

iba

Indigenous Business
AUSTRALIA



ANNUAL REPORT 2002 - 2003

iba

annual report

Annual Report 2002-2003

Indigenous Business Australia

iba directory

Corporate Directory

Board of Directors

Mr Joseph Elu	Chairman
Mr John Moriarty AM	Deputy Chairman
Ms Leah Armstrong	
Mr Bob Blair	
Mr Joe Procter	
Mr Richard Ryan AO	
Mrs Jenny Boddington	(Commenced 19 March 2003)
Mr Kim Hill	(Ceased 18 March 2003)
Mr Rob Ferguson	(Ceased 18 March 2003)

Senior Management

Mr Ron Morony	General Manager
Mr Ian Myers	Deputy General Manager
Mrs Christine Dragisic	Company Secretary

Head Office

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Auditors

Australian National Audit Office
19 National Circuit
Barton ACT 2601

Bankers

Westpac Banking Corporation
Level 5
1 Farrell Place
Canberra ACT 2601

Solicitors

Mallesons Stephen Jaques
10th Floor
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60 Marcus Clarke Street
Canberra ACT 2601

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Letter to Minister for Immigration and Multicultural and Indigenous Affairs	7
Principal Investment Sites as at 30 June 2003	8
Highlights for 2002-2003	9
Investments	9
Performance at a Glance	9
Operational	10
Community Outcomes and Relationships	10
Report from Chairperson	11
IBA Board Overview	15
Structure of IBA and its Subsidiaries	20
Report of Operations	21
Introduction	21
Enabling Legislation	21
Responsible Minister	21
Functions and Powers of Indigenous Business Australia	21
Outcomes for 2002-2003	25
IBA's Corporate Plan 2002-2005	25
Goal One – Balanced Investment Portfolio	26
Goal Two – Client Relations and Professionalism	31
Goal Three – Inter Agency and Industry Cooperation	32
Goal Four – Good Corporate Citizen	33
Operational and Financial Results	34
Description of Investments	44
Investment Structures	44

Mining	47
Construction	49
Accommodation, Cafes and Restaurants	50
Transport and Storage	55
Property and Business Services	57
Cultural and Recreational Services	61
Finance and Insurance	63
Personal and Other Services	63
Corporate Governance Statement	65
Board Membership and Remuneration	65
Audit Committee	65
Remuneration Committee	67
Risk Management	67
Directors Continuing Education	67
Financial Reporting	68
Indemnities and Insurance Premiums	68
Ethical Standards and Environment	68
Commonwealth Authorities and Companies Act – Compliance Statement	70
Financial Statements	73



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October 2003

Senator The Hon Amanda Vanstone
Minister for Immigration and Multicultural
and Indigenous Affairs
Parliament House
CANBERRA ACT 2600

Dear Minister

I am pleased to present the third annual report for Indigenous Business Australia (IBA), covering the period 1 July 2002 to 30 June 2003.

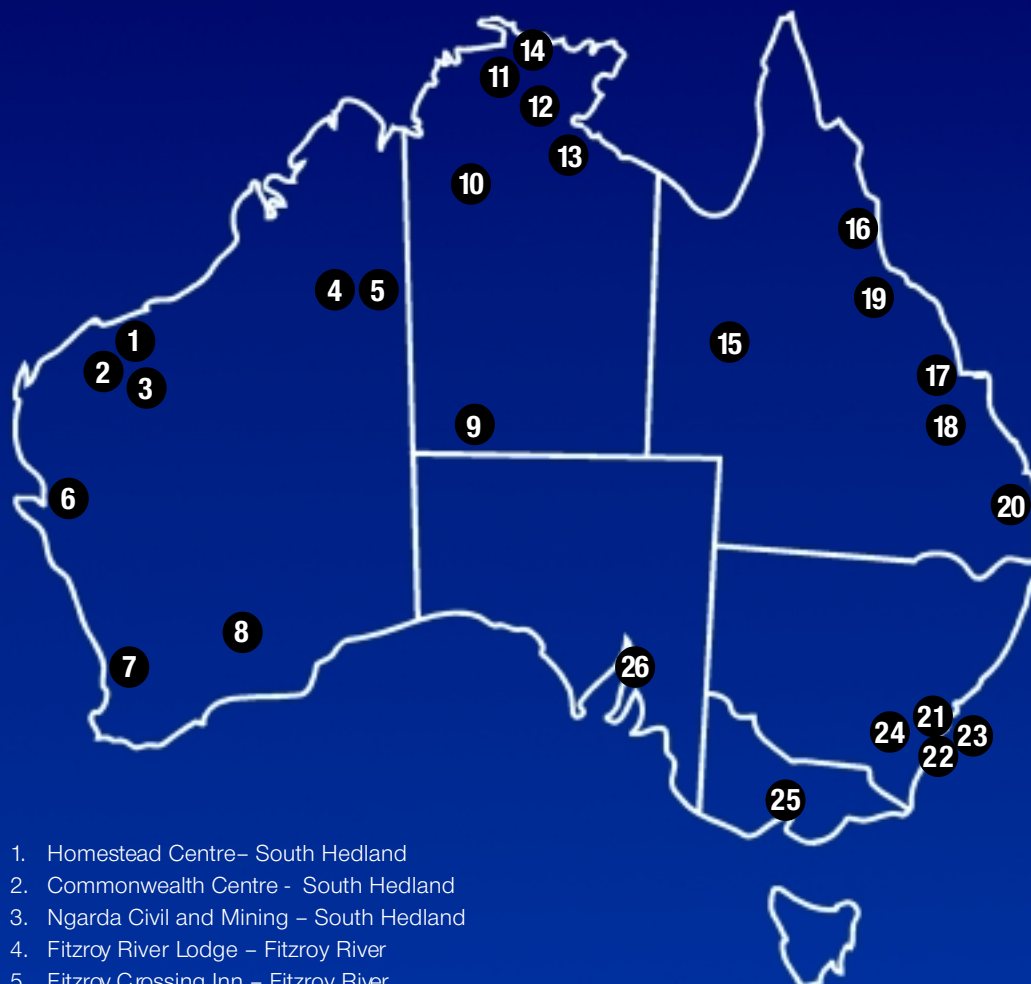
This report complies with the requirements of Section 9 of the *Commonwealth Authorities and Companies Act 1997* and includes IBA's Report of Operations and audited consolidated financial statements for the reporting period in accordance with the orders from the Minister of Finance.

Section 9(3) of the *Commonwealth Authorities and Companies Act 1997* requires that as soon as practicable after you receive a copy of the report you cause it to be laid before each House of Parliament.

Yours sincerely

Joseph Elu
Chairman

Principal Investment Sites as at 30 June 2003



- | | |
|------------------------------------------------------------------------------|-----------------------------------------------------------------------|
| 1. Homestead Centre- South Hedland | 18. Eastern Coal- Bowen Basin |
| 2. Commonwealth Centre - South Hedland | 19. Diatomaceous Earth Investments - Greenvale |
| 3. Ngarda Civil and Mining - South Hedland | 20. Schmider Engineering - Brisbane |
| 4. Fitzroy River Lodge - Fitzroy River | 21. HWE shares (head office - Sydney) |
| 5. Fitzroy Crossing Inn - Fitzroy River | 22. Port Botany Transfer Station - Sydney |
| 6. Monkey Mia Dolphin Resort - Shark Bay | 23. Property Investment Vehicle No. 1 with
Boulderstone Hornibrook |
| 7. Colin Street Building - Perth | 24. Scarborough House - Canberra |
| 8. Goldfields Medical Centre - Kalgoorlie | 25. Egans Central Laundry - Colac |
| 9. Kings Canyon Resort - Watarrka National Park | 26. CPS Building - Adelaide |
| 10. NT Government Centre - Katherine | |
| 11. Gagudju Crocodile Holiday Inn - Jabiru | |
| 12. Gagudju Lodge Cooinda and Yellow Water
Cruises - Kakadu National Park | |
| 13. Carpentaria Shipping Service - Bing Bong | |
| 14. Mitchell Street Property Development - Darwin | |
| 15. Queensland Bulk Haulage - Cloncurry | |
| 16. Tjapukai Aboriginal Cultural Park - Cairns | |
| 17. Foxleigh Coal Mine - Middlesbrough | |

(Not shown are individual business loan and guarantee facilities)

iba highlights

Highlights for 2002-2003

Investments

IBA assessed 62 possible investments during the year, of which 5 were approved and settled as at 30 June 2003. These investments included:

- acquisition of buildings in Adelaide, Kalgoorlie and Perth;
- acquisition of land and improvements in Brisbane on sale and leaseback arrangement;
- an equity position in a property development in Mitchell Street, Darwin, and
- a further investment which will be settled early in the 2003-04 financial year.

Consistent with IBA's goal to maintain a balanced portfolio which performs in accordance with industry standards and the recommendations from cyclical reviews the Board approved the disposal of two investments which were under performing and which no longer met the objectives of IBA.



Performance at a Glance

	2003	2002
Turnover	\$25,012,969	\$31,841,605
Net Growth in Equity	\$4,732,038	\$4,066,838
Proposals received	62	87
Detailed Board Submissions	14	22
New investments	5	5
Investment Disposals	2	4
Total Assets	\$80,983,627	\$76,790,062
Net Equity	\$77,548,846	\$72,600,522
Indigenous employment numbers (in investments)	192	105
Indigenous employment wages (in investments)	\$5.272 m *	-

* for the first time this year IBA has tracked the level of real wages (unsubsidised), generated within its investments and which flows back into communities.

Operational

- implementation of the new Corporate Plan for the period 2002-2005;
- continued financial support for the Indigenous Development Fellowship, at the Northern Territory University; and
- a solid reduction in operational expenditure for the year from \$6.1 million to \$4.2 million.

Community Outcomes and Relationships

- an estimated \$1.5 million in distributions or equivalent to Indigenous organisations as a result of their involvement in joint ventures with IBA;
- payment of wages totaling \$5.27 million to Indigenous employees of IBA joint ventures and investments;
- disposal of two investments which had little or no benefit to IBA's Indigenous partners;
- the acquisition of appropriate commercial properties to accommodate the needs of the Aboriginal and Torres Strait Islander Commission (ATSIC) and Aboriginal and Torres Strait Islander Services (ATSIS);
- direct employment within IBA's investments has grown by 5.9% to 807 (2002:762). The number of Indigenous people employed within our investments has increased by 85.29% to 192 (2002:105); and
- the Gagudju properties completed the third round of their Indigenous Employment Program in June 2003. The program resulted in 16 trainees (initial intake of 20) graduating with an industry recognised Certificate 2 in Hospitality or Tourism; and
- the Fitzroy Crossing Inn successfully completed an Indigenous Security Guard program with four Indigenous security guards gaining employment at the completion of the program.



Report from Chairperson

The year 2002/2003 has been one of monitoring industry trends, the global economy and embarking on some measured growth. It will also be marked as a turning point as IBA has invested almost all available funds. The economic environment has been such that there has been limited growth across all industry sectors. The residual affects of the collapse of Ansett, the impact of SARS, the continuing effects of September 11, coupled with the weakened global economies and subsequent strengthening of the Australian dollar have impacted on the returns generated by IBA this year.

That being said, I believe IBA performed credibly, posting solid profits in contrast to many other institutions which posted losses, or at best, zero growth.



*Mt Joseph Elu,
IBA Chairman*

Investment Activities

In a time of economic instability at the global level and serious downturn in the tourism and mining sector, IBA's strategy has been to increase its investment in land based activities (including property) throughout the year.

During 2002/2003, IBA:

- acquired 100% ownership of two new buildings worth \$14.55 million;
- acquired 60% equity in another building valued at \$11.22 million
- disposed of two investments which failed to meet IBA's and the Indigenous partners objectives;
- sold down 50% of its equity in a business to an Indigenous entity representing two local Indigenous communities; and
- increased its equity in an existing venture by \$0.6 million;
- purchased land and improvements for lease back to an Indigenous owned and managed business.

In addition, settlement on an industrial land based development, to the value of \$3 million was underway as at 30 June 2003.

These activities reflect the requirement in the *Aboriginal and Torres Strait Islander Commission Act 1989* (the ATSIC Act) to build a commercially based asset for Indigenous Australians.

IBA's role in Economic Development

IBA has a specific legislative charter, which defines its role in furthering the economic development of Indigenous people. Whilst these are legislative functions, our experience over the past thirteen years has shown that to make a difference we need to be seen as, and accepted as, a real player in commercial terms.

I believe that IBA has developed a real presence in the business world. This has been achieved through its active role as a business partner who accepts its share of the risks, exposures and liabilities associated with business. IBA has maintained and strengthened a strong commercial discipline and corporate governance structure.

As Chairman of IBA, I have been invited to address some key industry member's forums in order to showcase our success and provide assistance in working together with Indigenous communities to achieve mutual outcomes. Thus I believe industry sees IBA as an achiever in the private sector and not just another bureaucracy.

Whilst IBA and its operations can add value to Indigenous economic development the desire to succeed must come from within and not be driven by external forces. In order to make a difference you need to be able to identify with yourself, know who you are and what you believe in. But most importantly you need to know where you want to go. It is important and pleasing to see that some of our Indigenous communities are now looking to the future and are looking at ways of securing their own capital base from which they can generate future income streams. This economic empowerment will then allow communities to take control of their future and lessen the reliance upon the government for assistance.

Future Developments

IBA has developed strategic alliances with experienced and reputable corporate operators who see the unique and commercial advantages in working with Indigenous Australians in their operations. The continued strengthening of these relationships is a key ingredient of IBA's success. These relationships provide genuine commercial opportunities where Indigenous communities are at the coal face of the commercial world and its associated activities.

IBA will continue to explore avenues to increase the access by Indigenous people to commercial ventures and commercial financing of those ventures through strategic alliances. Not only does this provide leverage to improve

Indigenous employment outcomes it also provides greater access to economic development opportunities.

IBA considers partnerships with the private sector as an important part of the range of options available to governments and as an important key to achieving better economic outcomes for Indigenous Australians.

I see the encouragement of a more aggressive and dynamic approach to Indigenous economic development as one of my key roles. IBA continues to grow in profile and has a key role to play in the future development of policy and direction setting for Indigenous economic development. Throughout the year I have utilised the following forums to continue the momentum of IBA's leadership role:

- presented a submission on capacity building in Indigenous communities to the House of Representatives Standing Committee on Aboriginal and Torres Strait Islander Affairs;
- held meetings with the State and Federal Minister's to advance the work IBA undertakes;
- continued in my role as Chairman of the Indigenous Community Volunteers established by the Minister for Employment and Workplace Relations;
- addressed the Australian Minerals Councils Sustainable Development Conference;
- continued participation on the Special Broadcasting Services (SBS) Board; and
- continued membership of the Indigenous Tourism Leaders Group.

With the agreement of my Board, I also accepted an invitation to attend a UN sponsored conference in Canada addressing Indigenous entrepreneurial opportunities. This conference will take place in the early part of 2003/04 following a postponement due to the SARS crisis.

Employment and Training

The achievement of Indigenous employment outcomes is not a legislative requirement of IBA however it is an area which the Board of IBA considers to be of great importance. The development and implementation of employment and training initiatives is an objective considered when assessing new investments or reviewing ongoing involvement in existing investments. Meaningful employment is a key stepping stone along the path towards self-determination and brings not only economical but social benefits. IBA's performance against this goal is detailed in the body of this annual report.

It is pleasing to note the quantum of funds flowing into Indigenous households from employment through ventures in which IBA is involved. What we see is evidence of the ability to create sustainable employment opportunities, with real wages, which is not dependent upon Government handouts or subsidies.

The outcomes our investments produce, for the relatively moderate investment by Government, present themselves as real and tangible evidence of what can be achieved.

Reviews

During the year, two reviews were commenced which may have an impact on IBA. The first is a review of ATSIC and the second, a review of Indigenous Business programs. IBA will be developing a position paper to contribute to both reviews.

Conclusion

I would like to thank my fellow Board members for their valuable contribution during the year. In particular, I would like to acknowledge the contribution and commitment of Director Hill and Director Ferguson who retired during the year.

The Board would like to thank Minister Ruddock, the responsible Minister for the period covered by this report, for his support during the year. The Board would also like to extend its appreciation to staff for their considerable efforts in achieving the outcomes for the organisation and building on the solid base achieved in recent years. The Board would also like to recognise the efforts of those individuals and organisations that have assisted IBA during the year.

The Board and I look forward to building upon our solid base and working closely with those who share our vision.



Joseph Elu
Chairman

IBA Board Overview

Mr Joseph Elu (Chairman)

Mr Elu is Chairman of Indigenous Business Australia and has held this position since December 1996.

Mr Elu continues to be Chairman of Seisia Council on the tip of Cape York, a member of the Torres Strait Regional Authority and the elected chairman of the board of IBIS in the Torres Straits.

Mr Elu is also co-chair of the Voluntary Services to Indigenous Communities Foundation, and a member of the board of Reconciliation Australia and Special Broadcasting Services (SBS). He is also a member of the newly formed, Indigenous Tourism Leadership Group (ITLG). The ITLG advises the Minister for Tourism on issues impacting on the development of Indigenous Tourism throughout Australia. He continues to be a strong advocate of including private enterprise in the economic development of Indigenous people.

Mr Elu was recently awarded a Centenary Medal. He also holds an honorary Doctorate from the Queensland University of Technology.



Mr John Moriarty AM (Deputy Chairman)

Mr Moriarty AM was born at Borroloola in Northern Territory and is a member of the Yanyuwa tribe. Mr Moriarty graduated with a Bachelor of Arts degree from Flinders University, South Australia, in 1971, is also a Flinders University Convocation Medallist and has an honorary Doctorate from the University of South Australia.

Following a career at executive levels in the Commonwealth and South Australian State public services, he became a co-owner and a director of Balarinji, a graphic design consultancy firm, incorporating a blend of Aboriginal art and contemporary graphics. He is a strong advocate for Indigenous people to become economically self-sufficient.

Mr Moriarty has been a Board member since December 1996 and his current appointment term expires in March 2004. Mr Moriarty is also the Chairman of the IBA Audit Committee.





Ms Leah Armstrong

Ms Armstrong, a Torres Strait Islander from Mackay, Queensland, is the general manager of the NSW based Yarnteen Aboriginal and Torres Strait Islander Corporation.

Yarnteen aims to encourage greater Indigenous participation in the broader economy and build capacity within communities. Yarnteen operates a successful bulk warehousing and bagging facility for bulk grains and fertiliser and manages a property investment company. Yarnteen employs 16 people of which 9 are Indigenous Australians. In addition, Yarnteen has established a number of associate organisations which deliver training, employment and cultural programs.

As general manager, Ms Armstrong is assisting Yarnteen in expanding its commercial ventures and encouraging further economic opportunities for associate organisations.

Ms Armstrong actively promotes the need for Indigenous communities to be much more pro-active in ensuring the establishment of successful economic ventures within communities.

Ms Armstrong's initial two-year appointment expired on 18 March 2003. Ms Armstrong was reappointed for a further two years until 18 March 2005. Ms Armstrong is also a member of the IBA Audit Committee.



