potential benefits include increased economic activity and flow of funds to Indigenous communities that participate in joint ventures with IBA.

IBA's preferred joint venture business model is one which brings together IBA, Indigenous partners and private sector capability partners. Experience has shown that the inclusion of private sector partners is a critical component of any successful commercial venture as it can provide either equity or capability management services.

The investment is structured to facilitate, over time, the divestment of IBA's interests to the Indigenous partner, usually relying on the profits from the venture to acquire that equity. During the partnership, IBA's business model facilitates skill transfer from the industry expert to the Indigenous partner.

IBA and its Indigenous partners also invest in strategic assets such as commercial property to provide low-risk medium returns on capital. This strategy provides for good annual capital growth and dividend flow which the Indigenous partners can then use to finance and support commercial and social activities in their communities.

### Capability transfer and ongoing support:

IBA maximises opportunities for its Indigenous partners to take up board membership and employment and small business opportunities that may be created by the investment. These experiences help build its Indigenous partners' capacity in the governance, management and operation of commercial enterprises.

IBA assists its Indigenous partners to gain access to advice and skills development needed to fulfil these roles. This requires IBA to facilitate the relationship between the Indigenous and non-Indigenous partners

while ensuring that the investment meets the needs of both parties.

Indigenous partners must have adequate governance arrangements in place. From time to time potential Indigenous partners may not have the cash reserves to take an equity position in an investment; in such circumstances, IBA may lend them the required equity provided the projected cash returns can support the repayment of the investment loan.

In entering into an investment, IBA documents with the Indigenous partner the objectives sought from the investment. Those objectives will include the use of future profits to retire debt, to distribute to other programs managed by the Indigenous organisation or to finance other investment outcomes. IBA will also measure and report on employment outcomes associated with the investment and on any measurable social outcomes that flow from the investment to the community. Indigenous participation in the economy at all levels has the potential to ease some of the social issues that arise from poverty. A number of commercially focused Indigenous corporations are developing the knowledge and skills in the medium to large business sector and are also able to support smaller Indigenous businesses to grow and develop.

Where required, IBA provides ongoing support for its Indigenous partners during the life of each investment and after its divestment. By ensuring that its Indigenous partners have commercial and industry knowledge and skills, IBA equips them to manage the investment without its assistance. It also provides for governance training through programs such as the Indigenous Governance Program developed by the Australian Institute of Company Directors in collaboration with IBA. For more information, see 'Governance and capability-building programs', page 84.

An example of ongoing support is the recently developed series of financial literacy workshops titled MoneyTalk, which take into

account the varying skills and knowledge base of IBA's Indigenous partners. For more information, see 'MoneyTalk workshops', page 87.

### Indigenous employment, training and support:

During 2008–09, the investment portfolio created or supported 893 jobs; 262, or 29 per cent, were held by Indigenous Australians. The majority of employment opportunities were in the tourism and hotel accommodation (53 per cent) and mining and mine services (40 per cent) asset clusters.

Other significant potential benefits include increased economic activity and flow of funds to Indigenous communities that participate in joint ventures with IBA.

IBA has developed two new profiling tools to measure the broader social and economic outcomes of its investments. The Social Return on Investment (SROI) tool measures the social and economic value of employment, training and dividends to our Indigenous partners. The baseline indexing tool captures indicators considered important to Indigenous economic security and growth prior to the existence of a joint venture within a community. These baseline social indicators are then tracked over time to measure improvement.

**Capital base:** IBA's investment portfolio operates within the initial capital base contributed by the Australian Government and from the portfolio's subsequent growth. IBA's approach is relatively conservative (compared to that of mainstream investment funds), particularly taking into consideration the size of its investment portfolio and the extent of the need within Indigenous Australian corporations. IBA's approach is to minimise risks with a view to preserving its capital base.

The growth in IBA's capital base has been an essential part of being able to support more groups who wish to participate in local ventures. Mining and tourism operators are

very keen to ensure Indigenous participation in ventures located on or near local traditional lands, which paves the way for equity negotiations for local groups.

To achieve a positive net return, IBA identifies and manages risk within the portfolio by:

- › maintaining an appropriately diversified portfolio by geography, industry and asset cluster
- › matching the risk profile of investments to the current and future economic environment
- › developing a portfolio that balances risk and return so that a comparable commercial rate of return relative to the cost of capital is achieved
- › reducing losses on investments by constant monitoring and early intervention
- › releasing capital for reinvestment by active portfolio management through divestments or partial equity sell-downs.

## Monitoring portfolio

**performance:** IBA actively manages its investment portfolio by considering the following factors throughout an individual investment's life cycle (Figure 2):

- › the investment's current performance, its outlook, management, future investment requirements and any specific factors it needs to consider to determine whether to hold the investment, invest further in it, or seek to divest it
- › potential options for IBA to exit the investment and indicative timeframes
- › any proposed changes to distributions and continued alignment with original investment objectives
- › impacts on the risk profile of the portfolio arising from any proposed investment or divestment, including factors that will trigger certain targets.

**Figure 2:** Portfolio management: investment life cycle



## Performance

The 2008–09 FaHCSIA Portfolio Budget Statements targets were set and published well in advance of the full impact of the global financial crisis, which affected 2008–09 results (Table 1).

**Table 1:** Output Group 1.1 key performance indicators

Key performance indicators	2008–09 target	2008–09 results
Profit distribution to partners	3% increase on 2007–08 distribution	135% <sup>a</sup>
Employment opportunities	3% increase on 2007–08 opportunities	3.1% increase on 2007–08 opportunities
Number of investments with Indigenous co-investors	An increase of three investments on 2007–08 total	Increase of two investments on 2007–08 total
Community stores under Outback Stores Pty Ltd management	An increase of 30 stores on 2007–08 total of 30	Increase of 27 stores on 2007–08 total of 27 <sup>b</sup>

a Calculated as accrued distributions.

b The transfer of Outback Stores to FaHCSIA is expected to be finalised by early December 2009.

In 2008–09, IBA's investment portfolio asset value grew by 7.55 per cent, and 893 jobs were created or supported, of which 262, or just under 30 per cent, were held by Indigenous Australians (an increase of 3.1 per cent on the 2007–08 figure of 254). Although a number of the ambitious targets set last year were affected by the general economic downturn, the investment portfolio overall performed strongly during the year, well ahead of the market and investment funds of comparable size. These results reinforced IBA's strategic direction and the value of the rigorous investment criteria it uses to safeguard against adverse economic conditions.

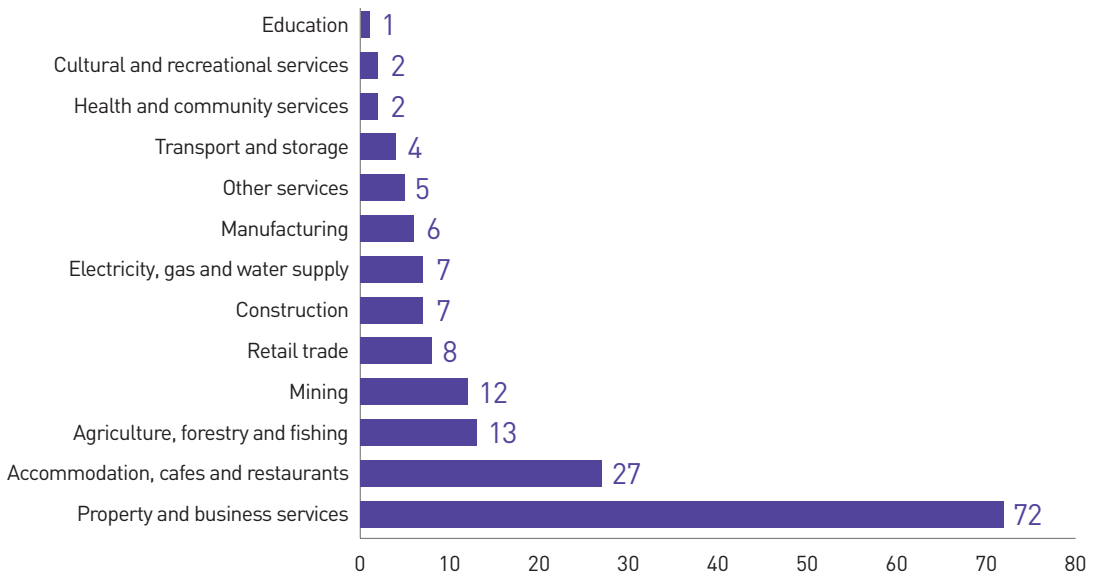
Notwithstanding the poor economic climate, investment enquiries more than doubled in 2008–09, with 166 proposals received (78 in 2007–08). The increase in enquiries indicates the success of IBA's promotional strategies and the extent of brand awareness among its potential clients. In 2008–09, IBA:

- › presented a series of business forums across Australia to promote awareness of its products and services to high-profile Indigenous business people, key industry leaders and mainstream business leaders
- › decentralised its acquisitions team from Canberra to most state capital cities to improve its knowledge of and relationships with local Indigenous and private sector organisations and individuals.

## Investment activities

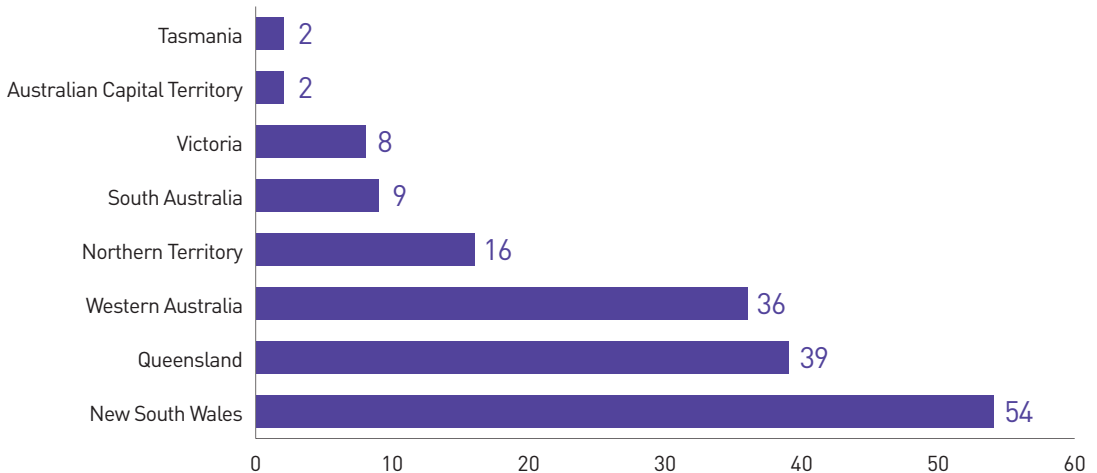
Most of the 166 proposals for investment opportunities that IBA received in 2008–09 were for investments in the property and business services sector (Figure 3).

Appendix A lists IBA's subsidiaries and trusts at 30 June 2009.

**Figure 3:** Investment proposals by industry sector (total 166), 2008–09

The number of enquiries and proposals from New South Wales increased significantly, with 54 received in 2008–09 compared to 15 in 2007–08 (Figure 4). The increase can be partly attributed to the approval of the

development application for the Nambucca Heads retail development, an exciting new venture with the Nambucca Heads Aboriginal Land Council.

**Figure 4:** Investment proposals by geographical location (total 166), 2008–09

In 2008–09, the IBA Board considered 18 proposals and approved all 18 (Table 2). The number of proposals considered by the Board was 80 per cent more than in 2007–08, when it considered 10 proposals. The increase resulted from the improved deal flow (stream of investment

opportunities) and equity changes as well as from a portfolio management approach to the divestment of poor performing assets that had not achieved and could not achieve the financial and social outcomes that IBA and its partners were seeking.

**Table 2:** Proposals considered by the IBA Board, 2008–09

Status	No.	Investment	Proposal type
Approved and settled	7	Tennant Food Barn	Acquisition
		Inverell Manufacturing Plant	Acquisition
		The Crossing Inn	Divestment
		Centrum Insurance Brokers	Divestment
		Brewarrina properties x 3	Divestment
		29 Wilkinson Street, Alice Springs	Divestment
		Willow Bend Sports Complex	Divestment
Approved but not yet settled	9	Nambucca Heads Retail Development	Acquisition
		All Hallows	Divestment
		Blighty dairy farm	Divestment
		Kings Canyon Resort	Divestment
		Alice Springs Resort	Acquisition
		Wrotham Park Lodge	Acquisition
		Kununurra Apartments Development	Acquisition
		South Hedland Property	Equity change
Approved but will not proceed	2	El Questro	Acquisition
		Inverell Aggregate Supplies	Acquisition
Not approved	0		
<b>Total</b>	<b>18</b>		

**Acquisitions:** In 2008–09, IBA acquired two new investments: the Tennant Food Barn in Tennant Creek, in the Northern Territory, and a manufacturing plant at Inverell, in New South Wales. IBA formed a new partnership with the Julalikari Council Aboriginal Corporation to purchase the Tennant Food Barn and four specialty stores. The new joint venture serves a community of approximately 3,000 residents, most of whom are Indigenous. It is the only grocery retailer in Tennant Creek, and a wholesaler to outlying community stores and stations.

The acquisition of the manufacturing plant in Inverell was an opportunity for IBA to diversify its investment portfolio into a

new sector, the production of commercial grade aquaculture feed. IBA is currently negotiating with a national company and industry expert to establish a joint venture and to consolidate management and supply agreements.

IBA is excited about the new joint ventures and is looking forward to the investments delivering positive social and economic benefits to local communities. These investments, in locations with a significant Indigenous population, demonstrate that there are opportunities for the local community to develop the means to engage, invest and participate in their local economy.

**Divestments:** Subject to the nature of the asset acquired, IBA's strategy is to divest equity in an investment to its Indigenous partner, through a buyout arrangement. Sometimes, however, the decision to divest is triggered when:

- › Economic and market conditions indicate that the realisable price of the asset is greater than the future cash flow expected from the asset.
- › IBA's Indigenous partner is no longer able to participate in the asset and a suitable alternative partner cannot be identified.
- › The asset is a non-performing investment and divestment is the most appropriate action to address the continuing impact on the portfolio.
- › IBA's industry partner is selling its equity in the asset, and the prospect of forming an alternative relationship suitable to the needs of the Indigenous partner and IBA is unlikely.

IBA uses the proceeds from the sale of its investments to reinvest and to support its Indigenous partners in acquiring assets, and to create employment opportunities.

In 2008–09, IBA sold, or agreed to sell, its interests in the following investments:

- › The Crossing Inn
- › Centrum Insurance Brokers
- › Brewarrina properties (3)
- › 29 Wilkinson Street, Alice Springs
- › All Hallows, Bathurst
- › Willow Bend Sports Complex
- › Blighty dairy farm
- › Kings Canyon Resort.

**Equity changes:** IBA's ultimate goal in a number of its assets is to sell down its equity to its Indigenous partners so that in time the asset is totally owned or controlled by its partners. In 2008–09, the IBA Board agreed to sell down 50 per cent of its equity in a property in South Hedland to an Indigenous

partner, in the expectation that the partner will have 100 per cent ownership of the asset in approximately two years.

## Investment portfolio profile

IBA will consider investment opportunities in all industry sectors, except those that represent a level of risk that is considered incompatible with the protection of the capital base of the portfolio or that would lead to undesirable social outcomes. IBA prefers to invest in sectors where there is a clearly identifiable and acceptable level of risk, internal or partner expertise and no prior market failure.

IBA classifies its current investments into the following asset clusters (assets having common attributes):

- › commercial property (office accommodation)
- › manufacturing
- › mining and mine services
- › primary industries
- › retail
- › tourism and hotel accommodation (includes experiences).

IBA also has an opportunity to position itself in emerging sectors such as land management, renewable energy and the carbon market. Investment proposals come from either the private sector or the local Indigenous group, who may have been approached by a prospective developer.

If IBA does not have experience or internal capability in a sector or an investment, it engages industry experts to assist with due diligence and to act as independent and external directors on those particular assets until it develops the internal capability.

In 2008–09, IBA held investments in commercial property, tourism and hotel accommodation, primary industries, mining

IBA looks to diversify its portfolio not only by asset cluster, risk and reward, but also geographically on a state and territory basis and a metropolitan, regional and rural basis.

- 1 All Hallows Bathurst, NSW
- 2 Commonwealth Centre South Hedland, WA
- 3 Coomanoo Evans Community Centre Leonora, WA
- 4 CPS Building Adelaide, SA
- 5 Goldfields Building West Perth, WA
- 6 Government Centre Katherine, NT
- 7 Homestead Centre South Hedland, WA
- 8 Huntlee Estate Hunter Valley, NSW
- 9 IBA Building Kalgoorlie, WA
- 10 Port Botany Transfer Station Matraville, NSW
- 11 Scarborough House Woden, ACT

12 Inverell manufacturing plant Inverell, NSW

- 13 Australian Diatomaceous Earth  
joint venture Greenvale, Qld
- 14 Carpentaria Shipping Services  
Bing Bong, NT
- 15 Ngarda Civil & Mining Ltd  
Belmont & Wedgefield, WA

16 Blightly dairy farm Moama, NSW  
17 Cummeragunga Farm Barmah, NSW  
18 Indigenous Fishing Trust: abalone licence  
Port Fairy, Vic  
19 Indigenous Fishing Trust: mud crab licence  
Darwin, NT

20 Leonora Supermarket and Hardware Leonora, WA  
21 Tennant Food Barn Tennant Creek, NT  
22 Outback Stores Pty Ltd Berrimah, NT

23 Cape Don Experience Arnhem Land, NT  
24 Fitzroy River Lodge Fitzroy Crossing, WA  
25 Gagudju Crocodile Holiday Inn Jabiru, NT  
26 Gagudju Lodge Cooiinda Jim Jim, NT  
27 Holiday Inn Townsville Townsville, Qld  
28 Kings Canyon Resort Watarru, NT  
29 Mungo Lodge Mungo National Park, NSW  
30 Tjapukai Aboriginal Cultural Park Caravonica, Qld  
31 Wildman Wilderness Resort Mary River national park, NT

**Figure 5: Principal investment sites at 30 June 2009**



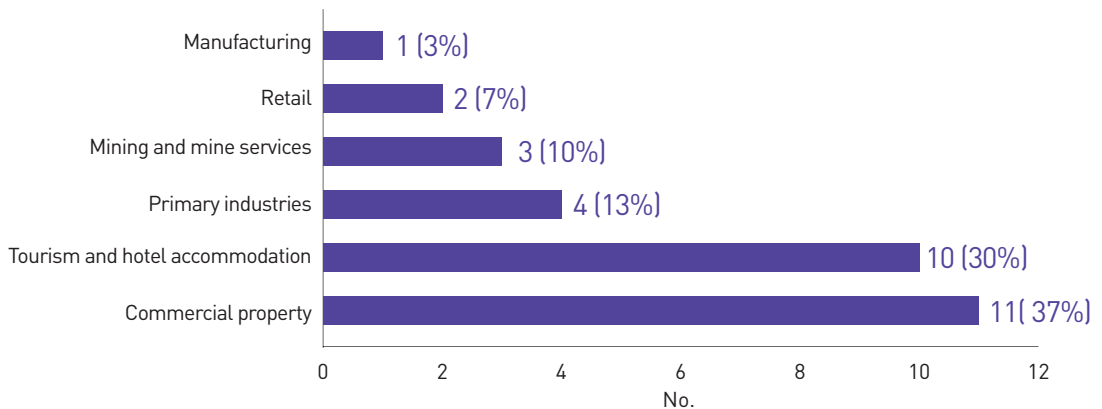
**Table 3:** Investments by asset cluster, 2008–09

Sector	Activity	Investment	Location
Commercial property	Currently under management	Scarborough House	Woden, ACT
		Port Botany Transfer Station	Port Botany, NSW
		Huntlee Estate	Branxton, NSW
		Katherine Government Centre	Katherine, NT
		CPS Building	Adelaide, SA
		Commonwealth Centre	South Hedland, WA
		Goldfields Building	Perth, WA
		Homestead Centre	South Hedland, WA
		IBA Building	Kalgoorlie, WA
	Divestment approved but not yet settled	All Hallows	Bathurst, NSW
		Coomanoo Evans Community Centre	Leonora, WA
Manufacturing	Divestment approved and settled	Willow Bend Sports Complex	Condobolin, NSW
		Brewarrina properties	Brewarrina, NSW
		29 Wilkinson Street	Alice Springs, NT
	Currently under management	Inverell Manufacturing Plant (new)	Inverell, NSW
		Carpentaria Shipping Services	Borroloola, NT
		Australian Diatomaceous Earth joint venture	Greenvale, Qld
		Ngarda Civil & Mining Ltd	Pilbara region, WA (operations)
			Perth, WA (head office)
		Cummeragunga Farm	Barmah, NSW
		Indigenous Fishing Trust–mud crab licence	Darwin, NT
		Indigenous Fishing Trust–abalone licence	Western Zone, Vic
Mining and mine services	Divestment approved but not yet settled	Blighty dairy farm	Moama, NSW
	Currently under management	Leonora Supermarket and Hardware	Leonora, WA
		Tennant Food Barn (new)	Tennant Creek, NT
Primary industries	Divestment approved but not yet settled		
	Currently under management		
Retail	Divestment approved but not yet settled		
	Currently under management		

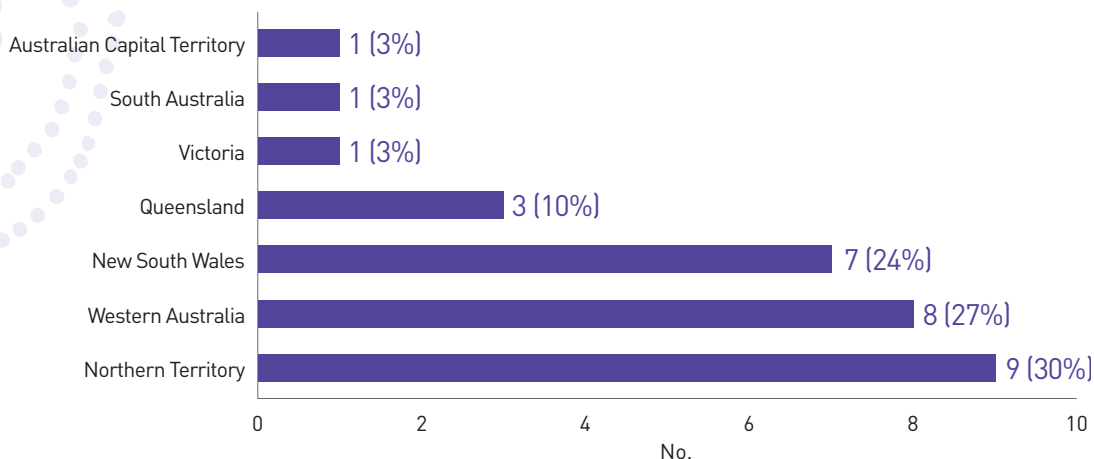
Sector	Activity	Investment	Location
Tourism and hotel accommodation	Currently under management	Mungo Lodge	Entrance to Mungo National Park, NSW
		Cape Don Experience	Cape Don, Cobourgo Peninsula, NT
		Gagudju Crocodile Holiday Inn	Jabiru, NT
		Gagudju Lodge Cooida	Jim Jim, NT
		Kings Canyon Resort	Watarru, NT
		Wildman Wilderness Resort	Mary River, NT
		Holiday Inn Townsville	Townsville, Qld
		Tjapukai Aboriginal Cultural Park	Cairns, Qld
	Divestment approved and settled	The Crossing Inn	Fitzroy Crossing, WA
Insurance	Divestment approved and settled	Centrum Insurance Brokers Pty Ltd	Ashgrove, Qld

IBA's commercial property and tourism asset clusters represent the greatest proportion of its investments (Figure 6), the majority of which are in the Northern Territory, Western Australia and New South Wales (Figure 7).

**Figure 6:** Current investments, by asset cluster, number and percentage of total, 30 June 2009



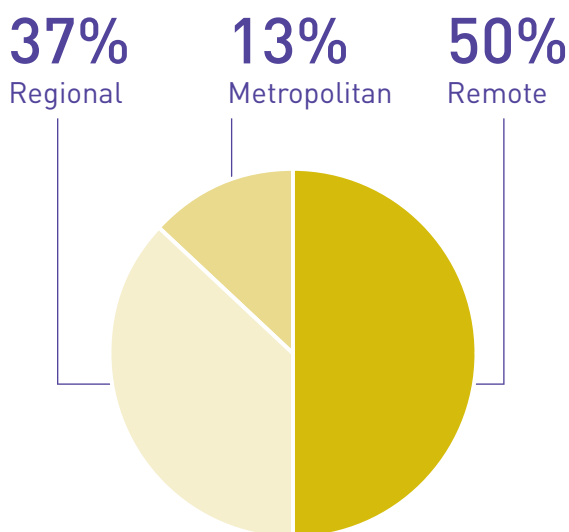
**Figure 7:** Current investment, by location, number and percentage of total, 30 June 2009



IBA will consider investment opportunities anywhere in Australia and believes that it is important to ensure that its investments portfolio is geographically spread not only across states and territories, but also in capital cities, regional centres and remote locations. In some cases the presence of an

IBA investment might be the only opportunity for Indigenous economic development to exist in that location. Figure 8 shows the proportion of IBA investments in metropolitan, regional and remote regions.

**Figure 8:** Current investments by geographical region, 30 June 2009



**Commercial property:** Commercial property is a key component of IBA's portfolio. It maintains a balance between the risk and return of the other asset clusters. In the past, the Board had a strategy for IBA to maintain a 100 per cent equity holding in a number of commercial properties for liquidity purposes. With the proceeds from a number of divestments becoming available for reinvestment, that strategy was superseded. An effort is now made to ensure Indigenous co-ownership in all assets.

In 2008–09, property continued to be the mainstay of the portfolio, generating 52 per cent of IBA's total portfolio earnings before interest and tax.

The forecast for this asset cluster indicates some weakening in yields. However, distressed vendors are expected to put a number of quality assets on the market in the forthcoming year. IBA will actively explore opportunities for investment in locations where it does not have a strong investment presence and where the investment has the potential to meet the development needs of a local Indigenous group or community.



### **All Hallows** **Lloyds Road, Bathurst, NSW**

The All Hallows main building is situated on Lloyds Road in Bathurst, New South Wales. The original two-storey structure dates from the 1880s. The property was donated to the former Aboriginal Development Commission in 1984 by deed of trust, and IBA is currently negotiating with various parties on its future development.



### **Commonwealth Centre** **3 Brand Street, South Hedland, WA**

IBA purchased the Commonwealth Centre in South Hedland in 2000 as part of a strategy to invest in remote areas of Australia. The building accommodates the Regional Indigenous Coordination Centre, the local Centrelink office and various local Indigenous organisations. IBA is currently selling down 50 per cent of its equity to a local Indigenous corporation.



### **Coomanoo Evans Community Centre** **80A–82A Tower Street, Leonora, WA**

The Community Centre in Leonora is tenanted by PEP Community Services and was acquired as part of the Leonora Supermarket purchase. IBA is currently negotiating the sale of the centre to the local council for use as a community centre.



**CPS Building**  
**44 Waymouth Street, Adelaide, SA**

The CPS Building is a modern office building in the City of Adelaide's core office precinct. It was built in 1988, and IBA acquired the property in June 2003. The building is subject to a long-term leaseback to CPS Credit Union and provides a reliable income to IBA. IBA is currently in negotiations with local Indigenous groups to co-invest in the building.



**Government Centre**  
**First Street, Katherine, NT**

Centrally located within the township of Katherine, approximately 300 kilometres south of Darwin, the Government Centre is a commercial property with ground floor and upper-level office accommodation. IBA purchased the building in June 2000 as part of its strategy to increase the geographical coverage of its investments.



**Goldfields Building**  
**50 Colin Street, West Perth, WA**

IBA, with the Perth Noongar Foundation and the Noongar Country Economic Foundation, purchased the Goldfields Building in West Perth in November 2002. This asset is currently undergoing an upgrade of its forecourt area, which will enhance its street appeal and reduce ongoing maintenance costs.



**Homestead Centre**  
**Cnr Throssell and Tonkin Streets, South Hedland, WA**

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. The Homestead Centre, which is operated as a body corporate, caters for 13 tenancies over 1,441 square metres.



### **Huntlee Estate** **Branxton, Hunter Valley, NSW**

Huntlee Estate is a joint venture formed to develop a 1,750 hectare residential, lifestyle, commercial and conservation project in the lower Hunter Valley in New South Wales. IBA has established the Huntlee Estate Indigenous Participation Trust, which will give qualified Indigenous groups an opportunity to acquire a share in the project, and so derive significant long-term financial benefits.



### **IBA Building** **39–43 Boulder Road, Kalgoorlie, WA**

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 standards for Australian Government tenants. The local Indigenous Coordination Centre operates from the building.



### **Port Botany Transfer Station** **Lot 21 Military Road, Matraville, NSW**

The acquisition of the Port Botany Transfer Station enabled IBA to have a presence in New South Wales and gave Indigenous groups an opportunity to participate in a local investment.



### **Scarborough House** **Atlantic Street, Woden, ACT**

Scarborough House is a vibrant commercial building within the busy Woden town centre of the ACT. It is renowned for its eye-catching design and has maintained its NABERS Energy rating of 4½ stars. This asset benefits IBA's Indigenous partners by providing them with an opportunity to invest in a large, attractive capital asset with relatively low levels of equity and risk exposure. It provides IBA's partners with access to income and capital growth which can underpin the future financial structure of their corporation and their community.

**Manufacturing:** IBA's purchase of the Inverell manufacturing plant was its first investment in manufacturing. Its decision to purchase it was part of a deliberate strategy to diversify the portfolio asset base and to secure an important regionally based asset.



### Inverell manufacturing plant Swanbrook Road, Inverell, NSW

The factory has been successfully manufacturing stockfeeds and pet foods for close to 20 years. The acquisition of this asset provides real employment opportunities for job-ready Indigenous people in the manufacturing and engineering trades.

**Mining and mine services:** Despite the mining industry being a volatile one and the barriers to entry considerable, IBA believes it can provide opportunities to new partners in this sector. Key success factors will be the engagement of capability partners, access and retention of a skilled workforce and the ability to secure contracts at sustainable and commercial rates at multiple sites. One of IBA's major strengths is its relationship with Leighton Holdings, which has 56 per cent of the market share. Opportunities with Leightons and other potential capability partners are being pursued to replicate the Ngarda model elsewhere in Australia.

### Australian Diatomaceous Earth joint venture Greenvale, QLD

The Australian Diatomaceous Earth joint venture is a dormant investment. Due to the extensive capital expenditure required to commission a processing plant, IBA is considering its options in relation to this investment.



### Carpentaria Shipping Services MRM Loading Facility, Bing Bong, NT

Carpentaria Shipping Services is a joint venture between Mawa Riinbi Pty Ltd, representing the four language groups in the Borroloola region, IBA and P&O Maritime Services. Since commencing operations, Mawa Riinbi has used profit distributions to purchase some of IBA's equity and has steadily increased its ownership level.

The business ships zinc and lead concentrate from the McArthur River Mine; barging it from the port of Bing Bong, in the Gulf of Carpentaria, to ships anchored 30 kilometres offshore.



**Ngarda Civil & Mining Ltd**  
**Perth Head Office, 185 Great Eastern**  
**Highway, Belmont, WA**  
**Port Hedland Office, 4 Kangan Way,**  
**Wedgefield, WA**

Ngarda Civil & Mining Pty Limited (Ngarda) is a service-based company providing earthmoving, civil engineering and contract mining services to the resources and construction sectors. The company has its headquarters in Belmont, Perth, while most of its business operations are located in the Western Australian Pilbara region, which is dominated by the iron ore, gas and oil industries. Ngarda is owned by the Ngarda Ngarli Yarndu Foundation, IBA and Leighton Contractors Pty Ltd.

While pursuing a commercial rate of return, Ngarda regularly achieves its target of an Indigenous employment rate greater than 50 per cent. This is a big challenge for any business in the remote Pilbara region, where many Indigenous people face significant barriers to education, and where English is often a second language. By upskilling its Indigenous employees, Ngarda creates a problem for itself, with many Indigenous employees leaving to further their new careers with other major mining companies such as BHP Billiton and Rio Tinto.

**Primary industries:** This industry is subject to more associated risks due to the unpredictable natural elements the industries rely on to prosper.



**Blighty dairy farm**  
**Moama, NSW**

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. IBA is in the process of divesting this property as it has been unable to achieve the desired outcomes from its investment.



**Cummeragunga Farm**  
**Barmah, NSW**

IBA acquired Cummeragunga Farm in 2005. The property is a 398 hectare, mixed freehold farm adjacent to the Murray River near the town of Barmah in New South Wales. The farm consists of good quality land, part of which is suitable for irrigation through a water allocation from the Murray River. A local Indigenous organisation, Ulunja Incorporated, leases four hectares of the property to support its timber business. IBA has also been working with a local registered training organisation to develop and deliver training in commercial farming operations to the local Indigenous community.



### Indigenous Fishing Trust: abalone licence Port Fairy, Vic

The aim of the Indigenous Fishing Trust is to acquire and hold quota and associated licences for the benefit of present and future generations of Indigenous Australians wishing to enter the fishing industry.

In December 2004, the 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.



### Indigenous Fishing Trust: mud crab licence Darwin, NT

In 2005, the trust purchased a mud crab licence which allows the harvesting of mud crabs in the Northern Territory. IBA currently leases this licence to local Indigenous fishermen.

**Retail:** Retail is a new asset cluster within IBA's portfolio. It contains two assets, the Leonora Supermarket and the Tennant Food Barn in Tennant Creek. With the recent purchase of the Tennant Food Barn and associated retail shops, the focus will be on improving the bottom line of both assets, creating employment opportunities for the local Indigenous population and ensuring that the Indigenous partner is an active member of the managing board. IBA will also seek further opportunities in regional and rural centres where commercial rates of return can support Indigenous ownership.



### Leonora Supermarket and Hardware 75 Tower Street, Leonora, WA

IBA acquired the supermarket in Leonora in September 2007. The township of Leonora, situated 230 kilometres north of Kalgoorlie, supports a population of 1,500 people. The Leonora Shire has a population of 4,190 and is the service centre for the mining industry, the exploration industry and the well-established pastoral industry.

The supermarket also operates a newsagency and sells a small range of hardware. Outback Stores Pty Ltd has been engaged to provide management services to the store. Some refurbishment of the store in 2008–09 enabled it to increase the range of goods for sale and improved its overall presentation.



### **Tennant Food Barn** **48 Paterson Street, Tennant Creek, NT**

In November 2008, IBA and Julalikari Council Aboriginal Corporation acquired the Tennant Food Barn. Julalikari represents 16 Indigenous groups in Tennant Creek and the surrounding Barkly Shire, and actively promotes the local Indigenous community through a wide variety of projects, including arts, tourism, and conservation.



### **Outback Stores Pty Ltd** **Head Office, 67 Pruen Rd, Berrimah, NT**

Outback Stores is currently a wholly owned subsidiary company of IBA. It was established in 2006 to implement the Federal Budget measure 'Strengthening Indigenous communities – improving the sustainability of community stores'. Outback Stores has an independent board consisting of recognised leaders in the grocery retail industry. Since its inception it has assumed management of 27 community stores – 22 in the Northern Territory, three in Western Australia, one in Queensland and one in South Australia.

Outback Stores provides store management services to Indigenous-owned community stores and ensures that the stores are able to meet the health and nutritional

requirements of Indigenous populations through operational improvements. The company respects, and builds strong relationships with, the communities it works with, resulting in stores that people can take pride in and feel a part of.

During the 2008–09 financial year it was recognised that for Outback Stores to effectively achieve its goals it would require some constitutional changes. Subsequently, it was agreed that the company be transferred to the Department of Families, Housing, Community Services and Indigenous Affairs to facilitate the Government's broader social objective of food security. The transfer of Outback Stores is expected to be finalised in early December 2009.

### **Tourism and hotel**

**accommodation:** The tourism and hotels asset cluster performed well overall despite the general downturn in tourist numbers, both domestically and internationally. The performance of the Kakadu properties has been particularly encouraging. Fitzroy River Lodge experienced a drop in visitor numbers that was reflected throughout the Kimberley region.

The sector is volatile and sensitive to seasonal environmental factors: fuel costs, discretionary household spend, and exchange rate movements. The adjusted forecast is for some downturn in the short to medium term, with some destinations expected to hold steady.

All boards and management teams of the various assets are working closely together on cost management initiatives to maintain financial performance for the forthcoming year.



### **Cape Don Experience Cobourg Peninsula, Arnhem Land, NT**

In March 2007, IBA and the Djuljdjurd Aboriginal Corporation purchased the business known as Cape Don Experience. The business provides a sports fishing and ecotourism experience in pristine waters off the Australian coastline.



### **Gagudju Crocodile Holiday Inn Flinders Street, Jabiru, NT**

The Gagudju Crocodile Holiday Inn at Jabiru, a two and a half hour drive from Darwin, is the only four-star accommodation within the World Heritage – listed Kakadu National Park. The hotel's unique architecture – it is designed in the shape of a crocodile – attracts significant worldwide interest.



### **Fitzroy River Lodge Great Northern Highway, Fitzroy Crossing, WA**

The Fitzroy River Lodge was established in 1989. IBA became involved in the business in July 2001. At the same time, Leedal Pty Ltd, which represents local Indigenous groups, acquired a majority equity holding in the investment, with the remaining equity being held by industry partners. The lodge, which is built in the style of a pastoral homestead, includes 20 hectares fronting the Fitzroy River. It is often referred to as an oasis in the region. The lodge assists Leedal to subsidise the groceries sold at its supermarket, sponsor a children's education program, supply computers for the school, support local sporting carnivals and provide opportunities for local Indigenous Fitzroy residents to travel.



### **Gagudju Lodge Cooina Cooina, Jim Jim, NT**

Gagudju Lodge Cooina (Cooina), located at the southern end of Kakadu National Park, operates the highly successful Yellow Water Cruises. Cooina also offers gorge and waterfall tours and operates the Warradjan Cultural Centre. IBA is negotiating a further equity selldown to its Indigenous partner. See 'Gagudju Lodge Cooina', page 42.



### **Holiday Inn Townsville** **334 Flinders Street, Townsville, Qld**

In June 2008, IBA acquired the Holiday Inn Townsville. IBA has structured the investment to enable Indigenous participation at an ownership level and to leverage supplier, employment and training opportunities. The hotel, which is managed by InterContinental Hotels Group under a management agreement, is branded as a Holiday Inn.

A number of investment objectives have already been achieved for this asset in the short time IBA has owned it. These include an Indigenous trainee group working in the hotel, with several gaining full-time employment in hotel management, and IBA staff working with the local community to provide over 60 beds for a youth hostel. IBA staff, in conjunction with Arts Queensland, commissioned over 200 pieces of artwork to be painted by local Indigenous artists and displayed throughout the hotel. IBA has begun a hard and soft refurbishment of the hotel, which it expects to complete by September 2009. IBA is in discussion with a number of local groups in its search for an Indigenous co-owner.



### **Kings Canyon Resort** **Lutirja Road, Watarrka National Park, Watarru, NT**

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. IBA is looking to divest from this investment to allow for further investment in the Northern Territory.



