



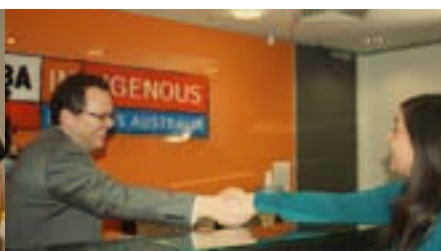
Australian Government
Indigenous Business Australia



20

Celebrating 20 years of contributing to Indigenous economic development

Indigenous Business Australia ANNUAL REPORT 2009–2010



Indigenous Business Australia (IBA) is a progressive and commercially focused organisation. We are a significant contributor to the goals of the Australian Government's Indigenous Economic Development Strategy, which is aimed at closing the gap between the living standards of Indigenous and other Australians.

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

Our purpose: as set out in the *Aboriginal and Torres Strait Islander Act 2005*, is to assist and enhance the self-management and economic self-sufficiency of Aboriginal and Torres Strait Islander peoples, and to advance their commercial and economic interests by accumulating and using a substantial capital asset for their benefit.

What we do: We identify and pursue opportunities that enable Indigenous Australians to create wealth, accumulate assets and achieve their financial aspirations. Our programs provide the means for Indigenous Australians to take up mainstream investment opportunities, create businesses that provide additional employment opportunities, and own their own homes.

How we do it: We do this by building mutually respectful and responsible partnerships with Indigenous Australians, government agencies, private sector business and industry.

Our values: are to be professional, outcome-focused, collaborative, responsive, proactive, realistic and respectful.

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Corporate Development Manager
Indigenous Business Australia
PO Box 38
Woden ACT 2606

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IBA respects Indigenous cultures and has taken all reasonable steps to ensure that the contents of this publication do not offend Aboriginal and Torres Strait Islander peoples.

Contents

This is IBA's report to the Minister for Families, Housing, Community Services and Indigenous Affairs (FaHCSIA) for the financial year 2009–10. Prepared according to parliamentary reporting requirements, the report also provides information for the community and stakeholders. It outlines the goals contained in IBA's Portfolio Budget Statement 2009–10 and relates them to actual results achieved for the year. A table of contents for each section is available on each of the relevant section pages.

01 Overview

Highlights of the 2009–10 year start on **page 2** and are followed by IBA's Chair, Dr Dawn Casey's letter of transmittal.

02 Executive summary

Starting on **page 7**, IBA's CEO (IBA General Manager) Bruce Gemmell reviews the organisation's operations, the challenges it overcame in weathering the global financial crisis and its outlook for the immediate future. This section also includes a financial snapshot.

03 Performance reports

A table on **page 16** summarises IBA's performance during the year, followed by separate performance sections for information on each of IBA's programs.

04 Management and accountability

From **page 65** onwards, IBA details its approach to corporate governance, risk management and fraud control. This section also introduces the IBA Board and committees.

05 Stakeholders

In this section, which starts on **page 81**, IBA discusses its key stakeholders and the efforts made towards maintaining these important relationships.

06 Staff

This section, which starts on **page 85** outlines IBA's employment strategies, introduces the executive and explains the organisational structure.

07 Financial statements

IBA's audited Financial Statements for 2009–10 start on **page 95**.

08 Appendices

The appendices start on **page 171** and contain additional information about significant events, IBA's use of consultants and its progress in implementing the Commonwealth Disability Strategy.

09 References

This report complies with the *Commonwealth Authorities and Companies Act 1997* and Part 2 of the Commonwealth Authorities and Companies (Report of Operations) Orders 2008. Starting on **page 181**, you will also find a compliance index, list of acronyms and abbreviations, and an alphabetical index to help guide you through this report.

1990

Following the proclamation of the *Aboriginal and Torres Strait Islander Commission Act 1989*, the Aboriginal and Torres Strait Islander Commercial Development Corporation is established with assets transferred from the former Aboriginal Development Commission.

1991

The Aboriginal and Torres Strait Islander Commercial Development Corporation (CDC) takes up equity in the King's Canyon Resort, in the Watarrka National Park in Central Australia. The resort is a joint venture between the CDC, Centrecorp Aboriginal Investment Corporation Ltd and Australian Frontier Holidays Ltd.

1995

The Aboriginal and Torres Strait Islander Commercial Development Corporation establishes a joint venture with the Tasmanian Investment Corporation and a group of eight Aboriginal organisations to purchase Gordon River Cruises. Gordon River Cruises is one of Tasmania's premier tourist attractions, drawing approximately 70,000 tourists a year.

1996

The Aboriginal and Torres Strait Islander Commercial Development Corporation acquires 19.93 per cent equity in the Tjapukai Aboriginal Cultural Park. In 2004 Tjapukai Aboriginal Cultural Park is named Australia's Best Tourist Attraction in the Australian Tourism Export Council Excellence Awards.

Highlights

During the 2009–10 year, IBA:

- Acquired a 50 per cent interest in the Vibe and Medina Grand hotels in the Darwin City Waterfront precinct, in partnership with the Larrakia Development Corporation. The goal of this investment is to provide economic benefit to all Larrakia people by creating enterprises to employ, train and involve them (see pages 19 and 35).
- Co-invested in the Chifley Alice Springs Resort with Centrecorp Aboriginal Investment Corporation and a private sector partner. This partnership has plans to employ local Indigenous Australians in the resort and develop it as a hub for supporting smaller tourism businesses in central Australia (see page 33).
- Sold down an interest in the Gagudju Lodge Cooida Trust to the Gagudju Association. The Gagudju Lodge Cooida and Gagudju Crocodile Holiday Inn are jointly owned by IBA and the Gagudju Association, and provide accommodation and tourism services within the boundaries of the Kakadu National Park in the Northern Territory (see page 38).
- Co-invested with Ridley Corporation, Australia's largest manufacturer of agriproducts, to upgrade a factory in Inverell for the production of commercial-grade fish feed. This venture currently employs four Indigenous staff. IBA is looking forward to the joint venture delivering positive economic and social benefits to the local community of Inverell (see page 29).
- Successfully concluded business development work in Galiwin'ku in the Northern Territory. This project established 24 new enterprises, creating eight full-time and 43 part-time jobs (see page 62).
- Built a children's services centre, safe house and staff accommodation at Wadeye, in north-west Northern Territory, providing training in construction skills and 2,500 hours of employment for local Indigenous Australians. The children's services centre will provide health and childcare services for up to 60 children and facilities for community meetings and training courses.

- Designed and managed the construction of four houses in Nguui in the Tiwi Islands, to be sold to eligible clients participating in the Home Ownership on Indigenous Land Program. Construction was completed in 2010 and three of these houses have now been sold. In all, there are now 12 families in Nguui living in their own homes, which they purchased through this program (see page 51).
- Formed the Moonamang Joint Venture partnership with Leighton Contractors and won the contract to work on the Ord–East Kimberley Expansion Project. Through this joint venture, IBA will deliver projects focused on local Indigenous employment and the business opportunities that will emerge from this significant infrastructure project (see page 84).
- Piloted within the Cairns region, *IN to Business*, a series of workshops to provide prospective entrepreneurs with the skills and knowledge of what business ownership entails, how to further develop and articulate their business idea, and consider the concepts that will form the basis of their business plans. During the workshops, the participants self-evaluate the viability of their business idea using their newly acquired knowledge.
- Approved 363 new housing loans under the Home Ownership Program, which had a total value of \$82.2 million, with 92 per cent of approved new loans being made to first home buyers. This new lending has increased to 14,100 the total number of Indigenous individuals and families assisted by the program since its establishment in 1975 (see page 39).
- Approved seven new loans under the Home Ownership on Indigenous Land Program, which had a total value of \$1.37 million. This new lending was approved for borrowers living in Nguui in the Tiwi Islands in the Northern Territory (see page 51).
- Awarded eight scholarships (under the IBA Scholarship Fund) to mature-age Indigenous Australians to undertake tertiary studies in economics, business and commercial fields.
- Received a Silver Award, in the General Awards Category of the Australasian Reporting Awards, for its 2008–09 Annual Report.

2001

The *Aboriginal and Torres Strait Islander Commission Act 1989* is amended to change the name of the Aboriginal and Torres Strait Islander Commercial Development Corporation to Indigenous Business Australia.

IBA, the Ngarda Ngarli Yarndu Foundation and contracting firm Henry Walker Eltin (now HWE Mining) form a joint venture: Ngarda Civil & Mining Pty Ltd (Ngarda). In 2003 Ngarda wins the large business category in the prestigious Prime Minister's Awards for Excellence in Community Business Partnerships.

2002

In partnership with the Yadgalah Aboriginal Corporation, IBA acquires 50 per cent interest in the Monkey Mia Dolphin resort, an internationally renowned eco-tourism destination in Western Australia.

2005

Following the abolition of the Aboriginal and Torres Strait Islander Commission, IBA's role is expanded to include management of the Home Ownership Program and Business Development and Assistance Program.

The Home Ownership on Indigenous Land Program is developed to facilitate Indigenous home ownership on community-titled land.

Chair's Letter of Transmittal

The Hon. Jenny Macklin, MP
Minister for Families, Housing, Community Services and Indigenous Affairs
Canberra ACT 2600

Dear Minister,

On behalf of the Board of Indigenous Business Australia (IBA), I am pleased to submit our annual report for the financial year ended 30 June 2010. The report is presented in accordance with Section 9 of the *Commonwealth Authorities and Companies Act 1997* (the CAC Act) and section 189 of the *Aboriginal and Torres Strait Islander Act 2005*.

Under section 9 of the CAC Act, the directors of IBA are responsible for producing an annual report that includes a report of operations prepared in accordance with the Commonwealth Authorities and Companies (Report of Operations) Orders 2008. This annual report and audited financial statements were approved in accordance with a resolution of IBA's directors on 14 September 2010.

IBA celebrated 20 years in operation, having grown in two decades from the small Aboriginal and Torres Strait Islander Commercial Development Corporation (CDC) of 1990—with a handful of employees and seed funding of \$10 million—to employing over 230 staff in 19 offices nationwide, with an asset base of nearly \$1 billion.

It was timely in my first full year as Chair of IBA to consult with a range of stakeholders and to review our governance structures and programs to determine IBA's future directions. One of the outcomes has been to establish a Finance and Investment Committee to guide the development of a sustainable investment policy.

It is encouraging to see that the Australian Government released its draft Indigenous Economic Development Strategy (IEDS) in May 2010. This strategy, once adopted, will set the scene for stronger and more resilient economic growth and increased Indigenous Australian participation. IBA sees itself as a significant contributor to the goals of the IEDS and is committed to working with all levels of government to achieve Indigenous participation in investments, joint ventures and business enterprises.

The Board identified several priority areas to contribute to the Council of Australian Governments' Closing the Gap agenda including Indigenous home ownership and regional strategies. We will also continue to work with the Minister to reduce the gap between Indigenous householders, who are half as likely as non-Indigenous Australians to own or be purchasing their own homes.

This year the IBA Scholarship Fund provided eight scholarships to help mature-age Indigenous Australians complete their economic qualifications. Recognising that this is an important investment in the economic future of Indigenous Australians, the Board approved ongoing funding for this initiative.



Scholarship recipient Sam Raciti and IBA Chair Dr Dawn Casey at the IBA Scholarship Fund presentation ceremony, February 2010, in Canberra.

Through projects such as these, IBA demonstrates its ability to contribute to Indigenous economic participation beyond its main channels of homes, business development and investment programs.

Mr Ron Morony retired as IBA's General Manager in 2010 after almost 13 years in the role. During Mr Morony's term, IBA's responsibility substantially increased to include the Home Ownership and Business Development and Assistance Programs and its capital base to around \$320 million. The Board would like to acknowledge Mr Morony's significant contribution to IBA.

The Board welcomed Mr Bruce Gemmell to the role of CEO. Mr Gemmell brings a wealth of experience to the role and his stewardship will be invaluable to IBA over the coming months.

Finally, I would also like to thank my fellow Board members and the staff and management of IBA, who have demonstrated enthusiasm, skill and dedication over the past year.

Dr Dawn Casey PSM FAHA
Chair, Indigenous Business Australia
October 2010

2006

IBA hosts the First Nations Economic Opportunities Conference in Sydney to promote Indigenous economic development and to facilitate an understanding of the challenges facing Indigenous businesses. More than 500 people attend the conference, including delegations from New Zealand and Canada.

2007

IBA and the Department of Education, Employment and Workplace Relations jointly develop an Indigenous small business development model which funds the placement of an economic development officer, paired with a local Indigenous officer, to work in remote communities in the Northern Territory.

2008

The first Home Ownership on Indigenous Land Program loan is approved, enabling an Indigenous family to start construction of their new home on Melville Island in the Northern Territory.

2008

IBA and National Australia Bank jointly develop the Indigenous Entrepreneur Microenterprise Program to deliver small business loans (microfinance) and associated business support to eligible Indigenous entrepreneurs.

2010

Celebrating 20 years of assisting Indigenous Australians on their pathway to economic independence and continuing to contribute to Indigenous economic development, year after year...

2008

IBA publishes a research report titled the *Perceptions of Home Ownership among IBA Home Loan Clients*. The study highlights several key economic benefits of home ownership for Indigenous Australians.

2009

More than 14,000 Indigenous families have been assisted to participate in their own home ownership experience since the Home Ownership Program started.



This sculpture was a gift to the La Perouse Local Aboriginal Land Council during NAIDOC Week. Here it is photographed at dawn at Solander Point, the headland where Lieutenant James Cook decided to make a left-hand turn into Botany Bay and from there, set foot for the first time on Australian land. (Photograph supplied by Bryan Marden.)

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CEO's Review

A message from
Bruce Gemmell

I joined IBA as it reached its milestone of 20 years of operation as an Indigenous-specific commercial organisation. My first months have been focused on learning about IBA's history, taking stock of its achievements and looking with fresh eyes to the future. I have met with staff, visited many of our state and regional offices, and seen first hand the professionalism and commitment that have enabled IBA to successfully deliver its unique programs.

While there have been many changes in the administration history of Indigenous affairs, year after year IBA has continued to assist large numbers of Indigenous Australians to achieve their aspirations to own their own homes and businesses. The results this year have been no exception.

Another of my focus points has been our consultation with clients and our key private and public sector partners. Our business is premised on having strong relationships. Ensuring a clear government-wide understanding of our contribution to Indigenous economic development is critical to sustaining and enhancing the support we provide to Indigenous Australians.

One thing that has impressed me is the commitment of IBA's staff to its vision to assist Indigenous Australians to become economically independent and an integral part of the economy—a commitment that was borne out with strong results in

this year's staff survey. My challenge for the coming year is to ensure this strong commitment continues to translate into tangible results for our clients.

I feel privileged to have a role in steering IBA's course as it sets out on its next 20 years. These are the decades in which our nation aspires to close the identified gaps in critical areas of Indigenous disadvantage. From staff and stakeholders alike, I get a real sense that IBA has a key role to play here and that we need to build a coherent framework for how we approach it.

Financial results: On the surface 2009–10 does not appear as good a year for IBA. A bottom-line deficit of \$56.5 million is recorded, together with a decline in value for corporate and consolidated net assets. IBA's results are, however, heavily impacted by the non-cash effect of accounting standards (which requires the value of IBA loans to be discounted to reflect the concessional element of interest rates charged) and write-down of the holding value of some investments. Results were also impacted by the transfer of assets (Outback Stores) to the Department of Families, Housing, Community Services and Indigenous Affairs on behalf of the Australian Government. The results before accounting for these one-off or extraordinary items were a modest surplus.

Core programs: I have been impressed by IBA's core activities and the innovative work it undertakes through its investments, homes and business programs.

Home ownership has continued to remain high on the national agenda over the past year. Through the Home Ownership on Indigenous Land Program, IBA is helping to empower Indigenous Australians in more disadvantaged areas, providing them the option of home ownership through access to concessional loan packages and money management skills.

This year has also seen a further increase in demand for home loans, particularly from first home buyers. To help address this growing waiting list, the Australian Government authorised, as part of the 2010–11 Budget, a temporary transfer of \$56 million of unutilised capital from the Home Ownership on Indigenous Land Program to the Home Ownership Program. This funds transfer will help IBA shorten the waiting list by making an additional 250 loans available to eligible applicants in 2010–11. The money will be returned to the Home Ownership on Indigenous Land Program when demand for that program picks up, as is expected over the next few years.

This year, we have undertaken a detailed analysis of how our business development products could be improved. I look forward to implementing improvements and enhancements to our current processes and procedures in 2010–11.

IBA continues to explore the potential to use its involvement in the construction sector to benefit Indigenous economic development. IBA's direct participation in this sector has allowed it to influence the design and delivery of construction programs, giving Indigenous Australians genuine opportunities for training and employment across a range of construction activities.

Reconciliation Action Plan:

IBA's inaugural Reconciliation Action Plan is being refreshed, and I look forward to involving staff and our partners in implementing the new plan over the coming year. One of IBA's key reconciliation initiatives is hosting an annual breakfast to celebrate NAIDOC Week. I was involved in planning this year's event and that has again given me cause to reflect on the significance of IBA's role in improving the future for Indigenous Australians.

Following initial consultations with key stakeholders and the Board on the merit of new approaches to the way we do business, we have begun a review of IBA's 2008–13 Strategic Plan. The aim is to provide a framework for the further development and enhancement of our programs for the benefit of all Indigenous Australians.

Compliance and governance standards:

Much work has been done—and will continue—to improve IBA's governance processes. This year we committed to ensuring compliance with the highest Occupational Health and Safety (OH&S) standards. To this end, IBA recently commissioned an external review of our OH&S management systems and compliance with the *Occupational Health and Safety Act 1991*. It was pleasing to see that the review acknowledged IBA's hard work over the last two years to improve OH&S standards within the organisation. In the coming year we will be implementing further changes consistent with the recommendations made in the review (see page 88).

I would also like to acknowledge the importance of IBA's sound governance practices in facilitating the achievement of the organisation's outcomes. IBA has undertaken a significant reform of its governance arrangements in the last two years in line with Australian Government expectations. This has included reviewing

and developing policies, CEO's (General Manager's) Instructions and associated procedures, and implementing effective processes for risk management, fraud control, business continuity, internal audit, compliance and security.

Future outlook: IBA is looking toward a period of refocus and reinvigoration to better serve our purpose and our stakeholders. Key to this will be further development of our relationships with stakeholders to ensure we are aware of, and meeting, reasonable expectations. We will be reviewing our product mix and the processes we use to provide and support current and any future products. While the key elements of housing loans, business loans and business support will be maintained, supporting processes will be examined to ensure their efficiency and effectiveness and to reduce as far as reasonably practicable any undesirable consequences of our activity (such as the difficulties associated with a failed loan). In looking for better ways to deliver its programs and increase the opportunities for Indigenous Australians to actively participate in the economy, IBA will seek out new and strengthened relationships with the corporate sector, including industry partners and the financial services sector.

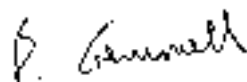
IBA will also be examining innovative ways to contribute to economic development outcomes particularly through the development of regional strategies. As a key part of the Australian Government's approach to improving the economic status of Indigenous Australians, IBA will continue to work with all levels of government to provide coordinated services in home ownership and business development.

As IBA's Equity and Investment Program is in an acquisition phase, we will be closely examining a range of potential investments with a view to selecting those which provide adequate commercial returns, maintain the diversity of our investment mix and importantly provide outcomes for

Indigenous Australians and/or outcomes for the Indigenous partners in those investments. We will pursue opportunities for the development of commercial governance skills in our Indigenous partners and the judicious sell-down of our interest in investments to Indigenous partners.

As a longer term activity, IBA is looking to how we can involve local Indigenous groups in delivering IBA programs in their area.

Finally, the warm welcome from the Board, staff, executive and stakeholders has added to my sense of confidence that we can further develop and improve IBA's reputation. I look forward to continuing achievement by the organisation in the coming year.



Bruce Gemmell
Chief Executive Officer
(IBA General Manager)

Financial Snapshot

This section summarises IBA's financial performance in 2009–10. For detailed information see the audited financial statements starting on page 95.

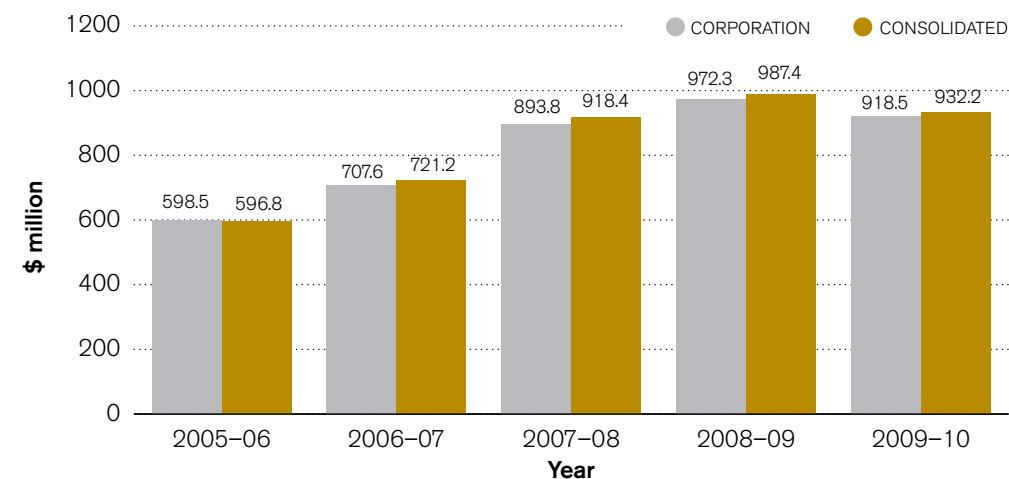
Economic background: The swift turnaround in the economy and the sharp increase in interest rates in the aftermath of the global financial crisis have significantly impacted IBA's loan market valuations and financial performance.

Financial results: IBA's financial statements are presented, consolidated with its subsidiaries and separately for the corporate agency. Consolidated net assets declined from \$987 million in 2008–09 to \$932 million in 2009–10. The decline is a consequence of the deficit in the consolidated income statement and transfer of a significant subsidiary investment to another government agency.

Figure 1 shows the growth in corporate and consolidated net assets over the past five years.

The consolidated operating results have declined from a surplus of \$37 million in 2008–09 to a deficit of \$56.5 million for the current year.

Figure 1: Net asset growth, year to date, at 30 June 2010



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

The ATSI Act provides that funds available under the New Housing Fund—including interest earnings—are to be used exclusively for housing loans. Consequently, income earned on the New Housing Fund is not available for operational expenses but is directed back into new loans. A separate set of financial statements is provided for the New Housing Fund.

Accounting standards require IBA's financial assets to be valued at their fair market value. The housing and business loans portfolio is issued at concessional interest rates, and a market valuation of the portfolio requires discounting portfolio value to equate interest earned to market yield for comparable risk. The annual incremental discount is taken as a non-cash charge to the income statement.

For the investment portfolio, fair market valuation results in cyclical movements in property and business values impacting the income statement.

Income statement: Consolidated revenue declined from \$198 million in 2008–09 to \$171 million in 2009–10. The decline is largely due to a shift in asset valuation impact, from revenue of \$19 million to expense of \$65 million. This has also resulted in an increase in expenditure from \$159 million in 2008–09 to \$227 million in 2009–10.

The net consolidated deficit of \$56.5 million for the year 2009–10 has been caused by:

- a sizeable loan valuation discount of \$54.7 million, driven by the sharp rise of over 1.5 per cent in market interest rates. In the previous year 2008–09, interest rates fell substantially due to the global financial crisis. Loan valuation had a positive income impact of \$13 million due to a corresponding increase in loan portfolio value
- a loss of \$10.6 million on the transfer of IBA's subsidiary, Outback Stores, to the Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA) on behalf of the Australian Government. The transfer of Outback Stores also impacts the previous and current year comparison of IBA's revenue from sale of goods and services, and employee and supplier expenses
- a loss of \$21.7 million on the disposal and revaluation of investments.

Funding: The income base of the IBA consolidated entity is a mix of departmental receipts from the Australian Government and self-generated revenue. In 2009–10, IBA received \$38.8 million in departmental receipts and \$132 million in self-generated revenue. The self-generated revenue is largely from interest earnings on the loan portfolio, rental receipts, and sale of goods and services within IBA's subsidiary investments. IBA also received a \$33.2 million equity infusion from the Australian Government to fund its lending operations (see Figure 2 and 3 on the next page for detailed consolidated income and expenditure).

Balance sheet: IBA's total assets—valued at \$967 million in 2009–10—have declined from the previous year's base of \$1.047 billion due to:

- the transfer of Outback Stores to FaHCSIA
- significant reductions in market values of loan portfolio triggered by the increase in interest rates
- loss on disposal and decline in valuation of investments.

Figure 4 analyses the major components of IBA's consolidated total assets as at 30 June 2010.

Figure 2: Consolidated income, 2009–10

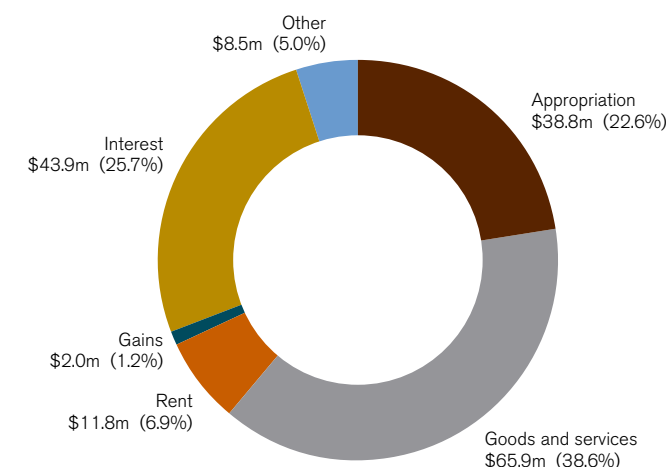


Figure 3: Consolidated expenses, 2009–10

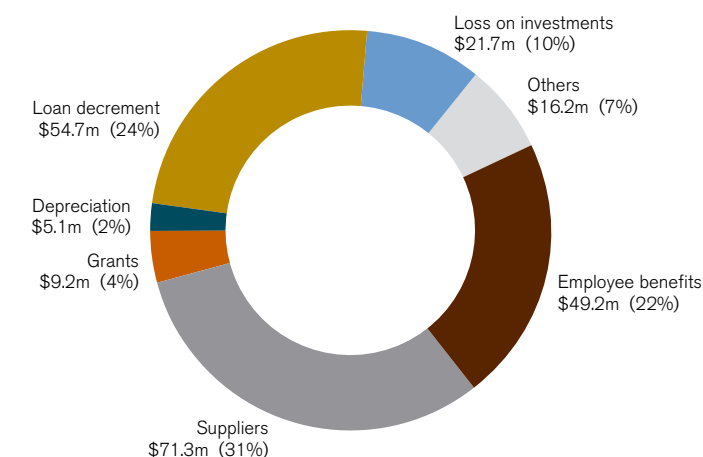
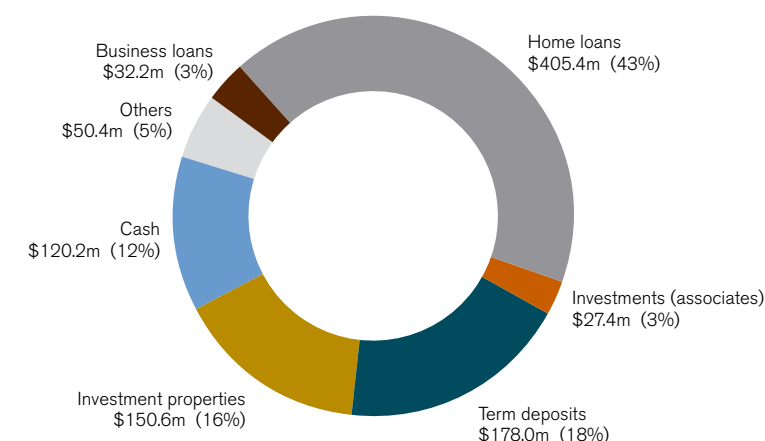


Figure 4: Consolidated total assets, as at 30 June 2010



Outlook

IBA expects a sharp rise in new loan approvals in 2010–11, with the transfer of \$56 million from its Home Ownership on Indigenous Land Program capital reserves to the Home Ownership Program. The additional capital will be used for on-lending to eligible customers. The discount resulting from the market valuation process for loans will continue to affect the higher loan portfolio growth, resulting in an estimated operating deficit of \$21.6 million for 2010–11.

IBA's net asset base is expected to remain at current levels, with additional capital infusion offset by the operating deficit for the year. Total consolidated revenue is budgeted at \$134 million, including departmental receipts from the Australian Government of \$38.8 million.



Left to right: Valma and Luke Apuatimi and friend Macella Fernando check out one of the newly constructed houses in Nguiu, Northern Territory.

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03

Performance Summary

IBA is not directly appropriated as it is a CAC Act body. Appropriations are made to the portfolio department (an FMA Agency) Families, Housing, Community Services and Indigenous Affairs, which are then paid to IBA and are considered 'departmental' for all purposes. In this way, the Australian Government funds IBA to achieve an agreed outcome to **stimulate the economic advancement of Aboriginal and Torres Strait Islander peoples** through a series of outputs and associated performance indicators, as specified in its annual Portfolio Budget Statement (PBS).

Table 1: Summary of IBA's performance against its PBS 2009–10 key performance indicators

PROGRAM OBJECTIVES	PBS TARGETS	2009–10 RESULTS
Equity and Investments Program		
The objective of Output Group 1.1 ¹ is to help Indigenous Australians achieve economic self-determination through direct investment and participation in commercial and joint venture business enterprises. See pages 18–38 for more detail.	Total price: \$31.18 million 7% return on investment 3 new investments with Indigenous co-investors 1% increase in profit distribution to Indigenous partners 1% increase in Indigenous jobs created or supported by investment portfolio	Appropriation: \$Nil Actual 8% Actual 2 Actual 0% Actual 0%
Home Ownership Programs		
Output Group 1.2 provides an affordable entry into home ownership for Indigenous Australians, particularly those on lower incomes. The Home Ownership Program is focused on first home buyers who have difficulty obtaining home loan finance from mainstream commercial lenders. The program objective is to increase Indigenous home ownership to a level more like that in the non-Indigenous community. See pages 39–50 for more detail.	Total price: \$35.52 million 75% of loans are to applicants who have an adjusted combined gross monthly income of not more than 125% of the IBA Income Amount ² 75% of loans are to first home buyers	Appropriation: \$8.02 million Actual 88% Actual 92%
Output Group 1.4 provides incentives and affordable loans aimed at making home ownership a realistic choice for Indigenous Australians living on community-titled land. See pages 51–53 for more detail.	Total price: \$10.14 million 8 new communities actively participating in the Home Ownership on Indigenous Land Program 40 new loans 50 aggregate loans in the portfolio	Appropriation: \$7.16 million Actual 7 Actual 7 Actual 15
Business Development and Assistance Program		
Output Group 1.3 works with Indigenous Australians to help them succeed in business. The objective is to ensure the long-term viability of Indigenous enterprises rather than simply setting up businesses. IBA achieves this by providing clients with affordable business loans and other support, to help them successfully enter into and remain in business. Support is also provided to existing businesses to grow or improve aspects of their management or performance, thus improving their prospects for long-term success. See pages 54–64 for more detail.	Total price: \$29.41 million 60% survival rate for new businesses funded past the first year 20% of clients who have been assisted through business support or Economic Development Initiatives have started and remain in business	Appropriation: \$23.66 million Actual 90% ³ Actual 25% ⁴

¹ The Equity and Investments Program does not receive government funding, and covers its operating expenses through prudent management of the investment portfolio.

² The IBA Income Amount is \$1,264 per week.

³ Expressed as the cumulative percentage of businesses that operated a minimum 12 months from IBA loan funding date since 1 July 2005.

⁴ Sixty-three clients entered into business out of 255 applicants of pre-business support from IBA.

Equity and Investments – Output Group 1.1

The objective of the Equity and Investments Program is to bring together Indigenous Australians and other skilled partners into sustainable commercial ventures which provide opportunities for asset ownership, capability transfer, wealth accumulation and employment opportunities for Indigenous Australians. These include cash for further investments, the improvement of employment opportunities and the use of assets to develop broader business opportunities. A number of IBA's investment portfolios have implemented a range of employment and training initiatives to support and develop the capacity of Indigenous joint venture partners.

Performance

The 2009–10 financial year presented many operational and financial challenges. The global financial crisis impacted on IBA's capacity to take advantage of sound financial opportunities, due to fluctuating trading conditions and conservative policies among non-Indigenous partners. IBA's investment partners had difficulty securing credit and the number of robust market opportunities previously available softened as companies and banks consolidated their market position.

Table 2: Output Group 1.1 performance summary, measured against the IBA Portfolio Budget Statement

2009–10 KEY PERFORMANCE INDICATOR TARGETS	RESULTS
7% return on investment	Actual 8%
3 new investments with Indigenous co-investors	Actual 2 In September 2009 the IBA Board approved the acquisition of the Sebel Deep Blue Warrnambool; however, due to external factors outside of IBA's control, the transaction did not complete and IBA withdrew from the process in April 2010. IBA continues to work with the Indigenous partner in sourcing a suitable investment.
1% increase in profit distribution to Indigenous partners	Actual 0% IBA, in joint venture with its Indigenous partners, continued to distribute solid financial returns despite a depressed operating environment during the 2009–10 financial year. Yield contraction in commercial property rates and a softening in hotel room rates were key contributing factors resulting in flat dividend declarations and distribution payments. Despite the economic downturn, consolidated portfolio returns were consistent with those achieved during the previous year.
1% increase in Indigenous jobs created or supported by investment portfolio	Actual 0% Employment was another casualty of the year's economic downturn and the Equity and Investments Program was only able to support 221 Indigenous jobs, 41 less jobs than in the 2008–09 year.

Despite the distressed market conditions, IBA continued to negotiate a number of significant transactions with strong partners. These projects included the Vibe and Medina Grand hotels, Darwin City Waterfront; and the Chifley Alice Springs Resort. From an operating result perspective, IBA still managed to exceed its target return on investment for the portfolio, achieving an 8 per cent return compared to a target of 7 per cent.

Valuations were impacted in the retail and hotel sectors, with capitalisation rates increasing and limited movement in net rental returns. This had a negative impact on some prior year's valuations (see Financial Statements on page 75 for details).



In December 2009, IBA and the Larrakia Development Corporation (LDC) joined with the Toga Group, forming a joint venture partnership in the Vibe and Medina Grand hotels in the new Darwin City Waterfront Precinct. This joint venture has generated ongoing revenue, training and employment opportunities for the local Indigenous community. In keeping with IBA's investment strategy, LDC will gradually use surplus income from the hotels and other sources to acquire an increasingly larger share of IBA's stake in the hotels.

"I believe that this investment will give us significant credibility in our efforts to secure a range of future business opportunities for Larrakia and other Aboriginal people." – Greg Constantine, Chief Executive Officer, LDC

This joint venture encapsulates IBA's vision of a nation in which Indigenous Australians are economically independent and an integral part of the economy.

Investment strategy

The Equity and Investments Program does not receive funding from the Australian Government; it covers all operating expenses through prudent management of its investment portfolio. Investments are selected on their capacity to deliver commercial returns and sustainable benefits to Indigenous groups, organisations and corporations.

IBA's preferred joint venture business model is one that brings together IBA, Indigenous partners and private sector capability partners. Experience has shown that private sector partners are a critical component of any successful commercial venture, providing equity and capability management services.

This model is also most valuable for transferring skills from industry experts to Indigenous partners, because our joint venture projects are structured to facilitate the eventual divestment of IBA's interests to the Indigenous partner. This is usually achieved when the partner uses profits from the venture to purchase the equity. Over time, Indigenous partners benefit from being able to acquire an interest in large, active capital assets with prudent levels of equity and risk exposure. This underpins the financial future of Indigenous corporations and communities and bridges the divide between Indigenous and non-Indigenous Australians. For example, IBA sold down a significant percentage (18 per cent) of its equity in the Gagudju Lodge Cooina to its Indigenous partner in the investment, the Gagudju Association. In addition, IBA has sold down 50 per cent equity in the Commonwealth Building, South Hedland, to an Indigenous association located in the Pilbara Region.

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

Capability transfer and ongoing support: Indigenous participation in the economy at all levels has the potential to ease some of the social issues that arise in disadvantaged regions. A number of commercially focused Indigenous corporations are developing knowledge and skills in the medium to large business sector, and are able to support the growth and development of smaller Indigenous businesses.

Through its investment activities, IBA provides opportunities for its Indigenous partners to take up board positions, employment and small business opportunities. This increases the Indigenous partners' ability to manage and operate commercial enterprises and exercise due governance. IBA supports its Indigenous partners to gain access to advice and skills development by facilitating relationships between Indigenous and non-Indigenous partners.

When entering into an investment, IBA works with the Indigenous partner to document the objectives of the investment. These aims may include using profits to retire debt, distributing profits to other programs managed by the Indigenous organisation, or financing other investment outcomes. IBA also measures and reports on employment outcomes associated with the investment and social outcomes that flow to the community.

Where required, IBA provides ongoing support for its Indigenous partners during the life of each investment and after its divestment. Through mentoring and skills transfer, IBA ensures that its Indigenous partners can ultimately manage the investment without assistance.

Indigenous employment, training and support: During 2009–10, the Equity and Investments Program created or supported 870 jobs, of which 221 or 25.4 per cent were held by Indigenous Australians. The majority of employment opportunities were in the mine services and tourism sectors.

Increased employment opportunities for Indigenous Australians, while a key objective of the Equity and Investments Program, were limited during the global financial crisis and 41 less jobs were able to be supported in the 2009–10 year. As the economy gradually improves and with further strategic planning and development of an endorsed investment strategy, the program is expected to return greater results during the 2010–11 year.

IBA continues to develop a Social Return on Investment (SROI) model, to measure the social impact of the investments it supports. Developing this model has so far involved the collection of 12 months of consolidated data and requires a further 12 months of accurate data to complete the platform for a precise measure of SROI.

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

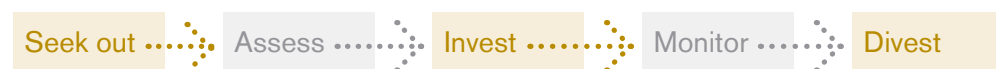
To achieve a positive net return, IBA identifies and manages risk within the portfolio by:

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

Monitoring portfolio performance: IBA actively manages its investment portfolio by considering throughout the life cycle of each individual investment:

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

Figure 5: Portfolio management investment life cycle



An Indigenous employee at the Inverell Manufacturing Facility (see page 29).

Investment activities

The number of enquiries decreased slightly in 2009–10, with 123 enquiries received compared to 166 in 2008–09. This can be attributed to the global financial crisis and a focus on completing active investments. While the number of enquiries was lower than the previous year, the Equity and Investments Program still assisted a number of Indigenous groups with preliminary due diligence on a range of complicated potential investments. Most of the 123 investment enquiries that IBA received were for investments in the property and property development sector, as shown in Figure 6.

Figure 6: Investment enquiries by industry sector (total 123), 2009–10

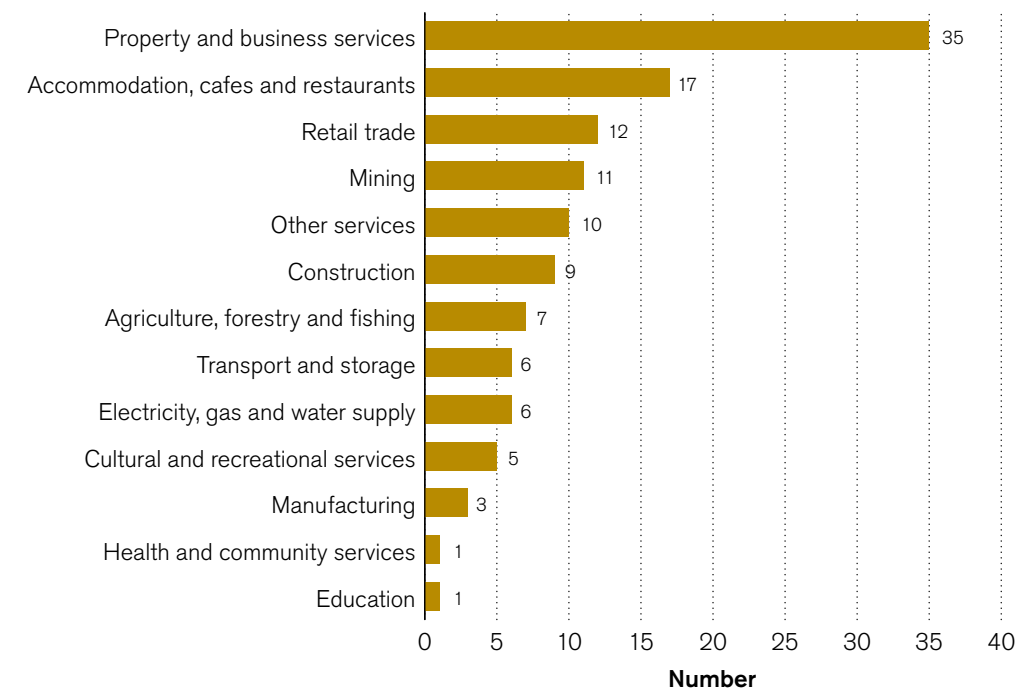
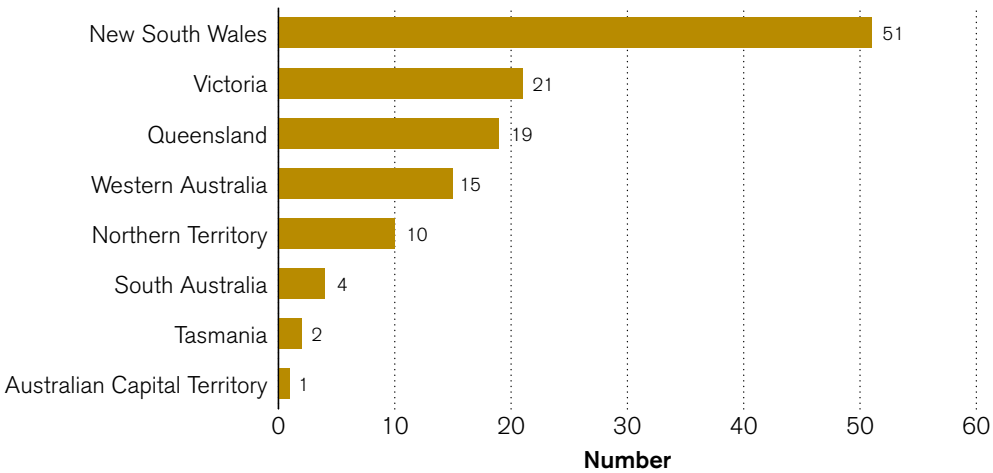


Figure 7: Investment enquiries by geographical location (total 123), 2009–10



Unfortunately, not all enquiries meet IBA's commercial viability requirements or provide an opportunity for Indigenous participation in the form of ownership and employment. Occasionally enquiries received do not sit well with IBA's investment strategy and in some cases, even when a viable investment opportunity is identified, a mutually acceptable agreement may not be able to be reached.

