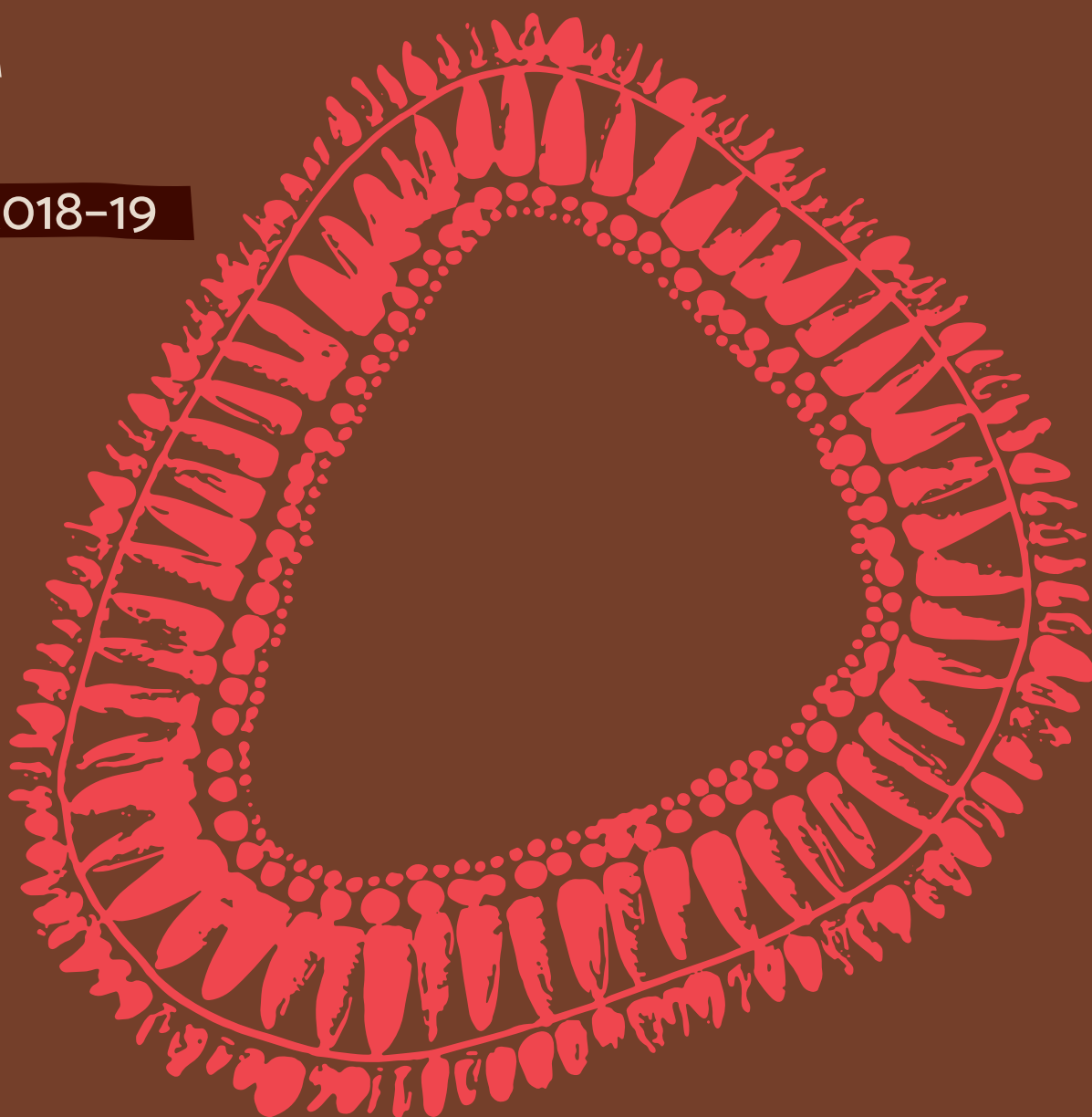


ANNUAL REPORT

2018-19





This product is printed on Revive Laser, which is 100% recycled for the content pages and 70% recycled for the cover. It is Certified Carbon Neutral under the National Carbon Offset Standard. No chlorine bleaching occurs in the recycling process.



ACKNOWLEDGMENT

IBA pays respect to our Elders past, present and emerging.

We honour the resilience and continuing connection to country, culture and community by all Aboriginal and Torres Strait Islander people across Australia.

We recognise that the decisions we make today will impact the lives of generations to come.

INDIGENOUS BUSINESS AUSTRALIA ANNUAL REPORT

IBA has taken all reasonable steps to ensure that the content of this publication is sensitive and considerate of Aboriginal or Torres Strait Islander people.

Throughout this document the term Indigenous refers to Aboriginal and Torres Strait Islander people.

© Indigenous Business Australia 2019. All rights reserved. No part of this document may be reproduced or transmitted by any person or entity, including internet search engines, in any form or by any means, electronic or mechanical, including photocopying (except under statutory exceptions provisions of the *Copyright Act 1968*), recording or scanning, or used by any information storage and retrieval system without prior written permission from IBA.

Artwork by Indigenous artist Penny Evans.

Printed by Print Junction.

ISSN 133-945X (Print)

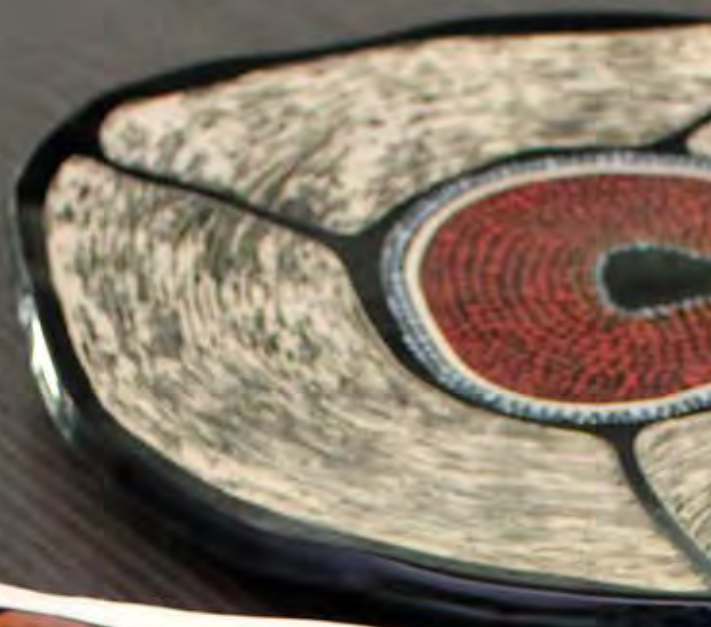
ISSN 206-9011 (Online)

For more information, visit IBA's website at iba.gov.au or call 1800 107 107.

LEGAL FRAMEWORK

IBA is established under the *Aboriginal and Torres Strait Islander Act 2005* (ATSI Act) and is a corporate Commonwealth entity for the purposes of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

IBA is accountable to the Australian Parliament through the Minister for Indigenous Australians.





CONTENTS

PART 1: OVERVIEW	01
PART 2: YEAR IN REVIEW	27
PART 3: PRODUCTS & MARKETS	41
PART 4: GOVERNANCE	65
PART 5: PEOPLE MANAGEMENT	85
PART 6: FINANCIAL PERFORMANCE	93
PART 7: APPENDICES & REFERENCES	143



17 September 2019

The Hon. Ken Wyatt
Minister for Indigenous Australians
Parliament House Canberra ACT 2600

Dear Minister,

On behalf of the Board of Indigenous Business Australia, I am pleased to submit our annual report for the financial year ended 30 June 2019.

The Board is responsible for preparing the annual report and presenting it to you in accordance with Section 46 of the Public Governance, Performance and Accountability Act 2013, Division 3A of the Public Governance, Performance and Accountability Rule 2014 and Section 189 of the Aboriginal and Torres Strait Islander Act 2005.

The report includes IBA's annual performance statements and audited financial statements, which were approved in accordance with a resolution of the Board on Tuesday 17 September 2019.

This report includes IBA's annual performance statements and audited financial statements and has been prepared for the purposes of section 46 of the Public Governance, Performance and Accountability Act 2013, section 189 of the Aboriginal and Torres Strait Islander Act 2005 and in accordance with the requirements of the Public Governance, Performance and Accountability Rule 2014. It was approved by resolution of the Board on 17 September 2019.

I commend this report to you as a record of our achievements and compliance.

Yours sincerely,

Eddie Fry
Chair



PART 1 OVERVIEW

ABOUT IBA.....	03
CHAIR REVIEW	04
CEO REVIEW	06
ANNUAL PERFORMANCE STATEMENTS.....	12

**"WE HAVE SEEN SO MUCH
ACHIEVEMENT FROM OUR PEOPLE,
SO MUCH RESILIENCE, SO MUCH
SURVIVAL AGAINST ALL THE ODDS. OUR
TRADITION IS WORKING HARD, DOING
BUSINESS AND MAKING THINGS FOR
OURSELVES. WE CAN DO THAT AGAIN."
- BRUCE PASCOE**

FUTURES FORUM

Made possible by

IBA
INDIGENOUS
BUSINESS
AUSTRALIA



INDIGENOUS
MARATHA
FOUNDATION

GUIN

BRUCE
PASCOE

ABOUT IBA

Indigenous Business Australia (IBA) was established to assist and enhance Aboriginal and Torres Strait Islander self-management and economic self-sufficiency, and to advance the commercial and economic interests of Aboriginal and Torres Strait Islander people.

We serve, partner and invest with Aboriginal and Torres Strait Islander people who want to own their future. We go further than provide money; we invest in people, places and ideas that are ready. We help make them real.

We are deeply invested in the financial success and economic independence of Aboriginal and Torres Strait Islander people and communities. It's why we exist.

IBA's vision is for a nation in which Aboriginal and Torres Strait Islander people are economically independent and an integral part of the economy.



HELPING YOU BUY A HOME



YOU, INVESTED

We provide home loans and financial services that are affordable and accessible, so you can take ownership of your housing and your future.



HELPING YOU START OR GROW A BUSINESS



IDEAS, INVESTED

We provide access to advice, finance, networks and partnerships to help grow your business ideas into a reality.



HELPING YOU INVEST IN YOUR FUTURE



FUTURES, INVESTED

We invest in your future with you and are focused on making a strong, positive impact that provides responsible financial returns for our partners and their communities.