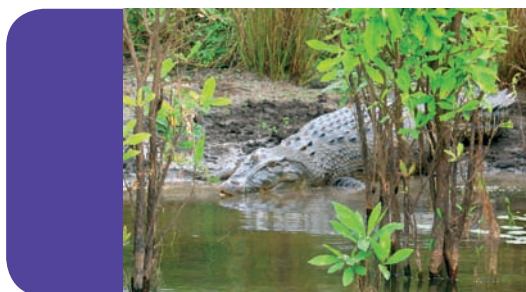
### **Mungo Lodge** **Mungo National Park, NSW**

Mungo Lodge was purchased in October 2003. It is situated 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 Indigenous heritage, archaeological values and natural landscape. The IBA Board's decision to purchase this asset was motivated by a desire to preserve that significant cultural heritage.



### **Tjapukai Aboriginal Cultural Park** **Western Arterial Road, Caravonica, Qld**

Tjapukai Dance Theatre was the first Indigenous tourist attraction in Australia. Born of a need to portray Indigenous culture with dignity and pride, the operation opened in a Kuranda basement in 1987. Tjapukai Aboriginal Cultural Park allows visitors to experience every facet of Tjapukai culture, as well as gain a greater understanding of the Tjapukai way of life and traditional practices. Tjapukai is one of the largest private employers of Indigenous people in Australia, employing approximately 80 Indigenous people. Tjapukai has won several state and national industry awards. In 2000, it was inducted into the Queensland Tourism Awards Hall of Fame and in 2004 it was named Australia's best tourist attraction by the Australian Tourism Export Council.



### **Wildman Wilderness Resort** **Wildman Road,** **Mary River national park, NT**

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 surrounding it and several exciting concepts have now been designed and scoped. Plans for the redevelopment are being finalised and works are expected to begin in late 2009.

**Future opportunities:** A number of emerging industries such as the land management and renewable energy sectors and the carbon market could offer some very positive social outcomes, including employment and skills transfer. IBA has begun to establish an internal capability to provide advice to Indigenous groups seeking information on emerging industries. While IBA's role to date has been that of facilitator, it is considering whether to allocate a small portion of its investment portfolio to a number of proposals in such sectors.

## Outlook

The 2009–10 FaHCSIA Portfolio Budget Statements targets shown in Table 4 will guide IBA's performance in the next financial year.

As the global economy begins to show signs of recovery, IBA is well positioned to take advantage of several potential investment opportunities. With its proven record of successfully completing transactions, IBA provides the market with a high level of confidence that it remains an active investor. This, coupled with a number of Indigenous organisations having the capacity and willingness to invest, provides for an exciting outlook for the coming financial year.

IBA will continue to foster and further support its existing and potential joint venture Indigenous partners with financial and governance training while continuing its successful business mentoring practices.

**Table 4:** Output Group 1.1 key performance indicators

Key performance indicators	2009–10 target
Percentage return on investment	7%
Increase in new investments with Indigenous co-investors	3
Percentage increase in profit distribution to Indigenous partners	1%
Increase in percentage of Indigenous jobs created or supported by investment portfolio	1%



## GAGUDJU LODGE COOINDA

Situated three hours from Darwin, Gagudju Lodge Cooinda offers convenient access to the wonders of Kakadu National Park. When IBA first invested in the business, it had been placed in the hands of an administrator for liquidation. Over the past decade, in conjunction with Gagudju Association, IBA has rejuvenated the business through significant effort and expenditure, and it is now a thriving business.

Gagudju Lodge Cooinda is the base of the world-renowned Yellow Water Cruises. Yellow Water Cruises takes tourists on newly refurbished vessels through the Kakadu freshwater wetlands, a World Heritage – listed area of significance. The wetlands' attractions include crocodiles, birdlife, and the unique pig-nosed turtle. There are also fishing tours for barramundi, and facilities at Gagudju Lodge for cooking fresh catches.



**Yellow Water Cruises provide tourists with a guided tour on canopied cruise boats year round**

The Indigenous Employment Program, for trainees, produces 15 local graduates each year. Through Gagudju Lodge Cooinda and the Gagudju Crocodile Holiday Inn, trainees earn their Certificate II in Hospitality Operations and learn tour guiding. They are also given the opportunity to specialise in an area of particular interest.

Cooinda also operates the Warradjan Cultural Centre, which is shaped like a turtle. Warradjan means turtle in Bininji language. The Indigenous traditional land

owners (Bininji) from Murumburr, Mirrar Gundjeihmi, Badmardi, Bunitj, Girrimbitjba, Manilakarr, Wargol and other clans have combined to create an exciting and memorable exhibit. Through the displays, stories and exhibitions, tourists can gain a better understanding of the Bininji and their country, Kakadu.

Gagudju Association also uses its profit distribution to support community services such as housing, health, education, transport, and employment.

# OUTPUT GROUP 1.2: HOME OWNERSHIP

IBA aims to provide an affordable entry into home ownership for Indigenous people, particularly those on lower incomes. The Home Ownership Program is focused on first home buyers who have difficulty obtaining home loan finance from mainstream commercial lenders. The program's success is assessed in terms of increasing Indigenous home ownership rates so that they are closer to that of the wider Australian community. (FaHCSIA Portfolio Budget Statements 2008–09)

## Overview

In Australia, home ownership is recognised as the foundation for social and economic wellbeing. It is a major factor in family stability and a means of intergenerational wealth transfer, but many Indigenous people do not qualify for loans from mainstream home loan providers. Approximately 86 per cent of Indigenous people who obtained a home loan from IBA in 2008–09 had a loan-to-value ratio greater than 80 per cent, the threshold which may attract a higher interest rate and loan mortgage insurance from mainstream lenders.

IBA facilitates home ownership for Indigenous Australians on lower incomes by providing them with affordable home loan products. The Home Ownership Program focuses on assisting first home buyers and families with high-priority needs. The program's eligibility policy encourages

alternative pathways to home finance for higher income earners.

The Home Ownership Program, which is one of the most successful and enduring Indigenous-specific programs, contributes to closing the significant gap in the home ownership participation rates of Indigenous and non-Indigenous Australians.

Since its establishment in 1975, the program has lent more than \$1.39 billion and helped more than 13,740 families participate in home ownership. IBA's local service delivery units develop and maintain supportive relationships with Indigenous clients, based on trust and respect, during the home ownership process. IBA's supportive relationships with its home loan clients distinguish it from mainstream lenders. Research into perceptions of home ownership among IBA home loan clients was published by the Centre for Appropriate Technology in June 2008. It reported:

**'Respondents described close working relationships with IBA staff, many of whom were Indigenous and known to them. The low interest rate and deposit were obviously attractive, but so too was the flexibility and safety net provided through a case management approach.'**

Demand for IBA's home loans continued to grow throughout 2008–09. At year's end, 1,323 eligible applicants were waiting to receive an invitation to apply for a home loan, a net increase of 45 per cent on the previous year. The larger waiting list for IBA home loans in 2008–09 resulted from factors such as the tightening of credit by mainstream lenders, particularly in terms of the loans to

valuation ratio and the accelerated growth in demand arising from the increased First Home Owner Grant. Other ongoing factors such as the increasing average price of homes meant that IBA's limited capital could assist fewer borrowers. Therefore, IBA has been working closely with mainstream lenders to reduce the waiting list. IBA has amended its home ownership policy. It will now require

some applicants to source some or all of their funding from another lender. IBA continues to explore other options to meet the growing demand for its loans. A consequence of this backlog is that waiting periods for new eligible applicants joining the list in 2009–10 may extend to more than 12 months.

The global financial crisis presented new challenges for the program in 2008–09. Although the trend to lower interest rates assisted borrowers in stable or secure

employment, the economic downturn affected others, especially those residing and working in some regional and more remote areas where the incidence of mortgage stress and financial hardship is increasing.

## Performance

IBA exceeded the performance indicators published in the 2008–09 FaHCSIA Portfolio Budget Statements (Table 5).

**Table 5:** Output Group 1.2 key performance indicators

Key performance indicators	2008–09 target	2008–09 results
Reportable arrears	Less than 0.20% of portfolio balance	0.03% of portfolio balance
Number of loans to applicants who have an adjusted combined gross monthly income which is less than IBA's tier 1 income amount <sup>a</sup>	75% of loans	86% of loans
Number of loans to applicants who are first home buyers	70% of loans	90% of loans

<sup>a</sup> IBA's tier 1 income amount is equivalent to 125% of the national average weekly male earnings as calculated by the Australian Bureau of Statistics.

## Social and economic objectives

Research into the perceptions of home ownership among IBA home loan clients published by the Centre for Appropriate Technology in 2008 confirmed that the Home Ownership Program's social and economic objectives are being met and that the program is having a real impact on the quality of life of a growing number of Indigenous Australians. Overall the research identified no home ownership regrets, with clients placing a high importance on the family's social and emotional wellbeing, expressed in terms of happiness, security, pride and a sense of achievement.

The Steering Committee for the Review of Government Service Provision, in the Productivity Commission report *Overcoming Indigenous disadvantage: key indicators 2009*, identified a number of key home ownership messages. The report commented that home ownership is a key indicator of wealth and saving and provides a secure asset base

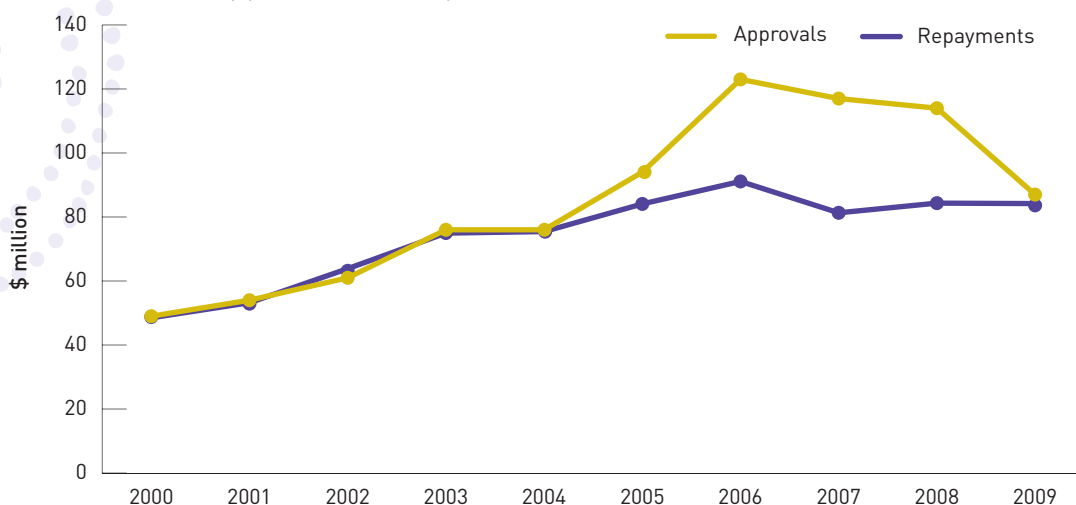
that can contribute to financial stability and against which people can borrow. A home can be passed from one generation to another and provides security of tenure, which is not always available with rental housing. Home ownership also allows households to build or modify a dwelling to suit their particular needs. The report also indicated that:

- › the increase in home ownership among Indigenous people reflected similar increases in employment and income
- › Indigenous people were sharing in Australia's general prosperity.

## Funding

Funding for the Home Ownership Program is derived from repayments received from borrowers as loans are repaid and discharged in full. In recent years, the program has also benefited from capital injections from the Australian Government and funding from IBA. The number of loans that can be approved is limited to the revenue received from repayments, interest and capital injections (Figure 9).

**Figure 9:** Loan approvals and repayments, by amount, 2000 to 2009



## Loans

Loan applications are assessed on the client's servicing capacity, credit history, family income and an independent property valuation. Loans are secured by a registered mortgage.

The program ensures that IBA's substantial investment in home lending is protected by:

- determining loan affordability based on a detailed assessment of the applicant's circumstances
- having its well-trained staff help borrowers with ongoing loan management and aspects of home ownership.

**Lending criteria:** IBA has standard lending criteria for assessing applications for loans to purchase or construct houses on freehold land (Table 6).



Delwyn Williams and her family at their home in Cairns

**Table 6:** Home Ownership Program, lending criteria

Criterion	Detail
Loan purpose	For the purchase or construction of standard owner-occupied homes or for the purchase of residential land on which to build a home
Income limits	Up to 125% of the IBA income amount <sup>a</sup> if borrowing the balance of the purchase price 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
Purchase price limits	Based on purchase price limits set periodically as a proportion 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 may be used to meet deposit requirements)
Interest rates	Generally commence at 4.0%, gradually increasing until they reach the IBA home loan rate, currently capped at 1% 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)

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

**Support for borrowers:** IBA's home loan staff promote home ownership in local communities and help eligible clients by providing local loan assessment and management support services. Where appropriate, they also assist prospective home buyers to access finance from the private sector and state and territory home ownership assistance schemes.

In 2008–09, IBA extended its home lending support capacity by placing a dedicated home lender in its Cairns office. This office also now supports the Home Ownership on Indigenous Land Program and has assumed responsibility for providing IBA's standard home loans in the region.

IBA also strengthened its local support operations in response to the difficulties faced by borrowers experiencing mortgage stress or financial hardship due to the general economic downturn.

**New lending:** In 2008–09, IBA approved 348 new loans, with a total value of \$86.8 million (Table 7 and Figure 10), which was in line with program revenue received from loan repayments and loan discharges.

In 2008–09, approximately 86 per cent of borrowers had an adjusted household income of less than 125 per cent of the national average male earnings (\$77,779).

On a state and territory basis, regional offices in New South Wales and Queensland approved the greatest proportion (60 per cent) of loans. The number of loans approved in those states corresponds to the number of enquiries received (68 per cent) and is broadly in line with the concentration of the Indigenous population in them.

**Table 7:** Loans approved, by regional office, 2008–09

Regional office	Loans approved (number)	Loans approved (total value, \$m)	Loans below 125% of IBA's tier 1 income amount <sup>a</sup>
Adelaide	8	2.4	8
Alice Springs	10	2.5	7
Brisbane	45	12.7	38
Broome	6	1.2	2
Canberra	7	2.1	5
Coffs Harbour	37	9.6	36
Darwin	31	10.4	22
Hobart	9	1.7	9
Melbourne	44	10.8	42
Perth	26	7.0	21
Rockhampton	17	4.1	15
Sydney	33	9.0	25
Tamworth	16	2.5	16
Townsville	27	5.7	24
Wagga Wagga	32	4.7	29
<b>Total</b>	<b>348</b>	<b>86.8</b>	<b>299</b>

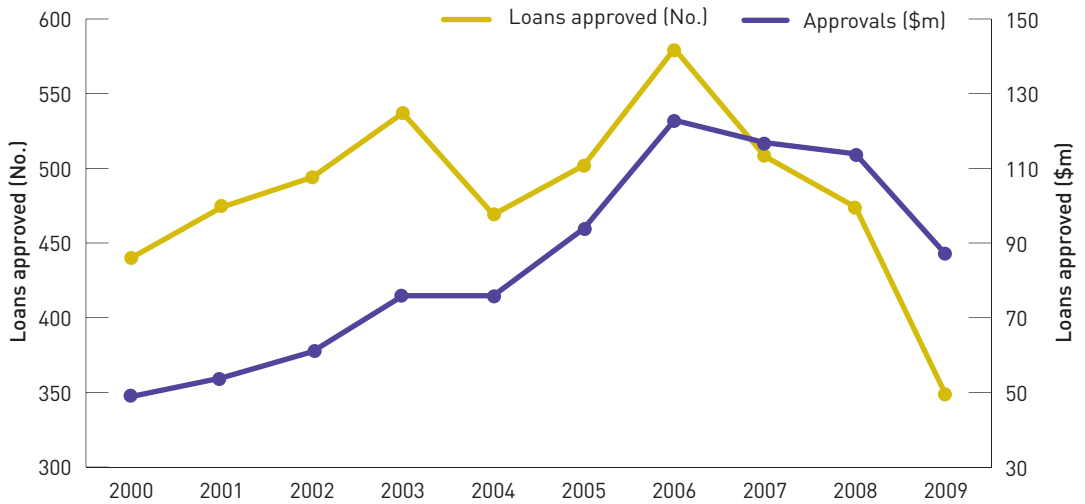
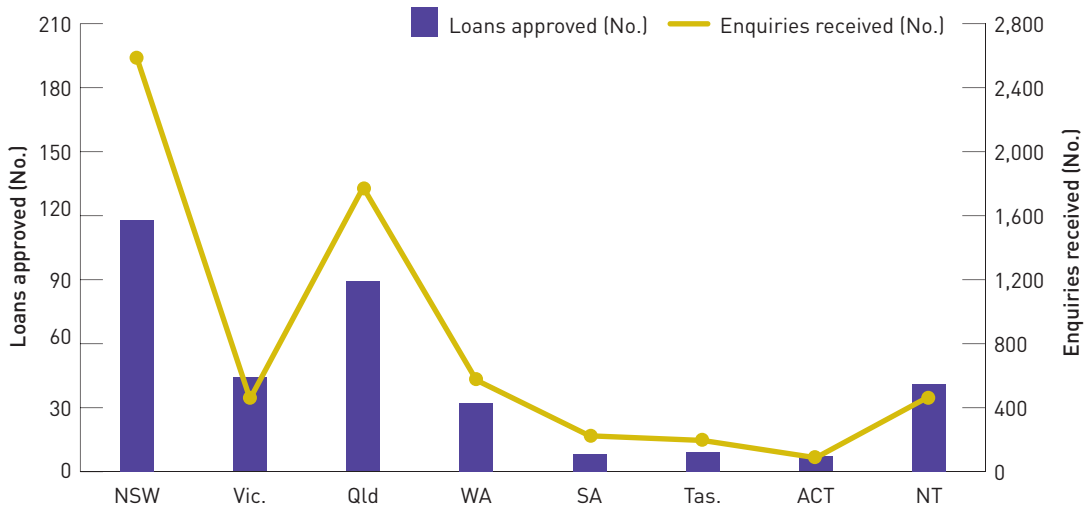
a The IBA tier 1 income amount is equivalent to 125% of the national average weekly male earnings as calculated by the Australian Bureau of Statistics.

Note: Amounts for total value of loans approved have been rounded, so the sum does not total. The total is the rounded sum of unrounded amounts.

The average value of the loans to borrowers in each centre varied in line with the average cost of housing in each centre and ranged from \$160,000 in Tamworth to \$338,000 in Darwin. The average value of loans nationally was \$258,210, an increase of approximately \$18,000 over 2007–08. This figure includes adjusted funding to loans approved in previous financial years. This clearly reduces the number of loans that

can be written when values increase and the revenue base remains steady or goes into decline.

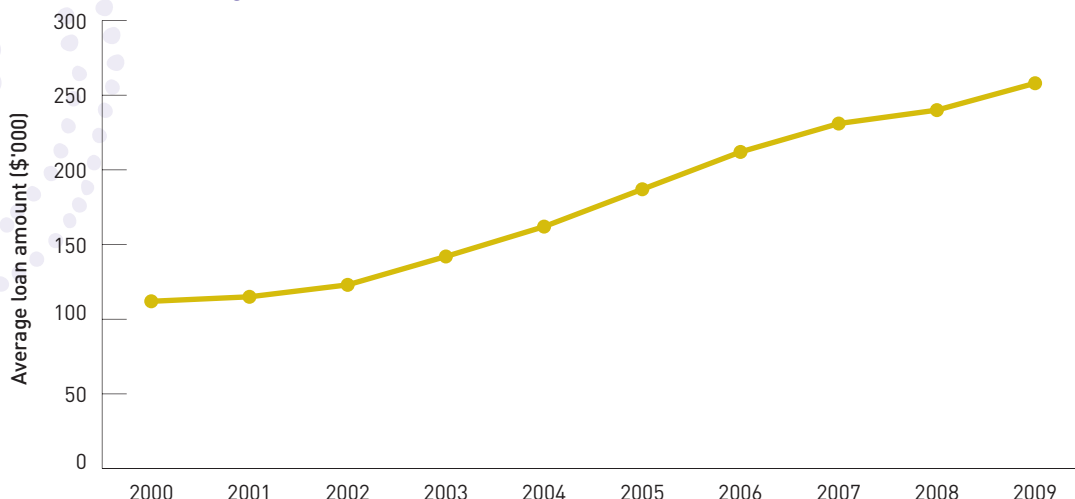
As in previous years, the main reason for not approving a loan application was that the applicant had committed a significant amount of current income to existing consumer debt repayments, making a home loan unaffordable.

**Figure 10:** Number and value of loans approved, 2000 to 2009**Figure 11:** New loans approved and enquiries received, by jurisdiction, 2008–09

As can be seen from Figure 11, the number of loans approved in Queensland and New South Wales (60 per cent) corresponds to the number of enquiries received in these states (68 per cent) and is broadly in line with the population in them. A large proportion of those who made new enquiries lodged a request to join IBA's waiting list of applicants wishing to apply for a home loan.

**Average loan amount:** There has been a continuation of the upward trend in the average loan amount IBA borrowers need to purchase a home as a result of the steady increase in house prices over 10 years (Figure 12). The average loan amount in 2008–09 was \$258,210, up 7 per cent from \$240,300 in 2007–08. The average loan amount represents adjusted funding to loans approved in previous financial years.

**Figure 12:** Average loan amount, 2000 to 2009



### Loans to tenants of Indigenous housing organisations:

In 2008–09, IBA lent a total of \$1.24 million to 12 tenants of Indigenous housing organisations to buy homes.

**Deposit gap loans:** Finance providers generally require clients who are borrowing more than 80 per cent of the property purchase price to take out expensive loan mortgage insurance. Deposit gap loans fund 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. With deposit gap loans, IBA takes second priority in the ranking of its registered mortgage, allowing mainstream lenders to offer more favourable terms to customers by not requiring them to take out mortgage insurance. In 2008–09, IBA approved 21 deposit gap loans totalling \$3.21 million, a 132 per cent increase in the total amount of deposit gap lending over the previous year (2007–08: 21 loans, totalling \$1.38 million). This is a significant part of IBA’s strategy to increase the level of private sector financing of Indigenous home loans. We expect it will help some of those on the waiting list to opt for an alternative which provides the same outcome; that is, home ownership.

### Loans for renovations and extensions:

IBA provided a range of small loans to eligible clients for modest renovations, extensions, repairs or maintenance to:

- › maintain homes in good order or prevent harm to occupants
- › accommodate new family members or members with particular medical or health requirements
- › improve standards of living (for example, by installing heating and cooling systems).

In 2008–09, IBA approved five loans, totalling \$0.17 million, for renovations, extensions, repairs or maintenance. This was a 39 per cent decrease on the nine loans, totalling \$0.28 million, made in 2007–08 for those purposes.

## Portfolio profile and management

IBA's Home Ownership Program stands apart from mainstream home loan financiers by providing an entry point into home ownership for Australian society's most disadvantaged group of people.

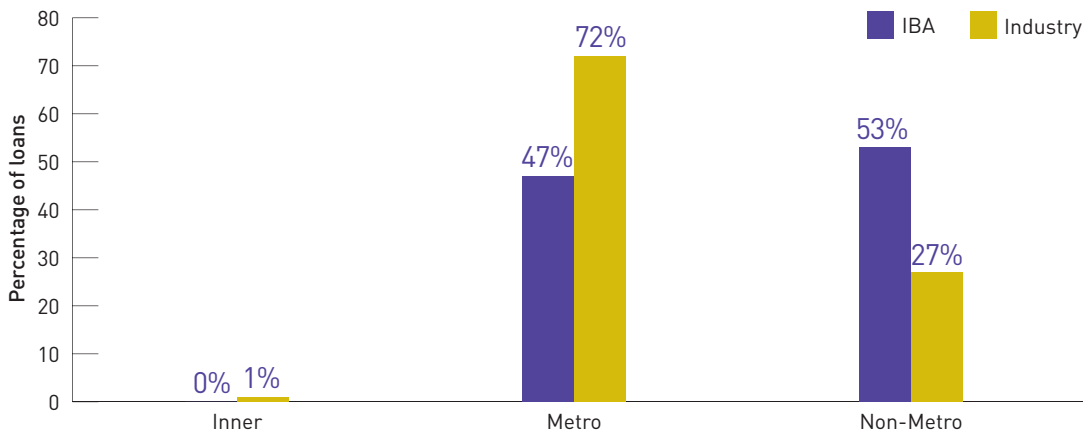
The program's lending policy and eligibility criteria target high-need applicants on low incomes seeking to obtain basic, affordable loan products. IBA's local service delivery network provides supportive relationships to help structure loans to suit individual Indigenous customers.

In 2008–09, over 86 per cent of loans were made to applicants who had an adjusted

combined gross monthly income that was less than IBA's tier 1 income amount (\$74,779), which meant that more than 90 per cent of the program's new lending was provided to first home buyers.

**Geographic distribution:** IBA makes loans for home purchases in metropolitan and non-metropolitan areas, with a greater proportion of loans made for purchases in non-metropolitan areas. The geographic distribution of IBA's home loan portfolio aligns with the December 2008 Australia Simple Average in Standard & Poor's Australian RMBS (residential mortgage-backed securities) Performance Watch Report (Figure 13).

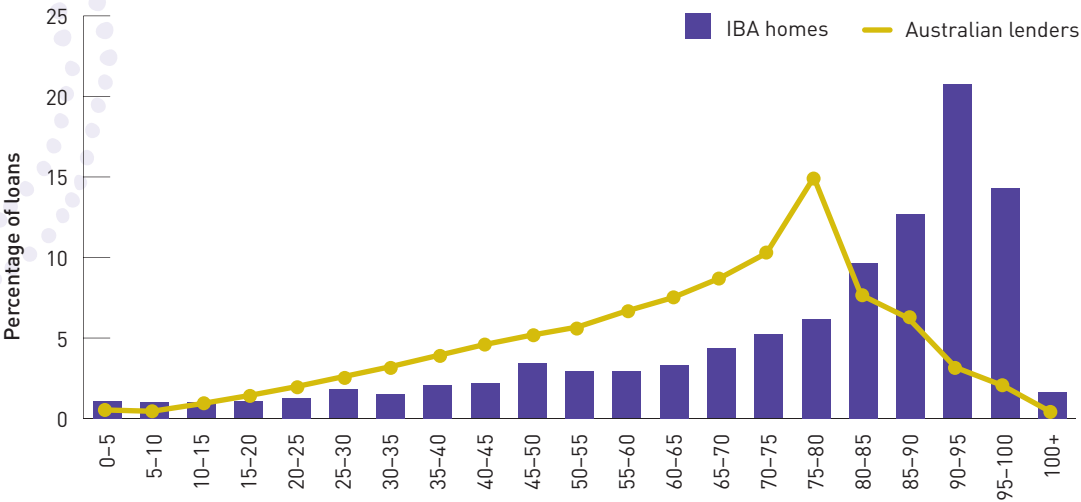
**Figure 13:** Portfolio comparison, IBA and mainstream lenders, by geographic distribution



**Loan-to-value ratio:** IBA's Home Ownership Program complements the lending products of mainstream lenders. IBA's home loans meet the higher borrowing requirements of Indigenous applicants who generally lack the capacity to save a substantial deposit. Most IBA home loans have a loan-to-value ratio of more than

80 per cent (92.7 per cent in 2008–09), which is higher than that of other Australian lenders, based on the December 2008 Australia Simple Average in Standard & Poor's Australian RMBS Performance Watch Report (Figure 14). This demonstrates that the Home Ownership Program fills a unique niche in the home loan market.

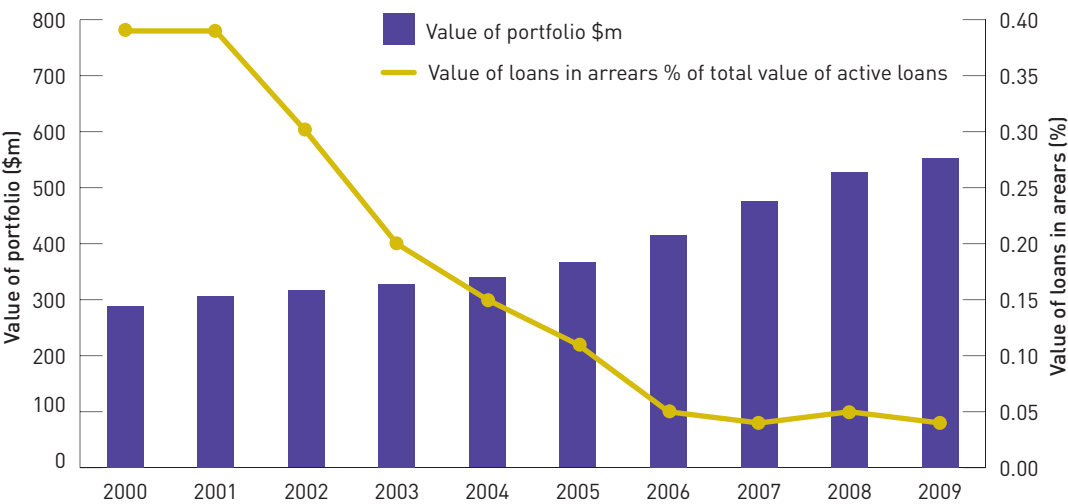
**Figure 14:** Loan-to-value ratio, IBA and mainstream lenders



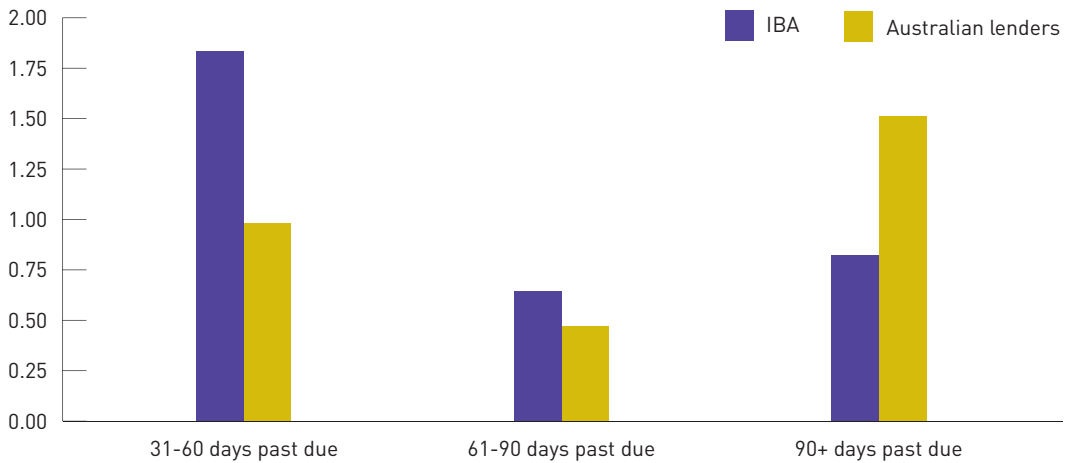
**Arrears management:** Appropriate, supportive and workable arrears management arrangements are the cornerstone of the Home Ownership Program's loan after-care role. In 2008-09 there was a further reduction in overall reportable arrears.

Over the past 10 years, the growth in the total value of the portfolio has been accompanied by a decline in the total value of loan arrears (Figure 15).

**Figure 15:** Portfolio growth and arrears decline, 2000 to 2009

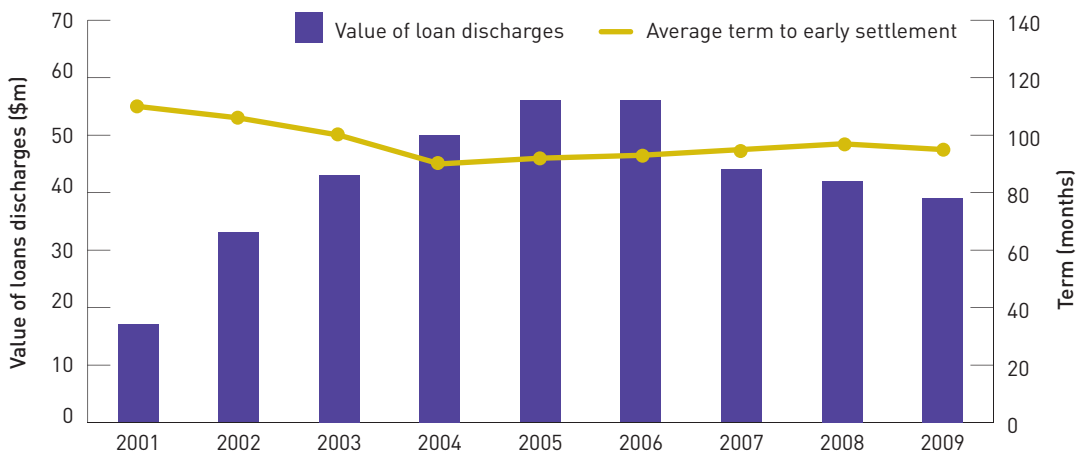


IBA arrears compare favourably with the December 2008 Australia Simple Average in Standard & Poor's Australian RMBS Performance Watch Report (Figure 16).

**Figure 16:** Arrears comparison, IBA and mainstream lenders

**Loan discharges:** Mortgage securities are discharged for three main reasons: the sale of the security property, refinancing with another lender, and full repayment of the loan. Over the past five years, the average home loan term has been consistently less than eight years (Figure 17). The value of loan discharges peaked in 2006, but declined by more than 20 per cent

during 2007 and 2008, and by a further 8 per cent in 2008–09. This decline occurred because mainstream home lenders became more risk averse in their lending decisions as a consequence of the global financial crisis and because existing borrowers became increasingly concerned about their employment or income security.

**Figure 17:** Loan discharges by year of early settlement, 2000 to 2009

In 2008–09, IBA sold five houses under its mortgagee-in-possession powers. The average mortgage default amount was \$5,053. All five properties were voluntarily surrendered to IBA and marketed for sale by private treaty or public auction on the open market. Three of the properties sold

for less than the balance owing. For one of these loans, the residual balance is being repaid by the borrower under an instalment arrangement and the two others loans are each the subject of a discharge of mortgage insurance claim.



Niki returns to visit family at the home she grew up in

## INAUGURAL HOME LOAN DELIVERS ON SOCIAL AND ECONOMIC OUTCOMES

It was 1975, and Len Barratt, a fireman with the Canberra Fire Brigade, earning a regular wage, and striving for a better future for his family was becoming increasingly frustrated that he could not get a home loan from Canberra building societies.

Then Len heard about the Aboriginal Loans Commission, which was established in November 1974 to provide finance for Indigenous Australians wanting to buy their own homes. On 27 May 1975, the Barratts became the first recipients of an ALC loan,

which they used to buy a four-bedroom home in Kambah, a Canberra suburb.

Over the next 34 years, the ALC loan program went through several restructures, before becoming the Home Ownership Program now administered by IBA.

Niki Donnelly grew up in that Kambah house. She recalls the feeling of security that came from living in a home her parents owned. 'I felt very safe that I always lived in the same home. By always living in our home we grew up



with the same friends and family support throughout our lives.' She also appreciated the differences between her family's living situation and that of some of her friends. She said, 'It was great not having to move every six months to a year. Other friends of mine had parents who rented and moved quite often.'

The positive example set by her parents had a lasting effect on Niki. 'I bought my first home, in Fisher, in 1996 through IBA. The support from my family definitely helped.' Niki and her family sold the house in Fisher and paid out their IBA loan when they relocated to the Central Coast. The money they received for the house assisted them in their business venture and with purchasing another home on the coast through a mainstream lender.

Now Niki is back in Canberra working for IBA. She is excited about assisting other Indigenous Australians to own their own home and build assets and wealth as her parents were able to all those years ago. 'I would recommend that anyone considering buying a home should look at IBA first. IBA staff are dedicated to home lending. They deal with the home loan processes from start to finish. You can call IBA with any query and know that staff members will give you the right support and answers.'

There is no better advertisement for the benefits of home ownership than Len Barratt and his wife. In their Kambah home, they raised 12 children in a stable, secure environment with positive role models. It is fitting that their daughter, Niki, is continuing the positive cycle of asset and wealth creation for future generations.



The Ball family at home



## GLEN AND DIANNE BALL'S DREAM CAME TRUE

'Glen and I wanted to buy our own home after years of renting. The dream of one day buying a home was like saying "when I win Lotto".

'I lived in the Newcastle area of New South Wales for nearly 20 years, and I always wanted to buy a home for my family. I thought it was an unreachable goal, especially for a low income earner. But when I heard that my older sister was given the opportunity for a home loan in the New England area where I grew up, and where my extended family live, I was taken aback, and could not believe the news. From that day, I wanted to pursue my dream of one day being able to bring my family back home to my community.

'With IBA's assistance, my dream house became a reality. We are totally grateful for the home ownership opportunity IBA was able to provide, which has made a massive impact on our lives. It shows that Indigenous people can own a home, just like non-Indigenous Australians.

'We are now renovating our home and I have gained employment with Minimbah Preschool-Primary School. I have been telling my story to other Indigenous folk of how I once lived in Newcastle and with IBA's support and assistance have been able to bring my family back home to my country. We love it knowing that our home will be there for our children. Thank you IBA.'

# Outlook

The 2009–10 FaHCSIA Portfolio Budget Statements targets shown in Table 8 will guide IBA's performance in the next financial year.

**Table 8:** Output Group 1.2 key performance indicators

Key performance indicators	2009–10 target
Number of loans to applicants who have an adjusted combined gross monthly income of not more than 125% of IBA's income amount <sup>a</sup>	75% of loans
Number of loans to applicants who are first home buyers	75% of loans

a IBA's tier 1 income amount is equivalent to 125% of the national average weekly male earnings as calculated by the Australian Bureau of Statistics.

The growing waiting list of eligible applicants seeking home loan finance from IBA continues to outstrip the limited funds available to the Home Ownership Program for new lending. In May 2009, the Board determined that in 2009–10 the lending policy would be strengthened to further ration the available revenue derived by the program primarily from principal and interest loan repayments and early loan discharges. New lending will be provided only for amounts that borrowers cannot obtain from a mainstream lender. Split loans with other lenders are expected to become more common.

For the Australian financial sector, the year ahead is expected to be marked by continuing uncertainty flowing from the global financial crisis, with growth in unemployment and job losses predicted. The challenge for IBA will be to work supportively with customers experiencing mortgage stress or financial hardship to ensure that they are assisted wherever practicable.

# OUTPUT GROUP 1.3: BUSINESS DEVELOPMENT AND ASSISTANCE

IBA will assist Indigenous people to establish, acquire and grow viable businesses, thereby contributing to employment, wealth creation and participation in the economy. The program is aimed at those Indigenous people who are unable to access private sector finance. The success of the program is assessed on how effectively it assists Indigenous people to develop successful businesses. (FaHCSIA Portfolio Budget Statements 2008–09)

## Overview

Small business is the engine-room of economic development in all developed economies. In recognition of the importance of Indigenous participation in small business, the Australian Government funds IBA's Business Development and Assistance Program.