In 2009–10, the IBA Board considered 11 proposals and approved 10 (see Table 3 below). The Board considered 39 per cent fewer proposals in 2009–10 than in 2008–09, when it considered 18 proposals.

Table 3: Proposals considered by the IBA Board, 2009–10

STATUS	NO.	INVESTMENT TYPE	PROPOSAL TYPE
Approved and settled	7	Chifley Alice Springs Resort, NT	Acquisition
		Vibe and Medina Grand hotels, Darwin City Waterfront, NT	Acquisition
		Wrotham Park Lodge, QLD	Acquisition
		Coomanoo Evans Community Centre, Leonora, WA	Divestment
		Australian Diatomaceous Earth Joint Venture, QLD	Divestment
		Blighty Dairy Farm, Moama, NSW	Divestment
		Kings Canyon Resort, Uluru, NT	Divestment
Approved but not yet settled	2	Huntlee Estate, NSW	Divestment
		Sebel Deep Blue Warrnambool, VIC	Acquisition
Approved but will not proceed	1	Clean technologies and carbon-related initiatives	Acquisition
Not approved	1	Indigenous commercial property fund	Acquisition
Total	11		

Acquisitions: In 2009–10, IBA acquired three new investments: the Vibe and Medina Grand hotels, Darwin City Waterfront; Chifley Alice Springs Resort; and Wrotham Park Lodge, Queensland.

IBA is excited about these new joint ventures and is looking forward to the social and economic benefits that will flow through to local communities. These investments are in locations with significant Indigenous populations, and have the potential to drive both local employment and commercial skills development.

Divestments: In 2009–10, proceeds from IBA's divestment of four investments—Coomanoo Evans Community Centre, Australian Diatomaceous Earth Joint Venture, Blighty Dairy Farm and Kings Canyon Resort—were transferred to its Equity and Investments cash management account.

- IBA's strategy is to divest equity in an investment to its Indigenous partner through a buyout arrangement. Sometimes, however, the decision to divest is triggered when:
- economic and market conditions indicate that the realisable price of the asset is greater than the future cash flow it is expected to produce
 - IBA's Indigenous partner is no longer able to participate in the asset and a suitable alternative partner cannot be identified
 - the asset is a non-performing investment and divestment is the most appropriate action to address continuing impacts on the portfolio
 - IBA's industry partner is selling its equity in the asset, and the prospect of forming an alternative relationship suitable to the needs of both the Indigenous partner and IBA is unlikely.

IBA uses the proceeds from the sale of its investments to reinvest in other opportunities, to support potential new Indigenous partners in acquiring assets, and to assist with the development of employment and training opportunities.

Equity changes: IBA's ultimate goal in a number of its assets is to sell down its equity to its Indigenous partners so that in time the asset is totally owned or controlled by the Indigenous partners. In 2009–10, IBA sold down significant percentages of its equity in two of its properties and buildings: Commonwealth Building, South Hedland, in the expectation that the partner will have 100 per cent ownership of the asset in approximately two years; and the Gagudju Lodge Cooina, facilitating the increase of Indigenous ownership of tourism and accommodation facilities in the Kakadu National Park.

Indigenous Economic Development Trust

The Indigenous Economic Development Trust (IED Trust) was established in September 2007 by an agreement between the Australian Government and IBA. It assists the Department of Families, Housing, Community Services and Indigenous Affairs with its national Community Development Employment Projects (CDEP) policy reforms.

Under the agreement, assets previously funded through grants from the Australian Government (and over which the Government holds a contractual or equitable interest) and assets owned by other state or territory agencies can be transferred to the IED Trust.

The IED Trust also provides a leasing alternative for Indigenous individuals, partnerships, organisations and existing CDEP providers. The IED Trust lease product offers competitive terms on a range of assets to help establish, consolidate or expand commercially viable businesses.

Asset Leasing Trust

The Asset Leasing Trust was established in February 2010 to work with and support the leasing objectives of the IED Trust.

Like the IED Trust, the Asset Leasing Trust also provides leasing alternatives for Indigenous individuals, partnerships, organisations and existing CDEP providers. The leases offer competitive terms on a range of assets to help establish, consolidate or expand commercially viable businesses.

Lease and purchase agreements are available in relation to a range of assets tailored to client requirements, including vehicles, plant, equipment, machinery and property. Lease terms can be created for periods from one month to multiple years.

Investment portfolio profile

IBA will consider investment opportunities in all industry sectors, except those representing a level of risk that is considered too high or those that would lead to undesirable social outcomes. IBA prefers to invest in sectors where there is a clearly identifiable and acceptable level of risk, internal or partner expertise, and no prior market failure.

IBA adopts conservative assumptions in its financial assessment and focuses on risk minimisation from inception through to divestment. This ensures potential risks associated with the investment can be mitigated and accommodated within the broader portfolio. Investment is only made following rigorous financial, legal and technical due diligence. If IBA does not have experience or internal capability in a sector or an investment area, it engages industry experts to assist with due diligence.

IBA considers investment opportunities anywhere in Australia. In some cases the presence of an IBA investment is the only opportunity for Indigenous economic development in that location. IBA's investment portfolio as at 30 June 2010 had a total book value of \$167 million. IBA classifies its investments into asset clusters. In 2009–10, IBA held investments in commercial property, manufacturing, mining and mine services, primary industries, retail, and tourism and hotel accommodation. IBA looks to diversify its portfolio not only by asset cluster, risk and reward, but also geographically, on a state and territory basis, and on a metropolitan, regional and rural basis.

Figure 8: Principal investment sites by asset cluster, at 30 June 2010

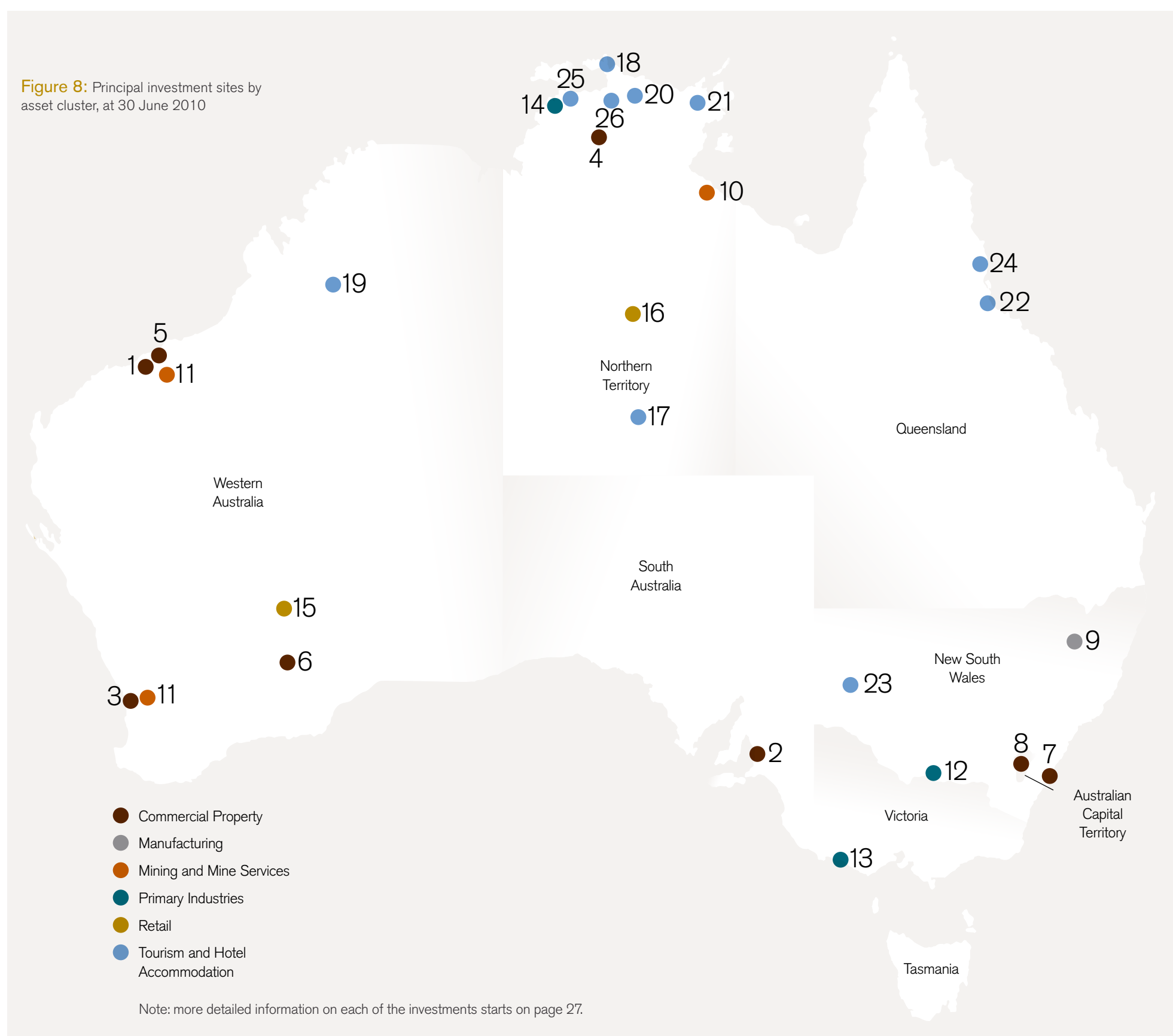


Figure 9: IBA investment portfolio by asset cluster, value and percentage of total, at 30 June 2010

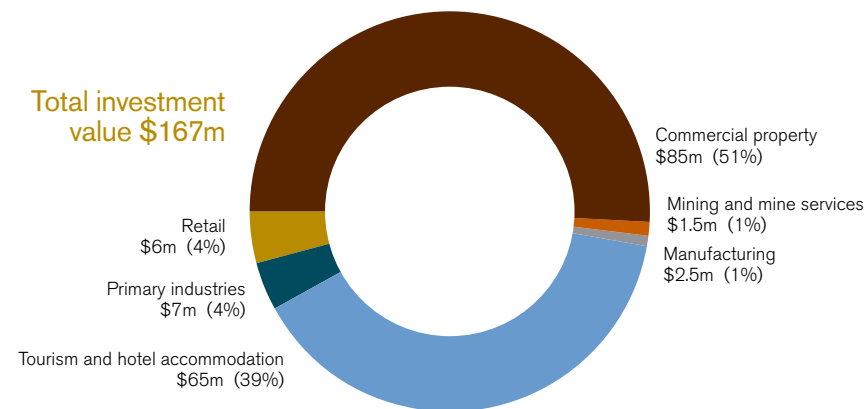
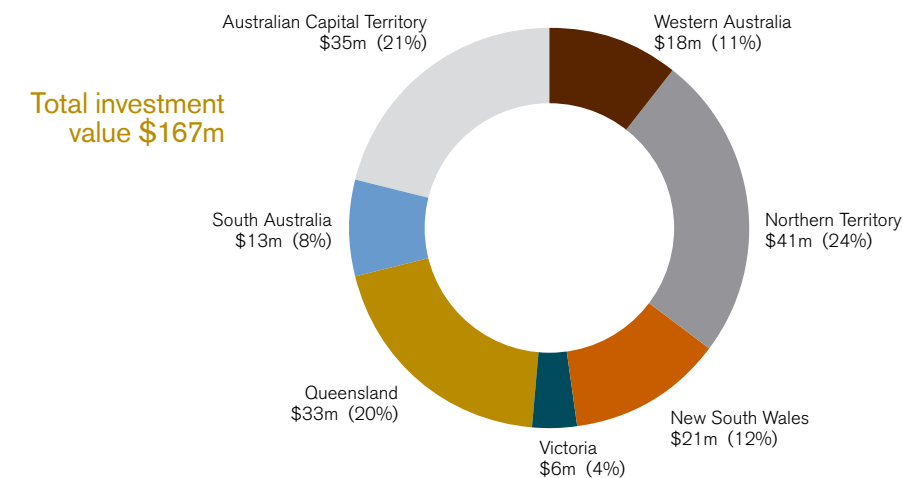
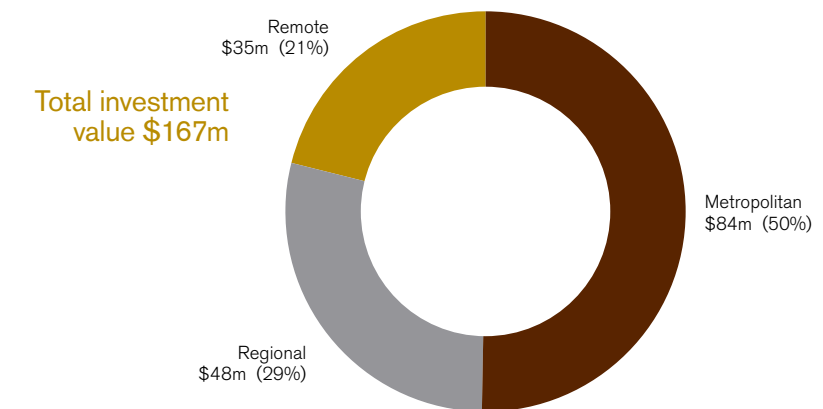


Figure 10: IBA investment portfolio by location, value and percentage of total, at 30 June 2010



IBA will continue to actively explore opportunities to invest in locations where it does not have a strong investment presence and where the investment has the potential to meet the development needs of a local Indigenous group or community. Figure 11 on the next page shows the proportion of IBA investments in metropolitan, regional and remote regions.

Figure 11: IBA investment portfolio by geographical region, at 30 June 2010



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

Commercial property: Commercial property is a key component of IBA's portfolio. It maintains a balance between the risk and return created by the other asset clusters. The co-ownership of many of IBA's commercial properties provides IBA's Indigenous partners with access to income and capital growth which can underpin the future financial structure of their corporation and their communities.

1. Commonwealth Centre

3 Brand Street, South Hedland, WA



IBA purchased the Commonwealth Centre in South Hedland in 2000 as part of a strategy to invest in remote areas of Australia. The building accommodates the regional Indigenous Coordination Centre, the local Centrelink office and various local Indigenous organisations. In 2009–10, IBA sold down a significant share of the building to a local Indigenous group.

2. CPS Building

44 Waymouth Street, Adelaide, SA



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

3. Goldfields Building

50 Colin Street, West Perth, WA



IBA, with the Perth Noongar Foundation and the Noongar Country Economic Foundation, purchased the Goldfields Building in November 2002. The building is a landmark of West Perth and has recently undergone an upgrade to the forecourt. The new forecourt design, which focuses on its Indigenous background, was provided by one of IBA's joint venture partners.

4. Government Centre

First Street, Katherine, NT



Centrally located within the township of Katherine, approximately 300 kilometres south of Darwin, the Government Centre is a commercial property with ground-floor and upper-level office accommodation. IBA purchased the building in June 2000 as part of its strategy to increase the geographical coverage of its investments. This building is currently undergoing a major refurbishment both internally and externally, and negotiations are underway with two local Indigenous groups for a partial selldown of the building.

5. Homestead Centre

Corner of Throssell and Tonkin Streets, South Hedland, WA



IBA purchased the Homestead Centre, a retail and office complex in South Hedland, in March 1993, in association with the Port Hedland Regional Aboriginal Corporation. The centre, which is operated as a body corporate, caters for 13 tenancies, which are a mixture of retail, office and restaurants. The building occupies a prime position in South Hedland, opposite the local shopping mall.

6. IBA Building

39–43 Boulder Road, Kalgoorlie, WA



The IBA Building in Kalgoorlie was only partially complete when IBA acquired it in 2003 from the administrator of the Goldfields Medical Fund. In early 2004, the building was completed to meet the requirements of the standards for Australian Government tenants. The local Indigenous Coordination Centre operates from the building.

7. Port Botany Transfer Station

Lot 21 Military Road, Matraville, NSW



The acquisition of the Port Botany Transfer Station enabled IBA to have a presence in New South Wales. The property is leased out and used as a transfer station for non-putrescible (non-decomposing) waste. IBA is currently negotiating a partial selldown of the building to an Indigenous group.

8. Scarborough House

Atlantic Street, Woden, ACT



Scarborough House is a prime example of what IBA considers a sound joint venture in a good commercial property investment. The building is 33 per cent Indigenous owned with four Indigenous investor groups from various parts of the country. A vibrant commercial building in the busy town centre of Woden in the Australian Capital Territory, Scarborough House is renowned for its architectural design and its 4.5-star National Australian Built Environment Rating System energy rating.

Manufacturing: IBA entered the manufacturing sector as part of a strategy to diversify its portfolio asset base. Manufacturing can provide real career paths for Indigenous Australians to enter into apprenticeships and managerial opportunities.

9. Inverell Manufacturing Facility

Swanbrook Road, Inverell, NSW



This factory has been successfully manufacturing stockfeed and pet foods for almost 20 years. IBA's purchase of the plant was its first in the manufacturing sector, helping to diversify its portfolio asset base by securing an important regionally based asset. An agreement to produce aquafeed for commercial fish farming has been entered into, with production commencing in October 2010. In the coming years, production levels are anticipated to increase, resulting in additional employment opportunities.

Mining and mine services: The general remoteness of Australia's mining sector provides IBA with a unique opportunity to help some of the nation's most disadvantaged Indigenous Australians. But there are significant challenges. The mining industry can be volatile and the establishment of a mining-related business is very capital intensive. To minimise these risks and difficulties, IBA has engaged with a private sector capability partner who specialises in the industry, to help establish and manage the new business.

10. Carpentaria Shipping Services Pty Ltd

MRM Loading Facility, Port of Bing Bong, NT



Carpentaria Shipping Services Pty Ltd (CSS) is a joint venture between IBA, P&O Maritime Pty Ltd and Mawa Riinbi Pty Ltd, the latter of which represents the four language groups of the Borroloola region in the Northern Territory. The business ships zinc and lead concentrate from the Bing Bong loading facility of the McArthur River Mine to foreign vessels anchored 30 kilometres offshore in the Gulf of Carpentaria. Since the joint venture commenced operation, Mawa Riinbi Pty Ltd has used profit distributions to purchase the local Borroloola convenience store and to acquire further equity from IBA. The CSS Indigenous Director role has also enabled Mawa Riinbi Pty Ltd to further develop its corporate governance skills and expertise.

11. Ngarda Civil & Mining Pty Ltd

Perth Head Office, 185 Great Eastern Highway, Belmont, WA
Port Hedland Office, 4 Kangan Way, Wedgefield, WA
www.ngarda.com.au



"Ngarda Civil & Mining Pty Ltd's vision is to provide wealth creation for both Indigenous Australians and the company's stakeholders by being the most successful Indigenous owned and operated commercial, civil and mining business in the Pilbara Region and beyond. IBA provides valuable support to the business in achieving this goal and, as General Manager of the company, I look forward to continuing the excellent working relationship with IBA" – Darren Lundberg, General Manager, Ngarda Civil & Mining Pty Ltd

Ngarda Civil & Mining Pty Ltd (Ngarda) is a service-based company providing contract civil and mining services to the construction and mining sectors. Although its headquarters are located in Belmont, Perth, most of its business is conducted in the Western Australian Pilbara region, which is dominated by the iron ore, gas and oil industries. Ngarda is owned by the Ngarda Ngarli Yarndu Foundation, IBA and Leighton Contractors Pty Ltd, and attempts to achieve a minimum 50 per cent Indigenous employment ratio while pursuing commercial rates of return on investment. Although this goal is regularly achieved, the remoteness of the Pilbara region provides many unique challenges such as limited educational opportunities and English being a second language. Ngarda has attempted to overcome these difficulties by forming a joint venture with BHP Billiton to establish the Purarrka Indigenous Mining Academy at the Yarrie iron ore mine; however, this often results in many of the trained Indigenous employees then leaving to further develop their new careers with major mining companies such as BHP Billiton, Rio Tinto and Woodside.

Primary industries: Primary industry investments are characterised by their own unique risks and challenges, including pests and diseases, the effects of climate change, varying input and output prices, and fluctuating exchange rates. Despite these difficulties, IBA's involvement in this sector provides it with opportunities to help Indigenous Australians living in remote locations where there are often limited education and employment opportunities.

12. Cummeragunga Farm

Barmah, NSW



IBA acquired Cummeragunga Farm in 2005. The New South Wales property is a 398-hectare, mixed freehold farm adjacent to the Murray River, close to the Barmah Township, which is across the border in Victoria. The farm consists of good quality land, part of which is suitable for irrigation via a 667 megalitre water allocation. Ulunja Aboriginal Corporation, a local Indigenous business, leases four hectares of the property to support its timber harvesting business located in the neighbouring NSW Moira State Forest. IBA has also engaged the industry-renowned Yanco Agricultural Institute to develop and deliver training in commercial farming operations for the Ulunja Aboriginal Corporation, in an attempt establish the farm as a commercially viable business.

13. Indigenous Fishing Trust: abalone licence

Port Fairy, VIC



The aim of the Indigenous Fishing Trust is to own fishing licences and be entitled to quota allowances for the benefit of Indigenous Australians wishing to operate in the commercial fishing industries. In December 2004, the Trust acquired an abalone licence which allows annual harvesting in the Western Victorian Fishing Zone, which encompasses the area from the South Australian border to Apollo Bay, Victoria. A local Indigenous man has been engaged to manage the abalone licence and quota on behalf of the Trust since 1 April 2010 (the start of the 2010–11 commercial fishing season).

14. Indigenous Fishing Trust: mud crab licence

Darwin, NT



In 2005, the Indigenous Fishing Trust purchased a mud crab licence, which allows for the commercial harvesting of mud crabs in the Northern Territory.

Retail: The focus of the retail portfolio is to generate a commercial rate of return while encouraging Indigenous Australians to consider career opportunities in the retail sector. IBA works closely with its Indigenous partners to actively support and manage the managers appointed to operate these businesses. IBA is seeking further opportunities in regional and rural centres where commercial rates of return can support Indigenous ownership.

15. Leonora Supermarket and Hardware

75 Tower Street, Leonora, WA



IBA acquired the supermarket in Leonora in September 2007. The township of Leonora, situated 230 kilometres north of Kalgoorlie, supports a population of 1,500 people. The Leonora Shire has a population of 4,190 and is the service centre for the well-established mining, exploration and pastoral industries. The supermarket also operates a newsagency and sells a small range of hardware items.

16. Tennant Food Barn

48 Paterson Street, Tennant Creek, NT



IBA and its partner, the Julalikari Council Aboriginal Corporation, acquired the Tennant Food Barn in November 2008. The business has improved its bottom-line performance and continues to review the range of products and improve the quality of fruit and vegetables offered for sale through the store.

Tourism and hotel accommodation:

The tourism and hotels asset cluster performed well in 2009–10, with moderate increases in visitor numbers compared to the 2008–09 period. Largely driven by discretionary spending, the sector is extremely sensitive to external factors, in particular the economic landscape of its source markets. All boards and management teams of the various assets are working towards improving financial performance for the forthcoming year.

17. Chifley Alice Springs Resort

Stott Terrace, Alice Springs, NT
www.chifleyhotels.com.au



Formerly part of the Voyages Group, the Chifley Alice Springs Resort was acquired by IBA in November 2009 in partnership with Centrecorp Aboriginal Development Corporation and the Sitzler family. Only a short stroll from the centre of Alice Springs, the resort's location and facilities make it a popular choice for business and leisure travellers alike.

18. Cape Don Experience

Cobourg Peninsula, Arnhem Land, NT
www.capedon.com.au



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

19. Fitzroy River Lodge

Great Northern Highway, Fitzroy Crossing, WA
www.fitzroyriverlodge.com.au



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

20. Gagudju Crocodile Holiday Inn

Flinders Street, Jabiru, NT
www.gagudju-dreaming.com



The Gagudju Crocodile Holiday Inn at Jabiru, a 2.5-hour drive from Darwin, is the only 4-star accommodation within the World Heritage-listed Kakadu National Park. The hotel's unique architecture—designed in the shape of a crocodile—attracts significant worldwide interest. IBA, in joint venture with the Gagudju Association (which represents the 10 local clan groups), owns the hotel and outsources the management to InterContinental Hotels Group.

21. Gagudju Lodge Cooinda

Cooinda, Jim Jim, NT
www.gagudjulodgecooinda.com.au



Gagudju Lodge Cooinda, located at the southern end of Kakadu National Park, also operates the highly successful Yellow Water Cruises, as well as the Warradjan Cultural Centre. IBA has completed a further equity sell-down to its Indigenous partner, the Gagudju Association, in this investment (see page 38).

22. Holiday Inn Townsville

334 Flinders Street, Townsville, QLD
www.holidayinn.com



In June 2008, IBA acquired the Holiday Inn Townsville. IBA structured the investment to enable Indigenous participation at an ownership level and to leverage supplier, employment and training opportunities. The hotel, which is managed by InterContinental Hotels Group under a management agreement, is branded as a Holiday Inn, and was refurbished in late 2009. The 200 or more Indigenous artworks displayed throughout the hotel are the result of a commission between IBA, Arts Queensland and local Indigenous artists. IBA is currently in discussions with a number of local groups to find an Indigenous co-owner.

23. Mungo Lodge

Mungo National Park, NSW
www.mungolodge.com.au



Mungo Lodge was purchased in October 2003. It is situated adjacent to Mungo National Park, within the Willandra Lakes World Heritage Region of New South Wales. The region was granted World Heritage listing in 1981 in recognition of its Indigenous heritage, archaeological values and natural landscape. The significant 2007–08 multimillion-dollar refurbishment at Mungo Lodge has opened new markets and provides visitors with a luxurious outback experience.

24. Tjapukai Aboriginal Cultural Park

Western Arterial Road, Caravonica, QLD
www.tjapukai.com.au



Tjapukai Dance Theatre was the first Indigenous tourist attraction in Australia. Born of a need to portray Indigenous culture with dignity and pride, the operation opened in a Kuranda basement in 1987. Tjapukai Aboriginal Cultural Park (Tjapukai) allows visitors to experience facets of Djabugay culture, as well as gain a greater understanding of the Djabugay way of life and traditional practices. Tjapukai is one of the country's largest private employers of Indigenous Australians, with approximately 60 Indigenous employees. In 2000, Tjapukai was inducted into the Queensland Tourism Awards Hall of Fame and in 2004 was named Australia's best tourist attraction by the Australian Tourism Export Council. Following the downturn in tourism due to the global financial crisis, IBA decided to acquire all partners' equity in Tjapukai,

to enable IBA to support the operation during this difficult time and inject capital to reinvigorate its product offering. Once tourism into the region has recovered to sustainable levels, the traditional owners will be invited to reinvest in Tjapukai.

25. Vibe and Medina Grand

7 Kitchener Drive, Darwin City Waterfront, NT
www.medina.com.au or www.vibehotels.com.au



The Larrakia Development Corporation (LDC) recently partnered with IBA to acquire a 50 per cent share in the Vibe and Medina Grand Darwin Waterfront Hotels, from the Toga Group. This joint venture is expected to generate ongoing revenue, training and employment opportunities for the local Indigenous community.

The two hotels are located within the grounds of the Darwin Waterfront Precinct, a \$1 billion project that is transforming 25 hectares of industrial wasteland into the business, tourism and recreational hub of Darwin. The Medina Apartment Hotel (comprising 121 serviced apartments) and the Vibe Hotel (comprising 120 guest rooms) are perfectly positioned to capitalise on an expected influx of locals and tourists visiting the Waterfront. The Larrakia are the traditional owners of the land on which Darwin is built. Known as the 'Saltwater People' they have a very strong and proud connection to Darwin's land and harbour. The joint venture with IBA and the Toga Group will enable LDC to add hospitality, hotel operations and management courses to those already on offer through its new Trade Training Centre.

There will also be scope for local Indigenous business owners to tender for event management, landscaping, art production, cultural tours and other services related to operating and maintaining the two hotels.

26. Wildman Wilderness Lodge

Wildman Road, Mary River National Park, NT
www.wildmanwildernesslodge.com.au



In 2006, IBA purchased Wildman Wilderness Lodge, a property located in the Mary River (proposed) National Park just over one hour's drive from Darwin on the way to Kakadu. In November 2009, IBA purchased Wrotham Park Lodge, a 5-star resort, situated 300 kilometres inland from Cairns. Wrotham Park Lodge was successfully dismantled and relocated for reconstruction of Wildman Wilderness Lodge as a new resort during 2009–10. The renewed Wildman Wilderness Lodge is scheduled to open in February 2011 (see page 36).



SOMETHING OLD SOMETHING NEW

The Wildman Wilderness Lodge represents a great example of recycling in Australian tourism. The core buildings for the new resort were once better known as Wrotham Park Lodge, located in central Far North Queensland.

In early November 2009, following the sale of the lodge by General Property Trust (GPT) to IBA, a team of builders moved onto the Queensland site and over the next 28 days, dismantled the entire infrastructure down to the fixtures and fittings. The cabin verandas and awnings were then removed and the cabin structures lifted onto the back of semi-trailers. The central bar and restaurant facility was dismantled piece by piece—around 70 per cent of it was saved for the move. Two staff accommodation units were

also packed up. Power generators, the water treatment system and sewage treatment system, as well as key electrical infrastructure, were also dismantled and readied for the journey. Water tanks have been sold to local station owners with new tanks being purchased for Wildman.

It took 18 triple road trains to transport the dismantled lodge across the 2,800 kilometres to a warehouse in Darwin, ready to be reconstructed on the Wildman site.

It has been estimated that the recycling of this facility will produce net savings in excess of \$7 million.

Visit www.wildmanwildernesslodge.com.au to find out more.

Subsidiaries and trusts: IBA creates investment vehicles that maximise financial returns for both IBA and its Indigenous partners. Prudent structuring—including subsidiaries and trusts in which IBA is a majority shareholder or has a controlling interest—helps IBA ensure asset security and serve the best interests of relevant shareholders. The following is a list of IBA's subsidiaries and trusts as at 30 June 2010.

Asset Leasing Trust	Indigenous Fishing Trust
Bilioara Pty Ltd	Indigenous Investment Participation Trust
Bowen Basin Holdings Pty Limited	Indigenous Property Trust
Bowen Basin Holdings Trust	Indigenous Investments Trust
Bowen Basin Investments Pty Limited	Kakadu Tourism (GCH) Pty Limited
Cape Don Pty Ltd	Kakadu Tourism (GLC) Pty Limited
Carpentaria Shipping Trust	Leonora Investments Pty Ltd
CDC Nominees (GRC) Pty Ltd	Leonora Investments Trust
CDC Nominees (McArthur River Shipping) Pty Ltd	Larrakia Darwin Hotel Pty Ltd
CDC Nominees (TCTP) Pty Ltd	Monkey Mia Holdings Trust
Consolidated Manufacturing Enterprise Pty Ltd	Mungo Lodge Pty Ltd
Darwin Hotel Holdings Pty Ltd	Mungo Lodge Holdings Pty Ltd
Darwin Hotel Holdings Trust	Mungo Lodge Trust
Diatomaceous Earth Holdings Pty Ltd	Nambucca Heads Land Holding Trust
Elliot Store Pty Ltd	National Indigenous Participation Trust
Elliot Store Holdings Trust	National Indigenous Property Trust
Fitzroy Lodge Investment Pty Ltd	Port Botany Transfer Station Trust
Foxleigh Joint Venture Participation Trust	Scarborough House Investment Trust
Gagudju Crocodile Hotel Trust	Scarborough House Office Trust
Gagudju Lodge Cooida Trust	South Hedland Indigenous Property Trust
Hotel Enterprises Pty Ltd	Swanbrook Road Holding Trust
Hotel Holdings Trust	Tennant Creek Enterprises Pty Ltd
Huntlee Estate Indigenous Participation Trust No. 1	Tennant Creek Enterprises Trust
Huntlee Estate Indigenous Participation Trust No. 2	Tennant Creek Land Holding Trust
IBA Insurance Holdings Pty Ltd	Tennant Creek Supermarket Pty Limited
IBA Property Investments Pty Ltd	Tjapukai Pty Ltd
IBA (Property Holdings) Pty Ltd	TCTP Participation Trust
Indigenous Fishing Pty Ltd	Wildman River Lodge Trust

Outlook

IBA's Equity and Investments Program has refined its investment strategy with a focus on expanding the number of active investments from 27 to a target of 40 within the next five years. The strategy identifies key portfolio sectors and defines the balance between commercial returns and capital growth, while continuing to achieve other economic and social benefits for Indigenous Australians.

The strategy has taken into consideration lessons and experiences from previous investments, while applying rigour to requests from its Indigenous partners and potential partners for strategic investments.

With the economic outlook forecast to improve in coming years, IBA will continue to maximise financial and social returns for both the organisation and its Indigenous partners.

ADVANCING AND SUSTAINING THE COMMERCIAL INTEREST OF THE GAGUDJU ASSOCIATION



In 1998 the Gagudju Association fell into administration and was at great risk of losing the Gagudju Crocodile Holiday Inn and Gagudju Lodge Cooinda. These resorts are situated three hours from Darwin, and offer convenient access to the wonders of Kakadu National Park.

IBA was approached, and negotiated a favourable outcome resulting in IBA acquiring 70 per cent equity in both properties and enabling the Gagudju Association to retain 30 per cent in both assets.

A condition of the transaction was that the Gagudju Association would, over time, have the opportunity to acquire IBA's equity at market valuation. The commercial and legal terms relating to this buy-back arrangement were included in the relevant Shareholders' Agreement and Unitholders' Agreement.

In 2006 the Gagudju Association initiated instructions in accordance with the relevant agreements to acquire 18 per cent of IBA's interest in the Gagudju Lodge Cooinda. On 31 March 2010, the Gagudju Association successfully completed the transaction and acquired 18 per cent of IBA's interest in Cooinda, giving it a total of 48 per cent to IBA's 52 per cent.

The Gagudju Association continues to build a strong and balanced operation and, with the support of IBA, is financially positioned to continue to acquire a greater share of two key iconic assets located in Traditional Country. Visit www.gagudjulodgecooinda.com.au to find out more.

Home Ownership – Output Group 1.2

IBA's Home Ownership Program has enjoyed enduring success. IBA's ability to provide targeted home loan products to Indigenous first home buyers provides an entry point to home ownership that would not otherwise be available. In this way, the Home Ownership Program is increasing the number of Indigenous home owners and improving their chance of long-term wealth and economic independence. Since its establishment in 1975, it has helped more than 14,000 people participate in home ownership.

"Housing and homelessness across the Australian community is a priority policy area for the Australian Government. Most Indigenous people live in urban and regional areas and face significant housing challenges. Aboriginal and Torres Strait Islander people are more likely to have low incomes or be in single-parent or multi-dependant families, making it difficult to pay market rents and meet financial institutions' criteria for loans. Only one quarter of Indigenous adults live in homes owned or being purchased by a member of the household, compared to more than three quarters of non-Indigenous adults. These issues are compounded by the current highly competitive rental market and more general housing affordability issues." – The Hon. Jenny Macklin, MP, Minister for Families, Housing, Community Services and Indigenous Affairs, 2008.

The majority of IBA's new clients have a home loan-to-valuation ratio greater than 90 per cent, and small deposits. In commercial terms, this loan profile would be viewed as high risk and be subject to more stringent credit assessment and loan mortgage insurance. These factors would place home ownership outside the grasp of many Indigenous first home buyers.

Performance

Because of an increased focus on low-income earners, the percentage of loans to applicants with an adjusted combined gross monthly income of not more than 125 per cent of the IBA Income Amount increased from 83 per cent in 2007–08 to 88 per cent in 2009–10, and the percentage of loans to first home buyers from 86 to 92 per cent.

Table 4: Output Group 1.2 performance summary, measured against the IBA Portfolio Budget Statement

2009–10 KEY PERFORMANCE INDICATOR TARGETS	RESULTS
75% of loans are to applicants who have an adjusted combined gross monthly income of not more than 125% of the IBA Income Amount ^a	Actual 88%
75% of loans are to first home buyers	Actual 92%

^aThe IBA Income Amount is equivalent to 100% of the national average weekly male earnings as calculated by the Australian Bureau of Statistics.

Social and economic objectives

The Perceptions of Home Ownership among IBA Home Loan Clients research report, published by the Centre for Appropriate Technology in 2008, confirmed that the IBA Home Ownership Program was meeting its social and economic objectives and having a real impact on the quality of life for a growing number of Indigenous Australians.

"The majority of clients interviewed expressed a sense of pride in ... and considered the ownership a great achievement" – *Perceptions of Home Ownership among IBA Home Loan Clients*, 2008, p47.

The intergovernmental report *Overcoming Indigenous Disadvantage: Key Indicators 2009* described home ownership as a key indicator of wealth and saving, providing a secure asset base that contributed to financial stability and against which people could borrow. A home can be passed from one generation to another, providing security of tenure, which is not always available with rental housing. Home ownership also allows households to build or modify a dwelling to suit their particular needs. The report also indicated that:

- the increase in Indigenous home ownership reflected similar increases in employment and income
- Aboriginal and Torres Strait Islander people were sharing in Australia's general prosperity.

Demand and market conditions

Total general enquiries for the year were 4,394, which is a 34 per cent reduction on 2008–09. This reflects a decision to limit the promotion of the Home Ownership Program, due to the growing waiting list of unmet demand. As a consequence, the number of eligible applicants on the waiting list (as at 30 June 2010) fell by 20 per cent—from 1,323 in 2008–09 to 1,069 in 2009–10.

Overall, the residential property market in Australia continued to experience increased growth in the demand for new and established housing, particularly during the second half of 2009–10. The Reserve Bank also began the process of raising the official cash rate from the low levels of the previous year.

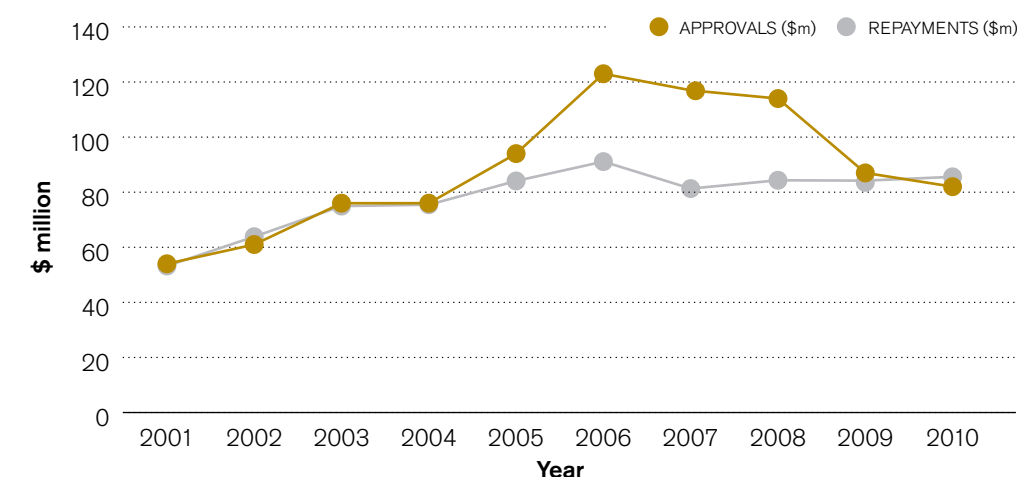


After years of renting, Wayne Ross, Mellissa Smith and their children moved into a home of their own in Macksville, NSW with the assistance of an IBA home loan, and couldn't be happier.

Funding

The level of Home Ownership Program funding in 2009–10 depended on repayments received from borrowers in the repayment or early discharge of loans. As a result, the number of loans that could be approved was determined by the amount received from these sources throughout the year (Figure 12). This level of funding was lower than in 2006–07 and 2007–08 when the Home Ownership Program received additional one-off injections of capital to help address the increased demand for IBA housing loans.

Figure 12: Loan approvals and repayments by amount, 2001–2010



Home loans

IBA assesses loan applications based on the client's income, servicing capacity and credit history, and on the value of the property being purchased. IBA's front-line home loan staff provide borrowers with ongoing loan management and home ownership support.

All IBA loans to purchase homes or to build on vacant land are secured by a registered mortgage, protecting IBA's substantial investment in home lending. The Home Ownership Program has standard lending criteria for assessing loans to purchase or construct houses on freehold land (Table 5).

Table 5: Home Ownership Program lending criteria

CRITERION	DETAILS
Loan purpose	For the purchase, construction or renovation of standard owner-occupied dwellings or for the purchase of residential land on which to build a home.
Income limits	Up to 100% of the IBA Income Amount ^a , the applicant can borrow up to 100% of the home purchase price from IBA.
	Over 100% and up to 125% of the IBA Income Amount ^a , the applicant can borrow up to 60% of the home purchase price from IBA.
	Over 125% and up to 150% of the IBA Income Amount ^a , the applicant can borrow up to 45% of the home purchase price from IBA.
	Up to 225% of the IBA Income Amount ^a , the applicant can borrow up to 20% of the home purchase price from IBA.
Purchase price limits	Purchase price limits are set as a proportion of the Real Estate Institute of Australia median capital city sale price.
Deposit	Minimum of \$3,000 or 5% of the purchase price, whichever is the lesser, depending on individual circumstances (the First Home Owner Grant may be used to meet deposit requirements).
Interest rates	Generally commence at 4.5%, gradually increasing until they reach the IBA home loan rate, currently capped at 1% below market interest rates for owner-occupied homes.
Loan terms	Up to 32 years, determined by the borrowers' ability to meet loan repayments. In certain circumstances, extended to 45 years (the average loan life is eight years, which is similar to that in the commercial home loan market).

^aThe IBA Income Amount is equivalent to 100% of the national average weekly male earnings as calculated by the Australian Bureau of Statistics.

Support for borrowers: By virtue of its statutory obligations, IBA's appetite for risk is necessarily greater than other lending institutions. As such, the program's loan management practices are more focused over the course of the loan. IBA has Service Delivery Units located throughout Australia, to develop and maintain supportive relationships between its staff and clients on a basis of mutual trust and respect.

New lending: During 2009–10, IBA approved 363 new home loans with a total value of \$82.2 million. This was \$4.6 million less than 2008–09, however, IBA was able to approve 15 more loans than in the previous year, as a result of initiatives put in place to reduce the average loan amount. The new lending enabled 1,217 Indigenous Australians to participate in the home ownership experience.

As shown in Table 6, IBA loan approvals were distributed broadly across all geographical areas. Through identifying and targeting high-need regions with realistic opportunities for home ownership, loan processing workloads were adjusted between regional Service Delivery Units.



IBA home lending officer Kerry Flanagan informs customers Daren Marimowa and Darlene Thorn about the home ownership program.