Mr Bob Blair

Mr Blair is the Administrator of the Dreamtime Cultural Centre in Rockhampton, Queensland, an innovative Indigenous business providing a quality product together with high standard conference and motel facilities. Mr Blair has held this position for the past 16 years. He has a long background in providing Indigenous training services.

Prior to becoming the Administrator at the Centre he was the Senior Training Officer with the Central Queensland Aboriginal Corporation for Training Resources for three years. Mr Blair was a member of the Australian Army from 1961 to 1981, beginning as a recruit and ending his Army career as Warrant Officer Class 1. He served in Vietnam, Malaysia and New Zealand. During his service he was awarded the Vietnam Medal, the Vietnam Star and the National Medal. Mr Blair was also recently awarded a Centenary Medal.

Mr Blair has been a Board member since 3 July 1998.

Ms Jenny Boddington

Mrs Boddington commenced her career as a management consultant with Booz Allen & Hamilton and then moved into the finance industry. She spent some years analysing engineering companies for Morgan Grenfell Asset Management in London and then transferred to investment banking, where she spent 14 years advising companies in the UK and Australia on acquisitions, divestments, listings and capital raisings. Four years ago Mrs Boddington joined DB Capital Partners, the private equity arm of Deutsche Bank. She now makes investments on behalf of DB Capital Partners and holds Board seats on investee companies.



Mrs Boddington has an honours masters degree in Metallurgy, Economics and Industrial Management from Oxford University. She has spent the last ten years in Australia and is an Australian citizen.

Mrs Boddington was appointed for a two year period commencing 19 March 2003.

Mr Rob Ferguson

Mr Ferguson commenced his employment as a research analyst with a Sydney stockbroker in their Sydney and Hong Kong offices. He joined Bankers Trust in 1972 as a portfolio manager in BT Funds Management. He was appointed Director of Corporate Finance in 1977 and in 1982 became Deputy Managing Director. In 1985 he was appointed Managing Director of BT Australia Limited and in 1986, upon the company's gaining of a banking licence, was appointed Managing Director of Bankers Trust Australia Limited.



Following the sale of the funds management arm of the company in 1999, Mr Ferguson became non-executive Chairman of BT Funds Management (now called BT Financial Group). He stepped down from that position on 15 February 2001, but remains a Director.

Mr Ferguson is Chairman of Vodafone Pacific Pty Ltd, Eduvest Limited and Nextgen Networks Pty Ltd. He is a Director of Westfield Holdings Limited, the St James Ethics Centre, Helitech Industries Pty Ltd, the Australian Davos Connection and the Sydney Writers' Festival.

Mr Ferguson holds an Honours Degree in Economics from Sydney University and is a Fellow of the Securities Institute of Australia. Mr Ferguson's appointment to the IBA Board expired on the 18 March 2003.



Mr Kim Hill

Mr Hill is the elected ATSIC Commissioner for the Darwin Zone. He is also an elected member of the ATSIC Yilli Rreung Regional Council.

Mr Hill has a varied employment background including the Northern Land Council, ATSIC and the Family Court of Australia. Mr Hill is a strong advocate of the development of realistic and achievable employment and training opportunities.

Mr Hill was the ATSIC Nominee on the IBA Board and his appointment expired on 18 March 2003.



Mr Joe Procter

Mr Procter has been employed in a variety of positions in the WA State Government and resource sectors for the last 11 years. After spending four years in Aboriginal Affairs in the Finance and Land Management Divisions, he later became involved in Native Title negotiations in the gold and nickel and oil and gas sectors. He progressed to mainstream areas with Woodside Energy, including facilitation of over 30 project strategy sessions, international entry, external affairs, business development, renewable energy, and venture capital and investor relations.

Mr Procter has completed a Bachelor of Business (Accounting), a Graduate Diploma in Social Science and a Master of Business Administration (Finance) at the University of WA, where he made the Dean's Distinction List, was awarded the Dux for Strategic Management, the Executive Leadership Award and represented the University in the National Boston Consulting Group Strategy Competition. His family is from Darwin in the NT and Mr Procter now lives in Perth.

Mr Procter was appointed for a two-year period commencing 18 February 2002.

Mr Richard Ryan, AO

Mr Ryan is a director of several public companies and is a former managing director of Henry Walker Eltin Group Ltd, a listed contract mining company.

He is a Fellow of the Institute of Chartered Accountants, and Companion of the Institution of Engineers and the Institute of Management (UK). Mr Ryan is Deputy Chancellor of the Northern Territory University, and Chair of the Menzies School of Health Research. Mr Ryan is also National President of the National Heart Foundation of Australia.



Mr Ryan was appointed to the IBA Board in 11 July 1997 and his current appointment will expire during August 2003.

Directors Meetings

During the financial year, seven meetings of the Directors were held (six of which were in person).

The number of meetings attended by each Director during the year is as follows:

Meeting No.	8	9	10	11	12	14 ⁴
J.Elu	✓	✓	✓	✓	✓	✓
J.Moriarty	✓	✓	✓	✓	✓	
L.Armstrong	✓	✓	✓	✓	✓	✓
R.Blair	✓	✓	✓	✓	✓	✓
R.Ferguson ¹	✓		✓	✓	-	-
K.Hill ²		✓	✓		-	-
J.Procter	✓	✓	✓	✓	✓	✓
R.Ryan		✓			✓	✓
J.Boddington ³	-	-	-	-	✓	✓

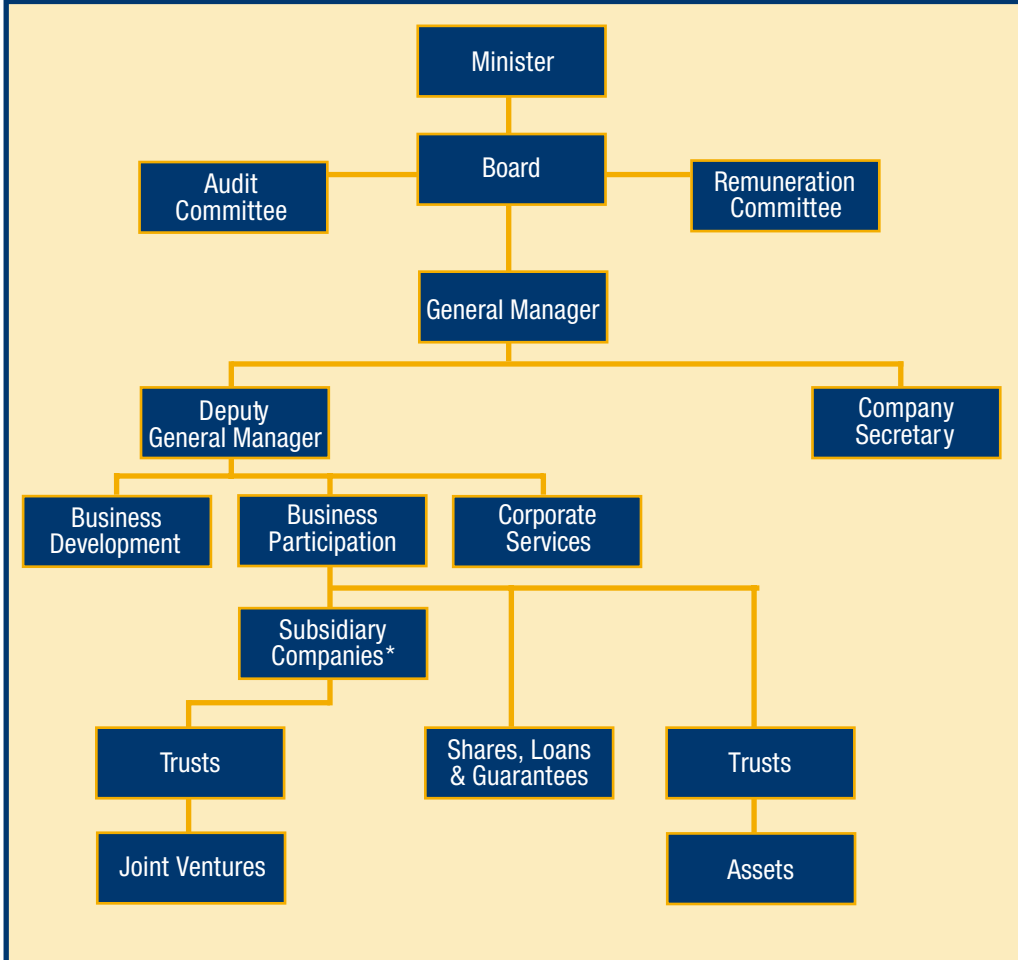
¹ Mr Ferguson's appointment expired on 18 March 2003;

² Mr Hill's appointment expired 18 March 2003;

³ Ms Boddington's appointment commenced 19 March 2003;

⁴ Meeting 13 was via circular resolution.

The structure of IBA as at 30 June 2003:



*Too numerous to list. Further details are within the content of report.

The header features a dark blue background with a lighter blue horizontal band. On the left, the letters 'iba' are displayed in a large, light blue, lowercase sans-serif font. To the right of 'iba', the word 'operations' is written in a smaller, light blue, lowercase sans-serif font. Below 'operations', the words 'Report of Operations' are prominently displayed in a bold, orange, serif font with a slight 3D effect.

Report of Operations

Introduction

Indigenous Business Australia (IBA) is a Commonwealth Statutory Authority established to stimulate the economic advancement of Indigenous peoples through investing in sound commercial ventures while encouraging and supporting Indigenous participation at both the management and employment levels.

Enabling Legislation

IBA was established in March 1990 following passage in the Federal Parliament of the *Aboriginal and Torres Strait Islander Commission Act 1989* (the ATSIC Act). From its creation in 1990 until 2001, it was known as the Aboriginal and Torres Strait Islander Commercial Development Corporation (CDC).

Responsible Minister

IBA is accountable to the Parliament through the Minister for Immigration and Multicultural and Indigenous Affairs. The Minister is responsible for appointing the IBA Board of Directors (section 157), but is not empowered to direct IBA in relation to any of its activities except as expressly provided for in the ATSIC Act (section 151) or under the *Commonwealth Authorities and Companies Act* (the CAC Act).

IBA is also required, under section 16 of the CAC Act, to keep the Minister informed of its operations and provide the Minister with reports, documents and information in relation to those operations as required from time to time.

Functions and Powers of Indigenous Business Australia

Functions

Section 147 of the ATSIC Act provides as follows:

147. IBA has the following functions:
- (a) to engage in commercial activities;
 - (b) to promote and encourage Aboriginal and Torres Strait Islander self-management and economic self-sufficiency;
 - (c) such other functions as are conferred on IBA by this Act.

Powers

Section 152 of the ATSIC Act provides:

- (1) Subject to section 153 and Division 8, IBA has power to do all things that are necessary or convenient to be done for or in connection with the performance of its functions.
- (2) The powers of IBA under subsection (1) include, but are not limited to, the following powers:
 - (a) to enter into contracts;
 - (b) to invest money of IBA;
 - (c) to appoint agents and attorneys, and act as an agent for other persons;
 - (d) to form, and participate in the formation of, companies;
 - (e) to subscribe for and purchase shares in, and debentures and other securities of, companies;
 - (f) to enter into partnerships;
 - (g) to participate in joint ventures and arrangements for the sharing of profits;
 - (h) to accept gifts, grants, bequests and devises made to it;
 - (i) to act as trustee of money and other property vested in it on trust; and
 - (j) to charge for the provision of services by it.

Business Principles

When engaging in commercial activities IBA is required to act in accordance with sound business principles (section 148(1)).

Limits on Guaranteeing

Section 153 of the ATSIC Act allows the IBA Board to provide guarantees, subject to financial limitations as determined by the Treasurer. The guarantees made by IBA as at the reporting date do not exceed the limits determined by the Treasurer.

Limits on Borrowings

Section 183 of the ATSIC Act limits borrowing only for the purpose of meeting a temporary deficit in the money of IBA and is subject to limits as determined by the Treasurer.

Application of other legislation

Commonwealth Authorities and Companies Act 1997

IBA is also subject to the provisions of the CAC Act. The legislation sets out reporting and accountability rules similar to those imposed for a reporting entity under the Corporations law. The CAC Act also deals with other matters relating to Commonwealth authorities, such as banking and investment and the conduct of officers.

Directors and staff can also be held personally accountable for their conduct. Penalty provisions for directors and staff are similar to the provisions set out in the Australian Corporations Legislation, including the application of the Criminal Code.

Other Federal, State and Territory Legislation

A large majority of IBA investments are traditionally structured through separately incorporated companies. IBA and its investment structures have holdings in a diverse range of business activities within Australia. As a result there are a number of other legislative requirements with which the Directors and executive officers need to ensure compliance with. These include, but are not limited to:

- company's conduct;
- industrial relations;
- taxation;
- trade practices;
- equal opportunities;
- anti-discrimination;
- occupational health and safety; and
- environment.

Privacy Legislation

Privacy protection is also an important issue, which can limit the amount of information on which IBA can report. Under Section 191 of the ATSI Act, IBA cannot divulge information concerning the affairs of another party where that information was obtained by IBA in the performance of its functions. The requirements of the Privacy Act and the *Privacy Amendment (Private Sector) Act 2000*, also somewhat limit the level of detail it can report on in respect of individual investments.

Due to nature of IBA's investment structures publication of detailed financial information in relation to the performance of each investment has the potential to disclose information that is of a commercial-in-confidence nature in respect of the partners in those businesses. IBA's reporting, therefore focuses on broad descriptions of the investments, and a consolidation of financial performance at the macro level. No such limitations or restrictions apply to 100% IBA owned investments.

The header graphic features a dark blue background with a lighter blue horizontal band. The letters 'iba' are faintly visible in the background. The title 'Outcomes for 2002-2003' is prominently displayed in a bold, orange, serif font.

Outcomes for 2002-2003

Introduction

All Commonwealth funded agencies report against outputs and outcomes. As IBA is not on annual appropriation, it is more appropriate and consistent with previous reports to report against its Corporate Plan.

Section 149 (1) of the *Aboriginal and Torres Strait Islander Commission Act 1989* requires IBA to update its Corporate Plan to ensure that the plan remains current. The Corporate Plan must set out a statement of IBA's objectives and outline the strategies and policies that the Board intends to adopt in order to achieve those objectives.

IBA's Corporate Plan 2002-2005

IBA's Corporate Plan 2002-2005 was tabled in both Houses of Parliament on 20 August 2002. The goals of IBA in the new plan fall under the following broad headings:

1. Balanced investment portfolio;
2. Client relations and professionalism;
3. Inter agency and industry co-operation; and
4. Good corporate citizen.

The new direction set out in its goals reflect IBA's long term objective to:

- See greater economic self-sufficiency and well being for Indigenous Australians through strong Indigenous business presence in mainstream economic activities; and
- Be the leading national Indigenous investment organisation, which facilitates both Indigenous and non-Indigenous groups to jointly develop commercial activities, which have the capacity to provide a long-term commercial return and enhanced opportunities for economic self-sufficiency.

In meeting its objectives IBA also faces a number of challenges. These are outlined in the Corporate Plan. The goals, together with outcomes achieved during the year under review, are detailed below.

Goal One: Balanced Investment Portfolio

To hold a balanced investment portfolio that provides appropriate risk management and performs in accordance with industry standards, while increasing Indigenous participation at all levels in the businesses in which we are involved.

IBA's has a legislative charter to act commercially at all times. IBA achieves this goal by maintaining a diverse portfolio of investments. The maintenance of a diversified portfolio not only enables IBA to provide for the future operational and capital requirements of IBA, but also to build upon our capital base and to maximise genuine business opportunities as they arise for our Indigenous clients.

Taking commerciality into consideration with its other functions to encourage and facilitate economic self-management and self-sufficiency, IBA aims to identify and invest in opportunities which provide benefits to Indigenous Australians. A large percentage of opportunities that arise to address this function are located in rural and remote areas. While these locations may attract greater commercial risk, that risk is balanced by close monitoring. In order to compensate for this added risk, IBA attempts to spread its exposure by maintaining a solid core of low risk investments.

During 2002-2003 IBA has more than doubled the number of investments it had in property from four to nine, four of which are located in capital cities. These investments were good opportunistic investments and equity in the properties may be sold down to Indigenous groups over the next few years. IBA disposed of two investments that it classified as high risk, due to the nature of the industries, the rural location and limited markets. The investments were also performing below industry standards and provided no tangible benefits to the Indigenous communities involved.

IBA's portfolio overall has performed well this year considering the economic uncertainty throughout the year. IBA's portfolio is not sheltered from the impacts of the global economy as we have a number of key investments in both the tourism and mining sectors. As a result the performance of individual investments does vary significantly.

The IBA Board considers on an annual basis its investment portfolio guidelines, which provide the basis of its well-balanced portfolio. The guidelines outline a mix of investments, which include the following areas:

- Secured capital base including a mix of liquid assets such as cash, commercial bills and floating notes, and IBA wholly owned investments and secured income joint ventures;
- Low risk venture including fully secured loans and shares and strategic ventures which offer good commercial prospects in areas where economic development for Indigenous people is limited; and
- Higher risk ventures, particularly in areas where few, if any economic development opportunities exist.

These broad guidelines provide sufficient flexibility for IBA to meet its legislative requirements, whilst at the same time allowing a well-balanced investment portfolio to meet both the operational and legislative requirements of IBA.

Two key elements of IBA's investment strategy are geographical and industry diversification. IBA's investment portfolio as at 30 June 2003 in relation to these elements is set out below.

Geographic Balance

IBA continues to seek to achieve improved geographical balance in its investment portfolio. As at 30 June 2003, the distribution of the industry investments was as follows.

	2001-02	2002-03
New South Wales	4	3
Victoria	1	1
Queensland	5	6
South Australia	1	1
Western Australia	6	8
Tasmania	0	0
Northern Territory	5	6
Australian Capital Territory	1	1
Total	23	26

Although it may appear that Tasmania is under represented, IBA and the Tasmanian Investment Corporation secured sustainable economic benefits in three successful businesses, which were subsequently sold down to our Indigenous partners during 2001.

Industry Diversification

As at 30 June 2003 IBA's spread of investments across various industry sectors continues to be diverse. The number of investments held in each sector is listed in the following table.

Industry Sector	2001-02	2002-03
Agriculture, Forestry and Fishing	1	0
Mining	3	3
Construction	3	4
Accommodation, Cafes and Restaurants	6	6
Transport and Storage	2	2
Finance and Insurance	0	0
Property and Business Services	4	8
Cultural and Recreational Services	1	1
Personal and Other Services	3	2

(plus 6 loans or guarantee facilities)

Proposals still under consideration or in the process of being settled will be classified into the two industries as set out in the following table.

Industry Sector and Value of Possible Investment

Industry	Number	Value
Accommodation, Cafes & Restaurants	1	\$1.0m
Construction	1	\$3.0m

Future Challenges

Limited capital base

As is the case with all investor organisations, IBA receives a significant number of investment proposals. Due to its limited capital base and the legal requirement to act commercially, IBA is not able to invest in every proposal. As a result, from time to time, IBA receives criticism for not investing in particular businesses and while this criticism is understandable, it is important that potential business partners (both Indigenous and non-Indigenous) understand and accept the limitations faced by IBA.