From a commercial lending perspective, IBA would be considered a high risk lender since this program assists Indigenous Australians not eligible for bank assistance to enter the small business arena. The 2006 Australian Census indicates that 5.5 per cent of employed Indigenous Australians are self-employed, compared with 16.4 per cent for the total Australian employed population. IBA aims to reduce this gap by providing business support and business loans to Indigenous Australians who can demonstrate that they have a sound business proposal and are able to satisfy IBA's commercial criteria.

IBA offers clients the support they need before they commit themselves to a business. The Business Development and Assistance Program comprises three integrated products:

- › business loans
- › business support
- › Economic Development Initiatives (EDIs).

IBA assists its clients to establish commercially viable businesses. Clients do not have to have a loan with IBA to access this support.

Business consultants, selected for their business acumen, work with IBA's clients to conduct feasibility studies, plan the business and undertake business-related skills development. Skills acquired during the business life-cycle can include marketing strategy development, setting up a website and cash flow management.

In its provision of business loans, IBA primarily has regard to the commercial viability of the proposed business, the capacity of the proponents to operate the business, the degree of risk and the security offered.

IBA offers eligible applicants concessional interest rates, with terms structured to help them overcome any barriers that might prevent them from progressing into business. Business loans are assessed and settled in-house. When assessing specific industries where there is no in-house experience or knowledge, IBA seeks the advice of qualified consultants.

Economic Development Initiatives are designed to help Indigenous people inform themselves about economic opportunities before deciding whether they want to take the next step of starting up a business. EDIs include assessing and studying the local economy and identifying opportunities in selected regions. Presentations are designed to raise awareness and respond to individual aspirations to enter the small business market. EDIs are most frequently carried out in regional and remote areas. Participants often find that they are not able to make the

level of commitment which comes with being in business. This important first step can often be the trigger to help people decide whether to proceed or take another path.

Under a partnership established between IBA and the National Australia Bank (NAB) in 2007–08, IBA provides clients with business support and NAB provides them with micro-finance loans of between \$500 and \$20,000. The loans are provided on an unsecured basis, for terms up to three years. This product allows Indigenous entrepreneurs to get involved with a private sector bank early in the life of their business while benefiting from IBA's ongoing business support. (See also 'Stakeholders', page 98)

## Performance

Rather than simply helping Indigenous Australians get into a business, IBA focuses on a business's long-term viability and encourages potential borrowers to undertake a full due diligence process and to develop a comprehensive business plan. In-house planning is also required.

IBA met all Output Group 1.3 Portfolio Budget Statements targets for 2008–09, as outlined in Table 9.

**Table 9:** Output Group 1.3 key performance indicators

Key performance indicators	2008–09 target	2008–09 results
Repayment rate on new loans	95%	98%
Reduction in value of loans in arrears	5%	7%
Survival rate for new businesses funded past the first year	80%	86%
Business outcomes from clients assisted through business support or Economic Development Initiatives	20%	44% <sup>a</sup>
Number of applications received, number of applications approved and value of applications approved	Report actual results	106 loan applications received 74 loan applications approved \$14.89 million (value of loan applications approved)

<sup>a</sup> This result is calculated by current loan number (312) divided by total of business support approvals and EDIs undertaken (704).

A statistical summary of all business development and support activities in 2008–09 and in 2006–07 is set out in Table 10. Detailed information on performance in relation

to business loans, business support and Economic Development Initiatives is set out under those headings.

**Table 10:** Business development and assistance activities, statistical summary, 2007–08 and 2008–09

Activity	2007–08	2008–09
Value of loans approved (\$ million)	17.25	14.89
Business support expenditure (\$ million)	5.75	7.79
Economic Development Initiative expenditure (\$ million)	1.25	1.99
Enquiries answered	1,707	1,785
Business support applications approved	1,051 <sup>a</sup>	648 <sup>b</sup>
Loans approved	102	74
Loans declined	16	27
Economic Development Initiatives supported	46	56
Jobs created or supported through loans settled	244	252
Indigenous jobs created or supported through loans settled	206	168

a Includes 439 applications carried forward from 2006–07.

b Excludes carry over from prior year.

## Global financial crisis

The increased demand for business support and decreased demand in applications for business loans in 2008–09 reflected the challenging trading environment and weaker business outlook as a result of the global financial crisis. In the past, business support was split almost equally between new and existing businesses. However, in the past 12 months IBA's business advisory services were more involved in assisting existing businesses through the weaker economic conditions than in writing new business. In planning for this financial year and looking at the trends emerging in the private sector, IBA's strategy was to be more rigorous in its assessment of new proposals and to focus on how it could support existing businesses affected by the global financial crisis.

As expected, the rate of arrears on business loans grew in 2008–09. To provide the best possible support to Indigenous business-people experiencing difficulties with their businesses, IBA:

- ▶ placed significant emphasis on the provision of advisory services to clients whose businesses were experiencing difficulties

- ▶ introduced the Optimist financial analysis software, to assist staff to analyse clients' financial statements and enable an early analysis of any potential cash flow or other issues
- ▶ strengthened lending and financial analysis training to staff, to improve their capacity to support clients and identify potential problems early
- ▶ strengthened loan management procedures
- ▶ exercised greater commercial rigour in the assessment of the viability of new loan proposals.

The results of IBA's efforts meant a peak of 124 high-risk ventures in February 2009, but the number of loan accounts in arrears by two or more repayments steadily reduced to 94 by the end of June 2009. For at least half of the accounts, improvements were attributable to early intervention and negotiation with clients in arrears. Given the economic downturn, IBA recognised that maintaining a reducing trend in arrears would be challenging. However, early identification of potential problem loans, tighter monitoring of loans and critical assessment of loan failures should contribute to improved outcomes in 2009–10. This will be an area of emphasis in the new financial year.

IBA's analysis and a number of academic studies on business failures and their causes suggest that the two main reasons for business and loan failures are inadequate planning and poor business and cash flow management by clients. IBA is developing a number of improved arrangements to address loan failures in its plans for ongoing improvements to business support services and loan management practices in 2009–10.

## Business loans

Business lending activity decreased in 2008–09, with 106 loan applications assessed and 74 loans approved. Thirty eight loan applications were also diverted to mainstream lenders:

- 63 loans, totalling \$10.61 million, were approved and proceeded to settlement (this included loans to five existing IBA clients)
- 9 loans, totalling \$3.78 million, were approved but did not proceed because the clients withdrew their applications
- 2 loans, totalling \$0.5 million were approved, but subsequently revoked by IBA
- 27 loans, totalling \$7.07 million, were declined
- 2 loan applications were withdrawn before the assessment process was completed
- 3 loans were being assessed at the end of the reporting period.

Details of IBA's total active business loans are set out in Table 11.

**Table 11:** Number of active business loans, 30 June 2008 and 30 June 2009, by location

Regional office	30 June 2008	30 June 2009
Adelaide, SA	23	24
Alice Springs, NT	8	11
Brisbane, Qld	43	42
Broome, WA	24	20
Cairns, Qld <sup>a</sup>	37	33
Darwin, NT	31	30
Grafton, NSW	32	31
Kununurra, WA	6	6
Melbourne, Vic	24	25
Tasmania <sup>b</sup>	10	8
Mount Isa, Qld <sup>a</sup>	–	9
Perth, WA	25	19
Port Hedland <sup>c</sup>	–	8
Sydney, NSW	35	30
Wagga Wagga, NSW	16	16
<b>Total</b>	<b>314</b>	<b>312</b>

a In 2008–09, a number of loans were migrated from the Cairns office to the Mount Isa office.

b Tasmania is resourced by the Melbourne office.

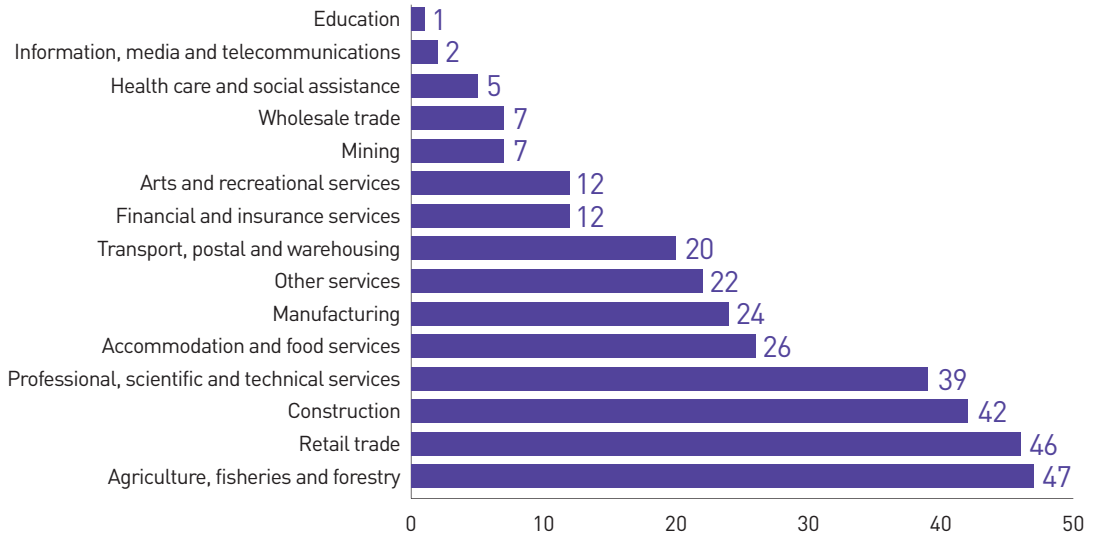
c The Port Hedland area is resourced by the Perth office.

Note: Thirty loans were discharged during the reporting period and 35 were written off.

Figure 18 shows the number of loans by industry sector; most loans were made in the agriculture, fisheries and forestry

sector, closely followed by the retail and construction sectors.

**Figure 18:** Number of active business loans (total 312), by industry sector, 30 June 2009



### Loan arrears and risk

**management:** In 2008–09, IBA’s specialist business loan management unit continued to build on initiatives commenced in the previous year to improve loan management practices. Initiatives included:

- › managing loans where insolvency or administration were the only options and addressing the legal and contractual obligations of clients whose businesses had failed
- › in some cases, significantly redeveloping loan management procedures with a focus on risk management, including tightened monitoring and arrears management
- › developing and introducing a risk grading system for all loan accounts within the portfolio to assist in identifying the probability of default and any remedial support that might be required
- › broadening portfolio data analysis to assist in identifying factors underlying loan failure.

There has been a consistent improvement in the survival rates of loans settled:

- › 65 per cent of loans settled in 2005–06 survived to 30 June 2009
- › 76 per cent of loans settled in 2006–07 survived to 30 June 2009
- › 86 per cent of loans settled in 2007–08 survived to 30 June 2009.

By way of comparison, the Australian Bureau of Statistics reports that mainstream businesses have a survival rate of 75 per cent for year one, and 58 per cent for year two. IBA recognises the importance of working with clients who experience difficulty in meeting loan repayments, as that often indicates that their businesses are under stress. IBA then works with borrowers to identify any remedial action that might be taken.

In 2008–09, there was an increase in loan arrears compared with 2007–08 (Table 12), consistent with the downturn in the economy. IBA discussed support arrangements with borrowers in arrears, which in some cases led to an improvement; in others, it resulted in closure of the business.

**Table 12:** Loan arrears, 2007-08 and 2008-09

	2007-08	2008-09
Arrears as a proportion of the total portfolio (%)	5.8	6.4
Loans under arrears management (number)	57	94

Note: Includes loans that are two or more payments in arrears.

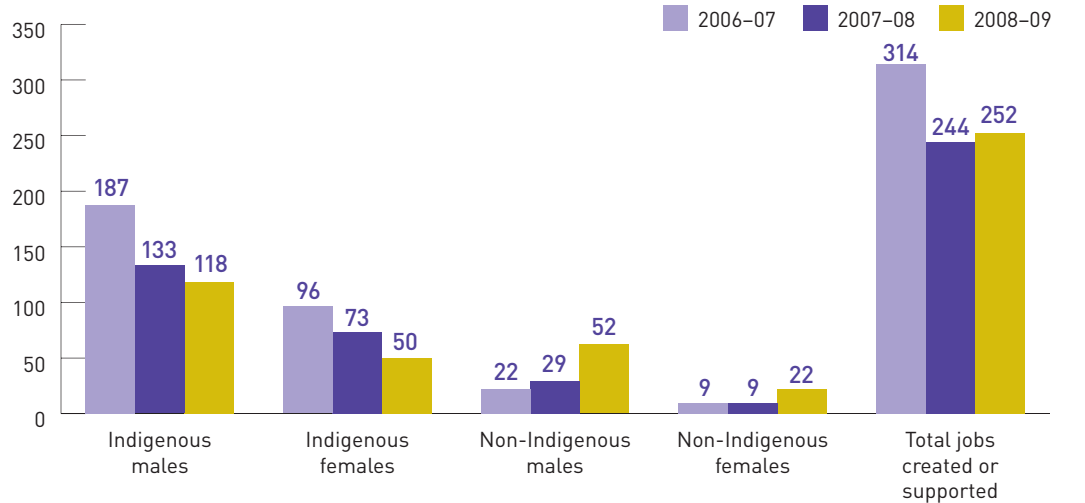
**Employment outcomes:** During 2008-09, IBA business loans assisted clients to create or support a further 252 jobs in Indigenous-owned businesses. Indigenous Australians held 168 of these jobs. A total of 810 jobs have been created or supported through the provision of business loans over the past three years (Figure 19).

It is clear that IBA’s business loans and associated business generate self-employment and the employment of other staff, thus increasing Indigenous labour force and business participation.

Applicants often seek to enter business to provide a living for themselves and their

families and there are often spin-offs by way of additional jobs, which might include Indigenous Australians. The small business operator can choose their employees and the skills they bring into their business. Often Indigenous business owners employ other Indigenous staff as their business grows and their financial circumstances allow for additional staff. Results for the past three years, however, indicate a decrease in Indigenous employment outcomes. Some of this can be attributed to the fall in loans written. However, more relevant is a trend to involve a mainstream partner in the business to provide either capital or business expertise to strengthen the business overall.

**Figure 19:** Jobs created or supported through IBA business loans, 2006-07 to 2008-09



## Business support

Business support tailored to the individual needs of clients is an integral part of IBA's small business products. Business support is available to assist Indigenous Australians to establish small businesses and to operate them successfully. Business support is delivered through a panel of business consultants, in a manner that helps clients to achieve self-reliance.

**Statistics:** In 2008–09, 1,219 business support projects were undertaken: 648 new business support projects and 571 business support projects carried forward from 2007–08. In 2007–08, 1,051 business support projects were undertaken, of which 439 were projects carried forward from 2006–07.

A breakdown of business support by location is provided at Table 13.

**Table 13:** Recipients of business support, pre- and post-start-up, by regional office, 2008–09

Regional office	Pre-start up support (no. of recipients)	Post-start up support (no. of recipients)
Adelaide	16	15
Alice Springs	21	17
Brisbane	32	47
Broome	17	28
Cairns	50	54
Darwin	94	34
Grafton	17	28
Kununurra	9	7
Melbourne	21	16
Tasmania <sup>a</sup>	4	6
Mt Isa	7	6
Perth	16	18
Port Hedland <sup>b</sup>	1	5
Sydney	17	22
Wagga Wagga	13	10
<b>Total</b>	<b>335</b>	<b>313</b>

a Tasmania is resourced by the Melbourne office.

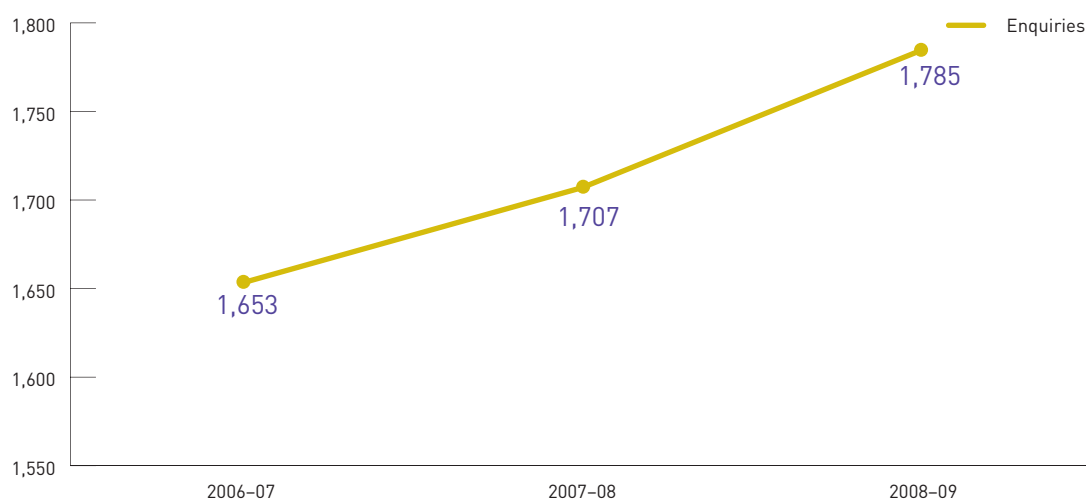
b The Port Hedland area is resourced by the Perth office.

Pre-start up support is provided to clients who have not yet commenced in business. Typically this includes assistance with the preparation of feasibility studies and strategic marketing plans, and the provision of business-related training. Post-start up support is provided to clients that have already started in business. Typically this includes mentoring and business-related training and assistance to analyse and resolve difficulties clients may be experiencing with their business. The business-related training given in each period focuses on different aspects.

The regions with higher levels of business support tend to correlate with areas of higher Indigenous population.

**Enquiries:** The number of enquiries about IBA's small business development products has grown steadily, from 1,653 in 2006-07 to 1,785 in 2008-09 (Figure 20). This demonstrates that Indigenous Australians continue to be interested in participating in the small business sector.

**Figure 20:** Trend in enquiries received, 2006-07 to 2008-09



## Economic Development Initiatives

Economic Development Initiatives (EDIs) aim to support Indigenous economic and business development through funding projects which facilitate the development of business-related skills, knowledge, research of economic opportunities and support to overcome barriers and access relevant information and assistance.

EDIs differ from business support in that they support multiple beneficiaries or overcome

an identified skills gap, whereas business support is delivered to one identified client or business. With a skills gap, for example, clients who are assessed as not being business ready can be referred to skill development workshops to improve their business skills. As their skills improve, they go on to access one-on-one business support.

In 2008-09, IBA approved, commenced or completed 56 EDI projects Australia-wide (10 more than in 2007-08), involving some 700 Indigenous participants. As shown in Figure 21, there was an increase in expenditure in line with the increased number of projects.

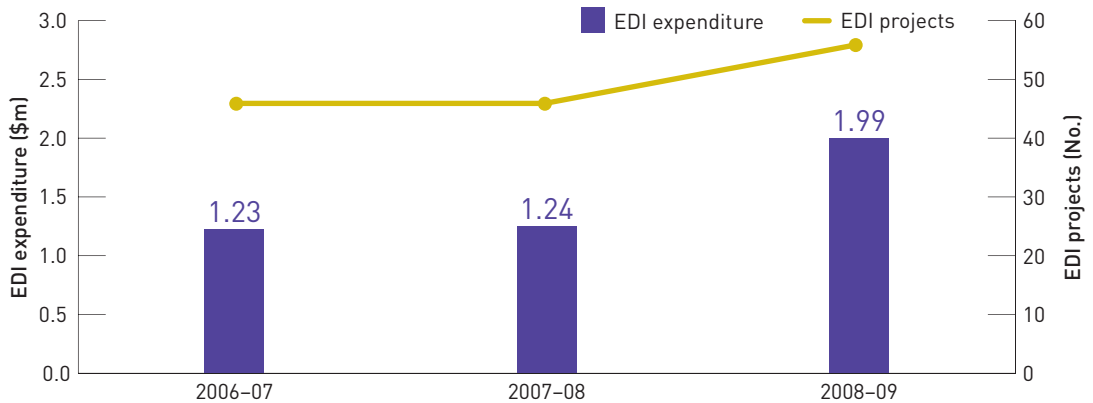
**Figure 21:** Trend in EDIs, 2006–07 to 2008–09

Table 14 outlines EDI projects by type and provides an overview of the outcomes for each. The projects highlight how EDIs can be designed and delivered to help overcome

Indigenous disadvantage by providing information to help Indigenous Australians decide whether they should develop their business concept.

**Table 14:** EDI projects, 2008–09

EDI type	Projects	Outcomes
Stimulating regional activity	Murray–Riverina district, Victoria; Innisfail to Ingham and Charters Towers to Richmond, Queensland	These projects delivered services in areas that did not have a local IBA presence. During the year the projects delivered services to 92 participants, nine of whom have gone on to access IBA business support.
Young entrepreneurs	Cairns Indigenous Entrepreneurs Comic	A comic is being developed to motivate and educate young Indigenous people to consider small business ownership.
Industry-specific projects	Port Hedland mining tenders, northern South Australia remote motor vehicle sales and services and Kimberley oil and gas networks	These projects were designed in response to an identified need. They investigated the feasibility of particular industries or enabled Indigenous business-people to engage with a particular industry that had been identified as having a potential for Indigenous business outcomes in a specified region. For example, the Kimberley oil and gas project resulted in 23 prospective businesses identifying 15 market-ready ideas and a further three that require additional work.
Business training	Indigenous tourism training	12 Northern Territory tourism operators were provided with practical guidance on how to improve, develop and implement their business ideas.

**Table 14:** EDI projects, 2008–09 (continued)

EDI type	Projects	Outcomes
Business tools	Indigenous tourism e-commerce and website development	40 Indigenous tourism businesses were assisted with the development of their business capacity and marketing through website and e-commerce portals.
	Capacity building for Indigenous business	A legal document and training tool was developed to assist clients into joint ventures, partnerships or companies.
Intensive regional capability project	Galiwin'ku – Stage 3	This project is a successful model for small business development in remote communities. Over the past three years 30 clients have accessed support and 24 have gone on to establish small and micro businesses.
Regional scoping	South West WA, Naaguja Native Title claimants, Midwest WA, Borroloola, Kununurra, Warmun and Cape York	These projects aim to identify opportunities for business development and capacity within a region. The outcomes are often long term. In 2008–09, seven projects had input from 115 participants, resulting in 37 business support applications and one business being established.
Sponsorship	Queensland Business Reconciliation Forum, Western Australian Indigenous Tourism Operators Committee and Selling Yarns 2, Canberra	44 Indigenous business-people were successful in gaining sponsorship to attend relevant business events or conferences where there was a direct outcome for their business.
Strategic development	Ngarrindjeri Regional Authority, Leedal Pty Ltd in Fitzroy Crossing and Dhugamin in Brisbane	These projects aim to assist Indigenous community businesses to develop their business capacity by forming and strengthening economic entities so that they can successfully establish and manage viable businesses.
Skill development workshops	Workshops designed to introduce a group of aspiring Indigenous entrepreneurs to basic business skills in a group setting	354 participants attended 27 workshops around Australia.

## Assistance for non-remote CDEPs

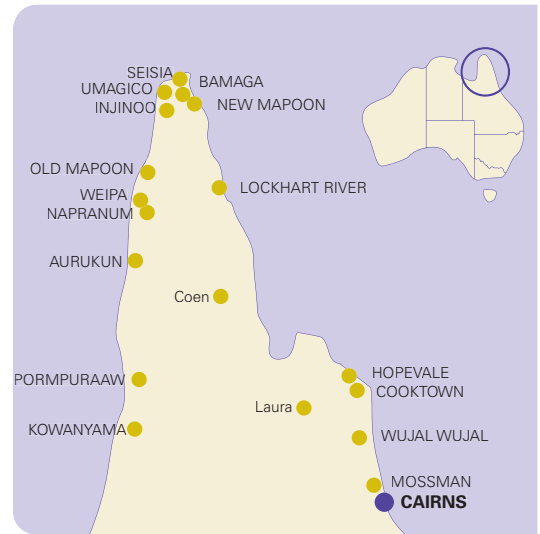
IBA offered assistance to non-remote Community Development Employment Project (CDEP) providers that had been advised that their CDEP contracts would end on 30 June 2009. The assistance was

offered in conjunction with the alternative assistance offered by FaHCSIA and Department of Education, Employment and Workplace Relations. IBA provided seven of the 40 organisations whose CDEP contracts would end with tailored business support. A further five organisations were finalising their applications at the end of the financial year in preparation for 2009–10.

## Cape York Welfare Reform

The Cape York Welfare Reform trial is being conducted in the Indigenous communities of Aurukun, Coen, Hope Vale and Mossman Gorge.

IBA is committed to supporting Indigenous Australians in the four communities of the Cape York Welfare Reform trial to own successful small businesses and achieve wealth creation. In 2008–09, IBA provided business support and mentoring to seven clients in those communities at a cost of \$0.13 million (2007–08: eight clients at a cost of \$0.131 million). Four of the eight clients IBA supported in 2007–08 subsequently applied for business loans and started their own businesses. IBA provided loans to three of the four clients and assisted the other to obtain business finance from a bank.



## Outlook

The 2009–10 FaHCSIA Portfolio Budget Statements targets shown in Table 15 will guide IBA's performance in the next financial year.

**Table 15:** Output Group 1.3 key performance indicators

Key performance indicators	2009–10 target
Survival rate for new businesses funded past the first year	60%
Percentage of clients who have started and remained in business who have been assisted through business support or Economic Development Initiatives	20%

In 2008–09, IBA focused on streamlining and refining its lending product; in 2009–10, it will focus on improving the quality of its business support product to deliver more effective assistance to clients.

IBA will continue to develop the skills of its staff, its business systems and processes to improve service and outcomes for clients.

The economic climate will be an important factor in relation to the number of new

loan applications. IBA's overall strategy for improving the levels of Indigenous participation will be to offer appropriate support and early commercial intelligence for planning after a rigorous commercial assessment of the sustainability of business proposals.

IBA is committed to improving its support and lending arrangements to increase the extent of participation in small business regardless of where people live.



Cindy Newell, Strathmerton  
newsagency business owner

## STRATHMERTON NEWSAGENCY, REGIONAL VICTORIA: CINDY NEWELL AND ADAM FOSTER

IBA had previously assisted Cindy Newell and Adam Foster in securing a home loan. After looking around for business opportunities in their area, Cindy and Adam settled on a somewhat rundown newsagency, Strathmerton Newsagency, a short distance from their home in Numurkah.

IBA agreed to allow Cindy and Adam to put their home on the market and rent their home out pending a sale. This enabled them to take over the Strathmerton Newsagency and move their family into the residence attached to the business. IBA provided a business consultant to help Cindy and Adam plan the business and provide Cindy, who



had previous shopkeeping experience, with business management skills.

Cindy and Adam have been operating the newsagency for nine months and have exceeded expectations each month. Cindy and her family have re-established the business as a successful local 'institution' even during difficult economic times and drought. Since they took over the ownership and management of the business, many local residents have again started to patronise it.

But the story doesn't end there. Cindy's parents, Peter and Cheryl Greenwood, were inspired by their daughter and

similarly sought a suitable business that they could own.

They knew that they would have to get skills in retail and business management. Since Cheryl had experience in customer service, they set about training with Cindy in her newsagency to sharpen their business management skills. In January 2009 they purchased Wunghnu General Store with IBA finance and business support. Cindy's successful move into business had inspired her parents.



## STEPHEN REID: QUICKSIGNS, OSBORNE PARK WA

Stephen purchased Quicksigns Osborne Park, Western Australia, in 2006. At the time, he felt that he needed a career change and decided to work for himself. This business suited him as he had worked in the industry previously for about

17 years. Stephen approached IBA to assist him to purchase the business.

IBA provided the business support Stephen needed to undertake due diligence and prepare a business plan. Through this



Quicksigns business owner Stephen Reid

process, Stephen was able to show that although existing profits were low, he had the experience and qualifications to be able to increase the income of the business.

IBA financed the business, which helped Stephen keep his cost of capital low.

The business turned out to be extremely successful under Stephen's management and he has been meeting the goals that he set in his business plan.

Stephen obtained additional finance through IBA to grow the business. He has employed his wife full-time (she was already a partner in the business) to market the business.

Stephen said that it was good to know that the IBA consultant was there to help whenever he needed assistance or had a question. 'The business consultant was great and we clicked straight away; she still pops in from time to time.'

# OUTPUT GROUP 1.4: HOME OWNERSHIP ON INDIGENOUS LAND

IBA aims to provide incentives and affordable loans aimed at making home ownership a realistic choice for Indigenous people living on community-titled land. (FaHCSIA Portfolio Budget Statements 2008–09)

## Overview

The Home Ownership on Indigenous Land (HOIL) Program provides Indigenous Australians living on community-titled land with the means to own their own home through a tailored home loan package.

IBA and FaHCSIA are jointly implementing the HOIL Program. IBA is primarily responsible for administering all elements of a lending program that provides affordable home loans to HOIL borrowers. FaHCSIA is responsible for administering a complementary assistance package, which includes the Good Renter's Discount, Money Management education and Matched Savings Grants, to aid home loan affordability for borrowers.

FaHCSIA and the Attorney-General's Department are responsible for negotiating the necessary land tenure reforms with state and territory governments. Secure land tenure is essential for enabling home ownership on community-titled land to be realised. The Council of Australian Governments National Partnership Agreement on Remote Indigenous Housing agreed to develop and implement land tenure arrangements to facilitate effective asset management, essential services and economic development opportunities.

Some jurisdictions have already made progress on land tenure reform. In the Northern Territory, township leases in some communities have been finalised, and in Queensland land tenure reform has been substantially completed. IBA was able to make nine loans for houses on community-titled land in 2008–09, all at Nguui in the Northern Territory, where township leasing arrangements have facilitated home ownership.

## Performance

IBA did not meet the performance indicators published in the 2008–09 FaHCSIA Portfolio Budget Statements (Table 16), largely because of delays in establishing land tenure reforms and land leasing frameworks and systems.

In 2008–09, IBA approved nine housing loans (all at Nguui, in the Northern Territory) totalling \$1.3 million. Another 13 applications from Nguui residents were being processed at 30 June 2009.

IBA has now processed enquiries from over 120 families who are interested in home ownership on community-titled land.

**Table 16:** Output Group 1.4 key performance indicators

Key performance indicators	2008–09 target	2008–09 results
Number of communities actively participating in the Home Ownership on Indigenous Land Program	6	1 community actively participating in the program. Work is progressing to implement the program in a further 6 communities

Program progress varies between jurisdictions, with most activity in 2008–09 occurring in the Northern Territory and Queensland.

**Northern Territory:** In the Northern Territory, a township headlease was signed by the Australian Government in December 2008 over the communities of Angurugu and Umbakumba, on Groote Eylandt, and Milyakburra, on Bickerton Island. Following the establishment of a Stakeholder Consultative Forum by the Office of Township Leasing in March 2009, IBA staff visited Groote Eylandt to meet key stakeholders and provide information to progress implementation of the HOIL Program.

As part of the HOIL Program, IBA subleased four residential lots in Nguuiu, on Bathurst Island, and has let a contract for the construction of four display homes for sale as house and land packages to eligible borrowers. Construction will commence in mid-August 2009, and all four homes are expected to be completed by the end of November 2009.

**Queensland:** In Queensland, community trustees (usually shire councils) have yet to put in place processes to manage leasing requests and facilitate home purchase requests on Indigenous land. In 2008–09, arrangements were finalised by the Queensland Government through its Department of Communities to coordinate a development and land use program.

IBA and two Queensland departments, the Department of Aboriginal and Torres Strait Islander Housing and the Department of Environment and Resource Management, are working together to coordinate joint community visits and to resolve implementation issues. In 2008–09, IBA staff visited Yarrabah, Hope Vale, Mapoon, the Northern Peninsula Area Region, Cherbourg, and Wujal Wujal to promote the HOIL Program and discuss home ownership opportunities.

Even though a number of communities are interested in advancing home ownership opportunities for their members, it is likely to be another 6–12 months before the necessary

local conditions are sufficiently advanced to facilitate individuals being able to buy their own homes. Recognising this, IBA, World Vision Australia and Mapoon Aboriginal Shire Council are collaborating on the Mapoon Home Ownership Project. The project will develop processes and put in place systems and support services to facilitate the home purchase process. Any lessons learned from the project will be important in developing local processes for the rollout of HOIL in other Queensland communities.

**Other jurisdictions:** In New South Wales, IBA has promoted the HOIL Program to Indigenous communities at Walgett and Wilcannia.

Implementation of the HOIL Program in other jurisdictions will be progressed when land tenure reform and framework arrangements facilitate an effective rollout of the program.

## Outlook

The 2009–10 FaHCSIA Portfolio Budget Statements targets shown in Table 17 will guide IBA's performance in the next financial year.

**Table 17:** Output Group 1.4  
key performance indicators

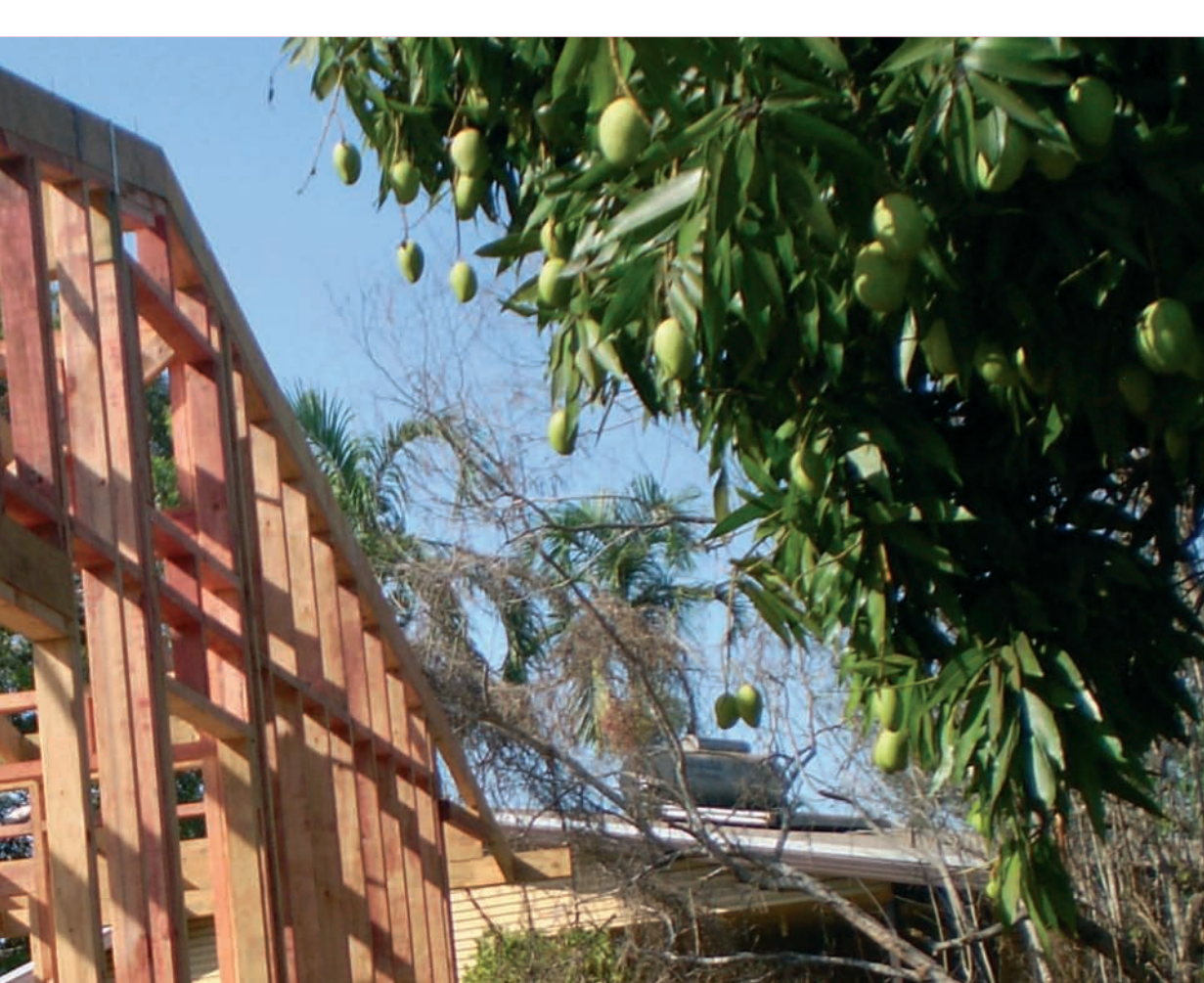
Key performance indicators	2009–10 target
Numbers of new communities actively participating in the Home Ownership on Indigenous Land Program	8
Number of new loans	40
Aggregate loans in the portfolio	50

Over the next four years, HOIL funding is expected to assist up to 355 families to purchase homes on community-titled land.

IBA will continue to work closely with Indigenous communities in the Northern Territory, Queensland and New South Wales to extend the reach of home ownership opportunities on community-titled land.



Jennifer and Brian's house under construction on Melville Island



## JENNIFER AND BRIAN CLANCY BUILD THEIR OWN HOME ON COMMUNITY-TITLED LAND

When township leasing arrangements were instituted in the Northern Territory, opportunities opened for home ownership on community-titled land. Jennifer and Brian Clancy were the first to take advantage of the new 99-year leasing arrangements, taking out a loan under IBA's Home Ownership on Indigenous Land Program to build a house at Nguuiu, in the Northern Territory. The Clancys knew that getting a loan from a mainstream lender would not be possible, because they would not be able to come up with the 10 per cent deposit needed and that a loan without the

concessional rates of interest offered by IBA would be unaffordable.

Jennifer and Brian appreciate the support IBA gave them: 'IBA worked with us through the hurdles of purchasing a house, made it affordable and provided amazing support. Having a local IBA officer to work with us throughout the entire process enabled us to realise our dream of owning our own home.' IBA also arranged for independent advice from a solicitor, who explained all the paperwork and helped them make a will.



# RECONCILIATION ACTION PLAN

IBA's core business of supporting Indigenous Australians' participation in the economy means that in essence all its operations are targeted towards reconciliation. This has been formalised in IBA's Reconciliation Action Plan (RAP).

The 2008–09 financial year was the second year of operation of IBA's inaugural RAP, which covers the period 2007 to 2009. The RAP sets out specific commitments and performance indicators for IBA's contribution to reconciliation in accordance with Reconciliation Australia's guidelines. It covers areas such as promoting private sector engagement with Indigenous businesses, providing new economic opportunities in remote areas and cultural awareness training.

At June 2009, the majority of IBA's performance targets had been met or were on track. With the period covered by the initial RAP coming to an end, a revised RAP is being considered.

## INDIGENOUS ECONOMIC DEVELOPMENT TRUST

The Indigenous Economic Development Trust (IEDTrust) was established by IBA to support Indigenous economic development and national Community Development Employment Projects (CDEP) policy reforms. Assets previously funded through grants from the Australian Government, and over which the Commonwealth holds a contractual or equitable interest, can be transferred to the IEDTrust. An asset can be transferred only if a CDEP organisation has ceased to deliver the program for which the asset was originally funded. Assets owned by other government agencies may also be transferred to the IEDTrust.

Image from the exhibition  
'Reconciliation: it's all about us'  
courtesy of Reconciliation Australia

The IEDTrust leases vehicles, plant equipment or property to existing CDEP organisations. An opportunity also exists to lease the transferred ex-CDEP assets to established or new Aboriginal and Torres Strait Islander organisations, enabling the organisation to consolidate, establish or expand commercially viable businesses.