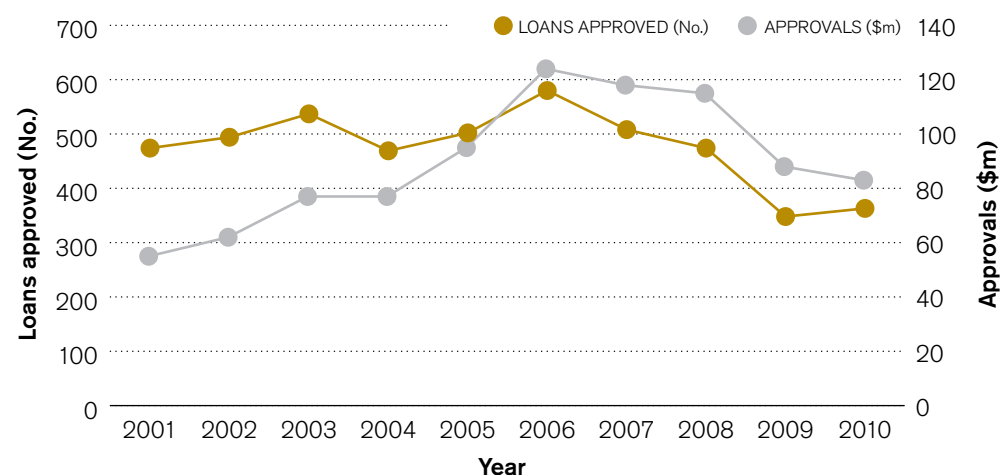
Table 6: Loans approved by Service Delivery Unit geographical regions, 2009–10

SERVICE DELIVERY UNITS	LOANS APPROVED (NUMBER)	LOANS APPROVED (TOTAL VALUE, \$M)	LOANS BELOW 125% OF THE IBA INCOME AMOUNT
Adelaide	1	0.3	1
Alice Springs	9	2.3	8
Brisbane	42	9.7	38
Broome	5	1.7	3
Canberra	10	2.5	7
Cairns	20	4.2	19
Coffs Harbour	53	11.5	47
Darwin	21	5.0	17
Hobart	6	1.0	6
Melbourne	29	5.9	29
Perth	20	5.5	17
Rockhampton	34	8.5	29
Sydney	37	8.1	27
Tamworth	15	3.0	13
Townsville	18	4.1	18
Wagga Wagga	43	8.6	42
Total	363	82.2	321

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

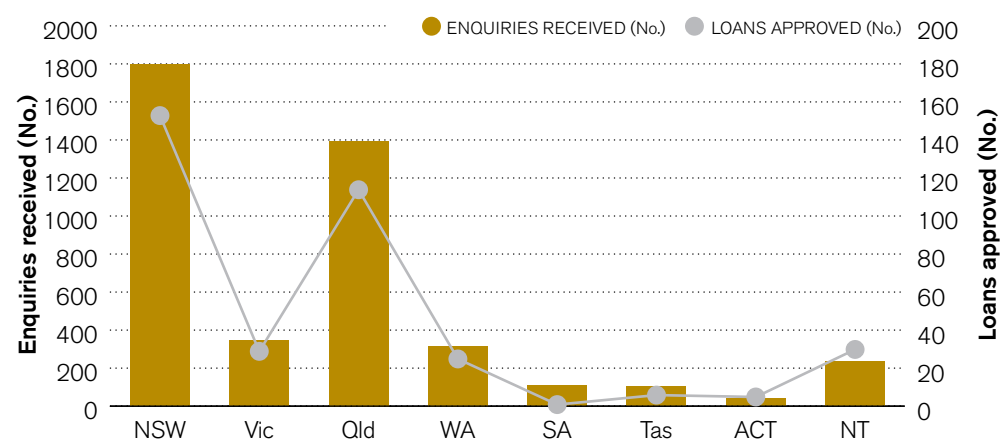
The number of loans and the total value of approvals have declined since 2006. The Australian Government provided a capital injection of \$20 million in 2005–06, and in 2007–08 IBA provided a capital injection of \$25 million from its Investment Account, which enabled a greater number of loans to be approved in those years. Funds available for lending in 2009–10 were sourced solely from loan repayments and early loan discharges (Figure 13).

Figure 13: Number and value of loans approved, 2001–2010



As shown in Figure 14 below, loans approved for each state and territory are broadly in proportion to the number of general enquiries received and to the Indigenous population where lending is possible.

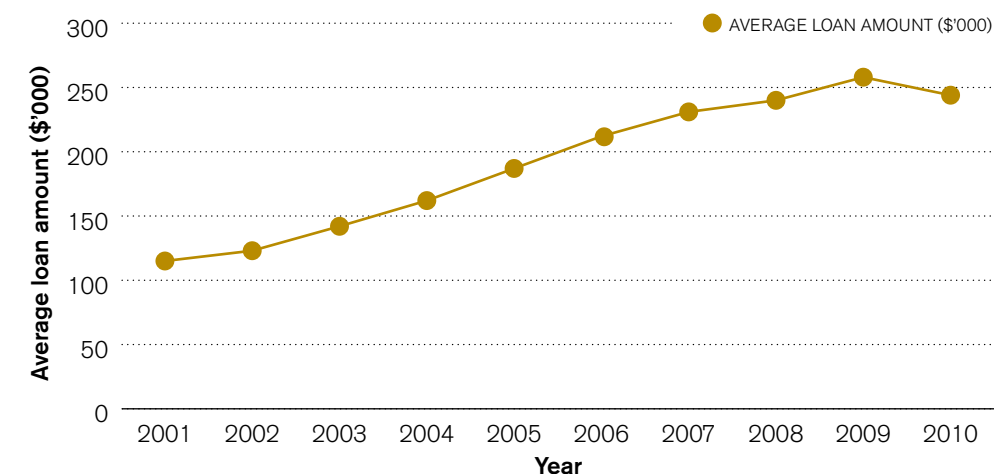
Figure 14: New loans approved and enquiries received by state/territory, 2009–10



Average loan amount: In 2009–10 there was a reduction in the average IBA loan amount (Figure 15, overleaf). This year the average loan amount was \$244,300 compared to the 2008–09 average amount of \$258,210—a 5 per cent decrease in real terms.

This significant reduction can be attributed to an increased focus on helping clients source external loan funding towards the purchase price of a home.

Figure 15: Average loan amount, 2001–2010



Split Loans: A major strategy in 2009–10 was to promote, encourage and assist clients to obtain all or part of their home loan from an external funding source, thus enabling more effective use of IBA's limited funds. The Split Loan product was introduced to facilitate this strategy and entailed IBA working with a number of major lenders to streamline client access to external finance.

IBA's Split Loan product was provided under a second mortgage arrangement, with an average IBA loan amount of \$177,000. As a result, clients obtained an aggregate \$14.1 million in home loan borrowing from external financiers in 2009–10.

Loans for renovations and extensions: IBA continued to provide a range of smaller loans to eligible clients wanting financial assistance for various worthwhile purposes. Through these small loans, IBA supports clients who need assistance for modest renovations or repairs.

In 2009–10, IBA approved eight loans totalling \$0.32 million for renovations, extensions, repairs or maintenance, compared to five loans totalling \$0.17 million in 2008–09.

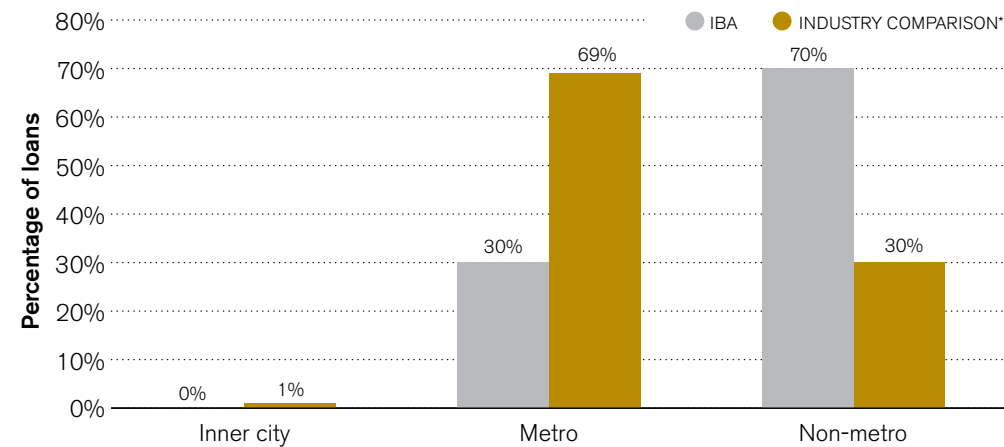
Portfolio profile and management

The Home Ownership Program lending policy and eligibility criteria target high-need applicants on low incomes, who are seeking to obtain basic, affordable home loans. IBA's network of Service Delivery Units assists clients with structured loans to suit individual needs.

Geographical distribution: The geographical distribution of IBA's home loan portfolio shows a marked variation from mainstream lenders as reported by Standard & Poor's *Australian RMBS Performance Watch Report* in March 2010¹. This is consistent with Australian Census data, which shows that a greater proportion of Indigenous Australians live in non-metropolitan areas. IBA's strategy is to ensure its program reaches clients in regional areas who would not normally have the opportunity of home ownership. As shown in Figure 16 overleaf, a greater proportion of IBA Home Ownership Program loans are for purchases in non-metropolitan areas.

¹ All comparisons to Standard & Poor's *Australian RMBS Performance Watch Report*, March 2010 within this publication, are done so with the permission of Standard & Poor's Financial Services LLC.

Figure 16: Portfolio comparison, IBA and mainstream lenders, by geographical distribution



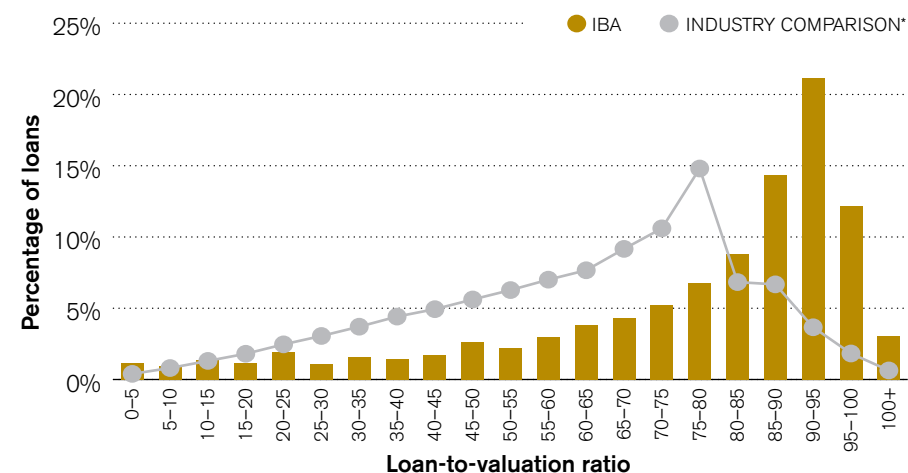
*Note: Industry comparison sourced from the Australian simple average for residential mortgage-backed securities (RMBS) in Standard & Poor's *Australian RMBS Performance Watch Report*, March 2010. IBA's portfolio figures are as at 30 June 2010.

Loan-to-valuation ratio: A loan-to-valuation ratio (LVR) greater than 80 per cent is often described as 'high risk' and often requires that lenders have mortgage insurance. In the mainstream lending market, only 19 per cent of loans have an LVR greater than 80 per cent.

The LVR of loans in the Home Ownership Program portfolio—when compared with Standard & Poor's *Australian RMBS Performance Watch Report* March 2010 benchmark—shows that 60 per cent of IBA's current home loan lending portfolio—and approximately 92 per cent of IBA's lending in 2009–10—has an LVR of 80 per cent or more (see Figure 17 below). First home buyers contributed an average of 3.7 per cent of the purchase price as deposits for their new home. This confirms that the program fills a unique niche in the home loan market and that its products complement, rather than compete with, mainstream lending products.

At the end of 2009–10, the fair value of the Home Ownership Program portfolio was \$403.5 million.

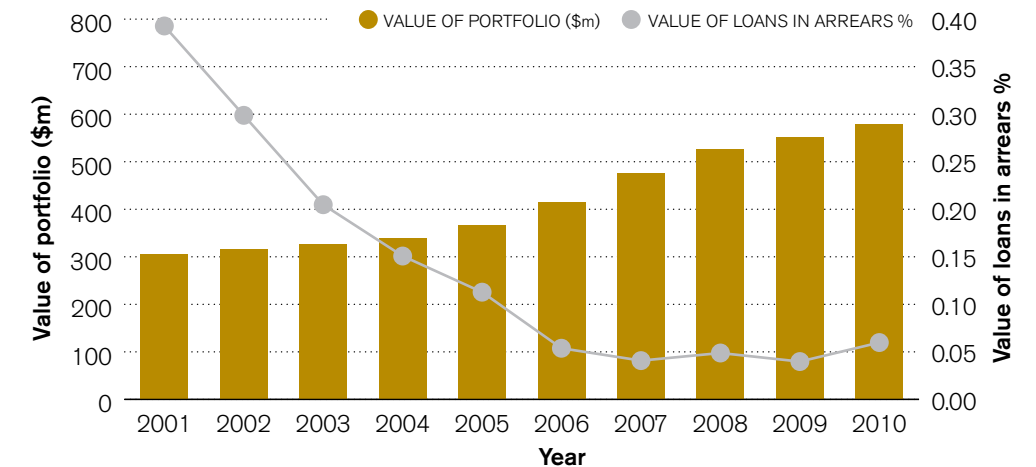
Figure 17: Loan-to-valuation ratio, IBA loan portfolio and mainstream lenders



*Note: Industry comparison sourced from the Australian simple average for residential mortgage-backed securities (RMBS) in Standard & Poor's *RMBS Performance Watch Report*, March 2010. IBA's portfolio figures are as at 30 June 2010.

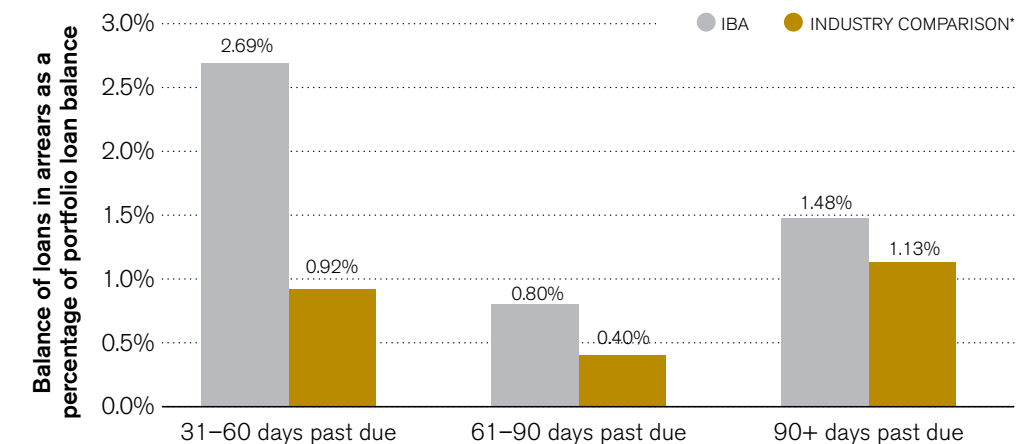
Arrears management: Streamlined arrears management arrangements continue to assist in controlling reportable arrears (two or more non-payments). Reportable arrears represent 0.057 per cent of the value of the housing loan portfolio and this figure has remained fairly consistent for the past five years (Figure 18).

Figure 18: Portfolio growth and arrears decline, 2001–2010



When measured by the total balance of loans in arrears against the portfolio loan balance, IBA compares well to other mainstream lenders as reported by Standard & Poor's *Australian RMBS Performance Watch Report* benchmark of March 2010. As shown in Figure 19 below, IBA has a higher rate of one-off missed repayments, but is close to industry standards when it comes to managing overall portfolio arrears. This demonstrates the effectiveness of IBA's loan aftercare and arrears management.

Figure 19: Arrears loan balances comparison, IBA and mainstream lenders



Note: Industry comparison sourced from the Australian simple average for residential mortgage-backed securities (RMBS) in Standard & Poor's *RMBS Performance Watch Report*, March 2010. IBA's loan arrears balances are as at 30 June 2010.

RISING FROM THE FLAMES



In the savage heat of Black Saturday (7 February 2009), Kim Hunter, 43, was on duty at Kinglake National Park near Melbourne, when she heard that a huge fire was bearing down on the park and her home at the nearby Kinglake Township.

The Indigenous Field Service Officer—a descendant of the Wurundjeri People—had to stay to try to defend the park office, but her house was also under threat. It was her first home, and she had been delighted that, thanks to an IBA loan, she had been able to realise her dream of home ownership, despite the fact she was single.

Kim phoned her uncle to ask him to move her animals to a friend's house further down the mountain.

"He had trouble getting one of my dogs, a German shepherd, into the car," Kim recalls. "I didn't really think my house would be destroyed, so I told him to leave her and a young wombat I had raised, and return for them later."

She had no more time to think about her home. The fire, roaring like a dozen jet engines, was heading straight for Kim and her colleagues.

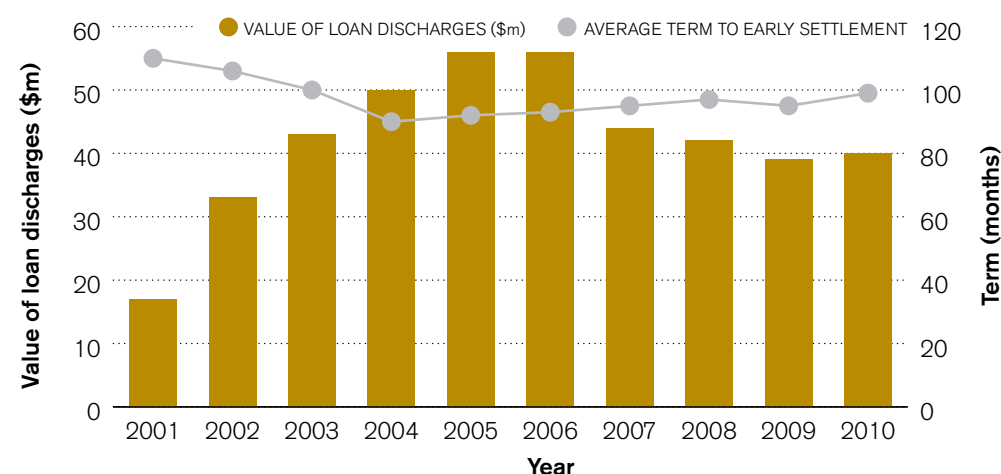
"The sky went black, the smoke was thick and the wind was so strong we knew it was about to hit us," she says.

Through a frightening maze of fallen power poles, flames on either side of the road and virtually no visibility, they made it to a paddock where they bunkered down until the main fire

Loan discharges: Loan discharges represent an important source of income that is applied towards new lending, to assist more first home buyers to achieve home ownership. There are three main reasons for IBA mortgage securities being discharged: the sale of the security property, the loan with IBA being refinanced by another lender, or the loan being fully paid off at the completion of the loan term. In 2009–10, IBA received \$40 million in early settlement loan discharges (see Figure 20 below). This sum was used to fund new loans throughout the year.

In 2009–10, IBA sold six houses under its mortgagee-in-possession powers. The average default amount was \$9,413, up from \$5,053 in 2008–09, which is partly due to the global financial crisis and partly due to the requirement that all home lenders ensure borrowers are given every possible opportunity to retain their homes. Of the six sales, four resulted in residual loan balances owing. One of the residual debts was paid by IBA's insurer. IBA is pursuing repayment arrangements for the other three residual loan debts.

Figure 20: Early settlement loan discharges, 2001–2010



Outlook

The waiting list of eligible applicants seeking home ownership continues to exceed available funds. In order to assist more Indigenous Australians into home ownership, IBA will continue to work with major mainstream lenders to promote and encourage split loans.

The Australian Government announced in the 2010–11 Budget that it would temporarily transfer \$56 million from the Home Ownership on Indigenous Land Program to supplement the Home Ownership Program.

The Home Ownership on Indigenous Land Program has been slower to implement than originally anticipated, due to delays in enacting land tenure reform legislation and finalising community leasing arrangements (see Home Ownership on Indigenous Land – Output Group 1.4 on page 51 for more detail). The temporary transfer of unutilised capital from this program to the Home Ownership Program will allow for more effective use of the funds until demand increases. The Government's approval of the transfer will bring the total budget for new lending in 2010–11 to approximately \$140 million, which is expected to provide an additional 250 loans.

The increased funding available in 2010–2011 will result in the largest annual budget the Home Ownership Program has received since its commencement in 1975. It will further help to close the gap in Indigenous home ownership participation, significantly increasing the total number of Indigenous families that have benefited from the program since its inception.

In 2010–11, some of IBA's borrowers will continue to experience the effects of the global financial crisis and rising interest rates may have an impact on debt servicing. IBA will continue to support clients and provide affordable home ownership opportunities.

RISING FROM THE FLAMES (continued)

front had passed, before emerging to help the Country Fire Authority protect a local primary school that was also under threat from embers.

It was only later that night that Kim could return to her township and survey the wreckage of her home.

“The chaos and devastation was like a bomb had gone off,” she explains. “I went past my house and saw that it was gone and still on fire. I was able to get a text message to my Dad to let him know I was okay, but the office, my car and house were gone.”

It took a while before it dawned on Kim that she had nothing but the overalls she was wearing. Her dog and the wombat had perished in the fire, but her horses had miraculously survived. Fortunately her home was insured, but she learnt a bitter lesson because she had no contents insurance.

Kim was so stunned that it was days before she advised IBA that her home was gone.

Kim and her father talked with IBA employee Alan about what the next step was and what Kim needed to do if she decided she wanted to borrow some more money to rebuild.

“Alan was fantastic and so understanding. If it wasn’t for the understanding and help I got from him, life would have been a lot harder than things already were,” she says.

Kim decided to rebuild her new home in the same area.

“It sounds strange because there didn’t seem to be anything left, but I knew there was a lot of work to rebuild the park. And even though the township and the community were devastated, with so many bad memories, I was still part of all that and knew Kinglake would slowly recover,” she says.

“Also, I understood what everyone was going through and it seemed to make sense for me to stay and help.”



Kim lived in a caravan for the next 12 months while her home was being built, before moving into her new home in December 2009.

“It was very trying at times and winter time in Kinglake is cold and wet, but I knew my Dad and IBA were working out the process and my house was going to be built before another winter,” she says.

Kim is still a firm believer in home ownership.

“I would make sure you are able to make your repayments and don’t over-commit yourself, as you have rates and other costs that come with owning your home,” she says.

“Also make sure you have adequate house insurance. If you are able to do all that, then I say go for it, because it is so rewarding knowing that you are paying for your own home and not someone else’s.”

Home Ownership on Indigenous Land – Output Group 1.4

The Home Ownership on Indigenous Land Program provides loans for people living on community-titled land who otherwise would not be able to obtain home loan finance. According to the Australian Bureau of Statistics 2006 data on Housing and Infrastructure in Aboriginal and Torres Strait Islander Communities, this situation applies to nearly 20 per cent of the Indigenous population living in discrete settlements in rural and remote locations.

In 2009–10, IBA continued to work closely with the Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA), state and territory government agencies and at the community level to implement the Home Ownership on Indigenous Land Program.

Performance

In 2009–10, IBA approved seven loans for an aggregate of \$1.37 million, taking the total approved loans to 15. All loans approved were for borrowers living in Nguui in the Tiwi Islands.

While there is demand for home ownership among Indigenous Australians living on community-titled land—particularly in the community of Nguui in the Tiwi Islands—it will take some time for demand to meet the amount of funding already allocated to the program.

Table 7: Output Group 1.4 performance summary, measured against the IBA Portfolio Budget Statement

2009–10 KEY PERFORMANCE INDICATOR TARGETS	RESULTS
8 new communities actively participating ¹ in the Home Ownership on Indigenous Land Program	Actual 7
40 new loans	Actual 7 Delays in enacting the necessary land tenure reform legislation in Queensland and the Northern Territory—and the time taken to establish jurisdictional and community land leasing frameworks—have meant that rolling out the Home Ownership on Indigenous Land Program has been much slower than originally anticipated.
50 aggregate loans in the portfolio	Actual 15

¹ Actively participating takes into account that there is agreement by the community governance body that HOIL should proceed, land administration frameworks are being developed and IBA has commenced discussions with people interested in home ownership.

Northern Territory progress

Township leases are in place for the communities of Nguui in the Tiwi Islands, Angurugu and Umbakumba on Groote Eylandt, and Milyakburra on Bickerton Island. IBA continues to implement the Home Ownership on Indigenous Land Program in these communities.

During 2009–10, IBA undertook a major initiative to assist the implementation of the Home Ownership on Indigenous Land Program in Nguui. Having identified that many clients were seeking funds to construct new houses, IBA agreed to fund and manage the building of four houses using innovative designs that could be constructed at affordable prices. Construction of these homes was completed in May 2010 and three have now been sold to eligible Nguui residents. This project and IBA’s experiences with other residential constructions have provided valuable insights which will aid the future rollout of the program.

NGUIU RESIDENTS PIONEERING INDIGENOUS HOME OWNERSHIP ON INDIGENOUS LAND

Residents of other communities in the Northern Territory have also expressed interest in home ownership on community-titled land.

However, the land tenure arrangements in these locations could not provide the same level of security as township leases. Consequently, IBA has not yet been able to consider lending in these locations.

Queensland progress

It is taking considerable time for Queensland government agencies and local Indigenous councils to finalise the necessary frameworks, systems and processes to facilitate home ownership in Deed of Grant in Trust (DOGIT) communities. Before Indigenous councils can put in place a leasing scheme, they need to develop compliant town plans. This, together with satisfying native title requirements, will be a requirement for most Queensland communities before they are eligible for loans under the Home Ownership on Indigenous Land Program. Developing town plans includes determining town boundaries and land-use requirements, organising subdivisions, surveying, and where necessary, negotiating Indigenous Land Use Agreements.

IBA and FaHCSIA are currently working with the Queensland Department of Communities—and other stakeholders including the Cape York Welfare Reform Group—on a range of actions to ensure the sustainability of home ownership in Queensland communities. This work includes:

- developing an accepted methodology for determining the sale prices of community housing
- town planning and surveying of DOGIT communities
- template home ownership Indigenous Land Use Agreements
- developing strategies to help Councils manage residential leasing processes
- providing assistance to borrowers to help them maintain home ownership.

At Mapoon in Far North Queensland, IBA—in conjunction with World Vision Australia and the Mapoon Shire Council—has provided funding for World Vision Australia to establish practicable community-based processes and systems for the implementation of home ownership. The project is proving useful in identifying and resolving implementation issues as they arise, and will help inform the establishment of state-wide processes.

Outlook

Home Ownership on Indigenous Land loan applications will continue to be processed in the established Northern Territory sites during 2010–11.

The necessary conditions and prerequisites for lending are expected to be in place for a number of Queensland communities by early 2011, enabling IBA to process formal housing loan applications for some of these sites.

IBA will continue to discuss the implementation of the program with other state and territory government departments and agencies throughout 2010–11.

IBA will also continue to seek innovative solutions to assist the rollout of the program and to ensure the best use of its funds. The Australian Government's decision to temporarily transfer \$56 million in capital funds from the Home Ownership on Indigenous Land Program to the Home Ownership Program will help reduce the waiting period for loan assistance in the latter program. These funds will be returned to the Home Ownership on Indigenous Land Program as and when they are required.

A performance audit of the program is being undertaken by the Australian National Audit Office as part of its cyclic review of Indigenous programs, and is expected to be finalised early in 2010–11.

Luke Tipuamantumirri and Florine Tipungwuti live in the small township of Nguui located on Bathurst Island, in the Tiwi Islands off the north coast of Darwin, in the Northern Territory. Neither would ever have imagined owning their own home.

When IBA began discussions about home ownership for residents living on Indigenous land in 2007, the concept seemed very foreign to both Luke and Florine, as it did to many others living in Nguui. Yet the couple are now among the first residents in Nguui to receive an IBA loan. With the loan funds (and other Government assistance), they were able to become proud owners of their first home and were even able to renovate the house. Now they have an asset that they will be able to pass on to their children.

Luke enjoys owning his house. He says if anyone breaks anything, he will make sure they pay to get it repaired. And as Luke always says: "We both own the home, but Florine is the boss."

The pride that Luke and Florine have in owning their home is apparent when you talk to them. They are true pioneers—Indigenous residents, living in an Indigenous community and owning their own house.



Business Development and Assistance – Output Group 1.3

IBA works with Indigenous Australians to help them succeed in business. The focus is on the long-term viability of the business as distinct from simply getting into business. This objective is achieved through providing business loans to clients who cannot access private sector finance, together with business support to assist clients to access finance and to manage their businesses successfully. Business development is one of the five key focus points listed within the Australian Government's Indigenous Economic Development Strategy. Recognising the importance of Indigenous participation in small business, the Australian Government funds IBA's Business Development and Assistance Program to:

- make small business loans to eligible applicants
- provide expert business guidance and advice through a panel of industry consultants
- identify and promote small business opportunities within an industry, community or geographical location (Economic Development Initiatives).

IBA's business loans and associated products help Indigenous Australians to start businesses and employ staff members who are often themselves Indigenous. The small business operators independently select who they employ, based on the skills they bring into their business.

Performance

During 2009–10, IBA assisted 532 current and potential Indigenous entrepreneurs with 652 business support engagements. Of these, 255 were assessing the feasibility of a business idea, of which 63 did proceed into business, utilising IBA loan products totalling \$10.8 million: 38 started up a business and 25 purchased an established business. A further 120 continue to plan their entry into business, 49 have determined not to go into business and 23 are seeking their finance outside IBA—totalling a further \$9.1 million. IBA also helped 277 Indigenous entrepreneurs meet their ongoing support needs to remain in business.

From IBA's existing business loans portfolio, 18 businesses borrowed a total of \$2.8 million to expand or consolidate their existing business enterprises. Business survival rates also improved, as shown in Table 8, thanks to more rigorous loan approval processes.

Table 8: Output Group 1.3 performance summary, measured against the IBA Portfolio Budget Statement

2009–10 KEY PERFORMANCE INDICATOR TARGETS	RESULTS
60% survival rate for new businesses funded past the first year	Actual 90% ¹
20% of clients who have been assisted through business support or Economic Development Initiatives have started and remain in business	Actual 25% ²

¹ Expressed as the cumulative percentage of businesses that operated a minimum of 12 months from IBA loan funding date since 1 July 2005.

² Sixty-three clients entered into business out of 255 applicants of pre-business support from IBA.

Table 9 outlines the core activities of the program during 2009–10 and compares it to the prior reporting period.

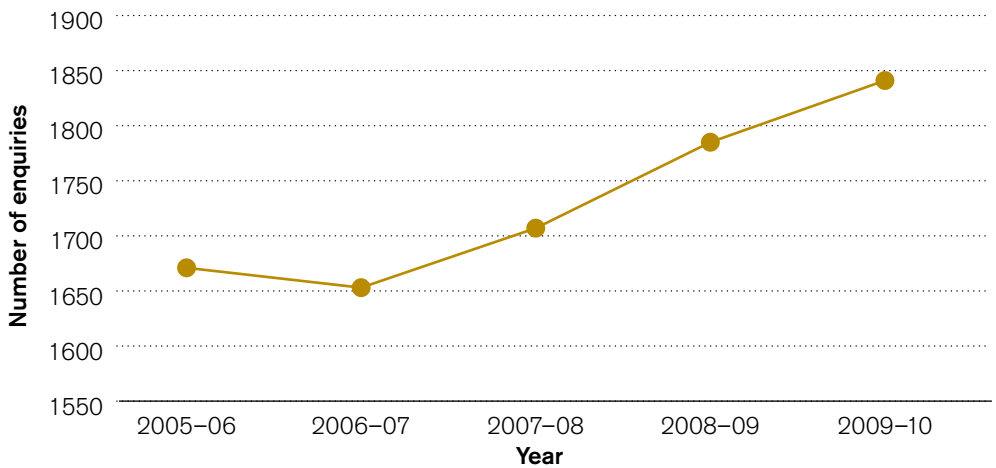
Table 9: Business Development and Assistance Program key activities statistical summary, 2008–09 and 2009–10

ACTIVITY	2008–09	2009–10
Enquiries answered	1,785	1,841
Business loans approved		
– Value (\$millions)	14.9	13.6
– Number	63	81
Business loans declined	27	22
Indigenous jobs created or supported through business loans approved	168	170
Non-Indigenous jobs created or supported through business loans approved	84	56
Business support expenditure (\$millions)	7.8	6.4
Economic Development Initiative expenditure (\$millions)	2.0	1.7
Economic Development Initiatives supported	56	75

Market demand

Business-related enquiries have been steadily increasing over the past four years (see Figure 21).

Figure 21: Business-related enquiries received, five years to 2009–10



Work commenced late in 2009–10 to capture Australian Bureau of Statistics (ABS) data on Indigenous population numbers, home ownership, income and education qualifications, with a view to determining the potential market size and geographical locations for business development support. Results from this analysis should allow better targeting and promotion of business development support in 2010–11.

Social and economic objectives

Indigenous small business owners are a small but important group within the community. In the 2006 Census, 5.5 per cent of employed Indigenous Australians indicated they operated their own business, compared to 16.4 per cent of employed non-Indigenous Australians. Participation has more than doubled since 1991, according to Census data (from 3,232 in 1991 to 6,599 in 2006).

The following table identifies some characteristics for self-employed Indigenous Australians.

Table 10: Self-employed Indigenous Australians, ABS data, 2006

2006 CENSUS DATA	INDIGENOUS EMPLOYEES	SELF-EMPLOYED INDIGENOUS AUSTRALIANS
Own their own homes	40%	68%
Employed full time (males)	68%	76%
Employed full time (females)	49%	51%
Median weekly income (male)	\$715	\$802
Median weekly income (female)	\$687	\$582
Attained a Certificate III or higher degree	29%	45%

Source: Australian Bureau of Statistics Report 4722.0.55.009, *Self-employed Aboriginal and Torres Strait Islander People, 2006*.

Indigenous small business owners face unique challenges compared with other small business owners in Australia, often even before they enter into business.

"In general, successful entrepreneurs require some level of education, good financial literacy and access to capital. Historically, Indigenous Australians have not had the same level of access to these business necessities, thus reducing their participation and range of business opportunities. Indigenous business relations are often constrained as a result of overt or covert discrimination and a lack of business networks. A culture of obligatory sharing often works counter to good business practice. However, good business mentors, strong support networks and help from family or communities all have a positive influence on the success of Indigenous small business owners." – Indigenous Small Business Owners in Australia, Australian Taxation Office Report, 2009.

Business loans

IBA's products and services are targeted to small businesses that are predominantly owned by Indigenous Australians. Our lending policies have been formulated based on years of experience operating in this unique lending environment, and represent the very delicate balance between commercial viability and economic opportunity for our applicants.

The main eligibility criteria for IBA business loans are that the:

- loan must be used to establish, buy or expand a business; to buy or set up a franchise; to consolidate existing business loans; or to make strategic investments (subject to additional criteria)
- applicant must present a commercially viable business proposal
- applicant must have a cohesive business plan and relevant industry knowledge or experience.



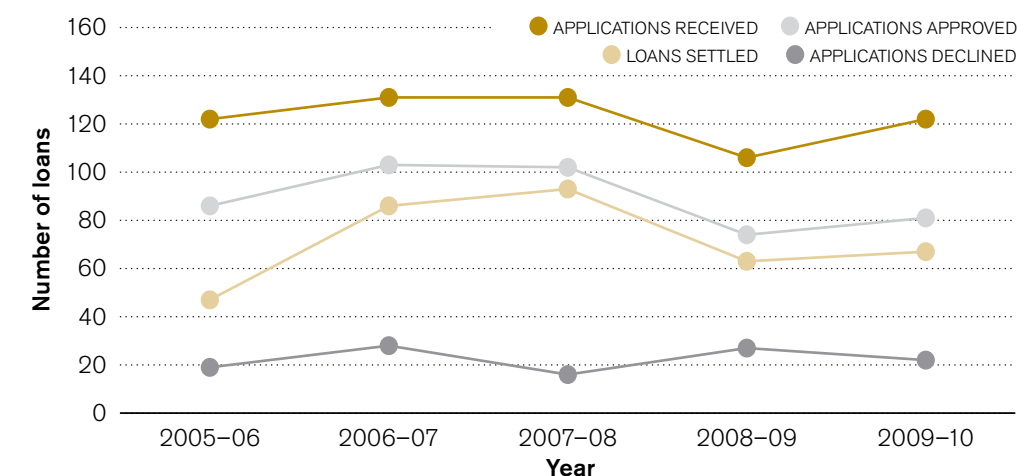
The Toryzn family (pictured) said they went into business to build a future for their kids. Their family-run printing business provides ongoing financial independence and security and is something for their children to own in the future if they choose.

IBA has applied increased rigour in loan assessment processes and strengthened loan management requirements as a strategy to arrest the growing trend in loan failures experienced in recent years. Since 2008, these changes have resulted in:

- more conservative lending assessment processes
- a lower percentage of business loan applications being approved
- a greater percentage of approved business loan applications proceeding to settlement
- an increase in business support for mentoring once a client is in business
- overall business loans portfolio numbers remaining relatively stable (312 in June 2009 and 309 in June 2010).

Figure 22 below shows the trends associated with business loan applications. While the number of unsuccessful applications has remained relatively constant, the number of applications withdrawn by clients or for which approval conditions were not met has diminished.

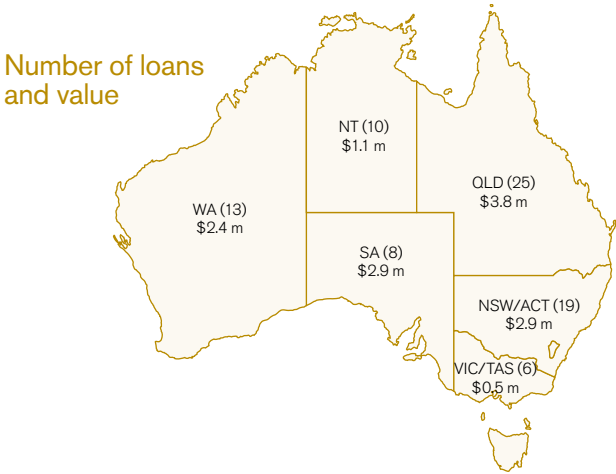
Figure 22: Business loans, key activities statistical summary, five years to 2009–10



Support for borrowers: IBA maintains a network of 13 offices around Australia where small business support managers can assist clients face-to-face, and a national Freecall™ telephone number to connect clients with their nearest IBA small business support manager. Through its business support service, IBA maintains a panel of business consultants (comprising 186 business consultants as at 30 June 2010) and industry experts to help clients manage their businesses.

New lending: During 2009–10, IBA approved 81 new business loans—including 38 for new businesses—with a total value of \$13.6 million.

Figure 23: New business loans by state number and value, 2009–10



Portfolio profile and management

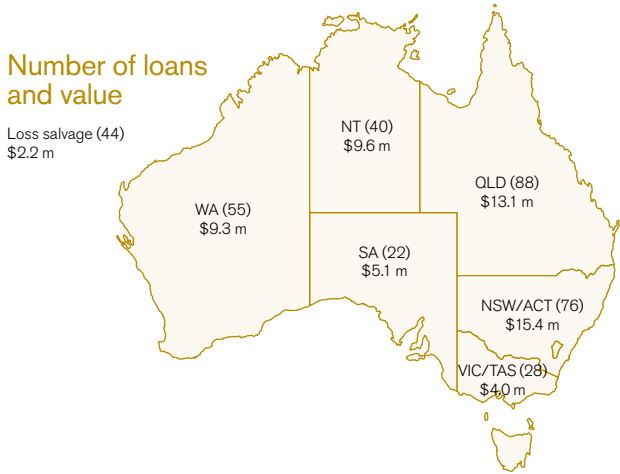
In commercial lending terms, the Business Development and Assistance Program operates at the very high end of the risk spectrum. This is magnified by IBA's 2007–08 policy decision to seek a niche client base of candidates who generally cannot access mainstream finance. IBA aims to mitigate those risks through the concessional nature of the business loans and the intensity and quality of the business support it provides.

Like any other finance organisation, IBA monitors trends in key aspects within the portfolio, including:

- profile – the number and value of loans, location and industry
- arrears – the number and value of repayments and loans clients have missed
- loss salvage – the number and value of loans that have defaulted and where loan payout has been demanded (including selling the security)
- write-offs – the number and value of loans where recovery of the debt is unlikely and has been written off.

Profile: As at 30 June 2010 the loan portfolio was \$58.7 million. Figure 24 overleaf identifies the portfolio by number of loans, state and value of loans.

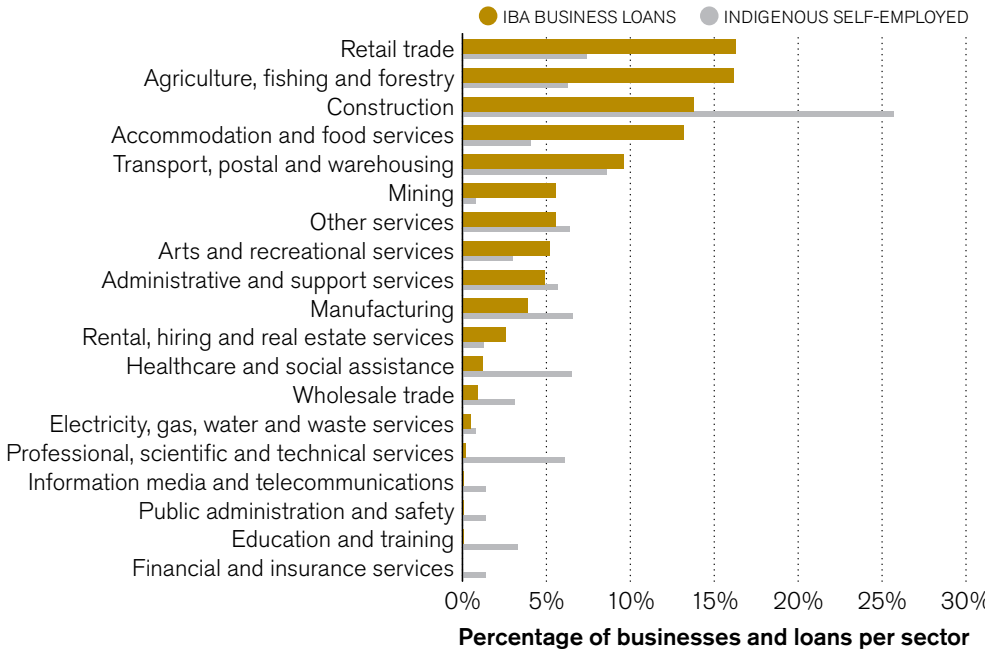
Figure 24: Business loan portfolio by state, 2009–10



The geographical profile of the portfolio reflects other key Indigenous statistical data such as self-employment and population.

The IBA business loan portfolio is well diversified with only four industry sectors exceeding 10 per cent of total value, which also represents the major sectors of Indigenous self-employment. The industries under represented in the IBA portfolio tend to be government-funded sectors or sectors that already have good access to mainstream finance. The construction industry has the largest variance between IBA exposure and industry participation by Indigenous businesses. Figure 25 below identifies the portfolio by industry type with comparison to ABS Census 2006 data on Indigenous self-employment.