Restriction on borrowings

Whilst IBA has developed a strong capital base it is limited to borrowing only for temporary purposes under section 183 of the ATSIC Act. This restriction does not apply at the joint venture level, or when IBA is acting as a trustee but

nevertheless restricts IBA's capacity to grow. Therefore without further funding and given the lead time of a number of its investments to reach maturity, IBA will be limited as to the number of commercial opportunities it can participate in that arise over the next few years. Cash balances at 30 June 2003 were at an all time low.

A softening of the legislative restriction on borrowings would allow IBA to improve and maximise leverage of its secure investments to stretch its current capital base even further.

Indigenous partners equity

Obtaining funds to meet local community equity contributions continues to be a major issue. To address this IBA has further strengthened its relationship with ATSIC in order to assist with negotiations for ATSIC/ATSIS to support Indigenous participation in a number of major investments. ATSIC's co-operation and assistance has been welcomed by IBA and will lead to community participation in long term and viable private sector business activity. However both IBA and ATSIC/ATSIS have limited resources.

The increased acceptance and recognition by the private sector will continue to place pressure on our combined resources. To address this challenge, a joint strategy was developed to pursue negotiations with the major banks in order to develop strategic relationships, where the provision of banking services can be made readily available to Indigenous communities on commercial terms for investments which have the potential for long-term viability.

This strategy was effectively stalemated with the placement of ATSIC onto a more restrictive funds release regime and with the subsequent creation of ATSIS as an FMA body.

Indigenous partners lack of commercial skills

IBA continues to dedicate resources to enhancing the commercial skills of its Indigenous partners through mentoring and ongoing support. However, one of the biggest issues facing individual communities is the negative impact of intergenerational welfare on education, employment, health and social outcomes. The lack of education outcomes for Indigenous people will continue to limit the development of commercial skills. In particular, a recent review of Indigenous education in the NT clearly supports the notion that Indigenous children are leaving the education system without the basic numeric and literacy skills.

Location and Industry Sector of Investment Proposals

Although, IBA continues to aim at achieving a geographically balanced investment portfolio, a significant proportion of investment proposals received relates to ventures located in the northern states of Australia. This is reflected in the percentage of existing ventures and new investment approvals, which fall into those states.

During the year investment proposals assessed by the Business Development Unit were from the following geographic location:

State	2002-03
New South Wales	14
Victoria	6
Queensland	23
South Australia	1
Western Australia	8
Tasmania	1
Northern Territory	7
Australian Capital Territory	0
Total	62

Investment proposals received by IBA during the year classified by industry sectors are outlined in the table below.

Industry Sector	2002-03
Agriculture, Forestry and Fishing	11
Mining	5
Construction	2
Accommodation, Cafes and Restaurants	12
Transport and Storage	1
Finance and Insurance	3
Property and Business Services	17
Retail	10
Personal and Other Services	1

As can be seen from the above table property and tourism related businesses account for almost half of the proposals received.

Goal 2: Client Relations and Professionalism

To develop and maintain our professional expertise, in the areas of commercial activities and Indigenous issues.

IBA gives high priority to the continual professional development of staff. In line with this priority, both financial support and appropriate levels of study leave was granted to those staff members who undertook additional training throughout the year. Approximately \$91,000 was spent on the provision of staff development and skills enhancement which included support for:

- Completion of a Graduate Diploma of Law (two staff);
- Further studies towards a Bachelor of Commerce (Accounting) and a Associate Diploma in Accounting;
- Commencement of Bachelor of Arts (Business Administration) and;
- Completion of the Australian Institute of Company Directors course (three staff and three directors).

IBA has representation on the Indigenous Tourism Leaders Group which has the objective of promoting Indigenous tourism as a distinct and recognised sector within Australia's tourism market thereby generating economic development and employment opportunities for Indigenous Australians.

Two of IBA's directors were also members of the Northern Territory Tourist Commission.

Attendance at relevant industry conferences included:

- Indigenous Economic Forum;
- Indigenous Employment Training Conference.

The majority of IBA's positions require tertiary qualifications. Employees with the appropriate qualifications currently fill all non-executive management positions. Staff that do not necessarily need formal qualifications are encouraged to seek development opportunities.

IBA has in place both a service charter setting down standards expected of staff and a formal complaints handling process. During the year no complaints were received.

Goal 3: Inter Agency and Industry Cooperation

To develop our relationships with government agencies, the business sector and Indigenous agencies and groups for the purpose of increasing opportunities to facilitate improvements in the economic self-sufficiency of Indigenous peoples.

During the year, IBA worked closely with the Federal Government, and a number of State Governments and the business sector in order to promote better economic outcomes for Indigenous Australians. Outcomes included:

- A number of visits undertaken by Minister Ruddock to some of IBA's key investments during the year. Projects visited were the Foxleigh Mine and Fitzroy Crossing;
- The Minister for Tourism, Mr Joe Hockey visited Kings Canyon Resort, and the Kakadu properties;
- IBA presented a paper to the Minister for Tourism, Mr Joe Hockey, in relation to this discussion paper - A 10-year plan for Tourism – the submission addressed issues relating to Indigenous participation in tourism and also more general infrastructure issues;
- IBA prepared and submitted a formal submission to the House of Representatives Standing Committee on Aboriginal and Torres Strait Islander Affairs (HORSCATSIA) enquiry into capacity building in Indigenous Communities - the submission was well received and IBA appeared before the Committee to give evidence and discuss its submission;
- IBA has jointly funded the Minister's Business Review to identify the barriers to Indigenous participation in business and possible solutions;
- The Chairman attended, at the request of the US Government, a First Nation's Conference on Emerging Tribal Economies in Phoenix Arizona;
- IBA continued its research into options for IBA to strategically invest in the fishing industry, in particular quota, as a long term approach to asset accumulation and preservation of resource allocations for Indigenous people – a number of State Governments have indicated that they would be like to work with IBA to achieve this goal;
- IBA received a number of invitations and attended several meetings with Native Title representative bodies to encourage better and more sustainable outcomes from Native Title Agreements;

- Staff of IBA attended a national industry conference of representative bodies and attended a number of regional representative bodies meetings to discuss opportunities;
- The Chairman was personally invited to provide guidance on practical issues associated with joint venturing at the inaugural World Summit of Indigenous Entrepreneurs – Indigenous Entrepreneurs and World Trade: a New Mechanism for Shared Prosperity, hosted by the Bank of Montreal in Canada to be held in August 2003;
- IBA continued to provide hands on support to its Indigenous business partners in various forms, such as, discussion of board papers, advice on reinvestment opportunities for distributions, and the maintenance of regular contact;
- Where applications made to IBA do not meet its investment criteria, however have considerable outcomes worthy of funding via alternative means, IBA provided assistance to access mainstream funding or ATSIC financial support; and
- IBA produced a biannual magazine, "Indigenous Australians in Business"- the magazine features not only IBA's successes but those of Indigenous communities who are actively involved in business. The themes of the two editions during the year were the Provision of Banking and Financial Service to Indigenous Communities and Corporate Governance.

Goal 4: Good Corporate Citizen

To maintain and improve upon our current high standard of corporate governance in the administration of our capital asset and in our daily conduct.

IBA continued to undertake its activities in a professional manner meeting its responsibilities to its business partners, government and client group. Examples included:

- IBA's in the process of implementing a fully integrated approach to risk management within IBA and its investment activities;
- The Board of IBA continually reviewing its investment portfolio to ensure it meets its financial, operational and legislative requirements;
- IBA's internal audit plan for the next two years is focused on reviewing our processes to ensure they are consistent with best practice;

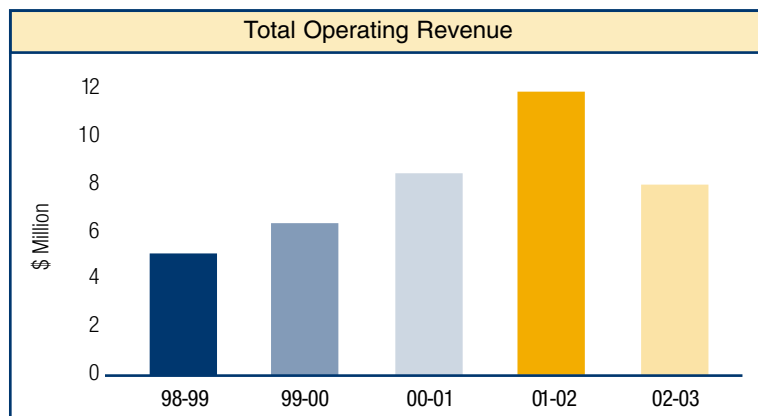
- IBA continually monitoring and informing directors of any changes in the corporate governance requirements relevant to IBA;
- Where appropriate, IBA adopted best practice developments and required staff to attend appropriate training programs on a regular basis to ensure they are kept up to date with any developments within their area of expertise;
- IBA sought detailed advice on the merits of establishing a national property trust which individual Indigenous people could invest.

Operational and Financial Results

Overall Financial Performance

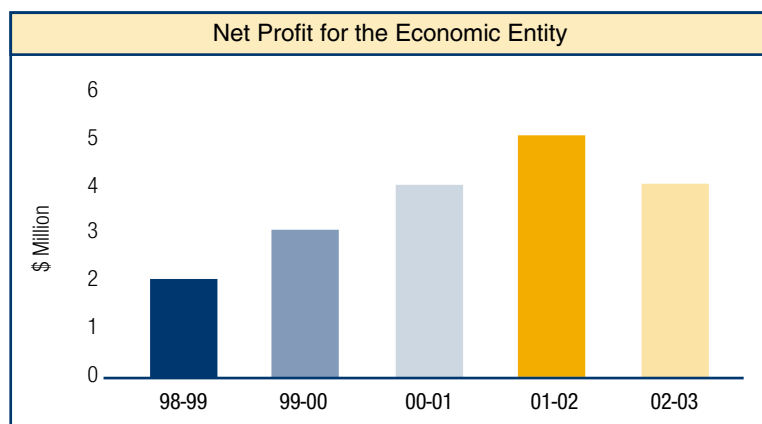
IBA's performance over the last year has been one of measured growth notwithstanding the effects of the weakened global economies on a number of IBA's investments. The weakened US economy has resulted in a strengthening of the Australian dollar, which has placed pressure on the mining industry, and impacted on tourism due to increased cost of traveling. The outbreak of SARS and the war on Iraq had an unprecedented impact on tourism on third and fourth quarters which is also expected to continue until the end of the calendar year. As tabled above almost 40% of IBA's investments are in the mining and tourism sectors. The main impact has been negative revenue growth however improved productivity within the investments has minimized the impact on the loss of revenue.

The following table shows the total operating revenue for the financial year and for the previous four years. Total operating revenue is the gross income received directly by IBA and net profits from its subsidiaries and associates. The high operating revenue for 2001/02 is reflection of the Australian dollar exchange rate during that period which increased expected earnings and reduced the cost of international visitors coming to Australia.



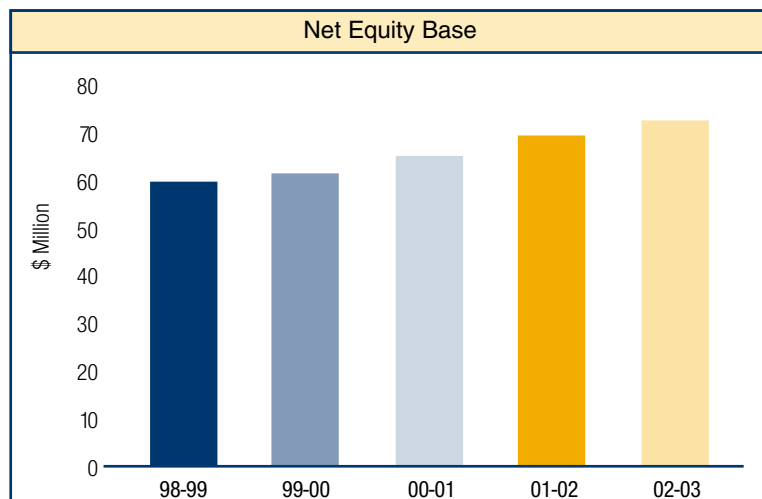
The operating revenue recorded by IBA for the year has also reduced due to the retention of profits within some of the businesses to fund a number of expansions. In particular the tourism properties have expanded accommodation facilities which will increase the opportunity for growth in future years as the tourism sector recovers from its current lull.

An improvement in the global economy should see a return to steady growth in operating revenue for IBA's investments. Strategic decisions by the Board during the year, to divest its equity in a number of marginal ventures, will also assist in maintaining the current levels of operating profits in the future.



As anticipated, net profit has fallen from last year. The impact of the decline in the net profit achieved this has been lessened through a solid reduction in expenditure.

The following tables show the financial results over the past five years:



IBA has shown steady growth of its net assets over the last five years to 2002/03. Although the net profit and revenue has fallen for 2002-03, IBA has still reported an increase of 5.8% in its net assets. IBA has achieved steady growth by managing its investment portfolio, in particular through disposal of non-performing investments and the acquisition of solid investments to underpin the future requirements of IBA.

Capital Base

IBA's capital base as at 30 June 2003 was \$76.22 million (2002: \$72.63m). IBA's investments are spread across a number of industries and are varied in structure. IBA's asset base is comprised of:

- floating rate notes and customised securities;
- equity in 20 joint venture and associated entities throughout Australia including tourism, accommodation, mining, transport and contracting;
- six wholly owned commercial properties located in the Australian Capital Territory, Northern Territory, South Australia, Queensland and Western Australia;
- loans to Indigenous partners;
- shares in publicly listed companies;
- property development investments; and
- the balance under cash management.

Operational Performance Review

Management

The management team is responsible for the overall direction of IBA's day to day activities as well as being responsible to the Board for the delivery of Board policies, implementation of Board decisions, and for compliance with various statutes. The IBA staffing structure is small and is comprised of the management team, company secretary and three specialised units.

During the year, the management team was instrumental in coordinating inter-agency and inter-government negotiations and discussions as well as preparing and presenting major submissions, both to the Board, the Minister and Parliamentary Committees.

Individual members of the management team led negotiations and discussions with state government agencies and State Ministers on an inter-government cooperative approach to Indigenous involvement in the fishing industry. In line with IBA's risk management plan one member of the management team

continued as a director on those joint ventures which have potentially significant exposure for IBA.

The management team also took the lead/negotiations with the Northern Land Council over the development of a memorandum of understanding which may see IBA playing a key advisory role to the land council on commercial activities.

2003-04 holds a number of potential challenges for IBA. These challenges include managing the outcomes of the reviews of ATSIIC and Indigenous Business support programs and the freeing up of cash to meet new investment demands given the current low level of cash at bank.

Company Secretary

The Company Secretary is responsible for:

- compliance management and reporting for IBA and its subsidiaries;
- maintenance of corporate records;
- management of IBA's risk management and fraud control program;
- management of internal audit;
- independent reviews of IBA's investments in accordance with a cyclical program as approved by the board;
- secretarial support to the Audit Committee;
- development and coordination of IBA's public relations strategy.

Achievements for the year:

Reviews

During the year, a review of six existing investments were completed and the disposal of a further two investments. The reviews made a number of recommendations for management's consideration, which should improve their performance against IBA's objectives and for the businesses.

Risk Management

Presentations were made to staff members on the risk assessment process and management plan. Ongoing advice is provided to ensure IBA's risk management culture is cemented in our processes.

Internal Audit

Secretarial support and advice on the Internal Audit Plan 2002/03 to 2004/05 was provided to management and the Audit Committee and management of the engagement of the internal auditors.

Public Relations

The production of two editions of IBA's magazine "Indigenous Australians in Business" was developed and co-coordinated. Each edition of the magazine focused on key areas relevant to Indigenous involvement in commercial businesses, in particular edition three looked at the involvement of the banking and financing sectors and edition four focused on corporate governance and how it impacts on indigenous communities.

The Company Secretary also directly managed IBA's foreign exchange hedging contracts arising from investment commitments.

Business Development Section

The responsibility for seeking and assessing business proposals rests with the Business Development Section. The section is staffed by three qualified analysts each with a specific expertise.

Business Development Staff ensure they are abreast of new and emerging business trends by attending appropriate business seminars and high level training courses.

Most business analysis is undertaken in-house. Where a proposal falls outside the specific skills set of the Business Development staff, independent analysis is sought to compliment the internal assessment process.

In this financial year, staff broadened the scope of analysis undertaken by IBA by assessing (in-house) proposals in industry sectors not previously addressed, namely, information technology and sea farming.



Business Development – (l to r) Scott Smith, Bruce Brideoake, Vincent Noviello

Proposals are assessed by applying strict commercial criteria. IBA's reputation is closely linked to business successes which are highly reliant upon the assessment process undertaken by Business Development and complimented by active ongoing monitoring of the businesses after settlement.

In the first instance, a preliminary assessment is undertaken to determine the merit of each business proposal. Many proposals are discussed with the Board of Directors at this early stage, thereby allowing the Board to determine the appropriateness of a particular industry investment within the IBA investment portfolio.

A considerable amount of Business Development's time is spent assisting proponent groups in developing sound business proposals which may or may not be considered by IBA for funding. This forms part of IBA's commitment to its Community Service Obligation.

In addition to the proposals assessed in this financial year, Business Development continued work on a number of proposals which were commenced in the previous year. One project in point is the Mitchell Street (Darwin) project. This is a land development project likely to span over three financial years.

Once a business proposal has been assessed as viable and accepted by the Board, considerable work remains to, among other things, negotiate and develop an appropriate holding structure, financing, licensing, and joint venture agreements.

Major Investing Activities

During 2002/03, 62 proposals were received and assessed by Business Development. The total potential value of proposals received was \$50.470 million. There are still a number of proposals undergoing assessment or awaiting further information from the proponents. The table below summarises the major investment activities for the section for the year ended 30 June 2003.

Outcome and Value of Possible Investment		
Status	Number	Value
Approved and settled	4	\$18.890 m
Approved and not settled	1	\$ 3.000 m
Approved and will not proceed	7	\$12.115 m
Noted	3	\$17.130 m
Not approved	1	\$ 2.200 m

Business Participation Section

The Business Participation Unit is staffed by six dedicated individuals who possess a variety of skills and come from a diverse range of career backgrounds. The Unit's primary responsibility is monitoring the financial and strategic/operational performance of IBA's investments after settlement and ensuring all legal obligations are undertaken. This involves detailed reporting of the investments performance against IBA's objectives to management and the board on a regular basis. For the year ended 30 June 2003 Business Participation monitored the performance of 26 investments with a combined annual turnover of \$190 million.

To successfully monitor the investments, staff undertakes a number of functions including:

- Active participation on the respective boards or management committees of each investment;
- Quarterly and exception reporting against the key performance indicators of each investment;
- Ensuring corporate governance and performance issues associated with individual joint ventures are addressed;
- Participate in the business undertakings of joint ventures, including liaison on day-to-day operational issues;
- Attend to community service obligations associated with Indigenous joint venture partners;
- Pursue Indigenous employment and training strategies within each joint venture.