Leases provided by the IEDTrust have the following features:

- operating (rental agreement) or asset (rent to buy agreement) lease options
- leasing of new or used assets
- monthly payments

- no application fee
- fixed interest (based on application criteria) for the term of the lease.

With the cessation of non-remote CDEPs from 30 June 2009, the next 12 months should see an increase in the number of assets identified for transfer to the IEDTrust by FaHCSIA.

The IEDTrust delivers social as well as commercial and employment outcomes. Recently, for example, it leased a bus to a Northern Territory CDEP organisation to provide a much needed transport solution for outstation residents.



IBA staff participating in local NAIDOC Week celebrations in Adelaide (L-R): Narelle Rowell, Megan Highfold, Luke Taylor and Cheryl Ross

## NAIDOC WEEK

NAIDOC Week is a national celebration of Indigenous history and achievement. In IBA's Reconciliation Action Plan 2007–09, IBA asserted its commitment to identifying and rewarding excellence throughout its operations and to developing and promoting Indigenous events and achievements. Extensive participation in NAIDOC Week 2009 celebrations was one of the ways in which IBA demonstrated its commitment to reconciliation.

During NAIDOC Week, IBA reflects on its achievements during the year and showcases them. At the beginning of the 2008–09 reporting period, IBA held its inaugural NAIDOC major event in Canberra and

launched its Corporate Plan for 2008–13. During NAIDOC Week 2009, in Brisbane, IBA announced and celebrated the appointment of its new Chair, Dr Dawn Casey.

## CONSTRUCTION SERVICES

IBA has recognised the potential benefits of increased Indigenous participation in the construction industry, and the key role the industry can play in fostering economic development in remote and regional areas by using and developing local labour and expertise.

IBA developed a construction services capacity to support the Australian Government in its delivery of construction-related projects in the Northern Territory Emergency Response (NTER). Since then it has been exploring

opportunities to use this expertise to support internal commercial activities and increased Indigenous involvement in the construction industry.



Youth worker accommodation at Imanpa

# Achievements

In 2008–09, IBA completed a number of construction-related activities for the Department of Families, Housing, Community Services and Indigenous Affairs as part of the NTER. IBA made a significant contribution to NTER and introduced

Indigenous training and employment, where feasible, as a requirement in its contracts.

Table 18 sets out some of the many construction projects that IBA began or completed in 2008–09.

**Table 18: Construction projects, 2008–09**

Project	IBA's role	Outcome
HOIL display homes, Nguiu, Bathurst Island, Northern Territory	Develop design and procure construction services	Cost-effective designs were completed, drawing on the National Indigenous Housing Guide and in consultation with the community. Homes will be constructed for onselling to eligible HOIL Program clients in 2009–10.
Business precinct, Aurukun, Queensland – Cape York Welfare Reform Trial	Assist with community consultation, design development and tender documentation	Final sketch plans for the refurbishment of an existing building into a proposed business centre were provided.
Children's Services Centre and Safe House, Wadeye, Northern Territory	Manage design and construction work	Designs were developed in consultation with community and relevant government agencies.
Docker River Women's Centre, Northern Territory	Manage construction contract	Demountables were refurbished to create a women's centre in Docker River.
Houses for youth workers in Docker River, Imanpa and Finke, Northern Territory	Manage construction contract	Permanent housing was completed for Commonwealth-funded youth workers in the identified communities.
Recreation hall, Finke, Northern Territory	Manage construction contract	Two existing recreation halls were refurbished and a new recreation hall was designed and constructed.
Government staff accommodation	Manage construction contract	Delivery of staff housing to 60 remote communities for the NTER was completed. This activity provided traineeships for 8 Indigenous Australians in Alice Springs.
Houses (20) at Wadapuli and Nama, Northern Territory	Manage construction contract	Completed 20 homes, involving 2,000 hours of local community employment.

Project	IBA's role	Outcome
Houses (13) at Nguui, Bathurst Island, Northern Territory	Construct houses	Largely completed all 13 homes, using local indigenous building capacity on 8 of them.
DRIIVE – Major infrastructure and housing projects	Formed a consortium with industry experts to seek major contracts to maximise Indigenous involvement	A consortium was formed and consultations began with governments and Indigenous groups on potential projects.

In 2008–09, IBA implemented an internal management system and procedures for contract and risk management specific to its construction activities and forged new links with industry groups such as the timber industry.

In consultation with the construction industry and Indigenous groups, IBA developed housing designs for affordability, sustainability and suitability for remote communities.

## Outlook

In 2009–10, IBA will continue its involvement in the construction sector and provide Indigenous social and economic outcomes by:

- › managing the construction of four HOIL display homes in Nguui
- › developing additional affordable housing options
- › completing the Children's Services Centre and Safe House in Wadeye
- › finalising the innovative, affordable housing project in Nguui, including landscaping and carports
- › managing and delivering current construction projects to support IBA programs
- › continuing to develop new construction-related business opportunities
- › continuing to manage and deal with construction-related risk.

# GOVERNANCE AND CAPABILITY-BUILDING PROGRAMS

IBA recognises the importance of equipping its Indigenous partners with the skills they need to manage their investments and fulfil statutory and other requirements. As well as giving them board experience, it works to ensure their financial literacy and their governance capability by providing training targeted to their knowledge base. The financial literacy workshops and the Indigenous Governance Program, detailed below, cater for different levels of experience, with the knowledge gained from the workshops equipping participants with the necessary skills to move to the next level, the Indigenous Corporate Governance Training Program.

## Financial literacy

IBA engaged Accounting Comes Alive Pty Ltd to present financial literacy (MoneyTalk) workshops to IBA's Indigenous joint venture partners on a needs basis. The workshops clarify financial language and explain essential accounting principles. Subsequent workshops are structured so that participants can better understand and use their venture's financial information. Feedback from participants in the first workshop, held in June 2009, indicates that it was highly successful. See 'Good news: MoneyTalk workshops', page 87.

members of those organisations are equipped to meet the demands and responsibilities of their roles, thereby developing firmer financial foundations for their organisations.

There are six short modules and their delivery is quite flexible, depending on the needs of the participants. The modules are:

- › The Role of the Director and the Board
- › Introduction to Board Meetings and Governance
- › Introduction to Financial Statements for Directors
- › Assessing Company Performance for Directors
- › Introduction to the Strategic Role of the Director
- › Risk: Issues for Directors.

## Governance training

IBA has recognised the need for specialised corporate governance training for some of its client organisations. In 2008–09, the Australian Institute of Company Directors, in collaboration with IBA, developed the Indigenous Corporate Governance Training Program.

The program is targeted at Indigenous organisations that have been in operation for some time and are ready to take the next step into the mainstream corporate world. It focuses on ensuring that directors and board

The program was successfully piloted with the Larrakia Nation Aboriginal Corporation in the Northern Territory, and is now being rolled out to other organisations across the country. With IBA's assistance, Miriwung Gajerrong Corporation (MG Corp) in the Kimberley region of Western Australia is currently putting its directors and board members through the program.

# RESEARCH

IBA's targeted research provides an evidence base for its approach to Indigenous economic development and explores new opportunities and partnerships to increase Indigenous participation in the Australian economy.

The direction and focus of research projects that IBA undertakes or participates in is derived from the IBA Research Strategy, which involves an annual consultative process across IBA and with the IBA Executive to inform new project directions.

Once approved, research projects are undertaken in close consultation with relevant IBA business areas to ensure that they are appropriate and relevant to program research needs.

**We will achieve our vision and objective by having the right information:**

- › to develop products and services that meet the needs of Indigenous Australians and advance IBA's purpose
- › to influence broader policy development

The research projects undertaken in 2008–09 are set out in Table 19.

Over the past 18 months, IBA has been developing and testing two tools to enable it to measure the broader social and economic outcomes of its investments – a Social Return on Investment (SROI) tool and a baseline profiling tool. The SROI tool is a spreadsheet that calculates a dollar value for employment, income and dividends as outcomes of investments. The baseline profiling tool measures the impacts on the social circumstances of communities where IBA invests. The baseline tool could also be used to identify and monitor risks that may relate to the potential of an investment to deliver social and commercial outcomes.

IBA is considering beginning a one-year pilot of the SROI and baseline profiling tools in 2009–10. Its objectives would be to further refine the tools, develop best practice in their implementation, train staff to implement them, and develop a database to collect data with appropriate reporting capabilities. The pilot would involve applying the tools to five investments that represent a cross-section of active and passive investments, urban and rural investments, and established and new businesses.

**Table 19:** Research projects, 2008–09

Research project	Purpose	Outcome
Measuring the social and economic outcomes of IBA's investments	To develop practical tools to measure the social and economic outcomes of IBA's investment activity	The tools will be implemented on a pilot basis in 2009–10.
Collaborative market research partnership between the Department of Education, Employment and Workplace Relations, the Northern Territory Government and IBA	To develop a methodology that enables Indigenous people to collect, in their own communities, data for research projects and governments	The project has provided a foundation for developing the methodology which provides for self-employment and training opportunities for local Indigenous researchers.
Review of the Indigenous small business development model in Galiwin'ku in the Northern Territory	To determine the feasibility of implementing the model in other Indigenous communities	The review recommended that the five-step, grassroots Indigenous small business development model be extended to other Indigenous communities in rural and remote areas. The model will be extended to those areas in 2009–10.
Research for the development of a royalty governance support model	To support the Government's reforms to native title and how native title payments are distributed to maximise Indigenous economic benefit	This research contributed to the formulation of IBA's position on supporting native title groups. IBA's position is still under consideration and awaiting the recommendations of the Australian Government's native title review.

# MONEY TALK

## MONEYTALK WORKSHOPS

IBA, in conjunction with Accounting Comes Alive, presented the first workshop of a three-part series providing basic financial literacy and corporate governance understanding to one of its joint venture partners. The second and third workshops will be staggered throughout the year to allow practical application of the knowledge gained and will take an in-depth approach to the actual financials and issues related to each specific business.

The workshop discussed cash flow and its effect on business. Its easy-to-follow format and interactive tools helped the participants follow the flow of money around visually and physically.

The first workshop participants felt that it had helped them better understand financial reports and gave them a real concept of what the figures mean.

The MoneyTalk workshops give participants the knowledge and tools they need to participate in the Australian Institute of Company Directors Indigenous Governance Program.

# SCHOLARSHIPS

The IBA Scholarship Fund was initiated by the IBA Board in 2007–08 and introduced in 2008–09. Through the scholarships, IBA contributes to economic development in Indigenous communities by providing opportunities for mature-age Indigenous people to develop their financial knowledge and skills through education.

The IBA Scholarship Fund provides a broad range of financial assistance to assist mature-age Indigenous people to successfully complete their qualifications in economics, commerce, business or other similar disciplines. Scholarship holders,

from remote, rural or urban areas, receive comprehensive financial support to study, often away from their homes.

The first six scholarships were awarded in June 2009 (Table 20).

**Table 20:** Scholarships: Round 1 recipients

Name	Residence	Course	Institution
Ross Andrews	Cairns, Qld	Bachelor of Business	James Cook University, Qld
Leah Umbagai	Derby, WA	Bachelor of Applied Science – Indigenous Community Management Development	Curtin University, WA
Matilda Gibas	Yorke Island, Qld	Diploma of Hospitality Management	International College of Management, NSW
Sorita McGrane	Toowoomba, Qld	Diploma of Community Services – Financial Counselling	Lifeline Community Care, Qld
Jacqueline Craigie	Kalgoorlie, WA	Graduate Certificate in Management	Australian Institute of Management, Vic
Sharon Brady	Cairns, Qld	Bachelor of Commerce	Deakin University, Vic

# CARBON ECONOMY

Indigenous groups and businesses have expressed considerable interest in the potential implications of, and opportunities presented by, the Carbon Pollution Reduction Scheme (CPRS) and the emerging carbon market in Australia and have approached IBA with enquiries about the scheme.

IBA has closely monitored relevant policy and legislative developments for the commencement of the CPRS, and made a submission in response to the Australian Government's discussion paper on the scheme. In addition, as a follow-up to the interest expressed on this topic at the IBA Business Briefing in Sydney in November 2008, the IBA Business Briefing on 21 April 2009 in Coffs Harbour focused

on economic opportunities that may arise through the creation of a carbon market.

IBA is further examining and exploring a potential leadership role in developing policy, providing information, managing business risk and developing new business opportunities in the carbon economy for Indigenous Australians.

# FINANCIAL SUMMARY

This section summarises IBA's financial performance in 2008–09. For detailed information see the financial statements in Appendix E.

## Economic background

In 2008–09, the credit crisis significantly affected global financial markets and the national economy. The crisis resulted in a sharp decline in interest rates, asset valuations and commercial growth and a rise in unemployment and underemployment. IBA, however, continued to grow its net assets base through a combination of new investments and increased loan base.

## Funding

IBA's corporation income base is a combination of departmental receipts from the Australian Government and self-funded revenue. In 2008–09, IBA received \$41.508 million as equity infusion and

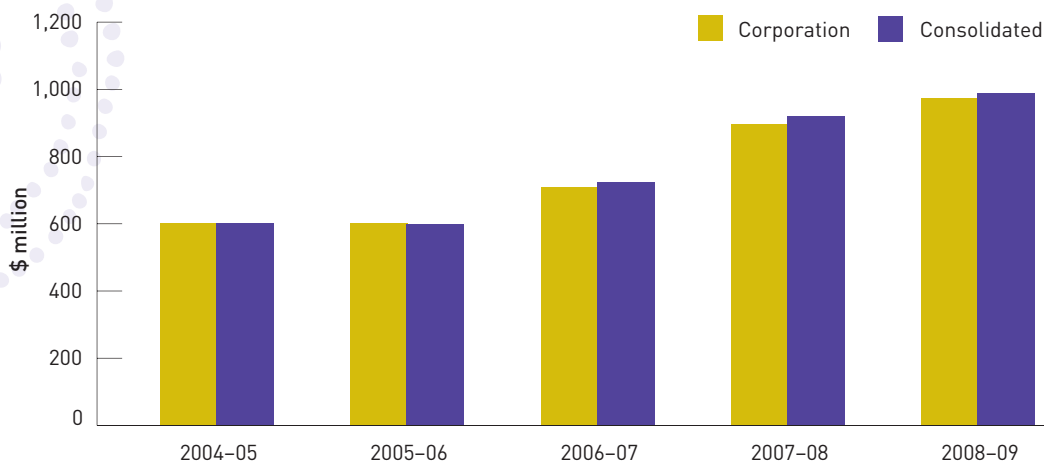
\$37.402 million as a departmental CAC Act body receipts from the Australian Government. Revenue from self-funded operations for the year amounted to \$74.441 million.

## Financial results

IBA's financial statements are presented separately consolidated with investments and for the corporation. Total consolidated assets grew by 6.3 per cent, from \$977 million in 2007–08 to \$1,039 million in 2008–09. In the same period, its net assets grew by 7.4 per cent, from \$918 million to \$986 million.

Figure 22 shows a steady accretion to IBA's net asset base over the past five years.

**Figure 22:** IBA's net asset growth



The consolidated surplus declined by \$105 million, or 77 per cent, from \$135.8 million to \$30.7 million. However, the 2007-08 result included the one-off profit of \$118 million from the sale of the Foxleigh coal mining joint venture.

**Analysis:** IBA's financial performance and balance sheet must be considered in the context of its enabling legislation, the *Aboriginal and Torres Strait Islander Act 2005* (ATSI Act) and the impact of accounting standards on financial assets valuation.

The ATSI Act provides that available funds, including interest earnings, under the New Housing Fund (NHF) must be used exclusively for housing loans. Consequently, interest earned on the NHF cannot be used for operational expenses, and must be ploughed back into new loans. Therefore, a significant quantum of the operational surplus and retained earnings attributable to NHF interest income does not form part of IBA's available cash reserves.

The accounting standards require IBA's financial assets to be valued at their fair market value. The housing and business loans portfolio are issued at concessional

rates of interest and a market valuation of the portfolio would imply discounting the value of the portfolio to equate the interest earned to market rates for comparable risk. The annual incremental discount is taken as a non-cash charge to the income statement.

**Income statement:** The corporation's surplus for 2008-09 was \$46.6 million. The corresponding consolidated surplus was \$30.7 million. The key components are as follows:

- › Funding from the Australian Government of \$37.4 million constituted 35 per cent of IBA's total revenue of \$108.2 million.
- › Reduced income from the sale of goods and services and the corresponding decrease in supplier expenses were due to the reduced volume of operations in the Constructions branch.
- › Dividend income for the year was \$9 million, significantly less than the previous year's dividend income of \$128.4 million. However, the 2007-08 dividend included a one-off distribution of profit of \$118 million from the sale of the Foxleigh coal mining joint venture.
- › Interest income from the New Housing Fund amounted to \$25 million, which was ploughed back into new loans.

- › The valuation of the combined loan portfolio resulted in a gain of \$12.8 million credited to the income statement. This was contrary to the impact in previous years, when the revaluation resulted in a decline in value charged to the income statement. The 2008–09 gain was triggered by the substantial fall in cash and market interest rates during the year, resulting in a reversal of previous years' discounts.

The net available cash surplus for 2008–09, before accounting for the NHF interest income and loan revaluation gain, amounted to \$8.8 million.

**Balance sheet:** IBA's corporation net assets increased from \$894 million in 2007–08 to \$972 million in 2008–09. The significant constituents of the corporation asset base are:

- › the market value of the combined loan portfolio (\$467 million), made up of housing loans (\$428 million) and business loans (\$39 million)
- › the market value of investments in subsidiary entities (\$166 million), associated entities (\$42 million), and term deposits and other investments (\$197 million).

Consolidated net assets increased from \$918 million to \$986 million in the same period. The consolidated assets include the market value of investment properties (\$116 million) and other non-financial assets (\$35 million).

Equity infusion for the year amounted to \$41.5 million from the Australian Government and \$1.5 million from minority equity partners.

## Outlook

IBA's net asset base is expected to grow to \$1,025 million by the end of 2009–10, funded in part by an equity infusion of \$33.2 million from the Australian Government. Total revenue is budgeted at \$99 million, made up of CAC Act body government revenue (\$38.8 million) and interest and dividend income (\$47 million). Interest rates are expected to be steady, and a gradual increase is expected in the latter half of the year.

IBA upgraded its SAP financial accounting system to the latest version (ECC 6) in 2008–09. Further functional enhancements are planned during 2009–10 to produce tighter and more analytical management accounting information.



Alexandria Physio + Pilates business owner Tim Croft

# MANAGEMENT AND ACCOUNTABILITY

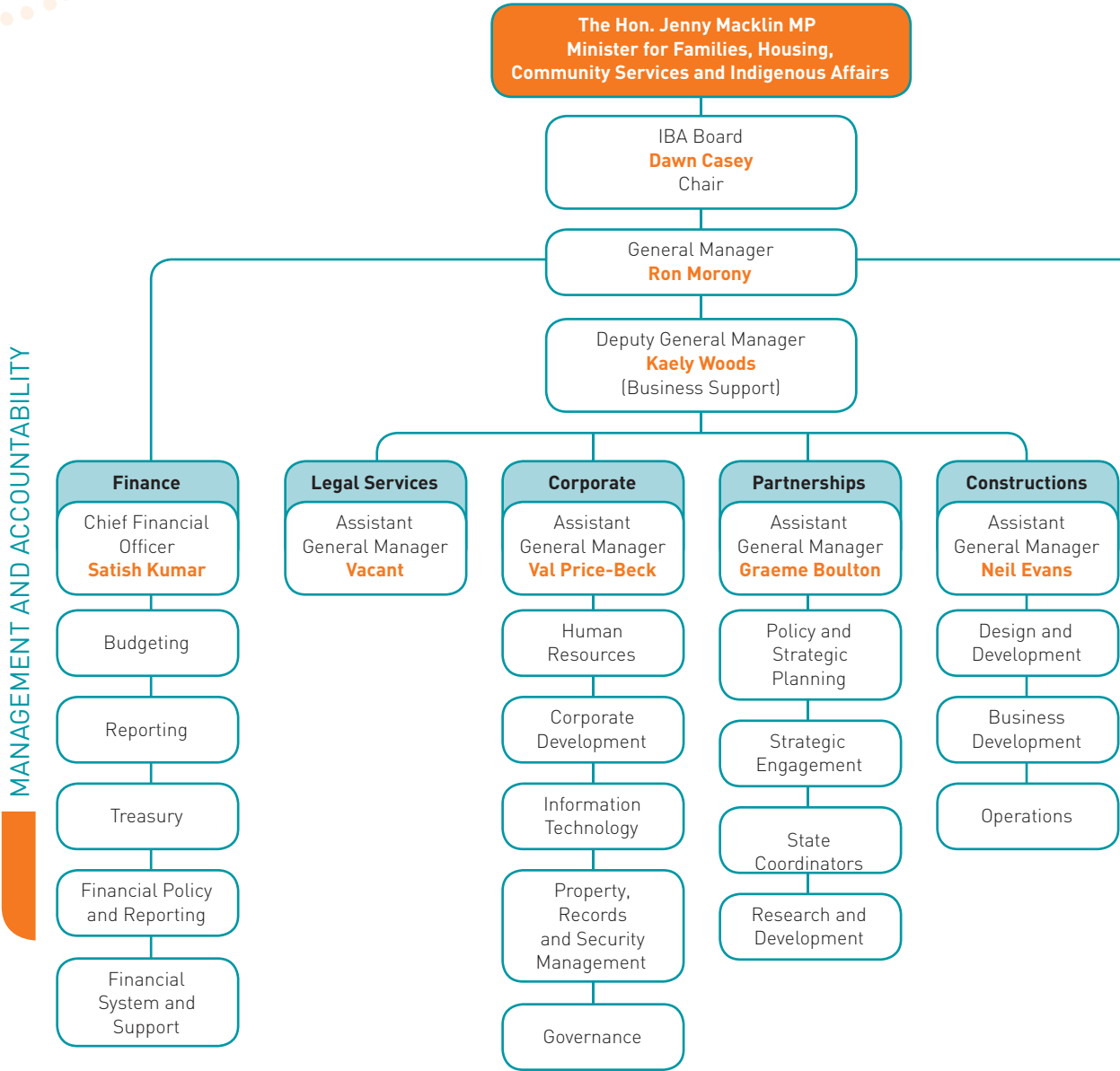


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# ORGANISATIONAL STRUCTURE

IBA's enabling legislation, the *Aboriginal and Torres Strait Islander Act 2005*, sets out specific requirements in relation to its purposes, functions and powers, as well as the responsibilities of its Board and its General Manager.

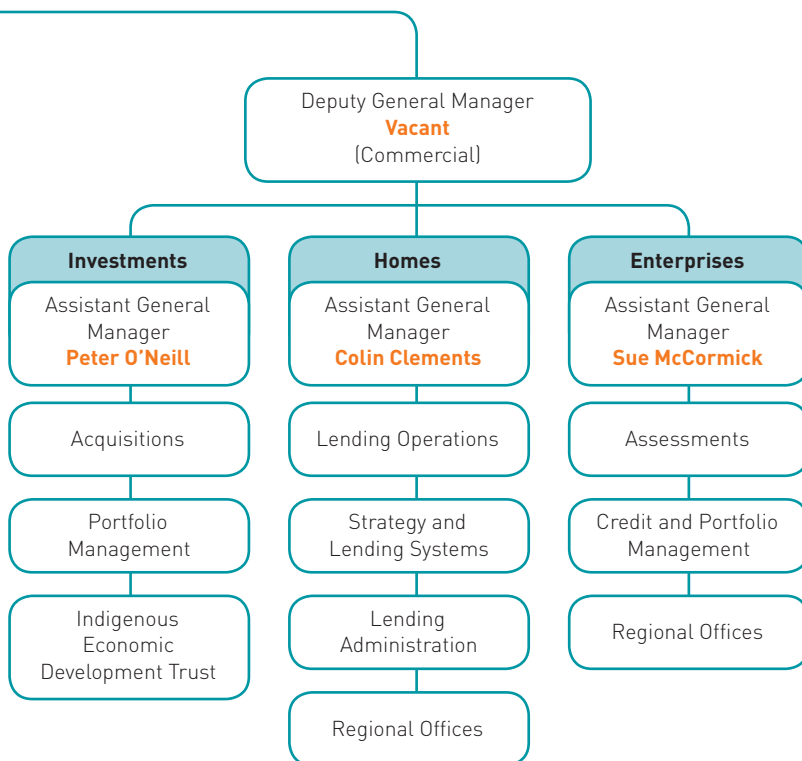
**Figure 23:** Organisational structure, 30 June 2009



The IBA Board is responsible for ensuring the proper and efficient performance of the functions of IBA and for determining IBA's policies, subject to any direction given to it by the responsible Minister.

IBA is a statutory body subject to the provisions of the *Commonwealth Authorities and Companies (CAC) Act 1997* in relation to reporting and accountability, banking and investment, and conduct of officers. Exemptions from a range of broader policies and legislation enable IBA to act commercially, consistent with its legislative charter.

IBA's General Manager is responsible for managing IBA's day-to-day administration, in line with policies determined by the Board. The General Manager is assisted by a management team, based in Canberra, who manage IBA's business activities.



At the operational level, IBA is organised into eight branches. Three branches operate as business branches responsible for delivering two programs and five branches have enabling or supporting functions (Figure 24).

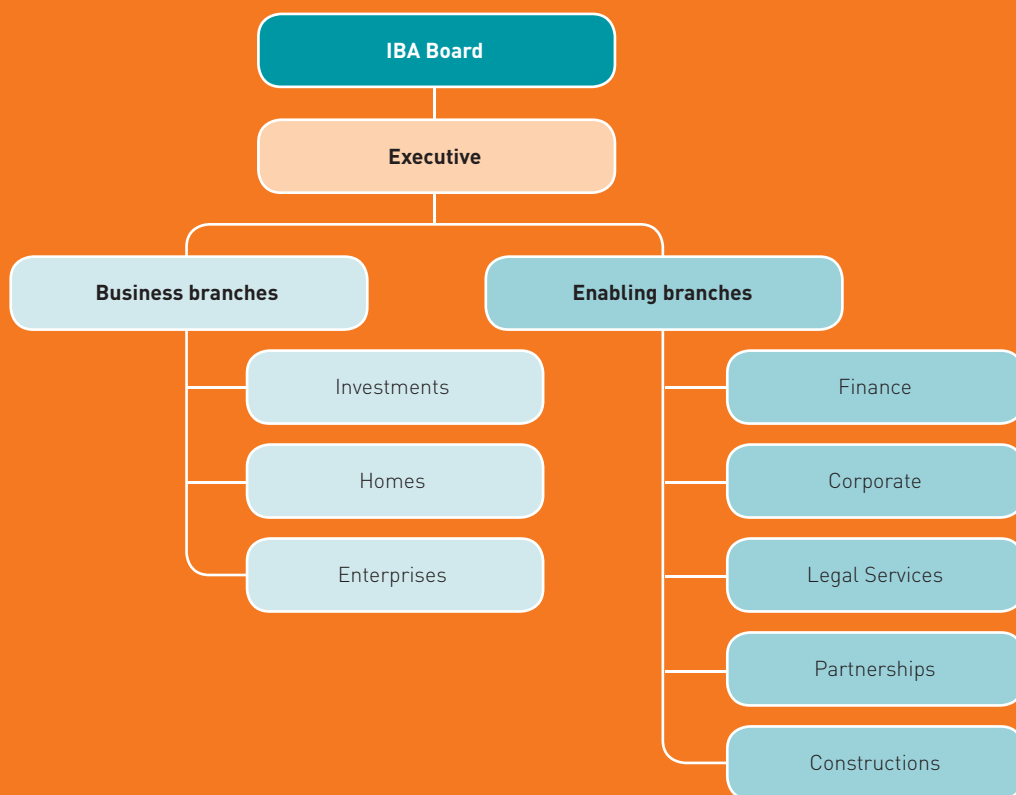
The three business branches, or program areas, correspond to output groups for the purposes of performance reporting:

- Investments delivers the Equity and Investments Program (Output Group 1.1).
- Homes delivers the Home Ownership Program (Output Group 1.2) and the Home Ownership on Indigenous Land Program (Output Group 1.4).
- Enterprises delivers the Business Development and Assistance Program (Output Group 1.3).

For a full report of the functions and performance of the business branches, see 'Performance review', pages 19 onwards. Figure 1 in that section shows the outcome and output structure.

A brief description of the responsibilities of the four branches with enabling or supporting functions follows.

**Figure 24: Operational structure, 30 June 2009**



## Finance

The Finance branch is responsible for IBA's financial management and reporting within the larger Australian Government financial framework. It is responsible for:

- › managing the financial framework of IBA and its investments
- › ensuring optimum use of IBA's financial resources
- › managing the internal and external budgeting process
- › reporting on financial matters to management
- › providing analytical support to program areas.

## Corporate

The Corporate branch supports the day-to-day functions of IBA with the following services:

- › communications and marketing
- › governance and reporting
- › ministerial liaison
- › human resources
- › information and communications technology
- › records management and office services
- › assets management.

## Legal Services

The Legal Services branch supports the IBA Board, Executive and business units with a range of legal and governance services, including:

- › providing and coordinating legal support and advice, including liaising with external legal advisers
- › advising on the legislative and policy environment affecting IBA
- › developing and maintaining precedent legal documentation
- › advising on IBA's legal, ethical and governance framework

- › handling freedom of information and Ombudsman inquiries
- › advising on internal compliance issues
- › providing company secretary services to the IBA Board.

## Partnerships

The Partnerships branch provides Indigenous economic development policy and research support services by:

- › developing high-quality policy advice, including contributing to the development of the Australian Government's Indigenous Economic Development Strategy
- › building a research capability and evidence base for Indigenous economic development decision making
- › ensuring effective engagement with key stakeholders, including state and territory governments
- › implementing and coordinating strategic projects and processes across IBA.

State Coordinators provide local networking and access to government and private sector networks to identify opportunities and proposals.

## Constructions

The Constructions branch supports IBA and other government business by providing design and construction advice and project management services.

# STAKEHOLDERS

IBA's stakeholders include its clients (past, current and potential), Indigenous groups and spokespeople, industry partners, government agencies, its staff and its Board. IBA puts great importance on its relations with its stakeholders, because it recognises the vital part they play in helping it achieve its vision of economic independence for Indigenous Australians.

**We will achieve our vision and objective by having the right relationships:**

- › with the private sector
- › with Aboriginal and Torres Strait Islander communities
- › with government

## IBA series of business events

IBA conducts Business Briefings to advance strategic discussions between Indigenous organisations, business leaders and industry representatives, government agencies and key information providers. Business Briefings provide an avenue to disseminate strategic information and to advance business and industry ideas and platforms in ways that specifically advance Indigenous economic development.

During 2008–09, IBA conducted the following Business Briefings:

- › *What the global economic crisis means for Australia's Indigenous businesses and organisations* (Sydney, 25 November 2008)

- › *An update on the global economic crisis and opportunities in the carbon economy* (Coffs Harbour, 21 April 2009).

Three separate meetings with Local Aboriginal Land Councils in NSW were held to discuss land use strategies.

As well as providing an avenue for Indigenous organisations and business leaders to make important contacts, to identify business opportunities for their organisations and communities, and to increase their knowledge and awareness of government policy, these forums also provided an avenue for Indigenous organisations to canvass with IBA opportunities for assistance in capacity building and in exploring joint venture opportunities.



**Sydney Business Briefing panelists (L–R): Mr Darryl Pike (Business Consultant), Mr Mark Rider (Chief Economist UBS), Ms Bernie Connolly (Director UBS), and Mr Greg Pawson (General Manager Commercial Banking Westpac)**

Through these forums, IBA has engaged with numerous Indigenous organisations and industry representatives, including:

- › Aboriginal Development Benefit Trust Pty Ltd
- › Argyle Diamonds
- › Australian Institute of Company Directors
- › BDO Kendalls
- › BHP Billiton Iron Ore Pty Ltd
- › BP Australia
- › Commonwealth Scientific and Industrial Research Organisation
- › Department of Climate Change
- › Department of the Environment, Water, Heritage and the Arts
- › Downer EDI
- › FMG (Fortescue Metals Group)
- › Larrakia Development Corporation
- › Leedal Pty Ltd
- › Leighton Holdings
- › Macquarie Bank
- › NSW Aboriginal Land Council and local land councils
- › Shearwater Capital Group
- › Sodexo
- › UBS
- › Wesfarmers Ltd
- › Westpac Banking Corporation.

## Stakeholder management

In 2008–09, IBA began to develop a stakeholder management plan to enable a strategic and integrated approach to stakeholder identification, engagement and management. An important element of the plan is the development of a stakeholder management database, designed to hold contact details and strategic information about IBA's key external stakeholders. The database will give IBA a central point for intelligence gathering and coordination for dealing with stakeholders. It will also allow it to actively manage its relationships with stakeholders.

## Industry partners

IBA values its relationship with the private sector and continues to nurture these relationships. Its philosophy is that it is good business to do business with Indigenous Australians and in that way all participants achieve value.

IBA's enabling legislation requires it to operate in accordance with sound business principles. Large corporations can therefore engage in commercial discussions with IBA secure in the knowledge that it understands the realities of being in business and investing for growth and profits.

**Financial institutions:** IBA continued to develop relationships with private sector lenders to encourage direct lending to Indigenous business and home loan applicants. To free up IBA capital for new business and home lending, IBA also developed pathways for existing IBA clients to transition to private lenders. In 2007–08, IBA worked with the National Indigenous Money Management Agenda, a forum convened by Reconciliation Australia to bring together private sector lenders, Indigenous organisations and government agencies; in 2008–09, IBA continued this work with the Indigenous Financial Services Network. The forum has provided a solid foundation for partnership and product development in 2009–10 and should contribute to reducing the home loan waiting list.

The successful partnership between IBA and the National Australia Bank (NAB) continued in 2008–09 and resulted in increased business support for small Indigenous businesses. Under the Indigenous Entrepreneurs Program, IBA provides clients with support for business planning, business development advice and mentoring, while NAB provides business loans (microfinance) of between \$500 and \$20,000. The loans are provided on an unsecured basis, at commercial interest rates, for terms of up to three years.

In media releases, NAB executives have indicated their support for the program and acknowledged the importance of IBA's support role:

**'We know the best way to support Aboriginal and Torres Strait Islander people in business is through an established organisation which actively promotes and engages Indigenous entrepreneurs like IBA ... Businesses which have already gained funding via the [Indigenous Entrepreneurs] Program include a bush foods cafe in Sydney, a textile designer in Cairns and a kangaroo shooter in South Australia.'** (Andrew Searle, NAB regional executive, quoted in the Blacktown Sun, 8 May 2009)

**'The Indigenous Entrepreneurs Program was created by NAB and Indigenous Business Australia and combines NAB's award-winning micro-finance loans with expert business support from IBA mentors.'** (Adam Howard, NAB regional executive, quoted in The West Australian, 22 June 2009)

**The DRIIVE consortium:** In 2008–09, IBA formed a consortium with Leighton Contractors Pty Ltd, BlueScope Steel Limited and Sinclair Knight Merz. The consortium, known as DRIIVE (Delivering Regional Innovative and Indigenous Vibrant Economies), is aimed at securing contracts to deliver residential, commercial and civil construction projects in regional and remote locations in a way that maximises skills development, employment and economic development for regional economies. Focusing initially on Western Australia, the venture expects to have a national presence.

DRIIVE came about in response to IBA's work in the construction industry over the past two years and through a realisation of the need to provide a strong commercial framework for longer-term large-scale construction activity that achieves Indigenous employment and economic development outcomes in regional and remote Australia.

The consortium represents a coalition of industry leaders capable of delivering any type of construction project. IBA and its consortium partners are committed to DRIIVE's objectives. The consortium represents a substantial opportunity to provide sustainable employment and enterprise development in the communities in which it works.

## Government

In 2008–09, IBA continued to work closely with Commonwealth, state and territory, and local government departments to increase opportunities for Indigenous economic development. IBA's collaborative approach aims to maximise Indigenous economic development outcomes from government investment, avoid duplication and ensure alignment of IBA activities with other initiatives that support sustainable long-term Indigenous development.

IBA also supports the three levels of government by providing advice and expertise on Indigenous economic development and has contributed to the development of Commonwealth and state and territory Indigenous economic development strategies.

Throughout 2008–09, IBA continued to work closely with FaHCSIA in delivering its programs aimed at furthering Indigenous economic development, such as the HOIL Program. FaHCSIA delivers complementary assistance that supports IBA in delivering the loan product that enables home ownership on Indigenous land. IBA provides support and advice to FaHCSIA in relation to land tenure and policy development considerations.

IBA continued to build on its partnership with the Department of Education, Employment and Workplace Relations (DEEWR) on Indigenous economic development projects in remote locations in Australia. Projects included the funding of an economic development officer position in Galiwin'ku and the examination of commercial models for Indigenous land and sea rangers, commencing in the Kimberley.

At the end of June 2009, IBA and DEEWR signed funding agreements to expand the five-step, grassroots Indigenous small business development model project piloted in Galiwin'ku, in north-east Arnhem Land, to five new communities and regional centres.

As the project expands, IBA and DEEWR regional staff will work closely together to ensure that the approach is tailored to each region to achieve maximum Indigenous economic development outcomes.

Collaborative work and coordination at the regional and state level is facilitated by IBA's state coordinators. They provide local intelligence and access to established networks, particularly state government ministers, departmental officials and key Indigenous groups; they identify opportunities and proposals; and they provide a coordinated management approach to key state projects.

**'This approach is about working from the ground up, with people's own aspirations and dreams... The most satisfying thing for me has been seeing people start to participate in the economy and take control of their own financial future.'**  
(Colin Tidswell, economic development consultant, Darwin)

### Government submissions:

In 2008–09, IBA provided responses to the following government and parliamentary committee requests for submissions.

- › *Australian Government's Native Title Discussion Paper.* IBA's submission set out its views on the assistance in governance and commercial development needed by Indigenous organisations in negotiations on land use, rent or royalties.
- › *South Australian Government's review of the South Australian Aboriginal Lands Trust Act 1966.* IBA's submission identified the key requirements for land tenure to permit home ownership and commercial development by Indigenous people.
- › *House of Representatives Standing Committee on Aboriginal and Torres Strait Islander Affairs inquiry into the development of Indigenous enterprises.* IBA's submission indicated that while much has been done to support Indigenous enterprise development, much still needs to be done, particularly around private investment, business support, and skills development.
- › *House of Representatives Standing Committee on Aboriginal and Torres Strait Islander Affairs inquiry into community stores in remote Aboriginal and Torres Strait Islander communities.* IBA's submission reflected on IBA's experience over the course of establishing its Outback Stores subsidiary.
- › *Australian Government's Carbon Pollution Reduction Scheme Green Paper.* IBA's submission emphasised the need for the scheme to take into account the impacts of climate change and carbon pricing on Indigenous Australians while at the same time maximising the potential opportunities for their economic inclusion as a result of the scheme.



## EMPLOYEES

In 2008–09, after three years of rapid expansion and development, IBA focused on consolidating its human resources systems, policies and processes.