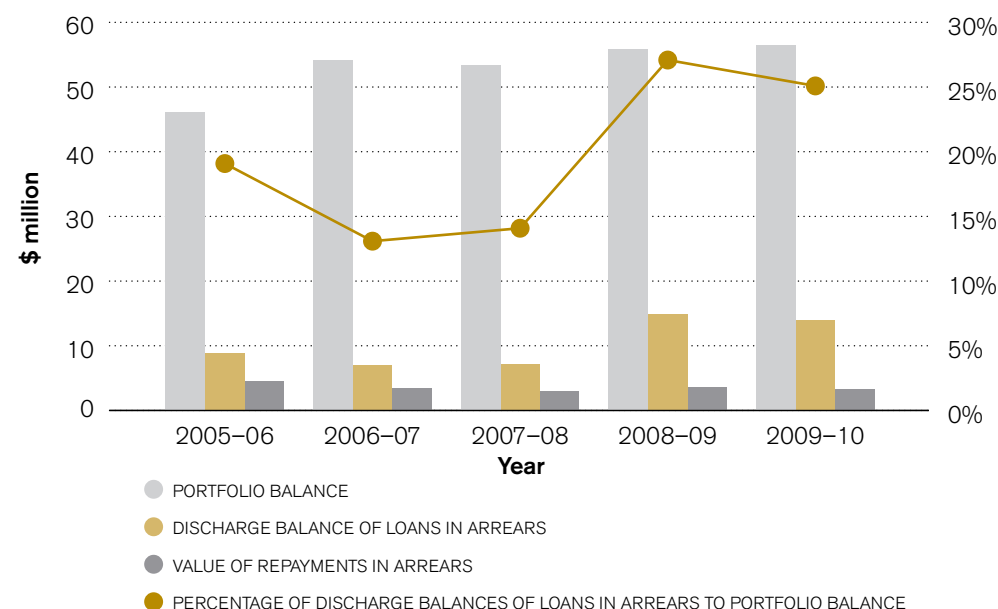
Figure 25: Business loan portfolio by industry sector



Source: Australian Bureau of Statistics Report 4722.0.55.009, *Self-employed Aboriginal and Torres Strait Islander People*, 2006.

Arrears: Reportable arrears are defined as those two months or more past their due date. Figure 26 identifies the discharge balance of reportable arrears accounts as a percentage of the active loan portfolio balance over the five-year period to 2009–10. There were 53 reportable arrears accounts as at 30 June 2010 (with a discharge balance of \$13.9 million) compared to 70 accounts as at 30 June 2009 (with a discharge balance of \$14.8 million).

Figure 26: Business loans portfolio reportable arrears, five years to 2009–10



Historically, IBA has reported the value of reportable arrears repayments as a percentage of the active loan portfolio. For comparative purposes the 2009–10 result is 5.9 per cent, down from 6.4 per cent last year.

It should also be noted that 13 loans (less than 4 per cent of the loan portfolio by number) account for 48.9 per cent (\$6.8 million) of the arrears position.

Loss salvage: As at 30 June there were 44 loan accounts in loss salvage with a total loan balance of \$2.2 million. This represents a decrease of 22 accounts from 30 June 2009 and a reduction in loan value of \$0.3 million.

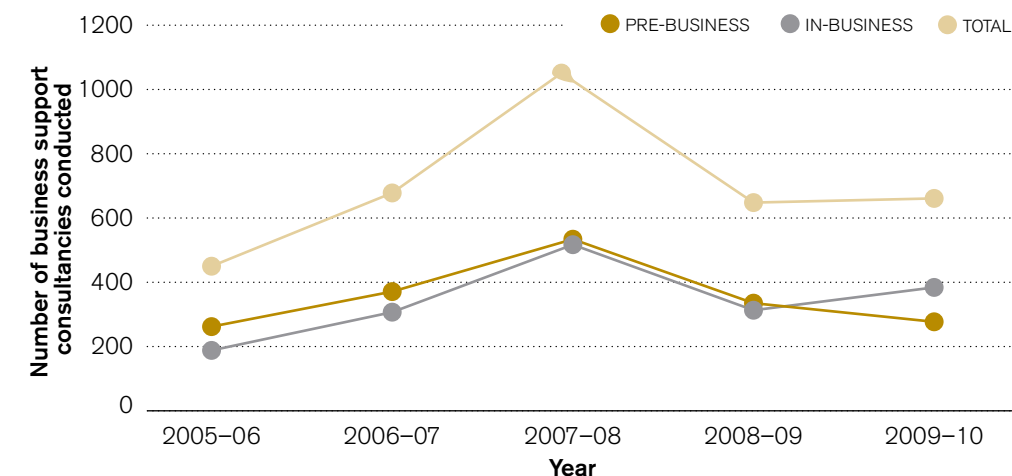
Write-offs: During 2009–10, 76 write-offs occurred on 60 loans, totalling \$4.7 million. However, \$1.9 million was recovered on six loans previously written off, resulting in a net write-off for 2009–10 of \$2.8 million.

Business support

Business support tailored to individuals and their small business needs is an integral part of IBA's Business Development and Assistance Program. Business support is delivered through a panel of business consultants and helps clients achieve self-reliance.

Figure 27 overleaf identifies the number of business support consultancies conducted.

Figure 27: New business support by type, five years to 2009–10



Pre-business support involves providing a consultant to prospective Indigenous small business entrepreneurs to help them determine the viability of a business idea and draw up a formal business plan.

In-business support refers to existing Indigenous small business entrepreneurs who seek support on issues such as financial planning and management, marketing, procedure development, website development and industry expertise. In 2009–10 IBA made it a policy that all new business loan clients would receive at least six months of mentoring after setting up their business, as this is usually one of the riskiest periods when establishing a new business.

Mainstream finance: Where appropriate, IBA helps clients meet the lending criteria of a mainstream bank or finance company. In these situations, IBA may assist by providing business support for the application requirements, such as preparing a business plan or cash-flow forecast. IBA can also provide this kind of business support once clients are in business, regardless of the lender involved.

In 2009–10, IBA assisted or referred to mainstream lenders 23 applicants seeking loans to the value of \$9.1 million.

NAB Microenterprise loans: This partnership between IBA and National Australia Bank (NAB) enables Indigenous entrepreneurs to apply for concessional loans of up to \$20,000 under the bank's award-winning Indigenous Entrepreneur Microenterprise Program. IBA provides ongoing mentoring and support for these NAB clients.

To date, IBA has referred 11 applicants to NAB and 10 have been successful in obtaining loans to the total value of \$176,000.

Economic Development Initiatives

Economic Development Initiatives (EDIs) support Indigenous economic and business development by funding projects that build business skills, encourage the pursuit of research economic opportunities, help overcome barriers, and provide access to relevant information and assistance.

EDIs differ from business support because they are designed to support multiple beneficiaries or overcome an identified skills gap, whereas business support is delivered to an individual client or business. In addressing a skills gap, for example, clients who are assessed as not yet business-ready can be referred to skills development workshops that are supported financially by an EDI. As their skills improve, clients may then be eligible to receive one-on-one business support.

In 2009–2010, 75 EDIs were approved, commenced or completed, many of which were carried over from the previous year. There were 10 EDIs in progress as at 30 June 2010.

Table 11 provides examples of the major EDI projects conducted during 2009–10.

Table 11: Economic Development Initiatives projects, 2009–10

EDI TYPE	PROJECTS	OUTCOMES
Industry-specific projects	Indigenous Tourism Champions Program; tourism accreditation training; trade event marketing	Provided essential business skills to Indigenous tourism operators around Australia. This support included mentoring and accreditation training.
Business training	Leedal Pty Ltd, Fitzroy Crossing	Helped Indigenous community businesses develop their business skills so they could successfully establish and manage viable businesses in the community.
Business tools	Indigenous tourism e-commerce and website development (see case study on page 63)	In 2008–09, IBA provided assistance to 40 operators. In 2009–10, 84 operators received assistance, an increase of over 100 per cent. As a result of this support, each operator is experiencing an increase in bookings.
Intensive regional capability project	Galliwin'ku – Exit Strategy	Between 2007 and 2009, 24 micro businesses commenced operation with the support of this intensive assistance project. As at 30 June 2010, 14 of these business are still trading; two owners moved into full-time employment; one moved away from the community; one ceased trading due to lost CDEP support; five decided not to continue self-employment; and one abandoned due to personal reasons. The three-year project is now in the final phase.
Regional scoping	Ngukurr; Communities In Business; Katherine Economic Development	These projects identify opportunities and capacities within a region that IBA can help exploit and develop through such means as business support, loans and training.
Skills development workshops	Workshops designed to inform and educate Indigenous communities about the responsibilities of small business	In 2009–10, IBA facilitated 22 workshops around Australia.

Outlook

The challenges for Indigenous participation in small business remain significant, and much still needs to be done to achieve equal business opportunities for Indigenous and non-Indigenous Australians. This means IBA must continue to deliver improved business support to its Indigenous small business clients. To this end, IBA has conducted an internal review of the Business Development and Assistance Program, which has indicated areas of program delivery where improvements will be pursued in 2010–11. A key issue will be the review and definition of acceptable loan performance outcomes and product refinement to assist and promote Indigenous small businesses.

Following a successful trial during 2009–10, IBA will be implementing more tailored and targeted business workshops to ensure potential clients are fully aware of and prepared for the challenges involved in establishing a small business. It is expected that with improved participant awareness of business requirements, increased 'self-filtering' may occur, resulting in lower numbers of business loan applications, as well as the capacity to better target and improve the cost-effectiveness of business support. It is also expected that with feedback from clients, staff and business support consultants, these workshops will be progressively enhanced to ensure clients establishing businesses are more prepared for entering business and have a greater likelihood of sustained success.



ONLINE BOOST FOR INDIGENOUS TOURISM OPERATORS

Indigenous tourism operators are reaping the benefits of online trade, thanks to an IBA EDI that funds V Cubed Pty Ltd, a specialist in tourism and leisure e-commerce, to install the online booking system Frontdesk. The EDI for Indigenous tourism operators includes ongoing Frontdesk technical support and product development advice.

It is estimated that the Frontdesk online booking system will be suitable for 143 of the 239 registered Indigenous tourism operators in Australia. The 68 Indigenous tourism operators that have joined the tourism e-commerce

revolution are receiving on average 62 per cent more bookings each month and experiencing a 53 per cent rise in their average booking value.

The EDI has been running for 21 months and is due to end in September 2010, but may be extended to allow more operators to become involved.

"We get many bookings via our website and online distributors, and the customer details are automatically added to our system," says Tess Atie, owner of NT Indigenous Tours. "We also use Frontdesk to manage our offline bookings. We can quickly and easily report on occupancy, bookings, accounts, commissions and more.

"Installing the system has allowed us to concentrate entirely on delivering our tours. Having the 'book online' button on our website means people can make confirmed bookings the moment they've decided the tour is for them."

Tourism NT, Tourism NSW and ACT Tourism recently agreed to use the Frontdesk system, providing greater exposure for the Indigenous operators that have already signed up for this project.





SPECTACULAR BUSINESS OUTLOOK – KOOLJAMAN AT CAPE LEVEQUE

Kooljaman at Cape Leveque is a multi-award winning wilderness camp located 220 kilometres north of Broome, on the tip of the Dampier Peninsula. The camp is proudly owned by the communities of Djarindjin and One Arm Point.

Previously, the Federal Department of Transport controlled the land to operate a lighthouse. In 1986, the lighthouse became automated, and the land was purchased by the Aboriginal Development Commission for the benefit of Indigenous Australians. The Commission—along with other government departments and the Bardi people—chose to develop the area into a tourism complex, linking traditional ways with modern tourism.

IBA has assisted Kooljaman with finance to construct a new restaurant, reception and kiosk building. IBA's construction team also provided building expertise—including quantity surveying, cost-to-complete calculations at each progress stage, and feedback on contracts. This latter aspect raised a potential risk to sacred sites on the traditional lands, which was addressed quickly and successfully.

From the beginning, the emphasis has been to develop a low-key, low-impact project, of a type and structure that can be controlled by local people, and of a size and extent that minimises the impact on the environment. Future potential includes Indigenous-operated tourism ventures where visitors can experience the beauty of the area, while participating in unique experiences and activities.

All parties to the project worked cooperatively to achieve the best possible solutions. The result, like the location, is spectacular. Visit www.kooljaman.com.au to find out more.



MANAGEMENT AND ACCOUNTABILITY

The IBA Board in Melbourne during NAIDOC Week 2010.

066 Management and Accountability

- 066 Enabling legislation
- 066 Corporate Plan
- 066 Responsible Minister
- 066 Ministerial directions and general policies of government
- 067 The IBA Board and its role
- 074 Committees
- 075 Internal governance arrangements
- 076 External review
- 079 Other statutory requirements

Management and Accountability

IBA guides the delivery of its outputs through its corporate governance framework. This framework comprises IBA's enabling legislation and other legislative instruments, managerial and organisational structures, corporate policies and strategies and resource management practices.

Enabling legislation

IBA's enabling legislation is the *Aboriginal and Torres Strait Islander Act 2005* (the ATSI Act). The purposes of IBA are set out in section 146 of the ATSI Act. They are:

- a) to assist and enhance Aboriginal and Torres Strait Islander self-management and economic self-sufficiency
- b) to advance the commercial and economic interests of Aboriginal persons and Torres Strait Islanders by accumulating and using a substantial capital base for the benefit of the Aboriginal and Torres Strait Islander peoples.

Corporate Plan

The ATSI Act requires the Board to prepare a Corporate Plan that sets out a statement of IBA's objectives, and outlines the strategies and policies that the Board intends to adopt to achieve those objectives. This plan must make particular reference to the Board's intentions in relation to investments, loans, guarantees and other financial aspects of its operations. IBA is required to review the plan regularly.

IBA's Corporate Plan 2008–13 was developed by the Board in July 2008 through a process of planning and discussion. The plan sets the strategic direction for IBA. It is available on the IBA website: www.iba.gov.au.

Responsible Minister



The Hon. Jenny Macklin, MP, Minister for Families, Housing, Community Services and Indigenous Affairs (FaHCSIA), was the responsible Minister for the whole reporting period.

Ministerial directions and general policies of government

During 2009–10, the Minister made no directions to IBA under section 151 of the ATSI Act.

Previous Ministers exempted IBA from the requirement to comply with general government policies of:

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

Although exempted from complying with some aspects of foreign exchange risk management, IBA is required to report foreign exchange exposures, gains and losses to the Department of Finance and Deregulation. IBA is also required to comply with guidelines on the making of appointments to, and setting of remuneration for, public offices established under legislation. During 2009–10 IBA was exempted, by regulation, from compliance with most aspects of the National Consumer Credit Code.

The IBA Board and its role

The IBA Board is appointed by the Minister. It comprises eminent Indigenous and non-Indigenous members with extensive and varied business expertise. The Board consists of a Chair, a Deputy Chair, and seven other members. The ATSI Act requires that the Chair and a majority of the Board are Indigenous Australians.

In general, the IBA Board is responsible for:

- setting the strategic direction for IBA and identifying its strategic opportunities and risks, as per section 149 of the ATSI Act
- preparing and reviewing IBA's Corporate Plan for consideration by the Minister
- appointing the Chief Executive Officer (General Manager) and overseeing the activities of the CEO (GM) in carrying out his or her delegated duties, responsibilities and authorities
- supervising and evaluating the performance of the CEO (GM)
- approving and reviewing IBA's Budget, performance measures and input into the FaHCSIA Portfolio Budget Statements
- determining IBA's governance policies, including the policy principles for establishing, directing and monitoring Board Committees, and policy relating to staff terms and conditions
- monitoring and reviewing IBA performance against objectives, ensuring IBA strives for continuous improvement, and reviewing Board and Board Committee performance
- monitoring new and emerging risks and the integrity of IBA's risk management framework
- preparing IBA's Annual Report
- completing an annual compliance report which asserts IBA's compliance with the *Commonwealth Authorities and Companies Act 1997* (the CAC Act) and related Regulations and Orders.

The Board is accountable to the Minister for the strategic and operational performance of IBA, and strives to maintain a strong, positive relationship with the Minister. It is responsible for keeping the Minister informed of IBA's activities and consulting the Minister in relation to significant decisions. Consistent with longstanding government practice, the Board consults with the Minister in relation to the appointment of the Chief Executive Officer (General Manager). The Minister also consults IBA about Board appointees whenever there is, or expected to be a vacancy, as required by section 158 of the ATSI Act.

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

The Board recognises the importance of applying sound governance principles and practices to ensure that IBA meets its objectives. This includes the processes by which IBA is directed, controlled and held to account and in particular, the policies, structures and processes it uses to meet its objectives and its legal and other responsibilities.

The Board implements the governance principles to:

- establish and disclose the respective roles and responsibilities of the Board and management
- exercise key Board functions efficiently and effectively, including ethical and responsible decision making
- exercise sound Board governance processes to facilitate the achievement of IBA objectives
- strive for the continuous improvement of Board and IBA processes.

The IBA Board held six meetings in 2009–10. The composition of the Board is set out in Table 12 on page 74. All directors are non-executive directors. You can read their individual profiles from page 69 onwards.

Board development and review: New Board members undertake a formal induction into their role, including a meeting with the Chair and CEO (GM). They also receive a briefing pack containing information and documentation relevant to Board processes, as well as relevant governance documents, including copies of the ATSI Act, the Board Governance Charter, and recent Board papers and minutes.

A commitment to ongoing director development is a commitment to the continuing improvement of the entire organisation. Therefore, directors are required to pursue their own development and continuously update their knowledge, to attain and maintain the levels of competence demanded of them. As such, directors are, with the assistance of IBA, expected to undertake ongoing professional development that is relevant, required and in line with IBA's needs.

Ethical standards: The Board has adopted a Board Governance Charter which provides for a Directors' Code of Conduct. The charter includes guidelines for dealing with directors' conflicts of interest—including material personal interests—in line with the requirements of the CAC Act.

Remuneration: IBA's directors are entitled to remuneration and allowances in accordance with section 194 of the ATSI Act.

Details of directors' remuneration and interests are set out in notes 15 and 16 of the financial statements (pages 143–144).

Access to information and outside advice: Directors have access to all information necessary (including previous agenda papers) to perform their duties.

Directors may obtain independent professional advice if they believe it is necessary to fulfil their due diligence responsibilities, subject to making a request to—and obtaining the prior authorisation of—the Chair. Where the Chair wishes to obtain independent advice, he or she is required to make a request to and obtain the prior authorisation of two other directors.

Indemnity and insurance: IBA indemnifies current and former directors and staff against any liability or costs incurred in connection with any claim brought against them as a result of or in connection with their appointment to any office or position in IBA or a related entity. IBA has directors' and officers' liability insurance cover through Comcover, the Australian Government's self-managed fund. As part of its annual insurance renewal process, IBA reviewed its insurance coverage in 2009–10 to ensure that it remained appropriate for its operations.

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

The cost of directors' and officers' indemnity insurance for 2009–10 was \$12,049.



Dr Dawn Casey
Chair

First appointed 29 June 2009 for five years

The role of the Chair is to ensure that the Board accomplishes its functions and responsibilities in accordance with the ATSI Act.

Dr Dawn Casey, the Chair of IBA, is also director of the Museum of Applied Arts and Sciences, which manages the Powerhouse Museum and the Sydney Observatory.

Dawn served as the Western Australian Museum's CEO from 2005 to 2007. She is particularly well known for her work as the director of the National Museum of Australia in Canberra. She oversaw the construction and development of the museum, leading to its opening as a Centenary of Federation project in 2001.

Dawn has contributed greatly to Indigenous policies and programs and to Australia's cultural heritage. In senior executive roles in the Department of Prime Minister and Cabinet, she was responsible for establishing the Council for Aboriginal Reconciliation, and for initiating the joint Commonwealth–State response to the Royal Commission into Aboriginal Deaths in Custody.

At AusAID, the Australian Government's overseas aid program, Dawn's responsibilities included Multilateral Development Banks, the United Nations, the World Health Organization and other international programs.

Dawn also represented Australia internationally on the Development Board for Commonwealth Countries, the Global Environment Facility and on various United Nations delegations.

Dawn serves on a number of university boards and committees and is an Adjunct Professor at the University of Queensland and Griffith University. She is also Chair of the Advisory Board for the Centre for Cultural Materials Conservation at the University of Melbourne.

Dawn's awards for achievements include:

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



Mr Bob Blair
Deputy Chair

First appointed 3 July 1998

Reappointed 19 November 2009 until 31 August 2010

Bob Blair formed his interest in organisational administration and training during his 21 years of service in the Australian Army. He is the administrator of the Dreamtime Cultural Centre in Rockhampton, Queensland, which he joined in 1987.

Along with his extensive business background, Bob holds a Leadership in Management Medal from the Australian Institute of Management, Central Queensland; and an Honorary Master of Business Administration from the University of Central Queensland. His other awards include:

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



Ms Leah Armstrong
Director

First appointed 19 March 2001

Reappointed 16 June 2010 for two years

Leah Armstrong is a foundation member of the IBA Board, who for many years was the Executive Director of Yarnteen Ltd, a not-for-profit Indigenous organisation based in New South Wales. For 17 years, Leah worked to ensure that Yarnteen was an effective commercial organisation with strong governance, strategic direction and financial accountability. She brings to the Board valuable knowledge of the issues that Indigenous communities face when taking the path of economic development.

Leah's other directorships and committee appointments include:

- CEO, Reconciliation Australia
- Director, Australian Indigenous Minority Supplier Council
- Member of the National Policy Commission on Indigenous Housing
- Board member, Jobs Australia Foundation
- Board member, Hunter Region Sports Venue Authority.



Ms Valerie Cooms
Director

First appointed 16 June 2010 for three years

Valerie Cooms belongs to the Nunukul people of Minjerriba (also known as North Stradbroke Island) and has six grandchildren. She is currently a Visiting Research Fellow with the Australian Institute of Aboriginal and Torres Strait Islander Studies. She has extensive experience in government at both the federal and state level. Valerie's previous positions include:

- CEO of Queensland South Native Title Services
- Teacher, Access Division at Inverell and Tamworth TAFE colleges
- Lecturer and director, Oorala Aboriginal Centre, University of New England
- Chief Executive Assistant to the CEO of the Aboriginal and Torres Strait Islander Commission
- Assistant Manager, Royal Commission into Aboriginal Deaths in Custody Monitoring Unit
- Senior Vocational Officer and Manager of Aboriginal Programs, Department of Employment, Education and Training
- Field Officer with the Aboriginal Health Program Cunnamulla (National Trachoma and Eye Health Program).

Valerie holds a Bachelor of Arts degree from the Australian National University, a Bachelor of Arts (with Honours) degree from the University of New England, a Certificate IV in Assessment and Workplace Training, and a PhD candidature from the Queensland University of Technology, Brisbane.



Ms Jenny Boddington MA (Hons) Oxon, MAICD
Director

First appointed 19 March 2001

Reappointed 16 June 2010 for two years

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

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

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

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



Ms Judy Hardy
Director

First appointed 9 August 2004
Reappointed 19 November 2009 for two years

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

Judy operates an independent national consulting business from Adelaide, South Australia, and is owner and director of three other businesses operating in Australia, China and Morocco. She is also a member of a number of national committees advising the Australian Government on substance abuse and homelessness.



Mr Peter Thomas
Director

First appointed 24 September 2007 for three years

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

Based in Sydney, Peter is a director of TFG International, a boutique consulting and advisory firm offering high-level strategic advice to both the public and private sectors.

He holds a Bachelor of Commerce degree from Melbourne University and is a Fellow of the Institute of Chartered Accountants, having been a partner with a 'Big Four' firm for almost 25 years. He is also a board member of Innovation Australia (an Australian Government entity) and a director of a number of private sector companies. Peter also sits on the boards of a number of not-for-profit organisations on a pro-bono basis.



Ms Gail Reynolds-Adamson MAICD
Director

First appointed 10 May 2006
Reappointed 19 November 2009 for two years

Gail Reynolds-Adamson is an owner and director of Kepa Kurl Enterprises Pty Ltd, a locally owned Aboriginal tourism company based in Esperance, Western Australia. Kepa Kurl operates two tour companies and an Indigenous art gallery and gift shop. Gail also manages and operates a successful consultancy business, providing services to mining companies and numerous government departments. She is also a board member for Indigenous Community Volunteers and Tourism Western Australia.



Mr Ian Trust
Director

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

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

Ian was Chair of the Aboriginal and Torres Strait Islander Commission (ATSIC) Wunan (Kununurra Region) Regional Council for nine years, and Zone Commissioner for the Kimberley for two years. He was also instrumental in the establishment of the Wunan Foundation and Kimberley Group Training Company (now Kimberly Group Training Incorporated) in the East Kimberley.

Ian was awarded the Centenary Medal in 2001 for his services to the Indigenous people of the East Kimberley, in the areas of social and economic development.

Ms Priscilla Collins Director

First appointed 30 September 2006 for three years, Priscilla's term expired on 30 September 2009.

Committees

Two committees assist the Board to exercise its functions: the Audit and Risk Committee, and the Finance and Investment Committee. A charter details the constitution, responsibilities, functions, reporting and administrative arrangements of each committee. Other committees may be formed as required, with specific terms of reference.

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

Finance and Investment Committee: The Finance and Investment Committee was established to provide assurance and assistance to the Board on IBA's financial performance and its investment decision making.

The attendance record of directors at Board and Board Committee meetings is set out in Table 12.

Table 12: Board and Board Committee meetings, positions and attendance, 2009–10

NAME	POSITION	NO. OF YEARS ON BOARD	BOARD	AUDIT AND RISK COMMITTEE	FINANCE AND INVESTMENT COMMITTEE	ADDITIONAL INFORMATION
Dr D Casey	IBA Chair	1	6[6]		0[3]	
B Blair	Deputy Chair	12	6[6]	5[6]		Chair of the Audit and Risk Committee from 1 July 2009 to 3 May 2010
L Armstrong	Director	9	5[6]			Term ended on 18 May 2010; reappointed on 16 June 2010
J Boddington	Director	9	6[6]		3[3]	Term ended on 18 May 2010; reappointed on 16 June 2010
P Collins	Director	3	2[2]			Term ended on 29 September 2009
V Cooms	Director	0	0[0]			Appointed on 16 June 2010
J Hardy	Director	6	6[6]	4[6]		
G Reynolds-Adamson	Director	4	4[4]			Term ended on 9 May 2009; reappointed on 19 November 2010
I Trust	Director	7	6[6]		2[3]	
P Thomas	Director	3	6[6]	3[3]	3[3]	Chair of the Finance and Investment Committee
J Morison	Independent member	–	–	6[6]		Chair of the Audit and Risk Committee from 4 May 2010 to 30 June 2010. First appointed (member) 11 March 2008 for two years and then appointed Chair of Audit and Risk Committee 4 May 2010. Jenny is a Chartered Accountant with 30 years of broad experience in accounting and commerce. Her career has included audit, taxation, management consulting, corporate and government advisory work.

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

Internal governance arrangements

Internal governance arrangements within IBA include risk management, internal management committees, appropriate ethical behaviour and fraud control, compliance assurance, and audit.

Risk management: The IBA risk management framework provides an integrated and structured process to identify risk exposure across its activities and to assure that its exposure is adequately controlled and addressed. A key objective is the early identification, assessment and mitigation of risks.

The risk management plan outlines the risk register and key strategies for addressing strategic and business risks. The business continuity plan and the fraud control plan are important additional components of the risk management framework. The risk register is reviewed at each meeting of the IBA Board, and the risk management and business continuity plans are updated annually.

The Comcover Risk Management Benchmarking Program has recognised the ongoing positive impact of IBA's risk management strategies and activities by rating IBA 7.7 out of 10 for risk management performance, which is in the top percentile of Australian Government agencies.

Internal management committees: IBA has the following internal management committees to support the Chief Executive Officer (General Manager) in the day-to-day administration of IBA:

- **Executive Committee** – the key internal governance committee for information sharing and decision making.
- **Risk Management and Integrity Committee** – provides assurance to the CEO (GM) on the controls designed to manage IBA's risks and to assist the improvement of business performance.
- **Occupational Health and Safety Committee** – develops and promotes initiatives to protect the health and safety of employees, contractors and visitors.
- **Workplace Consultative Committee** – a forum for employee representatives and management to discuss matters of broad impact on the effective functioning of IBA.
- **Information Management Consultative Committee** – a forum for the implementation of significant IT changes in accordance with IBA's IT Strategy.

Appropriate ethical behaviour and fraud control: IBA's Values and Code of Conduct require that staff maintain appropriate ethical standards, including the appropriate management of conflicts of interest. The IBA fraud control plan is in line with Australian Government fraud control guidelines and includes a fraud risk assessment as well as appropriate fraud prevention, detection, investigation and reporting procedures. The fraud control plan is reviewed every two years by the Audit and Risk Committee. The next review is due by December 2010.

Compliance assurance: IBA has a control framework consisting of policies; Chief Executive Officer's (General Manager's) Instructions and procedures; and an effective program for reviewing training, and awareness and compliance. All IBA employees who have been delegated a specific power and function are required to understand that delegation and exercise it responsibly and with due care and diligence, in accordance with relevant statutes, IBA policies, CEO's (GM's) Instructions and procedures. IBA has programs in place to ensure compliance with the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* and the CAC Act, the latter of which provides for an annual Compliance Report. Further assurance on IBA's compliance with relevant statutes is detailed below.

Audit: The Auditor-General (also referred to as the Australian National Audit Office) is IBA's external auditor. The audit of IBA's financial statements is conducted in accordance with an audit strategy as agreed to by the Auditor-General and IBA. The firm RSM Bird Cameron is responsible for implementing IBA's internal audit program, which aims to provide assurance that key risks are being managed effectively and efficiently including compliance with regulatory requirements and policies. The Audit and Risk Committee is responsible for reviewing both internal and external audit reports and for monitoring the implementation of audit recommendations.

External review

External scrutiny of IBA includes parliamentary and ministerial oversight, freedom of information, effective customer service and complaints handling, and judicial decisions and reviews by outside bodies (such as the Ombudsman).

Parliamentary and ministerial oversight: IBA is a statutory authority of the Australian Government and is accountable to both the Federal Parliament and the Minister for Families, Housing, Community Services and Indigenous Affairs (FaHCSIA) (the Minister).

Freedom of information: The *Freedom of Information Act 1982* (the FOI Act) provides access for the Australian community to information held by the Australian Government, by:

- requiring that agencies publish the information
- providing a right of access to documents.

The *Freedom of Information Amendment (Reform) Act 2010* was passed through the Commonwealth Parliament on 13 May 2010, and the majority of the measures will come into effect on 1 November 2010. The new legislation creates the Office of the Australian Information Commissioner and FOI Commissioner, introduces an information publication scheme aimed at fostering the proactive release of government information, restructures the exemption categories and creates a new tier of merits review. IBA is currently working to develop an information publication plan to identify the operational information required to be published and provide ways for members of the public to comment on relevant IBA policies. IBA will implement changes to its website to ensure compliance with the amended legislation.

The most important change for IBA will be the introduction of a new category of 'conditionally exempt' documents. Personal information and information concerning a person's business affairs were previously exempt from disclosure under the FOI Act. Access will now be provided unless the release of the information would be contrary to the public interest. These changes will make the majority of IBA records accessible under the FOI Act. Documents that relate to IBA's commercial activities will continue to be exempt from release.

At present, under the former FOI Act, IBA must publish a statement setting out IBA's role, functions, structure, the documents held by IBA that are available for public inspection and how to access those documents.

IBA is part of the Australian Government's Families, Housing, Community Services and Indigenous Affairs (FaHCSIA) portfolio. Information about the portfolio can be found on the department's website, www.fahcsia.gov.au. Information about IBA—including details of its role and how it approaches this role—can be found on the inside front cover of this report and online at www.iba.gov.au.

IBA's Board, Chief Executive Officer (General Manager) and delegates may exercise decision-making powers under the following Acts, or parts thereof:

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

Members of the public can make representations in writing to IBA about a range of policies, the administration of IBA, and any other matters related to the organisation. IBA provides:

- a Freecall™ phone line, email address and information on the IBA website
- timely information to clients to give them the opportunity to raise any concerns
- opportunities for stakeholder engagement
- instructions in its service charter on how to make complaints.

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

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

Requests for access to documents must be made in writing and include an address in Australia to which notices and documents can be sent. Freedom of information applications are subject to administrative charges. IBA provides applicants with an estimate of the administrative charges for each request. In certain circumstances—such as financial hardship or if the release of the document in question is in the general public interest—these charges may be waived under section 30A of the FOI Act.

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

FOI Coordinator
Indigenous Business Australia
PO Box 38
Woden ACT 2606

Telephone: 02 6121 2700

If applicants are dissatisfied with a decision made under the FOI Act, they may apply for an internal review of the decision. Administrative charges may apply. In certain circumstances—such as financial hardship or if the release of the document in question is in the general public interest—these charges may be waived under section 30A of the FOI Act.

FOI requests in 2009–10: Table 13 summarises the year's FOI requests and their outcomes.

Table 13: Freedom of information statistics, 2009–10

ACTIVITY	NUMBER
Requests	
On hand at 1 July 2009	1
New requests received	5
Total requests handled	6
Total requests completed at 30 June 2010	6
On hand at 30 June 2010	0
Action on requests	
Access in full	0
Access in part	4
Access refused	1
Access transferred in full	0
Request withdrawn	0
No records	1
Response times	
0–30 days	4
31–60 days	2
Internal review	
On hand at 1 July 2009	1
Requests received	0
Decision affirmed	0
Decision amended	1
Request withdrawn	0
Review by Administrative Appeals Tribunal	
Applications received	0

A focus on customer service: The IBA customer service charter outlines its commitment to quality service and details our processes for receiving and handling complaints. The complaint management process ensures that any concerns clients may have in relation to the services or decisions of IBA, or IBA-funded service providers, are taken seriously and dealt with promptly. The process also ensures that IBA is able to learn from mistakes and continuously improve its practices and processes and in turn improve the customer experience. In 2009–10, IBA reviewed and enhanced its complaints handling process. Staff received complaints-handling training from the NSW Ombudsman's Office and Canberra Institute of Technology.

Judicial decisions and reviews by external bodies: There were no judicial decisions or decisions of administrative tribunals that had a significant effect on the operations of IBA during the 2009–10 financial year.

The Commonwealth Ombudsman received one complaint about IBA and two concerning an IBA subsidiary. The investigations into all three complaints were discontinued when the Ombudsman found that no further action was warranted.

Three older matters were finalised during 2009–10. One complaint was the subject of a report under section 15 of the *Ombudsman Act 1976*. IBA substantially responded to that report and implemented the Ombudsman's recommendations. Notices of administrative deficiency were issued in respect of the other two matters.

IBA received no reports (other than the report on the financial statements) from the Auditor-General in 2009–10.

Other statutory requirements

The following additional statutory reporting requirements are detailed in the CAC (Report of Operations) Orders 2008 and other legislation.

Developments and significant events: There have been no developments since 30 June 2010 that have significantly affected or may significantly affect IBA's operations in future financial years, the results of those operations in future years, or the authority's state of affairs in future financial years.

IBA has notified the Minister of significant events as required under Section 15 of the CAC Act. These events relate to Output Group 1.1 – Equity and Investments, and are listed at Appendix A and at page 18.

Commonwealth Disability Strategy: This strategy provides a framework to assist Australian Government departments and agencies to meet their obligations under the *Disability Discrimination Act 1992*. The strategy provides for the inclusion of—and participation by—people with a disability in Australian Government policies, programs and services. IBA reports on its progress in implementing this strategy against its purchaser and provider roles. Details of IBA's performance in implementing the Commonwealth Disability Strategy during 2009–10 are set out in Appendix C on page 178.

Privacy legislation: IBA is subject to privacy obligations set out in its enabling legislation, the *Aboriginal and Torres Strait Islander Act 2005* (the ATSI Act). Section 191 of the ATSI Act provides that certain people, including the IBA Board, Chief Executive Officer (General Manager) and staff must not divulge or communicate to any person any information concerning the affairs of another person, or produce to any person any document relating to the affairs of another person, unless the disclosure is for the purposes of the Act or for a prosecution of an offence against the Act.

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

Environmental performance and ecologically sustainable development: Section 516A of the *Environmental Protection and Biodiversity Conservation Act 1999* (the EPBC Act) requires Australian Government organisations—including authorities such as IBA—to include in their annual report a section detailing their environmental performance and their contribution to ecologically sustainable development (ESD). In doing this, IBA is committed to the principles of ESD as detailed in section 3A of the EPBC Act.

Table 14 details IBA's ESD activities in accordance with section 516A(6) of the EPBC Act.

Table 14: IBA's compliance with the EPBC Act, section 516A (environmental reporting)

ESD REPORTING REQUIREMENT	IBA RESPONSE
How IBA's activities accorded with the principles of ESD	IBA developed an Environmental Strategy with assistance from the Australian National University Green Steps Program. This strategy focuses on reducing the carbon footprint of IBA's corporate activities, through various methods including more sustainable energy, water and waste management. The IBA Occupational Health and Safety Committee has general oversight of the strategy.
Outcomes contributing to ESD	IBA's single appropriations outcome—improving the economic independence of Indigenous Australians—focuses on economic and social outcomes rather than environmental outcomes and as such has no ESD implications.
Activities that affect the environment	There are a range of opportunities to reduce environmental impacts that are being implemented within IBA's national office and regional offices and specific IBA program activities.
Measures taken to minimise the effect of activities on the environment	<p>IBA has implemented a recycling plan in its national office and installed computers that are more energy efficient.</p> <p>An awareness program has been implemented to reduce IBA's carbon footprint.</p> <p>IBA prepared a CEO's (GM's) Instruction on procurement, which requires staff to consider environmental impacts when procuring goods or services.</p> <p>IBA uses an Environmental Management System in its construction activities to identify and manage any potential environmental impacts.</p>
Mechanisms for reviewing and increasing the effectiveness of measures to minimise the environmental impact of activities	The Environmental Strategy has identified a number of metrics to monitor IBA's carbon footprint and environmental improvement in the workplace (such as electricity usage, paper usage, consumables and staff travel). IBA is committed to continual improvement in the management of its environmental performance.



STAKEHOLDERS

Stakeholder Hayley Richards at the IBA Business Conversations event held in Darwin.

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Stakeholders

IBA's stakeholders include its past, current and potential clients; Indigenous groups and spokespeople; industry partners; government agencies; and IBA's staff and Board.

Stakeholder engagement

IBA takes care to maintain effective relations with its stakeholders, recognising the vital role these relationships can play in helping it achieve its vision of economic independence for Indigenous Australians. A stakeholder directory and database tool has been developed to support IBA's stakeholder management and focus.

Roundtable discussion: At the beginning of 2009–10, IBA Chair Dr Dawn Casey invited Indigenous leaders and entrepreneurs from around Australia to a roundtable meeting to seek innovative ideas for increasing the participation of Indigenous Australians in the mainstream economy. Representatives of Indigenous chambers of commerce in Queensland and New South Wales—and business operators in the construction, media, consulting and tourism fields—gathered in Sydney to discuss their experiences and provide insight into how IBA might operate in the future.

This meeting formed an important part of IBA's strategic planning process, with participants encouraged to contribute ideas on what works—and what work is still needed—to enable more Indigenous Australians to become engaged in mainstream economic activity.

Business-focused events: During 2009–10, IBA continued to deliver a series of business-focused events on issues of relevance to Indigenous groups, corporations and individuals. This year Business Conversations were held in Wollongong, Cairns and Darwin on topics including Doing Business in our Changing Business Environment, Renewable Energy, and Getting On with Business in the Northern Territory.

These events—run as small conferences with keynote speakers, guest presenters and an invited audience—fostered dialogue and an exchange of ideas between individuals, groups and businesses.

NAIDOC Week: NAIDOC (National Aboriginal and Islander Day Observance Committee) Week takes place in July each year and is a time for all Australians to celebrate the history, culture and achievements of Aboriginal and Torres Strait Islander peoples. IBA has committed to its involvement

in this annual celebration through its Reconciliation Action Plan. Staff participate in NAIDOC Week activities across the country and IBA holds a business breakfast in the city that hosts that year's national NAIDOC ball. Now a signature event for IBA, the business breakfast is a platform to celebrate NAIDOC Week and highlight the economic advancement of Indigenous Australians. Up to 100 guests attend the event, which in both 2009 and 2010 featured an address by the Hon. Jenny Macklin, MP, Minister for Families, Housing, Communities and Indigenous Affairs (FaHCSIA).

Government

In 2009–10 IBA contributed to a wide range of forums established at Australian, state and territory government levels, and aimed at furthering Indigenous economic development. This reflects the extent to which IBA already works closely with different government agencies.

IBA is able to provide advice based on practical experience, having assisted many thousands of Indigenous Australians to participate in business, employment and home ownership opportunities during its 20 years in operation. Drawing on this experience, IBA looks forward to working closely with all stakeholders to help finalise and implement the Australian Government's Indigenous Economic Development Strategy released in May 2010.

IBA is also a member of the Indigenous Tourism Working Group established under the auspices of the Tourism Ministers' Council to assist in implementing the Australian Government's National Long-Term Tourism Strategy announced in December 2009. In this forum, IBA contributes advice on how to improve Indigenous participation in sustainable tourism businesses, based on its experience fostering and supporting many such businesses over the long term.

Following the release in July 2009 of the revised Indigenous Employment Program (which includes business support elements), IBA and the Department of Education, Employment and Workplace Relations (DEEWR) began working together on the formal alignment of this program and IBA's Business Development and Assistance Program, to avoid potential overlap and duplication and to ensure a seamless experience for clients transitioning between the two agencies. This work will be finalised in 2010–11.

In 2009–10, IBA established two new projects in conjunction with Commonwealth departments. The first of these is exploring Indigenous business development opportunities in Katherine in the Northern Territory, and is managed by IBA with funding provided by FaHCSIA. The second project involves assessing the expansion of a five-step, grassroots Indigenous small business development model—



Left to right: Romeo Crow Chief, Chair of the Aboriginal Financial Officers Association; Ellen Ruth Zeisler, Consul and Senior Trade Commissioner – Consulate General of Canada; Rod Murray, Economic Development Officer – North Queensland Land Council; and Carlton Hughes, Canadian Consulate – Lowy Institute of International Policy, at the Business Conversations event held in Cairns on 19 March 2010.



Left to right: Violet Green, Department of Education, Employment and Workplace Relations employee; Leah Armstrong, IBA Director; and Chris Noel, Manager of Jumbulla Aboriginal Discovery Centre, at the Wollongong Business Conversations event held on 22 October 2009.



Left to right: Ellen Ruth Zeisler, Consul and Senior Trade Commissioner – Consulate General of Canada, and IBA employee Janet Higgins, at the Darwin Business Conversations event held on 22 March 2010.