Business Participation –(l to r) Clinton Scott-Knight, Val Price-Beck, Trudi Kon, Chris Smith, Dan Magee

Corporate Responsibilities

The unit is also responsible for ensuring IBA's various investment vehicles meet their statutory and reporting obligations. These include:

- maintenance of corporate registers;
- coordination and lodgment of annual returns for registered companies; and
- Coordination of taxation and administrative matters.

Indigenous employment and training outcomes

Another key function of the Unit is the advancement of Indigenous employment and training outcomes in the businesses. As part of that process the Gagudju Crocodile Holiday Inn facilitated its third Indigenous employment program in which sixteen Indigenous trainees obtained a Certificate 2 in either Hospitality or Tourism and gainful employment.

The Crossing Inn (Fitzroy River) also successfully completed an Indigenous Security Guard program with four Indigenous security guards gaining employment at the completion of the program.

Ngarda Civil and Mining has made a significant impact on the employment prospects of Indigenous locals in the Pilbara region. The business currently employs 66 Indigenous people.

For the year in question IBA's investments employed a total of 192 Indigenous staff at a salary cost of around \$5.27 million.

Mentoring and support to Indigenous partners

A further important component on the Unit is addressing those issues which arise that are not necessarily of a commercial nature but have the potential to impact on the investments. Addressing these issues is all part of IBA's commitment to its Community Service Obligations. In addressing these obligations staff throughout the year facilitated meetings with community members and various stakeholders, held after hours briefing sessions with Indigenous directors, visited Indigenous director's home communities, gave private briefings to Indigenous directors in order to facilitate skill transfer and to advise on the financial performance and future direction of investments. Staff of the Unit also began to explore alternate ways in which to be more effective in delivering the concepts of Corporate Governance and skill transfer to its Indigenous partners.

Another way in which the staff sought to fulfill their social obligations was at the Board of Directors level. Whilst at all times maintaining a commercial focus, staff sometimes made decisions that may have lessened the commercial return to shareholders but was the correct decision in terms of being aware of their social responsibilities. This included having respect for the values of the traditional owners such as “looking after country” and minimising the sale of alcohol to the Indigenous community.

Challenges faced

The Unit is responsible for managing investments from a number of industries. With a small contingency of staff keeping abreast of the changing environment and industry trends for each investment remains a challenge. To address this challenge staff is required to attend industry forums and undertake continual professional development. During the year the unit faced the challenge of managing an investment in a new industry and geographical location.

Continuous improvement

To ensure staff is equipped with appropriate skills to undertake their duties three staff became graduate members of the Institute of Company Directors, one staff member attended the Company Directors course and one staff member commenced studies for a Bachelor of Business Administration.

Corporate Services

Corporate Services is responsible for the management of IBA's finances and for:

- preparation of policy advice to the board and senior management on a range of financial, accounting, human resource, information technology and administrative matters;
- the preparation and analysis of a range of financial information for the IBA Board and senior management, the Department of Finance and Administration and the Parliament through the Minister for Immigration and Multicultural and Indigenous Affairs;
- preparation of annual statutory reports for IBA and its subsidiaries; and
- day to day management of IBA's cash management investments.

At 30 June 2003, this section comprised three full-time staff members.

Management of Human Resources

IBA has experienced some staff changes during the reporting period. Whilst change may be considered daunting for some, IBA believes that change is good for an organisation as it makes way for the next, which will give us the opportunity to grow and expand our skill base.

As at 30 June 2003, IBA had 15 (2002:16) full-time staff members and one (2002:2) part-time staff member. Of the 16 staff, 33% (2002: 39%) were Indigenous and 40% (2002: 44%) were female.

Terms and Conditions

The Board of IBA determines the terms and conditions of employment. The skills that are required by staff to meet the objectives of IBA and the principles of engagement are similar to that of the private sector. Having such a small complement of staff, all are engaged under individual Australian Workplace Agreements.

Performance Management

A Board approved performance management system is in place, which entitles non-executive staff, subject to satisfactory performance, to be eligible to receive up to 15% of salary package as performance remuneration. There are three key performance criteria staff is assessed against. These are corporate performance, section performance and individual performance with each performance criterion being equally weighted.

Continual Professional Development

IBA gives high priority to the continual professional development of staff. In line with this priority IBA has adopted flexible operational hours from 7.00 am to 7.00 pm to enable staff to undertake external studies at reasonable hours in the morning or evenings.

iba investments

Description of Investments

INTRODUCTION

IBA maintains a diverse portfolio of investments, which underpins IBA's objectives to:

- meet its recurrent operational costs;
- invest in businesses which perform in accordance with industry standards;
- build upon its capital base; and
- encourage and facilitate Aboriginal and Torres Strait Islander participation in commercial projects and enterprises.

As at 30 June 2003, IBA had 26 investments throughout Australia. Outlined below is a brief description of each investment and any highlights for the investment during the year. The investments are classified in accordance with the following ABS Standard Industry Classifications:

- mining;
- construction;
- accommodation, cafes and restaurants;
- transport and storage;
- finance and insurance;
- property and business services;
- cultural and recreational services; and
- personal and other services.

Investment Structures

Primary Investment Vehicle and IBA equity level	Secondary Investment Vehicle and IBA equity level	Investment and IBA equity level
CDC Nominees (Ceduna) Pty Limited (100%) as non-trading trustee for Ceduna Joint Venture Participation Trust (100%)		Investment disposed ▶ April 2003
Bowen Basin Holdings Pty Ltd (100%) as non-trading trustee for BBI Foxleigh Trust (100%)	▶ Bowen Basin Investments Pty Ltd (100%) as non-trading trustee for Bowen Basin Investment Trust (100%)	▶ Foxleigh Joint Venture (16.4%)
IBA Coal Holdings Pty Ltd (100%) as non-trading trustee of Brigalow Holding Trust (100%)	▶ IBA Coal Investments Pty Ltd (100%) as non-trading trustee of Brigalow Joint Venture Participation Trust (100%)	▶ Eastern Coal Joint Venture (16.4%)

Primary Investment Vehicle and IBA equity level	Secondary Investment Vehicle and IBA equity level	Investment and IBA equity level
Diatomaceous Earth Holdings Pty Ltd (100%) as non-trading trustee for Diatomaceous Earth Holdings Trust (100%)	Diatomaceous Earth Investments Pty Ltd (100%) as non-trading trustee for Diatomaceous Earth Investment Trust (100%)	Australian Diatomaceous Earth Joint Venture (20%)
		Henry Walker Eltin Limited Shares
		Property Investment Vehicle No.1 Pty Ltd (14.5%) Baulderstone Hornibrook
		Ngarda Civil and Mining Pty Ltd (25%)
Gagudju Lodge Cooida Trust (70%)		Gagudju Lodge Cooida (70%)
Gagudju Crocodile Hotel Trust (70%)		Gagudju Crocodile Holiday Inn (70%)
Kings Canyon Watarrka Trust (17.2%)		Kings Canyon Resort (17.2%)
Monkey Mia Holdings Pty Ltd (54%) as non trading trustee of Monkey Mia Holding Trust (54%)		Monkey Mia Dolphin Resort Assets (50%)
Monkey Mia Enterprises Pty Ltd (54%)		Monkey Mia Dolphin Resort (50%)
Fitzroy Inn Investments Pty Ltd (100%)		Fitzroy Crossing Inn (42.86%)
Fitzroy Lodge Investments Pty Ltd (100%)		Fitzroy River Lodge (42.86%)
CDC Nominees (QBH) Pty Ltd (100%) as non-trading trustee for QBH Participation Trust (100%)		Queensland Bulk Haulage Pty Ltd (25%)
CDC Nominees (McArthur River Shipping) Pty Ltd (100%) as non-trading trustee for Carpentaria Shipping Trust (100%)		Carpentaria Shipping Services Pty Ltd (18.31%)
Port Hedland Investment Trust (70%)		Homestead Centre (100%)
IBA Property Investment Pty Ltd (100%) as non-trading trustee of IBA Property Investment Participation Trust (100%)	Indigenous Investment Trust (100%)	South Hedland Commonwealth Centre (100%)
		Katherine NT Government Centre (100%)
		Schmider Engineering, Sumner Park, Brisbane (100%)

Primary Investment Vehicle and IBA equity level	Secondary Investment Vehicle and IBA equity level	Investment and IBA equity level
National Indigenous Participation Trust (100%)	▶ National Indigenous Property Trust (100%)	▶ CPS Building, Adelaide (100%)
		▶ Goldfields Medical Centre, Kalgoorlie (100%)
Noongar Property Holdings Pty Ltd as non-trading trustee of Noongar Property Holdings Trust (66.25%)	▶	▶ Goldfields Building 50 Colin Street, West Perth (100%)
Mitchell Street Investments Pty Ltd as trustee of Mitchell Street Investment Trust (100%)	▶ IBA as trustee of Mitchell Street Development Trust (100%)	▶ Mitchell Street Land and Buildings (50%)
Scarborough Holding Trust (100%)	▶	▶ Scarborough House (100%)
CDC Nominees (TCTP) Pty Ltd as non-trading trustee to TCTP Participation Trust (100%)	▶	▶ Tjapukai Aboriginal Cultural Park (19.93%)
CDC Nominees (South East Sydney) Pty Ltd (100%) as non-trading trustee of SES Participation Trust (100%)	▶	▶ Port Botany Transfer Station Pty Ltd (50%)
CDC Nominees (WWLS) Pty Ltd (100%) as non-trading trustee for WWLS Participation Trust (100%)	▶	▶ Investment disposed June 2003
		▶ Western Linen Industries Pty Ltd trading as Egans Central Laundry (50%)

Mining

Industry Overview

The major impact on the industry has been the Australian Dollar appreciating approximately 20% against the US dollar over the year. The reduced value of export commodities in Australian dollar terms has compounded the effect of weak commodity prices in many sectors, particularly base metals. One positive influence has been the low interest rate environment.

Performance of IBA's investment

IBA's has a direct exposure in this industry through the Foxleigh Joint Venture, which has seen a dramatic reduction in Australian dollar earnings due to the unfavourable movement in the exchange rate. Other mining investments are not yet online and development decisions will reflect the overall economic situations at that time. IBA does have other investments which are exposed to the mining industry; however these investments have been shielded somewhat from the increased pressures as they are primarily service providers and contractors to the industry. In these businesses, contract terms and conditions largely protected the current year earnings.

Major Achievements

Australian Diatomaceous Earth

The design process of converting raw diatomaceous earth into a marketable product was completed during the year. This is a key turning point for the joint venture as it enables it to focus on the development of processing capabilities and marketing of the end product. Negotiations with Native Title Holders are in progress, with an Indigenous Land Use Agreement being close to finalisation.

Challenges Faced

With the existing projects, the management of the Australian based costs versus the US based income will continue to be a high priority.

Future Outlook

Upon finalising the processing technology, marketing of the product will commence, emphasising the benefits in terms of filtration performance, superior health and safety attributes and local origins. Continued research could result in identifying new markets for the use of the product within the agricultural industry.

The following table provides further details on the specific investments in this sector.



	Foxleigh Mine Joint Venture	Eastern Coal Joint Venture	Diatomaceous Earth Joint Venture
Description of investment	Open cut Coal Mine located in Queensland's Bowen Basin. Low ash content of coal makes product ideally suited to the pulverised coal injection process. Coal is exported to Japan, Korean and several European countries	Four exploration leases located near Aboriginal community of Woorabinda. Further development on hold until essential transport infrastructure is constructed	Exploration and marketing of diatomaceous earth. Deposit is located near Greenvale, Queensland. A key use of diatomaceous earth when processed is as a filtration agent in food and beverage industries
Shareholding	16.4%	16.4%	20% (option to increase to 40%)
Indigenous Shareholding	In negotiations to sell down 3.4% of shareholding to Indigenous community	In negotiations to sell down 25% of shareholding to Indigenous community	Nil at this stage
Industry Partners	CAML Resources; ICRA Foxleigh; Lake Lyndsay Investments	Mt Robert Coal; Itochu Coal Resources; Lake Lyndsay Investments	Australian Diatomaceous Earth Pty Ltd and Australian Diatomaceous Earth Filter Aid Pty Ltd
Product Tonnes Produced to date:	7,430,000	Currently at exploration stages however expect an annual 1 million tonnes to be mined during the life of the mine	Nil at this stage
Indigenous Employment	Mining - 19 On-site - 2	Mining of the leases have not commenced	Still in development stage

Construction

Industry Overview

An overview of the construction industry per se would not be of benefit to assess the performance of IBA's investments in this industry. Those investments classified in this industry derive the majority of their turnover from services to the mining industry and thus are not significantly impacted by trends in the broader construction industry.

Performance of IBA's investment

Of IBA's investments in this industry, one settled in late June, one is a strategic alliance and another has repaid capital to IBA due to reduced demand for their product. The only active investment was Ngarda Civil and Mining (NCM). The performance of NCM for the current financial year has been less than expected from a financial point of view; however the securing of three new contracts will strengthen the future performance of the business.

Major Achievements

Ngarda Civil and Mining

Ngarda has recently been through a period of re-focusing its strategy in respect of its client base and the type of work being pursued. As a result of this strategy, Ngarda was recently awarded three new contracts, amounting to a consolidated turnover of \$21 million. The contracts are with BHP Billiton and Robe River Iron Ore and are located at Finucane Island, the HBI plant in Port Hedland and Pannawonica WA. The three contracts have resulted in the creation of 84 jobs of which 66 (79%) are filled by Indigenous people.

Challenges Faced

The slowing down of the economy has resulted decreased opportunities for IBA's investments to secure new or additional contracts. Thus the challenge for each of the businesses during the year has been to increase competitiveness, manage costs, whilst developing new business opportunities. In the case of Ngarda, to develop and exploit a niche in the market.

The acquisition of equipment frequently requires backing by way of parent company guarantees. IBA is now close to its guarantee limit as determined by the Minister for Finance and will need to consider other options as new contracting opportunities arise.

Future Outlook

The future outlook for Ngarda Civil and Mining looks promising as it consolidates its position as a reputable contractor to the mining industry. It is anticipated that IBA will exit its investment in the Property Investment Vehicle due to the lack of demand for mezzanine capital. The outlook for further development of Mitchell Street will be dependent upon market determinants and the best available use of the land.



	Ngarda Civil Mining	Henry Walker Eltin
Description of investment	Civil and mining contract company located in the Pilbara region of Western Australia. Scope of contract works from \$50,000 to \$50,000,000. Target clients are mining companies, including BHP Billiton, Woodside and Rio Tinto.	Strategic relationship to work together to achieve Indigenous employment and training outcomes within the contract mining and civil works industry
Shareholding	25%	1,816,075 shares
Indigenous Shareholding	25% Ngarda Ngarli Yarndu Foundation	N/A
Industry Partners	Henry Walker Eltin Limited	N/A
Indigenous Employment	64 (79%)	N/A



	Mitchell Street Development	Property Investment Fund
Description of investment	Comprises a backpacker's facility and an adjacent vacant block of land located within the Darwin CBD. The vacant land will undergo development in the future, subject to demand	Strategic alliance with Boulderstone Hornibrook
Shareholding	100%	15 shares
Indigenous Shareholding	Nil	N/A
Industry Partners	Pikos Group	Boulderstone Hornibrook
Indigenous Employment	N/A	N/A

Accommodation, Cafes and Restaurants

Industry Overview

The 2002/03 financial year has been a difficult year for the tourism industry and in particular for inbound tourism. The industry was impacted by events such as the Bali bombings, the war in Iraq, the SARS epidemic and a softening global economy.

The lack of anticipated growth resulted in increased competitiveness, through price and packaging, of traditional tourism centres for the domestic dollar. In particular the large state tourism organisations began to invest significant amounts on domestic marketing campaigns in light of the general downturn in inbound tourism numbers. In addition aggressive marketing campaigns in Asian countries such as Singapore, where the Government allocated \$250 million towards tourism, placed further pressure on the local domestic market.

Performance of IBA's Investments

All IBA's investments in this industry have been affected by the general downturn in tourism numbers. As a result, they have recorded reduced turnover and net profits consistent with the economic climate.

Major Achievements

Gagudju Crocodile Holiday Inn

- completed its third Indigenous Employment program. Sixteen trainees graduated with either a Certificate 2 in Hospitality or Tourism. All sixteen trainees secured employment, with ten remaining at the Hotel, four are employed at the Gagudju Cooida Lodge and two at the Holiday Inn Darwin;
- won an Australian Tourism Brolga in the category of "Significant Festivals and Events" for its "Senses of Kakadu – an outback feast" event.

Gagudju Lodge Cooida

- "Judy Opitz"- one of the Yellow Water Cruise boats, underwent a \$100,000 refurbishment.

Monkey Mia

- commenced construction of additional facilities to cater for the "backpacker/budget" market; and
- underwent a refurbishment to develop an 80 capacity conference room.

Fitzroy River Lodge

- an additional ten rooms were completed in April 2003, which allows the Lodge to comfortably accommodate two coach loads of tourists.

Fitzroy Crossing Inn

- the Inn conducted an on site security course, which resulted in four Indigenous security guards gaining employment on completion

Challenges Faced

Parks Australia announced that it will be increasing its park entry fee into Kakadu from 1 April 2005. This proposed increase has the potential to seriously impact on the future performance of the properties. Kakadu Tourism and other key players in the industry have lobbied the Government to disregard the fee increase.

The following table provides details of IBA's individual investments in this industry sector.



	Kings Canyon Resort	Gagudju Lodge Cooinda	Gagudju Crocodile Holiday Inn
Description of investment	Located in the Watarrka National Park. Facilities: 36 deluxe spa rooms, 96 standard rooms, 120 lodge rooms, powered and un-powered caravan and camping sites.	Located within the heart of Kakadu National Park near Yellow Water Billabong. Facilities: 48 Lodge rooms, 34 budget rooms, 400 powered caravan or camping sites, General Store, Mimi's Restaurant, and Barra Bar and Bistro. The Lodge operates one of Australia's premier tourist attractions Yellow Water Cruises. The cruises operate 365 days, taking approximately 110,000 tourists on cruise through the wetlands. The lodge also operates the Warradjan Cultural Centre.	The Hotel is situated at Jabiru in the heart of Kakadu National Park. Facilities: 4 star 110 room located in the boundaries of the Jabiru township in the Northern Territory.
Shareholding	17.2%	70%	70%
Indigenous Shareholding	33% - Centrecorp Aboriginal Investment Corporation 3% - Ngurratjuta/Pmara Ntjarra Association	30% - Gagudju Association	30% - Gagudju Association
Industry Partners	Voyages Hotels and Resorts	N/A	N/A
Hotel Manager	Voyages Hotels and Resorts	InterContinental Hotel Group	InterContinental Hotel Group
Indigenous Employment	Nil	4	12



	Monkey Mia Dolphin Resort	Fitzroy River Lodge	Fitzroy Crossing Inn
Description of investment	The resort is situated some 850 kms north of Perth, on the Francois Peninsular. It is an international eco-tourist destination where feeding of dolphins on a daily basis is major attraction. Facilities: 60 motel rooms, 72 powered caravan sites, 6 caravan condominiums and 8 backpacker quarters.	The lodge is situated some 2 kms southwest of the township of Fitzroy Crossing on Highway One. Facilities: 40 motel units with a central pool area and tennis courts; 30 ensuite safari tents; 9 hole-golf course, 90 serviced caravan sites, coach facilities and camping ground.	The inn was developed in the 1890's and is located within the Township of Fitzroy Crossing, WA. Facilities: a hotel licence, basic style motel accommodation, caravan sites and camping grounds with amenities.
Shareholding	27%	42.86%	42.86%
Indigenous Shareholding	23% - Yadgalah Aboriginal Corporation	42.86% - Leedal Pty Ltd	42.86% - Leedal Pty Ltd
Industry Partners	Previous proprietor	Previous proprietor	Previous proprietor
Hotel Manager	Previous proprietor	Previous proprietor	Previous proprietor
Indigenous Employment	5	Nil	4

Transport and Storage

Industry Overview

The transport industry has seen continued consolidation by majors such as Toll, Patrick and Linfox. The industry is otherwise impacted by the general health of the domestic economy.