In September 2008, a staff conference brought employees from across Australia together to hear directly from their leaders, and each other, about IBA's values, plans and expectations. After the conference, program areas discussed how to streamline service delivery to clients and build skills to improve quality and timeliness.

### Attracting and retaining staff

A major activity in 2008–09 was the development of a new Collective Agreement to replace Australian Workplace Agreements and update salaries and conditions. The labour market has remained tight, particularly in Canberra, and it was important for the new Collective Agreement to include conditions that would be attractive to potential employees and retain skilled and experienced employees, including those approaching retirement and women during child-rearing years.

At the same time, IBA's employment conditions and staff management practices must continue to reflect its commercial business focus, and the new Collective Agreement strengthens IBA's performance culture by making all future pay rises and advancement dependent on fully effective performance and continuing skills development.

Learning and development opportunities for employees included programs to build business skills and enhanced management and leadership activities. Online tools supported by coaching were used intensively to build business and financial analysis skills. Leadership and management skills



Cairns office staff (L-R):  
Rose Sergeant, Trevor Brook, Paul Hynes,  
Erik Oates and Michelle Cochrane



Douglas Pungana, runner up finalist for the 2009 ACT Aboriginal and Torres Strait Islander Student, Trainee or Apprentice of the Year award



## INDIGENOUS TRAINEE: DOUGLAS PUNGANA

In October 2008, 22-year-old Douglas Pungana commenced a traineeship in Canberra with IBA. Until then, Douglas had lived with his family in Port Hedland, 1,761 kilometres from the nearest capital city, Perth, and 5,000 kilometres from Canberra.

Through the Indigenous Youth Mobility Program (IYMP), Indigenous young people (aged 16-24) from remote areas, like Douglas, can be supported to complete qualifications they need to obtain sustainable employment.

With the assistance of IYMP and Indigenous Success Australia, Douglas began his studies for a Certificate II in Business Administration and a traineeship with Regional Group Training, hosted by IBA. He has completed his Certificate II and is now working towards his Certificate III, which he hopes to complete early next year.

A good traineeship is often measured by its ability to complement studies with on-the-job experience. So far, the experience has been good for Douglas, who says of

his work-study experience, 'My Certificate in Business Administration combined with the experience of working in the public sector is a great stepping stone for me.'

In Canberra, Douglas feels more homesick than he cares to admit, but he says, 'My dad was really supportive of me taking up this opportunity. The thought of living in our nation's capital city and the opportunity to do something good for me and to make my family and myself proud in what I can achieve was what motivated me.'

Keen to continue a career with IBA once his traineeship is complete, Douglas recalls his first days of work. 'I thought, 'Wow, this place called IBA actually helps us Indigenous people get home and business loans. Man, that's so cool.'

Douglas is making the most of his career opportunities and was recently a finalist in the Aboriginal and Torres Strait Islander Student, Trainee or Apprentice of the Year category at the 2009 ACT Training Excellence Awards. His story is inspiring to his family and colleagues.

were the focus of a series of Leadership Lunches, together with leadership capability profiling, and creation of learning teams. Extended performance management training was provided to managers from across IBA. Team building workshops were conducted in many regional offices during 2008.

## Indigenous Employment Strategy

IBA's Indigenous Employment Strategy, which was approved in June 2008, includes increased funding for special Indigenous recruitment initiatives. Three new cadets and two graduates were engaged under the strategy in 2008–09, and total Indigenous employment increased to 24 per cent of employees. IBA is also hosting two Indigenous trainees in Canberra and hopes to boost these initiatives in 2009–10.

As outlined in IBA's 2007–09 Reconciliation Action Plan, IBA provides new and existing employees with cultural awareness training to strengthen their understanding of the social, historical and environmental factors that affect its employees, clients and partners.

## Staff profile

IBA staff numbers grew by 8 per cent in 2008–09, and at 30 June 2009, it employed 242 staff across Australia (Table 21). The rate of growth was significantly lower than in previous years.

IBA employees are located in all states and territories, with almost 56 per cent employed in the national office in Canberra. An increasing number of senior positions are located in Sydney, Brisbane and Perth, as new members of the acquisitions team seek business opportunities across Australia.

**Table 21:** IBA staff numbers, by classification and location, 30 June 2009

Classification	State/territory								Total
	ACT	NSW	NT	Qld	SA	Tas	Vic	WA	
General Manager	1	0	0	0	0	0	0	0	1
Deputy General Manager	1	0	0	0	0	0	0	0	1
Assistant General Manager	8	0	0	0	0	0	0	0	8
IBA Level 7	18	3	1	3	0	0	0	2	27
IBA Level 6	33	5	0	1	0	0	0	0	39
IBA Level 5	26	7	4	11	3	0	2	6	59
IBA Level 4	23	7	3	12	2	0	2	7	56
IBA Level 3	15	4	1	5	2	1	1	1	30
IBA Level 2	6	1	1	1	1	0	0	1	11
IBA Level 1	4	0	0	1	0	0	0	0	5
Cadet	0	1	0	3	1	0	0	0	5
<b>Total</b>	<b>135</b>	<b>28</b>	<b>10</b>	<b>37</b>	<b>9</b>	<b>1</b>	<b>5</b>	<b>17</b>	<b>242</b>

# CORPORATE GOVERNANCE

The IBA Board reports to the Minister for Families, Housing, Community Services and Indigenous Affairs. The Board recognises the importance of sound governance principles and practices to ensure that IBA meets its objectives. This includes the processes by which IBA is directed, controlled and held to account and, in particular, the policies, structures and processes to meet its objectives and its legal and other responsibilities.

**We will achieve our vision and objective by having the right business processes:**

- › to display good corporate governance
- › to provide a framework of accountability
- › to enable business to be carried out in an efficient and effective manner

The Board recognises the following governance principles to:

- › establish and disclose the respective roles and responsibilities of the Board and management
- › efficiently and effectively exercise key Board functions, including ethical and responsible decision making

- › exercise sound Board governance processes to facilitate achievement of IBA objectives
- › strive for continuous improvement in Board and IBA processes.

The Minister, the IBA Board and management have distinct roles in IBA's corporate governance.

## ENABLING LEGISLATION

IBA's enabling legislation is the *Aboriginal and Torres Strait Islander Act 2005* (ATSI Act), which details the purpose and functions of IBA.

IBA is a statutory corporation established for a public purpose and to hold money in its own account. It was created to assist and enhance the economic advancement of Aboriginal and Torres Strait Islander peoples, mainly by facilitating Indigenous equity in sound commercial ventures.

IBA's enabling legislation requires it to accumulate and use a substantial capital asset, to engage in commercial activities and to promote and encourage Aboriginal and Torres Strait Islander self-management and economic self-sufficiency.





# RESPONSIBLE MINISTER

The Hon. Jenny Macklin MP, the Minister for Families, Housing, Community Services and Indigenous Affairs, was the responsible Minister for all of the reporting period.



This report has been prepared for the Minister in accordance with the requirements of the ATSI Act, the CAC Act and the CAC (Report of Operations) Orders.

In accordance with the ATSI Act, the Minister is responsible for appointing the IBA Chair and Directors, notifying government policies, giving directions if required and reviewing Board performance.

## CORPORATE PLAN

Section 149 of the ATSI Act requires the Board to prepare a corporate plan setting out a statement of IBA's objectives and outlining the strategies and policies that the Board intends to adopt to achieve those objectives, with particular reference to its intentions in relation to investments, loans, guarantees and other financial aspects of its operations. It also provides for IBA to review the plan regularly.

IBA's Corporate Plan 2008–13 was developed by the Board in July 2008 through a process of planning and discussion to set a direction

for the period of the plan. It is available on the IBA website.

## BOARD

The IBA Board consists of a Chair, a Deputy Chair and seven other members. The Chair and at least four other directors must be Aboriginal persons or Torres Strait Islanders. The Board is appointed by the responsible Minister, who must be satisfied that directors have experience in industry, commerce or finance or in Aboriginal or Torres Strait Islander community life or enterprises. In addition, the Minister must consult IBA about a suitable appointee whenever there is, or is expected to be, a vacancy. The role of the Chair is to ensure that the Board accomplishes its functions and responsibilities in accord with the ATSI Act.

The position of Chair was vacated on Mr Joseph Elu's retirement in March 2008. Mr Bob Blair acted as Chair from March 2008 until 29 June 2009, when

Dr Dawn Casey was appointed Chair. The composition of the Board in 2008–09 is set out in Table 22. All directors are non-executive directors.

**Table 22:** Board members, 2008–09

Name	Position	No. of years on the Board
Dr D Casey <sup>a</sup>	Chair	0
B Blair <sup>b</sup>	Deputy Chair	11
L Armstrong	Director	8
J Boddington	Director	8
P Collins	Director	3
J Hardy	Director	5
G Reynolds-Adamson <sup>c</sup>	Director	3
I Trust	Director	6
P Thomas	Director	2

a Dr Casey was appointed Chair on 29 June 2009.

b Mr Blair was the Acting Chair from 1 July 2008 to 29 June 2009.

c Ms Reynolds-Adamson's term ended on 9 May 2009.

## Role

As detailed at section 156 of the ATSI Act:

**'It is the responsibility of the Indigenous Business Australia Board, subject to any direction from the Minister under section 151, to ensure the proper and efficient performance of the functions of Indigenous Business Australia and to determine the policy of Indigenous Business Australia with respect to any matter.'**

Directors have an individual responsibility to ensure that the Board is undertaking its role in accordance with the ATSI Act and CAC Act.

The Board achieves this by requiring financial reports and regular reports on risk management, occupational health and safety, environmental and legal issues. It also considers all major financial decisions and meets at least once a year to consider policy and planning directions for IBA. At each board meeting, Directors discuss and note any new and emerging risks to IBA.

The IBA Board held six meetings in 2008–09 (Table 23).

The Board completes an annual compliance report, which it submits to the Minister for Finance and the responsible Minister. The report asserts IBA's compliance with the CAC Act and related Regulations and Orders.

## Directors' profiles

Details of all members serving on the Board during 2008–09 follow.



### Dr Dawn Casey Chair

First appointed 29 June 2009 for five years

Dr Dawn Casey's role as Chair is in addition to her full-time role as the Director of the Powerhouse Museum. Dr Casey was the Chief Executive Officer of the Western Australian Museum from 2005 to 2007. She is widely known nationally and internationally for her work as the Director of the National Museum of Australia. She was responsible for the construction and development of the museum, which opened as a Centenary of Federation project in 2001.

Dr Casey managed the transition of the museum from an organisation of some 40 staff with an annual budget of \$4 million to a fully operational museum with 210 paid staff, 200 volunteers, an annual budget of \$43 million and approximately two million visitors within the first two and half years of opening.

Dr Casey has made a major contribution to Indigenous policies and programs and to Australia's cultural heritage nationally. As a senior executive in the Department of Prime Minister and Cabinet, she had responsibility for establishing the Council for Aboriginal Reconciliation and for initiating the joint Commonwealth–state response to the Royal Commission into Aboriginal Deaths in Custody.

As Assistant Director General, AusAID, Dr Casey's responsibilities included multilateral development banks, the United Nations, the World Health Organisation and other international programs.

Dr Casey has represented Australia internationally on the Development Board for Commonwealth Countries and the Global Environment Facility and on various United Nation delegations.

Dr Casey is currently an Adjunct Professor at the University of Queensland, Griffith University and Murdoch University and serves on a number of other university boards and committees.

Dr Casey's awards for achievement include:

- › Honorary Fellow of the Australian Academy of the Humanities
- › Honorary Doctorate of Arts, Charles Sturt University
- › Honorary Doctorate of Philosophy, University of Queensland
- › Australia Day Public Service Medal
- › Centenary of Federation Medal
- › Centenary of the Australian Public Service Medal
- › Commonwealth Public Service Australia Day Medals (1985, 1988 and 1996)
- › The Clem Cummings Award from the Australian Institute of Architects.



**Mr Bob Blair**

## Deputy Chair

First appointed 3 July 1998

Reappointed 25 August 2006 for three years

Mr Blair has an extensive business background as the administrator of the Dreamtime Cultural Centre in Rockhampton, Queensland.

His awards for achievement include:

- › Centenary Medal
- › Leadership in Management from the Australian Institute of Management, 2008
- › Honorary Master of Business Administration, Central Queensland University, 2008
- › Queensland Veteran Golf Champion, 2008.

Mr Blair's military awards include:

- › Australian Active Service Medal
- › Vietnam Medal
- › Australian Service Medal
- › Defence Force Service Medal
- › National Medal
- › Australian Defence Medal
- › Vietnam Star.



**Ms Leah Armstrong**

## Director

First appointed 19 March 2001

Reappointed 19 May 2007 for three years

Ms Leah Armstrong is a foundation member, who for many years was the Executive Director of Yarnteen Ltd, a not-for-profit Indigenous organisation based in New South Wales.

For 17 years, Ms Armstrong ensured that Yarnteen was an effective commercial organisation with strong governance, strategic direction and financial accountability.

Ms Armstrong brings to the IBA Board valuable knowledge of the issues that communities face when taking the path of economic development.

Other directorships and committee appointments include: non-member director of NTSCORP in New South Wales, Director of the Australian Indigenous Minority Supplier Council, member of the National Policy Commission on Indigenous Housing, and board member of the Hunter Region Sports Venue Authority.



**Ms Jenny Boddington**

## Director

First appointed 19 March 2001  
Reappointed 19 May 2007 for three years

Ms Boddington holds a Masters degree in Metallurgy, Economics and Industrial Management from Oxford University and is a member of the Australian Institute of Company Directors.

As the Head of Risk and Operations at QBE Lenders' Mortgage Insurance Limited (QBE LMI), Ms Boddington is responsible for credit policy, underwriting, claims and technology. QBE LMI is one of the leading providers of mortgage insurance to the lending industry in Australia, New Zealand and Asia and has played a major role in assisting home ownership over the past 40 years. Ms Boddington also holds various private board directorships.

Before joining QBE LMI, Ms Boddington spent 20 years in the investment banking sector, where she advised companies on acquisitions, divestments, listings and capital raisings.

While a director of the private equity arm of Deutsche Bank, she made and managed investments on its behalf in a variety of Australian industrial and infrastructure operations.



**Ms Priscilla Collins**

## Director

First appointed 30 September 2006 for three years

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

As the CEO of the North Australian Aboriginal Justice Agency, which provides high-quality and culturally appropriate legal aid services for Indigenous Australians in the Top End, Ms Collins is fully engaged in pursuing the rights of Indigenous Australians 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 the executive producer and creator of *Double Trouble*, the first Indigenous children's television series produced for an Australian commercial television network.



## Ms Judy Hardy Director

First appointed 9 August 2004  
Reappointed 9 August 2006 for three years

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 and homelessness.



## Ms Gail Reynolds-Adamson Director

First appointed 10 May 2006 for three years  
Ms Reynolds-Adamson's term as a Director of IBA ended on 9 May 2009

Ms Reynolds-Adamson is an owner/director of Kepa Kurl Enterprises Pty Ltd, a private, locally owned Aboriginal tourism company based in Esperance, Western Australia. Kepa-Kurl operates two tour companies and an Aboriginal art gallery and gift shop.

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 (subsequently Newmont Mining) and the National Manager of Telstra's Aboriginal and Islander Unit.

She is currently a Tourism Western Australia (TWA) Commissioner and chairs a TWA subcommittee promoting Aboriginal business development in tourism. She is also a board member of Indigenous Community Volunteers.



## Mr Ian Trust Director

First appointed 31 November 2003  
Reappointed 1 December 2007 for three years

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

For nine years, Mr Trust was Chairperson of the Aboriginal and Torres Strait Islander Commission (ATSIC) Wunan (Kununurra Region) Regional Council. For two years, he was Zone Commissioner for the Kimberley.

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.



## Mr Peter Thomas Director

First appointed 24 September 2007 for three years

Mr Thomas is based in Sydney, where he is a director of TFG International, a boutique consulting and advisory firm offering high-level strategic advice to both the public and private sectors.

Mr Thomas has a Commerce degree from Melbourne University and is a fellow of the Institute of Chartered Accountants, having been a partner with a Big Four firm for almost 25 years.

He is also a board member of Innovation Australia, an Australian Government entity, and a director of a number of private sector companies.

On a pro bono basis, Mr Thomas sits on the boards of a number of not-for-profit organisations.

Mr Thomas brings years of commercial experience to the Board together with a commitment to advancing Indigenous business and economic self-sufficiency.

## Committees

Three committees assist the Board to exercise its functions: the Audit and Risk Committee, the Scholarship Committee and the Remuneration Committee. A charter details the constitution, responsibilities, functions, reporting and administrative arrangements of each committee.

The IBA Board established the Audit and Risk Committee in compliance with section 32 of the CAC Act. It provides independent assurance and assistance to the Board on IBA's risk, control and compliance framework, and its external accountability responsibilities.

The Scholarship Committee oversees and manages the IBA Scholarship Fund in line with the principle of fostering commercial

and economic education for Indigenous people, including the selection of successful scholarship recipients according to the published selection criteria.

The Remuneration Committee reviews and assesses the performance of the General Manager against the key performance criteria determined by the Board, recommends any performance bonuses payable in respect of each financial year, and considers remuneration issues as they arise. The committee held two meetings in 2008–09.

Other committees may be formed from time to time with specific terms of reference.

The attendance record of directors at board and committee meetings is set out in Table 23.

**Table 23:** Board and committee meetings, attendance, 2008–09

Member	Board	Audit and Risk Committee <sup>c</sup>	Scholarship Committee	Remuneration Committee
B Blair	6 (6)	7 (7) <sup>a</sup>		2 (2) Chair
L Armstrong	5 (6)			2 (2)
J Boddington	6 (6)			
P Collins	6 (6)			
J Hardy	6 (6)	7 (7)	1 (1)	
G Reynolds-Adamson <sup>b</sup>	4 (4)			
I Trust	6 (6)		1 (1) Chair	
P Thomas	6 (6)	7 (7) Chair		
J Morison <sup>c</sup>		5 (7)		
K Woods <sup>d</sup>			1 (1)	
G Boulton <sup>d</sup>			1 (1)	

a Mr Blair was Chair of the Audit and Risk Committee from 1 July 2008 to 31 December 2008; Mr Thomas was Chair from 1 January 2009 to 30 June 2009.

b Ms Reynolds-Adamson's term ended on 9 May 2009.

c Ms Morison was appointed by the IBA Board as an independent member of the Audit and Risk Committee.

d Ms Woods and Mr Boulton are from IBA management.

Note: Figures in parentheses denote the maximum number of meetings that could have been attended.

## Board development and review

Ongoing development of directors is vital to the continuing improvement of the organisation as a whole. Therefore, directors are required to update their knowledge continually to attain the levels of competence demanded of them. New Board members undertake an informal induction process with key staff and are provided with a briefing pack.

The Board considers that the evaluation of its own performance and that of the General Manager is fundamental to establishing a culture of performance and accountability throughout IBA. As a result, the Board regularly reviews the performance of its directors and IBA's General Manager.

## Remuneration and disclosure of interests

The Board has agreed to guidelines for managing directors' conflicts of interest, including material personal interests, in line with the requirements of the CAC Act. Directors must not allow personal interests, or the interests of any associated person or organisation, to influence their conduct or their duty to act in IBA's best interests. Directors are required to disclose any personal interests and not take part in decisions involving any material personal interests without the Board's approval or the Minister's informed consent. The declaration of any personal interests, and the management of those interests, is recorded in the minutes of the meeting.

As part of preparing the annual financial statements, directors must formally declare and confirm the details of any transactions between them and IBA or its controlled and associated entities.

Directors of IBA are entitled to remuneration and allowances in accordance with section 194 of the ATSI Act.

Details of directors' remuneration and interests are set out in notes 13 and 14 of the financial statements (Appendix E).

## Access to information and outside advice

Directors have access to all information, including previous agenda papers, necessary to perform their duties. Directors may seek outside professional advice if they believe it is necessary for fulfilling their due diligence responsibilities.

## 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.

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

The cost of directors' and staff indemnity insurance for 2008–09 was \$21,830.

# ROLE OF MANAGEMENT

Under the ATSI Act, the IBA Board is responsible for appointing the General Manager. The General Manager is responsible for managing the day-to-day administration of IBA in line with the policies determined, and directions given, by the Board in writing.

The General Manager is supported by the IBA management team (the deputy general managers, assistant general managers and managers). The General Manager has authorised the deputy general managers and assistant general managers to implement policies approved by the Board through program procedures and other controls.

The ATSI Act empowers the General Manager to appoint staff to perform IBA's functions and exercise its powers. The

General Manager has the power to approve General Manager's Instructions, guidelines, procedures and processes (including the establishment of management committees) to manage the day-to-day administration of IBA. The General Manager and IBA staff must adhere to the IBA Code of Conduct for IBA staff and the General Manager must disclose any direct or indirect pecuniary interests to the Minister and the Chair.

# RISK MANAGEMENT, FRAUD AND INTERNAL AUDIT

Risks must be identified at an early stage, assessed and then mitigated if IBA is to be successful in meeting its objectives.

The IBA Risk Management Framework provides IBA with an integrated and structured process to identify risk exposure across its activities and to provide an assurance that its exposure is adequately controlled and addressed. The Risk Management Plan outlines the Business Risk Register and key strategies to address business risks. In addition, the Business Continuity Plan and the Fraud Control Plan are important components of the Risk Management Framework.

The Audit and Risk Committee is responsible to the Board for the ongoing monitoring and review of the adequacy of the risk management framework and fraud control plan, including the actions agreed to in the

Risk Management Plan. The Committee is also responsible for reviewing IBA's internal audit program.

The IBA Code of Conduct and Values require staff to maintain appropriate ethical standards. The IBA Fraud Control Plan is in line with the Commonwealth Fraud Control Guidelines. It includes a fraud risk assessment and appropriate fraud prevention, detection, investigation and reporting procedures.

# SERVICE CHARTER

IBA's Service Charter incorporates all programs within the IBA portfolio and gives information about IBA's approach to service delivery, including:

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

The IBA Service Charter is available on the IBA website.

IBA has in place a process for the handling of complaints.

## MINISTERIAL DIRECTIONS AND GENERAL POLICIES OF GOVERNMENT

During 2008–09, the Minister made no directions to IBA under section 151 of the ATSI Act.

The Minister has given IBA an exemption from the requirement to comply with the general policies of government in relation to the following:

- › Australian Government property ownership
- › cost recovery
- › foreign exchange risk management
- › the National Code of Practice for the Construction Industry.

Although exempted from complying with some aspects of foreign exchange risk management, IBA is required to report foreign exchange exposures, gains and losses to the Department of Finance and Deregulation.

# FREEDOM OF INFORMATION

Appendix C details IBA's Freedom of Information requests handled in 2008–09 under the *Freedom of Information Act 1982* (FOI Act).

## Organisation and functions

IBA is part of the Families, Housing, Community Services and Indigenous Affairs portfolio. Information about the portfolio can be found on the Department of Families, Housing, Community Services and Indigenous Affairs website, [www.fahcsia.gov.au](http://www.fahcsia.gov.au). Information about IBA, including its role and its approach to it, can be found in the 'About IBA' section of this report and on the IBA website, [www.IBA.gov.au](http://www.IBA.gov.au).

## Decision-making powers

The IBA Board and the IBA General Manager may exercise decision-making powers under the following Acts, or parts of Acts:

- › *Aboriginal and Torres Strait Islander Act 2005*
- › *Commonwealth Authorities and Companies Act 1997*.

## Arrangements for outside participation

Members of the public are able to make representations in writing to IBA about a range of policies, the administration of IBA and other matters. IBA provides:

- › a FreeCALL™ phone line and email address
- › timely information to clients to give them the opportunity to raise any concerns
- › opportunities for stakeholder engagement
- › instructions on how to make complaints in its Service Charter.

## Documents held

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

- › briefs, submissions and reports
- › administration documents from areas such as human resources, finance, property management and resource management
- › documents relating to the provision of IBA-specific services, including individual case files and papers
- › separate records of Board and management meetings, such as agendas and minutes
- › general correspondence and associated categories of documents according to subject matter
- › ministerial, interdepartmental and general correspondence
- › internal administration papers
- › IBA policy documents and procedures
- › copies of instruments of delegations, contracts and deeds
- › requests for external 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.

## How to lodge a Freedom of Information request

A request for access to documents in accordance with the FOI Act must be made in writing and include an address in Australia to which notices can be sent. Before processing of an application can commence, a \$30 application fee must be received in respect of any request made under the FOI Act. In certain circumstances, such as financial hardship or if the release of the document in question is in the general public interest, the fee may not be required or may be remitted.

If applicants are dissatisfied with a decision made under the FOI Act, they may apply for

an internal review of the decision. Requests for internal review are subject to a \$40 application fee, which must accompany the request. Applicants can seek to have this fee remitted in accordance with the provisions of section 30A of the FOI Act.

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

Requests for access to documents under the FOI Act should be sent to:

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

## JUDICIAL DECISIONS AND REVIEWS BY OUTSIDE BODIES

No judicial decisions or decisions of administrative tribunals during 2008–09 had, or may have, a significant effect on the operations of IBA.

During 2008–09, IBA did not receive any reports on its operations from the Auditor-General or the Commonwealth Ombudsman.

The following reports were released by parliamentary committees and other bodies:

- House of Representatives Standing Committee on Aboriginal and Torres Strait Islander Affairs report, *Open for business: developing Indigenous enterprises in Australia* (October 2008). IBA is awaiting the government response to the report.

- Steering Committee for the Review of Government Service Provision's report, *Overcoming Indigenous disadvantage: key indicators 2009*. This report, the fourth in a series commissioned by heads of Australian governments in 2002, demonstrates that increases have occurred in Indigenous employment, incomes and home ownership over the periods covered by the past two censuses.

## PRIVACY

IBA collects, uses and records personal information in accordance with the Information Privacy Principles of the *Privacy Act 1988*. During 2008–09, 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* (ATSIA Act) enables IBA to engage specialist consultancy services when skilled expertise unavailable within IBA is needed or when independent advice is required.

The terms and conditions on which consultants are engaged are as determined by the Board in writing. IBA is not subject to the *Commonwealth Procurement Guidelines* and engages consultants in accordance with the requirements of an IBA General Manager's Instruction on Procurement.

Consultants are distinguished from other contractors by the nature of the work they perform. A consultant is an individual, a partnership or a corporation engaged to provide professional, independent and expert advice or services. Section 189(2) of the ATSIA

Act requires IBA to include in each annual report particulars of consultants engaged under section 178. Appendix B, which draws on the terminology in the *Commonwealth Procurement Guidelines*, includes all consultancy contracts let by IBA.

During 2008–09, 205 new consultancy contracts were entered into involving total actual expenditure of \$2,181,940. In addition, 55 ongoing consultancy contracts were active during the 2008–09 year, involving total actual expenditure of \$114,633.

## ENVIRONMENTAL PERFORMANCE AND ECOLOGICALLY SUSTAINABLE DEVELOPMENT

Section 516A of the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act) requires Australian Government organisations to include in their annual report a section detailing their environmental performance and their contribution to ecologically sustainable development. IBA is committed to the development of a strong environmentally responsible culture, and promoting and supporting environmentally sustainable practices by all employees and associated contractors. In doing this, IBA is committed to the principles of ecologically sustainable development (ESD) as detailed at section 3A of the EPBC Act. Table 24 details IBA's ESD activities. It addresses the requirements of section 516A(6) of the EPBC Act.

**Table 24:** IBA's compliance with EPBC Act, section 516A

ESD reporting requirement	IBA response
How IBA's activities accorded with the principles of ESD	<p>IBA has established a working Environmental committee that promotes ESD activities in IBA. The objectives of the committee are to:</p> <ul style="list-style-type: none"> <li>› assist the Board and General Manager in establishing the strategic direction for environmental management</li> <li>› assist the Board and General Manager in discharging obligations with respect to environmental issues</li> <li>› provide a forum for communication between the Board, Executive and staff on environmental issues</li> <li>› monitor the effectiveness of IBA's environmental performance.</li> </ul> <p>A draft Environmental Policy has been prepared by the committee for consideration by the IBA Board.</p>
Outcomes contribute to ecologically sustainable development	IBA's single appropriations outcome has no ESD implications.
Activities that affect the environment	<p>There are a range of opportunities to reduce the environmental impact within IBA's national office and regional offices and specific IBA program activities.</p> <p>IBA is examining and exploring a potential leadership role in policy development, information provision, management of business risk and the development of new business opportunities in the carbon economy.</p>
Measures taken to minimise the effect of activities on the environment	<p>IBA uses an Environmental Management System to identify and manage any potential environmental impacts, particularly within its procurement activities. There is also an environmental management plan for each construction activity.</p> <p>IBA encouraged staff to implement double-sided printing, paper recycling and reuse of printer toner cartridges. It also recycled all superseded mobile phones, computer monitors and computers.</p> <p>IBA prepared a draft Procurement General Manager's Instruction that requires staff to consider environmental impacts when procuring goods or services.</p>
Mechanisms for reviewing and increasing the effectiveness of measures to minimise the impact of activities on the environment	The Environmental committee has identified a number of metrics to monitor IBA's environmental improvement in the workplace (such as electricity usage, paper usage, consumables, and staff travel). IBA is committed to continual improvement in the management of its environmental performance.

# OCCUPATIONAL HEALTH AND SAFETY

In line with section 74 of the *Occupational Health and Safety Act 1991*, IBA consulted employees to develop its health and safety management arrangements to include cooperative measures to promote health and safety at work, consultation and review processes, dispute resolution, risk management and training, to meet the September 2008 legislative deadline. The Health and Safety Committee met seven times during the year. It finalised the first series of annual workplace hazard inspections, reviewed policies on first aid, fitness for duty and rehabilitation, and audited compliance with IBA's policies on working alone and in remote areas. Safe Work Week and Walk to Work Day were supported, and the Global Corporate Challenge 2008 included eight IBA-sponsored teams (56 employees), with 79 per cent of participants reporting an increase in energy, 83 per cent reporting an increase in fitness and 75 per cent reporting a weight loss. Twenty incident or hazard reports were submitted during 2008–09 with two resulting in Comcare claims.

## Workers compensation

IBA's 2008–09 workers compensation premium for 2008–09 was set at 0.67 per cent of salary and wages and was reduced to 0.62 per cent as a result of IBA's performance in claims management (0.36 per cent in 2007–08, reduced from the original premium of 0.42 per cent). The Australian Public Service average was 1.36 per cent (1.55 per cent in 2007–08).

## Comcare investigations

No investigations relating to IBA were carried out by Comcare in 2008–09.

## Improvement notices

No provisional improvement notices were issued to IBA during 2008–09.

# COMMONWEALTH DISABILITY STRATEGY

The Commonwealth Disability Strategy provides a framework to assist Australian Government departments and agencies to meet their obligations under the *Disability Discrimination Act 1992*. The strategy provides for the inclusion of, and participation by, people with disability in Australian Government policies, programs and services. Details of IBA's performance during the year in implementing the Commonwealth Disability Strategy are set out in Appendix D.

# SIGNIFICANT DEVELOPMENTS

There have been no developments since 30 June 2009 that have significantly affected or may significantly affect the authority's operations in future financial years, the results of those operations in future years, or the authority's state of affairs in future financial years.

## SIGNIFICANT EVENTS

IBA has notified the Minister of significant events as required under Section 15 of the CAC Act. These events relate to Output Group 1.1, Equity and Investments, and are listed in Table 25.

**Table 25:** Significant events, 2008–09

Section 15 of CAC Act	Name of body	Event	Date of event
(a) form a company or participate in the formation of a company	Tennant Creek Supermarket Pty Ltd	Establishment of nominee/agent for Tennant Creek Food Barn Partnership.	4 July 2008
	Tennant Creek Enterprises Pty Ltd	Trustee of the Tennant Creek Enterprises Trust.	1 July 2008
	Seven Spirit Bay Enterprises Pty Ltd	Establishment of an investment vehicle for Seven Spirit Bay Wilderness Lodge. Purchase negotiations continuing.	23 December 2008
	Consolidating Manufacturing Enterprise Pty Ltd (CME Pty Ltd)	Formation of company to acquire and operate the manufacturing plant which will produce aquaculture feed in Inverell, NSW.	27 March 2009
(b) participate in a significant partnership, trust, unincorporated joint venture or similar arrangement	Tennant Creek Enterprises Trust	Formation of the structure to acquire Tennant Food Barn.	2 July 2008
	Tennant Creek Food Barn Partnership		16 July 2008
	Tennant Creek Land Holding Trust	1,188,180 units issued to IBA over 4 months.	15 July 2008
	Swanbrook Road Holding Trust	Formation of trust to acquire land and buildings and to lease to CME Pty Ltd.	1 April 2009

Section 15 of CAC Act	Name of body	Event	Date of event
(c) acquire or dispose of a significant shareholding in a company	Tennant Creek Supermarket Pty Ltd	As part of the acquisition of the Tennant Food Barn, 900 shares acquired in Tennant Creek Enterprises Pty Ltd.	16 July 2008
	Tennant Food Barn	Acquisition of a supermarket business. The ownership of the business is as follows: 90% Tennant Creek Enterprises Pty Ltd; 10% Julalikari Holdings Pty Ltd. The structure of the business is detailed above.	3 November 2008
	Centrum Insurance Brokers Pty Ltd	Disposal of business.	1 December 2008
	CME Pty Ltd	IBA acquired 6,668 shares in CME Pty Ltd in two tranches.  IBA now holds 100% shares in the company. CME Pty Ltd operates a manufacturing plant which produces aquaculture feed in Inverell, NSW.	1 April 2009; 18 May 2009
	Tjapukai Pty Ltd	IBA acquired a further 22.22% interest in the company from two of the existing shareholders in two tranches. IBA and its subsidiary company TCTP Pty Ltd now holds five of the nine shares issued.	5 June 2009; 18 June 2009
(d) acquire or dispose of a significant business	25 Wilkinson St, Alice Springs	Disposal of asset.	26 March 2009
(e) commence or cease a significant business activity	Willow Bend Sports Complex	Disposal of business.	3 December 2008
	Unimproved land at Condobolin, NSW	Disposal of business.	3 December 2008
	Brewarrina Motel	Disposal of business.	19 February 2009
(f) make a significant change in the nature or extent of its interest in a significant partnership, trust, unincorporated joint venture or similar arrangement		IBA acquired a further 32.31% interest in the Tjapukai Cultural Theme Park Partnership from two of its partners in two tranches. IBA and its subsidiary company CDC Nominees (TCTP) Pty Ltd now owns 66.25% of the partnership.	5 June 2009; 18 June 2009



Visitors to Tjapukai Aboriginal Cultural Park can learn how bush foods were used to create medicinal remedies, learn how to play a didgeridoo, throw a traditional boomerang and spear and much more.

# APPENDICES



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# APPENDIX A: SUBSIDIARIES AND TRUSTS

The following is a list of IBA's subsidiaries and trusts at 30 June 2009.

Bilioara Unit Trust	Mungo Lodge Pty Ltd
Bowen Basin Holdings Trust	Mungo Lodge Trust
Cape Don Pty Limited	National Indigenous Participation Trust
Carpentaria Shipping Trust	National Indigenous Property Trust
Consolidated Manufacturing Enterprise Pty Ltd	Outback Stores Pty Ltd
Diatomaceous Earth Holdings Trust	Port Botany Transfer Station Trust
Elliot Store Holdings Trust	Scarborough House Investment Trust
Fitzroy Lodge Investment Pty Ltd	Scarborough House Office Trust
Hotel Enterprises Pty Ltd	South Hedland Indigenous Property Trust
Hotel Holdings Trust	Swanbrook Road Holding Trust
Huntlee Estate Indigenous Participation Trust No. 1	Tennant Creek Enterprises Pty Ltd
Huntlee Estate Indigenous Participation Trust No. 2	Tennant Creek Enterprises Trust
IBA Insurance Holdings Pty Ltd	Tennant Creek Land Holding Trust
Indigenous Fishing Trust	Tennant Creek Supermarket Pty Limited
Indigenous Investment Trust	TCTP Participation Trust
Indigenous Investment Participation Trust	Tjapukai Pty Limited
Leonora Investments Trust	Wildman River Lodge Trust

# APPENDIX B: CONSULTANTS

Table 26 sets out the particulars of consultants engaged under section 178 of the *Aboriginal and Torres Strait Islander Act 2005* and fulfils the legislative requirement for IBA to include those particulars in its annual report. All contract prices include GST.

**Table 26:** Consultancy services let in 2008–09

Consultant name	Description	Contract price (\$)	Selection process <sup>1</sup>	Justification <sup>2</sup>
AR Liiband & Associates	Leadership analysis	71,333	Direct sourcing	B
ACIL Tasman	Policy investigation and research	51,458	Direct sourcing	C
Australian Institute of Company Directors	Director education program	30,000	Direct sourcing	B
BDA Marketing Planning Pty Ltd	Market demand study	108,900	Direct sourcing	B&C
Beames & Associates Accounting	Review of company records	9,134	Direct sourcing	C
Captain TE Russell	Due diligence services	2,937	Direct sourcing	B
Chamber of Commerce and Industry	Market demand study	5,500	Direct sourcing	B&C
Chris Walder Consulting Pty Ltd	Network upgrade	120,582	Direct sourcing	B
ClientWise Pty Ltd	Network upgrade	11,000	Direct sourcing	B
Colin Tidswell	Economic development consulting	91,250	Direct sourcing	B
CRS Australia	Workstation assessments	1,700	Direct sourcing	B
CSC Australia Pty Ltd	IT support	75,411	Direct sourcing	B
David Jess & Associates Pty Ltd	Tender specification and evaluation	10,439	Direct sourcing	B
Davidson Workplace Solutions	Workplace relations	117,307	Direct sourcing	B
Deloitte Growth Solutions Pty Ltd	Business analyst services	90,830	Direct sourcing	B
Denis G Wilson	Training and employment initiative	5,500	Direct sourcing	B
Devagiri and Associates	Business analyst services	10,162	Direct sourcing	A

**Table 26:** Consultancy services let in 2008–09 (continued)

Consultant name	Description	Contract price (\$)	Selection process <sup>1</sup>	Justification <sup>2</sup>
DH4	IT network	113,416	Select tender	B
Economic Associates Pty Ltd	Cost benefit analysis	10,780	Direct sourcing	B
Hume Consulting Group Pty Ltd	Leadership training	4,153	Direct sourcing	A
Incite Management Group Pty Ltd	Professional advice	7,442	Direct sourcing	B&C
Infinite Solutions	Administrative services	1,188	Direct sourcing	B
InVenture Solutions	Business consultant review	4,060	Panel	B
Jayne Sunbird Enterprises	Business consultant review	4,048	Panel	B
John Logan & Associates	Valuation services	1,870	Direct sourcing	B
Magical Learning Pty Ltd	SAP upgrade	27,885	Direct sourcing	A
Mallesons Stephen Jaques	Legal services	791,581	Direct sourcing	B
McBurney & Partners	Annual audit and GPFR	2,277	Direct sourcing	B&C
Mercer Australia	Remuneration benchmarking	27,720	Direct sourcing	B
Morison Consulting	Audit services	12,066	Direct sourcing	B
NBC Consultants	Quantity surveyor	53,900	Direct sourcing	B
North Australia Aboriginal Development Corporation	Retail store design and drafting	105,171	Direct sourcing	A
Oakton Services Pty Ltd	Independent review	20,367	Direct sourcing	C
ORIMA Research	Client survey	38,566	Select tender	C
PPC Worldwide	Employee counselling service	10,467	Select tender	B
Quality Management Solutions	Workplace investigations	19,941	Direct sourcing	C
Ray White Northam	Market appraisal/valuation	1,575	Direct sourcing	B
RSM Bird Cameron	Compliance review	24,583	Direct sourcing	B
Rudov & Associates Pty Ltd	Due diligence services	2,420	Direct sourcing	B&C
SGS Economic & Planning Pty Ltd	Cost benefit analysis	128,089	Direct sourcing	C

**Table 26:** Consultancy services let in 2008–09 (continued)

Consultant name	Description	Contract price (\$)	Selection process <sup>1</sup>	Justification <sup>2</sup>
SME Associates Pty Ltd	Advice on anti-money laundering/counter-terrorism financing	22,000	Direct sourcing	B
Somerset Risk Management Pty Ltd	Risk management	14,081	Direct sourcing	B
SRC Solutions	OHS and training	14,014	Select tender	B
Westbrook Communications	Media analyst services	6,270	Direct sourcing	B
Yarnteen	Business analyst services	13,200	Direct sourcing	C
<b>Total</b>		<b>2,296,573</b>		

1 Explanation of selection process terms drawn from the *Commonwealth Procurement Guidelines* (December 2008):

*Open tender:* A procurement procedure in which a request for tender is published inviting all businesses that satisfy the conditions for participation to submit tenders. Public tenders are generally sought from the Australian Government AusTender internet site.