Left to right: Dr Alf Bamblett, CEO of Victorian Aboriginal Community Services Limited; the Hon. Jenny Macklin, Minister for FaHCSIA; and Dr Dawn Casey, IBA Chair, at the business breakfast held in Melbourne on 9 July 2010.

previously undertaken in Galiwin'ku, Northern Territory—to selected communities in Queensland and the Northern Territory. IBA and DEEWR funded scoping studies for these additional communities—Palm Island; Mornington, Doomadgee and Normanton in Queensland's Mount Isa region; and Maningrida in the Northern Territory—in the latter part of 2009–10.

Industry partners

IBA continued to develop its strong relationship with the private sector in 2009–10, particularly the larger corporations with which IBA maintains joint venture projects and investments.

Financial institutions: IBA has built on the work it commenced in previous years, establishing relationships with private sector lenders to encourage direct lending to Indigenous business and home loan applicants.

In 2009–10, in cooperation with a number of private sector lenders, IBA commenced a targeted campaign to contact well-established IBA home loan clients. IBA contacted 115 home loan clients with the objective of providing these clients with information on home loan products from alternative financial institutions, thereby raising awareness of finance options that may better suit their needs. By encouraging some IBA clients to consider switching to a private sector home loan, additional IBA capital will be made available to eligible applicants currently waiting for an IBA home loan. This program is being evaluated for continuation in 2010–11.

The partnership between IBA and National Australia Bank (NAB) through the Indigenous Entrepreneur Microenterprise Program continued in 2009–10. Under the program, IBA provides clients with support, advice and mentoring for business planning and development, while NAB provides microfinance business loans of between \$500 and \$20,000 (see page 61).

Construction partnerships: Following the formation in 2008–09 of the Delivering Regional Innovative and Indigenous Vibrant Economies (DRIIVE) consortium between IBA, Leighton Contractors Pty Ltd, BlueScope Steel Limited, and Sinclair Knight Merz, IBA has continued to explore opportunities for delivering residential, commercial and civil construction projects in regional and remote locations in a way that maximises economic opportunities for local Indigenous Australians.

On 15 March 2010, the Government of Western Australia announced a Leighton Contractors Pty Ltd and IBA joint venture (known as the Moonamang Joint Venture Pty Ltd) as the preferred proponent for the first phase of the \$220 million Ord–East Kimberley Expansion Project. Construction commenced with the turning of the first sod near Kununurra on 14 May 2010. The first phase of construction will deliver 19 kilometres of irrigation channel, a 13-kilometre road extension, and irrigation control structures. The joint venture is also delivering an Indigenous and Community Development Program in collaboration with the traditional owners of the development area, the Miriuwung Gajerrong people. This program is boosting the local Indigenous workforce and increasing business participation.

While the Ord–East Kimberley Expansion Project will continue to provide benefits in the near future, IBA will also explore with its partners further opportunities for Indigenous economic benefits through major infrastructure spending.



Staff member Marlene Hewitt taking part in the Darwin 2009 NAIDOC Week march.

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Staff

IBA staff are committed and passionate about their roles. They come from diverse cultural backgrounds and experiences, and around one-quarter (22 per cent) are Indigenous Australians.

Attracting and retaining employees

IBA's employment conditions and staff management practices reflect the commercial business focus of the organisation, yet are also sensitive to the cultural and social needs of staff. For example, IBA supports staff participation in NAIDOC Week celebrations, Emergency Services activities, Australian Defence Force Reserves and major sporting events.

Collective Agreement: All eligible IBA staff members have terminated their Australian Workplace Agreements in line with the Australian Government's plan to phase out this program, and are now covered under a new Collective Agreement. The unanimous uptake is an indication that all staff endorse the negotiated conditions of this agreement. IBA's Collective Agreement provided staff with a 4.3 per cent salary increase from 1 July 2009, subject to satisfactory performance. Staff at all levels are also eligible for bonus payments based on individual and team performance against measured outcomes. The current agreement applies until the end of 2011 and negotiations for a new agreement will commence in late 2010.

Learning and development: Learning and development activities focused on improving business and leadership skills continued throughout 2009–10. IBA supported staff in their studies, which ranged from certificate-level courses in business administration through to tertiary and postgraduate courses. Managers also received training in staff selection to better match people and positions, with the ultimate aim of reducing turnover and providing a more stable workforce.

In 2009–10 IBA also developed a new procedure for dealing quickly and effectively with client complaints. All front-line staff receive customer service training through the NSW Ombudsman's Office. Program Complaints Officers who deal with more complex complaints undergo complaints-handling training through the Canberra Institute of Technology.

All new and existing staff receive cultural awareness training to strengthen their understanding of Indigenous social, historical and environmental factors.

Equal employment initiatives: IBA's policies and procedures continue to promote the organisation as an equal opportunity employer and ensure that all selections are based on merit. All staff are provided with professional services and the workplace can be adjusted to allow for any employee disability, through the provision of any special equipment or support.

Employee superannuation: All staff currently receive at least 15.4 per cent superannuation and have a choice of funds. IBA's default superannuation scheme, the Public Sector Superannuation Accumulation Plan, provides members with generous automatic income support, and invalidity and death insurance at competitive rates.

Industrial relations: IBA has a Workplace Consultative Committee to facilitate positive interaction between employee representatives and management on matters of interest and concern. The committee met on four occasions in 2009–10 to discuss a range of topics including the employee survey (see below), office relocations and IT services.

Employee assistance program: IBA has in place a free personal counselling service for IBA employees and their families. Counselling is confidential and covers a range of services to assist staff with issues that may be affecting their work, either directly or indirectly. This professional, external service provider can provide counselling on personal issues as well as work-related issues. Individuals, couples, families, teams and in some cases clients can also access psychological support through the service.



Sarah Neal joined IBA as an Indigenous cadet in 2009 while she completes her studies for a Bachelor of Social Science at the University of Newcastle.

Indigenous employment strategy

Through its Indigenous Employment Strategy and Reconciliation Action Plan, IBA supports the employment, retention and advancement of Indigenous Australians in its workforce with ongoing efforts to increase that ratio in coming years. At present, 22 per cent of IBA's employees identify themselves as Indigenous Australians. Key employment strategies to attract and retain Indigenous staff include cadetships, graduate placements, secondments, hosting trainees and identifying certain positions as Indigenous-specific. During 2009–10, two IBA-hosted trainees received employment contracts with IBA.

IBA offers entry-level opportunities for young Indigenous people including:

- **Indigenous trainees** – for school leavers seeking a Certificate II–IV in business or business-related studies
- **Indigenous cadets** – for university students seeking to combine study with practical work experience
- **Indigenous graduates** – for university graduates wanting to apply their knowledge within a work environment.

Vacancies continued to be advertised in the national and Indigenous press and with agencies specialising in Indigenous employment. IBA also participates in Australian Public Service Commission bulk Indigenous recruitment exercises for graduates and cadets. As at 30 June 2010, IBA employed and supported seven cadets and two graduates. IBA also hosted two Indigenous trainees and supported their studies through a number of levels of an accredited Certificate of Business with Regional Group Training (a Registered Training Organisation).

Employee survey

IBA utilises numerous staff forums and other communication strategies to gain employees' views on—and input into—the organisation's major strategic issues. Via the Workplace Consultative Committee, staff can put forward and discuss with senior IBA management any issues that are impacting or may potentially affect them. The aim of this interaction is to identify actions that will minimise negative effects

on employees without adversely affecting required outcomes.

The employee survey is also an important mechanism for highlighting high-priority issues that require action. It also assists in monitoring IBA's performance against external benchmarks and previous staff survey results.

In coming months, employees will have the opportunity to participate in developing actions to address issues identified as high priority.

Staff profile

In 2009–10, employee numbers stabilised at around 240 Australia-wide, after four years of steady growth. IBA employees are located in all states and territories, with almost 15 per cent employed in regional Australia.

There are 12 employees working part-time and six employed on a casual basis, which brings IBA's Full Time Equivalent staffing level to 230.

Table 15: IBA staff numbers by classification and location, 30 June 2010

STAFF	ACT	NSW	NT	QLD	SA	TAS	VIC	WA	TOTAL
Chief Executive Officer	1	0	0	0	0	0	0	0	1
Deputy Chief Executive Officer	2	0	0	0	0	0	0	0	2
Assistant General Manager ¹	11	0	0	0	0	0	0	0	11
IBA Level 7	16	2	1	3	0	0	0	1	23
IBA Level 6	32	5	0	2	0	0	0	0	39
IBA Level 5	24	7	3	12	3	0	1	5	55
IBA Level 4	25	6	4	12	2	0	2	6	57
IBA Level 3	14	4	2	5	2	2	1	1	31
IBA Level 2	6	1	0	1	1	0	0	0	9
IBA Level 1	3	0	0	1	0	0	0	0	4
Cadet	0	1	0	3	0	0	1	0	5
TOTAL	134	26	10	39	8	2	5	13	237

¹ Includes the Chief Finance Officer and also includes two casual staff working on short-term projects.

Occupational Health and Safety

As an Australian Government employer, IBA has a duty of care to provide a workplace where employees are free from risks to their health and safety. IBA takes this obligation seriously and recently commissioned an external consultant, SRC Solutions, to review its Occupational Health and Safety (OH&S) management systems and compliance with the *Occupational Health and Safety Act 1991*. The overall objective of this gap analysis was to review, at a strategic and policy level, the quality of IBA's existing OH&S management system and the level of compliance against prescribed legislative requirements.

SRC Solutions utilised an assessment tool based on Comcare's OH&S Management Systems Assessment tool and the Australian Standard AS/NZS 4801:2001 Occupational Health and Safety Management Systems.

The findings and recommendations from this review were that "IBA has clearly done a lot of work over the past two years to introduce more effective systems, robust policies and procedures, and the training of IBA staff to ensure that everyone understands their roles and responsibilities in relation to work safety".

The consultant concluded that "IBA is largely compliant with Commonwealth OH&S legislative requirements" and made five recommendations to ensure full compliance. These are predominately focused on developing OH&S contractor management, plant management, and procurement policies and procedures. IBA's OH&S Committee is currently reviewing the report and will make recommendations to senior management and develop proposed actions to address the identified gaps.

For the second year running, IBA staff participated in the Global Corporate Challenge (GCC), a simple and effective health and wellbeing program that encourages people to increase their daily physical activity. Each staff member receives a website login and pedometer to measure their daily steps, which they enter into a personal login over 16 weeks. Participants receive regular motivational emails and are encouraged to form teams of seven individuals and engage in a healthy competition with other IBA teams. In the 2009–10 financial year, there was a 57 per cent increase on those who participated in 2008–09.

Workers compensation: The IBA workers compensation premium for 2009–10 was set at 0.63 per cent of salary and wages, and reduced to 0.62 per cent as a result of IBA's performance in claims management. This compares favourably with the average 1.25 per cent premium rate for the Australian Government sector. The workers compensation premium for 2010–11 has been set at 0.42 per cent of salary and wages.

Comcare investigations: Comcare did not conduct any investigations into workplace safety at IBA during the 2009–10 financial year.

Improvement notices: IBA was not issued with any workplace safety improvement notices during 2009–10.

Incident/hazard reports: There were 21 incident/hazard reports submitted during 2009–10, three of which resulted in Comcare insurance claims.

Organisational structure

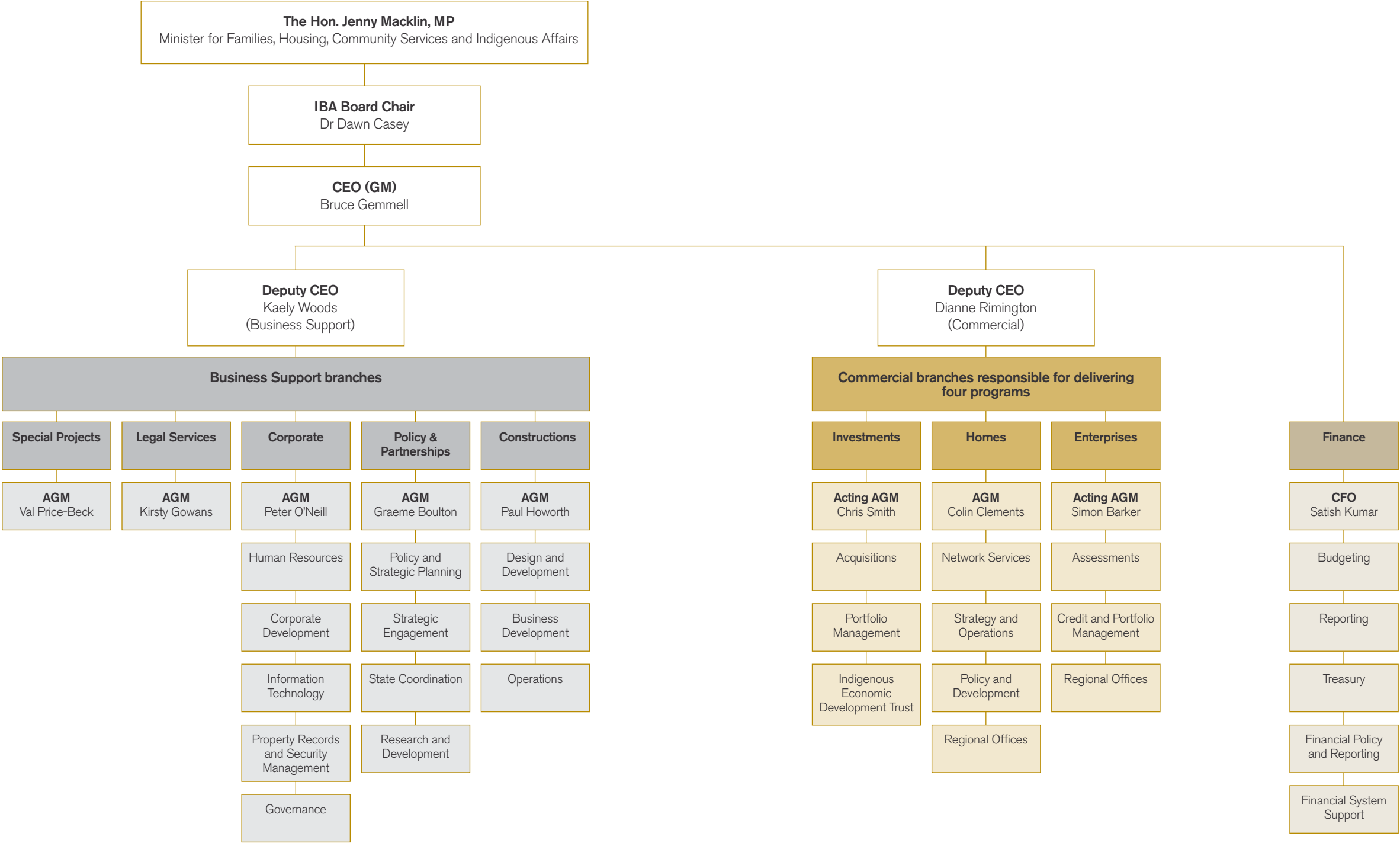
IBA is a statutory body, subject to the provisions of the *Commonwealth Authorities and Companies Act 1997* (the CAC Act) in relation to reporting and accountability, banking and investment, and conduct of officers. At the operational level, three of IBA's branches operate as business branches responsible for delivering IBA's four programs, and its other branches have enabling or supporting functions.

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

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

For an overview of the functions and performance of the Equity and Investments Program see page 18, of the Home Ownership Program see page 39, of the Home Ownership on Indigenous Land Program see page 51 and of the Business Development and Assistance Program see page 54.

Figure 28: Organisational structure, 30 June 2010



Executive profiles



Bruce Gemmell BEd, FAICD

Chief Executive Officer (formerly referred to as General Manager): Bruce joined IBA in April 2010 after three years as principal of a management consultancy business. Bruce served over 30 years within the Commonwealth public sector in various senior executive roles, including his last position as Deputy CEO of the Civil Aviation Safety Authority. As CEO of IBA, Bruce is responsible for managing IBA's day-to-day administration in line with policies determined by the Board. He is assisted by the Canberra-based executive team in working to ensure IBA meets its corporate objectives.



Kaely Woods BEd, GAICD

Deputy Chief Executive Officer – Business Support: Kaely joined IBA in 2005 and heads the functions of IBA that focus on enabling and supporting business. She has 23 years of experience in Indigenous affairs, particularly around Native Title and land rights. This depth of experience and her tertiary education in economics and Indigenous studies have enabled her to make a rich contribution to the development of new IBA policy and partnership approaches with Indigenous groups, industry and government.



Dianne Rimington B.Comm, FCPA, MAICD

Deputy Chief Executive Officer – Commercial: Dianne joined IBA in May 2010, bringing with her 28 years of experience in the public sector. This included roles in executive and corporate management, financial management, economic analysis, policy advice and development, program delivery and audit, with emphasis on the transport, health and education industry sectors. Dianne oversees the three business branches of IBA—Investments, Homes and Enterprises—that are responsible for delivering IBA's four output groups.



Members of IBA's executive team: (left to right) Chris Smith, Satish Kumar, Colin Clements, Simon Barker, Paul Howorth, Peter O'Neill, Graeme Boulton and Kirsty Gowans. (Not pictured: Val Price-Beck.)

Chris Smith GAICD

Head of Investments: Chris joined IBA in 2002, bringing extensive experience in facilities and contract management. Chris has a strong background in contract management and corporate administration, having held senior positions with the Spotless Group prior to joining IBA. Chris is head of Investments, which provides commercial and strategic investment opportunities for Indigenous groups via joint venture models that enable direct investment participation.

Satish Kumar CA, CPA

Chief Financial Officer: Satish joined IBA in 2007 after over 25 years of financial management and consulting experience in the retail and investment banking industries. Satish is responsible for ensuring IBA's budgeting and financial controls are within the Australian Government's financial framework. Satish heads up the Finance team, which is responsible for budgeting, financial reporting and management accounting for IBA's program delivery areas, subsidiaries and associate investment entities.

Colin Clements GAICD

Head of Homes: Colin has more than 15 years' experience in the public sector, involved primarily with Indigenous home ownership programs and initiatives. Prior to joining the public sector he held senior management positions in the commercial banking sector. Colin heads the Homes branch, which facilitates Indigenous Australians' participation in home ownership by providing tailored home loans and other assistance measures through the Home Ownership Program and Home Ownership on Indigenous Land Program.

Simon Barker B Fin Admin, MEc, CA, CISA

Head of Enterprises: Simon joined IBA in May 2009 as a highly experienced business executive with over 25 years in the banking industry, and additional experience in public accounting and risk management. Simon is head of the Enterprises branch, which helps Indigenous Australians enter into and succeed in business by offering finance to new or established businesses, as well as professional support during all stages of business development.

Paul Howorth

Head of Constructions: Paul joined IBA in 2010 on a part-time basis, to assist with the development of a future strategy for IBA Constructions. Paul has over 15 years' experience in consultancy and law, with 10 of those years focused on advising all levels of government and various Indigenous organisations on Indigenous housing and development policy.

Paul is the head of IBA Constructions, which since 2006 has project-managed the construction of housing, infrastructure and community facilities for the Australian Government and for IBA, with an emphasis on leveraging economic development opportunities for Indigenous Australians. The branch has a mix of strategic planning, design and project management expertise. IBA is currently looking at options for future involvement in the construction sector.

Peter O'Neill MBA, MAICD

Head of Corporate: Peter joined IBA in 2005 following roles with CRS Australia in strategic management and business strategies. He also brings with him the experience gained from 20 years of service with the Royal Australian Air Force in numerous roles ranging from engineering, technical training and leadership development to personnel management and business process improvement. As the head of the Corporate branch, Peter oversees IBA's communications, media and marketing, governance reporting, ministerial liaison, human resources, information and communications technology, as well as records, property and security management.

Graeme Boulton B.AppSc (Mathematics and Computing), GradDipEd

Head of Policy and Partnerships: Graeme joined IBA in 2005, bringing with him extensive experience in the retail banking industry. Previously he worked in several senior management positions at Westpac, in product development and loan portfolio management—particularly home lending, operational governance, strategic projects and mortgage operations. Graeme has a strong background in research and analysis, having worked in strategy and research functions in financial institutions before joining IBA. Graeme is head of the Policy and Partnerships branch, which provides high-quality policy advice and research and development of policy options, while ensuring effective engagement with key stakeholders, and implementing and coordinating strategic projects and processes across IBA.

Kirsty Gowans BA, LLB

Head of Legal Services: Kirsty joined IBA in 2008, with over 10 years' experience working in Indigenous affairs. Since 1995, she has held positions in the Aboriginal Complaints Unit, NSW Ombudsman's Office, Race Discrimination and Human Rights Unit, the Human Rights and Equal Opportunity Commission, North Australian Aboriginal Legal Service, Northern Land Council, and FaHCSIA. Kirsty's qualifications include graduate diplomas in Legal Practice and Aboriginal and Torres Strait Islander Studies. As the head of Legal Services, she is responsible for providing legal support and services to the Board and IBA, and plays a key role in overseeing IBA's governance, compliance and legal risk management.

Val Price-Beck MBA, GAICD

Head of Special Projects: Val is a Kamillaroi woman from New South Wales, who joined IBA in 1993 after a career in the banking industry. During her time at IBA Val has also managed IBA's Investment and Corporate branches. She is now developing an Indigenous employment and training framework to enable IBA to work with the Australian Government's Indigenous Economic Development Strategy's focus on Indigenous employment.



FINANCIAL STATEMENTS

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Indigenous Business Australia and controlled entities

Statement by Directors, Chief Executive and Chief Financial Officer

In our opinion, the attached financial statements for the year ended 30 June 2010 are based on properly maintained financial records and give a true and fair view of matters required by the Finance Minister's Orders made under the *Commonwealth Authorities and Companies Act 1997*.

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

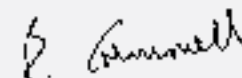
This Statement is made in accordance with a resolution of the Board of Directors.




Dr Dawn Casey
Chair
14 September 2010





Ian Trust
Director
14 September 2010



Bruce Gemmell
CEO (IBA General Manager)
14 September 2010



Satish Kumar
Chief Financial Officer
14 September 2010

**Australian National
Audit Office**

INDEPENDENT AUDITOR'S REPORT

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

Scope

I have audited the accompanying financial statements of Indigenous Business Australia and controlled entities for the year ended 30 June 2010, which comprise: a Statement by Directors, Chief Executive and Chief Financial Officer; Statement of Comprehensive Income; Balance Sheet; Statement of Changes in Equity; Cash Flow Statement; Schedule of Commitments; Schedule of Contingencies; Schedule of Asset Additions; and Notes to and Forming Part of the Financial Statements, including a Summary of Significant Accounting Policies. The consolidated entity comprises Indigenous Business Australia and the entities it controlled at the year's end or from time to time during the financial year.

The Directors' Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to Indigenous Business Australia's preparation and fair presentation of the financial statements in order to design audit procedures that are

GPO Box 707 CANBERRA ACT 2601
19 National Circuit BARTON ACT 2600
Phone (02) 6203 7300 Fax (02) 6203 7777

appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Indigenous Business Australia's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

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

Independence

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

Auditor's Opinion

In my opinion, the financial statements of Indigenous Business Australia and controlled entities:

- (a) have been prepared in accordance with the Finance Minister's Orders made under the *Commonwealth Authorities and Companies Act 1997*, including the Australian Accounting Standards; and
- (b) give a true and fair view of the matters required by the Finance Minister's Orders, including Indigenous Business Australia's and controlled entities' financial position as at 30 June 2010 and its financial performance and cash flows for the year then ended.

Australian National Audit Office



John McCullough
Audit Principal
Delegate of the Auditor-General

Canberra
16 September 2010

Indigenous Business Australia
Statement of Comprehensive Income
for the year ended 30 June 2010

		Consolidated		Corporation	
		2010	2009	2010	2009
Notes		\$'000	\$'000	\$'000	\$'000
EXPENSES					
Employee benefits	3A	49,244	51,116	24,882	23,392
Suppliers' expenses	3B	71,326	75,083	29,146	35,127
Grants	3C	9,205	8,288	9,205	8,288
Depreciation and amortisation	3D	5,063	5,249	1,244	1,272
Finance costs	3E	1,065	563	1	4
Write-down and impairment of assets	3F	69,498	18,781	59,309	9,610
Losses from asset sales	3G	21,667	75	20,855	75
Other expenses	3H	–	291	–	292
Total expenses		227,068	159,446	144,642	78,060

LESS:
OWN-SOURCE INCOME

Own-source revenue					
Sale of goods and rendering of services	4A	65,944	75,013	10,171	12,682
Interest	4B	43,856	51,568	42,100	47,887
Dividends	4C	20	18	8,941	9,165
Rental income	4D	11,843	10,948	59	221
Other	4E	5,756	723	1,186	808
Total own-source revenue		127,419	138,270	62,457	70,763
Gains					
Sale of assets	4F	846	1,005	2,020	1
Other	4G	1,194	19,184	1,144	12,935
Total gains		2,040	20,189	3,164	12,936
Total own-source income		129,459	158,459	65,621	83,699
Net cost of (contribution by) services					
		97,609	987	79,021	(5,639)
Revenue from Government	4H	38,840	37,402	38,840	37,402
Share of operating surplus of associates using the equity method	4I	2,586	1,642	1,795	1,350
Surplus (Deficit) before income tax on continuing operations		(56,183)	38,057	(38,386)	44,391
Income tax expense	5	322	1,139	–	–
Surplus (Deficit) after income tax on continuing operations		(56,505)	36,918	(38,386)	44,391
Surplus attributable to non-controlling interests		2,706	3,352	–	–
Surplus (Deficit) attributable to the Australian Government		(59,211)	33,566	(38,386)	44,391

Indigenous Business Australia
Statement of Comprehensive Income (continued)
for the year ended 30 June 2010

Notes	Consolidated		Corporation	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
OTHER COMPREHENSIVE INCOME				
Changes in asset revaluation reserves	5,163	(5,244)	(8,655)	(4,347)
Total other comprehensive income after income tax	5,163	(5,244)	(8,655)	(4,347)
Total comprehensive income (loss)	(51,342)	31,674	(47,041)	40,044
Total comprehensive income attributable to non-controlling interests	4,386	4,523	–	–
Total comprehensive income (loss) attributable to the Australian Government	(55,728)	27,151	(47,041)	40,044

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

Indigenous Business Australia
Balance Sheet
as at 30 June 2010

		Consolidated		Corporation	
		2010	2009	2010	2009
Notes		\$'000	\$'000	\$'000	\$'000
ASSETS					
Financial assets					
Cash and cash equivalents	7A	120,175	129,339	99,358	71,415
Trade, loans and other receivables	7B	449,553	478,812	482,797	512,193
Investments accounted for using the equity method	7C, D	27,382	23,137	24,951	20,939
Investments	7E, F	178,199	240,378	317,577	383,313
Deferred tax assets	7G	250	902	–	–
Total financial assets		775,559	872,568	924,683	987,860
Non-financial assets					
Land and buildings	8A, C	15,125	12,539	1,735	1,191
Property, plant and equipment	8B, C	16,463	15,094	1,230	1,595
Investment property	8D	150,559	133,449	2,480	2,759
Intangibles	8E	6,471	9,753	193	444
Inventories	8F	1,896	2,108	–	–
Other	8G	1,260	1,373	450	246
Total non-financial assets		191,774	174,316	6,088	6,235
Total assets		967,333	1,046,884	930,771	994,095
LIABILITIES					
Payables					
Suppliers	9A	6,339	8,545	3,821	3,878
Tax liability	9B	34	143	–	–
Other	9C	7,385	33,347	3,137	12,851
Total payables		13,758	42,035	6,958	16,729
Interest bearing liabilities					
Other	10	12,147	7,419	–	–
Total interest bearing liabilities		12,147	7,419	–	–
Provisions					
Employee provisions	11A	5,140	5,623	4,260	4,036
Other	11B	4,070	4,397	1,089	995
Total provisions		9,210	10,020	5,349	5,031
Total liabilities		35,115	59,474	12,307	21,760
Net assets		932,218	987,410	918,464	972,335
EQUITY					
Parent entity interest					
Contributed equity		718,800	725,504	718,674	725,504
Reserves		9,714	5,060	9,892	18,547
Retained surplus		183,105	241,528	189,898	228,284
Total parent entity interest		911,619	972,092	918,464	972,335
Attributed to non-controlling interest					
Contributed equity		14,462	10,896	–	–
Reserves		1,680	1,171	–	–
Retained earnings		4,457	3,251	–	–
Total non-controlling interest		20,599	15,318	–	–
Total equity		932,218	987,410	918,464	972,335

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

Indigenous Business Australia
Balance Sheet (continued)
as at 30 June 2008

Notes	Consolidated		Corporation	
	2008		2008	
	\$'000		\$'000	
ASSETS				
Financial assets				
Cash and cash equivalents	23A	107,727		56,323
Trade, loans and other receivables	23B	470,143		501,948
Investments accounted for using the equity method	23C, D	24,420		20,803
Investments	23E, F	218,095		348,755
Deferred tax assets	23G	238		–
Total financial assets		820,623		927,829
Non-financial assets				
Land and buildings	23H, J	1,052		886
Property, plant and equipment	23I, J	8,982		801
Investment property	23K	145,795		10,688
Intangibles	23L	7,615		484
Inventories	23M	637		–
Other	23N	214		450
Total non-financial assets		164,295		12,967
Total assets		984,918		940,796
LIABILITIES				
Payables				
Suppliers	23O	13,039		9,608
Tax liability	23P	30		–
Other	23Q	27,747		25,380
Total payables		40,816		34,988
Interest bearing liabilities				
Other	23R	7,221		–
Total interest bearing liabilities		7,221		–
Provisions				
Employee provisions	23S	4,693		3,687
Other	23T	13,123		8,342
Total provisions		17,816		12,029
Total liabilities		65,853		47,017
Net assets		919,065		893,779
EQUITY				
Parent entity interest				
Contributed equity		686,996		686,996
Reserves		11,475		22,894
Retained surplus		210,123		183,889
Total parent entity interest		908,594		893,779
Attributed to non-controlling interest				
Contributed equity		9,438		–
Reserves		1,033		–
Retained earnings		–		–
Total non-controlling interest		10,471		–
Total equity		919,065		893,779

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

During 2009–10, the following entities have been reclassified from Interest in Associates to Interest in Subsidiaries:

1. Gagudju Crocodile Hotel Trust
2. Kakadu Tourism (GCH) Pty Ltd
3. Gagudju Lodge Cooinda Trust
4. Kakadu Tourism (GLC) Pty Ltd

Please refer to Note 1.13. The comparative information for 2008–09 and 2007–08 financial years has also been restated in compliance with AASB 101.10(f) to reflect the re-classification. The net impact on investments aggregate to \$20.800 million as at 30 June 2009 and \$14.517 million as at 30 June 2008.

Indigenous Business Australia
Statements of Changes in Equity
as at 30 June 2010

	Consolidated							
	Retained earnings		Asset revaluation reserves		Contributed equity/capital		Total equity	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Opening balance								
Balance carried forward from previous period	244,779	209,911	6,231	14,908	736,400	686,996	987,410	911,815
Adjustment for errors	51	(1,444)	–	(3,433)	–	–	51	(4,877)
Adjusted opening balance	244,830	208,467	6,231	11,475	736,400	686,996	987,461	906,938
Comprehensive income								
Other comprehensive income	–	–	5,163	(5,244)	–	–	5,163	(5,244)
Surplus (Deficit) for the period	(56,505)	36,918	–	–	–	–	(56,505)	36,918
Total comprehensive income of which:	(56,505)	36,918	5,163	(5,244)	–	–	(51,342)	31,674
Attributable to the Australian Government	(59,211)	33,566	3,483	(6,415)	–	–	(55,728)	27,151
Attributable to non-controlling interest	2,706	3,352	1,680	1,171	–	–	4,386	4,523
Transactions with owners								
Distributions to owners								
Returns of capital:								
Restructuring	–	–	–	–	(40,000)	–	(40,000)	–
Other	(763)	(606)	–	–	–	(3,000)	(763)	(3,606)
Contributions by owners								
CAC Act body payment item	–	–	–	–	33,170	41,508	33,170	41,508
Other (equity contribution)	–	–	–	–	3,692	10,896	3,692	10,896
Sub-total transactions with owners	(763)	(606)	–	–	(3,138)	49,404	(3,901)	48,798
Closing balance as at 30 June	187,562	244,779	11,394	6,231	733,262	736,400	932,218	987,410
Less: non-controlling interests	(4,457)	(3,251)	(1,680)	(1,171)	(14,462)	(10,896)	(20,599)	(15,318)
Closing balance attributable to the Australian Government	183,105	241,528	9,714	5,060	718,800	725,504	911,619	972,092

	Corporation							
	Retained earnings		Asset revaluation reserves		Contributed equity/capital		Total equity	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Opening balance								
Balance carried forward from previous period	228,284	185,207	18,547	21,576	725,504	686,996	972,335	893,779
Adjustment for errors	–	(1,318)	–	1,318	–	–	–	–
Adjusted opening balance	228,284	183,889	18,547	22,894	725,504	686,996	972,335	893,779
Comprehensive income								
Other comprehensive income	–	–	(8,655)	(4,347)	–	–	(8,655)	(4,347)
Surplus (Deficit) for the period	(38,386)	44,395	–	–	–	–	(38,386)	44,395
Total comprehensive income of which:	(38,386)	44,395	(8,655)	(4,347)	–	–	(47,041)	40,048
Attributable to the Australian Government	(38,386)	44,395	(8,655)	(4,347)	–	–	(47,041)	40,048
Transactions with owners								
Distributions to owners								
Returns of capital:								
Restructuring	–	–	–	–	(40,000)	–	(40,000)	–
Other	–	–	–	–	–	(3,000)	–	(3,000)
Contributions by owners								
CAC Act body payment item	–	–	–	–	33,170	41,508	33,170	41,508
Sub-total transactions with owners	–	–	–	–	(6,830)	38,508	(6,830)	38,508
Closing balance as at 30 June	189,898	228,284	9,892	18,547	718,674	725,504	918,464	972,335
Less: non-controlling interests	–	–	–	–	–	–	–	–
Closing balance attributable to the Australian Government	189,898	228,284	9,892	18,547	718,674	725,504	918,464	972,335

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

Indigenous Business Australia
Cash Flow Statement
as at 30 June 2010

Notes	Consolidated		Corporation	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
OPERATING ACTIVITIES				
Cash received				
Goods and services	45,177	80,442	5,553	25,289
Receipts from Government	38,840	37,402	38,840	37,402
Interest	40,327	51,052	38,571	49,296
Dividends	20	238	10,098	15,912
Net GST received	3,720	5,779	3,720	5,003
Other cash received	19,447	23,581	1,185	1,828
Total cash received	147,531	198,494	97,967	134,730
Cash used				
Employees	49,727	50,203	24,658	24,729
Suppliers	94,994	88,171	39,962	57,693
Borrowing costs	–	–	–	–
Net GST paid	1,065	563	1	4
Other – grants	9,205	8,288	9,205	8,288
Total cash used	154,991	147,225	73,826	90,714
Net cash from (used by) operating activities	13 (7,460)	51,269	24,141	44,016

INVESTING ACTIVITIES

Cash received				
Proceeds from sales of property, plant and equipment	1,058	439	837	439
Investments	22,000	17,799	30,972	18,794
Other – repayment of loans	72,904	66,718	72,904	66,718
Total cash received	95,962	84,956	104,713	85,951
Cash used				
Purchase of property, plant and equipment	31,452	14,952	2,835	2,343
Purchase of non-financial assets	89	1,171	–	139
Investments	2,990	45,982	29,852	56,246
Other – loans/advances	105,029	91,383	101,394	94,655
Total cash used	139,560	153,488	134,081	153,383
Net cash used by investing activities	(43,598)	(68,532)	(29,368)	(67,432)

FINANCING ACTIVITIES

Cash received				
CAC Act body payment and equity injection	36,862	39,964	33,170	38,508
Proceeds from issuing financial instruments	–	89	–	–
Other – new borrowings	12,095	–	–	–
Total cash received	48,957	40,053	33,170	38,508
Cash used				
Repayment of borrowings	6,300	712	–	–
Dividends paid	763	–	–	–
Total cash used	7,063	712	–	–
Net cash from financing activities	41,894	39,341	33,170	38,508
Net increase (decrease) in cash held	(9,164)	22,078	27,943	15,092
Cash and cash equivalents at the beginning of the reporting period	129,339	107,261	71,415	56,323
Cash and cash equivalents at the end of the reporting period	7A 120,175	129,339	99,358	71,415

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

Indigenous Business Australia
Schedule of Commitments
as at 30 June 2010

	Consolidated		Corporation	
	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000
BY TYPE				
Commitments receivable				
Sublease rental income ¹	37,648	45,295	-	-
Other commitments receivable ²	-	-	-	-
GST recoverable on commitments ³	1,117	2,244	1,060	1,940
Total commitments receivable	38,765	47,539	1,060	1,940
Commitments payable				
Capital commitments				
Investments	1,000	2,500	-	-
Total capital commitments	1,000	2,500	-	-
Other commitments				
Operating leases ⁴	5,843	3,927	5,843	2,440
Other ⁵	32,260	46,310	28,250	41,341
Total other commitments	38,103	50,237	34,093	43,781
Net commitments by type	(338)	(5,198)	(33,033)	(41,841)
BY MATURITY				
Commitments receivable				
Operating lease income				
One year or less	8,703	8,724	-	-
From one to five years	28,388	29,276	-	-
Over five years	557	7,295	-	-
Total operating lease income	37,648	45,295	-	-
Other commitments receivable				
One year or less	571	1,745	552	1,596
From one to five years	544	492	508	344
Over five years	2	7	-	-
Total other commitments receivable	1,117	2,244	1,060	1,940
Commitments payable				
Capital commitments				
One year or less	1,000	2,500	-	-
From one to five years	-	-	-	-
Over five years	-	-	-	-
Total capital commitments	1,000	2,500	-	-
Operating lease commitments				
One year or less	2,395	2,812	2,395	2,440
From one to five years	3,448	1,115	3,448	-
Over five years	-	-	-	-
Total operating lease commitments	5,843	3,927	5,843	2,440
Other commitments				
One year or less	27,078	38,614	26,061	37,558
From one to five years	5,112	6,957	2,189	3,783
Over five years	70	739	-	-
Total other commitments	32,260	46,310	28,250	41,341
Net commitments by maturity	(338)	(5,198)	(33,033)	(41,841)

NB: Commitments are GST inclusive where relevant.

¹ Rental income receivable from commercial rental properties.

² Other commitments receivable represents receivables against various construction contracts.

³ GST on operating leases and trade commitments.

⁴ Operating leases included are effectively non-cancellable and comprise office accommodation leases. Lease payments are subject to annual increases in accordance with upwards movements in the consumer price index (CPI). The initial periods of office accommodation leases are still current.

⁵ Other commitments payable pertains to various construction contracts and IBA loan commitments.

Indigenous Business Australia
Schedule of Contingencies
as at 30 June 2010

	Consolidated		Corporation	
	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000
Schedule of Contingent Liabilities and Assets				
Contingent assets				
Claims for damages/costs	208	820	208	820
Total contingent assets	208	820	208	820
Contingent liabilities				
Guarantees	-	1,685	-	1,685
Indemnities	1,000	1,000	1,000	1,000
Claims for damages/costs	1,091	1,560	229	694
Total contingent liabilities	2,091	4,245	1,229	3,379
Net contingent assets (liabilities)	(1,883)	(3,425)	(1,021)	(2,559)

Details of each class of contingent liabilities and contingent assets listed above are disclosed in Note 14: Contingent liabilities and assets, along with information on significant remote contingencies and contingencies that cannot be quantified.

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

Indigenous Business Australia Schedule of Asset Additions

as at 30 June 2010

Consolidated

The following non-financial non-current assets were added in 2009–10:

	Buildings \$'000	Other property, plant & equipment \$'000	Intangibles \$'000	Investment properties \$'000	Total \$'000
By purchase – other	9,655	11,341	–	24,983	45,979
Total additions	9,655	11,341	–	24,983	45,979

Consolidated

The following non-financial non-current assets were added in 2008–09:

	Buildings \$'000	Other property, plant & equipment \$'000	Intangibles \$'000	Investment properties \$'000	Total \$'000
By purchase – other	12,432	14,575	3,419	–	30,426
Total additions	12,432	14,575	3,419	–	30,426

Corporation

The following non-financial non-current assets were added in 2009–10:

	Buildings \$'000	Other property, plant & equipment \$'000	Intangibles \$'000	Investment properties \$'000	Total \$'000
By purchase – other	1,687	324	–	824	2,835
Total additions	1,687	324	–	824	2,835

Corporation

The following non-financial non-current assets were added in 2008–09:

	Buildings \$'000	Other property, plant & equipment \$'000	Intangibles \$'000	Investment properties \$'000	Total \$'000
By purchase – other	630	1,379	334	–	2,343
From acquisition of entities or operations (including restructuring)	–	–	–	–	–
Total additions	630	1,379	334	–	2,343

Notes to and forming part of the Financial Statements

Note 1: Summary of significant accounting policies

1.1 Objectives of Indigenous Business Australia

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

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

IBA is structured to meet one outcome: Outcome 1: Improved wealth acquisition to support the economic independence of Aboriginal and Torres Strait Islander peoples through commercial enterprise, asset acquisition, construction and access to concessional home and business loans.

1.2 Basis of preparation of the financial report

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

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

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

- Finance Minister's Orders (FMOs) for reporting periods ending on or after 1 July 2009, and
- Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The Financial Statements have been prepared on an accrual basis and are in accordance with historical cost convention, except for certain assets at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

The Financial Statements are presented in Australian dollars and values are rounded to the nearest thousand dollars unless otherwise specified.

Unless an alternative treatment is specifically required by an accounting standard or the FMOs, assets and liabilities are recognised in the Balance Sheet when, and only when, it is probable that future economic benefits will flow to the entity and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under Agreements Equally Proportionately Unperformed are not recognised unless required by an accounting standard. Liabilities and assets that are unrecognised are reported in the Schedule of Commitments or the Schedule of Contingencies.

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

1.3 Significant accounting judgements and estimates

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

- The fair value of investment properties and other investments is based upon market inputs, backed by periodic external valuations, and
- IBA has designated housing and business loans at fair value on the basis of a market-determined interest rate benchmark, IBA's historical records and use of advanced valuation techniques. For the year 2009–10, loan valuations resulted in a write-down of the housing loan portfolio by \$49,248 million and the business loan portfolio by \$5,420 million. During the financial year, a review was carried out on the assumptions and estimates input into the valuation technique. On the basis of the review, adjustments were carried out on the estimated expected life of loan parameter and the market expectation of future interest rate changes on loan coupon and discount rates. The changes in assumption and estimates have resulted in a higher discount of \$11 million in the loan portfolio than the earlier basis. The changed assumptions would affect valuations of the loan portfolio in future periods, but it will not be practicable to quantify these changes in advance.