Performance of IBA's Investments

IBA's exposure to this industry is through Carpentaria Shipping Services Pty Limited and Queensland Bulk Haulage Pty Limited, both of which service single contracts within the mining industry. As such these companies are sheltered from impacts on the wider transport and storage industry, with current year earnings largely protected by contract terms and conditions. As such the performance of the investments was as anticipated and in accordance with those contracts. Given the general downturn in the economy there were limited opportunities to secure supplementary contracts on more favourable terms.

Major Achievements

The previous manager of Queensland Bulk Haulage Pty Ltd exited the investment selling its 50 % share to another respected industry partner. The operations during the year achieved the integration of a new management regime with minimal disruption to operations.

Ownership of McArthur River Mine changed hands following the success of the takeover of MIM by Xstrata.

Future Outlook

New ownership of the McArthur River Mine and the continued strengthening of the Australian dollar have not impacted on plans for a major upgrade of the mine which may provide new opportunities for Carpentaria Shipping Services.

The new partner in Queensland Bulk Haulage brings extensive experience in other areas which could broaden the opportunities available to the company.



	Queensland Bulk Haulage	Carpentaria Shipping Services
Description of investment	Queensland Bulk Haulage provides ore haulage services to the Ernest Henry copper-gold mine which is located 40 kilometres north east of Cloncurry, Queensland. QBH operates four trucks operating 24 hours a day, with the capacity to carry between 70 and 90 tonnes of ore. The haulage contract was renewed in 2002 for a further period of three years.	Carpentaria Shipping Services provides specialised bulk sea transport for the zinc-lead-silver concentrate produced by the McArthur River mine which is located near the township of Borroloola, NT. The 4,000 tonne MV Aburri was purpose built to ensure the safe and efficient transfer of the concentrate from the port of Bing Bong to ocean going vessels some 30 kilometres offshore. Key features of the vessel to achieve these objectives are a compartmentalized double hull and fully enclosed cargo hold.
Shareholding	25%	18.31% was original 25%
Indigenous Shareholding	25% - Koutha Aboriginal Development Corporation (Koutha)	31.69% MAWA Riinbi Pty Ltd which represents the four main language groups in the region of the mine, township and port operations. MAWA has utilised their profits to acquire IBA's equity.
Tonnages carried this year	334,898	416,198
Industry Partners	Mitchell Corp Australia	P&O Maritime Services
Contract to Mine	Ernest Henry Mining Pty Ltd, 100% owned by Xstrata	McArthur River joint venture between Xstrata (70%) and ANT Minerals, a consortium of Japanese companies (30%)
Indigenous Outcomes	Koutha not only has equity in the transport operations. Koutha constructed the depot facilities for the haulage operations and leases them to QBH on commercial terms and also provides Indigenous training assistance. Three Indigenous employees	MAWA have negotiated an ancillary contract to load the concentrate from the storage shed onto the conveyor belt which subsequently loads the MV Aburri. There is currently one permanent and three casual Indigenous employees within the venture.

Property and Business Services

Industry Overview

The Property Council of Australia released the latest vacancy rates for Australia's major office markets. They currently stand at:

- Perth CBD – 11.1%
- West Perth – 8.2%
- Adelaide Core – 11.0%
- Canberra – 4.7%
- Brisbane near city – 11.1%

Vacancy rates in South Hedland continue to increase. With the downturn in the local economy, local businesses are struggling to survive. Although Port Hedland is one of the world's highest tonnage ports, shipping more than 50 million tons of high grade iron ore a day, BHP are continuing to "fly in and fly out" a large portion of their employees, which is impacting on the community.



Tenant demand in the West Perth Office market has shown signs of improvement over the past six months. One of the major advantages of West Perth is the greater supply of parking spaces at a fraction of the cost of parking in the CBD.

The Adelaide CBD Core office sector has continued to improve over the past 12 months, particularly in the better quality office accommodation market. The past 12 months has continued to see tenants moving up the quality chain of accommodation. The overall vacancy rate of 11.0% does not provide an accurate picture of the current supply circumstances in the Adelaide marketplace. The vast majority of vacancy in the Adelaide Core office market is in the B, C and D Grade office accommodation which equates to approximately 73% of all vacancies, with the majority of this accommodation being classed below acceptable standards for major corporate or government tenants.

Brisbane has recorded some quite impressive levels of industrial leasing and pre-commitment activity since 2000. While an improved local economy has supported some activity, some of this increase has been price driven. The abundance of land available for development and the increased competition from the Australia Trade Coast precinct has created a very competitive pre-commitment market.

Performance of IBA's investment

IBA's investments in this industry have performed as expected. The security of long term leases enables most of IBA's properties to produce an above average turnover. However, the economy in Port Hedland continues to put pressure on vacancies and rates per square metre.

		
	Homestead Centre South Hedland	Commonwealth Centre South Hedland
Description of investment	The Homestead Centre is an office and retail complex comprised of 10 strata units located in South Hedland, WA. Marlba Maya Pty Limited own 9 of the units and Australia Post owns the remaining unit. Marlba Maya Pty Ltd purchased the property in 1993.	The building is two storey located in South Hedland, WA. This building provides accommodation to a range of Commonwealth agencies, including ATSIC, Centrelink and the State Ministry of Justice. The building was acquired in 2001.
Shareholding	70%	100%
Indigenous Shareholding	30% - Port Hedland Regional Aboriginal Corporation (PHRAC)	Negotiations are underway with the ATSIC Regional Council to down sell 50% of IBA's equity to the local Indigenous community.
Nett Lettable Area	1,086	2,139.4
Property Manager	Ray White, Port Hedland	Jones Lang La Salle, Perth
Indigenous Outcomes	The returns generated by PHRAC to date were utilised to repay a \$150,000 loan.	



	5 First Street Katherine	44 Waymouth Street Adelaide
Description of investment	<p>The property is located in Katherine, NT and is fully occupied by the NT Government.</p> <p>The building is a two storey building designed primarily for office accommodation and a small number of shop front facilities.</p> <p>The building was acquired in 2000.</p>	<p>This building is located in Waymouth St which is within the core office precinct of Adelaide.</p> <p>The property comprises 13 levels of office accommodation and is fully leased to five individual tenants subject to long-term agreements.</p> <p>Acquisition of the building was completed in 2003.</p>
Shareholding	100%	100%
Indigenous Shareholding	Negotiations are underway with local traditional owners to down sell up to 50% of IBA's equity to the local Indigenous community.	Negotiations are underway with ATSIC Regional Councils to down sell up to 50% of IBA's equity to the local Indigenous community.
Nett Lettable Area	4,547	7,201.5
Property Manager	Jones Lang La Salle	Knight Frank, Adelaide



	Scarborough House Canberra	50 Colin Street West Perth
Description of investment	Scarborough House is an office building consisting of 15 floors and centrally located in the Woden office precinct. The building was stripped of its contents. IBA has prepared a multi-million dollar re-development proposal for the building.	The building is a 5-storey office complex with underground car parking, a mezzanine ground floor and three upper levels of office accommodation.
Shareholding	100%	66.25%
Indigenous Shareholding	Nil at this stage. Indigenous involvement will be introduced when the project is further advanced.	21.25% Perth Noongar Foundation 12.5% Noongar Country Economic Foundation
Nett Lettable Area	10,300 with possible expansion to 16,500	4,141.2
Property Manager	IBA	Jones Lang La Salle, Perth



	Goldfields Medical Kalgoorlie	2 Neon Street Sumner Park
Description of investment	This building is a partially completed two storey office building located on the main access road between Kalgoorlie and Boulder. It is situated one kilometre south of the Kalgoorlie Town Centre. The building is expected to be completed by the end of October 2003 and will be tenanted by ATSI. The building was purchased in 2003.	This property is zoned General Industry Area and is situated in Sumner Park which is 14 kilometres south of the Brisbane CBD. The property comprised of land and improvements which include an office with a reasonable modern industrial building. IBA acquired the building under a sale and leaseback arrangement.
Shareholding	100%	100%
Indigenous Shareholding	Nil	Nil
Nett Lettable Area	883.5	1,506
Property Manager	IBA	IBA
Indigenous Outcomes		The current tenant (former owner) has a buy back option after five years.

Cultural And Recreational Services

Industry Overview

The performance of this industry sector is directly impacted by the tourism industry. As such 2002/03 financial year has been a difficult year for this investment, especially due to the downturn in inbound tourism as the effects of the Bali bombings, the war in Iraq and SARS continue to decrease numbers.

Performance of IBA's investment

A large percentage of visitors to Tjapukai are from international destinations, therefore, visitor numbers have declined as a result of the reduction in inbound

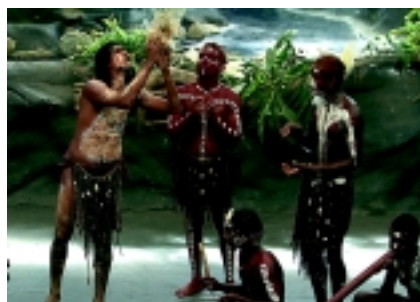
tourist numbers. This coupled with increased competition within other tourist destinations around the Cairns area has impacted on the performance.

Major Achievements

Tjapukai introduced a new product this year with initial feedback from industry supporting the concept. This is supported by improved negotiations with major tourism organiser's to secure package deals and allotments.

Future Outlook

With the launch of a new product the future outlook will be promising subject to an increase in inbound tourist numbers and the successful marketing of the product.



Tjapukai Cultural Theme Park	
Description of investment	<p>The Tjapukai Aboriginal Cultural Park is located in Cairns and commenced operations in 1996.</p> <p>The park is a unique concept in portraying Aboriginal culture and history. A creation theatre depicts the dreaming stories of the people through the use of holograms, a history theatre tells the history of people via film before first contact with the Europeans through to present day.</p> <p>Facilities: Dance Theatre, Bush tucker Walk, Museum and Artifacts display, Restaurant, Gift shop. The creation theatre</p>
Shareholding	19.93%
Indigenous Shareholding	<p>15.8 % Buda:dji Tribal Aboriginal Corporation</p> <p>10.0% Irukandji Aboriginal Corporation</p> <p>3.6% Nganydjinn Pty Ltd</p>
Industry Partners	<p>Freeman Productions Pty Ltd</p> <p>Triamid Pty Ltd</p>
Manager	Freeman Productions Pty Ltd
Indigenous Outcomes	88 Indigenous employees

Finance and Insurance

IBA's legislation does not preclude it from making loans or provide guarantee facilities. The provision of loans and guarantees provides IBA with the avenue to support Indigenous business opportunities which would not be commercial for IBA to participate in directly merely due to the size of the investment required. As IBA is required to act commercially, all loans approved are based on commercial terms with the appropriate levels of security provided by the lendee.

The management of IBA's cash reserves has been structured to ensure the maximization of profits with little or no risk and to provide IBA with enough flexibility to access cash for operational and investment purposes.

	Cash Management	Loans	Guarantees
Description of investment	Floating Rate Notes and Customised Securities	IBA provides loans to some of its Indigenous partners and other Indigenous businesses on commercial terms and requires appropriate security to be provided.	Approval was granted by the Commonwealth Treasurer to provide guarantees up to a limit of \$6,000,000.
Number	2	6	6
Total Value	\$5.0 million	\$863,665	\$5,705,000
Average Interest Rate	5.00%	7.65%	N/A

Personal and Other Services

Industry Overview

The Personal and other services industry is a diverse sector encompassing multiple sub-sectors. Of relevance to IBA are the laundry industry and the waste services sector. On the one hand, the laundry industry is closely linked to tourism, which has suffered as a result of the outbreak of SARS and the war on Iraq. The sector is also dominated by two major players, Alsco and Spotless. On the other hand, the waste services sector hinges on the health of the domestic economy and the regulatory environment, which influences the level of interest in waste services.

Performance of IBA's Investments

IBA's investments in the laundry sector have not been shielded by the impacts on the tourism industry and have and have recorded reduced turnover and net profits consistent with the economic climate. The investment in the waste services sector has been afforded some degree of protection due to the market dominance of the manager and 50% shareholder, Collex Pty Ltd.

Major Achievements

The investment in Egan's achieved reasonable profits in what has been a difficult year due to a focus on increasing productivity and subsequently a reduction in operating costs.

Future Outlook

There is limited opportunity to expand the business base of the business due to the location of the laundry. The client base is primarily sourced from a market which is highly dependent on tourism. Therefore, it is anticipated that prospects will improve in line with an increase in tourism in the surrounding area.

	Port Botany Transfer Station	Egan's Central Laundry
Description of investment	PBTS operates a waste transfer facility in Matraville, Sydney. The facility commenced operations in September 1997. The facility is licenced to handle non-putrescible waste and primarily services the CBD, eastern and southern suburbs of Sydney.	Egan's Central Laundry operates a commercial laundry and linen service from Colac, Victoria. The principal activity of the business is to provide linen stocks and linen cleaning services to accommodation establishments, restaurants and other clients around the region. The key focus of the business is the Great Ocean Road tourism market. The joint ventured commenced operations in January 2000.
Shareholding	50%	25%
Indigenous Shareholding	Nil	25% - Coladjin Pty Ltd
Industry Partners	Collex Pty Ltd	Hailie Brae Pty Ltd
Manager	Collex Pty Ltd	Hailie Brae Management Pty Ltd
Indigenous Outcomes/ Opportunities	Employment - 1	Employment - 1

The header features a dark blue background with a lighter blue horizontal band. On the left, the letters 'iba' are faintly visible in a large, light blue font. To the right, the words 'GOVERNANCE' and 'Corporate Governance' are displayed in a bold, orange, serif font, with 'GOVERNANCE' appearing slightly above and to the left of 'Corporate Governance'.

Corporate Governance

It is the responsibility of the IBA Board to ensure the proper and efficient performance of the functions of IBA and to determine the policy of IBA with respect to any matter (section 156). In recognition of the need for the highest standard of corporate behaviour and accountability, IBA directors have supported and adhered to the principles of corporate governance.

Board Membership and Remuneration

The Minister appoints all of the nine board members (including the Chairman and Deputy Chair). All Directors on the Board are non-executive Directors.

The Remuneration Tribunal determines the terms and conditions relating of remuneration relating to the appointment and retirement of the board members.

Audit Committee

The IBA Boards Audit Committee was established in 1995/96. The primary objectives of the Audit Committee is to assist the IBA Board in ensuring that IBA and its subsidiaries meet objectives and comply with legislative requirements. Specifically, this involves:

- acting as an advisory body on the management of IBA's administrative, operating and financial controls;
- overseeing the audit function;
- ensuring compliance with legislative requirements, including those under the ATSIC and CAC Acts;
- ensuring reliable management and financial reporting to the Board;
- ensuring risks are identified and appropriately managed; and
- overseeing and monitoring the performance of the investment portfolio.

The committee also provides a forum for communication between the internal and external auditors, including the Office of Evaluation and Audit. The members of the Audit Committee are comprised of four of IBA's non-executive Directors, namely:

Directors

Mr John Moriarty AM (Chairman);

Ms Leah Armstrong;

Mr Rob Ferguson (ceased 18 March 2003); and

Mr Richard Ryan AO.

Observers

Mr Greg Welsh – ANAO

Mr Rod Alfredson – ATSIC Director of the Office of Evaluation and Audit;

The Audit Committee is provided with support from the Deputy General Manager and Company Secretary.

During the year, the Audit Committee met on two occasions. Individual attendance is set out in the following table.

Member	5 September 2002	7 October 2002
J.Moriarty	✓	✓
L.Armstrong	-	✓
R.Ferguson	✓	-
R.Ryan	✓	✓

Matters considered by the Audit Committee during the year, include:

- IBA's Internal Audit Program for the period 2002/03 to 2004/05;
- The selection and appointment of the Internal Auditor for the above period;
- Consideration of IBA's accounting policies in relation to its investments and property, plant and equipment; and
- Examination and recommendations of the carrying values for the financial year ended 30 June 2002.

Internal Audit Program

As stated above the Audit Committee considered the internal audit tenders for the Internal Audit Plan for 2002/03 to 2004/05. The committee recommended to the Board that the contract be awarded to Ernst & Young.

The Internal Audit Plan is comprised of a number of assurance reviews and performance improvement reviews to assist IBA in ensuring its controls are efficient and effective and its internal processes adopted are based on best practices.

As at 30 June 2003, a review of IBA's investment selection processes was underway to determine their efficiency and effectiveness. A number of recommendations have been made to improve the process. Management is currently assessing these recommendations and will implement any improvements and better practice guidelines.

Remuneration Committee

The Remuneration Committee was established in December 1999. The committee is responsible:

- for reviewing, and assessing the performance of executive management against the key performance criteria as determined by the Board;
- recommending any performance bonuses payable, up to a maximum 15% of package, in respect of each financial year; and
- considering any remuneration issues, as they arise.

The members of the committee comprise:

Mr Joseph Elu (Chairman)

Mr John Moriarty

Mr Bob Blair

Risk Management

As a statutory body, IBA adopts a rigorous approach to risk management. During last financial year, with the assistance of Ernst & Young, IBA carried out a comprehensive risk assessment of IBA and its activities, in order to develop a Risk Register. Following on from this the Board approved IBA's Risk Implementation Plan.

Consistent with the Risk Implementation Plan, IBA completed an annual review of its risks and updated its risk register, where necessary. Implementation of agreed risk treatment plans will continue throughout the year. All matters relating to Risk Management are reported to the Audit Committee at each meeting.

Directors Continuing Education

To inform the Directors of the responsibilities and rights and assist them to effectively discharge their duties IBA encourages Directors to undertake the Australian Institute of Company Directors Course. Three Directors completed this course during the year.