CHAIR REVIEW



EMPOWERMENT, INNOVATION AND THE CUSTOMER EXPERIENCE

IBA is passionate about achieving our vision for a nation where Aboriginal and Torres Strait Islander people are economically independent and an integral part of the economy.

We know that by investing in people, places and ideas, we enable our customers to own and determine their futures. While we know we have a long way to go, we are encouraged by the new and innovative ways our teams are helping our customers find success and the value these relationships create for our families, communities, economy and country.

Over the past year we have continued to push the limits of our financial constraints to support as many Aboriginal and Torres Strait Islander people into stable housing, starting and growing businesses and making informed investments for the future.

While the nature of our business means we will always be challenged to meet the growing demand for our products and services due to capital constraints, I am immensely proud of just how much IBA continues to achieve each year. We continue to create new ways to connect with our customers each year and this year's youth conference, Futures Forum, was yet another example of how we are investing in the future of as many Aboriginal and Torres Strait Islander people as we can.

We are excited about the year ahead and will continue to focus on the opportunities where we can make the most impact, including:

- maintaining our customer-focused approach and ensuring the needs of our customers are at the heart of all decision making
- delivering a consistent and excellent customer experience
- investing in our systems to enable us to be as efficient as possible
- being smart with our money to make every dollar go as far as possible
- supporting our staff and investing in their development to build a technically and culturally capable workforce that is adaptable to change and ready for new challenges
- continuing to establish IBA as the 'go-to' place for Aboriginal and Torres Strait Islander people wanting to develop their economic independence

As Chair, it's an honour to witness the achievements of our customers in partnership with IBA. Our shared accomplishments show the positive impact we can make together in creating a brighter future for the people we serve.

On behalf of the Board, I would like to express how proud we are to lead IBA and the dedication of our staff who work hard to deliver tangible outcomes for Aboriginal and Torres Strait Islander people.

Finally, I wish to thank the IBA Board for their strategic insight and the IBA Executive and staff for their continued focus on innovation and success.

Eddie Fry
Chair, IBA

**OUR SHARED
ACCOMPLISHMENTS
SHOW THE POSITIVE
IMPACT WE CAN
MAKE TOGETHER IN
CREATING A BRIGHTER
FUTURE FOR THE
PEOPLE WE SERVE.**

CEO REVIEW



In 2018–19, IBA continued to partner with Aboriginal and Torres Strait Islander families, entrepreneurs, business owners, organisations and communities in working towards achieving our vision of economic independence for Indigenous Australians.

Overall, IBA had another terrific year, lending or investing more than \$320 million across our home, business and investment products and services. This amount is more than nine times what IBA received in government funding in 2018–19, meaning the overwhelming majority of the financial support we are able to provide our Aboriginal and Torres Strait Islander customers is self-funded.

In just three years since 1 July 2016, we have contributed over \$900 million to the Indigenous Estate through our investment and lending activity.

IBA is a predominantly self-funded organisation, and we have been able to achieve this by reinvesting returns from our loan and investment portfolios, as well as by injecting additional capital realised from previous investments. Whilst we take greater risks than private investors, we focus on ensuring the underlying businesses and ventures we support are sustainable.

This year we helped more than 688 Aboriginal and Torres Strait Islander customers purchase a home, with a total value of \$242.4 million. 96% of loans approved were for first home buyers while 93% of loans approved were to lower-income borrowers.

Our Business Solutions team continues to deliver innovative products and services that often aren't available to our customers through mainstream lenders. This includes vital products such as cash flow finance, film finance and performance bonds, accelerator programs and platforms like Strong Women Strong Business, an online network and mentoring space providing peer-to-peer support for Aboriginal and Torres Strait Islander business women.

In 2018–19, we approved 343 business finance packages to the value of \$48.0 million for Aboriginal and Torres Strait Islander entrepreneurs and businesses, which included

186 business loans, and a wide range of other business finance solutions including equipment finance, cash flow finance, film finance and performance bonds.

We launched our inaugural youth platform, Futures Forum, an initiative that brought together 40 young Aboriginal and Torres Strait Islander people aged 18-30 from across Australia to discuss the future of business and the intersection of commerce and culture.

During the year, IBA provided 92 Aboriginal and Torres Strait Islander organisations with investment-related support, with 58 organisations now co-investing with IBA, holding total equity of \$165.3 million.

We achieved these results with substantially fewer staff, and reduced government funding than IBA received prior to 2017.

Demand for IBA's products and services continues to grow at unprecedented rates, and we are committed to investigating as many ways as possible to assist more people.

IBA is largely reliant on returns from its own investment and loan portfolios in order to fund its work. While we strive to make our dollars go as far as possible, our capital is finite and without additional investment from Government or other sources, there will inevitably be limits to the extent to which we can meet demand. Where possible, we are seeking funding partnerships with aligned private sector partners to unlock new sources of capital.

I want to thank IBA Chair, Eddie Fry, and the Board for their leadership and support to the Executive Management Team and staff throughout the year. Their vast experience, knowledge, insights and skills are invaluable and help to guide us forward.

I would also like to acknowledge the Executive team for their leadership and commitment to achieving economic outcomes for Aboriginal and Torres Strait Islander people and communities.

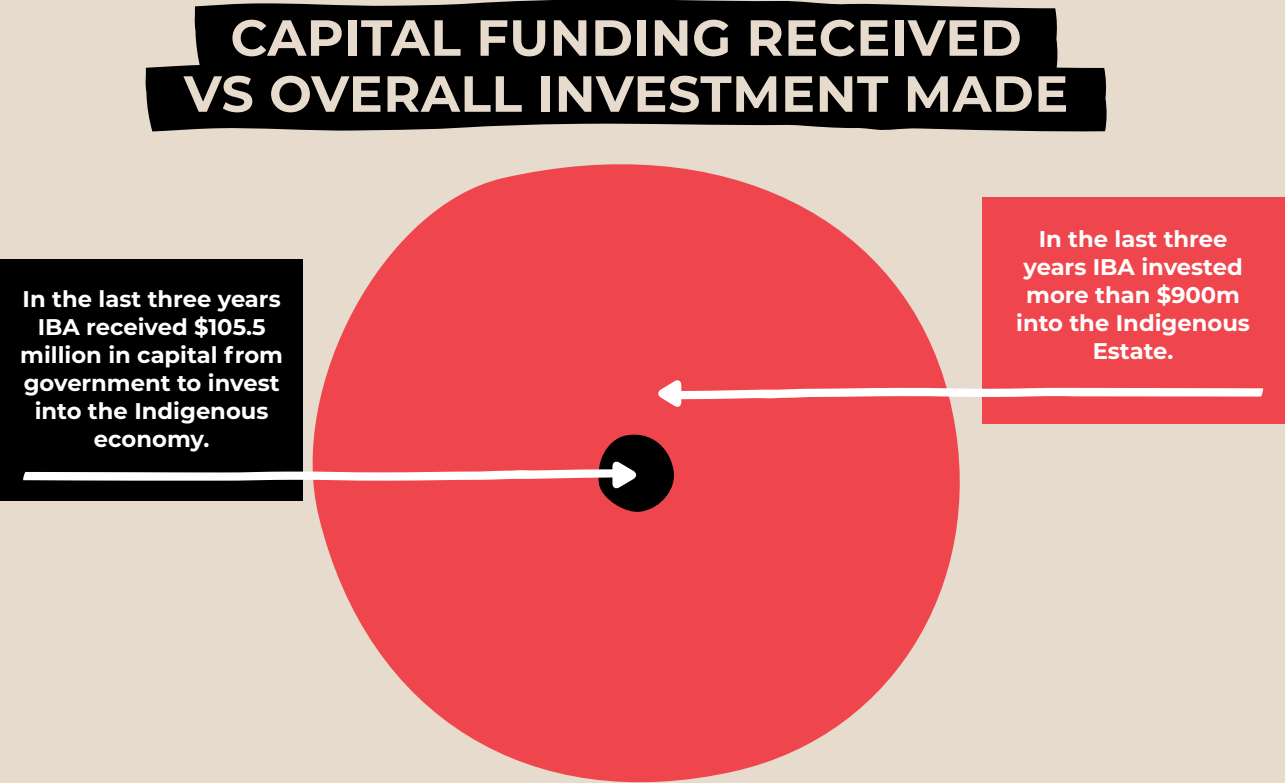
**IN JUST THREE
YEARS SINCE
1 JULY 2016,
WE HAVE
CONTRIBUTED
OVER \$900
MILLION TO THE
INDIGENOUS
ESTATE THROUGH
OUR INVESTMENT
AND LENDING
ACTIVITY.**

Finally, I would like to acknowledge the passion and dedication of our staff who are consistently demonstrating their commitment to IBA's work, going above and beyond each day to ensure the best possible outcomes for our customers.

We continue to be committed to our vision and acknowledge that working in partnership with Aboriginal and Torres Strait Islander people and communities is the best way to achieve it.

Rajiv Viswanathan
Chief Executive Officer, IBA

FIGURE 01: HOW IBA INVESTS FUNDS TO GROW OPPORTUNITY FOR ABORIGINAL AND TORRES STRAIT ISLANDER PEOPLE.



* Over the past three financial years, IBA received a total of \$105.5m in capital funding from the Australian Government to invest into the Indigenous Estate by way of home loans, business loans and support and investment opportunities and support but deployed over \$900m in capital. IBA also received appropriations of \$30.5m to support the operational costs of the Indigenous Home Ownership Program and \$51.9m in funding to support the operational costs of the Business Development and Assistance Program. These amounts are used to support operational expenses and business support activity and cannot be used as capital.

Attendees at IBA's
annual NAIDOC Week
breakfast event.



FUTURES FORUM

For the first time ever IBA delivered Futures Forum which gathered 40 Aboriginal and Torres Strait Islander youth from across the country to discuss the future of business in Australia at the Murrook Cultural Centre on Worimi Country.

Delivered in partnership with Relative Creative, Blaklash Projects, the Indigenous Marathon Project, Melbourne Business School and NITV, the forum took participants on a design-led journey of bringing cultural principles from the past into the future in a meaningful, sustainable way. It brought together subject and industry experts to work with participants to learn cultural and contemporary business skills.