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

1.4 Changes in Australian Accounting Standards

Adoption of new Australian Accounting Standards requirements

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

- AASB 7 *Financial Instruments: Disclosures*
- AASB 101 *Presentation of Financial Statements*
- AASB 107 *Statement of Cash Flows*
- AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*
- AASB 119 *Employee Benefits*
- AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*
- AASB 139 *Financial Instruments: Recognition and Measurement*
- AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

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

Future Australian Accounting Standards requirements

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

- AASB 7 *Financial Instruments: Disclosures*
- AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*
- AASB 119 *Employee Benefits*
- AASB 139 *Financial Instruments: Recognition and Measurement*
- AASB 2009–11 *Amendments to Australian Accounting Standards arising from AASB 9* [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 and 12].

1.5 Revenue

Revenue from the sale of goods is recognised when:

- the risks and rewards of ownership have been transferred to the buyer
- the seller retains no managerial involvement or effective control over the goods
- the revenue and transaction costs incurred can be reliably measured
- it is probable that the economic benefits associated with the transaction will flow to IBA.

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

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

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

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

Interest revenue is recognised using the effective interest method as set out in AASB 139 *Financial Instruments: Recognition and Measurement*.

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

Resources received free of charge

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

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

Revenues from Government

Funding received or receivable from agencies (appropriated to the agency as a CAC Act body payment item for payment to IBA) is recognised as revenue from the Australian Government unless they are in the nature of an equity injection.

1.6 Gains

Resources received free of charge

Contributions of assets at no cost of acquisition or for nominal consideration are recognised as gains at their fair value when the asset qualifies for recognition, unless received from another Government agency or authority as a consequence of a restructuring of administrative arrangements (refer to Note 1.7). Where contribution of such assets at no cost is compounded by an obligation or commitment on disposal, the asset recognition is matched with a corresponding liability.

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

Sale of assets

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

1.7 Transactions with the Government as owner

Equity injections

Amounts appropriated which are designated as 'CAC Act Body payment item – equity injections' for a year are recognised directly in contributed equity in that year.

Restructuring of administrative arrangements

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

As a result of a restructuring of administrative arrangements, IBA relinquished control over its subsidiary Outback Stores Pty Ltd, which has been transferred to the Commonwealth under an agreement between the Minister for Families, Housing, Community Services and Indigenous Affairs (FaHCSIA) and the Minister for Finance and Deregulation. IBA has no ownership interest in Outback Stores Pty Ltd as at 30 June 2010.

1.8 Employee benefits

Liabilities for short-term employee benefits (as defined in AASB 119) and termination benefits due within 12 months of balance date are measured at their nominal amounts.

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

Other long-term employee benefits are measured as net total of the present value of the defined benefit obligation at the end of the reporting minus the fair value at the end of the reporting period of plan assets (if any) out of which the obligations are to be settled directly.

Leave

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

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

The liability for long service leave has been determined by reference to the Australian Government shorthand method.

Separation and redundancy

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

Superannuation

Staff of IBA are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS), the PSS Accumulation Plan (PSSAP) or other schemes nominated by staff.

The CSS and PSS are defined benefit schemes for the Australian Government. The PSSAP is a defined contribution scheme.

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. This liability is reported by the Department of Finance and Deregulation as an administered item.

IBA makes employer contributions to the Employee Superannuation Scheme at rates determined by an actuary to be sufficient to meet the cost to the Government of the superannuation entitlements of the Authority's employees. IBA accounts for the contributions as if they were contributions to defined contribution plans.

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

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

1.9 Leases

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

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

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

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

1.10 Borrowing costs

All borrowing costs are expensed as incurred.

1.11 Cash

Cash and cash equivalents include notes and coins held and any deposits in bank accounts with an original maturity of three months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value. Cash is recognised at its nominal amount.

1.12 Make good

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

1.13 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 2009 to 30 June 2010 using accounting policies which are consistent with those of IBA. The effects of transactions and balances between the entities, including any unrealised profits or losses, have been eliminated in full. Subsidiary companies are detailed in Notes 7E and 7F.

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

During 2009–10, the following entities have been reclassified from Interest in Associates to Interest in Subsidiaries.

- Gagudju Crocodile Hotel Trust
- Kakadu Tourism (GCH) Pty Ltd
- Gagudju Lodge Cooinda Trust
- Kakadu Tourism (GLC) Pty Ltd.

Under AASB101.10 (f), IBA is required to restate comparative information for the 2008–09 and 2007–08 financial years to reflect the impact of the reclassification of the above entities from an Interest in Associates to Interest in Subsidiaries. The entities which were previously equity accounted are now fully consolidated within the financial statements. This has resulted in the requirement to show a restated 2007–08 Balance Sheet and supporting information at Note 23 to the financial statements. The net effect of the change in classification of investments is \$20.800 million as at 30 June 2009 and \$14.517 million as at 30 June 2008. The impact on total net assets as at 30 June 2009 is \$0.919 million and as at 30 June 2008 is \$0.619 million. It is not practicable to restate the impact on every line item as at 30 June 2008 and 2009.

1.14 Financial risk management

The operating, investing and financing activities coupled with the guiding policy framework exposes the consolidated entity to credit, liquidity and interest rate risks. These risks are defined as:

- Credit risk: the possibility that a debtor or borrower will not repay or will delay repayment of all or part of a loan, causing a loss to IBA and the consolidated entity.
- Interest rate risk: a risk that the value of a financial asset such as Home and Business Loans would fluctuate in terms of fair value or future cash flows as a result of changes in market rates of interest.

- Liquidity risk: a risk that the consolidated entity may not have or be able to raise the funds to meet the obligations associated with financial liabilities. These risks are regularly monitored through a detailed internal management and Board reporting framework.

These risks are managed in the following ways:

- IBA manages credit risk on its loans portfolio by undertaking background and credit checks prior to allowing a debtor relationship. In addition, IBA has policies and procedures that guide employees' debt-recovery techniques.
- IBA also holds collateral against certain loans to mitigate credit risk.
- Interest rate risk mainly impacts the fair valuation of loans. IBA's risk management focuses on monitoring, measuring and reporting the impact of interest rate changes.
- IBA liquidity risk arises from borrowings of it subsidiaries and these are monitored regularly to ensure availability of funding resources to meet these obligations.

IBA is not exposed to currency risk or other price risk.

1.15 Financial assets

IBA classifies its financial assets in the following categories:

- financial assets at fair value through profit or loss
- held-to-maturity investments
- available-for-sale financial assets
- loans and receivables.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets are recognised and derecognised upon trade date.

Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss where the financial assets:

- have been acquired principally for the purpose of selling in the near future
- are a part of an identified portfolio of financial instruments that IBA manages together and has a recent actual pattern of short-term profit taking, or
- are derivatives that are not designated and effective as a hedging instrument.

Assets in this category are classified as current assets.

Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised through profit or loss. The net gain or loss recognised in profit or loss, however, does not incorporate any interest earned on the financial asset.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified on any of the other categories.

Available-for-sale financial assets are recorded at fair value. Gains and losses arising from changes in fair value are recognised directly in the reserves (equity) with the exception of impairment losses. Interest is calculated using the effective interest method and foreign exchange gains and losses on monetary assets are recognised directly in profit or loss. Where the asset is disposed of or is determined to be impaired, part of the cumulative gain or loss previously recognised in the reserve is included in profit for the period.

Where a reliable fair value cannot be established for unlisted investments in equity instruments, cost is used.

Held-to-maturity assets

Non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the group has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are recorded at amortised cost using the effective interest method less impairment, with revenue recognised on an effective yield basis.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate.

Categorisation of financial assets

IBA's financial assets have been categorised as follows:

- cash and cash equivalents include notes and coins held and any deposits in bank accounts with an original maturity of three months or less that are readily convertible to known amounts of cash and are subject to insignificant risk
- Business and home loan receivables have been categorised as financial assets at fair value through profit or loss

- investments in subsidiaries, associates, joint ventures and other business undertakings have been categorised as available for sale
- deposits with banks with original maturity greater than three months have been categorised as held-to-maturity investments
- trade receivables, other receivables and other financial assets have been categorised under loans and receivables.

Valuation of financial assets

- Business and home loans are measured at fair value through profit or loss. These loans, issued at lower than market rates, are fair valued against market interest rates benchmarked on commercial bank rates. The quantum of interest rate differential determines the variance of the fair value from the face value of the loans.
- Investments in subsidiaries, associates, joint ventures and other business undertakings are valued based on market inputs. This is done annually through a directors' desktop valuation, supported by an external valuation once in a period of three years. The methodology adopted in relation to valuation by the directors of subsidiaries and associates uses techniques consistent with that of the most recent independent valuation.

Impairment of financial assets

- *Financial assets held at amortised cost* – a loan is impaired when there is objective evidence that events occurring since the loan was recognised have affected expected cash flows from the loan. The impairment charge is the difference between the carrying value of the loan and the present value of estimated future cash flows at the loan's original effective interest rate. Impairment is recognised as the difference between the carrying value of the loan and the discounted value of the management's best estimate of future cash repayments and proceeds from any security held (discounted at the loan's original effective interest rate). This loss is recognised in the Statement of Comprehensive Income.
- *Available for sale financial assets* – if there is objective evidence that an impairment loss on an available-for-sale financial asset has been incurred, the amount of the difference between its cost, less principal repayments and amortisation, and its current fair value, less any impairment loss previously recognised in expenses, is transferred from equity to the Statement of Comprehensive Income.
- *Financial asset held at cost* – if there is objective evidence that an impairment loss has been incurred the amount of the impairment loss is the difference between the carrying amount of the asset and the present value of the estimated future cash flows discounted at the current market rate for similar assets.

1.16 Investments in associates

IBA's investment in its associates is accounted for using the equity method.

Under the equity method, investments in the associates are carried in IBA's balance sheet at cost as adjusted for post-acquisition changes in IBA's share of net assets of the associates. Goodwill relating to an associate is included in the carrying amount of the investment. After the application of the equity method, IBA determines whether it is necessary to recognise any impairment loss with respect to the net investment in associates.

1.17 Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Financial liabilities were recognised and derecognised upon trade date.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are initially measured at fair value. Subsequent fair value adjustments are recognised in the profit or loss. The net gain or loss recognised in the profit or loss incorporates any interest paid on the financial liability. IBA currently has no financial liabilities classified under this category.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Supplier and other payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

IBA classifies all its financial liabilities under this category. Liabilities are recognised to the extent that the goods or services have been received.

Interest bearing loans and borrowings

Loans are classified under Other financial liabilities and the carrying value calculated on the balance yet to be repaid. Interest is expensed as it accrues.

1.18 Derecognition of financial assets and liabilities

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

1.19 Contingent liabilities and contingent assets

Contingent liabilities and contingent assets are not recognised in the balance sheet but are reported in the relevant schedules and notes. They may arise from uncertainty as to the existence of a liability or asset, or represent an asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are disclosed when settlement is greater than remote.

1.20 Acquisition of assets

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

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

1.21 Property, plant and equipment

Asset recognition threshold

Purchases of property, plant and equipment are recognised initially at cost in the Balance Sheet, except for purchases costing less than \$1,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

Revaluations

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

Asset class	Fair value measured at
Land	Market selling price
Buildings excluding leasehold improvements	Depreciated replacement cost
Leasehold improvements	Depreciated replacement cost
Infrastructure, plant and equipment	Depreciated replacement cost
Investment property	Market selling price

Following initial recognition at cost, property plant and equipment are carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets do not differ materially with the assets' fair values as at the reporting date. The regularity of independent valuations depends upon the volatility of movements in market values for the relevant assets.

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

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

Depreciation

Depreciable property, plant and equipment assets are written off to their estimated residual values over their estimated useful lives to IBA using, in all cases, the straight-line method of depreciation.

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

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

	2010	2009
Leasehold improvements	Lease term	Lease term
Plant and equipment	3 to 5 years	3 to 5 years

Impairment

All assets were assessed for impairment at 30 June 2010. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

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

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

1.22 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition investment properties are stated at fair value, which is based on active market prices, adjusted if necessary for any difference in the nature, location or condition of the specific asset at the balance sheet date. Gains or losses arising from changes in the fair values of investment properties are recognised in profit or loss in the year in which they arise.

Where an investment property is acquired at no cost or for nominal cost, its cost is deemed to be its fair value as at the date of acquisition.

Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or losses on disposal of an investment property are recognised in profit or loss in the year of disposal.

1.23 Intangibles

IBA's intangibles comprise internally developed software for internal use. These assets are carried at cost less accumulated amortisation and accumulated impairment losses.

Software is amortised on a straight-line basis over its anticipated useful life. The useful lives of IBA's software are three years (2008–09: three years).

All software assets were assessed for indications of impairment as at 30 June 2010.

1.24 Inventories

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

Inventories held for distribution are valued at cost, adjusted for any loss of service potential.

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

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

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

1.25 Taxation

IBA is exempt from all forms of taxation except Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

Revenues, expenses and assets are recognised net of GST:

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

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

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

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

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

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

Note 2: Events after the Balance Sheet date

There are no potential significant events that will affect the ongoing structure and financial activities of IBA after 30 June 2010.

Note 3: Expenses

	Consolidated		Corporation	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Note 3A: Employee benefits				
Wages and salaries	40,170	41,522	19,704	18,609
Superannuation:				
Defined contribution plans	1,678	2,168	995	1,307
Defined benefit plans	2,049	1,537	2,049	1,537
Leave and other entitlements	5,347	5,889	2,134	1,939
Total employee benefits	49,244	51,116	24,882	23,392
Note 3B: Suppliers				
Goods and services				
Consultants	3,393	5,110	2,835	3,829
Contractors	8,334	10,535	8,334	10,538
Bank fees	1,527	1,447	676	670
Employment related expenses	3,819	5,092	1,038	1,477
Office accommodation	3,698	3,126	2,887	2,465
Legal costs	3,255	3,595	3,068	3,442
Office related expenses	4,013	3,539	1,468	1,802
Travel costs	2,753	3,145	2,304	2,332
Other suppliers	32,463	33,895	1,271	3,987
IT expenses	3,799	3,606	2,883	2,691
Total goods and services	67,054	73,090	26,764	33,233
Goods and services are made up of:				
Provision of goods – related entities	3,297	13,550	2,438	2,134
Provision of goods – external parties	39,486	28,483	7,690	7,835
Rendering of services – related entities	2,812	2,620	1,999	2,343
Rendering of services – external parties	21,459	28,437	14,637	20,921
Total goods and services	67,054	73,090	26,764	33,233
Other supplier expenses				
Operating lease rentals – related parties:				
Minimum lease payments	4,014	1,774	2,288	1,774
Workers compensation expenses	258	219	94	120
Total other supplier expenses	4,272	1,993	2,382	1,894
Total supplier expenses	71,326	75,083	29,146	35,127
Note 3C: Grants				
Private sector:				
Other – business development grants	9,205	8,288	9,205	8,288
Total grants	9,205	8,288	9,205	8,288

Note 3: Expenses (continued)

	Consolidated		Corporation	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Note 3D: Depreciation and amortisation				
Depreciation:				
Land and building, plant and equipment	4,573	4,783	994	898
Total depreciation	4,573	4,783	994	898
Amortisation:				
Intangibles:				
Computer software	250	374	250	374
Other	240	92	–	–
Total amortisation	490	466	250	374
Total depreciation and amortisation	5,063	5,249	1,244	1,272
Note 3E: Finance costs				
Loans	1,065	563	1	4
Total finance costs	1,065	563	1	4
Note 3F: Write-down and impairment of assets				
Asset write-downs and impairments from:				
Impairment of financial instruments	4,743	9,460	4,641	9,610
Valuation decrement	64,755	9,321	54,668	–
Total write-down and impairment of assets	69,498	18,781	59,309	9,610
Note 3G: Losses from asset sales				
Investments:				
Proceeds from sale	43,773	178	41,113	178
Carrying value of assets sold	(65,251)	(253)	(61,780)	(253)
Selling expense	–	–	–	–
Land and buildings:				
Proceeds from sale	573	–	573	–
Carrying value of assets sold	(761)	–	(761)	–
Selling expense	–	–	–	–
Total losses from assets sales	21,667	75	20,855	75
During 2009–10 loss on asset sales/transfer included:				
• Outback Stores Pty Ltd transferred to FaHCSIA at its net asset value of \$40 million				
• Huntlee Estate Indigenous Participation Trust No 1 and 2 to be wound up with investment of \$10 million being written off				
• South Headland Indigenous Property Trust sold 49% of its interest, at \$2.1 million, in the Brand Street property.				
Note 3H: Other expenses				
Other expenses	–	291	–	292
Total other expenses	–	291	–	292

Note 4: Income

	Consolidated		Corporation	
	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000
REVENUE				
Note 4A: Sale of goods and rendering of services				
Provision of goods – related entities	13,652	17,903	9,954	12,570
Provision of goods – external parties	51,708	55,898	120	104
Rendering of services – external parties	584	1,212	97	8
Total sale of goods and rendering of services	65,944	75,013	10,171	12,682
Note 4B: Interest				
Deposits	15,511	20,928	13,050	16,444
Loans	28,345	30,640	29,050	31,443
Total interest	43,856	51,568	42,100	47,887
Note 4C: Dividends				
Subsidiary companies	-	-	8,941	9,165
Other – associates	20	18	-	-
Total dividends	20	18	8,941	9,165
Note 4D: Rental income				
Operating lease:				
Investment properties	11,843	10,948	59	221
Total rental income	11,843	10,948	59	221
Note 4E: Other revenue				
Other non-operating income	5,756	723	1,186	808
Total other revenue	5,756	723	1,186	808

Note 4: Income (continued)

	Consolidated		Corporation	
	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000
GAINS				
Note 4F: Sale of assets				
Investments:				
Proceeds from sale	1,237	2,726	2,632	385
Carrying value of assets sold	(391)	(1,695)	(612)	(314)
Selling expense	-	(26)	-	(70)
Net gain from sale of assets	846	1,005	2,020	1
During 2008–09 proceeds from sales included investments in Centrum Insurance of \$1.750 million and an investment property in Alice Springs of \$0.790 million.				
During 2009–10 proceeds from sales included:				
• sale of 25% share in Consolidated Manufacturing Enterprise and Swanbrook Road Holding Trust to Ridley's Agricultural Product Pty Ltd				
• sale of 18% of Gagudju Lodge Cooinda Trust and Kakadu Tourism (GLC) Pty Ltd to Gagudju Association.				
Note 4G: Other gains				
Change in fair value of investment properties	-	5,709	-	110
Change in fair value of financial instruments through profit and loss	-	12,825	-	12,825
Other	1,194	650	1,144	-
Total other gains	1,194	19,184	1,144	12,935
REVENUE FROM GOVERNMENT				
Note 4H: Revenue from Government				
Department of Families, Housing, Community Services and Indigenous Affairs				
CAC Act body payment item	38,840	37,402	38,840	37,402
Total revenue from Government	38,840	37,402	38,840	37,402
EQUITY ACCOUNTED PROFIT OF ASSOCIATES				
Note 4I: Equity accounted profits of associates				
Associate companies	2,586	1,642	1,795	1,350
Total equity accounted profit	2,586	1,642	1,795	1,350

Note 5: Income tax expense

	Consolidated		Corporation	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Income tax expense	322	1,139	–	–
Total income tax expense	322	1,139	–	–

Note 6: Other comprehensive income

	Consolidated		Corporation	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Note 6A: Reclassification adjustments				
The following amounts previously recognised in other comprehensive income have been reclassified to profit and loss.				
Huntlee Estate Indigenous Participation Trust No. 1	1,759	–	1,759	–
Huntlee Estate Indigenous Participation Trust No. 2	1,759	–	1,759	–
Swanbrook Road Holding Trust	–	–	(240)	–
Consolidated Manufacturing Enterprise	–	–	(323)	–
Gagudju Lodge Cooinda Trust	–	–	(419)	–
Gagudju Crocodile Hotel Trust	–	–	(414)	–
Total reclassification adjustments of other comprehensive income	3,518	–	2,122	–

Note 7: Financial assets

	Consolidated		Corporation	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Cash on hand or on deposit	98,144	105,955	77,327	48,031
Cash on hand or on deposit – Housing Fund	22,031	23,384	22,031	23,384
Total cash and cash equivalents (current)	120,175	129,339	99,358	71,415

Refer to Note 23A for 2007–08 comparative information.

Note 7B: Trade, loans and other receivables

Goods and services				
Goods and services – related entities	49	573	49	573
Goods and services – external entities	10,902	8,753	3,992	2,600
Total receivables for goods and services	10,951	9,326	4,041	3,173

Reconciliation of movements of loans receivable

Loans – New Housing Fund and Home loans capital				
At fair value – opening balance	428,089	392,456	428,089	392,456
Add: net loans movement at cost	26,869	25,602	26,869	25,602
Add/(less): net movement on remeasurement at fair value through profit and loss	(49,248)	10,007	(49,248)	10,007
Add/(less): impairment movement through profit and loss	(313)	24	(313)	24
At fair value – closing balance	405,397	428,089	405,397	428,089

Loans – Business Development

At fair value – opening balance	38,856	40,100	38,856	40,100
Add: net loans movement at cost	3,048	5,042	3,048	5,042
Add/(less): net movement on remeasurement at fair value through profit and loss	(5,420)	2,818	(5,420)	2,818
Less: impairment movement through profit and loss	(4,327)	(9,104)	(4,327)	(9,104)
At fair value – closing balance	32,157	38,856	32,157	38,856

Total housing, business and other loan receivables	437,554	466,945	437,554	466,945
Other receivables:				
Dividends	596	596	39,768	40,925
Other	452	1,945	1,434	1,150
Total other receivables	1,048	2,541	41,202	42,075
Total trade, loan and other receivables (net)	449,553	478,812	482,797	512,193

Receivables are represented by:				
Less than 12 months	14,864	52,558	48,103	86,290
More than 12 months	434,689	426,254	434,694	425,903
Total trade and other receivables (net)	449,553	478,812	482,797	512,193

Note 7: Financial assets (continued)

	Consolidated		Corporation	
	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000
Note 7B: Trade, loans and other receivables (continued)				
Receivables are aged as follows:				
Not overdue	390,434	424,498	423,674	457,871
Overdue by:				
Less than 30 days	21,827	24,176	21,827	24,176
30 to 60 days	13,092	9,675	13,092	9,675
61 to 90 days	3,352	3,547	3,352	3,547
More than 90 days	20,848	16,916	20,852	16,924
Total receivables (net)	449,553	478,812	482,797	512,193

The impairment allowance account is aged as follows:

Not overdue	3,724	3,489	3,724	3,489
Overdue by:				
Less than 30 days	236	640	236	640
30 to 60 days	608	458	608	458
61 to 90 days	28	248	28	248
More than 90 days	12,630	12,173	12,630	12,173
Total impairment allowance account	17,226	17,008	17,226	17,008

	Corporation	
	2010	2009
	\$'000	\$'000

Reconciliation of movement in impairment allowance account

Loans – New Housing Fund and Home loans capital

Opening provision for doubtful debts (PDD) as at 01/07/09	1,208	1,490
Provisions resolved	(200)	(317)
Provisions pertaining to loans written off	(34)	(263)
	<u>974</u>	<u>910</u>

New provisions:

New accounts	448	303
Change in PDD for accounts existing at 01/07/09	68	(5)
	<u>516</u>	<u>298</u>
Closing balance as at 30/06/10	1,490	1,208

Loans – Business Development

Opening PDD as at 01/07/09	12,656	10,992
Provisions resolved	(654)	(1,225)
Provisions pertaining to loans written off	<u>(4,985)</u>	<u>(5,014)</u>
	7,017	4,753

New provisions

Closing balance as at 30/06/10	14,213	12,656
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Refer to Note 23B for 2007–08 comparative information.

Note 7: Financial assets (continued)

	Consolidated		Corporation	
	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000

Note 7C: Investments accounted for using the equity method

Investments in associates	27,382	23,137	24,951	20,939
Total equity accounted investments	27,382	23,137	24,951	20,939

Investments in equity accounted investments are expected to be recovered in:

Less than 12 months	-	-	-	-
More than 12 months	27,382	23,137	24,951	20,939
Total equity accounted investments	27,382	23,137	24,951	20,939

Summarised financial information of associates:

	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000

Balance sheet:

Assets	94,158	91,722	78,115	77,557
Liabilities	(62,331)	(64,123)	(57,725)	(59,977)
Net assets	31,827	27,599	20,390	17,580

Profit and loss:

Revenue	133,552	132,469	116,097	121,600
Net surplus	8,312	4,891	4,231	3,664

Share of associates' net surplus:

Share of net surplus before tax	2,956	1,896	2,165	1,604
Income tax expense	(370)	(254)	(370)	(254)
Share of associates' net surplus	2,586	1,642	1,795	1,350

The carrying amounts of investment for these associated companies are based on unaudited figures. Refer to individual entities' annual reports for audited figures.

Interests in associates are valued on the equity method.

During 2009–10, the following entities have been reclassified from Interest in associates to Interest in subsidiaries:

- Gagudju Crocodile Hotel Trust
- Kakadu Tourism (GCH) Pty Ltd
- Gagudju Lodge Cooinda Trust
- Kakadu Tourism (GLC) Pty Ltd.

The comparative information for 2008-09 and 2007-08 financial years has also been restated in compliance with AASB 101.10(f) to reflect the reclassification. The net impact on investments aggregate to \$20,800 million as at 30 June 2009 and \$14,517 million as at 30 June 2008.

Refer to Note 23C for 2007–08 comparative information.

Note 7: Financial assets (continued)

Note 7D: Interest in associates

Table A: Interests in associates (Corporation)

Interests are held in the following associated companies

Associated company	Principal activities	Ownership interest		Voting power		Carrying amount of investment	
		2010	2009	2010	2009	2010	2009
		%	%	%	%	\$'000	\$'000
Alice Springs Resort Enterprises Pty Limited*	Accommodation provider	45	–	45	–	781	–
Alice Springs Resort Holdings Trust*	Accommodation provider	45	–	45	–	3,229	–
Monkey Mia Enterprises Pty Limited*	Accommodation provider	54	54	50	50	7	7
Monkey Mia Holding Trust*	Accommodation provider	54	54	50	50	1	–
Ngarda Civil & Mining Pty Limited*	Civil engineering & mining services	25	25	25	25	5,485	5,485
Noongar Property Trust	Property	57	66	50	50	13,093	13,092
Marlba Maya Pty Limited*	Property	70	70	50	50	–	–
Port Headland Investment Trust*	Property	70	70	50	50	2,355	2,355
						24,951	20,939

Table B: Interests in associates (consolidated)

Interests are held in the following associated companies

Associated company	Principal activities	Ownership interest		Voting power		Carrying amount of investment	
		2010	2009	2010	2009	2010	2009
		%	%	%	%	\$'000	\$'000
Alice Springs Resort Enterprises Pty Limited*	Accommodation provider	45	–	45	–	781	–
Alice Springs Resort Holdings Trust*	Accommodation provider	45	–	45	–	3,229	–
Carpentaria Shipping Services Pty Limited*	Transportation	18	18	25	25	898	841
Fitzroy River Lodge Partnership*	Accommodation provider	26	43	25	25	1,533	1,357
Monkey Mia Enterprises Pty Limited*	Accommodation provider	54	54	50	50	7	7
Monkey Mia Holding Trust*	Accommodation provider	54	54	50	50	1	–
Ngarda Civil Mining Pty Limited	Civil engineering & mining services	25	25	25	25	5,485	5,485
Noongar Property Trust*	Property	57	66	50	50	13,093	13,092
Marlba Maya Pty Limited*	Property	70	70	50	50	–	–
Port Headland Investment Trust*	Property	70	70	50	50	2,355	2,355
						27,382	23,137

* The carrying amounts of investment for these associated companies are based on unaudited figures. Refer to individual entities' annual reports for audited figures.

Interests in associates are valued using the equity method.

During 2009–10, the following entities have been reclassified from Interest in associates to Interest in subsidiaries.

- Gagudju Crocodile Hotel Trust
- Kakadu Tourism (GCH) Pty Ltd
- Gagudju Lodge Cooinda Trust
- Kakadu Tourism (GLC) Pty Ltd.

The comparative information for 2008–09 and 2007–08 financial years has also been restated in compliance with AASB 101.10(f) to reflect the reclassification. The net impact on investments aggregate to \$20.800 million as at 30 June 2009 and \$14.517 million as at 30 June 2008.

Refer to Note 23D for 2007–08 comparative information.

Note 7: Financial assets (continued)

Note 7D: Interest in associates (continued)

(A) Economic entity's share of associates:

Profit from ordinary activities before tax	2,956	1,896	2,165	1,604
Share of income tax expense	(370)	(254)	(370)	(254)
Net profit	2,586	1,642	1,795	1,350

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

Balance at beginning of financial year	23,137	24,421	20,938	20,803
Add:				
Additional investments during the year	3,923	315	3,923	315
Share of associated companies' profit from ordinary activities and after income tax	2,586	1,642	1,795	1,350
Fair value increment	74	4,991	40	4,991
Less:				
Dividend revenue from associated companies	(675)	(546)	(582)	(200)
Disposals during the year	–	(5,662)	–	(5,460)
Fair value decrement	(1,663)	(2,024)	(1,163)	(860)
Balance at end of financial year	27,382	23,137	24,951	20,939

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

Current assets	8,925	8,497	6,983	7,067
Non-current assets	23,169	23,022	21,495	21,224
Current liabilities	(7,601)	(6,904)	(7,231)	(6,642)
Non-current liabilities	(13,375)	(14,503)	(12,864)	(13,970)
Net assets	11,118	10,112	8,383	7,679

The carrying amounts of investment for these associated companies are based on unaudited figures. Refer to individual entities' annual reports for audited figures.

Interests in associates are valued on the equity method.

During 2009–10, the following entities have been reclassified from Interest in associates to Interest in subsidiaries.

- Gagudju Crocodile Hotel Trust
- Kakadu Tourism (GCH) Pty Ltd
- Gagudju Lodge Cooinda Trust
- Kakadu Tourism (GLC) Pty Ltd.

The comparative information for 2008–09 and 2007–08 financial years has also been restated in compliance with AASB 101.10(f) to reflect the reclassification. The net impact on investments aggregate to \$20.800 million as at 30 June 2009 and \$14.517 million as at 30 June 2008.

Refer to Note 23D for 2007–08 comparative information.

Note 7: Financial assets (continued)

Note 7E: Interest in subsidiaries (Corporation only)

Name	Country of incorporation	Percentage of equity interest held		Carrying amount of investment	
		2010 %	2009 %	2010 \$	2009 \$
Asset Leasing Trust	Australia	100	100	–	–
– intercompany advance		–	–	1,000,000	–
Bowen Basin Holdings Pty Limited*	Australia	100	100	–	–
– ordinary shares		–	–	1	1
Bowen Basin Investments Pty Limited*	Australia	100	100	–	–
– ordinary shares		–	–	1	1
Cape Don Pty Limited	Australia	90	90	–	–
– ordinary shares		–	–	–	–
– intercompany advance		–	–	–	–
Carpentaria Shipping Trust	Australia	100	100	–	–
– interest in fixed trust		–	–	10,023	10,023
– intercompany advance		–	–	366,266	366,266
CDC Nominees (GRC) Pty Limited*	Australia	100	100	–	–
– ordinary shares		–	–	2	2
CDC Nominees (McArthur River Shipping) Pty Limited	Australia	100	100	–	–
– ordinary shares		–	–	2	2
CDC Nominees (TCTP) Pty Limited*	Australia	100	100	–	–
– ordinary shares		–	–	2	2
Consolidated Manufacturing Enterprises Pty Limited	Australia	75	100	–	–
– ordinary shares		–	–	2,640,408	1,301,031
– intercompany advance		–	–	208,969	398,969
Darwin Hotel Holdings Pty Limited	Australia	90	–	–	–
– ordinary shares		–	–	10	–
Darwin Hotel Holdings Trust	Australia	90	–	–	–
– intercompany in fixed trust		–	–	10,350,000	–
– intercompany advance		–	–	1,294,380	–
Elliot Store Holdings Trust	Australia	100	100	–	–
– intercompany advance		–	–	29,000	29,000
Elliot Store Pty Limited*	Australia	100	100	–	–
– ordinary shares		–	–	1,000	1,000
Fitzroy Lodge Investments Pty Limited	Australia	100	100	–	–
– ordinary shares		–	–	1	1
– intercompany advance		–	–	1,067,138	1,443,857
Gagudju Crocodile Hotel Trust	Australia	70	70	–	–
– units in trust		–	–	3,439,715	3,640,000
Gagudju Lodge Cooida Trust	Australia	52	70	–	–
– units in trust		–	–	5,836,754	8,575,000
Hotel Enterprises Pty Limited	Australia	100	100	–	–
– ordinary shares		–	–	5,001,000	1,000
– preference shares		–	–	5,262,189	8,106,202
– intercompany advance		–	–	1,800,000	5,000,000
Hotel Holdings Trust	Australia	100	100	–	–
– units in trust		–	–	11,829,415	15,349,554
Huntlee Estate Indigenous Participation Trust No. 1	Australia	100	100	–	–
– interest in fixed trust		–	–	–	3,241,314

Note 7: Financial assets (continued)

Note 7E: Interest in subsidiaries (Corporation only) (continued)

Name	Country of incorporation	Percentage of equity interest held		Carrying amount of investment	
		2010 %	2009 %	2010 \$	2009 \$
Huntlee Estate Indigenous Participation Trust No. 2	Australia	100	100	–	–
– interest in fixed trust		–	–	–	3,241,324
IBA Insurance Holdings Pty Limited*	Australia	–	100	–	–
– ordinary shares		–	–	2,759,780	2,759,780
IBA Property Investments Pty Limited*		100	100	–	–
– ordinary shares		–	–	2	2
– intercompany advance		–	–	20	20
IBA (Property Holdings) Pty Limited*	Australia	100	100	–	–
– ordinary shares		–	–	20	20
– intercompany advance		–	–	10	10
Indigenous Fishing Pty Limited*	Australia	100	100	–	–
– ordinary shares		–	–	2	2
Indigenous Fishing Trust	Australia	100	100	–	–
– interest in fixed trust (intercompany advance)		–	–	2,786,049	3,036,049
Indigenous Investment Trust	Australia	100	100	–	–
– units in trust		–	–	8,750,000	8,750,000
Indigenous Investment Participation Trust	Australia	100	100	–	–
– units in trust		–	–	10	10
Kakadu Tourism (GCH) Pty Limited	Australia	70	70	–	–
– ordinary shares		–	–	2,800,000	2,800,000
Kakadu Tourism (GLC) Pty Limited	Australia	52	70	–	–
– ordinary shares		–	–	4,666,250	5,285,000
– intercompany advance		–	–	250,000	500,000
Leonora Investment Trust	Australia	100	100	–	–
– interest in fixed trust		–	–	452,000	434,103
– working capital		–	–	318,000	318,000
Leonora Investments Pty Limited*	Australia	100	100	–	–
– ordinary shares		–	–	1	1
Mungo Lodge Pty Limited	Australia	100	100	–	–
– ordinary shares		–	–	175,001	1
Mungo Lodge Holdings Pty Limited*	Australia	100	100	–	–
– ordinary shares		–	–	1	1
Mungo Lodge Trust	Australia	100	100	–	–
– units in trust		–	–	10	10
– intercompany advance		–	–	1,163,646	1,163,646
National Indigenous Participation Trust	Australia	100	100	–	–
– units in trust		–	–	5,233,618	5,233,618
– intercompany advance		–	–	5,705,000	–
National Indigenous Property Trust	Australia	100	100	–	–
– intercompany advance		–	–	833,341	833,341
Outback Stores Pty Limited	Australia	100	100	–	–
– preference shares		–	–	–	40,000,000
– ordinary shares		–	–	–	1
– intercompany advance		–	–	–	10,200,000
Port Botany Transfer Station Trust	Australia	100	100	–	–
– units in trust		–	–	12,250,000	12,250,000

Note 7: Financial assets (continued)

Note 7E: Interest in subsidiaries (Corporation only) (continued)

	Country of incorporation	Percentage of equity interest held		Carrying amount of investment	
		2010 %	2009 %	2010 \$	2009 \$
Name					
Scarborough House Investment Trust	Australia	67	67	–	–
– units in trust		–	–	29,813,065	30,747,831
Scarborough House Office Trust	Australia	67	67	–	–
– intercompany advance		–	–	635,202	635,202
South Headland Indigenous Property Trust	Australia	100	100	–	–
– units in trust		–	–	1,717,646	2,060,392
Swanbrook Road Holding Trust	Australia	75	100	–	–
– intercompany advance		–	–	2,946,225	1,409,967
Tennant Creek Enterprises Pty Limited	Australia	100	100	–	–
– ordinary shares		–	–	10	10
Tenant Creek Enterprises Trust	Australia	100	100	–	–
– interest in fixed trust (intercompany advance)		–	–	2,764,913	3,359,367
Tennant Creek Land Holding Trust	Australia	90	90	–	–
– units in trust		–	–	1,534,680	1,480,140
Tennant Creek Supermarket Pty Limited	Australia	90	90	–	–
– intercompany advance		–	–	899	899
– working capital		–	–	22,500	22,500
Tjapukai Aboriginal Cultural Park Partnership	Australia	100	100	–	–
– interest in partnership		–	–	1,539,198	752,823
– advance to partnership		–	–	752,895	1,005,867
Tjapukai Pty Limited	Australia	100	66	–	–
– ordinary shares		–	–	6	2
Wildman River Lodge Trust	Australia	100	100	–	–
– intercompany advance		–	–	2,020,999	124,735
– units in trust		–	–	550,000	550,000

Total interests in subsidiaries (Corporation only)

142,577,275186,417,899

* Non-trading.

During 2009–10, the following entities have been reclassified from Interest in associates to Interest in subsidiaries.

- Gagudju Crocodile Hotel Trust
- Kakadu Tourism (GCH) Pty Ltd
- Gagudju Lodge Cooinda Trust
- Kakadu Tourism (GLC) Pty Ltd.

The comparative information for 2008–09 and 2007–08 financial years has also been restated in compliance with AASB 101.10(f) to reflect the reclassification. The net impact on investments aggregate to \$20.800 million as at 30 June 2009 and \$14.517 million as at 30 June 2008.

Refer to Note 23D for 2007–08 comparative information.

Note 7: Financial assets (continued)

	Consolidated		Corporation	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000

Note 7F: Other investments

Deposits	178,000	232,000	175,000	195,000
Shares (or equity interest in) subsidiaries	199	–	142,577	186,418
Other – Interest in business undertakings	–	8,378	–	1,895
Total investments	178,199	240,378	317,577	383,313
Investments expected to be recovered in:				
Less than 12 months	178,000	232,000	175,000	195,000
More than 12 months	199	8,378	142,577	188,313
Total investments	178,199	240,378	317,577	383,313

During 2009–10, the following entities have been reclassified from Interest in associates to Interest in subsidiaries.

- Gagudju Crocodile Hotel Trust
- Kakadu Tourism (GCH) Pty Ltd
- Gagudju Lodge Cooinda Trust
- Kakadu Tourism (GLC) Pty Ltd.

The comparative information for 2008–09 and 2007–08 financial years has also been restated in compliance with AASB 101.10(f) to reflect the reclassification. The net impact on investments aggregate to \$20.800 million as at 30 June 2009 and \$14.517 million as at 30 June 2008.

Refer to Note 23F for 2007–08 comparative information.

Note 7G: Deferred tax assets

Tax assets	250	902	–	–
Total deferred tax assets	250	902	–	–

All tax assets are current assets.

Refer to Note 23G for 2007–08 comparative information.

Note 8: Non-financial assets

	Consolidated		Corporation	
	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000
Note 8A: Land and buildings				
Leasehold improvements:				
Fair value	18,792	10,396	2,777	1,851
Work in progress	–	3,836	–	–
Accumulated depreciation	(3,667)	(1,693)	(1,042)	(660)
Total leasehold improvements	15,125	12,539	1,735	1,191
Total land and buildings (non-current)	15,125	12,539	1,735	1,191

Refer to Note 23H for 2007–08 comparative information.

Note 8B: Property, plant and equipment

Property, plant and equipment:				
Gross carrying value (at fair value)	34,027	26,718	3,195	2,947
Accumulated depreciation	(17,564)	(11,624)	(1,965)	(1,352)
Total other property, plant and equipment	16,463	15,094	1,230	1,595
Total property, plant and equipment	16,463	15,094	1,230	1,595

Refer to Note 23I for 2007–08 comparative information.

Note 8: Non-financial assets (continued)

	2010			2009		
	Land and buildings	Other PP&E	Total	Land and buildings	Other PP&E	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000

Note 8C: Reconciliation of the opening and closing balances of property, plant and equipment – Consolidated						
As at 1 July						
Gross book value	14,232	26,718	40,950	1,642	13,208	14,850
Accumulated depreciation/amortisation and impairment	(1,693)	(11,624)	(13,317)	(590)	(4,226)	(4,816)
Net book value as at 1 July	12,539	15,094	27,633	1,052	8,982	10,034
Additions:						
By purchase	9,655	11,341	20,996	8,596	14,575	23,171
Work in progress	–	–	–	3,836	–	3,836
Revaluations and impairments through equity	(6)	2,421	2,415	1,012	(16)	996
Reclassification	(128)	221	93	–	–	–
Depreciation/amortisation expense	(1,974)	(2,599)	(4,573)	(1,305)	(3,479)	(4,784)
Impairments recognised in the operating result	(2,843)	(1,088)	(3,931)	(70)	–	(70)
Other movements						
Accumulated depreciation for entities acquired in 2008–09	–	(2,254)	(2,254)	–	(3,919)	(3,919)
Disposals:						
From disposal of entities or operations (including restructuring)	(1,357)	(6,673)	(8,030)	–	–	–
Other disposals	(761)	–	(761)	(633)	(1,049)	(1,682)
Net book value as at 30 June	15,125	16,464	31,588	12,488	15,094	27,582
Net book value as at 30 June represented by:						
Gross book value	18,792	34,028	52,820	14,232	26,718	40,950
Accumulated depreciation/amortisation and impairment	(3,667)	(17,565)	(21,232)	(1,693)	(11,624)	(13,317)
	15,125	16,463	31,588	12,539	15,094	27,633

	2010			2009		
	Land and buildings	Other PP&E	Total	Land and buildings	Other PP&E	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000

Note 8C: Reconciliation of the opening and closing balances of property, plant and equipment – Corporation						
As at 1 July						
Gross book value	1,851	2,947	4,798	1,221	1,580	2,801
Accumulated depreciation/amortisation and impairment	(660)	(1,352)	(2,012)	(335)	(779)	(1,114)
Net book value as at 1 July	1,191	1,595	2,786	886	801	1,687
Additions:						
By purchase	1,687	324	2,011	630	1,379	2,009
Depreciation/amortisation expense	(381)	(613)	(994)	(325)	(573)	(898)
Disposals:						
From disposal of entities or operations (including restructuring)	–	–	–	–	(12)	(12)
Other disposals	(761)	(76)	(837)	–	–	–
Net book value as at 30 June	1,736	1,230	2,966	1,191	1,595	2,786
Net book value as at 30 June represented by:						
Gross book value	2,777	3,195	5,973	1,851	2,947	4,798
Accumulated depreciation/amortisation	(1,041)	(1,965)	(3,006)	(660)	(1,352)	(2,012)
	1,736	1,230	2,967	1,191	1,595	2,786

Refer to Note 23J for 2007–08 comparative information.