Financial Reporting

IBA's Financial Management System provides IBA directors with timely and accurate reporting to assist them to make informed decisions. An annual budget is formulated for approval by the Board and is reviewed throughout the year to ensure it remains and relevant and an effective management tool. The budget is forwarded to the Minister, in accordance with the provisions of the CAC Act, and to the Department of Finance and Administration for inclusion in the portfolio budget statements.

Indemnities and Insurance Premiums

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

The indemnity does not apply to any breach by such an appointee of their fiduciary duty to IBA or the entity to which they have been appointed. It is also limited to the extent, if any, permitted by the Corporations Law and will not apply if the giving of the indemnity contravenes s.163 of the *Aboriginal and Torres Strait Islander Commission Act 1989* or s.26 or s.27 of the *Commonwealth Authorities and Companies Act 1997*.

No circumstances have arisen nor is IBA aware of any circumstance that may arise or lead to any action related to the indemnities provided.

The cost of directors and indemnity insurance for 2002-2003 was \$44787.

Ethical Standards and Environment

Service Charter

IBA's service charter sets down a number of self-imposed obligations on IBA and also guides those who seek to do business with IBA. In terms of performance standards, the service charter sets down that:

- Formal applications received will be acknowledged within two working days of receipt;
- IBA officers will be contactable during normal business hours to discuss proposals;
- The officer handling the proposal will contact the client by telephone or in writing, should additional information be required;

- IBA will provide a high level of professional service;
- Every effort will be made to process proposals as quickly as possible;
- Where a proposal does not meet IBA guidelines, applicants can expect to receive advice to that effect normally within 30 days;
- Where a proposal meets guidelines and receives interim support, the proposal will be subject to a full independent due diligence assessment and will ultimately be submitted to the IBA Board for consideration. As a result, successful proposals might take some months to process from date of receipt to approval;
- Information provided by applicants will be treated as commercial-in-confidence, and that information will not be disclosed to any other party without the applicants' prior agreement;
- IBA will undertake to produce timely and informative publications about our work and our funding guidelines;
- Publications will be made available within five working days to those seeking the information;
- Staff of IBA will provide courteous and accurate advice on the role of IBA and processes for making submissions to anyone making telephone enquires; and
- Clients of IBA can reasonably expect IBA to be open and transparent in its decision making, refer clients to other organisations where appropriate, and welcome client feedback.

Complaints Handling Mechanism

IBA's service charter lists a complaint handling mechanism. The aims of the mechanism are to:

- provide an accessible, fair and equitable system for our clients when lodging complaints to IBA;
- provide guidance to staff on the action to be taken to when a complaint is lodged;
- ensure all complaints are investigated and addressed in a timely and cost effective manner; and
- provide an effective means for monitoring the performance of IBA's operations and to identify any areas for improvement.

During the year ended 30 June 2003 no formal complaints were lodged with IBA.

Code of Conduct

A code of conduct for IBA staff remains in place. The code of conduct encourages staff to pursue certain key values. These are:

- Professionalism;
- Commitment;
- Ethics and integrity;
- Innovation; and
- Objectivity.

The code sets down requirements for staff in their day to day conduct, relationship with the Board and relationship with clients.

Commonwealth Authorities and Companies Act – Compliance Statement

The Commonwealth Authorities and Companies (Report of Operations) Orders 2002, issued by the Minister for Finance and Administration Services in June 2002, require the directors of bodies covered by the *Commonwealth Authorities and Companies Act 1997* to report on certain matters. This section of IBA's annual report provides detailed information on those matters.

Section 10(1) (c) of the Orders for Report of Operations requires a report on matters arising under Section 15 of the *Commonwealth Authorities and Companies Act 1997*. The requirements of Section 15 and matters arising under those requirements are detailed below.

Intention to form a company or participate in the formation of a company.

During the year ended 30 June 2003, two companies were formed to facilitate the investments approved by the Board. All of the companies formed are non-trading trustees of the respective investment trusts. IBA is in the process of finalising its investment in a venture approved last year. This may ultimately lead to the formation of a wholly-owned subsidiary.

Participation in a significant partnership, trust, unincorporated joint venture or similar arrangement.

The directors made several decisions during the year, which resulted in IBA participating in a number of trusts. The purposes of the trusts were for the acquisition of two parcels of land within the Darwin CBD, the acquisition of buildings in Kalgoorlie and Adelaide.

Acquisition or disposal of a significant share holding

IBA implemented its exit from two investments, namely Ceduna Clear Water Oysters and Western White Linen Services, during the year.

Acquisition or disposal of a significant business.

IBA sold down 50% of its interests in a commercial laundry business to its Indigenous partner.

Commencement or cessation of a significant business activity.

No significant business activities have been commenced or ceased during the reporting year.

Section 11 of the Orders for Report of Operations requires a report on any judicial decisions and reviews by outside bodies.

No judicial decisions or reviews by outside bodies affecting IBA occurred in 2002-03. Settlement on a successful action by Gordon River Cruises (as reported in the 1998-99 Annual Report) is yet to occur.

Section 12 of the Orders for Report of Operations requires a report on the effects of any directions or notifications by the responsible Minister or any other Minister.

During the period under review, IBA did not receive any directions by the responsible Minister to comply with any general policies of the Commonwealth Government. There were no other directions or notifications continuing from previous years.



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**INDIGENOUS BUSINESS AUSTRALIA
AND CONTROLLED ENTITIES**

**STATEMENT BY DIRECTORS IN RESPECT OF THE FINANCIAL STATEMENTS OF THE
CORPORATION AND CONSOLIDATED ENTITY FOR THE YEAR ENDED 30 JUNE 2003**

In our opinion, the attached financial statements for the year ended 30 June 2003 give a true and fair view of matters required by the Finance Minister's Orders made under the *Commonwealth Authorities and Companies Act 1997*.

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

Director

Director

10 October 2003



INDEPENDENT AUDIT REPORT

To the Minister for Immigration and Multicultural and Indigenous Affairs

Matters relating to the Electronic Presentation of the Audited Financial Report

This audit report relates to the financial report of the Indigenous Business Australia for the year ended 30 June 2003 included on the Indigenous Business Australia's web site. The Directors of Indigenous Business Australia are responsible for the integrity of the Indigenous Business Australia's web site.

The audit report refers only to the statements named below. It does not provide an opinion on any other information that may have been hyperlinked to/from the audited financial report.

If the users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

Scope

I have audited the financial statements of Indigenous Business Australia for the year ended 30 June 2003. The financial statements include the consolidated financial statements of the consolidated entity comprising Indigenous Business Australia and the entities it controlled at yearend or from time to time during the financial year. The financial statements comprise:

- Statement by Directors;
- Statements of Financial Performance, Financial Position and Cash Flows;
- Schedules of Commitments and Contingencies; and
- Notes to and forming part of the Financial Statements.

The directors are responsible for the preparation and presentation of the financial statements and the information they contain. I have conducted an independent audit of the financial statements in order to express an opinion on them to you.

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Centenary House 19 National Circuit
BARTON ACT
Phone (02) 6283 7380 Fax (02) 6283 7777

The audit has been conducted in accordance with Australian National Audit Office Auditing Standards, which incorporate Australian Auditing Standards, to provide reasonable assurance as to whether the financial statements are free of material misstatement. Audit procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia and statutory requirements so as to present a view which is consistent with my understanding of Indigenous Business Australia and the consolidated entity's financial position, their financial performance and their cash flows.

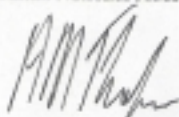
The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In my opinion the financial statements:

- (i) have been prepared in accordance with the Finance Minister's Orders made under the *Commonwealth Authorities and Companies Act 1997*; and
- (ii) give a true and fair view, in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia and the Finance Minister's Orders, of the financial position of Indigenous Business Australia and the consolidated entity as at 30 June 2003, and their financial performance and cash flows for the year then ended.

Australian National Audit Office



Allan M. Thompson
Executive Director

Delegate of the Auditor-General

Canberra
13 October 2003

INDIGENOUS BUSINESS AUSTRALIA AND CONTROLLED ENTITIES

STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 30 June 2003

		Consolidated		Corporation	
	Notes	2003	2002	2003	2002
		\$	\$	\$	\$
REVENUE					
Revenues from ordinary activities					
Goods and Services	2a	23,364,782	28,733,745	562,328	182,021
Interest	2b	1,498,284	1,478,333	1,336,750	1,255,199
Dividends	2c	123,222	474,827	5,942,498	9,184,768
Revenue from sale of assets	2d	26,681	1,154,700	26,681	1,154,700
Revenues from ordinary activities		25,012,969	31,841,605	7,868,257	11,776,688
EXPENSE					
Expenses from ordinary activities					
(excluding borrowing costs expense)					
Employees	3a	2,094,143	2,351,756	2,094,143	2,351,756
Suppliers	3b	18,791,782	20,716,103	1,605,810	2,449,752
Depreciation and amortisation		1,024,100	1,015,145	69,462	59,238
Write-down of assets	3c	409,887	469,254	409,887	1,091,015
Net foreign exchange losses	3d	746,809	2,170,463	-	-
Interest	3e	5,952	4,082	-	-
Other		262,091	738,891	102,597	188,891
Expenses from ordinary activities		23,334,764	27,465,694	4,281,899	6,140,652
(excluding borrowing costs expense)					
Borrowing costs expense	3f	62,133	127,408	-	-
Share of net profits / (losses) of associates					
and joint ventures accounted for using					
the equity method		2,057,833	1,343,763	-	-
Profit from ordinary activities before income tax		3,673,905	5,592,266	3,586,358	5,636,036
Income tax expense relating to ordinary activities	4	1,867	(99,211)	-	-
Profit from ordinary activities after income tax		3,672,038	5,691,477	3,586,358	5,636,036
Net credit/(debit) to asset revaluation reserve	17	1,060,000	(1,624,639)	-	(643,641)
Total changes in equity other than those resulting					
from transactions with owners as owners		4,732,038	4,066,838	3,586,358	4,992,395

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

INDIGENOUS BUSINESS AUSTRALIA AND CONTROLLED ENTITIES

STATEMENT OF FINANCIAL POSITION

as at 30 June 2003

		Consolidated		Corporation	
	Notes	2003	2002	2003	2002
		\$	\$	\$	\$
ASSETS					
Current assets					
Cash	6	5,595,379	15,524,061	1,726,133	13,482,812
Receivables	7	1,819,575	5,049,220	5,966,287	6,185,210
Investments	8	5,013,111	8,378,338	5,013,111	8,378,338
Inventories	12	599,884	791,380	-	-
Other	13	12,990	9,073	-	-
Total current assets		13,040,939	29,752,072	12,705,531	28,046,360
Non-current assets					
Receivables	7	863,665	1,727,712	863,665	1,937,260
Investments	8	28,814,355	22,967,541	63,892,213	43,580,505
Intangibles	14	5,413,607	5,342,727	-	-
Land and buildings	15	27,300,000	12,340,000	-	-
Infrastructure, plant & equipment	15	1,998,655	2,223,334	101,795	110,039
Other	13	3,552,406	2,436,676	-	-
Total non-current assets		67,942,688	47,037,990	64,857,673	45,627,804
Total assets		80,983,627	76,790,062	77,563,204	73,674,164
LIABILITIES					
Current liabilities					
Provisions & Payables	16	3,076,332	3,800,002	984,846	735,203
Total current liabilities		3,076,332	3,800,002	984,846	735,203
Non-current liabilities					
Provisions & Payables	16	358,449	389,538	358,449	305,410
Total non-current liabilities		358,449	389,538	358,449	305,410
Total liabilities		3,434,781	4,189,540	1,343,295	1,040,613
EQUITY					
Parent entity interest					
Contributed equity	17	70,460,555	70,460,555	70,460,555	70,460,555
Reserves	17	3,848,106	2,788,106	2,788,106	2,788,106
Settlers trust funds	17	90	90	-	-
Accumulated deficits	17	3,240,095	(648,229)	2,971,248	(615,110)
Total parent entity interest		77,548,846	72,600,522	76,219,909	72,633,551
Total equity		77,548,846	72,600,522	76,219,909	72,633,551

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

INDIGENOUS BUSINESS AUSTRALIA AND CONTROLLED ENTITIES

STATEMENT OF CASH FLOWS

for the year ended 30 June 2003

	Notes	Consolidated		Corporation	
		2003	2002	2003	2002
		\$	\$	\$	\$
OPERATING ACTIVITIES					
Cash received					
Goods and Services		23,978,902	23,823,983	242,579	178,898
Interest & Dividends		4,854,496	10,049,227	7,267,686	11,243,806
Other		441,305	102,645	-	240
Total cash received		29,274,703	33,975,855	7,510,265	11,422,944
Cash used					
Employees		(1,983,462)	(2,175,481)	(1,983,462)	(2,175,481)
Suppliers		(21,040,907)	(20,434,094)	(1,069,122)	(2,570,466)
Total cash used		(23,024,369)	(22,609,575)	(3,052,584)	(4,745,947)
Net cash from operating activities	5b	6,250,334	11,366,280	4,457,681	6,676,997
INVESTING ACTIVITIES					
Cash received					
Repayments of investment loans		1,090,637	491,000	1,078,511	491,000
Proceeds from the sale of property, plant & equipment		1,694	20,207	1,681	13,975
Proceeds from the sale of equity instruments		1,306,575	8,581,350	884,933	8,834,539
Other		-	43,587	-	37,747
Total cash received		2,398,906	9,136,144	1,965,125	9,377,261
Cash used					
Purchase of equity investments		(21,192,598)	(11,686,846)	(20,957,190)	(11,686,846)
Purchase of property, plant & equipment		(425,760)	(819,540)	(61,219)	(67,151)
Investment loans		(526,303)	(121,399)	(526,303)	(119,771)
Other		(505,836)	(795,474)	-	-
Total cash used		(22,650,497)	(13,423,259)	(21,544,712)	(11,873,768)
Net cash from / (used by) investing activities		(20,251,591)	(4,287,115)	(19,579,587)	(2,496,507)
FINANCING ACTIVITIES					
Cash received					
Proceeds from joint venture partners		-	-	-	-
Trust settlements		30	30	-	-
Proceeds from debt		-	-	-	-
Total cash received		30	30	-	-
Cash used					
Repayments of debt		-	(1,508,785)	-	-
Repayment of capital		-	-	-	-
Settlement of forward exchange contracts		1,070,832	(1,840,564)	-	-
Total cash used		1,070,832	(3,349,349)	-	-
Net cash from (used by) financing activities		1,070,862	(3,349,319)	-	-
Net increase / (decrease) in cash held		(12,930,395)	3,729,846	(15,121,906)	4,180,490
Cash at beginning of reporting period		23,902,399	20,338,224	21,861,150	17,680,660
Effects of exchange rate changes on cash		(363,514)	(165,671)	-	-
Cash at the end of the reporting period	5a	10,608,490	23,902,399	6,739,244	21,861,150

IBA and its controlled entities do not have any standby credit arrangements in place nor do they have any used or unused loan facilities

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

INDIGENOUS BUSINESS AUSTRALIA AND CONTROLLED ENTITIES

SCHEDULE OF COMMITMENTS

as at 30 June 2003

	Consolidated		Corporation	
	2003	2002	2003	2002
	\$	\$	\$	\$
By Type				
Other Commitments				
Operating leases ³	529,839	684,569	529,839	684,569
Other Commitments ²	1,774,326	958,375	71,970	-
Total Other Commitments	2,304,165	1,642,944	601,809	684,569
Total Commitments	2,304,165	1,642,944	601,809	684,569
Commitments receivable ¹	(19,565,750)	(10,602,881)	(839,840)	(62,234)
Net Commitments	(17,261,585)	(8,959,937)	(238,031)	622,335
By Maturity				
All Net Commitments				
One year or less	(3,244,726)	(1,514,759)	42,554	154,493
From one to five years	(9,828,182)	(5,506,864)	(80,651)	467,842
Over five years	(4,188,677)	(1,938,314)	(199,934)	-
Net Commitments	(17,261,585)	(8,959,937)	(238,031)	622,335
Operating Lease Commitments				
One year or less	161,159	169,942	161,159	169,942
From one to five years	368,680	514,627	368,680	514,627
Over five years	-	-	-	-
Operating Lease Commitments	529,839	684,569	529,839	684,569

NB: Commitments are GST inclusive where relevant.

¹ Rental income receivable from commercial rental properties

² Relates to GST on rent receivable

³ Operating leases included are effectively non-cancellable and comprise:

Nature of lease	General Description of leasing arrangement
Lease for office accommodation	# lease payments are subject to annual increase in accordance with movements in the Consumer Price Index # there are no renewal options available to the Corporation

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

INDIGENOUS BUSINESS AUSTRALIA AND CONTROLLED ENTITIES

SCHEDULE OF CONTINGENCIES

as at 30 June 2003

	Notes	Consolidated		Corporation	
		2003 \$	2002 \$	2003 \$	2002 \$
Contingent liabilities					
Other Guarantees	26	5,705,000	2,175,000	5,705,000	2,175,000
Indemnities	26	1,000,000	1,000,000	1,000,000	1,000,000
Total contingent losses		<u>6,705,000</u>	<u>3,175,000</u>	<u>6,705,000</u>	<u>3,175,000</u>
Net contingent liabilities		<u>6,705,000</u>	<u>3,175,000</u>	<u>6,705,000</u>	<u>3,175,000</u>

Details of each class of contingent liabilities, including those not disclosed above because they cannot be quantified, or are considered remote, are shown at Note 26: Contingent Liabilities.

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

INDIGENOUS BUSINESS AUSTRALIA AND CONTROLLED ENTITIES

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2003

Note 1 - Summary of Significant Accounting Policies

1.1 Purpose of IBA

IBA was established on 5 March 1990, when the *Aboriginal and Torres Strait Islander Commission Act 1989 (the Act)* came into operation. IBA's purpose, set out at section 146 of the Act, is as follows:

- (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 substantial capital assets for the benefit of the Aboriginal and Torres Strait Islander peoples.

In performing its functions IBA is required to act in accordance with sound business principles.

1.2 Basis of Accounting

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

The statements have been prepared in accordance with Finance Minister's Orders (being the *Commonwealth Authorities and Companies (Financial Statements for reporting periods ending on or after 30 June 2003) Orders*); Australian Accounting Standards and Accounting Interpretations issued by the Australian Accounting Standards Board, other authoritative pronouncements of the Board; and Consensus Views of the Urgent Issues Group.

The statements have been prepared on an accruals basis and are in accordance with historical cost convention, except for certain assets, which, as noted, are at valuation. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

Assets and liabilities are recognised in the Corporation and Consolidated Statements of Financial Position when and only when it is probable that future economic benefits will flow and the amounts of the assets or liabilities can be reliably measured. Liabilities and assets that are unrecognised are reported in the Schedule of Commitments and the Schedule of Contingencies and Note 26.

1.3 Changes in Accounting Policy

The accounting policies used in the preparation of these financial statements are consistent with those used in 2001-02, except in respect of measurement of certain employee benefits at nominal amounts (refer to note 1.11) and the imposition of an impairment test for non-current assets carried at cost.