*Select tender:* A procurement procedure in which the procuring agency selects which potential suppliers are invited to submit tenders. This procurement process may only be used under certain defined circumstances.

*Direct sourcing:* A form of restricted tendering, available only under certain defined circumstances, with a single potential supplier or suppliers being invited to bid because of their unique expertise and/or their special ability to supply the goods and/or services sought.

*Panel:* An arrangement under which a number of suppliers, initially selected through an open tender process, may each supply property or services to an agency as specified in the panel arrangements. Quotes are sought from suppliers that have pre-qualified on the agency panels to supply to the government. This category includes standing offers and supplier panels where the supply of goods and services may be provided for a pre-determined length of time, usually at a pre-arranged price.

2 Justification for decision to use consultancy:

A – skills currently unavailable within agency

B – need for specialised or professional skills

C – need for independent research or assessment.

# APPENDIX C: FREEDOM OF INFORMATION STATISTICS

Table 27 summarises FOI requests to IBA, and their outcomes, during the year.

**Table 27:** Freedom of Information statistics, 2008–09

Activity	Number
<b>Requests</b>	
On hand at 1 July 2008	0
New requests received	2
Total requests handled	2
Total requests completed at 30 June 2009	1
Outstanding at 30 June 2009	1
<b>Action on requests</b>	
Access in full	0
Access in part	1
Access refused	0
Access transferred in full	0
Request withdrawn	0
<b>Response times</b>	
0–30 days	0
31–60 days	1
61–90 days	0
90+ days	0
<b>Internal review</b>	
Requests received	1
Decision affirmed	0
Decision amended	0
Request withdrawn	0
<b>Review by Administrative Appeals Tribunal</b>	
Applications received	0

# APPENDIX D: COMMONWEALTH DISABILITY STRATEGY

IBA reports on its progress in implementing the Commonwealth Disability Strategy against its purchaser and provider roles. It reports on its employer role through the Australian Public Service Commission's State of the Service agency survey.

**Table 28:** Purchaser role

Objective	Performance indicator	Performance measure	Performance 2008–09
To ensure that people who require information in an accessible format receive it in a timely manner.	Publicly available information on agreed purchasing specifications is available in accessible formats <sup>1</sup> for people with disability.	<p>Percentage of publicly available purchasing specifications requested and provided in:</p> <ul style="list-style-type: none"> <li>➤ accessible electronic formats</li> <li>➤ accessible formats other than electronic.</li> </ul> <p>Average time taken to provide accessible material in:</p> <ul style="list-style-type: none"> <li>➤ electronic format</li> <li>➤ formats other than electronic.</li> </ul>	<p>Publicly available information regarding purchasing specifications is available in electronic and hardcopy formats.</p> <p>Performance measure = 100%</p>
To ensure that the Commonwealth purchases services which reflect the needs of people with disability.	Processes for purchasing goods or services with a direct impact <sup>2</sup> on the lives of people with disability are developed in consultation with people with disability.	Percentage of processes for purchasing goods or services that directly impact on the lives of people with disability that are developed in consultation with people with disability.	<p>IBA tender processes during 2008–09 did not have a direct impact on the lives of people with disability.</p> <p>Performance measure – not applicable</p>
To ensure that the Commonwealth builds accountability for the delivery of accessible goods and services into its purchasing agreements <sup>3</sup> with providers.	Purchasing specifications and contract requirements for the purchase of goods and services are consistent with the requirements of the <i>Disability Discrimination Act 1992</i> (DDA).	<p>Percentage of purchasing specifications for goods or services that specify that tender organisations must comply with the DDA.</p> <p>Percentage of contracts for the purchase of goods and services that require the contractor to comply with the DDA.</p>	<p>None of the requests for tender specifically stated that the successful tenderer would need to comply with the DDA.</p> <p>Performance measure = 0%</p> <p>None of the contracts offered specifically stated that the contractor would need to comply with the DDA.</p> <p>Performance measure = 0%</p>

**Table 28:** Purchaser role (continued)

Objective	Performance indicator	Performance measure	Performance 2008–09
To provide purchase contract specifications in accessible formats.	Publicly available performance reporting against the purchase contract specifications requested in accessible formats for people with disabilities is provided.	<p>Percentage of publicly available performance reports against the contract purchasing specification requested and provided in:</p> <ul style="list-style-type: none"> <li>› accessible electronic formats</li> <li>› accessible formats other than electronic.</li> </ul> <p>Average time taken to provide accessible material in:</p> <ul style="list-style-type: none"> <li>› electronic formats</li> <li>› formats other than electronic.</li> </ul>	When requested, reports against the contract specification are provided in accessible formats.
To ensure that people with disability can talk directly with the purchaser about a provider's performance.	Complaint/grievance mechanisms, including access to external mechanisms, in place to address concerns raised about provider's performance.	Established complaints/grievance mechanisms, including access to external mechanisms, in operation.	<p>IBA has an established complaints/grievance process for handling concerns about its performance.</p> <p>Customers are able to take complaints to the Commonwealth Ombudsman and the Human Rights and Equal Opportunity Commission.</p> <p>Analysis of complaints received indicates no particular disability-related issues have been raised about IBA's performance.</p>

- 1 Accessible electronic formats include ASCII (or .txt) files and html for the web. Non-electronic accessible formats include braille, audio cassette, large print and easy English. Other ways of making information accessible include video captioning and Auslan interpreters.
- 2 Direct impact means those goods and services which will have an explicit consequence, effect or influence on people with disability. It includes the purchase of mainstream goods and services as well as specialist disability services.
- 3 Purchasing agreements can include contacts, memoranda of understanding and service level agreements.

**Table 29:** Provider role

Objective	Performance indicator	Performance measure	Performance 2008–09
Providers deliver the services they have been contracted to provide under specific conditions.	Providers have established mechanisms for quality improvement and assurance.	Evidence of quality improvement and assurance systems in operation.	A customer satisfaction survey and the low number of complaints received indicate high levels of satisfaction among people with disability.
To ensure that agencies recognise people with disability as customers.	Providers have an established service charter that specifies the roles of the provider and consumer and service standards which address accessibility for people with disability.	Established service charter that adequately reflects the needs of people with disability in operation.	IBA has a service charter in place which specifies the roles of IBA and its customers.
To ensure that customers with disabilities are able to have their issues and concerns addressed.	Complaints/grievance mechanisms, including access to external mechanisms, in place to address concerns raised about performance.	Established complaints/grievance mechanisms, including access to external mechanisms, in operation.	<p>IBA has an established complaints/grievance process for handling concerns about its performance. Customers are able to take complaints to the Commonwealth Ombudsman and the Human Rights and Equal Opportunity Commission if so desired.</p> <p>Analysis of complaints received indicates no particular disability-related issues have been raised about IBA's performance.</p>

# APPENDIX E: 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 2009**

In our opinion, the attached financial statements for the year ended 30 June 2009 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  
Dawn Casey  
Chairperson

15 September 2009

Signed  
Bob Blair  
Deputy Chairman

15 September 2009

Signed  
Ron Morony  
General Manager

15 September 2009



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# Independent auditor's report



## INDEPENDENT AUDITOR'S REPORT

**To the Minister for Families, Housing, Community Services and Indigenous Affairs**

### Scope

I have audited the accompanying financial statements of the Indigenous Business Australia and the consolidated entity for the year ended 30 June 2009, 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 and Contingencies; and Notes to and Forming Part of the Financial Statements, including a Summary of Significant Accounting Policies.

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

The Directors the Indigenous Business Australia 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*, including the Australian Accounting Standards (which include 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. I conducted my audit 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 Indigenous Business Australia's preparation and fair presentation of the financial statements 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 Indigenous Business Australia's internal control. An audit also includes evaluating the appropriateness of

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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***

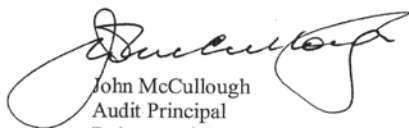
In conducting the audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the requirements of the Australian accounting profession.

#### **Auditor's Opinion**

In my opinion, the financial statements of the 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*, including the Australian Accounting Standards; and
- (b) give a true and fair view of the matters required by the Finance Minister's Orders including the Indigenous Business Australia and the consolidated entity's financial position as at 30 June 2009 and its financial performance and cash flows for the year then ended.

Australian National Audit Office



John McCullough  
Audit Principal  
Delegate of the Auditor-General

Canberra  
15 September 2009

## Income statement

### for the year ended 30 June 2009

	Notes	Consolidated		Corporation	
		2009	2008	2009	2008
		\$'000	\$'000	\$'000	\$'000
<b>INCOME</b>					
<b>Revenue</b>					
Revenue from Government	3A	37,402	57,588	37,402	57,588
Sale of goods and rendering of services	3B	53,577	60,412	12,682	50,263
Interest	3C	51,340	45,712	47,887	44,747
Dividends	3D	18	–	9,165	128,417
Rental income	3E	10,948	11,239	221	1,215
Other revenue	3F	495	3,383	808	248
<b>Total revenue</b>		<b>153,780</b>	<b>178,334</b>	<b>108,165</b>	<b>282,478</b>
<b>Gains</b>					
Sale of assets	3G	1,005	118,204	1	–
Foreign exchange	3H	–	1,266	–	–
Valuation increments	3I	12,825	–	12,825	–
Other gains	3J	909	7,155	110	14
<b>Total gains</b>		<b>14,739</b>	<b>126,625</b>	<b>12,936</b>	<b>14</b>
<b>Total Income</b>		<b>168,519</b>	<b>304,959</b>	<b>121,101</b>	<b>282,492</b>
<b>EXPENSES</b>					
Employee benefits	4A	44,360	26,691	23,392	19,891
Suppliers	4B	64,306	79,802	35,128	81,475
Grants	4C	8,288	8,092	8,288	8,092
Depreciation and amortisation	4D	4,497	1,939	1,272	777
Finance costs	4E	493	1,426	4	71
Write-down and impairment of assets	4F	9,460	10,497	9,610	9,453
Losses from asset sales	4G	75	634	75	634
Other expenses	4H	9,612	41,874	292	41,874
<b>Total Expenses</b>		<b>141,091</b>	<b>170,955</b>	<b>78,061</b>	<b>162,267</b>
Share of operating result of associates accounted for using the equity method	3K	3,856	3,066	3,567	2,370
<b>Surplus before income tax</b>		<b>31,284</b>	<b>137,070</b>	<b>46,607</b>	<b>122,595</b>
Income tax expense	5	585	1,233	–	–
<b>Surplus</b>		<b>30,699</b>	<b>135,837</b>	<b>46,607</b>	<b>122,595</b>
Surplus attributable to minority interests		–	–	–	–
Surplus attributable to the Australian Government		30,699	135,837	46,607	122,595

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

## Balance sheet as at 30 June 2009

		Consolidated		Corporation	
	Notes	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
<b>ASSETS</b>					
<b>Financial Assets</b>					
Cash and cash equivalents	6A	124,683	102,605	71,415	56,323
Trade, loans and other receivables	6B	478,459	468,469	512,191	501,948
Investments accounted for using the equity method	6C, 6D	43,937	38,936	41,739	35,320
Investments	6E, 6F, 6G	240,378	218,095	362,513	334,238
<b>Total financial assets</b>		<b>887,457</b>	<b>828,105</b>	<b>987,858</b>	<b>927,829</b>
<b>Non-Financial Assets</b>					
Land and buildings	7A, 7C	11,539	1,003	1,191	886
Infrastructure, plant and equipment	7B, 7C	10,421	5,722	1,595	801
Investment property	7D	115,999	133,795	2,759	10,688
Intangibles	7E	9,753	7,615	444	484
Inventories	7F	1,560	120	-	-
Tax assets	7G	752	89	-	-
Other non-financial assets	7H	1,355	184	246	108
<b>Total non-financial assets</b>		<b>151,379</b>	<b>148,528</b>	<b>6,235</b>	<b>12,967</b>
<b>Total Assets</b>		<b>1,038,836</b>	<b>976,633</b>	<b>994,093</b>	<b>940,796</b>
<b>LIABILITIES</b>					
<b>Payables</b>					
Suppliers	8A	6,672	10,494	3,878	9,608
Tax liabilities	8B	109	8	-	-
Other payables	8C	32,776	26,834	12,851	25,380
<b>Total payables</b>		<b>39,557</b>	<b>37,336</b>	<b>16,729</b>	<b>34,988</b>
<b>Interest Bearing Liabilities</b>					
Loans	9	6,598	7,221	-	-
<b>Total interest bearing liabilities</b>		<b>6,598</b>	<b>7,221</b>	<b>-</b>	<b>-</b>
<b>Provisions</b>					
Employee provisions	10A	5,241	4,328	4,036	3,687
Other provisions	10B	949	9,302	995	8,342
<b>Total provisions</b>		<b>6,190</b>	<b>13,630</b>	<b>5,031</b>	<b>12,029</b>
<b>Total Liabilities</b>		<b>52,345</b>	<b>58,187</b>	<b>21,760</b>	<b>47,017</b>
<b>Net Assets</b>		<b>986,491</b>	<b>918,446</b>	<b>972,333</b>	<b>893,779</b>
<b>EQUITY</b>					
<b>Parent Entity Interest</b>					
Contributed equity		725,504	686,996	725,504	686,996
Reserves		13,402	14,908	15,015	21,576
Retained earnings		239,896	209,911	231,814	185,207
<b>Total Parent Entity Interest</b>		<b>978,802</b>	<b>911,815</b>	<b>972,333</b>	<b>893,779</b>
<b>Attributed to minority interest</b>					
Contributed Equity		7,054	5,598	-	-
Reserves		635	1,033	-	-
<b>Total minority interest</b>		<b>7,689</b>	<b>6,631</b>	<b>-</b>	<b>-</b>
<b>Total Equity</b>		<b>986,491</b>	<b>918,446</b>	<b>972,333</b>	<b>893,779</b>
<b>Current Assets</b>		<b>409,241</b>	<b>364,398</b>	<b>352,705</b>	<b>348,658</b>
<b>Non-Current Assets</b>		<b>629,595</b>	<b>612,235</b>	<b>641,388</b>	<b>592,138</b>
<b>Current Liabilities</b>		<b>50,355</b>	<b>56,941</b>	<b>21,084</b>	<b>46,420</b>
<b>Non-Current Liabilities</b>		<b>1,990</b>	<b>1,246</b>	<b>676</b>	<b>597</b>

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

## Statement of changes in equity as at 30 June 2009

	Consolidated							
	Retained Earnings		Asset Revaluation Reserves		Contributed Equity/Capital		Total Equity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
<b>Opening balance</b>								
Balance carried forward from previous period	209,911	75,663	14,908	5,410	686,996	634,542	911,815	715,615
Adjustment for errors	(236)	–	–	–	–	–	(236)	–
<b>Adjusted opening balance</b>	209,675	75,663	14,908	5,410	686,996	634,542	911,579	715,615
Income and expenses recognised directly in equity	–	–	(871)	10,531	–	–	(871)	10,531
<b>Sub-total income and expenses recognised directly in equity</b>	–	–	(871)	10,531	–	–	(871)	10,531
Surplus for the period	30,699	135,837	–	–	–	–	30,699	135,837
<b>Total income and expenses</b>	30,699	135,837	(871)	10,531	–	–	29,828	146,368
of which:								
attributable to the Australian Government	30,699	135,837	(1,506)	9,498	–	–	29,193	145,335
attributable to minority interest	–	–	635	1,033	–	–	635	1,033
<b>Transactions with owners</b>								
<i>Distributions to owners</i>								
Return of Capital:	(478)	(1,589)	–	–	(3,000)	–	(3,478)	(1,589)
<b>Contributions by Owners</b>								
CAC Act body payment item	–	–	–	–	41,508	52,454	41,508	52,454
Other (Equity contribution)	–	–	–	–	7,054	5,598	7,054	5,598
<b>Sub-total transactions with owners</b>	(478)	(1,589)	–	–	45,562	58,052	45,084	56,463
<b>Closing balance as at 30 June</b>	239,896	209,911	14,037	15,941	732,558	692,594	986,491	918,446
Less: minority interests	–	–	(635)	(1,033)	(7,054)	(5,598)	(7,689)	(6,631)
<b>Closing balance attributable to the Australian Government</b>	239,896	209,911	13,402	14,908	725,504	686,996	978,802	911,815

	Corporation							
	Retained Earnings		Asset Revaluation Reserves		Contributed Equity/Capital		Total Equity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
<b>Opening balance</b>								
Balance carried forward from previous period	185,207	62,612	21,576	10,440	686,996	634,542	893,779	707,594
Adjustment for errors	–	–	–	–	–	–	–	–
<b>Adjusted opening balance</b>	185,207	62,612	21,576	10,440	686,996	634,542	893,779	707,594
Income and expenses recognised Directly in Equity	–	–	(6,561)	11,136	–	–	(6,561)	11,136
<b>Sub-total income and expenses recognised Directly in Equity</b>	–	–	(6,561)	11,136	–	–	(6,561)	11,136
Surplus for the period	46,607	122,595	–	–	–	–	46,607	122,595
<b>Total income and expenses</b>	46,607	122,595	–	11,136	–	–	46,607	133,731
of which:								
attributable to the Australian Government	46,607	122,595	–	11,136	–	–	46,607	133,731
<b>Transactions with owners</b>								
<i>Distributions to owners</i>								
Return of Capital:	–	–	–	–	(3,000)	–	–	–
<b>Contributions by Owners</b>								
CAC Act body payment item	–	–	–	–	41,508	52,454	41,508	52,454
<b>Sub-total transactions with owners</b>	–	–	–	–	38,508	52,454	38,508	52,454
<b>Closing balance at 30 June</b>	231,814	185,207	15,015	21,576	725,504	686,996	972,333	893,779
Less: minority interests	–	–	–	–	–	–	–	–
<b>Closing balance attributable to the Australian Government</b>	231,814	185,207	15,015	21,576	725,504	686,996	972,333	893,779

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

## Cash flow statement for the year ended 30 June 2009

		Consolidated		Corporation	
	Notes	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Goods and services		65,938	47,506	28,422	37,150
Receipts from Government		37,402	61,160	37,402	61,160
Interest		53,038	46,978	49,296	44,747
Dividend		238	11,455	15,912	151,471
Net GST received		5,779	–	5,003	–
Other cash received		23,671	5,058	1,828	(442)
<b>Total cash received</b>		<b>186,066</b>	<b>172,157</b>	<b>137,863</b>	<b>294,086</b>
<b>Cash used</b>					
Employees		43,447	24,100	24,729	18,454
Suppliers		77,393	85,270	58,269	80,340
Net GST paid		–	769	–	769
Borrowing costs		493	1,426	4	71
Grants		8,288	8,092	8,288	8,092
<b>Total cash used</b>		<b>129,621</b>	<b>119,657</b>	<b>91,290</b>	<b>107,726</b>
<b>Net cash from operating activities</b>	11	<b>56,445</b>	<b>52,500</b>	<b>46,573</b>	<b>186,360</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash received</b>					
Proceeds from sales of property, plant and equipment		439	38,899	439	3,000
Investments		17,799	118,204	18,794	–
Repayments of loans		66,718	76,825	66,718	77,551
<b>Total cash received</b>		<b>84,956</b>	<b>233,928</b>	<b>85,951</b>	<b>80,551</b>
<b>Cash used</b>					
Purchase of property, plant and equipment		14,200	33,749	1,773	7,195
Purchase of other non-financial assets		1,171	–	139	103
Investments		45,982	202,458	56,246	213,194
Loans / advances		96,833	123,858	97,782	123,360
<b>Total cash used</b>		<b>158,186</b>	<b>360,065</b>	<b>155,940</b>	<b>343,852</b>
<b>Net cash (used by) investing activities</b>		<b>(73,230)</b>	<b>(126,137)</b>	<b>(69,989)</b>	<b>(263,301)</b>
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
CAC Act body payment and equity injection		39,964	59,949	38,508	59,949
Repayments of loans		89	–	–	–
<b>Total cash received</b>		<b>40,053</b>	<b>59,949</b>	<b>38,508</b>	<b>59,949</b>
<b>Cash used</b>					
Repayment of borrowings		712	9,272	–	–
Dividend distribution to non-controlling interest		478	1,589	–	–
<b>Total cash used</b>		<b>1,190</b>	<b>10,861</b>	<b>–</b>	<b>–</b>
<b>Net cash from financing activities</b>		<b>38,863</b>	<b>49,088</b>	<b>38,508</b>	<b>59,949</b>
<b>Net increase (decrease) in cash held</b>		<b>22,078</b>	<b>(24,549)</b>	<b>15,092</b>	<b>(16,992)</b>
Cash and cash equivalents at the beginning of the reporting period		102,605	127,154	56,323	73,315
<b>Cash and cash equivalents at the end of the reporting period</b>	6A	<b>124,683</b>	<b>102,605</b>	<b>71,415</b>	<b>56,323</b>

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

## Schedule of commitments as at 30 June 2009

	Consolidated		Corporation	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
<b>BY TYPE</b>				
<b>Commitments receivable</b>				
Sublease rental income <sup>1</sup>	45,295	53,751	-	-
Other commitments receivable <sup>2</sup>	-	25,282	-	25,282
GST recoverable on commitments <sup>3</sup>	2,244	2,956	1,940	2,646
<b>Total commitments receivable</b>	<b>47,539</b>	<b>81,989</b>	<b>1,940</b>	<b>27,928</b>
<b>Commitments payable</b>				
<b>Capital commitments</b>				
Investments	2,500	1,870	-	-
<b>Total capital commitments</b>	<b>2,500</b>	<b>1,870</b>	<b>-</b>	<b>-</b>
<b>Other commitments</b>				
Operating leases <sup>4</sup>	3,927	3,240	2,440	2,276
Other commitments <sup>5</sup>	46,310	63,182	41,341	57,722
<b>Total other commitments</b>	<b>50,237</b>	<b>66,422</b>	<b>43,781</b>	<b>59,998</b>
<b>Total commitments payable</b>	<b>52,737</b>	<b>68,292</b>	<b>43,781</b>	<b>59,998</b>
<b>Net commitments by type</b>	<b>( 5,198 )</b>	<b>13,697</b>	<b>( 41,841 )</b>	<b>( 32,070 )</b>
<b>BY MATURITY</b>				
<b>Commitments receivable</b>				
<b>Operating lease income</b>				
One year or less	8,724	8,789	-	-
From one to five years	29,276	30,999	-	-
Over five years	7,295	13,963	-	-
<b>Total operating lease income</b>	<b>45,295</b>	<b>53,751</b>	<b>-</b>	<b>-</b>
<b>Other commitments receivable</b>				
One year or less	1,745	20,626	1,596	20,381
From one to five years	492	7,610	344	7,545
Over five years	7	2	-	2
<b>Total other commitments receivable</b>	<b>2,244</b>	<b>28,238</b>	<b>1,940</b>	<b>27,928</b>
<b>Commitments payable</b>				
<b>Capital commitments</b>				
One year or less	2,500	1,870	-	-
From one to five years	-	-	-	-
Over five years	-	-	-	-
<b>Total capital commitments</b>	<b>2,500</b>	<b>1,870</b>	<b>-</b>	<b>-</b>
<b>Operating lease commitments</b>				
One year or less	2,812	1,624	2,440	1,285
From one to five years	1,115	1,616	-	991
Over five years	-	-	-	-
<b>Total operating lease commitments</b>	<b>3,927</b>	<b>3,240</b>	<b>2,440</b>	<b>2,276</b>
<b>Other commitments</b>				
One year or less	38,614	51,258	37,558	49,968
From one to five years	6,957	10,630	3,783	7,729
Over five years	739	1,294	-	25
<b>Total other commitments</b>	<b>46,310</b>	<b>63,182</b>	<b>41,341</b>	<b>57,722</b>
<b>Total commitments payable</b>	<b>52,737</b>	<b>68,292</b>	<b>43,781</b>	<b>59,998</b>
<b>Net commitments by maturity</b>	<b>( 5,198 )</b>	<b>13,697</b>	<b>( 41,841 )</b>	<b>( 32,070 )</b>

NB: Commitments are GST inclusive where relevant

1. Rental income receivable from commercial rental properties.
2. Other commitments receivable represents receivables against various constructions contracts.
3. GST on operating leases and trade commitments.
4. Operating leases included are effectively non-cancellable and comprise:  
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.
5. Other commitments payable pertain to various constructions contracts and IBA loan commitments.

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

## Schedule of contingencies as at 30 June 2009

Consolidated								
Contingent Assets	Guarantees		Indemnities		Claims for damages or costs		TOTAL	
	2009	2008	2009	2008	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance from previous period	-	-	-	-	965	568	965	568
New	-	-	-	-	167	515	167	515
Re-measurement	-	-	-	-	-	-	-	-
Assets recognised	-	-	-	-	-	-	-	-
Expired	-	-	-	-	(312)	(118)	(312)	(118)
<b>Total Contingent Assets</b>	-	-	-	-	820	965	820	965
Contingent Liabilities	Guarantees		Indemnities		Claims for damages or costs		TOTAL	
	2009	2008	2009	2008	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance from previous period	1,685	3,353	1,000	1,000	1,358	2,225	4,043	6,578
New	-	-	-	-	1,560	558	1,560	558
Re-measurement	-	-	-	-	-	-	-	-
Liabilities recognised	-	-	-	-	-	-	-	-
Obligations expired	-	(1,668)	-	-	(1,358)	(1,425)	(1,358)	(3,093)
<b>Total Contingent Liabilities</b>	1,685	1,685	1,000	1,000	1,560	1,358	4,245	4,043
<b>Net Contingent Assets (Liabilities)</b>							<b>( 3,425)</b>	<b>( 3,078)</b>

Corporation								
Contingent Assets	Guarantees		Indemnities		Claims for damages or costs		TOTAL	
	2009	2008	2009	2008	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance from previous period	-	-	-	-	965	568	965	568
New	-	-	-	-	167	515	167	515
Re-measurement	-	-	-	-	-	-	-	-
Assets recognised	-	-	-	-	-	-	-	-
Expired	-	-	-	-	(312)	(118)	(312)	(118)
<b>Total Contingent Assets</b>	-	-	-	-	820	965	820	965

Contingent Liabilities	Guarantees		Indemnities		Claims for damages or costs		TOTAL	
	2009	2008	2009	2008	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance from previous period	1,685	1,685	1,000	1,000	1,358	2,225	4,043	4,910
New	-	-	-	-	694	558	694	558
Re-measurement	-	-	-	-	-	-	-	-
Liabilities recognised	-	-	-	-	-	-	-	-
Obligations expired	-	-	-	-	(1,358)	(1,425)	(1,358)	(1,425)
<b>Total Contingent Liabilities</b>	1,685	1,685	1,000	1,000	694	1,358	3,379	4,043
<b>Net Contingent Assets (Liabilities)</b>							<b>( 2,560)</b>	<b>( 3,078)</b>

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

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

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

## Note 1: Summary of Significant Accounting Policies

### 1.1 Objectives of Indigenous Business Australia (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; and
- (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 of the *Commonwealth Authorities and Companies Act 1997 (CAC Act)* and are a general purpose financial report.

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

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

- › Finance Minister's Orders (FMOs) for reporting periods ending on or after 1 July 2008; and
- › Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (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 otherwise specified.

Unless an alternative treatment is specifically required by an accounting standard or the FMO, 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.

Unless alternative treatment is specifically required by an accounting standard, income 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 investment properties and other investments is based on market inputs, backed by periodic external valuations.
- › IBA has designated housing and business loans at fair value on the basis of a market determined interest rate benchmark, IBA's historical records and use of advanced valuation techniques.

No accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the next accounting period.

### 1.4 Changes in Australian Accounting Standards

#### Adoption of New Australian Standard Requirements

No accounting standard has been adopted earlier than the application date as stated in the standard. The following new standards and amendments to standards are applicable to the current reporting period:

- › AASB 101 Presentation of Financial Statements;
- › AASB 137 Provisions, Contingent Liabilities and Contingent Assets;
- › AASB 139 Financial Instruments: Recognition and Measurement;
- › AASB 1049 Whole of Government and General Government Sector Financial Reporting;

- AASB 1052 Disaggregated Disclosures; and
- AASB 2007-9 Amendments to Australian Accounting Standards arising from AASB 3, 5, 8, 101, 114, 116, 127 & 137.

Other standards, amendments to standards or interpretations issued for the current financial year have no material financial impact on the CAC Agency.

### *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.

- AASB 101 Presentation of Financial Statements;
- AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101;
- AASB 2007-10 Further Amendments to Australian Accounting Standards arising from AASB 101; and
- AASB 2009-2 Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments.

## 1.5 Revenue

Revenue from the sale of goods is recognised when:

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

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

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

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

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due less any impairment allowance account. Collectability of debts is reviewed at balance date. Allowances 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 Financial Instruments: Recognition and Measurement.

Dividends received from associates are accounted for in accordance with the equity method of accounting.

### *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.

Resources received free of charge are recorded as either revenue or gains depending on their nature.

### *Revenues from Government*

Funding received or receivable from agencies (appropriated to the agency as a CAC Act body payment item for payment to IBA) is recognised as revenue from Government unless they are in the nature of an equity injection.

## 1.6 Gains

### *Other Resources Received Free of Charge*

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 agency or authority as a consequence of a restructuring of administrative arrangements (refer to Note 1.7). Where contribution of such assets at no cost is compounded by an obligation or commitment on disposal, the asset recognition is matched with a corresponding liability.

Resources received free of charge are recorded as either revenue or gains depending on their nature.

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

## 1.7 Transactions with the Government as Owner

### *Equity injections*

Amounts that are designated as 'CAC Act body payment item' for a year are recognised directly in contributed equity in that year.

### *Restructuring of Administrative Arrangements*

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

IBA had no restructuring in 2008-09 and 2007-08.

## 1.8 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 of balance date 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 at 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 the Authority is estimated to be less than the annual entitlement for sick leave.

The leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates that applied at the time the leave is taken, including the Authority'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 Australian Government. 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. This liability is reported by the Department of Finance and Deregulation as an administered item.

IBA makes employer contributions to the employee superannuation schemes at rates determined by an

actuary to be sufficient to meet the current cost to the Government of the superannuation entitlements of the Authority'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.

## 1.9 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 is 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.

## 1.10 Cash

Cash and cash equivalents includes note and coins held and any deposits in bank accounts with an original maturity of 3 months or less that are readily convertible to known amounts of cash and subject to insignificant risks of changes in value. Cash is recognised at its nominal amount.

## 1.11 Make good

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 the original condition. These costs are included in the value of IBA's leasehold improvements with a corresponding provision for the 'make good' recognised.

## 1.12 Borrowing Costs

All borrowing costs are expensed as incurred.

### 1.13 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 to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Costs of 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 the 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.

### 1.14 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 2008 to 30 June 2009 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. Subsidiary Companies are detailed in Notes 6E and 6F.

IBA's investment in associates and joint venture entities is accounted for using the equity method. Under this method, IBA's share of profits and losses of associates and joint ventures are recognised as revenue or expense in the Income Statement and its share of movements in

reserves is recognised in reserves. Associates and joint ventures are those entities over which IBA exercises significant influence, but not control. The associated and joint venture entities are detailed in Notes 6C, 6D and 6G respectively.

### 1.15 Financial Risk management

The operating, investing and financing activities coupled with the guiding policy framework exposes the consolidated entity to credit, liquidity and interest rate risks. These risks are defined as:

- › Credit risk: the possibility that a debtor or borrower will not repay or delay repayment of all or part of a loan causing a loss to IBA and the consolidated entity.
- › Interest rate risk: a risk that the value of a financial asset such as Home and Business loans would fluctuate in terms of fair value or future cash flows as a result of changes in market rates of interest.
- › Liquidity risk: a risk that the consolidated entity may not have or be able to raise the funds to meet the obligations associated with financial liabilities. These risks are regularly monitored through a detailed internal management and Board reporting framework.
- › IBA manages credit risk on its loans portfolio by undertaking background and credit checks prior to allowing a debtor relationship. In addition, IBA has policies and procedures that guide employees debt recovery techniques.
- › IBA also holds collateral against certain loans to mitigate against credit risk.
- › Interest rate risk mainly impacts the fair valuation of loans. IBA's risk management focuses on monitoring, measuring and reporting the impact of interest rate changes.
- › IBA's liquidity risk arises from borrowings of it subsidiaries and these are monitored regularly to ensure availability of funding resources to meet these obligations.
- › IBA is not exposed to currency risk or other price risk.

### 1.16 Financial assets

IBA classifies financial assets in the following categories:

- › at fair value through profit and loss;
- › held to maturity investments;
- › available for sale assets; and
- › loans and receivables.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets are recognised and derecognised upon trade date.

### **Financial assets at fair value through profit or loss**

Financial assets are classified as financial assets at fair value through profit or loss where the financial assets:

- › have been acquired principally for the purpose of selling in the near future;
- › are a part of an identified portfolio of financial instruments that IBA manages together and has a recent actual pattern of short-term profit-taking; or
- › are derivatives that are not designated and effective as a hedging instrument.

Assets in this category are classified as current assets.

Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised through profit or loss. The net gain or loss recognised in the profit or loss however, does not incorporate any interest earned on the financial asset.

### **Available for sale assets**

Available for sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the asset within 12 months of the balance sheet date.

Available for sale financial assets are recorded at fair value. Gains and losses arising from changes in fair value are recognised directly in the reserves (equity) with the exception of impairment losses. Interest is calculated using the effective interest method and foreign exchange gains and losses on monetary assets are recognised directly in profit or loss. Where the asset is disposed of or is determined to be impaired, part of the cumulative gain or loss previously recognised in the reserve is included in profit for the period.

Where a reliable fair value can not be established for unlisted investments in equity instruments, cost is used.

### **Held to Maturity Investments**

Non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the group has the positive intent and ability to hold to maturity are classified as held to maturity investments. Held to maturity investments are recorded at amortised cost using the effective interest method less impairment, with revenue recognised on an effective yield basis.

### **Loans and receivables**

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non current assets. Loans and receivables are measured at amortised cost using the effective interest method less impairment.

Interest is recognised by applying the effective interest rate.

### **Categorisation of Financial Assets**

IBA's Financial Assets have been categorised as follows:

- › cash and cash equivalents includes notes and coins held and any deposits in bank accounts with an original maturity of 3 months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value. Cash is recognised at its nominal amount;
- › business and Home loan receivables have been categorised as financial assets at Fair value through profit and loss;
- › investments in subsidiaries, associates, joint ventures and other business undertakings have been categorised available for sale;
- › deposits with banks with original maturity greater than 3 months have been categorised as Held to Maturity Investments; and
- › trade receivables, other receivables and other financial assets have been categorised under Loans and Receivables.

### **Valuation of Financial Assets**

- › Business and Home loans are measured at Fair value through profit and loss. These loans, issued at lower than market rates, are fair valued against market interest rates benchmarked on commercial bank rates. The quantum of interest rate differential determines the variance of the fair value from the face value of the loans.
- › Investments in subsidiaries, associates, joint ventures and other business undertakings are valued based on market inputs. This is done annually through a Director's desktop valuation supported by an external valuation once in a period of three years. The methodology adopted in relation to valuation by the Directors of subsidiaries and associates uses techniques consistent with that of the most recent independent valuation.

### **Impairment of Financial Assets**

Financial assets are assessed for impairment at each balance date. A loan is impaired when there is objective evidence that events occurring since the loan was recognised have affected expected cash flows from the loan. The impairment charge is the difference between the carrying value of the loan and the present value of estimated future cash flows at the loans original effective interest rate. Impairment is recognised as the difference between the carrying value of the loan and the discounted value of the management's best estimate of future cash repayments and proceeds from any security held (discounted at the loan's original effective interest rate). All relevant considerations that have a bearing on the expected future cash flows are taken into account including, the realisable value of

collateral, IBA's position relative to other claimants, the reliability of customer information and the likely cost and duration of the work-out process. Subjective judgements are made in this process. Furthermore, judgements can change with time as new information becomes available or as work-out strategies evolve, resulting in revisions to the impairment provision as individual decisions are taken.

### 1.17 Financial Liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit and loss or other financial liabilities.

Financial liabilities are recognised and derecognised upon trade date.

#### *Financial Liabilities at Fair Value Through Profit or Loss*

Financial liabilities at fair value through profit or loss are initially measured at fair value. Subsequent fair value adjustments are recognised in the Profit or Loss. The net gain or loss recognised in the Profit or Loss does not incorporate any interest paid on the financial liability. IBA currently has no financial liabilities classified under this category.

#### *Other Financial Liabilities*

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Supplier and other payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods and services have been received (and irrespective of having been invoiced).

IBA classifies all its financial liabilities under this category. Liabilities are recognised to the extent that the goods or services have been received.

#### *Interest Bearing Loans and Borrowings*

Loans are classified under Other Financial liabilities and the carrying value calculated at the balance yet to be repaid. Interest is expensed as it accrues.

### 1.18 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 obligations under the contract is discharged, cancelled or expires.

### 1.19 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 asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are disclosed when settlement is greater than remote.

### 1.20 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 income at their fair value at the date of acquisition, unless acquired as a consequence of restructuring of administrative arrangements. In the later 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.

### 1.21 Property, Plant and Equipment

#### *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 (other than where they form part of a group of similar items which are significant in total).

### Revaluations

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

Asset Class	Fair value measured at
Land	Market selling price
Buildings, excluding leasehold improvements	Depreciated replacement cost
Leasehold improvements	Depreciated replacement cost
Infrastructure, plant and equipment	Depreciated replacement cost
Investment property	Market selling price

Following initial recognition at cost, property plant and equipment are carried at cost less subsequent accumulated depreciation and accumulated impairment losses. Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets do not differ materially from the assets' fair values as at the reporting date. The regularity of independent valuations depends upon the volatility of movements in market values for the relevant assets.