Note 8: Non-financial assets (continued)

Note 8F: Inventories

Inventories held for sale:

Raw materials	1,896	2,108	-	-
Total inventories held for sale	1,896	2,108	-	-
Total inventories	1,896	2,108	-	-

All inventories are expected to be sold or distributed in the next 12 months.

Refer to Note 23M for 2007–08 comparative information.

Note 8G: Other non-financial assets

Prepayments

Prepayments	1,260	1,373	450	246
Total other non-financial assets	1,260	1,373	450	246

All other non-financial assets are expected to be recovered in no more than 12 months.

Refer to Note 23N for 2007-08 comparative information.

Other intangibles:

Fishing licence	6,622	6,422	-	-
Write-down – fishing licence	(4,872)	(4,422)	-	-
Other	4,863	7,403	-	-
Total other intangibles (gross)	6,613	9,403	-	-
Accumulated amortisation and write-down – other	(335)	(94)	-	-
Total other intangibles (net)	6,278	9,309	-	-
Total intangibles	6,471	9,753	193	444

Note 8E: Reconciliation of the opening and closing balances of intangibles

Item

As at 1 July

Gross book value	15,383	13,429	1,358	1,024
Accumulated amortisation and impairment	(5,630)	(5,814)	(914)	(540)
Net book value as at 1 July	9,753	7,615	444	484
Additions:				
By acquisition	–	3,419	–	334
Amortisation	(491)	(466)	(251)	(374)
Revaluation (impairments)	(2,774)	650	–	–
Disposals	(16)	(1,101)	–	–
Reclassifications	–	(364)	–	–
Net book value as at 30 June	6,472	9,753	193	444

Net book value as at 30 June represented by:

Gross book value	12,593	15,383	1,358	1,358
Accumulated depreciation/amortisation and impairment	(6,121)	(5,630)	(1,165)	(914)
	<u>6,472</u>	<u>9,753</u>	<u>193</u>	<u>444</u>

Refer to Note 23L for 2007–08 comparative information.

Note 9: Payables

Note 9A: Suppliers

	Consolidated		Corporation	
	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000
Trade creditors	6,339	8,545	3,821	3,878
Total supplier payables	6,339	8,545	3,821	3,878
Supplier payables expected to be settled within 12 months:				
Related entities	120	545	118	542
External parties	6,219	8,000	3,703	3,336
Total	6,339	8,545	3,821	3,878
Supplier payables expected to be settled in more than 12 months:				
Related entities	–	–	–	–
Total supplier payables	6,339	8,545	3,821	3,878

Settlement is usually made within 30 days.

Refer to Note 23O for 2007–08 comparative information.

Note 9B: Tax liability

Tax liabilities equivalent	34	143	–	–
Total tax liabilities	34	143	–	–

All deferred tax liabilities are non-current.

Refer to Note 23P for 2007–08 comparative information.

Note 9C: Other payables

Salaries and wages	1,968	2,478	1,607	1,789
Superannuation	59	62	59	47
Unearned income	4,669	28,280	1,471	10,951
GST payable to the ATO	689	2,527	–	64
Total other payables	7,385	33,347	3,137	12,851
Total other payables are expected to be settled in:				
No more than 12 months	7,385	33,347	3,137	12,851
More than 12 months	–	–	–	–
Total other payables	7,385	33,347	3,137	12,851

Refer to Note 23Q for 2007–08 comparative information.

Note 10: Interest-bearing liabilities

Note 10A: Loans

	Consolidated		Corporation	
	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000
Bills of exchange and promissory notes – borrowing secured by floating charge	12,147	7,419	–	–
Total loans	12,147	7,419	–	–
Maturity schedule of loans payable:				
Within one year	12,147	7,419	–	–
Total loans	12,147	7,419	–	–

Loans information:

- (a) As at 30 June 2009, \$7,419 million relates to borrowing against six-month renewable bills of exchange, drawn by the National Indigenous Property Trust against security of land and buildings. This has been repaid in 2009–10.
- (b) As of 30 June 2010, \$12.147 million relates to amount borrowed by Larrakia Darwin Hotel Partnership against security of land and buildings.

Refer to Note 23R for 2007–08 comparative information.

Note 11: Provisions

	Consolidated		Corporation	
	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000
Note 11A: Employee provisions				
Leave	5,140	5,623	4,260	4,036
Total employee provisions	5,140	5,623	4,260	4,036
Employee provisions are expected to be settled in:				
No more than 12 months	3,291	3,742	3,291	3,360
More than 12 months	1,849	1,881	969	676
Total employee provisions	5,140	5,623	4,260	4,036

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

Refer to Note 23S for 2007–08 comparative information.

Note 11B: Other provisions

Restoration obligations	901	702	899	702
Other	3,169	3,695	190	293
Total other provisions	4,070	4,397	1,089	995
Other provisions are expected to be settled in:				
No more than 12 months	4,070	4,397	1,089	995
Total other provisions	4,070	4,397	1,089	995

	Consolidated			Corporation		
	Provision for restoration	Other provision	Total	Provision for restoration	Other provision	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July 2009	702	3,695	4,397	702	293	995
Additional provisions made	195	5,904	6,099	195	274	469
Amount used	–	(6,429)	(6,429)	–	(377)	(377)
Closing balance 2010	897	3,170	4,067	897	190	1,087

IBA currently has eight agreements for the leasing of premises which have provisions requiring the Authority to restore the premises to their original condition at the conclusion of the lease. IBA has made a provision of \$0.897 million to reflect the present value of this obligation.

Refer to Note 23T for 2007–08 comparative information.

Note 12: Restructuring

As a result of a restructuring of administrative arrangements, IBA relinquished control over its subsidiary Outback Stores Pty Ltd, which has been transferred to the Commonwealth under an agreement between the Minister for Families, Housing, Community Services and Indigenous Affairs and the Minister for Finance and Deregulation. IBA has no ownership interest in Outback Stores Pty Ltd as at 30 June 2010.

In respect of the transferred entity, the following assets and liabilities were transferred by IBA on 1 March 2010:

	\$'000
Assets relinquished	
Cash and cash equivalents	27,404
Trade, loans and other receivables	3,369
Investments	36,000
Land and buildings	1,132
Infrastructure, plant and equipment	3,433
Intangibles	11
Inventories	205
Deferred tax assets	613
Other non-financial assets	70
Total assets relinquished	72,237
Liabilities relinquished	
Suppliers	540
Deferred tax liabilities	66
Other payables	15,445
Loans	15,655
Employee provisions	531
Total liabilities relinquished	32,237
Net assets relinquished	40,000

Note 13: Cash flow reconciliation

	Consolidated		Corporation	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Reconciliation of cash and cash equivalents as per the balance sheet to the Cash Flow Statement				
Report cash and cash equivalent as per:				
Cash Flow Statement	120,175	129,339	99,358	71,415
Balance Sheet	120,175	129,339	99,358	71,415
Difference	-	-	-	-
Reconciliation of operating result to net cash from operating activities:				
Net cost of services	(97,609)	(987)	(79,021)	5,639
Add revenue from Government	38,840	37,402	38,840	37,402
Share of surplus of associates and joint ventures accounted for using the equity method	2,586	1,642	1,795	1,350
Less income tax expense	(322)	(1,139)	-	-
Adjustments for non-cash items				
Depreciation/amortisation	5,063	5,249	1,244	1,272
Net write-down of non-financial assets	69,369	(3,365)	59,228	(3,216)
Net write-down/(up) of financial assets	(3,650)	(3,677)	(2,859)	2,396
Gain on disposal of assets	20,821	(930)	18,835	74
	35,098	34,195	38,062	44,917
Change in assets/liabilities				
(Increase)/decrease in net receivables	(22,553)	25,474	(7,051)	17,995
(Increase)/decrease in inventories	212	(1,440)	(204)	-
Increase/(decrease) in employee provisions	(483)	913	224	349
Increase/(decrease) in supplier payables	(23,012)	(4,736)	(10,702)	(16,901)
Increase/(decrease) in GST payable	3,720	5,779	3,720	5,003
Increase/(decrease) in other provisions	(333)	(8,353)	92	(7,347)
Increase/(decrease) in tax liabilities	(109)	(563)	-	-
Net cash from/(used by) operating activities	(7,460)	51,269	24,141	44,016

Note 14: Contingent liabilities and assets

	Consolidated		Corporation	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Contingent assets				
Claims for damages/costs ¹	208	820	208	820
Total contingent assets	208	820	208	820
Contingent liabilities				
Guarantees ²	-	1,685	-	1,685
Indemnities ³	1,000	1,000	1,000	1,000
Claims for damages/costs ⁴	1,090	1,560	229	694
Total contingent liabilities	2,090	4,245	1,229	3,379
Net contingent assets (liabilities)	(1,882)	(3,425)	(1,021)	(2,559)

Consolidated	Guarantees		Indemnities		Claims for damages/costs		Total	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Contingent assets								
Balance from previous period	-	-	-	-	820	965	820	965
New	-	-	-	-	-	167	-	167
Remeasurement	-	-	-	-	-	-	-	-
Assets recognised	-	-	-	-	-	-	-	-
Expired	-	-	-	-	(612)	(312)	(612)	(312)
Total contingent assets	-	-	-	-	208	820	208	820
Contingent liabilities								
Balance from previous period	1,685	1,685	1,000	1,000	1,560	1,358	4,245	4,043
New	-	-	-	-	8	1,560	8	1,560
Remeasurement	-	-	-	-	-	-	-	-
Liabilities recognised	-	-	-	-	-	-	-	-
Obligations expired	(1,685)	-	-	-	(478)	(1,358)	(2,163)	(1,358)
Total contingent liabilities	-	1,685	1,000	1,000	1,090	1,560	2,090	4,245
Net contingent assets (liabilities)	-	(1,685)	(1,000)	(1,000)	(882)	(740)	(1,882)	(3,425)

Corporation	Guarantees		Indemnities		Claims for damages/costs		Total	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Contingent assets								
Balance from previous period	-	-	-	-	820	965	820	965
New	-	-	-	-	-	167	-	167
Remeasurement	-	-	-	-	-	-	-	-
Assets recognised	-	-	-	-	-	-	-	-
Expired	-	-	-	-	(612)	(312)	(612)	(312)
Total contingent assets	-	-	-	-	208	820	208	820
Contingent liabilities								
Balance from previous period	1,685	1,685	1,000	1,000	694	1,358	3,379	4,043
New	-	-	-	-	8	694	8	694
Remeasurement	-	-	-	-	-	-	-	-
Liabilities recognised	-	-	-	-	-	-	-	-
Obligations expired	(1,685)	-	-	-	(473)	(1,358)	2,158	1,358
Total contingent liabilities	-	1,685	1,000	1,000	229	694	1,229	3,379
Net contingent assets (liabilities)	-	(1,685)	(1,000)	(1,000)	(21)	126	(1,021)	(2,559)

Note 14: Contingent liabilities and assets (continued)

Quantifiable contingencies

1. Claims for damages/costs (contingent assets)

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

2. Guarantees

On 8 December 2004 the Treasurer gave approval for IBA to give guarantees, to \$12,000,000 in total, in accordance with the provisions of the *Aboriginal and Torres Strait Islander Commission Act 1989*. During the year ended 30 June 2010, three guarantees earlier granted in accordance with this approval have been withdrawn. The three guarantees withdrawn are:

- the provision of a guarantee for \$1,425,000 in favour of the Westpac Banking Corporation relating to long-term finance to be provided to Carpentaria Shipping Services Pty Ltd in respect of its bulk carrier the MV *Aburri*
- the provision of a guarantee for \$250,000 in favour of Westpac Banking Corporation relating to a loan to Kalumburu Aboriginal Corporation to re-establish the Kalumburu Community Store
- the provision of a guarantee for \$10,000 in favour of Eurobodalla Shire Council relating to finance for establishment of a waste recycling depot for Cobowra Environmental Services Ltd.

3. Indemnities

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

- P&O Maritime Services, whereby IBA will warrant to meet up to one half of any liability (subject to a maximum of IBA's exposure, being \$1,000,000) arising from a total of \$5,000,000 performance guarantee provided by P&O Maritime Services to Mount Isa Mine.
- guarantee and indemnity undertakings were made only to satisfy normal commercial funding conditions imposed by financiers and, at balance date, there are no grounds to believe that a liability will arise.

4. Claims for damages/costs (contingent liability)

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

Remote contingencies

IBA has no significant remote contingencies.

Note 15: Actual remuneration paid to directors

			Consolidated		Corporation	
			2010	2009	2010	2009
The number of directors of the IBA included in these figures are shown below in the relevant remuneration bands:						
\$ Nil	to	\$14,999	1	1	1	1
\$15,000	to	\$29,999	4	4	4	4
\$30,000	to	\$44,999	2	3	2	3
\$45,000	to	\$59,999	1	–	1	–
\$60,000	to	\$74,999	1	–	1	–
\$150,000	to	\$164,999	–	1	–	1
Total number of directors of IBA			9	9	9	9
Total remuneration received or due and receivable by directors of IBA			\$296,461	\$367,416	\$296,461	\$367,416

Note 16: Related party disclosures

Loans to directors and director-related entities

Loans were made to a director-related entity, Wunan Foundation. They were made under commercial terms and conditions. The directors involved took no part in the relevant decisions of the IBA Board.

Mr Ian Trust is the Chair of the Wunan Foundation. The Wunan Foundation has received two loans from the Business Development program (then under ATSCIC): on 25 August 2000 for \$300,000 and on 24 April 2002 for \$250,000. The loan granted for \$300,000 on 25 August 2000 has now been fully paid out, while the loan for \$250,000 granted on 24 April 2002 has a current balance of \$128,494. The transactions between the Wunan Foundation and IBA are on normal commercial arm's length basis.

	2010	2009
	\$'000	\$'000
Loans to directors outstanding at year end	102	128
Loan repayments during the year	33	164
Interest revenue included in operating result from loans to directors/director-related entities	7	13

Note 17: Senior executive remuneration

	Consolidated		Corporation	
	2010	2009	2010	2009
Note 17A: Actual remuneration paid to senior executives				
The number of executives who received:				
Less than \$145,000*	-	-	-	-
\$160,000 to \$174,999	-	1	-	1
\$175,000 to \$189,999	1	-	1	-
\$205,000 to \$219,999	1	2	1	2
\$220,000 to \$234,999	2	3	2	3
\$235,000 to \$249,999	1	1	1	1
\$250,000 to \$264,999	1	-	1	-
\$265,000 to \$279,999	-	1	-	1
\$295,000 to \$309,999	2	1	2	1
\$370,000 to \$384,999	-	1	-	1
Total	8	10	8	10

*Excluding acting arrangements and part-year service.

During the year \$384,989 was paid in separation payment benefits (2009: \$1 12,000) and is not included in the above table.

Total expense recognised in relation to senior executive employment				
Short-term employee benefits:				
Salary (including annual leave taken)	1,455,744	1,725,707	1,455,744	1,725,707
Changes in annual leave provisions	120,540	167,502	120,540	167,502
Performance bonus	158,973	190,056	158,973	190,056
Other ¹	437,426	245,805	437,426	245,805
Total short-term employee benefits	2,172,683	2,329,070	2,172,683	2,329,070
Superannuation (post-employment benefits)	211,618	286,935	211,618	286,935
Other long-term benefits	-	-	-	-
Total	2,384,301	2,616,005	2,384,301	2,616,005

During the year \$384,989 was paid in separation payment (2009: \$1 12,000) and is not included in the above table.

¹-'Other' includes motor vehicle allowances and other allowances.

Note 17B: Salary packages for senior executives as at 30 June

	As at 30 June 2010			As at 30 June 2009		
	No. SES	Base salary (including annual leave)	Total remuneration package ¹	No. SES	Base salary (including annual leave)	Total remuneration package ¹
Total remuneration:*						
Less than \$145,000	-	-	-	-	-	-
\$205,000 to \$219,999	1	143,804	205,848	2	141,321	216,866
\$220,000 to \$234,999	2	147,413	227,956	3	148,040	228,589
\$235,000 to \$249,999	1	155,389	239,944	1	143,736	235,139
\$250,000 to \$264,999	2	170,796	261,861	-	-	-
\$295,000 to \$309,999	2	230,262	303,871	1	188,201	296,289
\$370,000 to \$384,999	-	-	-	1	248,234	380,550
Total	8			8		

*Excluding acting arrangements and part-year service.

¹ Non-salary elements available to senior executives include:

- (a) Performance bonus
- (b) Motor vehicle allowance
- (c) Superannuation.

Note 18: Remuneration of auditors

	Consolidated		Corporation	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
The cost of Financial Statements audit services to IBA were:				
Auditor-General	306	211	145	165
	306	211	145	165

No other services were provided by the Auditor-General.

Note 19: Financial instruments

	Consolidated		Corporation	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000

Note 19A: Categories of financial instruments

Financial assets

Cash and cash equivalents

120,175	129,339	99,358	71,415
120,175	129,339	99,358	71,415

Loans and receivables financial assets:

Goods and services	11,408	9,326	4,264	3,173
Dividend and other receivables	591	2,541	40,975	42,075
	11,999	11,867	45,239	45,248

Available for sale financial assets:

Subsidiaries	199	–	142,577	186,418
Associates	27,381	23,137	24,950	20,939
Business undertakings	–	8,378	–	1,895
	27,580	31,515	167,527	209,252

Held to maturity financial assets

Term deposits	178,000	232,000	175,000	195,000
	178,000	232,000	175,000	195,000

Fair value through profit or loss:

Business and home loans	437,554	466,945	437,554	466,945
	437,554	466,945	437,554	466,945

Carrying amount of financial assets

775,308	871,666	924,678	987,860
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Financial liabilities

At amortised cost:

Trade creditors	6,339	8,545	3,821	3,878
Tax liabilities	34	143	–	–
Other payables	5,358	30,807	1,471	11,015
	11,731	39,495	5,292	14,893

Borrowings secured by a floating charge

12,147	7,419	–	–
12,147	7,419	–	–

Carrying amount of financial liabilities

23,878	46,914	5,292	14,893
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Note: There is no material difference between the fair value and carrying value of financial assets and liabilities.

Note 19: Financial instruments (continued)

	Consolidated		Corporation	
	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000
Note 19B: Net income and expense from financial assets				
Cash and cash equivalents				
Interest revenue	15,511	7,338	13,050	4,388
Net gain – cash and cash equivalents	15,511	7,338	13,050	4,388
Held to maturity				
Interest revenue	9,592	13,590	9,518	12,056
Net gain – held-to-maturity	9,592	13,590	9,518	12,056
Available for sale				
Interest revenue	291	859	996	1,662
Dividend revenue	20	18	8,941	9,165
Equity accounted profit of associates	2,586	1,642	1,795	1,350
Gain/(loss) recognised in equity	5,163	(5,244)	(8,655)	(4,347)
Gain/(loss) on disposal	(20,821)	1,005	(18,835)	1
Net gain/(loss) – available-for-sale	(12,761)	(1,720)	(15,758)	7,831
Fair value through profit or loss				
Interest revenue	28,054	29,781	28,054	29,781
Net gain – at fair value through profit or loss	28,054	29,781	28,054	29,781
Net gain – from financial assets				
	40,396	48,989	34,864	54,056
Note 19C: Net income and expense from financial liabilities				
Financial liabilities – at amortised cost				
Interest expense	1,065	563	1	4
Net loss financial liabilities – at amortised cost	1,065	563	1	4
Net loss from financial liabilities				
	1,065	563	1	4

Note 19: Financial instruments (continued)

Note 19D: Fair value of financial instruments

Loans and receivables designated at fair value through profit or loss

The following table illustrates changes in the fair value of loans and receivables designated at fair value through profit or loss that arose due to credit risk (method used AASB7.9(i) or 9c(ii)).

	Consolidated		Corporation	
	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000
Maximum exposure to credit risk	437,554	466,946	437,554	466,946
Fair value changes due to credit risk:				
During the period	39,456	16,954	39,456	16,954
Cumulative change	145,568	107,155	145,568	107,155
Total change	185,024	124,109	185,024	124,109

Notes:

1. IBA home and business loans, issued at lower than market rates, are fair valued against market interest rates benchmarked on commercial bank rates. The interest rate differential, against which the discount is applied, is split into market discount and credit discount differentials. Movement in fair value is dependent on new loans settled, loans repaid and interest rate changes during the period. The credit risk impact measured below gives the fair value discount arising on the credit interest differential only.
2. IBA has not utilised any instruments, such as credit derivatives, to mitigate its credit risk.

Fair value hierarchy categorisation

IBA uses the following techniques for measuring fair value of assets and liabilities:

1. Trade receivables are valued at realisable value, which in the absence of impairment is the same as carrying value.
2. Trade and other payables and provisions are valued at their carrying values adjusted for any impairment.
3. Investments are fair valued against market related inputs every year with an external valuation done once in every three years.

The table gives quantitative data on valuation techniques followed for fair valuation of investments and loan receivables; whether obtained with reference to market prices or by a valuation technique that employs observable market transactions, or non-observable market inputs.

	Consolidated				Corporation			
	Valuation technique 2010				Valuation technique 2010			
	Level 1	Level 2	Level 3		Level 1	Level 2	Level 3	
	market	market	Non-		market	market	Non-	
	values	inputs	market	Total	values	inputs	market	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets:								
Fair value through profit and loss:								
Loan receivables – home	–	405,397	–	405,397	–	405,397	–	405,397
Loan receivables – business development	–	32,157	–	32,157	–	32,157	–	32,157
Available for sale								
Subsidiaries	–	199	–	199	–	142,577	–	142,577
Associates	–	27,382	–	27,382	–	24,951	–	24,951
Total	–	465,135	–	465,135	–	605,082	–	605,082

Note 19D: Fair value of financial instruments (continued)

	Consolidated				Corporation			
	Valuation technique 2009				Valuation technique 2009			
	Level 1	Level 2	Level 3		Level 1	Level 2	Level 3	
	market	market	Non-		market	market	Non-	
	values	inputs	market	Total	values	inputs	market	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets:								
Fair value through profit or loss:								
Loan receivables – home	–	428,089	–	428,089	–	428,089	–	428,089
Loan receivables – business development	–	38,856	–	38,856	–	38,856	–	38,856
Available for sale								
Subsidiaries	–	–	–	–	–	186,418	–	186,418
Associates	–	23,137	–	23,137	–	20,939	–	20,939
Business undertakings	–	8,378	–	8,378	–	1,895	–	1,895
Total	–	498,460	–	498,460	–	676,197	–	676,197

Note 19: Financial instruments (continued)

Note 19E: Credit risk – maximum exposure

IBA manages credit risk on its loans portfolio by undertaking background and credit checks prior to allowing a debtor relationship. In addition, IBA has policies and procedures that guide the debt recovery techniques to be applied to employees. IBA also holds collateral against certain loans to mitigate against credit risk.

The following table illustrates IBA gross exposure to credit risk, excluding any collateral or credit enhancements.

	Consolidated		Corporation	
	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000
Financial assets				
Trade, other receivables and other financial assets	11,999	11,867	45,243	45,248
Loans receivables – home	405,397	428,089	405,397	428,089
Loans receivables – business development	32,157	38,856	32,157	38,856
Investments accounted for using the equity method	27,382	23,137	24,951	20,936
Investments	178,199	240,378	317,577	383,313
Total	655,134	742,327	825,325	916,442

In relation to financial assets, deposits, trade receivables and investments are considered **not past due and not impaired**. The details of past due and impaired assets pertain to home and business loans only.

The major credit risk associated with the activities of IBA home and business development loans receivable.

An analysis of impairment and ageing of IBA's home and business development loans receivable is provided below.

	Consolidated				Corporation			
	2010	2009	2010	2009	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	Not past due or impaired	Not past due or impaired	Past due or impaired	Past due or impaired	Not past due or impaired	Not past due or impaired	Past due or impaired	Past due or impaired
Financial assets:								
Loans receivables – home	365,979	389,372	42,427	37,004	365,979	389,372	42,427	37,004
Loan receivables – business development	26,209	29,909	23,658	20,804	26,209	29,909	23,658	20,804
Total	392,188	419,281	66,085	57,808	392,188	419,281	66,085	57,808

Ageing analysis of financial assets, loans receivables that are past due but not impaired for Corporation only. Loans other than those pertaining to the Corporation in the consolidated entity are considered not past due.

	Corporation: 2010					Corporation: 2009				
	0 to 30 days	31 to 60 days	61 to 90 days	90+ days	Total	0 to 30 days	31 to 60 days	61 to 90 days	90+ days	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets:										
Loans receivables – home	20,589	10,883	3,160	4,582	39,214	22,837	7,662	2,573	3,013	36,085
Loans receivables – business development	1,002	1,601	164	3,636	6,403	699	1,555	726	1,736	4,716
Total	21,591	12,484	3,324	8,218	45,617	23,536	9,217	3,299	4,749	40,801

	Consolidated		Corporation	
	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000
Loans receivables considered impaired				
Financial assets:				
Loans receivables – home	2,409	1,760	2,409	1,760
Loans receivables – business development	13,763	16,893	13,763	16,893
Total	16,172	18,653	16,172	18,653

Note 19: Financial instruments (continued)

Note 19F: Liquidity risk

The financial liabilities of IBA are trade payables, other payables and secured loans. The exposure to liquidity risk is analysed with a maturity analysis of all liabilities.

Consolidated	On demand	Within 1 year	1 to 5 years	> 5 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Financial liabilities					
Trade creditors	–	6,339	–	–	6,339
Tax liabilities	–	34	–	–	34
Other payables	–	5,358	–	–	5,358
Borrowings secured by a floating charge	–	12,147	–	–	12,147
Total	–	23,878	–	–	23,878

Corporation	On demand	within 1 year	1 to 5 years	> 5 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Financial liabilities					
Tax creditors	–	3,821	–	–	3,821
Other payables	–	1,471	–	–	1,471
Total	–	5,292	–	–	5,292

Note 19G: Market risk

Interest rate risk refers to the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates. IBA is exposed to interest rate risk primarily on its home and business loan receivables. This pertains to the Corporation only.

Sensitivity analysis of the risk that IBA is exposed to:

	Risk variable	Change in risk variable %	Effect on 2010	
			Profit and loss	Equity
			\$'000	\$'000
Financial assets: loan receivables				
Interest rate risk	Interest rate	+0.75	(3,311)	–
Interest rate risk	Interest rate	-0.75	776	–
	Risk variable	Change in risk variable %	Effect on 2009	
			Profit and loss	Equity
			\$'000	\$'000
Financial assets: loan receivables				
Interest rate risk	Interest rate	+0.75	(1,222)	–
Interest rate risk	interest rate	-0.75	1,644	–

Note:

1. A positive number indicates an increase in surplus in the income statement and a negative number a decrease in surplus.
2. IBA home and business loans, issued at lower than market rates, are fair valued against market interest rates benchmarked on commercial bank rates. The quantum of interest rate differential determines the variance of the fair value from the face value.

Note 19: Financial instruments (continued)

	Consolidated		Corporation	
	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000
Note 19H: Assets pledged/or held as collateral				
In relation to the borrowings by subsidiaries of IBA, the following collateral is pledged.				
Assets pledged as collateral				
Financial liabilities				
Borrowings secured by floating charge	12,147	7,419	–	–
Total assets pledged as collateral	12,147	7,419	–	–

The assets held as collateral comprise:

(a) As at 30 June 2009, \$7,419 million pertains to borrowing against six-month renewable bills of exchange, drawn by the National Indigenous Property Trust against security of the land and buildings. This has been repaid in 2009–10.

(b) As of 30 June 2010, \$12,147 million pertains to amount borrowed by Larrakia Darwin Hotel Partnership against security of land and buildings.

In relation to IBA's gross credit risk the following collateral is held against home and business loans.

Assets held as collateral				
Non-financial assets				
Loan receivable – homes	774,557	727,478	774,557	727,478
Loan receivables – business development	110,877	112,688	110,877	112,688
Total assets held as collateral	885,434	840,166	885,434	840,166

Note 19I: Concessional loans

	2010	2009
	\$'000	\$'000
Home loan		
Face value	582,300	555,461
Less: unexpired discount	(175,414)	(126,165)
Less: provision	(1,489)	(1,207)
<i>Carrying value</i>	405,397	428,089
Business loan		
Face value	58,732	58,455
Less: unexpired discount	(12,363)	(6,943)
Less: provision	(14,212)	(12,656)
<i>Carrying value</i>	32,157	38,856
Total	437,554	466,945

Note 20: Assets held in trust

IBA established the Aboriginal and Torres Strait Islander Commission Funds held-in-trust accounts. Funds held in the trust were received from the Aboriginal and Torres Strait Islander Commission under formal trust arrangements. Moneys received are placed in a separate bank account and are granted to parties in accordance with the grant agreement. These money are not available for any other purpose of the Corporation and are not recognised in the Financial Statements.

	2010	2009
	\$'000	\$'000
Aboriginal and Torres Strait Islander Commission funds		
Opening balance	3,576	3,408
Interest received	131	168
Closing	3,707	3,576

Downs Aboriginal and Islander Company funds		
Opening balance	278	275
Interest received	10	3
Closing	288	278

Other Trusts

The Indigenous Economic Development Trust		
Opening balance	154	343
Receipts	890	142
Interest received	6	8
Payments	(759)	(339)
Closing	291	154
Total	4,286	4,008

Note 21: Outcomes of Indigenous Business Australia

Note 21A: Net cost of outcome delivery (Corporation)

Particulars	Outcome 1		Total	
	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000
Expenses	144,642	78,060	144,642	78,060
Income from non-government sector				
Commercial revenue	65,621	70,874	65,621	70,874
Total other external revenue	65,621	70,874	65,621	70,874
Net cost of outcome	79,021	7,186	79,021	7,186

Note 21B: Major classes of departmental expense, income, assets and liabilities by outcomes (Corporation)

Particulars	Outcome 1		Total	
	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000
Expenses:				
Employees	24,882	23,392	24,882	23,392
Suppliers	29,146	35,127	29,146	35,127
Grants	9,205	8,288	9,205	8,288
Finance cost	1	4	1	4
Depreciation and amortisation	1,244	1,272	1,244	1,272
Write-down of assets	59,309	9,610	59,309	9,610
Losses from asset sales	20,855	75	20,855	75
Other	-	292	-	292
Total	144,642	78,060	144,642	78,060
Departmental income:				
Revenue from Government	38,840	37,402	38,840	37,402
Sale of goods and services	10,171	12,682	10,171	12,682
Interest	42,100	47,887	42,100	47,887
Dividends	8,941	9,165	8,941	9,165
Net gain from disposal of assets	2,020	1	2,020	1
Valuation increments	-	12,825	-	12,825
Rental income	59	221	59	221
Other	2,330	918	2,330	918
Total	104,461	121,101	104,461	121,101
Departmental assets				
Cash and cash equivalents	99,358	71,415	99,358	71,415
Trade, loans and other receivables	482,797	512,193	482,797	512,193
Investments accounted for using the equity method	24,951	20,939	24,951	20,939
Investments	317,577	383,313	317,577	383,313
Land and buildings	1,735	1,191	1,735	1,191
Infrastructure, plant and equipment	1,230	1,595	1,230	1,595
Investment property	2,480	2,759	2,480	2,759
Intangibles	193	444	193	444
Other	450	246	450	246
Total	930,771	994,095	930,771	994,095
Departmental liabilities				
Suppliers	3,821	3,878	3,821	3,878
Tax liabilities	3,137	12,851	3,137	12,851
Employee provisions	4,260	4,036	4,260	4,036
Other provisions	1,089	995	1,089	995
Total	12,307	21,760	12,307	21,760

Note 22: New Housing Fund

As per section 181A of the ATSI Act money held in the New Housing Fund may only be applied to make housing loans. Specific information on the New Housing Fund operations and financial position, which has been included in the preceding statement and notes, is disclosed as follows.

New Housing Fund
Statement of Comprehensive Income

for the year ended 30 June 2010

Notes	Corporation	
	30 June	30 June
	2010	2009
	\$'000	\$'000
EXPENSES		
Write-down of assets	22A 45,551	-
Other	318	-
Total expenses	45,869	-
LESS:		
OWN-SOURCE INCOME		
Revenue		
Interest revenue	22B 23,448	25,024
Other	214	83
Total revenue	23,662	25,107
Gains		
Valuation increment	22C -	8,850
Other	-	19
Total gains	-	8,869
Total own-source income	23,662	33,976
Net cost of (contribution by) services	(22,207)	33,976

Note 22: New Housing Fund (continued)

New Housing Fund
Balance Sheet

as at 30 June 2010

		Corporation	
		30 June	30 June
		2010	2009
Notes		\$'000	\$'000
ASSETS			
Financial assets			
	Cash and cash equivalents	22D 22,030	23,384
	Receivables	22E 374,374	395,227
	Total financial assets	396,404	418,611
	Total assets	396,404	418,611
LIABILITIES			
	Total liabilities	–	–
	Net assets	396,404	418,611
EQUITY			
Parent entity interest			
	Capital	429,397	429,397
	Retained surplus (accumulated deficit)	(32,993)	(10,786)
	Total parent entity interest	396,404	418,611
	Total equity	396,404	418,611

Note 22: New Housing Fund (continued)

New Housing Fund
Cash Flow Statement

for the year ended 30 June 2010

		Corporation	
		30 June	30 June
		2010	2009
Notes		\$'000	\$'000
OPERATING ACTIVITIES			
Cash received			
	Appropriations	–	–
	Interest	23,448	25,024
	Other	132	473
	Total cash received	23,580	25,497
	Net cash from operating activities	23,580	25,497
INVESTING ACTIVITIES			
Cash received			
	Repayment of loans	56,628	55,863
	Total cash received	56,628	55,863
Cash used			
	Loans made	81,562	77,511
	Total cash used	81,562	77,511
	Net cash used by investing activities	(24,934)	(21,648)
FINANCING ACTIVITIES			
	Net increase (decrease) in cash held	(1,354)	3,849
	Cash at beginning of reporting period	23,384	19,535
	Cash at the end of the reporting period	22,030	23,384

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

Note 22: New Housing Fund (continued)

	Corporation	
	2010	2009
Note 22A: Write-down and impairment of assets		
Valuation decrement	45,551	–
Total write-down of assets	45,551	–
Note 22B: Interest revenue		
Interest on bank account	467	762
Interest on housing loans	22,981	24,262
Total interest revenue	23,448	25,024
Note 22C: Gains		
Valuation increment	–	8,850
Total gains	–	8,850
Note 22D: Cash		
Cash on hand or on deposit	17,241	18,103
Cash at agents	4,789	5,281
Total cash	22,030	23,384
All cash recognised is a current asset.		
Note 22E: Trade and other receivables		
Trade debtors	–	–
Other debtors	498	415
Total trade debtors	498	415
Loans New Housing Fund only		
At cost – opening balance	394,812	364,295
Add: net movement in loans cost	24,933	21,648
Less: impairment allowance account	–	–
Less: net loss on remeasurement at fair value through profit and loss	(45,551)	8,850
Less: impairment movement through profit or loss	(318)	19
At fair value/cost – closing balance	373,876	394,812
Current loans receivable	4,220	10,480
Non-current loans receivable	370,154	384,747
	374,374	395,227
Note 22F: Cash flow reconciliation		
Reconciliation of net surpluses to net cash from operating activities:		
Net surplus	(22,207)	33,976
Loans fair value adjustment	45,870	(8,868)
Change in assets/liabilities		
(Increase)/decrease in net receivables	(83)	389
Net cash from operating activities	23,580	25,497

Note 23: Additional disclosure –
Notes to re-stated Balance Sheet as at 30 June 2008

Note 23: Additional disclosure note as at 30 June 2008

	Consolidated 2008 \$'000	Corporation 2008 \$'000
Note 23A: Cash and cash equivalents		
Cash on hand or on deposit	88,192	36,788
Cash on hand or on deposit – New Housing Fund	19,535	19,535
Total cash and cash equivalents (current)	107,727	56,323
Note 23B: Trade, loans and other receivables		
Goods and services		
Goods and services – related entities	17,517	14,029
Goods and services – external entities	850	1,644
Total receivables for goods and services	18,367	15,673
Reconciliations of movements of loans receivable		
Loans – New Housing Fund, Housing Fund and Home Loans Capital		
At fair value – opening balance	379,361	379,361
Add: net loans movement at cost	51,675	51,675
Add/(Less): net movement on remeasurement at fair value through profit or loss	(38,332)	(38,332)
Add: impairment movement through profit and loss	(248)	(248)
At fair value – closing balance	392,456	392,456
Loans business development		
At fair value – opening balance	47,242	47,242
Add: net loans movement at cost	5,605	5,605
Add/(Less): net movement on remeasurement at fair value through profit or loss	(3,542)	(3,542)
Less: impairment movement through profit and loss	(9,205)	(9,205)
At fair value – closing balance	40,100	40,100
Total housing, business and other loan receivables	432,556	432,556
Other receivables:		
Dividends	2,084	51,800
Other	17,136	1,919
Total other receivables	19,220	53,719
Total trade, loan and other receivables (net)	470,143	501,948
Other receivables – Consolidated includes an amount of \$15.181 million held in escrow against the sale of the Foxleigh joint venture.		
Receivables are represented by:		
Current	61,587	93,392
Non-current	408,556	408,556
Total trade, loans and other receivables (net)	470,143	501,948
Receivables are aged as follows:		
Not overdue	424,530	456,335
Overdue by:		
Less than 30 days	21,227	21,227
30 to 60 days	9,123	9,123
61 to 90 days	4,561	4,561
More than 90 days	10,702	10,702
Total receivables (gross)	470,143	501,948

Note 23: Additional disclosure note as at 30 June 2008 (continued)

	Consolidated 2008 \$'000	Corporation 2008 \$'000
Note 23C: Investments accounted for using the equity method		
Investments in associates:	7C	
Total equity-accounted investments	24,420	20,803
Investments in equity accounted investments are expected to be recovered in:		
Less than 12 months	–	–
More than 12 months	24,420	20,803
Total equity-accounted investments	24,420	20,803
Summarised financial information of associates:		
	2008 \$'000	2008 \$'000
Balance sheet:		
Assets	97,282	78,084
Liabilities	(70,567)	(64,572)
Net assets	26,715	13,512
Profit and loss:		
Revenue	112,398	93,285
Net surplus	7,958	4,249
Share of associates' net surplus		
Share of net surplus before tax	1,079	383
Income tax expense	–	–
Share of associates' net surplus	1,079	383

Note 23: Additional disclosure note as at 30 June 2008 (continued)

Note 23D: Interests in associates

Table A: Interests in associates (Corporation)

Interests are held in the following associated companies:

Associated company	Principal activities	Ownership interest	Voting power	Carrying
		%	%	amount of
		2008	2008	investment
				2008
				\$'000
Monkey Mia Enterprises Pty Limited*	Accommodation provider	54	50	906
Monkey Mia Holding Trust*	Accommodation provider	54	50	1,774
Ngarda Civil & Mining Pty Limited	Civil engineering & mining services	25	25	5,934
Noongar Property Trust*	Property	66	50	11,161
Marlba Maya Pty Limited*	Property	70	50	–
Port Hedland Investment Trust*	Property	70	50	1,028
				20,803

Table B: Interests in associates (Consolidated)

Interests are held in the following associated companies:

Associated company	Principal activities	Ownership interest	Voting power	Carrying
		%	%	amount of
		2008	2008	investment
				2008
				\$'000
Carpentaria Shipping Services Pty Limited*	Transportation	18	25	1,417
Fitzroy Crossing Inn Partnership*	Hotel/accommodation provider	43	25	200
Fitzroy River Lodge Partnership*	Accommodation provider	43	25	2,000
Monkey Mia Enterprises Pty Limited*	Accommodation provider	54	50	906
Monkey Mia Holding Trust*	Accommodation provider	54	50	1,774
Ngarda Civil & Mining Pty Limited	Civil engineering & mining services	25	25	5,934
Noongar Property Trust*	Property	66	50	11,161
Marlba Maya Pty Limited*	Property	70	50	–
Port Hedland Investment Trust*	Property	70	50	1,028
				24,420

*The carrying amounts of investment for these associated companies are based on unaudited figures. Refer to individual entities' for audited figures.

Interests in associates are valued on the equity method.