1.4 Principles of Consolidation

The consolidated financial statements are those of the economic entity, comprising IBA and all the entities it controls from time to time during the year and at balance date. These include trusts, where IBA is a beneficiary, and where IBA controls the trustee. The financial statements of the controlled entities are prepared for the period 1 July 2002 to 30 June 2003 using accounting policies, which are consistent with those of IBA. The effects of transactions and balances between the entities, including any unrealised profits or losses, have been eliminated in full.

IBA's investment in associated entities is accounted for using the equity method. Under this method, IBA's share of profits and losses of associates is recognised as revenue or expense in the consolidated Statement of Financial Performance and its share of movements in reserves is recognised in consolidated reserves. Associates are those entities over which IBA exercises significant influence, but not control. The associated entities are detailed in Note 8.

1.5 Revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

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

Revenue from the sale of services is recognised upon the completion of the provision of services to clients.

Revenue from the sale of raw materials is recognised when freight is on board for delivery to customers.

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2003

1.5 Revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

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

Revenue from the sale of services is recognised upon the completion of the provision of services to clients.

Revenue from the sale of raw materials is recognised when freight is on board for delivery to customers.

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

1.6 Investments

Shares in listed companies held as non-current investments are valued by directors at those shares' market value as at balance date. Unrealised movements in the value of non-current investments in shares are, when there has been an increment, credited to an asset revaluation reserve, except to the extent that increment reverses a decrement previously charged to the statement of financial performance. Decrements in value are charged against current years profits, except to the extent that they reverse an increment previously credited to an asset revaluation reserve.

Recoverable Amount

Non-current investments measured on the cost basis are not carried at an amount greater than their recoverable amount. The carrying amount of non-current investments is reviewed annually by directors to ensure it is not in excess of their recoverable amount. The recoverable amount is assessed from the underlying net tangible assets of each investment and an assessment of the future projected net cash flows.

1.7 Property (Land, Buildings and Infrastructure), Plant and Equipment

Asset Recognition Threshold

Purchases of property, plant and equipment are recognised initially at cost in the Statement of Financial Position, 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

Land and buildings are measured on a fair value basis, being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction. Infrastructure, plant and equipment are carried at the lower of cost or net realisable value. Revaluations undertaken on Land & Buildings at 30 June 2003 were done at fair value. This is in accordance with the accounting policy required by Australian Accounting Standard AASB 1041 Revaluation of Non-Current Assets.

It is the policy of the economic entity to have an independent qualified valuation of Land & Buildings undertaken every three years with annual appraisals being made by directors. Land & Buildings acquired during the revaluation cycle are reported at cost for the duration of the revaluation cycle and then in progress. Total financial effect for revaluations undertaken at 30 June 2003 for the economic entity was a net credit to the asset revaluation reserve of \$1,060,000.

Assets which are surplus to requirement are measured at their net realisable value. At 30 June 2003 IBA held no surplus assets (30 June 2002: \$0).

Recoverable Amount Test

From 1 July 2002, schedule 1 no longer requires the application of the recoverable amount test as in AAS 10 *Recoverable Amount of Non-Current Assets* to the assets of the corporation when the primary purpose of the asset is not the generation of net cash inflows. No property plant and equipment assets have been written to recoverable amount per AAS 10. Accordingly the change in policy had no financial effect.

Depreciation and Amortisation

Depreciable property plant and equipment assets are written-off to their estimated residual values over their estimated useful lives using, in all cases, the straight-line method of depreciation. Leasehold improvements are amortised on a straight-line basis over the lesser of the estimated useful life of the improvements or the unexpired period of the lease. Properties held for investment purposes are not subject to a depreciation charge.

Depreciation/amortisation rates (useful lives) and methods are reviewed at each balance date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate. Residual values are re-estimated for a change in prices only when assets are revalued.

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

Mine Development	2003
Plant & Equipment	6 - 67%
Office Equipment	33%
Furniture & Fittings	20%
Leasehold Improvements	20%
Artwork	1%

The aggregate amount of depreciation allocated for each class of asset during the reporting period for the economic entity was \$1,024,100.

INDIGENOUS BUSINESS AUSTRALIA AND CONTROLLED ENTITIES

1.8 Inventories - Other

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

1.9 Intangibles

Intangibles comprise goodwill and associated formation costs relating to investments in controlled entities, where it is expected that those costs will be recoverable through returns on investments or on eventual disposal of IBA's or its subsidiaries interests in those entities to co-investors.

Goodwill

Goodwill represents the excess of the purchase consideration over the fair value of identifiable net assets acquired at the time of acquisition of a business or shares in a controlled entity. Goodwill is amortised on a straight-line basis over the period during which benefits are expected to be received - this period being 10 to 15 years.

Formation Costs

Formation costs are amortised on a straight line basis over their anticipated useful lives. The balances are reviewed annually and any balance representing future benefits for which realisation is considered no longer probable are written off.

1.10 Income Tax

In accordance with section 188 of the *Aboriginal and Torres Strait Islander Commission Act 1989*, the Corporation is not subject to taxation, except for fringe benefits tax and the goods and services tax. Accordingly, no provision for tax payable is made.

However, Section 188 does not apply to controlled entities and therefore incorporated controlled entities are subject to income tax. For these entities, the economic entity adopts the liability method of tax-effect accounting, whereby the income tax expense is based on the profit from ordinary activities adjusted for any permanent differences.

Timing differences which arise due to the different accounting periods in which items of revenue and expense are included in the determination of profit from ordinary activities and taxable income are brought to account either as a provision for deferred income tax or an asset described as a future income tax benefit, at a rate of income tax applicable to the period in which the benefit will be received or the liability will become payable.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits in relation to tax losses are not brought to account unless there is virtual certainty of realisation of the benefit.

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2003

1.11 Employee Entitlements

Benefits

Liabilities for services rendered by employees are recognised at the reporting date to the extent that they have not been settled. Liabilities for wages and salaries (including non-monetary benefits), annual leave, sick leave are measured at their nominal amounts. Other employee benefits expected to be settled within 12 months of their reporting date are also measured at their nominal amounts.

The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability. This is a change in accounting policy from last year required by the initial application of a new accounting standard AASB 1028 from 1 July 2002. As the corporation AWA pay rises were on 11 April 2002, the effect of this change is not material.

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

Leave

Employee entitlements provided for include 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 by employees was less than the annual entitlement for sick leave.

The liability for annual leave reflects the value of total annual leave entitlements of all employees as at 30 June 2003 and is recognised at its nominal amount.

The non-current portion of the liability for long service leave is recognised and measured at the present value of the estimated future cash outflows to be made in relation to those entitlements.

Superannuation

Employees of the Corporation are members of the Commonwealth Superannuation Scheme and the Public Sector Superannuation Scheme. The liability for their superannuation benefits is recognised in the financial statements of the Commonwealth and is settled by the Commonwealth in due course. Contributions to employee superannuation funds are charged as expenses when incurred (Refer to Note 24 for further information).

1.12 Cash

Cash includes cash on hand and at banks, including all deposits at call with a bank or financial institution.

1.13 Financial Instruments

Accounting policies for financial instruments are stated at Note 28.

1.14 Interests in joint ventures

The economic entity's share of assets, liabilities, revenue and expenses of joint venture operations are included in the appropriate items of the consolidated statement of financial performance and financial position. Details of the economic entity's interests are shown at Note 11.

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

1.15 Foreign Currency Transactions and Balances

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

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

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2003

1.16 Exploration, Evaluation and Development Expenditure

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

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

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

1.17 Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

INDIGENOUS BUSINESS AUSTRALIA AND CONTROLLED ENTITIES

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2003

1.18 Investments in Associates

Investments in associate companies are carried at the lower of the equity accounted amount and recoverable amount in the consolidated financial report. (Refer to Note 10 for details).

1.19 Comparative Figures

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

	Consolidated		Corporation	
	2003	2002	2003	2002
	\$	\$	\$	\$
Note 2 - Revenues				
<u>Note 2a - Goods and services</u>				
- Sale of goods	20,979,881	26,316,293	-	-
- Rendering of services	665,179	212,021	562,328	182,021
- Rental Income	1,719,722	2,205,431	-	-
Total	23,364,782	28,733,745	562,328	182,021
<u>Note 2b - Interest</u>				
Loans	375,677	449,475	346,970	412,109
Deposits	1,122,607	1,028,858	989,780	843,090
Total	1,498,284	1,478,333	1,336,750	1,255,199
<u>Note 2c - Dividends</u>				
Subsidiaries	-	-	4,506,168	7,564,481
Associated Companies	-	-	1,436,330	1,620,287
Other Companies	123,222	474,827	-	-
Total	123,222	474,827	5,942,498	9,184,768
<u>Note 2d - Net Gain from Sale of Assets</u>				
Investments	25,000	1,154,480	25,000	1,154,480
Property, Plant and Equipment	1,681	220	1,681	220
Total	26,681	1,154,700	26,681	1,154,700
Note 3 - Expenses				
<u>Note 3a - Employees</u>				
- Remuneration for services provided	2,094,143	2,351,756	2,094,143	2,351,756
	2,094,143	2,351,756	2,094,143	2,351,756
<u>Note 3b - Suppliers</u>				
- Supply of goods and services	18,791,782	20,716,103	1,605,810	2,449,752
	18,791,782	20,716,103	1,605,810	2,449,752
<u>Note 3c - Write-down of assets</u>				
Financial Assets				
- Investments	409,887	469,254	409,887	1,091,015
	409,887	469,254	409,887	1,091,015
<u>Note 3d - Net foreign exchange losses</u>				
- Non-speculative	746,809	2,170,463	-	-
	746,809	2,170,463	-	-
<u>Note 3e - Interest</u>				
Loans	5,952	4,082	-	-
	5,952	4,082	-	-
<u>Note 3f - Borrowing costs</u>				
- Interest expense	35,831	87,427	-	-
- Guarantee fees	26,302	39,981	-	-
	62,133	127,408	-	-

INDIGENOUS BUSINESS AUSTRALIA AND CONTROLLED ENTITIES

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2003

Notes	Consolidated		Corporation	
	2003	2002	2003	2002
	\$	\$	\$	\$
Note 4 - Income Tax Expense				
The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:				
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2002: 30%)	1,102,172	1,677,680	1,075,907	1,690,811
Less:				
Tax effect of				
* share of net profits of associates	(623,066)	(403,129)	-	-
* depreciation	(33,768)	2,089	-	-
* tax losses transferred from controlled entities	(169,958)	(101,300)	-	-
* non taxable consolidated	(273,513)	(1,274,551)	(1,075,907)	(1,690,811)
* taxable controlled entities	-	-	-	-
* under (over) provision of prior years tax	-	-	-	-
Income tax expense attributable to profit from ordinary activities	<u>1,867</u>	<u>(99,211)</u>	<u>-</u>	<u>-</u>

Note 5 - Cash Flow Information

(a) Reconciliation of Cash

Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the balance sheet as follows:

Cash at bank	6	5,595,069	15,523,771	1,725,883	13,482,562
Cash on hand	6	310	290	250	250
Funds held on Deposit	8	<u>5,013,111</u>	<u>8,378,338</u>	<u>5,013,111</u>	<u>8,378,338</u>
		<u>10,608,490</u>	<u>23,902,399</u>	<u>6,739,244</u>	<u>21,861,150</u>

(b) Reconciliation of Cash Flow from Operations with Profit from Ordinary Activities after income tax

Profit from ordinary activities after income tax		3,672,038	5,691,477	3,586,358	5,636,036
Non-cash flows in profit from ordinary activities:					
Depreciation and amortisation		1,024,100	1,015,145	69,462	59,238
Net gain on disposal of investments		(25,000)	(409,111)	(25,000)	(409,111)
Net gain on disposal of property, plant & equipment		(1,681)	(1,307,235)	(1,681)	(757,235)
Share of associates net (profits) losses		(2,057,833)	(1,343,763)	-	-
Distributions from Associated entity		216,000	198,000	-	-
Write-downs to recoverable amount		409,887	469,254	409,887	1,091,015
Foreign currency translation loss		746,809	2,170,463	-	-
Change in Assets and Liabilities:					
Movement in income taxes payable		(9,805)	(99,211)	-	-
Decrease(increase) in debtors & prepayments		2,541,569	4,020,564	435,622	973,206
Decrease(increase) in inventories		191,496	221,167	-	-
Decrease(increase) in investments		(56,544)	29,602	-	-
Decrease(increase) in other assets		(169,830)	(87,057)	-	-
Increase(decrease) in creditors & borrowings		(305,969)	742,047	(92,064)	28,910
Increase(decrease) in provisions		75,097	54,938	75,097	54,938
Net cash from operating activities		<u>6,250,334</u>	<u>11,366,280</u>	<u>4,457,681</u>	<u>6,676,997</u>

INDIGENOUS BUSINESS AUSTRALIA AND CONTROLLED ENTITIES

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2003

	Notes	Consolidated		Corporation	
		2003	2002	2003	2002
		\$	\$	\$	\$
Note 6 - Cash					
Cash at bank		5,595,069	15,523,771	1,725,883	13,482,562
Cash on hand		310	290	250	250
Total		<u>5,595,379</u>	<u>15,524,061</u>	<u>1,726,133</u>	<u>13,482,812</u>
Note 7 - Receivables					
Current					
Goods and Services		996,157	3,723,669	445,685	2,002,764
Wholly-owned group					
- subsidiaries		-	-	4,697,184	2,856,895
Other related parties					
- associates		823,418	1,325,551	823,418	1,325,551
		<u>1,819,575</u>	<u>5,049,220</u>	<u>5,966,287</u>	<u>6,185,210</u>
Receivables overdue by:					
- less than 30 days		-	-	-	-
- 30 to 60 days		-	-	-	-
- more than 60 days		1,819,575	5,049,220	5,966,287	6,185,210
Non-current					
Loans		863,665	1,992,712	863,665	1,992,712
Wholly-owned group					
- controlled entities		-	-	-	209,548
Less: Provision for Doubtful Debts		-	(265,000)	-	(265,000)
Total		<u>863,665</u>	<u>1,727,712</u>	<u>863,665</u>	<u>1,937,260</u>
Note 8 - Investments					
Current					
-Term deposits		-	939,431	-	939,431
- Commercial bills		-	2,442,752	-	2,442,752
- Floating rate notes		5,013,111	4,996,155	5,013,111	4,996,155
Total		<u>5,013,111</u>	<u>8,378,338</u>	<u>5,013,111</u>	<u>8,378,338</u>
Non-current					
<i>Investments at cost comprise:</i>					
Shares and interests in Subsidiaries	9	-	-	43,705,409	28,882,075
Shares in Associated Companies		-	-	15,553,564	10,763,871
<i>Investments at equity accounted amount:</i>					
Associated Companies	10	23,885,583	18,334,029	-	-
<i>Investments at market value comprise:</i>					
Shares in listed companies		1,157,639	1,297,209	1,157,639	1,297,209
Interest in Business Undertakings		3,771,133	3,336,303	3,475,601	2,637,351
Provision for diminution in value		-	-	-	-
		<u>28,814,355</u>	<u>22,967,541</u>	<u>63,892,213</u>	<u>43,580,506</u>

INDIGENOUS BUSINESS AUSTRALIA AND CONTROLLED ENTITIES

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2003

Note 9 - Interests in Subsidiaries (Corporation only)

Name	Country of Incorporation	Percentage of equity interest held by consolidated entity		Carrying Amount of Investment	
		2003 (%)	2002 (%)	2003 \$	2002 \$
Bowen Basin Holdings Pty Ltd	Australia	100%	100%		
- ordinary shares				1	1
Bowen Basin Investments Pty Ltd	Australia	100%	100%		
- ordinary shares				1	1
- intercompany advance				6,000,302	6,000,302
CDC Nominees (Ceduna) Pty Ltd	Australia	100%	100%		
- ordinary shares				2	2
CDC Nominees (Dandenong) Pty Ltd	Australia	100%	100%		
- ordinary shares				2	2
CDC Nominees (GPI Ferry) Pty Ltd	Australia	100%	100%		
- ordinary shares				2	2
CDC Nominees (GRC) Pty Ltd	Australia	100%	100%		
- ordinary shares				2	2
CDC Nominees (McArthur River Shipping) Pty Ltd	Australia	100%	100%		
- ordinary shares				2	2
- intercompany advance				241,690	241,690
CDC Nominees (QBH) Pty Ltd	Australia	100%	100%		
- ordinary shares				1	1
- intercompany advance				237,560	237,560
CDC Nominees (SES) Pty Ltd	Australia	100%	100%		
- ordinary shares				2	2
- intercompany advance				4,303,232	3,980,000
CDC Nominees (TCTP) Pty Ltd	Australia	100%	100%		
- ordinary shares				2	2
- intercompany advance				295,530	295,530
CDC Nominees (WWLS) Pty Ltd	Australia	100%	100%		
- ordinary shares				2	2
- intercompany advance				-	-
Diatomaceous Earth Holdings Pty Ltd	Australia	100%	100%		
- ordinary shares				1	1
Diatomaceous Earth Investments Pty Ltd	Australia	100%	100%		
- ordinary shares				1	1
- intercompany advance				1,003,520	403,418
Fitzroy Inn Investments Pty Ltd	Australia	100%	100%		
- ordinary shares				1	1
- intercompany advance				1,468,027	1,468,027
Fitzroy Lodge Investments Pty Ltd	Australia	100%	100%		
- ordinary shares				1	1
- intercompany advance				1,865,521	1,865,521
IBA Coal Investments Pty Limited	Australia	100%	100%		
- ordinary shares				1	1
- intercompany advance				2,050,000	2,050,000
IBA Coal Holdings Pty Limited	Australia	100%	100%		
- ordinary shares				1	1
IBA Property Investments Pty Ltd	Australia	100%	100%		
- ordinary shares				2	2
Indigenous Property Trust-Katherine	Australia	100%	100%		
- units in trust				8,750,000	8,750,000
Indigenous Property Trust-South Hedland	Australia	100%	100%		
- units in trust				990,000	990,000
Scarborough Holding Trust	Australia	100%	100%		
- units in trust				2,600,000	2,600,000
National Indigenous Property Trust	Australia	100%	100%		
- units in trust				13,900,000	-
				<u>43,705,409</u>	<u>28,882,075</u>

INDIGENOUS BUSINESS AUSTRALIA AND CONTROLLED ENTITIES

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2003

Note 10 - Interests in Associates (Consolidated only)