Participants collectively designed Indigenous Business Models – a first of their kind that is considerate of commercial realities and cultural obligations. Value based businesses driven with a strong purpose and leveraging that for the benefit of communities and society more broadly is something Indigenous people have done for tens of thousands of years. The development of these models involved harnessing this knowledge and intellect embodied in Indigenous culture that can be translated in contemporary business terms.

Futures Forum built a network of like-minded young people who will lead economic development in their communities and inform IBA of the future needs of this growing sector.

IBA will continue to support the participants to develop their skills and share the journey and findings moving forward.

**“WE’RE KEEPING OUR CULTURE STRONG THROUGH BUSINESS.”
– WES, FUTURES FORUM PARTICIPANT.**





ANNUAL PERFORMANCE STATEMENTS

IBA is very proud of our performance over 2018-19 and the ongoing impact we continue to create for Aboriginal and Torres Strait Islander people all across Australia. Over the past three years alone, IBA has invested over \$900 million into the Indigenous Estate helping more people than ever before to buy a home, start or grow a business or invest in their future, and we will continue to work hard to grow our impact in the years ahead.

The IBA Board, as the accountable authority, presents the 2018-19 Annual Performance Statements, as required under paragraph 39(1)(a) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

In the Board's opinion, these Annual Performance Statements are based on properly maintained records and accurately reflect the performance of IBA for the period 2018-19, and comply with s 39(2) of the PGPA Act.

IBA's budget is managed through the annual Portfolio Budget Statements of the Department of the Prime Minister and Cabinet. Our outcomes and outputs, and corresponding performance criteria, are described in the Portfolio Budget Statements, our Corporate Plan and through a funding agreement with the Department of the Prime Minister and Cabinet (the executive order establishing the National Indigenous Australians Agency commenced on 1 July 2019) for the delivery of the Business Development and Assistance Program.

IBA was established under the *Aboriginal and Torres Strait Islander Act 2015* (ATSI Act). Section 146 of the ATSI Act sets out IBA's purposes:

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

These purposes are included in the 2018-19 Corporate Plan and were achieved through IBA's single portfolio outcome:

- **Outcome 1:** Improved wealth acquisition to support the economic independence of Aboriginal and Torres Strait Islander people through commercial enterprise, asset acquisition and access to concessional business and home finance.
 - Outcome 1 was delivered through three divisions: Housing Solutions, Business Solutions, and Investment and Asset Management, and also through IBA's corporate activities.

Section 147 of the ATSI Act sets out IBA's functions as follows:

- (1) Indigenous Business Australia has the following functions:
 - (a) to engage in commercial activities;
 - (b) to promote and encourage Aboriginal and Torres Strait Islander self-management and economic self-sufficiency;
 - (c) such other functions as are conferred on 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 invested in the economic independence of Aboriginal and Torres Strait Islander people and communities. While IBA is only one part of a bigger picture in the Indigenous affairs landscape, our role is vital in supporting our customers to own a home, start or grow a business or make impactful investments.



IBA staff celebrate NAIDOC week each year by getting involved in local community events and activities.

HOMES – YOU, INVESTED

Owning a home provides access to safe and secure housing, which is a key step in establishing economic independence and to building inter-generational wealth. IBA assists Aboriginal and Torres Strait Islander people into home ownership by providing home loans at concessional interest rates, low deposit requirements and flexible repayment terms.

In 2018–19 we continued to see unprecedented levels of demand for IBA's home loan products and services - with 688 home loans approved to Aboriginal and Torres Strait Islander people. In just 3 years since 1 July 2016, IBA has approved \$722.3 million in home loans to Aboriginal and Torres Strait Islander people. During that time, IBA's home loan portfolio has grown overall by 29%.

This result was above the preceding five-year average of 604 loans and exceeded the annual target of 650 loans, but was a reduction compared to the previous financial year, when 913 loans were approved. The 2017–18 financial year was a record year for home lending by IBA, which resulted from a deliberate decision to utilise funds realised from its investment portfolio to meet demand for home loans. However, IBA did not have the surplus capital available to do the same in 2018–19.

In 2018–19, 96% of loans approved were to first home buyers, and 93% of loans approved were in the three lowest income bands [being (i) up to \$43,290, (ii) between \$43,291 to \$73,593 and (iii) between \$73,594 to \$121,212].

IBA home loans are overwhelmingly to families who are otherwise unable to access mainstream lenders. The vast majority of our customers face a range of barriers to owning a home, including lower incomes, lack of a deposit or poor credit history. Each of these factors will impact the credit assessment criteria of mainstream lenders.

By owning their own home, Aboriginal and Torres Strait Islander families have access to secure and stable housing and build critical inter-generational wealth. Often our customers are not just first home buyers but the first in their family to ever own a home, which is often a catalyst for a greater social impact through intergenerational economic building activities.

In 2018–19, we were also able to support 6.4% (344) of our customers to transition to mainstream banks. Where this occurs, and the customer discharges their IBA home loan early, we can re-lend the loan capital to support more Aboriginal and Torres Strait Islander families into home ownership.

In 2018–19, IBA conducted a comprehensive customer survey to gather feedback on our customer experience and the ways in which IBA could improve our home loan services.

- Customers viewed IBA very positively, particularly around helping and inspiring Aboriginal and Torres Strait Islander people to own their own home and breaking the cycle of dependence;
- Satisfaction with IBA's home loan process and experience relative to expectations was high and following a positive trend; and,
- Overall satisfaction and advocacy continues to be very high with 90% of customers likely to recommend IBA to a family member, friend or other member of their community.

PERFORMANCE SUMMARY AND ANALYSIS

Table 01 shows IBA's achievements against the targets set in the Portfolio Budget Statements for the Indigenous Home Ownership Program. The performance criteria measure the success of the program in providing home loans and related assistance and effective management of the loan portfolio.

IBA significantly exceeded each of the performance measures relevant to the Housing Solutions division in 2018–19.

The total number of loans in the portfolio at 30 June 2019 was 5349. This reflects a net increase of 6.2% from 30 June 2018 (5,037) and a significant net increase of 59% over the decade since 30 June 2009 (3364).

The average purchase price for homes funded through the Indigenous Home Ownership program was \$379,000 in 2018–19, compared to \$361,000 in 2017–18. The average loan amount in 2018–19 was \$352,000, compared with \$340,000 in 2017–18.

In the year ahead, IBA will continue to review and implement projects designed to transform our application

processes, enhance operating procedures and improve processes to identify and support customers who are ready and capable of transitioning their loan to a mainstream bank.

See Part 3 of the annual report for more information and analysis.

**THE TOTAL NUMBER OF
LOANS IN THE PORTFOLIO
AT 30 JUNE 2019 WAS 5349.
THIS REFLECTS A NET
INCREASE OF 6.2% FROM
30 JUNE 2018 (5,037)
AND A SIGNIFICANT NET
INCREASE OF 59% OVER
THE DECADE SINCE 30
JUNE 2009 (3364).**

**TABLE 01: INDIGENOUS HOME OWNERSHIP
PROGRAM PERFORMANCE**

Performance Criteria	Source (page)	Target	Result	Achieved
Value of finance for home ownership outcomes approved ¹	CP (27) PBS(187)	\$220m	\$242.4m	✓
Portfolio value of finance for home ownership outcomes ¹	CP (27) PBS(187)	\$800m	\$908.4m	✓
Percentage of housing customers who transition or are supported into mainstream lending ²	CP (27) PBS(187)	4.5%	6.40%	✓
Percentage of housing loans to applicants who are first home buyers	CP (27) PBS(187)	90%	95.60%	✓

CP = IBA 2018–19 Corporate Plan, PBS = Prime Minister and Cabinet Portfolio Budget Statements 2018–19

¹ Loans, guarantees and other finance products provided for home acquisitions (including purchase of residential land), property settlement, refinance and essential home improvements approved in financial year. Portfolio value is the book value of current housing loans and other financial products provided for home acquisitions (including purchase of residential land), settlement, refinance and essential home improvements measured at amortised cost excluding year end accounting adjustments and provisions.

² Transition to mainstream lending arises where the customer refinances home finance with a commercial lender. Support provided by IBA to access mainstream lending includes loans, guarantees, deposit assistance and other finance products that enable the customer to access finance with a commercial lender.

A core part of economic self-determination for Aboriginal and Torres Strait Islander people is the ability to start and grow successful businesses across the country. Indigenous owned and operated businesses play a significant role in improving employment outcomes, financial independence, governance and resilience and building inter-generational wealth.

Through our Business Solutions team, IBA invests in the development and growth of Aboriginal and Torres Strait Islander businesses. We are able to assist at every part of the business cycle. IBA's Business Solutions team provides a range of products and services to assist Aboriginal and Torres Strait Islander people in starting, purchasing or growing viable businesses.

Our Business Solutions team also delivers the Business Development and Assistance Program via a funding agreement with the Australian Government, but our full suite of services extends beyond the requirements of this agreement.

Throughout 2018–19, IBA has seen an increased demand for the range of products and services provided by IBA's Business Solutions team. As a result, we provided 343 instances of business finance valued at \$48.0 million in 2018–19.

IN 2018–19, 70 START-UP FINANCE PACKAGES HAVE BEEN ISSUED TO A TOTAL VALUE OF \$5.1 MILLION.

PERFORMANCE SUMMARY AND ANALYSIS

Table 02 sets out IBA's performance against the targets set out in the Portfolio Budget Statements and Corporate Plan for the Business Solutions program.

The performance criteria and targets measure the success of the program overall in providing business finance, assistance to start and to grow businesses, and related business support and employment opportunities to Aboriginal and Torres Strait Islander Australians.

The criteria also measure the success of the program in helping to create and maintain sustainable businesses and have a specific focus on increasing the number of Aboriginal and Torres Strait Islander women into business.

For completeness and to provide a detailed view of IBA's activities in its Business Solutions program and IBA's performance, and because we are proud of the results, Table 03 has also been included in the Annual Performance Statements.

Table 03 shows IBA's achievements against targets set out in the funding agreement with the Department of the Prime Minister and Cabinet.¹ These KPIs do not comprise the performance measures in the Portfolio Budget Statements or Corporate Plan. The results set out in table 03 demonstrate the enormous breadth of IBA's work supporting businesses across Australia, and our strong presence in remote and regional Australia.

Part 3 of the annual report provides further information and analysis of the Business Solutions program.