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 operating result. Revaluation decrements for a class of assets are recognised directly through operating result except to the extent that they reverse a previous revaluation increment for that class.

Investment properties (designated under AASB 140) are to be fair valued at every reporting period. Gain or loss arising from change in the fair value of an investment property is recognised in the Income Statement of the period in which it arises. The fair value of investment property is based on the valuation methodology discussed in note 1.3.

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.

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:

	2009	2008
Mine development, plant and equipment	<b>1 to 16 years</b>	1 to 16 years
Leasehold improvements	<b>Lease Term</b>	Lease Term
Plant and Equipment	<b>3 to 5 years</b>	3 to 5 years

### Impairment

All assets were assessed for impairment at 30 June 2009. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

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

### 1.22 Sale of Assets

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

### 1.23 Intangibles

IBA's intangibles comprise internally – developed software for internal use. These assets are carried at cost less accumulated amortisation and accumulated impairment losses.

Software is amortised on a straight-line basis over its anticipated useful life.

The useful life of IBA's software is 3 years (2007–08: 3 years).

All software assets were assessed for indications of impairment as at 30 June 2009.

### 1.24 Inventories

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

Inventories held for distribution are valued at cost, adjusted for any loss of service potential.

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 initially measured at current replacement cost at the date of acquisition.

### 1.25 Taxation

IBA is exempt from all forms of taxation except Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

Revenues, expenses and assets and liabilities 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 taxation. 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 to the Income Statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

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

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

### Note 2: Events after the Balance Sheet Date

There are no potential significant events that will affect the ongoing structure and financial activities of IBA after 30 June 2009.

### Note 3: Income

	Consolidated		Corporation	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
<b>REVENUE</b>				
<b>Note 3A: Revenue from Government</b>				
Department of Families, Housing, Community Services and Indigenous Affairs				
CAC Act body payment item	37,402	57,588	37,402	57,588
<b>Total revenue from Government</b>	<b>37,402</b>	<b>57,588</b>	<b>37,402</b>	<b>57,588</b>
<b>Note 3B: Sale of goods and rendering of services</b>				
Provision of goods – related entities	12,570	49,519	12,570	49,519
Provision of goods – external parties	39,795	9,886	104	138
Rendering of services – external parties	1,212	1,007	7	606
<b>Total sale of goods and rendering of services</b>	<b>53,577</b>	<b>60,412</b>	<b>12,682</b>	<b>50,263</b>
<b>Note 3C: Interest</b>				
Loans	30,640	31,204	31,443	32,174
Deposits	20,700	14,508	16,444	12,573
<b>Total interest</b>	<b>51,340</b>	<b>45,712</b>	<b>47,887</b>	<b>44,747</b>
<b>Note 3D: Dividends</b>				
Subsidiary companies	–	–	9,165	128,417
Other companies	18	–	–	–
<b>Total dividends</b>	<b>18</b>	<b>–</b>	<b>9,165</b>	<b>128,417</b>
<b>Note 3E: Rental income</b>				
Operating lease:				
Investment properties	10,948	11,239	221	1,215
<b>Total rental income</b>	<b>10,948</b>	<b>11,239</b>	<b>221</b>	<b>1,215</b>
<b>Note 3F: Other revenue</b>				
Other non operating income	495	3,383	808	248
<b>Total other revenue</b>	<b>495</b>	<b>3,383</b>	<b>808</b>	<b>248</b>

## Note 3: Income (continued)

	Consolidated		Corporation	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
<b>GAINS</b>				
<b>Note 3G: Sale of assets</b>				
Proceeds from sale	2,726	154,813	385	3,000
Carrying value of assets sold	(1,695)	(33,799)	(314)	(3,000)
Selling expense	(26)	(2,810)	(70)	–
<b>Net gain from sale of assets</b>	<b>1,005</b>	<b>118,204</b>	<b>1</b>	<b>–</b>

During 2008–09, proceeds from sale included investments in Centrum Insurance of \$1.75m and an investment property in Alice Springs of \$0.79m. During 2007–08, assets sold included investments in Foxleigh Joint venture sold for \$148.813m and investment property in Warrama for \$3m.

### Note 3H: Foreign exchange

Non-speculative	–	1,266	–	–
<b>Total foreign exchange gains</b>	<b>–</b>	<b>1,266</b>	<b>–</b>	<b>–</b>

### Note 3I: Valuation Increments

Gain from remeasuring financial instruments held at fair value through the Profit and Loss

	12,825	–	12,825	–
<b>Total reversals of previous asset write-downs</b>	<b>12,825</b>	<b>–</b>	<b>12,825</b>	<b>–</b>

### Note 3J: Other gains

Change in fair value of investment properties	259	7,155	110	14
Other	650	–	–	–
<b>Total other gains</b>	<b>909</b>	<b>7,155</b>	<b>110</b>	<b>14</b>

### Note 3K: Equity accounted profits of associates

Associated companies	3,856	3,066	3,567	2,370
<b>Total equity accounted profit</b>	<b>3,856</b>	<b>3,066</b>	<b>3,567</b>	<b>2,370</b>

## Note 4: Expenses

	Consolidated		Corporation	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
<b>Note 4A: Employee benefits</b>				
Wages and salaries	<b>34,766</b>	22,342	<b>18,609</b>	16,098
Superannuation:				
Defined contribution plans	<b>2,168</b>	1,048	<b>1,307</b>	868
Defined benefit plans	<b>1,537</b>	1,633	<b>1,537</b>	1,633
Leave and other entitlements	<b>5,889</b>	1,668	<b>1,939</b>	1,292
<b>Total employee benefits</b>	<b>44,360</b>	26,691	<b>23,392</b>	19,891
<b>Note 4B: Suppliers</b>				
Provision of goods – related entities	<b>1,687</b>	213	<b>1,687</b>	23,564
Provision of goods – external parties	<b>60,626</b>	78,449	<b>31,547</b>	56,816
Operating lease rentals:				
Minimum lease payments	<b>1,774</b>	1,034	<b>1,774</b>	1,034
Workers compensation premium	<b>219</b>	106	<b>120</b>	61
<b>Total supplier expenses</b>	<b>64,306</b>	79,802	<b>35,128</b>	81,475
<b>Note 4C: Grants</b>				
Private sector:				
Other – Business development grants	<b>8,288</b>	8,092	<b>8,288</b>	8,092
<b>Total grants</b>	<b>8,288</b>	8,092	<b>8,288</b>	8,092
<b>Note 4D: Depreciation and amortisation</b>				
Depreciation:				
Land and building, plant and equipment	<b>4,031</b>	1,607	<b>898</b>	445
<b>Total depreciation</b>	<b>4,031</b>	1,607	<b>898</b>	445
Amortisation:				
Intangibles:				
Computer Software	<b>374</b>	332	<b>374</b>	332
Other	<b>92</b>	–	<b>–</b>	–
<b>Total amortisation</b>	<b>466</b>	332	<b>374</b>	332
<b>Total depreciation and amortisation</b>	<b>4,497</b>	1,939	<b>1,272</b>	777

## Note 4: Expenses (continued)

	Consolidated		Corporation	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
<b>Note 4E: Finance costs</b>				
Loans	<u>493</u>	<u>1,426</u>	<u>4</u>	<u>71</u>
<b>Total finance costs</b>	<u><b>493</b></u>	<u><b>1,426</b></u>	<u><b>4</b></u>	<u><b>71</b></u>

## Note 4F: Write down and impairment of assets

Asset write-downs and impairments from:

Impairment on financial instruments	<u>9,460</u>	<u>10,497</u>	<u>9,610</u>	<u>9,453</u>
<b>Total write-down and impairment of assets</b>	<u><b>9,460</b></u>	<u><b>10,497</b></u>	<u><b>9,610</b></u>	<u><b>9,453</b></u>

## Note 4G: Losses from assets sales

Investments				
Loss from assets sales	<u>75</u>	<u>-</u>	<u>75</u>	<u>-</u>
Selling expense	<u>-</u>	<u>634</u>	<u>-</u>	<u>634</u>
<b>Total losses from assets sales</b>	<u><b>75</b></u>	<u><b>634</b></u>	<u><b>75</b></u>	<u><b>634</b></u>

## Note 4H: Other expenses

Loss from remeasuring financial instruments held at fair value through the Profit and Loss

	<u>-</u>	<u>41,874</u>	<u>-</u>	<u>41,874</u>
Change in fair value of investment properties	<u>9,320</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other expenses	<u>292</u>	<u>-</u>	<u>292</u>	<u>-</u>
<b>Total other expenses</b>	<u><b>9,612</b></u>	<u><b>41,874</b></u>	<u><b>292</b></u>	<u><b>41,874</b></u>

## Note 5: Income tax expense

	Consolidated		Corporation	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Income Tax expense	<u>585</u>	<u>1,233</u>	<u>-</u>	<u>-</u>
<b>Total income tax expense</b>	<u><b>585</b></u>	<u><b>1,233</b></u>	<u><b>-</b></u>	<u><b>-</b></u>

## Note 6: Financial Assets

	Consolidated		Corporation	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
<b>Note 6A: Cash and Cash Equivalents</b>				
Cash on hand or on deposit	101,299	83,070	48,031	36,788
Cash on hand or on deposit – Housing Fund	23,384	19,535	23,384	19,535
<b>Total cash and cash equivalents (current)</b>	<b>124,683</b>	<b>102,605</b>	<b>71,415</b>	<b>56,323</b>

### Note 6B: Trade, Loans and Other Receivables

Goods and services	7,550	17,209	3,173	14,029
GST receivable from the Australian Taxation Office	–	909	–	1,644
<b>Total trade receivables</b>	<b>7,550</b>	<b>18,118</b>	<b>3,173</b>	<b>15,673</b>

#### Reconciliations of movements of loans receivable

##### Loans – Home Loans, Housing Fund and Home Loans Capital

At fair value – opening balance	392,456	379,361	392,456	379,361
Add: net loans movement at cost	25,602	51,675	25,602	51,675
Add/ (Less): net movement on remeasurement at fair value through profit or loss	10,007	(38,332)	10,007	(38,332)
Add: impairment movement through Profit and Loss	24	[248]	24	[248]
At fair value – closing balance	<b>428,089</b>	<b>392,456</b>	<b>428,089</b>	<b>392,456</b>

##### Loans Business Development

At fair value – opening balance	40,100	47,242	40,100	47,242
Add: net loans movement at cost	5,042	5,605	5,042	5,605
Add/ (Less): net movement on remeasurement at fair value through profit or loss	2,818	(3,542)	2,818	(3,542)
Less: impairment movement through Profit and Loss	(9,104)	(9,205)	(9,104)	(9,205)
At fair value – closing balance	<b>38,856</b>	<b>40,100</b>	<b>38,856</b>	<b>40,100</b>

##### Total housing, business and other loan receivables

	<b>466,945</b>	<b>432,556</b>	<b>466,945</b>	<b>432,556</b>
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##### Other:

Dividends	2,014	2,084	40,925	51,800
Other receivables	1,950	15,711	1,148	1,919
<b>Total other receivables</b>	<b>3,964</b>	<b>17,795</b>	<b>42,073</b>	<b>53,719</b>

##### Total trade, loan and other receivables (net)

	<b>478,459</b>	<b>468,469</b>	<b>512,191</b>	<b>501,948</b>
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Other receivables – 2008 Consolidated includes an amount of \$15.181 million held in escrow against the sale of the Foxleigh joint venture.

##### Receivables are represented by:

Current	52,558	59,913	86,289	93,392
Non current	425,901	408,556	425,901	408,556
<b>Total trade, loans and other receivables (net)</b>	<b>478,459</b>	<b>468,469</b>	<b>512,191</b>	<b>501,948</b>

##### Receivables are aged as follows:

Not overdue	424,140	422,856	457,871	456,335
Overdue by:				
Less than 30 days	24,176	21,227	24,176	21,227
30 to 60 days	9,675	9,123	9,675	9,123
61 to 90 days	3,547	4,561	3,547	4,561
More than 90 days	16,922	10,702	16,922	10,702
<b>Total receivables (net)</b>	<b>478,459</b>	<b>468,469</b>	<b>512,191</b>	<b>501,948</b>

## Note 6: Financial Assets (continued)

		Consolidation		Corporation	
		2009	2008	2009	2008
	Note	\$'000	\$'000	\$'000	\$'000
Note 6C: Investments accounted for using the equity method					
Investments in associates:	6D	43,937	38,937	41,739	35,320
Total equity-accounted investments		43,937	38,937	41,739	35,320

Investments in equity accounted investments are expected to be recovered in:

Less than 12 months	-	-	-	-
More than 12 months	<b>43,937</b>	38,937	<b>41,739</b>	35,320

The comparative for the 2007-08 financial year have been changed to reflect the reclassification of the investment in Ngarda Civil & Mining Pty Limited from Interest in Business Undertaking to Interest in Associate.

### Summarised financial information of associates:

	Note	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
<b>Balance sheet:</b>					
Assets		<b>122,317</b>	120,174	<b>108,151</b>	100,976
Liabilities		<b>(71,416)</b>	(77,324)	<b>(67,269)</b>	(71,329)
Net assets		<b>50,901</b>	42,850	<b>40,882</b>	29,647
<b>Profit and Loss:</b>					
Revenue		<b>154,361</b>	114,374	<b>143,492</b>	95,261
Net surplus		<b>8,054</b>	7,958	<b>6,826</b>	4,249
<b>Share of associates' net surplus</b>					
Share of net surplus before tax		<b>4,595</b>	3,066	<b>4,306</b>	2,370
Income tax expense		<b>(739)</b>	-	<b>(739)</b>	-
<b>Share of associates' net surplus</b>		<b>3,856</b>	3,066	<b>3,567</b>	2,370

## Note 6: Financial Assets (continued)

### Note 6D: Interests in associates

**Table A: Interests in associates (corporation)**

Interests are held in the following associated companies

Associated Company	Principal Activities	Ownership interest		Voting power		Carrying amount of investment	
		2009	2008	2009	2008	2009	2008
						\$'000	\$'000
Gagudju Crocodile Hotel Trust *	Accommodation provider	70%	70%	50%	50%	3,640	3,048
Gagudju Lodge Cooida Trust *	Accommodation provider	70%	70%	50%	50%	8,575	4,726
Kakadu Tourism (GCH) Pty Limited *	Accommodation provider	70%	70%	50%	50%	2,800	2,148
Kakadu Tourism (GLC) Pty Limited *	Tour operator & accommodation provider	70%	70%	50%	50%	5,785	4,595
Monkey Mia Enterprises Pty Limited *	Accommodation provider	54%	54%	50%	50%	7	906
Monkey Mia Holding Trust *	Accommodation provider	54%	54%	50%	50%	-	1,774
Ngarda Civil & Mining Pty Limited	Civil engineering & mining services	25%	25%	25%	25%	5,485	5,934
Noongar Property Trust *	Property	57%	66%	50%	50%	13,092	11,161
Marlba Maya Pty Limited*	Property	70%	70%	50%	50%	-	-
Port Hedland Investment Trust *	Property	70%	70%	50%	50%	2,355	1,028
						<b>41,739</b>	<b>35,320</b>

**Table B: Interests in associates (consolidated)**

Interests are held in the following associated companies

Associated Company	Principal Activities	Ownership interest		Voting power		Carrying amount of investment	
		2009	2008	2009	2008	2009	2008
						\$'000	\$'000
Carpentaria Shipping Services Pty Limited*	Transportation	18%	18%	25%	25%	841	1,417
Carpentaria Management Services*	Transportation	18%	18%	25%	25%	-	-
Fitzroy Crossing Inn Partnership *	Hotel/accommodation facilities	0%	43%	0%	25%	-	200
Fitzroy River Lodge Partnership *	Accommodation provider	26%	43%	25%	25%	1,357	2,000
Gagudju Crocodile Hotel Trust *	Accommodation provider	70%	70%	50%	50%	3,640	3,048
Gagudju Lodge Cooida Trust *	Accommodation provider	70%	70%	50%	50%	8,575	4,726
Kakadu Tourism (GCH) Pty Limited *	Accommodation provider	70%	70%	50%	50%	2,800	2,148
Kakadu Tourism (GLC) Pty Limited *	Tour operator & accommodation provider	70%	70%	50%	50%	5,785	4,595
Monkey Mia Enterprises Pty Limited *	Accommodation provider	54%	54%	50%	50%	7	906
Monkey Mia Holding Trust *	Accommodation provider	54%	54%	50%	50%	-	1,774
Ngarda Civil & Mining Pty Limited	Civil engineering & mining services	25%	25%	25%	25%	5,485	5,934
Noongar Property Trust *	Property	57%	66%	50%	50%	13,092	11,161
Marlba Maya Pty Limited*	Property	70%	70%	50%	50%	-	-
Port Hedland Investment Trust *	Property	70%	70%	50%	50%	2,355	1,028
						<b>43,937</b>	<b>38,937</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 comparative for the 2007-08 financial year have been changed to reflect the reclassification of the investment in Ngarda Civil & Mining Pty Limited from Interest in Business Undertaking to Interest in Associate.

Interests in associates are valued on the Equity Method.

## Note 6: Financial Assets (continued)

	Consolidated		Corporation	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000

### Note 6D: Interests in associates (continued)

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

Profit from ordinary activities before tax	4,595	3,066	4,306	2,370
Share of income tax expense	(739)	–	(739)	–
Net profit	<u>3,856</u>	<u>3,066</u>	<u>3,567</u>	<u>2,370</u>

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

Balance at beginning of financial year	38,937	28,694	35,320	24,269
Add:				
Additional investments during the year	565	6,903	565	6,537
Share of associated companies' profit from ordinary activities and after income tax	3,856	3,619	3,567	2,819
Fair value increment	9,127	4,200	9,127	4,145
Less:				
Dividend revenue from associated companies	(612)	(987)	(266)	(987)
Disposals during the year	(5,912)	(62)	(5,712)	(62)
Fair value decrement	(2,024)	(3,430)	(862)	(1,402)
Balance at end of financial year	<u>43,937</u>	<u>38,937</u>	<u>41,739</u>	<u>35,320</u>

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

Current assets	13,600	22,856	12,171	20,671
Non-current assets	39,334	42,285	37,537	39,690
Current liabilities	(11,812)	(16,297)	(11,550)	(15,814)
Non-current liabilities	(14,699)	(14,021)	(14,166)	(13,340)
Net assets	<u>26,423</u>	<u>34,823</u>	<u>23,992</u>	<u>31,206</u>

The comparative for the 2007–08 financial year have been changed to reflect the reclassification of the investment in Ngarda Civil & Mining Pty Limited from Interest in Business Undertaking to Interest in Associate.

Interests in associates are valued on the Equity Method.

## Note 6: Financial Assets (continued)

	Note	Consolidated		Corporation	
		2009	2008	2009	2008
		\$'000	\$'000	\$'000	\$'000
<b>Note 6E: Investments</b>					
Deposits					
Term deposits for investments under s 18 CAC Act		<b>232,000</b>	199,000	<b>195,000</b>	175,000
Shares					
Shares and advances in subsidiaries	6F	–	–	<b>165,618</b>	157,275
Other (Interest in Business undertakings)		<b>8,378</b>	19,095	<b>1,895</b>	1,963
<b>Total Investments</b>		<b>240,378</b>	218,095	<b>362,513</b>	334,238
Investments are expected to be recovered in					
Less than 12 months		<b>232,000</b>	199,000	<b>195,000</b>	196,263
More than 12 months		<b>8,378</b>	19,095	<b>167,513</b>	137,975
<b>Total Investments</b>		<b>240,378</b>	218,095	<b>362,513</b>	334,238

## Note 6: Financial Assets (continued)

### Note 6F: Interests in subsidiaries (Corporation only)

Name	Country of Incorporation	Percentage of equity interest held by consolidated entity		Carrying amount of investment	
		2009	2008	2009 \$	2008 \$
<b>Bilioara Pty Limited *</b>	Australia	100%	100%		
– ordinary shares				–	–
<b>Bilioara Unit Trust</b>	Australia	80%	80%		
– units in trust				–	–
<b>Bowen Basin Holdings Pty Limited *</b>	Australia	100%	100%		
– ordinary shares				1	1
<b>Bowen Basin Holdings Trust</b>	Australia	100%	100%		
– interest in fixed trust				–	–
<b>Bowen Basin Investments Pty Limited *</b>	Australia	100%	100%		
– ordinary shares				1	1
<b>Cape Don Pty Limited</b>	Australia	90%	90%		
– ordinary shares				–	344,000
– intercompany advance				–	768,000
<b>Carpentaria Shipping Trust</b>	Australia	100%	100%		
– interest in fixed trust				10,023	463,808
– intercompany advance				366,266	366,266
<b>CDC Nominees (Ceduna) Pty Limited *</b>	Australia	100%	100%		
– ordinary shares				–	2
<b>CDC Nominees (GRC) Pty Limited *</b>	Australia	100%	100%		
– ordinary shares				2	2
<b>CDC Nominees (McArthur River Shipping) Pty Limited *</b>	Australia	100%	100%		
– ordinary shares				2	2
<b>CDC Nominees (QBH) Pty Limited *</b>	Australia	100%	100%		
– ordinary shares				–	1
<b>CDC Nominees (SES) Pty Limited *</b>	Australia	100%	100%		
– ordinary shares				–	2
<b>CDC Nominees (TCTP) Pty Limited *</b>	Australia	100%	100%		
– ordinary shares				2	2
<b>CDC Nominees (WWLS) Pty Limited *</b>	Australia	100%	100%		
– ordinary shares				–	2
<b>Consolidated Manufacturing Enterprises Pty Limited</b>	Australia	100%			
– intercompany advance				345,017	
– ordinary shares				1,301,031	
– working capital				53,952	
<b>Diatomaceous Earth Holdings Pty Limited *</b>	Australia	100%	100%		
– ordinary shares				1	1
<b>Diatomaceous Earth Holdings Trust</b>	Australia	100%	100%		
– interest in fixed trust (intercompany advance)				–	–
<b>Elliot Store Holdings Trust</b>	Australia	100%	100%		
– intercompany advance				29,000	30,000
<b>Elliot Store Pty Limited *</b>	Australia	100%	100%		
– ordinary shares				1,000	–
<b>Fitzroy Inn Investments Pty Limited *</b>	Australia	100%	100%		
– ordinary shares				–	1
– intercompany advance				–	299,984
<b>Fitzroy Lodge Investments Pty Limited</b>	Australia	100%	100%		
– ordinary shares				1	1
– intercompany advance				1,443,857	2,249,717

## Note 6: Financial Assets (continued)

### Note 6F: Interests in subsidiaries (Corporation only) (continued)

Name	Country of Incorporation	Percentage of equity interest held by consolidated entity		Carrying amount of investment	
		2009	2008	2009 \$	2008 \$
<b>Hotel Enterprises Pty Limited</b>	<b>Australia</b>	<b>100%</b>	100%		
– ordinary shares				1,000	1,000
– preference shares				8,106,202	7,103,672
– intercompany advance				5,000,000	
<b>Hotel Holdings Trust</b>	<b>Australia</b>	<b>100%</b>	100%		
– units in trust				15,349,554	15,349,564
<b>Huntlee Estate Indigenous Participation Trust No. 1</b>	<b>Australia</b>	<b>100%</b>	100%		
– interest in fixed trust				3,241,314	8,334,000
<b>Huntlee Estate Indigenous Participation Trust No. 2</b>	<b>Australia</b>	<b>100%</b>	100%		
– interest in fixed trust				3,241,324	8,334,000
<b>IBA Coal Holdings Pty Limited *</b>	<b>Australia</b>	<b>100%</b>	100%		
– ordinary shares				–	1
<b>IBA Coal Investments Pty Limited *</b>	<b>Australia</b>	<b>100%</b>	100%		
– ordinary shares				–	1
<b>IBA Insurance Holdings Pty Limited</b>	<b>Australia</b>	<b>100%</b>	100%		
– ordinary shares				2,759,780	3,548,321
<b>IBA Property Investments Pty Limited *</b>	<b>Australia</b>	<b>100%</b>	100%		
– ordinary shares				2	2
– intercompany advance				20	–
<b>IBA (Property Holdings) Pty Limited *</b>	<b>Australia</b>	<b>100%</b>	100%		
– ordinary shares				20	–
– intercompany advance				10	10
<b>Indigenous Fishing Pty Limited *</b>	<b>Australia</b>	<b>100%</b>	100%		
– ordinary shares				2	2
<b>Indigenous Fishing Trust</b>	<b>Australia</b>	<b>100%</b>	100%		
– interest in fixed trust (intercompany advance)				3,036,049	2,394,547
<b>Indigenous Investment Trust</b>	<b>Australia</b>	<b>100%</b>	100%		
– units in trust				8,750,000	8,750,010
<b>Indigenous Investment Participation Trust</b>	<b>Australia</b>	<b>100%</b>	100%		
– units in trust				10	–
<b>Leonora Investments Trust</b>	<b>Australia</b>	<b>100%</b>	100%		
– interest in fixed trust				434,103	620,000
– working capital				318,000	10,000
<b>Leonora Investments Pty Limited *</b>	<b>Australia</b>	<b>100%</b>	100%		
– ordinary shares				1	1
<b>Mungo Lodge Pty Limited</b>	<b>Australia</b>	<b>100%</b>	100%		
– ordinary shares				1	1
<b>Mungo Lodge Holdings Pty Limited *</b>	<b>Australia</b>	<b>100%</b>	100%		
– ordinary shares				1	1
<b>Mungo Lodge Trust</b>	<b>Australia</b>	<b>100%</b>	100%		
– units in trust				10	2
– intercompany advance				1,163,646	3,796,089
<b>National Indigenous Participation Trust</b>	<b>Australia</b>	<b>100%</b>	100%		
– units in trust				5,233,618	7,711,659
<b>National Indigenous Property Trust</b>	<b>Australia</b>	<b>100%</b>	100%		
– intercompany advance				833,341	833,341
<b>Outback Stores Pty Limited</b>	<b>Australia</b>	<b>100%</b>	100%		
– preference shares				40,000,000	30,000,000
– ordinary shares				1	1
– intercompany advance				10,200,000	10,200,000

## Note 6: Financial Assets (continued)

### Note 6F: Interests in subsidiaries (Corporation only) (continued)

Name	Country of Incorporation	Percentage of equity interest held by consolidated entity		Carrying amount of investment	
		2009	2008	2009 \$	2008 \$
<b>Port Botany Transfer Station Trust<sup>1</sup></b>	<b>Australia</b>	<b>100%</b>	100%		
– units in trust				<b>12,250,000</b>	14,200,000
<b>Scarborough House Investment Trust</b>	<b>Australia</b>	<b>67%</b>	67%		
– units in trust				<b>30,747,831</b>	27,960,000
<b>Scarborough House Office Trust</b>	<b>Australia</b>	<b>67%</b>	67%		
– intercompany advance				<b>635,202</b>	635,202
<b>Seven Spirit Bay Enterprises Pty Limited *</b>	<b>Australia</b>	<b>100%</b>	100%		
– ordinary shares				–	–
<b>South Hedland Indigenous Property Trust</b>	<b>Australia</b>	<b>100%</b>	100%		
– units in trust				<b>2,060,392</b>	1,961,277
<b>Swanbrook Road Holding Trust</b>	<b>Australia</b>	<b>100%</b>			
– units in trust					
– intercompany advance				<b>1,409,967</b>	–
<b>Tennant Creek Enterprises Pty Limited</b>	<b>Australia</b>	<b>100%</b>			
– ordinary shares				<b>10</b>	–
<b>Tennant Creek Enterprises Trust</b>	<b>Australia</b>	<b>100%</b>			
– interest in fixed trust (intercompany advance)				<b>3,359,367</b>	–
<b>Tennant Creek Land Holding Trust</b>	<b>Australia</b>	<b>90%</b>			
– units in trust				<b>1,480,140</b>	–
<b>Tennant Creek Supermarket Pty Limited</b>	<b>Australia</b>	<b>90%</b>			
– intercompany advance				<b>899</b>	–
– working capital				<b>22,500</b>	–
<b>TCTP Participation Trust</b>	<b>Australia</b>	<b>100%</b>	100%		
– interest in fixed trust (intercompany advance)				<b>254,867</b>	160,211
<b>Tjapukai Pty Limited</b>	<b>Australia</b>	<b>66%</b>	19%		
– ordinary shares				<b>2</b>	1
– interest in partnership				<b>752,823</b>	–
– advance to partnership				<b>751,000</b>	–
<b>Wildman River Lodge Trust</b>	<b>Australia</b>	<b>100%</b>	100%		
– intercompany advance				<b>124,735</b>	300,010
– units in trust				<b>550,000</b>	550,000

**Total Interests in Subsidiaries (Corporation only)**

**165,617,899 157,274,719**

\* non-trading

<sup>1</sup> The comparative figures for the 2007–08 financial year have been changed to reflect the units held in Port Botany Transfer Station Trust on reclassification of the investment property to investment in subsidiary.

### Note 6G: Interests in joint ventures

As at the 30th of June 2009 IBA has an interest in one joint venture (2008: one joint venture).

A controlled entity, Diatomaceous Earth Investments Pty Limited, through its controlled entity, Diatomaceous Earth Investments Pty Limited, has a 40% interest (including a 20% option) in the Diatomaceous Earth joint venture. The joint venture's principal activity was the exploration and marketing of Diatomaceous earth. The investment has been written off in previous years and therefore does not have assets/ liabilities to consolidate.

## Note 7: Non-Financial Assets

	Consolidated		Corporation	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
<b>Note 7A: Land and Buildings</b>				
Leasehold improvements				
– fair value	9,598	1,593	1,851	1,221
– work in progress	3,836	–	–	–
– accumulated depreciation	(1,895)	(590)	(660)	(335)
<b>Total leasehold improvements</b>	<b>11,539</b>	<b>1,003</b>	<b>1,191</b>	<b>886</b>
<b>Total land and buildings (non-current)</b>	<b>11,539</b>	<b>1,003</b>	<b>1,191</b>	<b>886</b>
<b>Note 7B: Infrastructure, Plant and Equipment</b>				
Infrastructure, plant and equipment:				
– Gross carrying value (at fair value)	24,835	13,658	2,947	1,580
– Accumulated depreciation	(14,414)	(7,936)	(1,352)	(779)
<b>Total infrastructure, plant and equipment</b>	<b>10,421</b>	<b>5,722</b>	<b>1,595</b>	<b>801</b>
<b>Total infrastructure, plant and equipment (non-current)</b>	<b>10,421</b>	<b>5,722</b>	<b>1,595</b>	<b>801</b>

## Note 7: Non-Financial Assets (continued)

### Note 7C: Analysis of Property, Plant and Equipment

**TABLE A: – Reconciliation of the opening and closing balances of property, plant and equipment – Consolidated**

	2009			2008		
	Land and Buildings \$'000	Other IP & E \$'000	Total \$'000	Land and Buildings \$'000	Other IP & E \$'000	Total \$'000
<b>As at 1 July</b>						
Gross book value	1,593	13,658	15,251	2,446	34,421	36,867
Accumulated depreciation/amortisation and impairment	(590)	(7,936)	(8,526)	(355)	(6,564)	(6,919)
<b>Net book value as at 1 July</b>	<b>1,003</b>	<b>5,722</b>	<b>6,725</b>	<b>2,091</b>	<b>27,857</b>	<b>29,948</b>
Additions:						
By purchase	7,696	12,242	19,938	490	5,036	5,526
Work in progress	3,836	–	3,836	–	–	–
From acquisition of entities or operations (including restructuring)	–	–	–	–	290	290
Revaluations and impairments through equity	1,012	(16)	996	–	–	–
Depreciation/amortisation expense	(1,305)	(2,726)	(4,031)	(235)	(1,372)	(1,607)
Impairments recognised in the operating result	(70)	–	(70)	–	–	–
Other movements						
Accumulated depreciation for entities acquired in 2008–09	–	(3,752)	(3,752)	–	–	–
Disposals:						
From disposal of entities or operations (including restructuring)	–	–	–	(1,343)	(26,089)	(27,432)
Other disposals	(633)	(1,049)	(1,682)	–	–	–
<b>Net book value 30 June</b>	<b>11,539</b>	<b>10,421</b>	<b>21,960</b>	<b>1,003</b>	<b>5,722</b>	<b>6,725</b>
<b>Net book value as of 30 June represented by:</b>						
Gross book value	13,434	24,835	38,269	1,593	13,658	15,251
Accumulated depreciation/amortisation and impairment	(1,895)	(14,414)	(16,309)	(590)	(7,936)	(8,526)
	<b>11,539</b>	<b>10,421</b>	<b>21,960</b>	<b>1,003</b>	<b>5,722</b>	<b>6,725</b>

**Table B: – Reconciliation of the opening and closing balances of property, plant and equipment – Corporation**

	2009			2008		
	Land and Buildings \$'000	Other IP & E \$'000	Total \$'000	Land and Buildings \$'000	Other IP & E \$'000	Total \$'000
<b>As at 1 July</b>						
Gross book value	1,221	1,580	2,800	827	897	1,724
Accumulated depreciation/amortisation and impairment	(335)	(779)	(1,114)	(152)	(517)	(669)
<b>Net book value 1 July</b>	<b>886</b>	<b>801</b>	<b>1,686</b>	<b>675</b>	<b>380</b>	<b>1,055</b>
Additions:						
By purchase	630	1,379	2,009	394	683	1,076
Depreciation/amortisation expense	(325)	(573)	(898)	(183)	(262)	(445)
Disposals:						
From disposal of entities or operations (including restructuring)	–	(12)	(12)	–	–	–
<b>Net book value 30 June</b>	<b>1,191</b>	<b>1,595</b>	<b>2,786</b>	<b>886</b>	<b>801</b>	<b>1,686</b>
<b>Net book value as of 30 June represented by:</b>						
Gross book value	1,851	2,947	4,798	1,221	1,580	2,800
Accumulated depreciation/amortisation and impairment	(660)	(1,352)	(2,012)	(335)	(779)	(1,114)
	<b>1,191</b>	<b>1,595</b>	<b>2,786</b>	<b>886</b>	<b>801</b>	<b>1,686</b>

## Note 7: Non-Financial Assets (continued)

	Consolidated		Corporation	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
<b>Note 7D: Investment property</b>				
<b>As at 1 July opening balance</b>				
Gross book value	<b>133,795</b>	108,524	<b>10,688</b>	8,288
<b>As at 1 July</b>	<b>133,795</b>	108,524	<b>10,688</b>	8,288
Additions:				
By acquisition	–	23,561	–	5,159
Disposals	<b>(1,163)</b>	( 3,000)	<b>(439)</b>	( 3,000)
Net gain (loss) from fair value adjustments	<b>(8,926)</b>	4,710	<b>110</b>	241
Reclassification	<b>103</b>	–	–	–
Other movements				
Transfer	<b>(7,810)</b>	–	<b>(7,600)</b>	–
<b>Net book value 30 June</b>	<b>115,999</b>	133,795	<b>2,759</b>	10,688

### Note 7E: Intangibles

Computer software at cost:				
Computer software purchased / developed	<b>1,358</b>	1,024	<b>1,358</b>	1,024
<b>Total Computer Software</b>	<b>1,358</b>	1,024	<b>1,358</b>	1,024
Accumulated amortisation	<b>(914)</b>	(540)	<b>(914)</b>	(540)
<b>Total Computer Software</b>	<b>444</b>	484	<b>444</b>	484
<b>Other Intangibles</b>				
Fishing Licence	<b>6,622</b>	6,622	–	–
Write down – fishing licence	<b>(4,622)</b>	(5,272)	–	–
Other	<b>7,403</b>	5,783	–	–
Accumulated amortisation and write down – other	<b>(94)</b>	(2)	–	–
<b>Total other intangibles</b>	<b>9,309</b>	7,131	–	–
<b>Total intangibles (non-current)</b>	<b>9,753</b>	7,615	<b>444</b>	484

Table A: – Reconciliation of the opening and closing balances of Intangibles

Item	Consolidated		Corporation	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
<b>As at 1 July</b>				
Gross book value	<b>13,429</b>	13,398	<b>1,024</b>	940
Accumulated depreciation/amortisation and impairment	<b>(5,814)</b>	(5,482)	<b>(540)</b>	(208)
<b>Net Book Value 1 July</b>	<b>7,615</b>	7,916	<b>484</b>	732
Additions:				
by acquisition	<b>3,419</b>	4,372	<b>334</b>	84
Amortisation	<b>(466)</b>	(332)	<b>(374)</b>	(332)
Revaluation / (Impairments)	<b>650</b>	–	–	–
Disposals	<b>(1,101)</b>	(4,341)	–	–
Reclassifications	<b>(364)</b>	–	–	–
<b>Net book value 30 June</b>	<b>9,753</b>	7,615	<b>444</b>	484
<b>Net book value as of 30 June represented by:</b>				
Gross book value	<b>15,383</b>	13,429	<b>1,358</b>	1,024
Accumulated depreciation/amortisation and impairment	<b>(5,630)</b>	(5,814)	<b>(914)</b>	(540)
	<b>9,753</b>	7,615	<b>444</b>	484

## Note 7: Non-Financial Assets (continued)

	Consolidated		Corporation	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000

### Note 7F: Inventories

Inventories held for sale				
Raw Materials	<u>1,560</u>	<u>120</u>	<u>-</u>	<u>-</u>
Total inventories held for sale	<u>1,560</u>	<u>120</u>	<u>-</u>	<u>-</u>
Inventories held for distribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total inventories (current)	<u>1,560</u>	<u>120</u>	<u>-</u>	<u>-</u>

There are no inventories pledged as security for liabilities.  
All Inventories are non-current assets

### Note 7G: Deferred Tax assets

Deferred tax assets	<u>752</u>	<u>88</u>	<u>-</u>	<u>-</u>
Total deferred tax assets	<u>752</u>	<u>88</u>	<u>-</u>	<u>-</u>

All deferred tax assets are non-current assets

### Note 7H: Other Non-Financial Assets

Prepayments	<u>1,355</u>	<u>184</u>	<u>246</u>	<u>108</u>
Total other non-financial assets	<u>1,355</u>	<u>184</u>	<u>246</u>	<u>108</u>

All other non-financial assets are current assets.

## Note 8: Payables

	Consolidated		Corporation	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
<b>Note 8A: Suppliers</b>				
Trade creditors	<u>6,672</u>	<u>10,494</u>	<u>3,878</u>	<u>9,608</u>
<b>Total supplier payables</b>	<u><b>6,672</b></u>	<u><b>10,494</b></u>	<u><b>3,878</b></u>	<u><b>9,608</b></u>
Supplier payables-related entities are represented by:				
Current	<u>6,672</u>	<u>10,494</u>	<u>3,878</u>	<u>9,608</u>
Non-current	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total supplier payables</b>	<u><b>6,672</b></u>	<u><b>10,494</b></u>	<u><b>3,878</b></u>	<u><b>9,608</b></u>

Settlement is usually made net 30 days.