Interests are held in the following associated companies

Name	Principal Activities	Ownership Interest		Voting Power	Carrying Amount of Investment	
		2003	2002		2003	2002
					\$	\$
Carpentaria Shipping Services Pty Limited	Transportation	18.31%	18.31%	25.00%	471,337	458,515
Fitzroy River Lodge Partnership	Accommodation provider	42.86%	42.86%	25.00%	2,290,960	2,196,669
Crossing Inn Partnership	Hotel and accommodation facilities	42.86%	42.86%	25.00%	872,661	871,081
Kakadu Tourism (GLC) Pty Limited	Tour operator and Accommodation provider	70.00%	70.00%	50.00%	4,138,748	3,377,072
Kakadu Tourism (GCH) Pty Limited	Accommodation provider	70.00%	70.00%	50.00%	3,380,290	2,568,164
Monkey Mia Enterprises Pty Ltd	Accommodation provider	54.00%	54.00%	50.00%	1,000,484	728,953
Monkey Mia Holding Trust	Accommodation provider	54.00%	54.00%	50.00%	2,625,005	2,919,075
Port Botany Transfer Station Pty Limited	Waste Management	50.00%	50.00%	50.00%	3,924,049	3,678,604
Port Hedland Investment Trust	Property	70.00%	70.00%	50.00%	1,047,660	1,019,144
Queensland Bulk Haulage Pty Limited	Transportation	25.00%	25.00%	25.00%	292,693	258,206
Western Linen Industries Pty Limited	Commercial Laundry	25.00%	50.00%	50.00%	11,956	258,546
Noongar Property Trust	Property	66.25%	0.00%	50.00%	3,571,521	-
Mitchell St Trust	Property	50.00%	0.00%	50.00%	258,219	-
					<u>23,885,583</u>	<u>18,334,029</u>

Notes	Consolidated		Corporation	
	2003	2002	2003	2002
	\$	\$	\$	\$

(i) Economic Entity's share of associates:

Share of associate's profit from ordinary activities before income tax expense	2,088,653	1,414,612	-	-
Share of associate's income tax expense	11,672	70,848	-	-

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

Balance at beginning of financial year	18,334,029	13,016,725	-	-
Add:				
New investments during the year	5,045,313	6,416,713	-	-
Share of associated company's profit from ordinary activities and extraordinary items after income tax	2,076,981	1,343,764	-	-
Less:				
Share of associated company's reserve decrements arising during the year	-	(231,000)	-	-
Dividend revenue from associated company's	(1,320,740)	(1,353,371)	-	-
Disposals during the year	(250,000)	(858,802)	-	-
Balance at end of financial year	<u>23,885,583</u>	<u>18,334,029</u>	<u>-</u>	<u>-</u>

(iii) Retained Earnings attributable to associates:

Balance at beginning of financial year	(1,221,346)	(1,211,739)	-	-
Share of associated company's profit from ordinary activities	2,076,981	1,343,764	-	-
Dividends received	(1,320,740)	(1,353,371)	-	-
Balance at end of financial year	<u>(465,105)</u>	<u>(1,221,346)</u>	<u>-</u>	<u>-</u>

(iv) Reserves attributable to associates:

Asset Revaluation Reserve				
Balance at beginning of financial year	-	231,000	-	-
Share of reserve decrements	-	(231,000)	-	-
Balance at end of financial year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

Current assets	4,850,872	6,067,682	-	-
Non-current assets	24,707,652	13,049,527	-	-
Current liabilities	(3,560,841)	(5,160,398)	-	-
Non-current liabilities	(13,597,482)	(7,442,126)	-	-
Net Assets	<u>12,400,201</u>	<u>6,514,685</u>	<u>-</u>	<u>-</u>

INDIGENOUS BUSINESS AUSTRALIA AND CONTROLLED ENTITIES

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2003

	Notes	Consolidated		Corporation	
		2003	2002	2003	2002
		\$	\$	\$	\$
Note 11 - Interests in Joint Ventures					
A controlled entity, Bowen Basin Investments Pty Limited, has a 16.4% interest in the Foxleigh Joint Venture, whose principal activity is the exploration, mining and sale of PCI Coal.					
A controlled entity, IBA Coal Investments Pty Limited, has a 16.4% interest in the Eastern Coal Joint Venture, whose principal activity is the exploration of Coal.					
A controlled entity, Diatomaceous Earth Investments Pty Limited, has up to a 20% interest in the Australian Diatomaceous Earth Joint Venture, whose principal activity is the exploration and marketing of diatomaceous earth.					
The economic entity's share of assets employed in the joint ventures are:					
CURRENT ASSETS					
Cash		996,526	619,420	-	-
Receivables					
Trade Debtors		100,041	35,728	-	-
Prepayments & Deposits		29,981	35,006	-	-
Other Debtors		120,315	256,452	-	-
Inventories					
Raw Materials		599,884	791,380	-	-
Total current assets		1,846,747	1,737,986	-	-
NON-CURRENT ASSETS					
Exploration and evaluation phases		2,511,044	1,652,809	-	-
Development phase		-	175,209	-	-
Property Plant and Equipment		618,434	425,169	-	-
Deferred Expenditure		1,881,897	1,744,214	-	-
Work in progress		245,172	71,425	-	-
Total non-current assets		5,026,347	4,068,826	-	-
Share of total assets of joint ventures		6,873,094	5,806,812	-	-
CURRENT LIABILITIES					
Payables		2,041,084	2,625,550	-	-
Deferred Tax Liability		100	-	-	-
Provisions		62,194	64,309	-	-
Total current Liabilities		2,103,378	2,689,859	-	-
NON-CURRENT LIABILITIES					
Borrowings		830,783	807,003	-	-
Total non-current Liabilities		830,783	807,003	-	-
Net interest in joint venture		3,938,933	2,309,950	-	-
Note 12 - Inventories					
Current					
Raw material Inventories held for sale	11	599,884	791,380	-	-
		599,884	791,380	-	-
Note 13 - Other Assets					
Current					
Prepayments		12,990	9,073	-	-
		12,990	9,073	-	-
Non-current					
Exploration and development costs		2,511,043	1,828,018	-	-
Deferred expenditure		871,507	423,230	-	-
Future income tax benefit		169,856	185,428	-	-
		3,552,406	2,436,676	-	-
Note 14 - Intangibles					
Goodwill & Recoverable Formation Costs		6,111,412	6,020,532	-	-
Amortisation of Goodwill		(697,805)	(677,805)	-	-
		5,413,607	5,342,727	-	-

INDIGENOUS BUSINESS AUSTRALIA AND CONTROLLED ENTITIES

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2003

Notes	Consolidated		Corporation	
	2003	2002	2003	2002
	\$	\$	\$	\$
Note 15 - Land and Buildings				
At cost	16,500,000	2,600,000	-	-
At directors valuation	10,800,000	9,740,000	-	-
	<u>27,300,000</u>	<u>12,340,000</u>	<u>-</u>	<u>-</u>

INFRASTRUCTURE, PLANT AND EQUIPMENT

Other Infrastructure, Plant and Equipment

Plant and Equipment at cost	2,987,735	2,942,300	396,919	365,717
Accumulated Depreciation	(989,080)	(718,966)	(295,124)	(255,678)
	<u>1,998,655</u>	<u>2,223,334</u>	<u>101,795</u>	<u>110,039</u>

Note 15 (a) - Analysis of Property, Plant, Equipment and Intangibles

Table A1 - Reconciliation of the opening and closing balances of property, plant and equipment and intangibles (CONSOLIDATED)

Item	Land & Buildings	Other infrastructure, plant & equipment	Intangibles	Total
	\$	\$	\$	\$
As at 1 July 2002				
Gross book value	12,540,000	2,942,300	6,020,532	21,502,832
Accumulated depreciation	-	(718,966)	(677,805)	(1,396,771)
Net book value	12,540,000	2,223,334	5,342,727	19,906,061
Additions:				
by purchase	13,900,000	75,452	90,880	14,066,332
from acquisitions of operations	-	-	-	-
Net revaluation increment/decrement	1,060,000	-	-	1,060,000
Depreciation/amortisation expense	-	(270,114)	(20,000)	(290,114)
Recoverable amount write-downs	-	-	-	-
Disposals:				
from disposal of operations	-	-	-	-
other disposals	-	(30,017)	-	(30,017)
As at 30 June 2003				
Gross book value	27,300,000	2,987,735	6,111,412	36,399,147
Accumulated depreciation/amortisation	-	(989,080)	(697,805)	(1,686,885)
Net book value	27,300,000	1,998,655	5,413,607	34,712,262

Notes	Consolidated		Corporation	
	2003	2002	2003	2002
	\$	\$	\$	\$
Note 16 - Provisions & Payables				
Current				
Liabilities to Employees				
- Annual Leave	249,289	227,221	249,289	227,221
Suppliers				
- Trade Creditors	2,827,043	3,572,781	735,557	507,982
	<u>3,076,332</u>	<u>3,800,002</u>	<u>984,846</u>	<u>735,203</u>
Non-Current				
Liabilities to Employees				
- Long Service Leave	358,449	305,410	358,449	305,410
Provision for income tax payable	-	84,128	-	-
Borrowings secured by floating charge	-	-	-	-
	<u>358,449</u>	<u>389,538</u>	<u>358,449</u>	<u>305,410</u>
(a) Aggregate employee entitlements liability	<u>607,738</u>	<u>532,631</u>	<u>607,738</u>	<u>532,631</u>
(b) No. of employees at year end	<u>16</u>	<u>18</u>	<u>16</u>	<u>18</u>

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INDIGENOUS BUSINESS AUSTRALIA AND CONTROLLED ENTITIES

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2003

Note 19 - Segment Reporting

IBA and its controlled entities operate in one business segment and geographical segment, being an investor in commercial activities throughout Australia.

Note 20 - Auditors' Remuneration

Amounts received, or due and receivable, by:

	Consolidated		Corporation	
	2003	2002	2003	2002
	\$	\$	\$	\$
Auditor-General for auditing the financial statements for the reporting period	<u>66,200</u>	<u>66,200</u>	<u>66,200</u>	<u>66,200</u>
	<u>66,200</u>	<u>66,200</u>	<u>66,200</u>	<u>66,200</u>

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

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

Note 21 - Related Party Disclosures

Directors

The Directors of the Corporation during the financial year were:

Joseph Elu (Chairperson)
 John Moriarty (Deputy Chairperson)
 Robert Blair
 Richard Ryan AO
 Leah Armstrong
 Robert Ferguson (Ceased 19 March 2003)
 Joe Procter
 Jenny Boddington (Commenced 19 March 2003)

Director-related entity transactions

The Chairman (Mr Joseph Elu) ceased as a director of Henry Walker Eltin Group Limited (HWE) during the financial year ended 30 June 2003. IBA holds 1,816,075 shares as at 30 June 2003 (2002 - 1,816,075). Director Richard Ryan ceased as the CEO of HWE during the financial year ended 30 June 2003.

	Consolidated		Corporation	
	2003	2002	2003	2002
	\$	\$	\$	\$
Transactions with related parties:				
Wholly owned Controlled Entities				
Investment revenue received/receivable:				
- dividends revenue	-	-	4,506,168	7,564,481
Other Related Parties:				
- interest revenue	346,970	412,109	346,970	412,109
- associates	-	-	1,436,330	1,620,287
	<u>346,970</u>	<u>412,109</u>	<u>6,289,468</u>	<u>9,596,877</u>

Note 22 - Director Remuneration and Interests

Included in employee expenses is the total remuneration received or due and receivable by Directors in connection with the management of IBA.

	2003	2002	2003	2002
	\$	\$	\$	\$
Amounts paid directly on retirement from office or to prescribed superannuation funds for the provision of retirement benefits:	<u>25,064</u>	<u>19,883</u>	<u>25,064</u>	<u>19,883</u>

INDIGENOUS BUSINESS AUSTRALIA AND CONTROLLED ENTITIES

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2003

Note 22 - Director Remuneration and Interests cont.

	Consolidated		Corporation	
	2003	2002	2003	2002
	\$	\$	\$	\$
The number of directors of IBA included in these figures are shown below in the relevant remuneration bands:				
- \$Nil - \$10,000	1	4	1	4
- \$10,001-\$20,000	1	1	1	1
- \$20,001-\$30,000	4	3	4	3
- \$30,001-\$40,000	-	1	-	1
- \$40,001-\$50,000	1	-	1	-
- \$140,001-\$150,000	-	1	-	1
- \$170,001-\$180,000	1	-	1	-

No Director of IBA or controlled entities or associated entities has received, or has been entitled to receive, during or since the end of the financial year, a benefit due to any contract or contracts made by IBA or a related party with a Director, a firm of which the Director is a member or an entity in which a Director has a substantial financial interest nor received any loans or entered into any other transactions.

	Consolidated		Corporation	
	2003	2002	2003	2002
	\$	\$	\$	\$
Note 23 - Remuneration of Executives				
Amounts received, or due and receivable by executive officers whose remuneration and separation allowances exceed \$100,000				
	408,395	398,819	408,395	398,819

The number of Executive Officers whose remuneration (including separation and redundancy) was between:

\$190,000-\$199,999	1	1	1	1
\$200,000-\$209,999	-	1	-	1
\$210,000-\$219,999	1	-	1	-

Executive remuneration includes all officers concerned with or taking part in the management of the Consolidated entity during 2002-2003.

Note 24 - Superannuation

IBA is an approved authority for the purposes of the Commonwealth Superannuation Scheme (CSS) and the Public Sector Superannuation Scheme (PSS). Benefits provided under the CSS and PSS schemes are based on contributions from each employee and are provided in either a lump sum or pension form.

Employees contribute various percentages of their gross income and IBA contributes 18.9% for CSS and 10.5% for PSS. In addition, the Corporation is required to provide productivity superannuation contributions of up to 4%. The amount of contributions paid by IBA for the year ended 30 June 2003 comprised \$73,839 for CSS (2002 - \$104,137) and \$151,024 for PSS (2002 - \$94,486).

Note 25 - Events Subsequent to Balance Date

No events or matters have arisen or information has become available since the end of the financial year that would affect the determination of an amount or particulars in the accounts or these notes thereto, had the accounts been made out at the time of the Directors' Statement.

Note 26 - Contingent Liabilities

During the year ended 30 June 1994 approval was received from the Commonwealth Treasurer for IBA to provide guarantees up to a limit of \$6,000,000 in total, in accordance with the provisions of the *Aboriginal and Torres Strait Islander Commission Act 1989*.

Guarantees

Subject to this approval, the following guarantees have been provided by IBA:

- * 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 "Aburn".
- * the provision of a guarantee for \$450,000 in favour of Westpac Banking Corporation relating to a business development loan provided to Western Linen Industries Pty Ltd.
- * the provision of a guarantee for \$150,000 in favour of Westpac Banking Corporation relating to a Bank loan provided to Larrakia Development Corporation.
- * the provision of a guarantee for \$600,000 in favour of Westpac Banking Corporation relating to a Bank loan for Plant & Equipment for Ngarda Civil and Mining Pty Ltd
- * the provision of a guarantee for \$1,180,000 in favour of Westpac Banking Corporation relating to a Bank loan for Plant & Equipment for Ngarda Civil and Mining Pty Ltd
- * the provision of a guarantee for \$1,900,000 in favour of Westpac Banking Corporation relating to a Bank loan for the Mitchell St property in Darwin.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2003

Note 26 - Contingent Liabilities cont.

Indemnities

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

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

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.

	Consolidated		Corporation	
	2003	2002	2003	2002
	\$	\$	\$	\$
At 30 June 2003, gain/loss				
not brought to account for Forward Exchange				
Contracts with Westpac Banking Corporation was:	<u>1,413,381</u>	<u>(481,316)</u>	<u>-</u>	<u>-</u>

Note 27 - Trust Money

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

	2003	2002
	\$	\$
Balance 1 July	5,117,821	8,954,759
Add: Receipts during the year	<u>6,236,000</u>	-
Add: Interest Received	454,936	237,112
Less: Expenditure	<u>(1,486,263)</u>	<u>(4,074,050)</u>
Balance 30 June	<u>12,321,494</u>	<u>5,117,821</u>

IBA established the Crocodile Hotel Gagudju Association Funds held in Trust Account. Funds held in Trust are received from the Gagudju Association under formal trust arrangements. Monies received are placed in a separate bank account and are held for the purposes of repairs and maintenance on the Gagudju Crocodile Hotel. These monies are not available for any other purposes and are not recognised in the financial statements.

	2003	2002
	\$	\$
Balance 1 July	41,227	41,227
Add: Receipts during the year	-	-
Add: Interest Received	-	-
Less: Expenditure	<u>(41,227)</u>	<u>-</u>
Balance 30 June	<u>-</u>	<u>41,227</u>

IBA established the Cooinda Lodge Gagudju Association Funds held in Trust Account. Funds held in Trust are received from the Gagudju Association under formal trust arrangements. Monies received are placed in a separate bank account and are held for the purposes of repairs and maintenance on the Gagudju Lodge Cooinda. These monies are not available for any other purposes and are not recognised in the financial statements.

	2003	2002
	\$	\$
Balance 1 July	123,387	123,387
Add: Receipts during the year	-	-
Add: Interest Received	-	-
Less: Expenditure	<u>(123,387)</u>	<u>-</u>
Balance 30 June	<u>-</u>	<u>123,387</u>

INDIGENOUS BUSINESS AUSTRALIA AND CONTROLLED ENTITIES

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2003

Note 28 - Financial Instruments

(a) Terms, conditions and accounting policies

Financial Assets

Receivables for goods & services

Receivables are recognised at the nominal amounts due less any provision for bad and doubtful debts

Loans

Loans are recognised at the amounts lent. Provision is made for bad and doubtful loans when collection of the loan or part thereof is judged to be less rather than more likely. In rare circumstances, loan repayment may be waived. Interest is credited to revenue as it accrues.

Other debtors

As for receivables for goods and services

Term Deposit

The deposit is recognised at cost. Interest is accrued as it is earned.

Shares in Associates

Shares in associates are equity accounted in accordance with the revised AAS 14 "Accounting for Investments in Associates" issued in May 1997.

Interest in Business Undertakings

The Consolidated entity holds an interest in a number of business undertakings which are carried at the lower of cost or recoverable amount.

Financial Liabilities

Trade creditors

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

Unrecognised financial liabilities

Other guarantees

The amount guaranteed by IBA has been disclosed in Note 26 "Contingencies". At the time of completion of the financial statements, there was no reason to believe that the guarantee would be called upon, and recognition of the liability was therefore not required.

Indemnities

The amount payable under the indemnities given is disclosed in Note 26 "Contingencies". At the time of completion of the financial statements, there was no reason to believe that the indemnities would be called upon, and recognition of the liability was therefore not required.

Forward Exchange Contracts

The amount payable under forward exchange contracts is disclosed in Note 26 "Contingencies". At the time of completion of the financial statements, there was no reason to believe that the forward exchange contracts would be called upon, and recognition of the liability was therefore not required.

(b) Net Fair Values Of Financial Assets and Liabilities

The net fair values of all Financial Assets and Liabilities approximate their carrying amounts.

(c) Credit Risk Exposures

The consolidated entity's maximum exposure to credit risk at reporting date in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the Statement of Financial Position.

The consolidated entity's has no significant exposures to any concentrations of credit risk.

INDIGENOUS BUSINESS AUSTRALIA AND CONTROLLED ENTITIES

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2003

Note 29 - Reporting of Outcomes

(a) IBA is structured to meet one outcome:

To stimulate the economic advancement of Aboriginal and Torres Strait Islander people by investing in sound commercial ventures and encouraging and supporting Indigenous participation.

(b) The net cost to Budget outcome is nil.

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