¹ Although the National Indigenous Australians Agency (NIAA) now has responsibility for Aboriginal and Torres Strait Islander affairs, the order establishing NIAA commenced on 1 July 2019. Accordingly, the Department of Prime Minister and Cabinet is referred to for the purposes of this Annual Report.

Initiatives to support Aboriginal and Torres Strait Islander entrepreneurs

IBA has introduced a range of initiatives to support Aboriginal and Torres Strait Islander entrepreneurs achieve their aspirations.

IBA had 16 participants complete our Accelerator programs in 2018–19, with interviews and selection of the participants taking place throughout the year in Alice Springs and Sydney, in partnership with The Difference Incubator and Investible. Post-program support also continues to be delivered for previous cohorts.

In 2018–19, IBA continued to provide performance bonds and to facilitate the provision of bank guarantees to eligible Aboriginal and Torres Strait Islander suppliers to enable those suppliers to win and fulfil major construction and engineering contracts.

We have also been successful in working to initiate 16 strategic partnerships throughout 2018–19, enabling Aboriginal and Torres Strait Islander entrepreneurs to receive support in a range of locations and sectors.

Start-ups

IBA's business customers are overwhelmingly classified as start-ups, early-stage or emerging businesses, many of which are in regional and remote Australia and who often do not have ready access to finance from banks and other mainstream sources of finance and business support services.

To directly support start-up businesses, one of IBA's finance products is the popular Start-up Finance Package. This package, which offers up to \$100,000, has been designed to help Aboriginal and Torres Strait Islander start-ups at their most critical phase by offering them a hugely beneficial grant and low-interest rate loan package.

In 2018–19, 70 Start-up Finance Packages have been issued to a total value of \$5.1 million, which includes \$1.5 million as a grant component.

In addition to the Start-up Finance Package, IBA's Business Solutions division also provided \$2.6 million in finance to start-up businesses during 2018–19. These finance solutions comprised of a range of products including, working capital loans, equipment finance and invoice finance facilities.

Strong interest in IBA's business related workshops continued throughout 2018–19 with 79 workshops held hosting 663 participants (and with 71% of the workshops held in regional and remote Australia). These workshops provide entrepreneurs and existing business owners with

**OUR ONLINE STRONG WOMEN
STRONG BUSINESS NETWORKS
HAVE OVER 1,300 INDIGENOUS
BUSINESS WOMEN REGISTERED
AND IS GROWING RAPIDLY
EVERY MONTH.**

critical information to assist in all stages of the business life cycle. IBA's suite of workshops specialise in a range of themes, from start-up and growth, through to taxation and joint ventures, with a customer satisfaction rate of 99%.

Our customers in the Business Solutions program are diverse in their need and location, with over 64% of IBA finance customers being in regional, remote and very remote areas.

Overall in 2018–19 our Business Solutions team approved \$48.0 million in finance solutions and through its products and services provided strong support to Aboriginal and Torres Strait Islander entrepreneurs and businesses to achieve their aspirations.

The overall value of our business finance portfolio has grown by 83% over the past three years from \$62.7 million as at 1 July 2016 to \$114.6 million as at 30 June 2019.

Strong Women, Strong Business

We are pleased to see that the work we are doing to promote and assist Aboriginal and Torres Strait Islander women in business is generating excellent outcomes, with record numbers of women applying for our products and services in 2018–19. The current proportion of Aboriginal and Torres Strait Islander women in IBA's customer base is 39%, which is higher than the representation of all women business owners in Australia (which is 34% of all businesses).

Through the launch of Strong Women, Strong Business initiative (SWSB), IBA has continued to strengthen our support of Indigenous women in business. Our online SWSB networks have almost 1,500 Aboriginal and Torres Strait Islander business women registered and is growing rapidly every month. IBA is excited to continue our focus on in this space and work has begun to plan our second SWSB conference and increase content and programs on the online mentoring platform.

Futures Forum

This year we also launched our inaugural youth conference, Futures Forum. IBA was proud to facilitate a three-day workshop at Murrook Cultural Centre with 40 Aboriginal and Torres Strait Islander people aged 18–30 from across Australia, who came together to discuss the future of business and its intersection with Indigenous culture.

Our valuable partners included Relative Creative, Blaklash Projects, the Indigenous Marathon Project, Melbourne Business School and NITV.

Keynote speakers Tristan Schultz, Uncle Bruce Pascoe, Geoff Martin, Terri Janke, Mundanara Bayles and Justin Ridgeway, provided their diverse experience in business and culture and invoked some innovative conversations on business models in the future.

The important learnings and outcomes from the Futures Forum will be progressively implemented over the 2019–20 financial year, which will include profiling the outcomes of the forum and development place-based workshops for young people in business in respective communities.

TABLE 02: BUSINESS SOLUTIONS PERFORMANCE

Performance Criteria	Source (page)	Target	Result	Achieved
Total value of business finance products approved in financial year ¹	CP (27) PBS (187)	\$40m	\$48.0m	✓
Portfolio value of business finance products ¹	CP (27) PBS (187)	\$120m	\$114.6m	x
Meets or exceeds the Australian survival rates for businesses with 1–4 employees as measured by the ABS ²	CP (27) PBS (187)	69%	54%	x
Meets or exceeds the Australian survival rates for businesses with 5–19 employees as measured by the ABS ²	CP (27) PBS (187)	78%	94%	✓
Meets or exceeds the Australian survival rates for businesses with 20–199 employees as measured by the ABS ²	CP (27) PBS (187)	82%	100%	✓
Meets or exceeds the Australian survival rates for businesses with 200+ employees as measured by the ABS ²	CP (27) PBS (187)	86%	N/A ³	N/A ³

CP = IBA 2018–19 Corporate Plan, PBS = Prime Minister and Cabinet Portfolio Budget Statements 2018–19

¹ Business related finance products include loans, performance bonds, leases and other finance products approved in financial year. Portfolio result excludes IEDT property portfolio value of \$17.5 million. The overall value of our business finance portfolio has grown by 83% over the past three years from \$62.7 million as at 1 July 2016 to \$114.6 million as at 30 June 2019.

² The trading status of business finance customers is measured at the end of each financial year. Results are compared with data showing “survival rate by employment size range” as published by the Australian Bureau of Statistics in the most recent available version of: Cat. no. 8165.0 Counts of Australian Businesses. Measure reported on by survivability of finance clients compared to Australian average. ABS data on the Australian average business survivability for a given financial year is typically released some time after the completion of that financial year. As a result, IBA’s reported four-year survivability target is set using ABS reported four-year survivability data from the previous financial year. IBA’s collection of data on employment from businesses assumes that all businesses have at least one employee. The result for 2018–19 used an improved method relative to 2017–18. This improved method changes the 2017–18 results for business survivability targets in 2017–18 for the 1–4 employee category from 63% to 46% (against a target of 69%) and for the overall indicator from 67% to 54% (against a target of 65%).

³ IBA does not have business customers that employ 200+ employees.

TABLE 03: BUSINESS DEVELOPMENT AND ASSISTANCE PROGRAM - FUNDING AGREEMENT TARGETS

Source	Key Performance Indicator		Target		Result	Achieved
Funding Agreement (M1)	Percentage of Indigenous people employed in delivery of the program		The number of Indigenous people employed in the delivery of this project should reflect the overall proportion of Indigenous staff employed by the provider.		33.34%	✓
Funding Agreement (A1)	Number of customers who receive IBA capability development or other support (internal)	Number of customers provided with non-tailored business support	600		603	✓
		Number of customers provided with tailored support	300		350	✓
	Percentage of customers in regional or remote Australia receiving internal support in year 2 at least 30%		30%		65%	✓
Funding Agreement (A2)	Number of customers who receive IBA capability development or other support (external)	Number of customers provided with external business support	200		289	✓
	Percentage of customers in regional or remote Australia receiving external support in year 2 at least 30% ¹		30%		55%	✓
Funding Agreement (A3)	Number of Indigenous businesses and customers financed	Customers who receive finance and capital support products	80		146	✓
	Percentage of customers in regional or remote Australia financed in year 2 at least 30%		30%		65%	✓
Funding Agreement (A4)	Value of BDAP finance to customers	Total value of finance provided to customers in year 2	\$9.855m		\$22.6m ²	✓
Funding Agreement (A5)	Engagement and collaboration with relevant networks, service and business ecosystem partners (new or existing partnerships)	Maintain a minimum of 8 (9) collaborative partnerships in the first (second) 6 month period	9		16	✓
Funding Agreement (A6)	Business survival rates of IBA loan recipients:	Meets or exceeds Australian survival rates for businesses with 1-4 employees as measured by ABS ²	69%		54%	x
		Meets or exceeds Australian survival rates for businesses with 5-19 employees as measured by ABS ²	78%		94%	✓
		Meets or exceeds Australian survival rates for businesses with 20-199 employees as measured by ABS ²	82%		100%	✓
		Meets or exceeds Australian survival rates for businesses with 200+ employees as measured by ABS ²	86%		N/A ³	—
Funding Agreement (A7)	Increase participation of Aboriginal and Torres Strait Islander women in business	By the end of the second six month period the product is required to be operational	Registered on SWSB Facebook by 31 Dec 2018	1200	1,313	✓
			Registered on SWSB platform by 31 Dec 2018	150	176	✓
Funding Agreement (A8)	Outcomes of customer satisfaction surveys	At least 80 percent of customers satisfied	80%		85%	✓
Funding Agreement (A9)	Percentage of early stage customers and pre-bank customer who receive IBA capability development or other support (internal and external) and funded through the capital component	In the period from 1 April 2019 to 30 June 2019 at least 80 per cent of customers who received business support and/or capital from the capital component utilising the grant are early stage or pre-bank customers	80%		83%	✓
Funding Agreement (A10)	Provide learning and development opportunity for women in business.	Before 30 June 2018 the provider must organise and hold a conference for Indigenous women in business	Before 30 June 2018		Achieved	✓

¹ Based on a consolidation of external support data following the removal of duplicate customer names to get the total number of customers assisted. The count of customers assisted in Inner Regional, Outer regional, Remote and Very Remote areas is then compared to the total count of customers assisted.

² The trading status of business finance customers is measured at the end of each financial year. Results are compared with data showing "survival rate by employment size range" as published by the Australian Bureau of Statistics in the most recent available version of: Cat. no. 8165.0 Counts of Australian Businesses.