Note 23: Additional disclosure note as at 30 June 2008 (continued)

Note	Consolidated	Corporation
	2008	2008
	\$'000	\$'000

Note 23D: Interests in associates (continued)

(i) Economic entities' share of associates:

Profit from ordinary activities before tax	1,079	383
Share of income tax expense	–	–
Net profit	1,079	383

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

Balance at beginning of financial year	18,845	14,419
Add:		
Additional investments during the year	6,903	6,537
Share of associated companies' profit from ordinary activities and after income tax	1,632	832
Fair value increment	918	863
Less:		
Dividend revenue from associated companies	(384)	(384)
Disposals during the year	(62)	(62)
Fair value decrement	(3,430)	(1,402)
Balance at end of financial year	24,420	20,803

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

Current assets	14,386	12,201
Non-current assets	31,509	28,914
Current liabilities	(12,731)	(12,248)
Non-current liabilities	(12,857)	(12,176)
Net assets	20,307	16,691

Note 23: Additional disclosure note as at 30 June 2008 (continued)

Note 23E: Interests in subsidiaries (Corporation only)

Name	Country of incorporation	Percentage of equity interest held	Carrying amount of investment
		2008 %	2008 \$
Bowen Basin Holdings Pty Limited*	Australia	100	
– ordinary shares		–	1
Bowen Basin Investments Pty Limited*	Australia	100	
– ordinary shares		–	1
Cape Don Pty Limited	Australia	90	
– ordinary shares		–	344,000
– intercompany advance		–	768,000
Carpentaria Shipping Trust	Australia	100	
– interest in fixed trust		–	463,808
– intercompany advance		–	366,266
CDC Nominees (Ceduna) Pty Limited*	Australia	100	
– ordinary shares		–	2
CDC Nominees (GRC) Pty Limited*	Australia	100	
– ordinary shares		–	2
CDC Nominees (McArthur River Shipping) Pty Limited*	Australia	100	
– ordinary shares		–	2
CDC Nominees (QBH) Pty Limited*	Australia	100	
– ordinary shares		–	1
CDC Nominees (SES) Pty Limited*	Australia	100	
– ordinary shares		–	2
CDC Nominees (TCTP) Pty Limited*	Australia	100	
– ordinary shares		–	2
CDC Nominees (WWLS) Pty Limited*	Australia	100	
– ordinary shares		–	2
Consolidated Manufacturing Enterprises Pty Limited	Australia	100	
– ordinary shares		–	–
– intercompany advance		–	–
Diatomaceous Earth Holdings Pty Limited*	Australia	100	
– ordinary shares		–	1
Elliot Store Holdings Trust	Australia	100	
– intercompany advance		–	30,000
Elliot Store Pty Limited*	Australia	100	
– ordinary shares		–	–
Fitzroy Inn Investments Pty Limited*	Australia	100	
– ordinary shares		–	1
– intercompany advance		–	299,984
Fitzroy Lodge Investments Pty Limited	Australia	100	
– ordinary shares		–	1
– intercompany advance		–	2,249,717
Gagudju Crocodile Hotel Trust	Australia	70	
– units in trust		–	3,047,000
Gagudju Lodge Cooinda Trust	Australia	70	
– units in trust		–	4,726,000
Hotel Enterprises Pty Limited	Australia	100	
– ordinary shares		–	1,000
– preference shares		–	7,103,672
Hotel Holdings Trust	Australia	100	
– units in trust		–	15,349,554
Huntlee Estate Indigenous Participation Trust No. 1	Australia	100	
– interest in fixed trust		–	8,334,000
Huntlee Estate Indigenous Participation Trust No. 2	Australia	100	
– interest in fixed trust		–	8,334,000
IBA Coal Holdings Pty Limited*	Australia	100	
– ordinary shares		–	1
IBA Coal Investments Pty Limited*	Australia	100	
– ordinary shares		–	1
IBA Insurance Holdings Pty Limited	Australia	100	
– ordinary shares		–	3,548,321
IBA Property Investments Pty Limited*	Australia	100	
– ordinary shares		–	2
– intercompany advance		–	–
IBA (Property Holdings) Pty Limited*	Australia	100	
– ordinary shares		–	–
– intercompany advance		–	10
Indigenous Fishing Pty Limited*	Australia	100	
– ordinary shares		–	2
Indigenous Fishing Trust	Australia	100	
– interest in fixed trust (intercompany advance)		–	2,394,547
Indigenous Investment Trust	Australia	100	
– units in trust		–	8,750,010
Indigenous Investment Participation Trust	Australia	100	
– units in trust		–	–

Note 23: Additional disclosure note as at 30 June 2008 (continued)

Note 23E: Interests in subsidiaries (Corporation only)

Name	Country of incorporation	Percentage of equity interest held	Carrying amount of investment
		2008 %	2008 \$
Kakadu Tourism (GCH) Pty Limited	Australia	70	
– ordinary shares		–	1,898,000
– intercompany advance		–	250,000
Kakadu Tourism (GLC) Pty Limited	Australia	70	
– ordinary shares		–	4,345,000
– intercompany advance		–	250,000
Leonora Investments Trust	Australia	100	
– interest in fixed trust		–	620,000
– working capital		–	10,000
Leonora Investments Pty Limited*	Australia	100	
– ordinary shares		–	1
Mungo Lodge Pty Limited	Australia	100	
– ordinary shares		–	1
Mungo Lodge Holdings Pty Limited*	Australia	100	
– ordinary shares		–	1
Mungo Lodge Trust	Australia	100	
– units in trust		–	10
– intercompany advance		–	3,796,089
National Indigenous Participation Trust	Australia	100	
– units in trust		–	7,711,659
National Indigenous Property Trust	Australia	100	
– intercompany advance		–	833,341
Outback Stores Pty Limited	Australia	100	
– preference shares		–	30,000,000
– ordinary shares		–	1
– intercompany advance		–	10,200,000
Port Botany Transfer Station Trust	Australia	100	
– units in trust		–	14,200,000
Scarborough House Investment Trust	Australia	67	
– units in trust		–	27,960,000
Scarborough House Office Trust	Australia	67	
– intercompany advance		–	635,202
Seven Spirit Bay Enterprises Pty Limited*	Australia	100	
– units in trust		–	1,961,277
Swanbrook Road Holding Trust	Australia	100	
– units in trust		–	–
– intercompany advance		–	–
Tennant Creek Enterprises Pty Limited	Australia	100	
– ordinary shares		–	–
Tennant Creek Enterprises Trust	Australia	100	
– interest in fixed trust (intercompany advance)		–	–
Tennant Creek Land Holding Trust	Australia	90	
– units in trust		–	–
Tennant Creek Supermarket Pty Limited	Australia	90	
– intercompany advance		–	–
– working capital		–	–
Tjaupkai Aboriginal Cultural Park Partnership	Australia	100	
– interest in partnership		–	160,211
– advance to partnership		–	–
Tjapukai Pty Limited	Australia	66	
– ordinary shares		–	1
Wildman River Lodge Trust	Australia	100	
– intercompany advance		–	300,010
– units in trust		–	550,000
Total interests in subsidiaries (Corporation only)			<u>171,790,716</u>

*Non-trading.

Note 23: Additional disclosure note as at 30 June 2008 (continued)

	Consolidated 2008 \$'000	Corporation 2008 \$'000
Note		
Note 23F: Other investments		
Deposits	199,000	175,000
Shares (or equity interests in):		
Subsidiaries	7E –	171,792
Other – business undertakings	19,095	1,963
Total investments	218,095	348,755
Investments are expected to be recovered in		
No more than 12 months	199,000	175,000
More than 12 months	19,095	173,755
Total investments	218,095	348,755

Note 23G: Deferred tax assets

Deferred tax assets	238	–
Total deferred tax assets	238	–

All deferred tax assets are non-current assets.

Note 23H: Land and buildings

Leasehold improvements		
– Fair value	1,642	1,221
– Work in progress	–	–
– Accumulated depreciation	(590)	(335)
Total leasehold improvements	1,052	886
Total land and buildings (non-current)	1,052	886

Note 23I: Property, plant and equipment

Property, plant and equipment:		
– Gross carrying value (at fair value)	13,208	1,580
– Accumulated depreciation	(4,226)	(779)
Total infrastructure, plant and equipment	8,982	801
Total infrastructure, plant and equipment (non-current)	8,982	801

Note 23: Additional disclosure note as at 30 June 2008 (continued)

Note 23J: Reconciliation of the opening and closing balances of property, plant and equipment (2009–10)

Table A: Reconciliation of the opening and closing balances of property, plant and equipment (Consolidated)

	2008		
	Land and buildings \$'000	Other PP&E \$'000	Total \$'000
As at 1 July			
Gross book value	2,495	33,971	36,466
Accumulated depreciation/amortisation and impairment	(355)	(2,182)	(2,537)
Net book value as at 1 July	2,140	31,789	33,929
Additions:			
By purchase	490	5,036	5,526
Work in progress	–	–	–
From acquisition of entities or operations (including restructuring)	–	–	–
Revaluations and impairments through equity	–	290	290
Reclassification	–	–	–
Depreciation/amortisation expense	(235)	(2,044)	(2,279)
Impairments recognised in the operating result	–	–	–
Other movements	–	–	–
Accumulated depreciation for entities acquired in 2009–10	–	–	–
Disposals:	–	–	–
From disposal of entities or operations (including restructuring)	(1,343)	(26,089)	(27,432)
Other disposals	–	–	–
Net book value as at 30 June	1,052	8,982	10,034
Net book value as at 30 June represented by:			
Gross book value	1,642	13,208	14,850
Accumulated depreciation/amortisation and impairment	(590)	(4,226)	(4,816)
	1,052	8,982	10,034

Table B: Reconciliation of the opening and closing balances of property, plant and equipment (Corporation)

	2008		
	Land and buildings \$'000	Other PP&E \$'000	Total \$'000
As at 1 July			
Gross book value	827	897	1,724
Accumulated depreciation/amortisation and impairment	(152)	(517)	(669)
Net book value as at 1 July	675	380	1,055
Additions:			
By purchase	394	683	1,076
Depreciation/amortisation expense	(183)	(262)	(445)
Disposals:			
From disposal of entities or operations (including restructuring)	–	–	–
Other disposals	–	–	–
Net book value as at 30 June	886	801	1,686
Net book value as at 30 June represented by:			
Gross book value	1,221	1,580	2,801
Accumulated depreciation/amortisation and impairment	(335)	(779)	(1,114)
	886	801	1,686

Note 23: Additional disclosure note as at 30 June 2008 (continued)

	Consolidated 2008 \$'000	Corporation 2008 \$'000
Note 23K: Investment property		
As at 1 July opening balance		
Gross book value	120,524	8,288
Accumulated depreciation/amortisation and impairment	–	–
As at 1 July	120,524	8,288
Additions:		
By acquisition	23,561	5,159
Disposals	(3,000)	(3,000)
Net gain/(loss) from fair value adjustments	4,710	241
Reclassification	–	–
Other movements		
Transfer	–	–
Net book value as at 30 June	145,795	10,688
Note 23L: Intangibles		
Computer software at cost:		
Computer software purchased/developed	1,024	1,024
Total computer software	1,024	1,024
Accumulated amortisation	(540)	(540)
Total computer software (net)	484	484
Other intangibles		
Fishing licence	6,622	–
Write-down – fishing licence	(5,272)	–
Other	5,783	–
Accumulated amortisation and write-down – other	(2)	–
Total other intangibles (net)	7,131	–
Total intangibles (non-current)	7,615	484

Table A: Reconciliation of the opening and closing balances of intangibles

Item		
As at 1 July		
Gross book value	13,398	940
Accumulated depreciation/amortisation and impairment	(5,482)	(208)
Net book value as at 1 July	7,916	732
Additions:		
By acquisition	4,372	84
Amortisation	(332)	(332)
Revaluation/(impairments)	–	–
Disposals	(4,341)	–
Reclassifications	–	–
Net book value as at 30 June	7,615	484
Net book value as at 30 June represented by:		
Gross book value	13,429	1,024
Accumulated depreciation/amortisation and impairment	(5,814)	(540)
	7,615	484

Note 23: Additional disclosure note as at 30 June 2008 (continued)

	Consolidated 2008 \$'000	Corporation 2008 \$'000
Note 23M: Inventories		
Inventories held for sale:		
Raw materials	637	–
Total inventories held for sale	637	–
Inventories held for distribution	–	–
Total inventories	637	–

All inventory is expected to be sold or distributed in the next 12 months.

Note 23N: Other non-financial assets		
Prepayments	214	108
Total other non-financial assets	214	108

All other non-financial assets are expected to be recovered in no more than 12 months.

Note 23O: Suppliers		
Trade creditors	13,039	9,608
Total supplier payables	13,039	9,608

Supplier payables expected to be settled within 12 months:

Related entities	160	160
External parties	12,879	9,448
Total	13,039	9,608

Supplier payables expected to be settled in more than 12 months:

Related entities	–	–
Total	–	–
Total supplier payables	13,039	9,608

Settlement is usually made within 30 days.

Note 23P: Tax liability		
Tax liabilities equivalent	30	–
Total tax liabilities	30	–

All deferred tax liabilities are non-current.

Note 23Q: Other payables		
Salaries and wages	1,771	1,196
Superannuation	271	256
Separations and redundancies	234	234
Unearned appropriations	11,066	11,066
Unearned income	14,405	12,628
GST payable to ATO	–	–
Total other payables	27,747	25,380

Total other payables are expected to be settled in:

No more than 12 months	27,747	25,380
More than 12 months	–	–
Total other payables	27,747	25,380

Note 23: Additional disclosure note as at 30 June 2008 (continued)

	Consolidated 2008 \$'000	Corporation 2008 \$'000
Note 23R: Loans		
Non-bank loans		
Bills of exchange and promissory notes – borrowing secured by floating charge	7,221	–
Total loans	<u>7,221</u>	<u>–</u>
Maturity schedule for loans:		
Payable:		
Within one year	7,221	–
Total loans	<u>7,221</u>	<u>–</u>

Loans information:
As at 30 June 2008, \$7,221 million pertains to borrowing against six-month renewable bills of exchange, drawn by the National Indigenous Property Trust against security of land and buildings.

Note 23S: Employee provisions

Leave	4,693	3,687
Total employee provisions	<u>4,693</u>	<u>3,687</u>
Employee provisions are expected to be settled in:		
No more than 12 months	3,455	3,090
More than 12 months	1,238	597
Total employee provisions	<u>4,693</u>	<u>3,687</u>

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

Note 23T: Other provisions

Restoration obligations	662	662
Other	12,461	7,680
Total other provisions	<u>13,123</u>	<u>8,342</u>
Other provisions are expected to be settled in:		
No more than 12 months	13,123	8,342
Total other provisions	<u>13,123</u>	<u>8,342</u>

IBA currently has eight agreements for the leasing of premises which have provisions requiring the Company to restore the premises to their original condition at the conclusion of the lease. IBA has made a provision of \$662,000 to reflect the present value of this obligation.

As at 30 June 2008, the provision of \$7,680,000 pertains to amounts attributable to other agencies against construction of housing in the Northern Territory under the long-form funding agreement. These amounts represent amounts payable to these agencies in the event of sale or transfer of the houses.



APPENDICES

Left to right: Florine Tipungwuti with her nieces Aggie and Jasmine outside the home they were able to purchase on Indigenous land (on Nguiu, Northern Territory) through IBA's Home Ownership on Indigenous Land program.

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Appendix A: Significant Events

Table 16: Significant events, 2009–10

REQUIREMENTS UNDER SECTION 15 OF THE CAC ACT	NAME OF BODY	EVENT (INCLUDING PURPOSE OF BODY)	DATE OF EVENT
(a) form a company or participate in the formation of a company	Alice Springs Resort Holdings Pty Ltd	Formation of a company to acquire the land and buildings for the Chifley Alice Springs Resort. IBA holds a 45% interest in this company.	29 July 2009
	Alice Springs Resort Enterprises Pty Ltd	Formation of a company to operate the Chifley Alice Springs Resort. IBA holds a 45% interest in this company.	31 July 2009
	Darwin Hotel Holdings Pty Ltd	Formation of a company to act as trustee for the Darwin Hotel Holdings Trust.	30 November 2009
	Larrakia Darwin Hotel Pty Ltd	Formation of a company to act as nominee for the Larrakia Darwin Hotel Partnership.	30 November 2009
(b) participate in a significant partnership, trust, unincorporated joint venture or similar arrangement	Alice Springs Resort Holdings Trust	Formation of a trust to acquire land and buildings for the Chifley Alice Springs Resort. IBA holds a 45% interest in this trust.	30 July 2009
	Darwin Hotel Holdings Trust	Formation of a trust to acquire a 90% interest in the Larrakia Darwin Hotel Partnership. IBA is the sole beneficiary of this trust.	30 November 2009
	Larrakia Darwin Hotel Partnership	Formation of a partnership to acquire land and buildings in the Vibe and Medina Grand hotels, Darwin City Waterfront.	2 December 2009
	Moonamang Joint Venture Pty Ltd	Formation of the Moonamang Joint Venture Pty Ltd—jointly owned by IBA (10%) and Leighton Contractors (90%)—for the purpose of carrying out construction and contract management of certain infrastructure projects for part of the Ord–East Kimberley Expansion Project in Western Australia.	14 April 2010

(c) acquire or dispose of a significant shareholding in a company	Tjapukai Pty Ltd	IBA acquired a further 33.33% interest in the company from three existing shareholders. IBA and its subsidiary company CDC Nominees (TCTP) Pty Ltd now holds eight of the nine issued shares.	23 July 2009 and 29 July 2009
		IBA acquired a further 11.11% interest in the company. IBA now holds a 66.06% interest and its subsidiary company CDC Nominees (TCTP) Pty Ltd now holds a 33.94% interest.	6 October 2009
	Consolidated Manufacturing Enterprises Pty Ltd	IBA sold 25% of its shares to an industry partner. IBA still owns a 75% interest in the company.	9 October 2009
		IBA acquired a further 262,500 shares in the company.	15 December 2009
	Diatomaceous Earth Investments Pty Ltd	IBA disposed of all its shares in Diatomaceous Earth Holdings Pty Ltd.	9 December 2009
	Outback Stores	Transfer of ownership of Outback Stores from IBA to FaHCSIA on behalf of the Australian Government.	2 March 2010
	Gagudju Lodge Cooida	IBA changed its partial ownership of Gagudju Lodge Cooida from 70% to 52%.	31 March 2010
(d) acquire or dispose of a significant business	South Hedland Indigenous Property Trust	IBA sold a 50% interest in the South Hedland Indigenous Property Trust to an Indigenous organisation—the Commonwealth Building in South Hedland, Western Australia.	15 September 2009
(e) commence or cease a significant business activity	Leighton Contractors and IBA	Formation of a partnership—which will become an incorporated joint venture—to bid for the Ord–East Kimberley Expansion Project. The Heads of Agreement outlining the parties' intent to enter into a partnership was signed on 10 December 2009.	10 December 2009
(f) make a significant change in the nature or extent of its interest in a significant partnership, trust, unincorporated joint venture or similar arrangement.	Tjapukai Cultural Theme Park Partnership	IBA acquired a further 30.18% interest in the Tjapukai Cultural Theme Park Partnership from three of its partners. IBA and its subsidiary company CDC Nominees (TCTP) Pty Ltd now own 96.43% of the partnership.	23 July 2009 and 29 July 2009
		IBA acquired a further 3.57% interest in the Tjapukai Cultural Theme Park Partnership. IBA and its subsidiary company CDC Nominees (TCTP) Pty Ltd now own 100% of the partnership.	6 October 2009
	Swanbrook Road Holding Trust	IBA sold 25% of its units to an industry partner. IBA still owns 75% of the units in the trust.	9 October 2009
	Diatomaceous Earth Holdings Trust	The trust sold all of its right, title and interest in the Diatomaceous Earth Investments Trust.	9 December 2009

Appendix B: Consultants

Use of consultants

Section 178 of the *Aboriginal and Torres Strait Islander Act 2005* (the ATSI Act) enables IBA to engage specialist consultancy services when skilled expertise is unavailable within IBA or when independent advice is required.

The terms and conditions on which consultants are engaged are determined by the Board in writing. IBA is not subject to the Commonwealth Procurement Guidelines and therefore engages its consultants in accordance with the requirements of an IBA Chief Executive Officer's (General Manager's) Instruction on procurement.

Consultants are distinguished from other contractors by the nature of the work they perform. A consultant is an individual, partnership or a corporation engaged to provide professional, independent and expert advice or services. Section 189(2) of the ATSI Act requires IBA to include in each annual report particulars of consultants engaged under section 178. Table 17, which draws on the terminology in the Australian Government Procurement Guidelines, lists all consultant contracts entered into by IBA in the 2009–10 financial year.

IBA does engage consultants on behalf of Business Development and Assistance clients; however, these consultants render their services to the client directly rather than to IBA. As such, such consultancy contracts fall outside of the standard consultant definition, and are excluded from this appendix.

During 2009–10, 205 new consultancy contracts were entered into involving a total actual expenditure of \$1,508,628. In addition, 65 ongoing consultancy contracts were active during the 2009–10 year, involving total actual expenditure of \$315,686.

Table 17 sets out the particulars of consultants engaged under section 178 of the ATSI Act and fulfils the legislative requirement that IBA include these particulars in its annual report. All contract prices include GST.

Table 17: Consultants engaged, 2009–10

CONSULTANT NAME	DESCRIPTION	CONTRACT PRICE (\$)	SELECTION PROCESS ¹	JUSTIFICATION ²
A R Liiband and Associates	Leadership analysis	44,222	Direct sourcing	B
Amanda Horne Pty Ltd	Annual General Meeting development	800	Direct sourcing	B
Australian Government Solicitor (AGS)	Legal services	57,762	Direct sourcing	B
Bob Harvey Consulting Pty Ltd	Branch review	10,500	Direct sourcing	C
Chamber of Commerce and Industry, Western Australia	Market demand study	15,000	Direct sourcing	B and C
Chris Walder Consulting Pty Ltd	Network upgrade	85,439	Direct sourcing	B
Colin Tidswell	Economic development consulting	117,533	Direct sourcing	B
Cosmic Tech Solutions Pty Ltd	IT support	5,355	Direct sourcing	B
Cridlands MB Lawyers	Legal services	2,115	Direct sourcing	B
CSC Australia Pty Ltd	IT support	26,883	Direct sourcing	B
Davidson Workplace Solutions	Workplace relations	49,653	Direct sourcing	B
Deloitte Growth Solutions Pty Ltd	Professional services	30,494	Direct sourcing	B
Deloitte Touche Tohmatsu	Financial review	53,446	Direct sourcing	B
Devagiri and Associates	Business analyst services	3,588	Direct sourcing	A
Enable	Governance review	7,000	Direct sourcing	B
Fire Cash Pty Ltd	Governance review	46,671	Direct sourcing	B
Focus Pty Ltd	Economic development consulting	2,000	Direct sourcing	C
HBO EMTB Interiors Pty Ltd	Office design	25,988	Select tender	B
Hockley Wu Conveyancing	Legal services	51	Direct sourcing	B
IBISWorld Pty Ltd	Business research	2,271	Direct sourcing	C
Interiors Australia Pty Ltd	Office design	18,620	Panel	B
J G Service Pty Ltd	Business review	7,020	Direct sourcing	C
J G Service Pty Ltd	Professional services	11,490	Direct sourcing	C
J G Service Pty Ltd	Office design	8,060	Select tender	B
Jones Lang LaSalle Hotels Pty Ltd	Business review	1,354	Direct sourcing	B

CONSULTANT NAME	DESCRIPTION	CONTRACT PRICE (\$)	SELECTION PROCESS ¹	JUSTIFICATION ²
Kestrel Solutions Pty Ltd	Business research	3,250	Direct sourcing	C
Lawler Partners Pty Ltd	Business readiness	1,700	Direct sourcing	C
Mallesons Stephen Jaques	Legal services	1,424,895	Direct sourcing	B
Matrix 1 Pty Ltd	IT support	69,982	Direct sourcing	B
Measured Insights	Staff survey	16,277	Direct sourcing	B
Mercer (Australia)	Remuneration benchmarking	2,100	Direct sourcing	B
Mitara Empresa Pty Ltd	Economic development consulting	3,798	Direct sourcing	B
Morison Consulting Pty Ltd	Audit services	16,950	Direct sourcing	B
Napier & Blakeley Pty Ltd	Technical due diligence	25,600	Direct sourcing	C
NBC Consultants	Quantity surveyor	25,000	Direct sourcing	B
Ninti One Ltd	Economic development consulting	20,000	Direct sourcing	B & C
Oakebride Pty Ltd	Professional services	13,572	Direct sourcing	B
Peter Atkinson & Company	Legal services	52,547	Direct sourcing	B
Peter J Straton Solicitor	Legal services	130	Direct sourcing	B
Phillip Camens	Business readiness	1,520	Direct sourcing	B
Poryr Forest Industry Pty Ltd	Technical due diligence	150,585	Direct sourcing	C
PPC Worldwide	Employee counselling service	11,280	Select tender	B
Pricewaterhouse-Coopers	Due diligence	58,500	Direct sourcing	B
Projects & Infrastructure Holdings	Due diligence	29,200	Direct sourcing	B
Quality Management Solutions	Workplace investigations	16,150	Direct sourcing	C
RSM Bird Cameron	Business readiness	2,010	Direct sourcing	C
SAP Australia Pty Ltd	IT support	11,711	Direct sourcing	B
SGS Economic & Planning Pty Ltd	Economic development consulting	21,612	Open tender	B
Somerville Laundry Lomax Solicitors	Legal services	2,469	Direct Sourcing	B
SRC Solutions	OH&S and training	7,601	Select tender	B
Strategic Directions	Communications strategy	19,700	Direct sourcing	C
V J Ralph & Co	Legal services	151	Direct sourcing	B

CONSULTANT NAME	DESCRIPTION	CONTRACT PRICE (\$)	SELECTION PROCESS ¹	JUSTIFICATION ²
WalterTurnbull Chartered Accountants	Business readiness	67,500	Select tender	C
Williams Graham Carman Solicitors	Legal services	1,107	Direct sourcing	B
Williams Love & Nicol Lawyers	Legal services	96,002	Direct sourcing	B
Total		\$2,806,214		

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

- **Open tender:** A procurement procedure in which a request for tender is published, inviting all businesses that satisfy the conditions for participation to submit tenders. Public tenders are generally sought from the Australian Government AusTender website.
- **Select tender:** A procurement procedure in which the procuring agency selects which potential suppliers are invited to submit tenders. This procurement process may only be used under certain defined circumstances.
- **Direct sourcing:** A form of restricted tendering, available only under certain defined circumstances, with a single potential supplier or suppliers being invited to bid because of their unique expertise and/or special ability to supply the goods and/or services sought.
- **Panel:** An arrangement by which a number of suppliers, initially selected through an open tender process, may each supply property or services to an agency as specified in the panel arrangements. Quotes are sought from suppliers that have pre-qualified on the agency panels to supply to the government. This category includes standing offers and supplier panels where the supply of goods and services may be provided for a pre-determined length of time, usually at a pre-arranged price.

² Justification for the decision to engage a consultant:

- skills currently unavailable within IBA
- need for specialised or professional skills
- need for independent research or assessment.

Appendix C: Commonwealth Disability Strategy

The Commonwealth Disability Strategy provides a framework to help Australian Government departments and agencies to meet their obligations under the *Disability Discrimination Act 1992*. The strategy provides for the inclusion of, and participation by, people with a disability in Australian Government policies, programs and services.

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

Table 18: Commonwealth Disability Strategy, purchaser role¹

OBJECTIVE	PERFORMANCE INDICATOR	PERFORMANCE MEASURE	PERFORMANCE 2009–10
To ensure that people who require information in an accessible format receive it in a timely manner.	Publicly available information on agreed purchasing specifications is available in accessible formats ² for people with a disability.	Percentage of publicly available purchasing specifications requested and provided in:	Publicly available information regarding purchasing specifications is available in electronic and hard copy formats.
		accessible electronic formats	
		accessible formats other than electronic.	
		Average time taken to provide accessible material in:	Performance measure not applicable.
		electronic format	There were no requests for tender documents in specific files.
		formats other than electronic.	
To ensure that the Australian Government purchases services which reflect the needs of people with a disability.	Processes for purchasing goods or services with a direct impact ³ on the lives of people with a disability are developed in consultation with people with a disability.	Percentage of processes for purchasing goods or services that directly impact on the lives of people with a disability that are developed in consultation with people with a disability.	Performance measure not applicable.
		IBA tender processes during 2009–10 did not have a direct impact on the lives of people with a disability.	

¹ Purchasers determine the precise outputs to be purchased and nominate the providers. Service providers may be public, private or not-for-profit organisations.

² Accessible electronic formats include ASCII (or .txt) files and html for the web. Non-electronic accessible formats include Braille, audio cassette, large print and easy English. Other ways of making information accessible include video captioning and providing Auslan interpreters.

³ Direct impact means those goods and services that will have an explicit consequence, effect or influence on people with a disability. It includes the purchase of mainstream goods and services as well as specialist disability services.

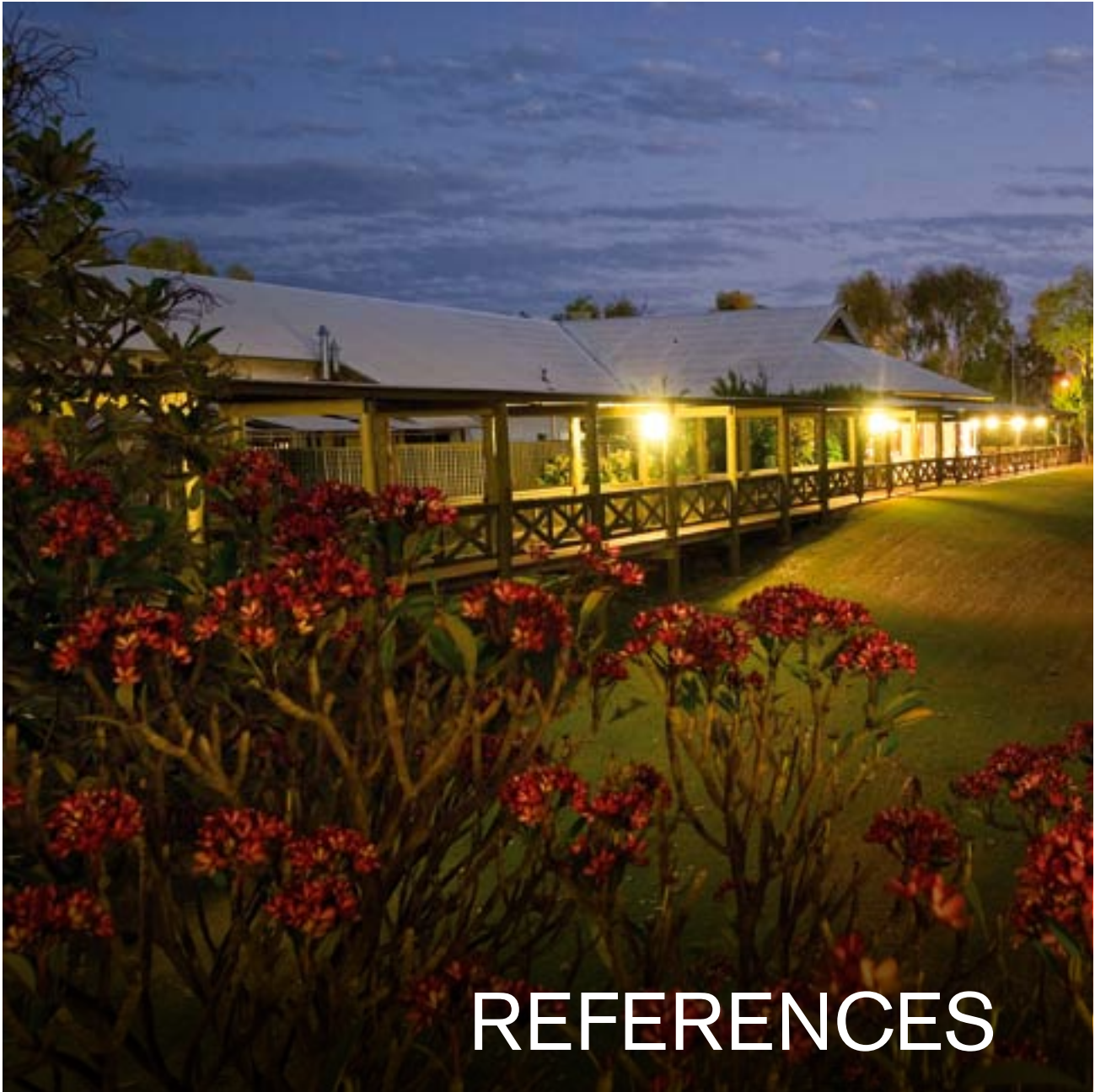
OBJECTIVE	PERFORMANCE INDICATOR	PERFORMANCE MEASURE	PERFORMANCE 2009–10
To ensure that the Australian Government builds accountability for the delivery of accessible goods and services into its purchasing agreements ⁴ with providers.	Purchasing specifications and contract requirements for the purchase of goods and services are consistent with the requirements of the <i>Disability Discrimination Act 1992</i> (the DDA).	Percentage of purchasing specifications for goods or services that specify that tender organisations must comply with the DDA.	Performance measure not applicable.
		Percentage of contracts for the purchase of goods and services that require the contractor to comply with the DDA.	None of the requests for tender specifically stated that the successful tenderer would need to comply with the DDA.
To ensure that people with a disability can talk directly with the purchaser about a provider's performance.	Complaints or grievance mechanisms (including access to external mechanisms) in place to address concerns raised about provider's performance.	Established complaints or grievance mechanisms (including access to external mechanisms) in operation.	Performance measure not applicable.
			None of the contracts offered specifically stated that the contractor would need to comply with the DDA.
			IBA reviewed and amended its existing complaints and grievance mechanism to improve customers' ability to provide feedback on IBA's performance.
			Customers can provide feedback through the online 'Contact us' form on the IBA website; by completing IBA's service charter reply-paid form; or by calling IBA on its Freecall™ number. Customers can also take complaints to the Commonwealth Ombudsman and the Human Rights and Equal Opportunity Commission.
			Analysis of complaints received indicates that no particular disability-related issues have been raised regarding IBA's performance.

⁴ Purchasing agreements can include contracts, memoranda of understanding and service level agreements.

Table 19: Commonwealth Disability Strategy, provider role¹

OBJECTIVE	PERFORMANCE INDICATOR	PERFORMANCE MEASURE	PERFORMANCE 2009–10
To deliver the services they have been contracted to provide under specific conditions.	Providers have established mechanisms for quality improvement and assurance.	Evidence of quality improvement and assurance systems in operation.	The low number of complaints received indicates a good level of satisfaction among people with a disability.
To ensure that agencies recognise people with a disability as customers.	Providers have an established service charter that specifies the roles of the provider and consumer, and service standards that address accessibility for people with a disability.	Established service charter in operation, which adequately reflects the needs of people with a disability.	IBA has a service charter in place which specifies the roles of IBA and its customers.
To ensure that customers with disabilities are able to have their issues and concerns addressed.	Complaints or grievance mechanisms (including access to external mechanisms) in place to address concerns raised about performance.	Established complaints or grievance mechanisms (including access to external mechanisms) in operation.	<p>IBA has an established complaints and grievance process for handling concerns about its performance.</p> <p>Customers can take complaints to the Commonwealth Ombudsman and the Human Rights and Equal Opportunity Commission if desired.</p> <p>Analysis of complaints received indicates that no particular disability-related issues have been raised about IBA's performance.</p>

¹ Providers deliver the services they have been contracted to provide under specific conditions.



REFERENCES

About halfway along the thousand-odd kilometre drive between Broome and Kununurra is the welcoming sight of Fitzroy River Lodge, one of the tourism and hotel accommodation properties within IBA's investment portfolio.

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- 185 Acronyms and Abbreviations
- 186 Alphabetical Index

Compliance Index

IBA is bound by various legislative requirements to disclose certain information in its annual report. The main requirements are detailed in the *Commonwealth Authorities and Companies (Report of Operations) Orders 2008* (CAC Orders 2008).

IBA has also adopted other principles of better practice in its annual reporting. These include the *Requirements for Annual Reports for Departments, Executive Agencies and FMA Act bodies* published in 2005 by the Department of Prime Minister and Cabinet.

Tables 20 and 21 show where in this report you will find the information specified by each reporting requirement.

Table 20: Compliance index – Legislative requirements

REQUIREMENT	REFERENCE	PAGES
Advertising and market research	CAC Orders 2008, sub clause 17(2), ref <i>Commonwealth Electoral Act 1918</i> , section 311A	Not applicable – IBA is not an agency under the <i>Public Service Act 1999</i>
Board Committees	CAC Orders 2008, sub clause 15(2)	74
Certification	CAC Orders 2008, clause 4	4–5
Clear links between outcomes, strategies for achieving those outcomes and the principal outputs	CAC Orders 2008, sub clause 10(2)(b)	16–7, 18, 39–40, 51, 54
Commonwealth Disability Strategy	CAC Orders 2008, clause 18	178–80
Consultants engaged	<i>Aboriginal and Torres Strait Islander Act 2005</i> , sub section 189 2(b)	174–8
Corporate governance practices	CAC Orders 2008 clause 15 (1) (3)	75
Directors	CAC Orders 2008, clause 14	69–73
Ecologically sustainable development and environmental performance	CAC Orders 2008, sub clause 17(2), ref <i>Environment Protection and Biodiversity Conservation Act 1999</i> , section 516A	79–80
Effects of ministerial directions and notification of general policies of the government	CAC Orders 2008, sub clause 12. ATSI Act sub section 189 2 (a)	66
Efficiency and effectiveness of the operations in producing its principal outputs	CAC Orders 2008, sub clause 10(2)(a)	16–64
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Financial statements	Sub clause 1(b) and sub clause 2(1) of Schedule 1 to the CAC Act. Finance Ministers Orders for Financial Reports July 2009.	96–170
Financial statements certification: a statement, signed by the directors	Sub clause 2(3) of Schedule 1 to the CAC Act	96

REQUIREMENT	REFERENCE	PAGES
Financial statements certification: Auditor-General's Report	Sub clause 1(c) and Part 2 of Schedule 1 to the CAC Act	97–8
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Letter of transmittal	CAC Orders 2008, clause 4	4–5
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New Housing Fund financial statements	ATSI Act sub section 189 (3)	154–7
Occupational health and safety	CAC Orders 2008, sub clause 17(2), ref <i>Occupational Health and Safety (Commonwealth Employment) Act 1991</i> , section 74	88–9
Operational and financial results during the year, including principal outputs, major investing activities, key financial and non-financial activities (for IBA and subsidiaries)	CAC Orders 2008, sub clause 10(1)(d)	16–64
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Reports on the operations of the authority by the Auditor-General, a parliamentary committee or the Commonwealth Ombudsman	CAC Orders 2008, clause 11 (b)	78–9
Responsible minister	CAC Orders 2008, sub clause 8(b)	66, 76
Review of performance	CAC Orders 2008, sub clause 10(1)(a)	16–64
Significant changes in state of affairs or principal activities during the financial year	CAC Orders 2008, sub clause 10(1)(e)	172–3
Significant developments since the end of the financial year	CAC Orders 2008, sub clause 10(1)(f)	79
Reporting of significant events, as required by section 15 of the CAC Act	CAC Orders 2008, sub clause 10(1)(c)	172–3

Table 21: Compliance index – Recommendations for better practices in annual reporting

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¹ Any requirements that are duplicated in Table 22 have been omitted from Table 23.

² As detailed in Attachment A of the *Requirements for Annual Reports for Departments, Executive Agencies and FMA Act bodies*.

Acronyms and Abbreviations

ATSI Act	<i>Aboriginal and Torres Strait Islander Act 2005</i>
ATSIC	Aboriginal and Torres Strait Islander Commission
CAC Act	<i>Commonwealth Authorities and Companies Act 1997</i>
CDC	Aboriginal and Torres Strait Islander Commercial Development Corporation
CDEP	Community Development Employment Projects
CEO	Chief Executive Officer
CSS	Carpentaria Shipping Services Pty Ltd
DDA	<i>Disability Discrimination Act 1992</i>
DEEWR	Department of Education, Employment and Workplace Relations
DOGIT	Deed in Grant of Trust
DRIVE	Delivering Regional Innovative and Indigenous Vibrant Economies
EDI	Economic Development Initiative
EPBC Act	<i>Environmental Protection and Biodiversity Conservation Act 1999</i>
ESD	ecologically sustainable development
FaHCSIA	Department of Families, Housing, Community Services and Indigenous Affairs
FOI Act	<i>Freedom of Information Act 1982</i>
HOIL	Home Ownership on Indigenous Land
HOP	Home Ownership Program
IBA	Indigenous Business Australia
IED Trust	Indigenous Economic Development Trust
ILUA	Indigenous Land Use Agreement
LDC	Larrakia Development Corporation
NAB	National Australia Bank
RMBS	residential mortgage-backed securities
SDU	Service Delivery Unit
SROI	Social Return on Investment

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Helpful and friendly IBA staff are located Australia-wide. Find your local office below or use our online locator tool at www.iba.gov.au/contact-us/locator

* denotes offices co-located with an Indigenous Coordination Centre.

Australian Capital Territory

National Office

Street: Ground Floor Bonner House East, 5 Neptune Street, Woden Canberra ACT 2606

Postal: PO Box 38, Woden ACT 2606

Phone: 02 6121 2700

Fax: 02 6121 2730

Northern Territory

Darwin

Street: Suite E/Level 1, 49 Woods Street, Darwin NT 0801

Postal: GPO Box 394, Darwin NT 0801

Phone: 08 8936 1080

Fax: 08 8941 2085

Alice Springs

Street: Level 2 Jock Nelson Building, 16 Hartley Street, Alice Springs NT 0871

Postal: PO Box 111, Alice Springs NT 0871

Phone: 08 8959 4283

Fax: 08 6246 6313

New South Wales

Sydney

Street: Level 9/300 Elizabeth Street, Surry Hills NSW 2010

Postal: PO Box K363, Haymarket NSW 1240

Phone: 02 9207 6350

Fax: 02 9212 4398

Coffs Harbour*

Street: 17 Duke Street, Coffs Harbour NSW 2450

Postal: PO Box 1335, Coffs Harbour NSW 2450

Phone: 02 6648 5800

Fax: 02 6648 5888

Grafton

Street: Shop 9, King Arcade, 22-26 King Street, Grafton NSW 2460

Postal: PO Box 266, Grafton NSW 2460

Phone: 02 6643 5944

Fax: 02 6643 5077

Tamworth*

Street: Unit 2/180 Peel Street, North Tamworth NSW 2340

Postal: PO Box 684, Tamworth NSW 2340

Phone: 02 6701 9000

Fax: 02 6701 9014

Wagga Wagga

Street: 70 Baylis Street, Wagga Wagga NSW 2650

Postal: PO Box 786, Wagga Wagga NSW 2650

Phone: 02 6932 3330

Fax: 02 6932 3339

Queensland

Brisbane

Street: Level 13/144 Edward Street, Brisbane QLD 4000

Postal: PO Box 10906, Adelaide Street, Brisbane QLD 4000

Phone: 07 3008 8300

Fax: 07 3211 0399

Cairns

Street: 59 McLeod Street, Cairns QLD 4870

Postal: PO Box 2499, Cairns QLD 4870

Phone: 07 4048 8480

Fax: 07 4031 0766

Mt Isa*

Street: 42–44 Simpson Street, Mt Isa QLD 4825

Postal: PO Box 2416, Mt Isa QLD 4825

Phone: 07 4747 3055

Fax: 07 4747 3077

Rockhampton*

Street: Level 1/CQU Building, Corner Fitzroy and East Street, Rockhampton QLD 4700

Postal: PO Box 550, Rockhampton QLD 4700

Phone: 07 4724 0024

Fax: 07 4921 3659

Townsville*

Street: Level 4/235 Stanley Street, Townsville QLD 4810

Postal: PO Box 2018, Townsville QLD 4810

Phone: 07 4760 1060

Fax: 07 4724 1394

South Australia

Adelaide*

Street: Level 18, ANZ Building, 11 Waymouth Street, Adelaide SA 5000

Postal: GPO Box 9820, Adelaide SA 5001

Phone: 08 8400 2000

Fax: 08 8400 2010

Tasmania

Hobart

Street: Hobart Corporate Centre, Level 3/85 Macquarie Street, Hobart TAS 7004

Postal: GPO Box 1236, Hobart TAS 7001

Phone: 03 6270 2252

Fax: 03 6270 2223

Victoria

Melbourne*

Street: Level 3 Casselden Place, 2 Lonsdale Street, Melbourne VIC 3000

Postal: GPO Box 9820, Melbourne VIC 3001

Phone: 03 8620 3275

Fax: 03 8620 3274

Western Australia

Perth

Street: Level 7/140 St George Terrace, Perth WA 6000

Postal: PO Box Z5271, St Georges Terrace, Perth WA 6831

Phone: 08 9229 1400

Fax: 08 9481 3815

Broome*

Street: 1 Short Street, Broome WA 6725

Postal: PO Box 613, Broome WA 6725

Phone: 08 9192 7855

Fax: 08 9193 5958

Kununurra*

Street: Lot 2250 Coolibah Drive, Kununurra WA 6743

Postal: PO Box 260, Kununurra WA 6743

Phone: 08 9168 2817

Fax: 08 9168 3317



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