### Note 8B: Deferred Tax liability

Tax liabilities equivalent	<u>109</u>	<u>8</u>	<u>-</u>	<u>-</u>
<b>Total tax liabilities:</b>	<u><b>109</b></u>	<u><b>8</b></u>	<u><b>-</b></u>	<u><b>-</b></u>

All deferred tax liabilities are non-current.

### Note 8C: Other Payables

Salaries and wages	<u>2,478</u>	<u>1,771</u>	<u>1,789</u>	<u>1,196</u>
Superannuation	<u>62</u>	<u>271</u>	<u>47</u>	<u>256</u>
Separations and Redundancies	<u>-</u>	<u>234</u>	<u>-</u>	<u>234</u>
Unearned appropriations	<u>-</u>	<u>11,066</u>	<u>-</u>	<u>11,066</u>
Unearned income	<u>27,709</u>	<u>13,492</u>	<u>10,951</u>	<u>12,628</u>
GST Payable to ATO	<u>2,527</u>	<u>-</u>	<u>64</u>	<u>-</u>
<b>Total Other Payables</b>	<u><b>32,776</b></u>	<u><b>26,834</b></u>	<u><b>12,851</b></u>	<u><b>25,380</b></u>

All Other Payables are current.

The comparative figures for the 2007-08 financial year have been changed to reflect the reclassification of salaries, wages and superannuation from Employee Provisions to Other Payables.

## Note 9: Interest Bearing Liabilities

	Consolidated		Corporation	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
<b>Note 9A: Loans</b>				
Non-bank loans				
Bills of exchange and promissory notes – Borrowing secured by floating charge	<u>6,598</u>	<u>7,221</u>	<u>-</u>	<u>-</u>
<b>Total loans</b>	<u><b>6,598</b></u>	<u><b>7,221</b></u>	<u><b>-</b></u>	<u><b>-</b></u>
Maturity schedule for loans:				
Payable:				
Within one year	<u>6,598</u>	<u>7,221</u>	<u>-</u>	<u>-</u>
<b>Total loans</b>	<u><b>6,598</b></u>	<u><b>7,221</b></u>	<u><b>-</b></u>	<u><b>-</b></u>

### Loans information:

(a) As at 30 June 2009, \$6.598 million pertains to borrowing against 6 month renewable Bills of Exchange, drawn by the National Indigenous Property Trust against security of land and buildings.

(b) The balance of borrowings by the National Indigenous Property Trust as at 30 June 2008 was \$7.221 million.

## Note 10: Provisions

	Consolidated		Corporation	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
<b>Note 10A: Employee provisions</b>				
Leave	5,241	4,328	4,036	3,687
<b>Total employee provisions</b>	<b>5,241</b>	<b>4,328</b>	<b>4,036</b>	<b>3,687</b>
Employee provisions are represented by:				
Current	3,360	3,090	3,360	3,090
Non-current	1,881	1,238	676	597
<b>Total employee provisions</b>	<b>5,241</b>	<b>4,328</b>	<b>4,036</b>	<b>3,687</b>

The classification of current includes amounts for which there is not an unconditional right to defer settlement by one year, hence in the case of employee provisions the above classification does not represent the amount expected to be settled within one year of reporting date. Employee provisions expected to be settled in twelve months from the reporting date for the Corporation \$3.36 million and in excess of one year \$0.675 million.

The comparative for the 2007–08 financial year have been changed to reflect, the reclassification of salaries, wages & superannuation from Employee Provisions to Other Payables.

### Note 10B: Other provisions

Restoration obligations	702	662	702	662
Other	247	8,640	293	7,680
<b>Total other provisions</b>	<b>949</b>	<b>9,302</b>	<b>995</b>	<b>8,342</b>
Other provisions are represented by:				
Current	949	9,302	995	8,342
<b>Total other provisions</b>	<b>949</b>	<b>9,302</b>	<b>995</b>	<b>8,342</b>

IBA currently has eight agreements for the leasing of premises which have provisions requiring the Company to restore the premises to their original condition at the conclusion of the lease. IBA has made a provision of \$702,375 to reflect the present value of this obligation.

Other provisions of \$292,200 within Corporation pertain to funding from FaHCSIA for Good Renter Discount as part of the Home On Indigenous Land Program. As at 30 June 2008, the provision of \$7,680,000 pertain to amounts attributable to other agencies against construction of housing in Northern Territory under the long form funding agreement. These amounts represent amounts payable to these agencies in the event of sale or transfer of the houses.

	Consolidated			Corporation		
	Provision for Restoration	Other Provision	Total	Provision for Restoration	Other Provision	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount 1 July 2008	662	8,640	9,302	662	7,680	8,342
Additional provisions made	40	3,649	3,689	40	214	254
Amounts used	-	(12,042)	(12,042)	-	(7,601)	(7,601)
<b>Closing balance 30 June 2009</b>	<b>702</b>	<b>247</b>	<b>949</b>	<b>702</b>	<b>293</b>	<b>995</b>

## Note 11: Cash Flow Reconciliation

	Consolidated		Corporation	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000

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

#### Report cash and cash equivalents as per:

Cash Flow Statement	124,683	102,605	71,415	56,323
Balance Sheet	124,683	102,605	71,415	56,323
Difference	-	-	-	-

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

Operating result	30,699	135,837	46,607	122,595
Depreciation / amortisation	4,497	1,939	1,272	777
Net write down of non-financial assets	8,704	-	181	-
Net write down/ (up) of financial assets	(4,185)	45,216	(3,215)	51,327
Gain on disposal of assets	(930)	(117,570)	74	634
(Increase)/decrease in net receivables	23,470	(10,686)	21,129	9,224
Increase / (decrease) in employee provisions	913	2,591	(1,338)	1,437
Increase / (decrease) in supplier and other payables	(13,087)	(5,468)	(23,140)	1,135
Increase / (decrease) in prepayments received	-	177	-	-
Increase / (decrease) in GST payable	5,779	(769)	5,003	(769)
Increase / (decrease) in tax liabilities	585	1,233	-	-
<b>Net cash from operating activities</b>	<b>56,445</b>	<b>52,500</b>	<b>46,573</b>	<b>186,360</b>

## Note 12: Contingent Liabilities and Assets

### Schedule of Contingent Liabilities and Assets

	Consolidated		Corporation	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
<b>Contingent Assets</b>				
Claims for damages/costs <sup>1</sup>	820	965	820	965
<b>Total contingent assets</b>	<b>820</b>	<b>965</b>	<b>820</b>	<b>965</b>
<b>Contingent Liabilities</b>				
Guarantees <sup>2</sup>	1,685	1,685	1,685	1,685
Indemnities <sup>3</sup>	1,000	1,000	1,000	1,000
Claims for damages/costs <sup>4</sup>	1,560	1,358	694	1,358
<b>Total contingent liabilities</b>	<b>4,245</b>	<b>4,043</b>	<b>3,379</b>	<b>4,043</b>
<b>Net contingent assets (liabilities)</b>	<b>(3,425)</b>	<b>(3,078)</b>	<b>(2,560)</b>	<b>(3,078)</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 2009 the following guarantees have been provided by IBA in accordance with this approval:

- ▶ The provision of a guarantee for \$1,425,000 in favour of the Westpac Banking Corporation relating to long term finance to be provided to Carpentaria Shipping Services Pty Ltd in respect of its bulk carrier the MV "Aburri".
- ▶ The provision of a guarantee for \$250,000 in favour of Westpac Banking Corporation relating to a loan to Kalumburu Aboriginal Corporation to re-establish the Kalumburu Community Store.
- ▶ The provision of a guarantee for \$10,000 in favour of Eurobodalla Shire Council relating to finance for establishment of a waste recycling depot for Cobowra Environmental Services Ltd.

#### 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 Mine.
- ▶ 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 a number of legal matters that are currently ongoing.

## Note 13: Directors Remuneration

	Consolidated		Corporation	
	2009	2008	2009	2008
The number of directors of IBA included in these figures are shown below in the relevant remuneration bands:				
\$Nil to \$14,999	1	–	1	–
\$15,000 to \$29,999	4	5	4	5
\$30,000 to \$44,999	3	2	3	2
\$45,000 to \$59,999	–	1	–	1
\$150,000 to \$164,999	1	–	1	–
\$240,000 to \$254,999	–	1	–	1
<b>Total number of directors of IBA</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Total remuneration received or due and receivable by directors of Indigenous Business Australia.	<b>367,416</b>	<b>503,456</b>	<b>367,416</b>	<b>503,456</b>

## Note 14: Related Party Disclosures

### *Loans to Directors and Director-related Entities*

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

- Wunan Foundation
- Dreamtime Cultural Centre Pty Ltd

Mr Ian 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 loan granted for \$300,000 on 25 August 2000 has now been fully paid out, while the loan for \$250,000 granted on 24 April 2002 has a current balance of \$128,494. The transactions between the Wunan Foundation and Indigenous Business Australia (IBA) are on normal commercial arms length basis.

Deputy Chairperson Bob 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 now been fully paid out. The transactions between the Dreamtime Cultural Centre Pty Ltd and IBA are on a normal commercial arms length basis.

	2009 \$'000	2008 \$'000
Loans to Director-related entities outstanding at year-end:	128	279
Loans to Director-related entities during the year:	–	–
Loan repayments during the year:	164	79
Interest revenue included in operating result from loans to Directors/Director-related entities.	13	20

## Note 15: Executive Remuneration

	Consolidated 2009	2008	Corporation 2009	2008
The number of senior executives who received or were due to receive total remuneration of \$130,000 or more:				
\$145,000 to \$159,999	1	1	1	1
\$160,000 to \$174,999	-	2	-	2
\$175,000 to \$189,999	-	2	-	2
\$190,000 to \$204,999	2	2	2	2
\$205,000 to \$219,999	3	-	3	-
\$220,000 to \$234,999	1	-	1	-
\$250,000 to \$264,999	-	2	-	2
\$280,000 to \$294,999	1	-	1	-
\$325,000 to \$339,999	-	1	-	1
\$340,000 to \$354,999	1	-	1	-
\$385,000 to \$399,999	1	-	1	-
<b>Total</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>
	\$	\$	\$	\$
The aggregate amount of total remuneration of senior executives shown above.	<b>2,448,504</b>	2,103,215	<b>2,448,504</b>	2,103,215
The aggregate amount of separation and redundancy/termination benefit payments during the year to executives shown above.	<b>112,000</b>	-	<b>112,000</b>	-

## Note 16: Remuneration of Auditors

	Consolidated		Corporation	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
The cost of Financial Statement audit services to IBA were:				
Auditor-General.	211	213	165	165
	<u>211</u>	<u>213</u>	<u>165</u>	<u>165</u>

No other services were provided by the Auditor-General.

## Note 17: Financial Instruments

		Consolidated		Corporation	
		2009	2008	2009	2008
	Notes	\$'000	\$'000	\$'000	\$'000

### Note 17A: Categories of Financial Instruments

#### Financial Assets

Cash and cash equivalents	6A	<b>124,683</b>	102,605	<b>71,415</b>	56,323
		<b>124,683</b>	102,605	<b>71,415</b>	56,323
Loans and receivables financial assets					
Goods, services and GST receivables	6B	<b>7,550</b>	18,118	<b>3,173</b>	15,673
Dividend and other receivables	6B	<b>3,964</b>	17,795	<b>42,073</b>	53,719
		<b>11,514</b>	35,913	<b>45,246</b>	69,392
Fair value through profit and loss–designated					
Business and Home loans	6B	<b>466,945</b>	432,556	<b>466,945</b>	432,556
		<b>466,945</b>	432,556	<b>466,945</b>	432,556
Available for sale financial assets					
Subsidiaries	6E	–	–	<b>165,618</b>	157,275
Associates	6C	<b>43,937</b>	38,937	<b>41,739</b>	35,320
Business Undertakings	6E	<b>8,378</b>	19,095	<b>1,895</b>	1,963
		<b>52,315</b>	58,032	<b>209,252</b>	194,557
Held-to-maturity financial assets					
Term Deposits	6E	<b>232,000</b>	199,000	<b>195,000</b>	175,000
		<b>232,000</b>	199,000	<b>195,000</b>	175,000
Carrying amount of financial assets		<b>887,457</b>	828,106	<b>987,858</b>	927,828

#### Financial Liabilities

Other Financial Liabilities – at Amortised Cost					
Trade Creditors	8A	<b>6,672</b>	10,494	<b>3,878</b>	9,608
Tax liabilities	8B	<b>109</b>	8	–	–
Other Payables	8C	<b>30,235</b>	26,834	<b>11,015</b>	25,380
		<b>37,016</b>	37,336	<b>14,893</b>	34,988
Borrowings secured by a Floating Charge	9	<b>6,598</b>	7,221	–	–
		<b>6,598</b>	7,221	–	–
Carrying amount of financial liabilities		<b>43,614</b>	44,557	<b>14,893</b>	34,988

**Note:** There is no material difference between the fair value and carrying value of financial assets and liabilities.

## Note 17: Financial Instruments (continued)

	Consolidated		Corporation	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
<b>Note 17B: Net Income and Expense from Financial Assets</b>				
<b>Cash and cash equivalents</b>				
Interest revenue	<b>7,110</b>	9,075	<b>4,388</b>	9,015
<b>Net gain – Cash and cash equivalents</b>	<b>7,110</b>	9,075	<b>4,388</b>	9,015
<b>Fair value through profit and loss</b>				
Interest revenue	<b>29,781</b>	29,914	<b>29,781</b>	29,914
<b>Net gain – Fair value through profit and loss</b>	<b>29,781</b>	29,914	<b>29,781</b>	29,914
<b>Available for sale</b>				
Interest revenue	<b>859</b>	1,290	<b>1,662</b>	2,260
Dividend revenue	<b>18</b>	–	<b>9,165</b>	128,417
Equity accounted profit of Associates	<b>3,856</b>	3,066	<b>3,567</b>	2,370
Gain/ (loss) recognised in equity	<b>(871)</b>	10,531	<b>(6,561)</b>	11,136
Net gain on disposal	<b>1,005</b>	117,570	<b>1</b>	(634)
<b>Net gain – Available for sale</b>	<b>4,867</b>	132,457	<b>7,834</b>	143,549
<b>Held-to-maturity</b>				
Interest revenue	<b>13,590</b>	5,433	<b>12,056</b>	3,558
<b>Net gain – Held to maturity</b>	<b>13,590</b>	5,433	<b>12,056</b>	3,558
<b>Net gain from financial assets</b>	<b>55,348</b>	176,879	<b>54,059</b>	186,036

### Note 17C: Net Income and Expense from Financial Liabilities

<b>Financial liabilities – at amortised cost</b>				
Interest expense	<b>493</b>	1,426	<b>4</b>	71
<b>Net loss – Financial liabilities – at amortised cost</b>	<b>493</b>	1,426	<b>4</b>	71
<b>Net loss from financial liabilities</b>	<b>493</b>	1,426	<b>4</b>	71

## Note 17: Financial Instruments (continued)

### Note 17D: Fair value of financial instruments

#### Loan Receivables designated at fair value through profit and loss

Changes in the Fair value of Loans designated at fair value through profit and loss, that arose due to credit risk [method used AASB7.9(i) or 9c(iii)]

	Consolidated		Corporation	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Maximum exposure to Credit risk	466,946	432,556	466,946	432,556
Fair value changes due to Credit risk:				
During the period	16,954	18,858	16,954	18,858
Cumulative change	107,155	90,200	107,155	90,200

1. IBA Home and Business loans, issued at lower than market rates, are fair valued against market interest rates benchmarked on commercial bank rates. The interest rate differential against which the discount is applied, is bifurcated into Market discount and Credit discount differentials. Movement in Fair value is dependent on new loans settled, loans repaid and interest rate changes during the period. The credit risk impact measured below gives the fair value discount arising on the Credit interest differential only.
2. IBA has not utilised any instruments such as credit derivatives to mitigate its credit risk.

#### Valuation Method used for determining the fair value of financial instruments

IBA uses the following techniques for measuring Fair value of Assets and liabilities:

1. Trade receivables are valued at realisable value, which in the absence of impairment is the same as carrying value.
2. Trade and other payables and provisions are valued at their carrying values adjusted for any impairment.
3. Investments are fair valued against market related inputs every year with an external valuation done once in every three years.
4. Loans receivables are fair valued against market related benchmarks on an ongoing basis.

The table gives quantitative data on valuation techniques followed for fair valuation of Investments and Loan receivables; whether obtained with reference to market prices or by a valuation technique that employs observable market transactions, or non-observable market inputs.

	Consolidated				Corporation			
	Valuation technique 2009				Valuation technique 2009			
	Market values \$'000	Market inputs \$'000	Non-market inputs \$'000	Total \$'000	Market values \$'000	Market inputs \$'000	Non-market inputs \$'000	Total \$'000
<b>Financial assets:</b>								
<b>Designated at Fair value through P &amp; L</b>								
Loan Receivables – Home	–	428,089	–	428,089	–	428,089	–	428,089
Loan Receivables–Business Development	–	38,856	–	38,856	–	38,856	–	38,856
<b>Available for Sale</b>								
Subsidiaries	–	–	–	–	–	165,618	–	165,618
Associates	–	43,937	–	43,937	–	41,739	–	41,739
Business Undertakings	–	8,378	–	8,378	–	1,895	–	1,895

## Note 17: Financial Instruments (continued)

### Note 17E: Credit risk – maximum exposure

IBA manages credit risk on its Loans portfolio by undertaking background and credit checks prior to allowing a debtor relationship. In addition, IBA has policies and procedures that guide employees debt recovery techniques that are to be applied. IBA also holds collateral against certain loans to mitigate against credit risk.

The following table illustrates IBA gross exposure to credit risk, excluding any collateral or credit enhancements.

	Consolidated		Corporation	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
<b>Financial assets</b>				
Trade, other receivables and other financial assets	11,514	35,913	45,245	69,392
Loans receivables – Home	428,089	392,456	428,089	392,456
Loans receivables – Business Development	38,856	40,100	38,856	40,100
Investments accounted for using the equity method	43,937	38,937	41,739	35,320
Investments	240,378	224,029	362,513	325,972
<b>Total</b>	<b>762,774</b>	<b>731,435</b>	<b>916,443</b>	<b>863,240</b>

### Note 17F: Credit risk: Assets held as collateral

In relation to IBA's gross credit risk the following collateral is held against Home and Business loans.

	Consolidated		Corporation	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
<b>Financial assets:</b>				
Loans receivables – Home	727,478	691,492	727,478	691,492
Loans receivables – Business Development	112,688	114,109	112,688	114,109
<b>Total assets held as collateral</b>	<b>840,166</b>	<b>805,601</b>	<b>840,166</b>	<b>805,601</b>

### Note 17G: Credit risk: Assets pledged as collateral

In relation to the borrowings by subsidiaries of IBA, the following collateral is pledged.

	Consolidated		Corporation	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
<b>Financial Liabilities:</b>				
Borrowings secured by floating charge	6,598	7,221	–	–
<b>Total assets held as collateral</b>	<b>6,598</b>	<b>7,221</b>	<b>–</b>	<b>–</b>

The Assets held as collateral comprises:

- (a) As at 30 June 2009, \$6,598,000 pertains to the loan by the National Indigenous Property Trust against security of land and building and commercial bills.
- (b) The balance of the National Indigenous Property Trust loan as at 30 June 2008 was \$7,221,000.

## Note 17: Financial Instruments (continued)

### Note 17H: Credit risk: Loans past due or impaired and ageing analysis

In relation to financial assets, deposits, trade receivables and investments are considered **Not Past due and not Impaired**. The details of past due and impaired assets pertain to Home and Business loans only.

The major credit risk associated with the activities of IBA home and business development loans receivable.

An analysis of impairment and ageing of IBA's home and business development loans receivable is provided below.

	Consolidated				Corporation			
	Not Past Due Nor Impaired	Not Past Due Nor Impaired	Past due or impaired	Past due or impaired	Not Past Due Nor Impaired	Not Past Due Nor Impaired	Past due or impaired	Past due or impaired
	2009	2008	2009	2008	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial Assets:</b>								
Loans receivables – Home	389,372	354,547	37,004	37,909	389,372	354,547	37,004	37,909
Loans receivables – Business Development	29,909	31,535	20,804	8,565	29,909	31,535	20,804	8,565
<b>Total</b>	<b>419,281</b>	<b>386,082</b>	<b>57,808</b>	<b>46,474</b>	<b>419,281</b>	<b>386,082</b>	<b>57,808</b>	<b>46,474</b>

**Ageing analysis** of financial assets, loans receivables that are **Past due but not impaired** for Corporation only.

Loans other than pertaining to the Corporation in the consolidated entity are considered Not Past due.

	Corporation: 2009					Corporation: 2008				
	0 to 30 days	31 to 60 days	61 to 90 days	90+ days	Total	0 to 30 days	31 to 60 days	61 to 90 days	90+ days	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial Assets:</b>										
Loans receivables – Home	22,837	7,662	2,573	3,013	36,085	20,077	7,655	3,988	3,261	34,981
Loans receivables – Business Development	699	1,555	726	1,736	4,715	1,150	1,421	574	2,978	6,121
<b>Total</b>	<b>23,536</b>	<b>9,217</b>	<b>3,299</b>	<b>4,748</b>	<b>40,800</b>	<b>21,227</b>	<b>9,076</b>	<b>4,561</b>	<b>6,239</b>	<b>41,103</b>

Loans receivables considered **Impaired** for Corporation only. Loans other than pertaining to the Corporation in the consolidated entity are not considered Impaired or Past due.

	Consolidated		Corporation	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
<b>Financial Assets:</b>				
Loans receivables – Home	1,760	2,316	1,760	2,316
Loans receivables – Business Development	16,893	11,870	16,893	11,870
<b>Total</b>	<b>18,653</b>	<b>14,186</b>	<b>18,653</b>	<b>14,186</b>

	Corporation	
	2009	2008
	\$'000	\$'000
<b>Reconciliation of movement in impairment allowance account</b>		
<b>Loans – Home loans, Housing Fund and Home Loans Capital</b>		
Opening Provision for Doubtful Debts as at 01/07/08	1,490	1,342
Provisions resolved	(317)	(90)
Provision pertaining to loans written off	(263)	(138)
	<b>910</b>	<b>1,114</b>
New provisions		
New accounts	303	402
Change in PDD for accounts existing at 01/07/08	(5)	(26)
	<b>298</b>	<b>376</b>
Closing balance as at 30/06/09	<b>1,208</b>	<b>1,490</b>
<b>Loans business development</b>		
Opening Provision for Doubtful Debts as at 01/07/08	10,992	10,977
Provisions resolved	(1,225)	(529)
Provision pertaining to loans written off	(5,014)	(5,457)
	<b>4,753</b>	<b>4,991</b>
New provisions	7,903	6,001
Closing balance as at 30/06/09	<b>12,656</b>	<b>10,992</b>

## Note 17: Financial Instruments (continued)

### Note 17I: Liquidity risk

The financial liabilities of IBA are trade payables, other payables and secured loans. The exposure to liquidity risk is analysed with a maturity analysis of all liabilities.

	Consolidated					Corporation				
	On	within 1	1 to 5	→ 5	Total	On	within 1	1 to 5	→ 5	Total
	demand	year	years	years		demand	year	years	years	
	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial liabilities:</b>										
Trade Creditors	–	6,672	–	–	<b>6,672</b>	–	3,878	–	–	<b>3,878</b>
Tax liabilities	–	109	–	–	<b>109</b>	–	–	–	–	<b>–</b>
Other Payables	–	30,235	–	–	<b>30,235</b>	–	11,015	–	–	<b>11,015</b>
Borrowings secured by a Floating Charge	–	6,598	–	–	<b>6,598</b>	–	–	–	–	<b>–</b>
<b>Total</b>	–	<b>43,614</b>	–	–	<b>43,614</b>	–	<b>14,893</b>	–	–	<b>14,893</b>

### Note 17J: Market risk

Interest rate risk refers to the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates. IBA is exposed to interest rate risk primarily on its Home and Business loan receivables. This pertains to the Corporation only.

	Risk variable	Corporation				Corporation			
		2009				2008			
		Change in risk variable	Effect on Income Statement	Change in risk variable	Effect on Income Statement	Change in risk variable	Effect on Income Statement	Change in risk variable	Effect on Income Statement
		%	\$'000	%	\$'000	%	\$'000	%	\$'000
<b>Financial assets: Loan Receivables</b>									
Interest rate risk	Interest rate	<b>+0.75</b>	<b>(1,222)</b>	<b>–0.75</b>	<b>1,644</b>	+0.5	(10,306)	–0.05	10,643

1. A positive number indicates an increase in surplus in the Income statement and a negative number a decrease in surplus.
2. IBA Home and Business loans, issued at lower than market rates, are fair valued against market interest rates benchmarked on commercial bank rates. The quantum of interest rate differential determines the variance of the fair value from the face value.

## Note 18: 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 purpose of the Corporation and are not recognised in the financial statements.

	2009 \$'000	2008 \$'000
<b>Aboriginal and Torres Strait Islander Commission Funds</b>		
Opening balance	3,408	3,181
Interest received	168	227
Closing	<u>3,576</u>	<u>3,408</u>
<b>Downs Aboriginal and Islander Company Funds</b>		
Opening balance	275	-
Interest received	3	-
Closing	<u>278</u>	<u>-</u>
<b>The Indigenous Economic Developments Trust</b>		
Opening balance	343	6
Receipts	142	403
Interest received	8	3
Payments	(339)	(70)
Closing	<u>154</u>	<u>343</u>

## Note 19: Reporting of Outcomes

### Note 19A: Outcomes of Indigenous Business Australia

IBA does not use Activity Based Costing rather it allocates costs and revenue 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.

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 19A: Net Cost of Outcome Delivery (Corporation)

	Outcome 1	
	2009	2008
	\$'000	\$'000
<b>Expenses</b>		
Departmental	<b>78,061</b>	162,267
<b>Total expenses</b>	<b>78,061</b>	162,267
<b>Other external income</b>		
Departmental	<b>70,874</b>	224,890
<b>Total other external income</b>	<b>70,874</b>	224,890
<b>Net cost/(contribution) of outcome</b>	<b>7,187</b>	(62,623)

## Note 19: Reporting of Outcomes (continued)

### Note 19B: Major Classes of Departmental Revenues and Expenses by Output Groups and Outputs (corporation)

Outcome 1	Output Group 1								Outcome 1 Total	
	Output 1.1		Output 1.2		Output 1.3		Output 1.4			
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Departmental expenses										
Employees	3,300	1,916	5,437	1,074	14,113	16,762	542	139	23,392	19,891
Suppliers	17,330	69,963	1,065	5,289	16,223	5,371	510	852	35,128	81,475
Grants	-	-	-	-	8,288	8,092	-	-	8,288	8,092
Finance Cost	4	71	-	-	-	-	-	-	4	71
Depreciation and amortisation	55	30	292	288	919	455	6	4	1,272	777
Write down of assets	530	-	(24)	-	9,104	-	-	-	9,610	-
Losses from asset sales	66	634	-	-	9	-	-	-	75	634
Other	292	-	-	38,579	-	12,748	-	-	292	51,327
Total departmental expenses	21,577	72,614	6,770	45,230	48,656	43,428	1,058	995	78,061	162,267
Funded by:										
Departmental Income										
Revenue from Government	-	21,519	6,756	6,947	23,538	23,074	7,108	6,048	37,402	57,588
Sale of goods and services	12,438	47,823	7	1,320	237	1,116	-	4	12,682	50,263
Interest	9,159	6,343	27,497	28,303	8,933	8,647	2,298	1,454	47,887	44,747
Dividends	9,165	128,417	-	-	-	-	-	-	9,165	128,417
Net Gain from Disposal of Assets	1	-	-	-	-	-	-	-	1	-
Valuation Increments	-	14	10,007	-	2,818	-	-	-	12,825	14
Rental Income	99	1,179	107	-	15	36	-	-	221	1,215
Other	787	44	53	-	78	204	-	-	918	248
Total departmental revenues	31,649	205,339	44,427	36,570	35,619	33,077	9,406	7,506	121,101	282,492

## Note 20: 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 statement and notes, is disclosed as follows:

		Corporation only	
<b>Profit and Loss – Housing Fund</b>		<b>2009</b>	<b>2008</b>
<b>for the year ended 30 June 2009</b>		<b>\$'000</b>	<b>\$'000</b>
<b>Notes</b>			
<b>INCOME</b>			
<i>Revenue</i>			
Interest	20A	25,024	26,690
Other		83	1,207
<b>Total revenue</b>		<b>25,107</b>	<b>27,897</b>
<b>TOTAL INCOME</b>		<b>25,107</b>	<b>27,897</b>
<b>GAINS</b>			
Valuation Increment	20B	8,850	–
Other		19	–
<b>Total gains</b>		<b>8,869</b>	<b>–</b>
<b>TOTAL INCOME</b>		<b>33,976</b>	<b>27,897</b>
Suppliers		–	–
Write-down of assets	20C	–	31,066
<b>TOTAL EXPENSES</b>		<b>–</b>	<b>31,066</b>
<b>NET SURPLUS / (DEFICIT)</b>		<b>33,976</b>	<b>(3,169)</b>
<b>BALANCE SHEET – Housing Fund</b>			
<b>as at 30 June 2009</b>		<b>2009</b>	<b>2008</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>ASSETS</b>			
<b>Financial Assets</b>			
Cash	20D	23,384	19,535
Receivables	20E	395,227	365,100
<b>Total Financial Assets</b>		<b>418,611</b>	<b>384,635</b>
<b>TOTAL ASSETS</b>		<b>418,611</b>	<b>384,635</b>
<b>TOTAL LIABILITIES</b>		<b>–</b>	<b>–</b>
<b>NET ASSETS</b>		<b>418,611</b>	<b>384,635</b>
<b>EQUITY</b>			
<b>Parent Entity Interest</b>			
Capital		429,397	429,397
Retained surplus / (deficit)		(10,786)	(44,762)
<b>Total Parent Entity Interest</b>		<b>418,611</b>	<b>384,635</b>
<b>TOTAL EQUITY</b>		<b>418,611</b>	<b>384,635</b>

## Note 20: Housing Fund (continued)

STATEMENT OF CASH FLOWS – Housing Fund for the year ended 30 June 2009	Corporation only	
	2009 \$'000	2008 \$'000
<b>OPERATING ACTIVITIES</b>		
Cash received		
Appropriation	-	-
Interest	25,024	26,690
Other	473	807
<b>Total cash received</b>	<b>25,497</b>	<b>27,497</b>
Cash used		
Suppliers	-	-
Grants	-	-
<b>Total cash used</b>	<b>-</b>	<b>-</b>
Net cash from operating activities	20F <b>25,497</b>	<b>27,497</b>
<b>INVESTING ACTIVITIES</b>		
Cash received		
Repayments of loans	55,863	55,490
<b>Total cash received</b>	<b>55,863</b>	<b>55,490</b>
Cash used		
Loans made	77,511	(85,385)
<b>Total cash used</b>	<b>77,511</b>	<b>(85,385)</b>
Net cash from investing activities	<b>(21,648)</b>	<b>(29,895)</b>
<b>FINANCING ACTIVITIES</b>		
Cash received		
Transfers from general fund	-	-
Transfers Contributed Equity (MOG Changes)	-	-
<b>Total cash received</b>	<b>-</b>	<b>-</b>
<b>Net increase or (decrease) in cash held</b>	<b>3,849</b>	<b>(2,398)</b>
Cash at beginning of reporting period	19,535	21,933
<b>Cash at the end of the reporting period</b>	<b>23,384</b>	<b>19,535</b>

The above statements should be read with the accompanying notes

## Note 20: Housing Fund (continued)

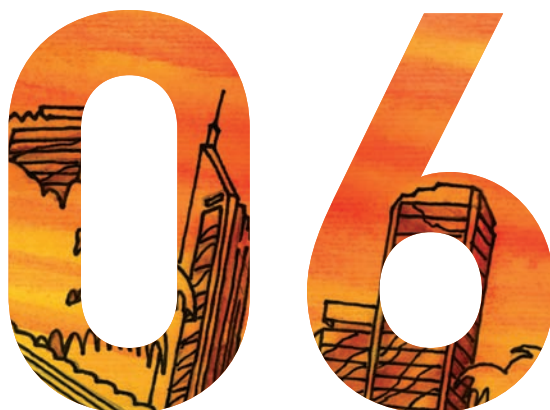
### Notes to the above Housing Fund statements

	Corporation only	
	2009	2008
	\$'000	\$'000
<b>Note 20A: Interest revenue</b>		
Interest on bank account	762	1,330
Interest on housing loans	24,262	25,359
<b>Total interest revenue</b>	<b>25,024</b>	<b>26,689</b>
<b>Note 20B: Gains</b>		
Value Increment	8,850	-
<b>Total Gains</b>	<b>8,850</b>	<b>-</b>
<b>Note 20C: Write-down of assets</b>		
Financial assets:		
Loans fair value adjustment	-	31,066
<b>Total write-down of assets</b>	<b>-</b>	<b>31,066</b>
<b>Note 20D: Cash</b>		
Cash at bank and on hand	18,103	14,809
Cash at agents	5,281	4,726
<b>Total cash</b>	<b>23,384</b>	<b>19,535</b>
<b>Note 20E: Receivables</b>		
Trade Debtors	-	-
Other debtors	415	805
<b>Total Trade debtors</b>	<b>415</b>	<b>805</b>
Loans housing fund only		
At Cost – opening balance	364,295	365,465
Add: Net movement in loans cost	21,648	29,895
Less: Impairment Allowance account	-	-
Less: Net loss on re-measurement at fair value through profit or loss	8,850	(30,817)
Less: impairment movement through P&L	19	(248)
<b>At fair value/cost – Closing Balance</b>	<b>394,812</b>	<b>364,295</b>
Current loans receivable	10,480	13,565
Non current loans receivable	384,747	351,535
	<b>395,227</b>	<b>365,100</b>
<b>Note 20F: Reconciliation of Net Surplus to Net Cash from Operating Activities</b>		
<b>Net surplus</b>	<b>33,976</b>	<b>(3,169)</b>
Loans fair value adjustment	(8,868)	31,065
<b>Changes in assets and liabilities</b>		
(Increase) / decrease in receivables	389	(400)
<b>Net cash from operating activities</b>	<b>25,497</b>	<b>27,496</b>



Fashion entrepreneur Julie Shaw looks forward to her regular meetings with business consultant, Blair Saddington.

# REFERENCES



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- 195 Compliance Index
- 197 Alphabetical Index

# ACRONYMS AND ABBREVIATIONS

<b>ATSI Act</b>	<i>Aboriginal and Torres Strait Islander Act 2005</i>
<b>ATSIC</b>	Aboriginal and Torres Strait Islander Commission
<b>CAC Act</b>	<i>Commonwealth Authorities and Companies Act 1997</i>
<b>CDEP</b>	Community Development Employment Projects
<b>CEO</b>	chief executive officer
<b>DDA</b>	<i>Disability Discrimination Act 1992</i>
<b>EDI</b>	Economic Development Initiative
<b>EPBC Act</b>	<i>Environment Protection and Biodiversity Conservation Act 1999</i>
<b>ESD</b>	ecologically sustainable development
<b>FaHCSIA</b>	Department of Families, Housing, Community Services and Indigenous Affairs
<b>FOI Act</b>	<i>Freedom of Information Act 1982</i>
<b>HOIL</b>	Home Ownership on Indigenous Land
<b>IBA</b>	Indigenous Business Australia
<b>IEDTrust</b>	Indigenous Economic Development Trust
<b>NAB</b>	National Australia Bank
<b>NTER</b>	Northern Territory Emergency Response
<b>RMBS</b>	residential mortgage-backed securities

# COMPLIANCE INDEX

Requirement	Reference	Pages
Advertising and market research	CAC Orders 2005, sub clause 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, sub clause 15(2)	117
Certification	CAC Orders 2005, clause 4	3
Clear links between outcomes, strategies for achieving those outcomes and the principal outputs	CAC Orders 2005, sub clause 10(2)(b)	18, 21, 22, 45, 60, 74
Commonwealth Disability Strategy	CAC Orders 2005, clause 18	135
Consultants engaged	<i>Aboriginal and Torres Strait Islander Act 2005</i> , section 189	131
Directors	CAC Orders 2005, clause 14	110
Ecologically sustainable development and environmental performance	CAC Orders 2005, sub clause 17(2), ref <i>Environment Protection and Biodiversity Conservation Act 1999</i> , section 516A	123
Effects of ministerial directions and notification of general policies of the government	CAC Orders 2005, clause 12	120
Efficiency and effectiveness of the operations in producing its principal outputs	CAC Orders 2005, sub clause 10(2)(a)	17–91
Enabling legislation, functions and objectives	CAC Orders 2005, clause 8	107
Exemptions to requirements for financial statements	CAC Financials, clause 1D	None
Factors, events or trends influencing performance	CAC Orders 2005, sub clause 10(1)(b)	8, 9, 21, 45, 53, 58, 61
Financial statements	Sub clause 1(b) and sub clause 2(1) of Schedule 1 to the CAC Act	138–184
Financial statements certification: a statement, signed by the directors	Sub clause 2(3) of Schedule 1 to the CAC Act	138
Financial statements certification: Auditor-General's Report	Sub clause 1(c) of Schedule 1 to the CAC Act	140
Fraud risk assessment and control	Commonwealth Fraud Control Guidelines 2002	3

Requirement	Reference	Pages
Freedom of information	CAC Orders 2005, sub clause 17(2), ref <i>Freedom of Information Act 1982</i> , subsection 8(1)	121, 134
Indemnities and insurance premiums for officers	CAC Orders 2005, clause 16	118
Judicial decisions and decisions of administrative tribunals that have had, or may have, a significant impact on operations	CAC Orders 2005, clause 11	122
Location of major activities and facilities	CAC Orders 2005, clause 9	Inside back cover
Ministerial directions on performance of functions, exercise of powers	CAC Orders 2005, sub clause 12(1)(a), ref <i>Aboriginal and Torres Strait Islander Act 2005</i> , sections 151 and 189	120
Ministerial directions regarding reporting	CAC Orders 2005, Sub clause 12(1)(a), ref <i>Aboriginal and Torres Strait Islander Act 2005</i> , section 189	120
Occupational health and safety	CAC Orders 2005, sub clause 17(2), ref <i>Occupational Health and Safety (Commonwealth Employment) Act 1991</i> , section 74	125
Operational and financial results during the year, including principal outputs, major investing activities, key financial and non-financial activities	CAC Orders 2005, sub clause 10(1)(d)	18, 22, 29–30, 45, 52, 60, 89–91
Organisational structure	CAC Orders 2005, clause 9	94
Reports on the operations of the authority by the Auditor-General, a parliamentary committee or the Commonwealth Ombudsman	CAC Orders 2005, clause 11	122
Responsible minister(s)	CAC Orders 2005, sub clause 8(b)	110
Review of performance	CAC Orders 2005, sub clause 10(1)(a)	17–91
Significant changes in state of affairs or principal activities during the financial year.	CAC Orders 2005, sub clause 10(1)(e)	None
Significant developments since the end of the financial year	CAC Orders 2005, sub clause 10(1)(f)	None
Significant events per s. 15 CAC Act	CAC Orders 2005, sub clause 10(1)(c)	None to report

# ALPHABETICAL INDEX

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