³ IBA does not have business customers that employ 200+ employees.

INVESTMENTS – FUTURES, INVESTED

We believe that to create economic independence for Aboriginal and Torres Strait people in Australia, access to investment opportunities is critical.

The Investment and Asset Management program delivers this access by providing direct management of businesses and investments in joint venture with our partners and by providing managed investment options for Aboriginal and Torres Strait Islander investors. Additional impact is generated for Aboriginal and Torres Strait Islander groups, communities and individuals through the Investment and Asset Management program by the supply chain, employment and training opportunities that the program facilitates through IBA investments and activities.

During 2018–19, IBA partnered with 7 new and 2 existing Aboriginal and Torres Strait Islander investors, totalling new investments of \$22.8 million. Aboriginal and Torres Strait Islander co-investment with IBA now totals \$165.3 million (35.1%) from 58 investors. IBA delivered a strong return to our co-investors of 7.7% this year.

During the year we have also progressed investments in retail and the global satellite and space industry, as well as divesting an industrial property asset which has generated significant upside for our Aboriginal and Torres Strait Islander investors.

The Investments and Asset Management program also offers two investment products, the Indigenous Prosperity Funds (IPF) and the Indigenous Real Estate Investment Trust (I-REIT). The IPF provides eligible Aboriginal and Torres Strait Islander Investors with the opportunity to invest alongside IBA in a diversified portfolio of investments including exposure to Australian and international shares, bonds, property and cash. The I-REIT provides eligible Aboriginal and Torres Strait Islander investors with the opportunity to invest in an actively managed commercial property fund alongside IBA and other Aboriginal and Torres Strait Islander organisations.

TABLE 04: INVESTMENT AND ASSET MANAGEMENT PERFORMANCE

Performance Criteria	Source (page)	Target	Result	Achieved
Total amount of Aboriginal and Torres Strait Islander co-investments with IBA ¹	PBS (187) CP (27)	\$155m	\$165.3m	✓
Portfolio return to Aboriginal and Torres Strait Islander co-investors ^{2,3}	PBS (187) CP (27)	5.6% (CPI + 4%)	7.7%	✓

CP = IBA 2018–19 Corporate Plan, PBS = Prime Minister and Cabinet Portfolio Budget Statements 2018–19

¹ Total value of funds invested by Indigenous organisations, businesses and individuals alongside IBA, including in managed funds, direct investments and property. Value has been adjusted to exclude Indigenous Economic Development Trust (IEDT) relative to values previously reported.

² Portfolio return to IBA's Indigenous co-investors during the year, calculated as the after-tax comprehensive income (including valuation increments and decrements) generated by Indigenous co-investors' and beneficiaries' interests in the investment portfolio in the budget year, expressed as a percentage of the aggregate value of Indigenous co-investors' and beneficiaries' holdings.

³ CPI refers to the average consumer price index for Australia during the measurement period as reported by the Australian Bureau of Statistics. The realised CPI (all groups) for 2018–19 was 1.6%, so the target return was 5.6% (1.6% + 4%).

PERFORMANCE SUMMARY AND ANALYSIS

Table 04 shows IBA's achievements against the targets set out in the Portfolio Budget Statements for IBA's Investment and Asset Management Program.

The performance criteria measure the program's success in sustaining positive financial returns to Aboriginal and Torres Strait Islander co-investors, as well as broader contributions to Aboriginal and Torres Strait Islander economic self-sufficiency. IBA is pleased to confirm that both specific performance criteria set for our Investment and Asset Management division were met in 2018–19. The division also contributes to the IBA group's overall Indigenous employment and procurement results.

This year IBA actively pursued new investment opportunities with Aboriginal and Torres Strait Islander partners, with two significant transactions well underway as at 30 June 2019 (these transactions are not captured in the 2018–19 financial results).

We also increased Aboriginal and Torres Strait Islander co-investment in the IPF by \$22.8 million from 9 Aboriginal and Torres Strait Islander investors, which is a significant accomplishment.

IBA's returns to its Aboriginal and Torres Strait Islander partners (7.7%) exceeded its target. This was influenced by valuation increases across the portfolio and strong returns from the IPF, which now holds \$90.4 million of Aboriginal and Torres Strait Islander co-investment.

At 30 June 2019, IBA's investment portfolio was valued at \$471.6m, of which IBA's share is \$273.5m (58%), with \$165.3m (35.1%) held by Aboriginal and Torres Strait Islander investors.

The portfolio generated more than \$23.5 million in comprehensive income for IBA and its Aboriginal and Torres Strait Islander co-investors (including interest earned on IBA's cash holdings and investment loans), of which \$12 million is for the benefit of Aboriginal and Torres Strait Islander co-investors. IBA's share of this income will be used to meet operating expenses associated with the program, pursue new investment opportunities, and reinvest in existing investments to enable growth and support ongoing plans.

Broader economic outcomes included supporting 203 jobs for Aboriginal and Torres Strait Islander Australians, being 29% of the total workforce supported by the direct investment portfolio. Total salaries, wages and job-relevant training benefits of over \$12.6 million were also delivered to Aboriginal and Torres Strait Islander Australians. IBA's investments also procured more than \$2.8 million in goods and services from Aboriginal and Torres Strait Islander suppliers.

The Investment and Asset Management Program does not receive annual budget appropriations from Commonwealth. Its operating expenses are funded entirely from returns from IBA's investments portfolio.

OVERALL PERFORMANCE OF IBA

PERFORMANCE SUMMARY AND ANALYSIS

In 2018–19 our spending on Aboriginal and Torres Strait Island suppliers totalled \$11.0 million, more than doubling our target. We are proud of this achievement and our commitment to being a leader in Aboriginal and Torres Strait Islander procurement, which benefits our customers and the Australian economy as a whole.

A great example of this commitment is the recent relocation and refurbishment of several IBA offices across the country, where 87% of all goods and services was procured through Aboriginal and Torres Strait Islander businesses. Through our commitment to utilise Indigenous businesses for these projects, IBA was able to increase our Indigenous procurement by \$4.4 million in 2018–19. Further to this, IBA and its wider groups supported 1030 Aboriginal and Torres Strait Islander jobs through the business and finance portfolios.

In 2018–19 IBA delivered 241 capability and development workshops. These workshops are delivered by IBA program areas and are an accumulation of:

- Housing Solutions program: 157
- Business Solutions program: 79
- Investment and Asset Management program: 5

IN 2018–19 OUR SPENDING ON ABORIGINAL AND TORRES STRAIT ISLAND SUPPLIERS TOTALLED \$11.0 MILLION, MORE THAN DOUBLING OUR TARGET.

We continue to increase Aboriginal and Torres Strait Islander representation in our workforce, with 62 (32.1%) Aboriginal and Torres Strait Islander people being employed in 2018–19, equating to a 1.3 percentage point increase on the previous year.

Table 05 shows IBA's achievements against the performance targets for procurement, employment and capability development and support.

TABLE 05: OVERALL PERFORMANCE OF AN INVESTED IBA

Performance Criteria	Source (page)	Target	Result	Achieved
Total value of Aboriginal and Torres Strait Islander procurement ¹	CP (27) PBS(187)	\$4.5m	\$11m	✓
% of suppliers that are Aboriginal and Torres Strait Islander ²	CP (27) PBS(187)	12.5%	12.6%	✓
% of jobs held by Aboriginal and Torres Strait Islander people within IBA	CP (27) PBS(187)	30%	32.1%	✓
% of jobs supported by IBA's associates, subsidiaries and program customers held by Aboriginal and Torres Strait Islander people ³	CP (27) PBS(187)	40%	47.8%	✓

CP = IBA 2018–19 Corporate Plan, PBS = Prime Minister and Cabinet Portfolio Budget Statements 2018–19

¹ Goods and services procured from Indigenous businesses by IBA and its subsidiaries and associates. Calculation based on expenditure within reporting period, which is comprised of procurement by IBA (\$8.2m) and procurement by IBA's subsidiaries and associates (\$2.8m).

² Total percentage of suppliers who are Indigenous owned businesses used to procure goods and services by IBA and its subsidiaries and associates.

³ Calculated as the sum of (i) the rolling twelve month average of all Indigenous employees of IBA's subsidiaries and associates (to incorporate seasonality changes); and (ii) the number of Indigenous employees within IBA's business finance customers (recorded annually) using data provided to IBA by our associates, subsidiaries and program customers.

**IBA's Emerging
Leaders Program
participants
undertaking a
cultural activity.**



STRONG WOMEN STRONG BUSINESS

The launch of the Strong Women Strong Business mentoring platform this year aims to assist Aboriginal and Torres Strait Islander business women connect and drive economic and social growth in their communities.

The mentoring platform is designed to help Aboriginal and Torres Strait Islander women get support and advice from other women, access tailored content to build their business skills, find or become a mentor, and grow their networks.

Launched in June 2019, more than 170 women have already signed up to become a mentor or mentee, a number which is growing every week. More than 1,300 Indigenous women also engage and network via our Strong Women Strong Business Facebook group.

The network of women come from all around Australia, and it's particularly important for those women in regional and remote areas to know they are not alone and are able to connect with their peers.

Bianca Stawiarski is a strong Badimaya woman and founder of Warida Wholistic Wellness and has signed up both as a mentor and mentee. 'I think we sometimes don't value ourselves enough and what's fantastic about a mentoring program is that you can have someone with you that has your back, supports you, that wants to see you succeed and maybe at times has belief in you when you don't.'

www.strongwomenstrongbusiness.com

“WHAT’S FANTASTIC ABOUT A MENTORING PROGRAM IS THAT YOU CAN HAVE SOMEONE WITH YOU THAT HAS YOUR BACK, SUPPORTS YOU, THAT WANTS TO SEE YOU SUCCEED.”



**STRONG
WOMEN
STRONG
BUSINESS**



iba.gov.au
1800 107 107





PART 2

YEAR IN REVIEW

OUR HIGHLIGHTS	28
ENVIRONMENT	30
STRATEGY	34
SUSTAINABLE DEVELOPMENT GOALS	34
RISK MANAGEMENT	36
OUTLOOK	40

OUR HIGHLIGHTS

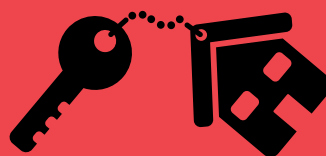
HOME OWNERSHIP OUTCOMES OVER FIVE YEARS*

**\$1.07
BILLION**



* Total new home loans over five years.

3,151 TOTAL NEW HOME LOANS*



VALUE OF HOME LOAN PORTFOLIO**

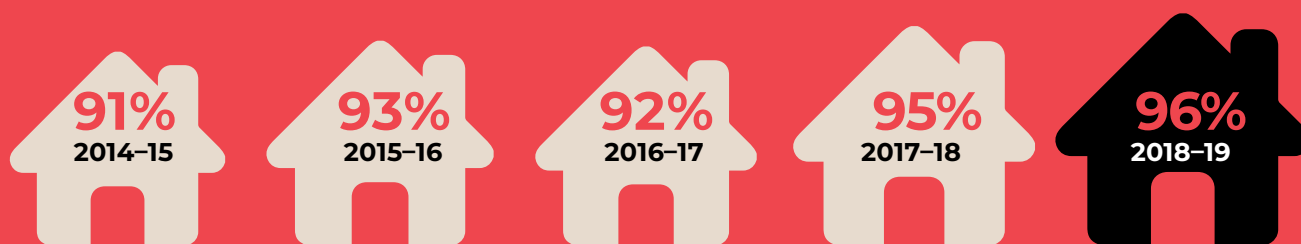


TOTAL LOANS IN PORTFOLIO

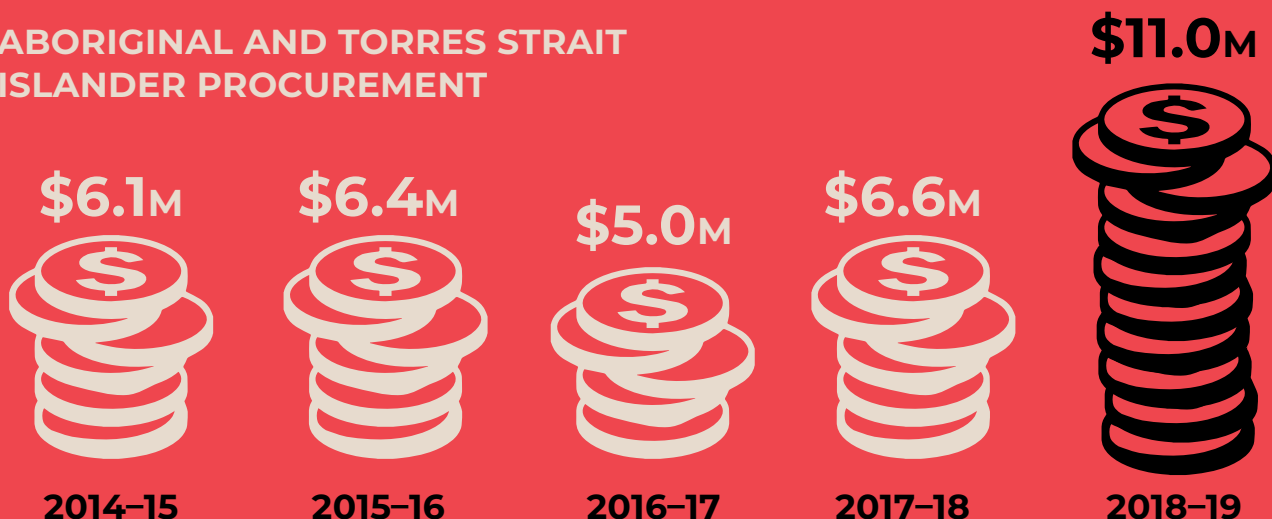
4,471
4,591
4,570
5,037
5,349

** As at 30 June of each financial year.

HOME LOANS TO FIRST HOME BUYERS

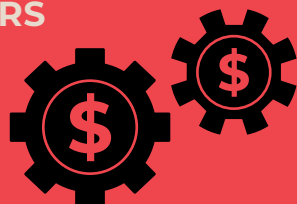


ABORIGINAL AND TORRES STRAIT ISLANDER PROCUREMENT

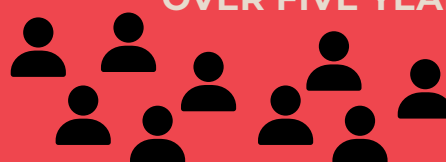


APPROVED BUSINESS FINANCE OVER FIVE YEARS

**\$153.3
MILLION**



500 TOTAL FINANCE CUSTOMERS OVER FIVE YEARS



VALUE OF BUSINESS FINANCE PORTFOLIO**



*Cash flow finance products were introduced in the 2017-18 financial year.

** As at 30 June of each financial year.

ABORIGINAL AND TORRES STRAIT ISLANDER EMPLOYMENT SUPPORTED ACROSS THE IBA GROUP



ABORIGINAL AND TORRES STRAIT ISLANDER EQUITY**



** As at 30 June of each financial year.

ENVIRONMENT

With a national footprint and a legislative mandate to support Aboriginal and Torres Strait Islander people, IBA operates in a unique environment that is dynamic and continually evolving. We are an independent statutory authority of the Australian Government, but accountable to Parliament through the National Indigenous Australians Agency (the executive order establishing NIAA commenced on 1 July 2019, taking over from the Department of Prime Minister and Cabinet) and the Minister for Indigenous Australians.

The demand for our products and services across our homes, business and investment solutions continues to increase – at a time when many mainstream lenders are tightening their lending practices, particularly toward high-risk lending.

We believe the demand for our products and services will continue to increase in the years ahead as more customers become ready and able to pursue their goals for economic independence. And while demand for our products is a sign of positive progress, we recognise that IBA's funding and capital are heavily constrained.

Notwithstanding this growing demand, external factors like housing affordability acutely impact IBA and our customers. The significant increases in house prices over the last 15 years have exceeded average wage and salary increases, which have severely impacted our customers.

There are also positive changes that increase demand for our products and services such as the Indigenous Procurement Policy. This policy, led by the Australian Government, has seen dramatic growth in the procurement of goods and services of Indigenous businesses, which in turn increases the need for support from our Business Solutions team.

The demographics of our customers illustrates a younger population with the average age of Aboriginal and Torres Strait Islander people being 24, which is significantly younger than the average age of the non-Indigenous population. An increase in services for young people, as well as increasing demand for tailored business support for Aboriginal and Torres Strait Islander women, changes the environment in which we operate. With this in mind, IBA will continue to support the economic empowerment, ambitions and aspirations of Aboriginal and Torres Strait Islander youth and women through our Futures Forum and Strong Women Strong Business initiatives.

This landscape also includes a growing Indigenous estate, resulting from further native title, land settlements and negotiated outcomes, which has resulted in unprecedented growth in Aboriginal and Torres Strait Islander organisations. This environment provides a once in a lifetime opportunity to ensure that wealth is invested wisely to benefit both current and future generations, which means that the need to meet the demand for our solutions is critical.

Our challenge is to continue to be innovative and to ensure that we are delivering products that are relevant to our customers. We continue to listen to our customers and ensure that we use their feedback to guide our pathway moving into the future.

FIGURE 02: FACTORS AFFECTING IBA'S OPERATING ENVIRONMENT



MURRA PARTNERSHIPS SUPPORTS MORE ENTREPRENEURS

Entrepreneurship and business skills provide a clear path to achieving financial success and economic independence for Indigenous Australians. The MURRA Indigenous Business Master Class Program aligns with IBA's vision for this goal and a new partnership will further develop those outcomes.

The Master Class was developed by Melbourne Business School and is targeted at Indigenous entrepreneurs, to raise the capabilities of Indigenous businesses to grow. The next phase of the Master Class Program expands the focus from established business owners, to include a new program for early ventures and local community development.

IBA was proud to support participants of the 2019 MURRA graduating class and continues to support the MURRA program, as well as assist the expanded initiative to develop Indigenous entrepreneurs in local communities to build their business literacy.

Dr Michelle Evans is the Associate Professor of Leadership at the Faculty of Business and Economics at the University of Melbourne, and is also co-Founder and Program Director of the MURRA Indigenous Business Masterclass Program. She said, 'Building the strength of the Indigenous business sector supports the Australian economy with a diverse network of suppliers that contribute financially as well as enrich their communities.'

Below: Generation 8 of the MURRA Indigenous Business Masterclass Program at Melbourne Business School. Photo credit: Artificial Studios.





IBA's Stella de Cos proudly presenting at the 2019 graduation ceremony for the MURRA Indigenous Business Masterclass Program. Photo credit: Artificial Studios.

STRATEGY

IBA launched our 2018–23 IBA Strategic Plan during NAIDOC Week 2018. This plan identifies four key strategic pillars that help to steer our decision making:

- Customer Success
- Smart Money
- Strong Systems
- Deadly People

We believe these pillars are pivotal to achieving our statutory purpose to assist the self-management and economic self-sufficiency of Aboriginal and Torres Strait Islander people.

2018–19 was year one of the implementation of the strategic plan, and we are pleased with the progress we have made. Our teams have balanced a strong focus on delivering existing and new products to high standards while reviewing products, policies and processes to ensure we're well-positioned to meet the future needs of our customers.

Strengthening our systems was a strong focus for 2018–19. Over the year, our teams managed a comprehensive Information Communications Technology (ICT) system review, to better understand how we can improve our technical capability, security, efficiencies and customer experience. This review will inform our three-year ICT planning and implementation, which will guide significant enhancements to our systems that manage our loan portfolios.

The streamlining and digitization of IBA's performance management systems in 2018–19 will allow us to improve the skills and cultural capabilities of our staff further. We also initiated a two-year leadership program in 2018–19 for our middle managers to further develop our strong leadership culture.

SUSTAINABLE DEVELOPMENT GOALS

The United Nations General Assembly established 17 Sustainable Development Goals, as a 'blueprint to achieve a better and more sustainable future for all'. Several of these goals focus on social and economic development across the world, with a target date to achieve the goals by 2030.

In 2018 IBA committed to developing an impact framework with the aim of better understanding how our products and services impact important social outcomes beyond just reporting data. In doing this, we have taken guidance from the UN's Sustainable Development Goals (SDGs) as a way to identify social and economic goals that we contribute towards.

Each of our three program areas contributes to economic and social outcomes for Aboriginal and Torres Strait Islander people, which are linked to several of the respective global outcomes.

The SDGs to which our programs contribute are shown on the next page.

FIGURE 03: UNITED NATIONS SUSTAINABILITY DEVELOPMENT GOALS TO WHICH IBA CONTRIBUTES



RISK MANAGEMENT

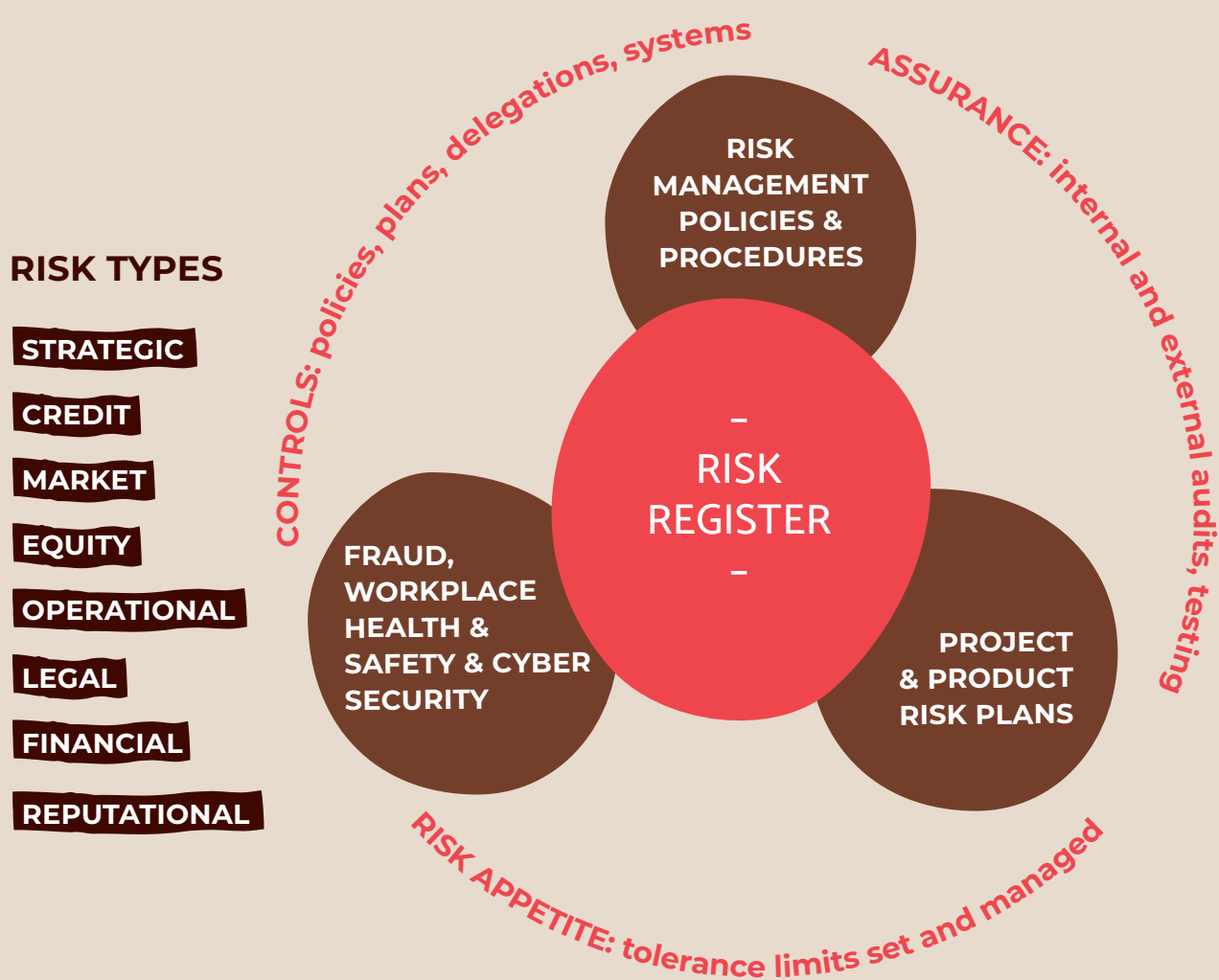
At IBA, we invest in Aboriginal and Torres Strait Islander individuals, families, entrepreneurs and organisations by providing a wide range of products and services. Due to the nature of our activities, we know a certain level of risk exists which cannot be entirely eliminated.

However, in taking a professional approach to managing risk concerning our financial affairs as well as compliance, governance, reputation and operational matters, we have mitigated such risks to an acceptable level.

TABLE 06: KEY RISKS

Risk Type	Description	Managing The Risk
Strategic	Risks related to IBA's business model and how it positions itself in the commercial, social, political and Indigenous affairs environment.	<ul style="list-style-type: none"> Given strategic risk is complex and dependant on the external environment, IBA's strategic risks are monitored through a strategic risk register.
Reputational	The risk of negative perceptions of IBA on the part of stakeholders, including government and customers.	<ul style="list-style-type: none"> IBA has a well-established complaints management system, to ensure we act with integrity and deal with customers promptly and in a respectful manner. Creating and maintaining a positive risk culture and capability. Creating and maintaining strong relationships with our customers and other stakeholders. Understanding and managing shared risk.
Operational	Risks arising from inadequate or failed internal processes, people or systems, or from external events, internal processes, people or systems, or from external events.	<ul style="list-style-type: none"> Incident identification, escalation and reporting processes (including potential breaches, systems failures, control weaknesses). Employee compliance mandatory training program. Quality Assurance Framework and internal and external audit/review program. Systems for risk oversight and management and reporting to relevant accountable authorities. Systems of internal control and reporting to relevant accountable authorities. Regular customer and employee surveys.
Legal, Governance and Compliance	The risks arising from the failure of IBA or other parties to comply with relevant laws or regulations, policies, guidelines or contractual agreements.	<ul style="list-style-type: none"> Policy, Procedures and Chief Executive Instructions to guide and instruct staff on protocols, governance and compliance programs. Specific legal and governance procedures to ensure decisions are informed by high quality legal and governance advice, that meet relevant statutes and better practice. Employee awareness program to ensure legal and governance changes/requirements are understood. Risk management principles, framework and processes. Undertaking extensive consultation to set risk tolerance indicators and limits. Reporting on and regularly reviewing risk tolerance indicators and limits. Ensuring the responsibilities for risk management are understood throughout the organisation. Whistle blower protection policy enabling employees to make confidential disclosures.
Financial	Risks arising from failure to obtain, allocate and manage financial resources effectively	<ul style="list-style-type: none"> Sound forecasting, monitoring and reporting. Constant analysis of funding opportunities.
Credit	Risks of losses due to counterparty failure or customer default.	<ul style="list-style-type: none"> Policies and procedures that govern credit risk. These cover all areas of the credit life cycle of IBA's product offerings, including: <ul style="list-style-type: none"> product structuring, risk grading initial application and approval ongoing loan and debt management.
Market	Risks arising from adverse movements in market interest rates, prices and economic conditions.	<ul style="list-style-type: none"> Ongoing monitoring of external rates, prices and economic conditions. Ongoing internal portfolio review and reporting. Strong due diligence and compliance checking framework.
Equity	Risks of losses due to adverse movements in the value of IBA's investments/assets.	<ul style="list-style-type: none"> Prudent asset management and diversification of asset classes. Regular reviews of operating businesses and investment markets.

FIGURE 04: RISK MANAGEMENT FRAMEWORK



ACCELERATE WITH IBA

IBA partnered with The Difference Incubator to deliver an accelerator program tailored for Indigenous entrepreneurs. The program combines formal training with a network of advisors to assist participants in taking their businesses to the next level.

The 2019 cohort included eleven participants who worked through an intensive four-block program spread over five months. During these intensive blocks the entrepreneurs studied frameworks, tools, and real life examples to challenge and equip them to run a sustainable business.

'Accelerate with IBA' helps to develop and grow viable businesses that also deliver positive outcomes for the community. This is called 'doing good and making money'. The skills taught can be considered life skills and applicable in many different areas. The content includes business and financial modelling, social outcomes measurement, customer testing, sales, management, investment and finance and operations.

Mim Cole was part of the 2019 Accelerate with IBA program and operates the design business Mimmim. Mim said, 'the Accelerator Program was a one stop shop where I could learn about and work on all aspects of my business, in a safe space surrounded by other Indigenous entrepreneurs. The networking opportunities have been amazing and I've formed some great friendships with others on the program.'



"THE ACCELERATOR PROGRAM WAS A ONE STOP SHOP WHERE I COULD LEARN ABOUT AND WORK ON ALL ASPECTS OF MY BUSINESS, IN A SAFE SPACE SURROUNDED BY OTHER INDIGENOUS ENTREPRENEURS."

Accelerator participants collaborate to develop their business plans.

OUTLOOK

Building off the significant success of 2018–19, IBA is excited and enthusiastic about the year ahead. We are looking forward to working closely with the Minister for Indigenous Australians, the Hon. Ken Wyatt AM, MP, and the newly established National Indigenous Australians Agency, and we recognise the achievements and commitment of former Senator the Hon. Nigel Scullion who was Minister for Indigenous Affairs to 29 May 2019.

Our hard work in 2018–19 in delivering our strategic pillars of customer success, strong systems, smart money and deadly people has put us in a great position to provide great outcomes over the next 12 months for our customers.

While we will continue exploring avenues to extend our capital and funding allocations to meet the growing demand for our products and services, we also remain committed to ensuring every dollar we have available delivers the best possible outcome and impact for our customers.

PART 3

PRODUCTS & MARKETS

OVERVIEW	42
OUR RESULTS	43
HOMES OVERVIEW	44
BUSINESS SOLUTIONS OVERVIEW	50
INVESTMENT & ASSET MANAGEMENT OVERVIEW	58



OVERVIEW

2018–19 has been a fantastic year for IBA. We have seen a continued strong performance across the Products and Markets teams with more customers assisted in achieving home ownership, business development and growth and investment prosperity.

We have delivered excellent customer outcomes while promoting innovation across our products and services.

Customer satisfaction has been at the highest levels across the division and nearly all performance metrics have been exceeded. In addition to delivering strong results, our team focussed on preparing for the future and driving efficiency. Significant initiatives are ongoing in the areas of:

- sustainability of adequate capital funding
- customer service and credit code best practice adoption
- social and economic impact maximisation
- product range responsiveness to the market
- enhancing decision-making
- monitoring and evaluation
- harnessing the latest technology to deliver the best outcomes for Aboriginal and Torres Strait Islander people.

The customer is central to everything we do and we are focussed to deliver the best results we possibly can for Aboriginal and Torres Strait Islander people in years ahead.

In 2018-19 we continued to see unprecedented levels of demand for IBA's home loan products and services. This continuing strong demand, coupled with IBA's prudent and effective management of our home loan portfolio and strong focus on customer service contributed to our achievements against the targets set in the Portfolio Budget Statements.

Similarly, demand for the products and services offered by IBA's Business Solutions team continues to grow. This demand has been driven in part by the focus on Aboriginal and Torres Strait Islander enterprises arising from the Government's Indigenous Procurement Policy and other similar policies at State and Territory levels. IBA has also expanded our range of products and services offered by the Business Solutions team to include numerous innovative products to better meet the requirements of our customers – this continuing innovation has also impacted upon the strong growth in demand for IBA products and services.

Critical to future success will be unlocking access to more capital to deliver more financial products and seeking collaboration opportunities with others to maximise outcomes.

Looking forward, we must ensure that the products we deliver and the markets we serve are relevant and useful. Our service delivery must continue to reflect best practice and capture appropriate efficiencies.

OUR RESULTS

HOUSING SOLUTIONS

96% 
FIRST HOME BUYERS

688 
LOANS APPROVED (TARGET 650)

\$242M IN HOME LENDING
(11 X COMMONWEALTH APPROPRIATION)

62,400

ABORIGINAL AND TORRES STRAIT ISLANDER PEOPLE
HOUSED THROUGHOUT THE LIFE OF THE PROGRAM
(BASED ON 3.2 PEOPLE PER HOUSEHOLD)

BUSINESS SOLUTIONS

 **827** INDIGENOUS JOBS
SUPPORTED BY
FINANCED BUSINESSES

79  
WORKSHOPS


\$48.0M 
IN BUSINESS
FINANCING SOLUTIONS

1,537  CUSTOMERS
SUPPORTED

INVESTMENT AND ASSET MANAGEMENT

7.7%  RETURN TO
INDIGENOUS
INVESTORS

203 INDIGENOUS JOBS
SUPPORTED BY
IBA'S INVESTMENT
PORTFOLIO (29% OF
TOTAL WORKFORCE)

 **35%**
PROPORTION OF INDIGENOUS
INVESTMENT IN PORTFOLIO

\$165.3M 
IN EQUITY HELD BY
58 INDIGENOUS CO-INVESTORS

HOMES OVERVIEW

IBA's Housing Solutions' program is one of the longest-standing and most successful programs in Australia dedicated to supporting self-management and economic self-sufficiency for Aboriginal and Torres Strait Islander people. Over the life of the program, we have helped more than 19,500 Indigenous families purchase a home and change the trajectory of their lives.

These outcomes are the result of better employment, education, health, self-esteem, safety and community engagement for individuals who were able to access our home loan products and services. It is estimated that our home loan customers have also benefited capital gains on their homes over the same period, equating to almost \$2.3 billion in assets in Aboriginal and Torres Strait Islander hands.

In 2018–19, IBA succeeded in making home ownership a reality for 688 Indigenous families, of which 658 were first home buyers (96%) and 642 were low income earners (93%). This significantly exceeded the annual target of 650 housing loans and the program's preceding five-year average of 604 home loans. This equates to over \$242.4m in home lending and 11 times the Commonwealth contribution of \$22.85m.

We are pleased to confirm we exceeded our performance target to transition or support 4.5% of customers into mainstream lending arrangements with 6.4% of IBA's loan customers establishing sufficient equity and credit histories to successfully refinance with mainstream lenders.

We were also able to support 77 remote or very remote Aboriginal and Torres Strait Islander families to realise their dream of home ownership in 2018–19, compared to 67 in the previous financial year.

IBA's capital base for home lending consists of its housing loan portfolio comprising 5,349 loans valued at nearly \$1.3 billion and the bank balances available for home lending. Over the past five years, IBA has achieved a net portfolio increase of 1,014 housing loans (23%) and \$412 million (47%) portfolio value. We also launched the Budgeting for Home Ownership Workshops in 2018–19, delivering 22 workshops throughout the year. These workshops meet a critical need in assisting our customers to improve their financial knowledge and better prepare for managing the ongoing costs of owning a home.

Year on year IBA works to improve our services, with our customers having the opportunity to provide feedback on how their experience has been via a confidential survey. Our 2018–19 survey results showed 87% of home loan customers felt their end-to-end experience was slightly better or significantly better than expected.

OVER THE PERIOD 1975-76 TO 2017-18

\$895M

VALUE OF SOCIAL AND ECONOMIC OUTCOMES



\$483M

IN ECONOMIC ACTIVITY GENERATED



29

FULL-TIME EQUIVALENT JOBS PER YEAR ON AVERAGE



FIGURE 05: CUMULATIVE NUMBER OF HOME LOANS APPROVED OVER TIME

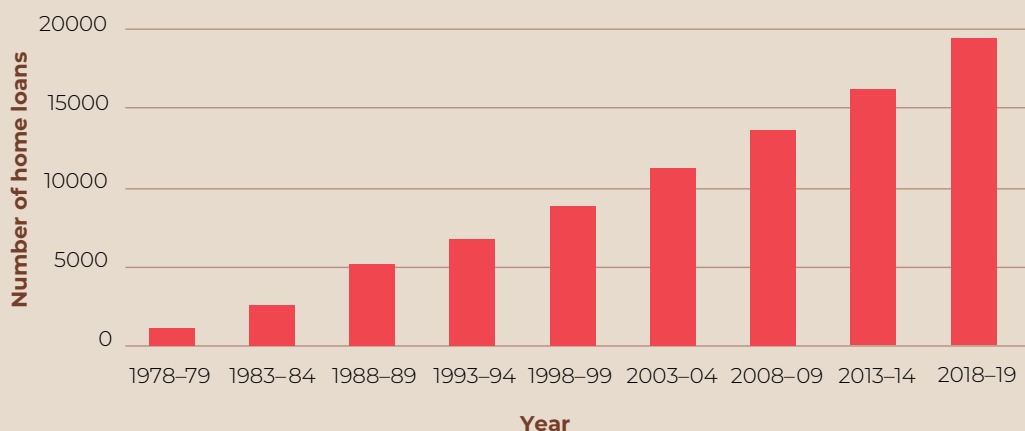


FIGURE 06: HOUSING LOAN APPROVALS BY ACCESSIBILITY AND REMOTENESS INDEX OF AUSTRALIA (ARIA)

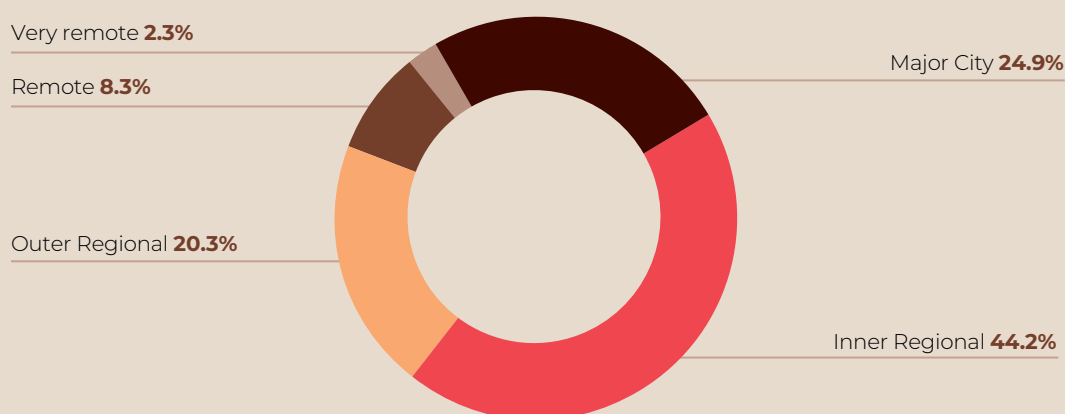


FIGURE 07: ACTIVE HOUSING LOANS, VALUE AND NUMBER

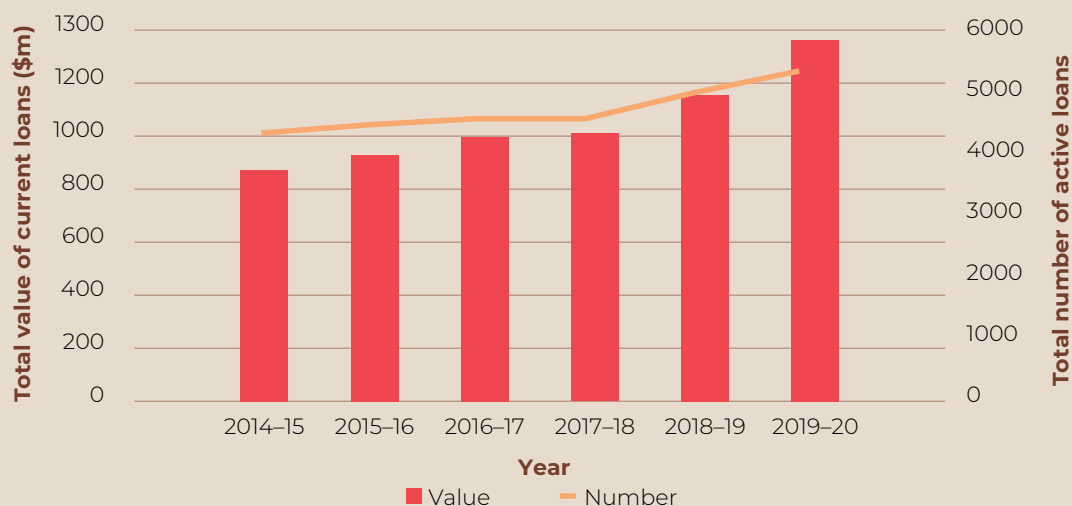


FIGURE 08: EXPERIENCE IN RESPONSE TO EXPECTATIONS OF IBA HOME LOAN PROCESS

Customer experience rating	2017	2018	2019
Better than expected	77%	86%	87%
Worse than expected	10%	6%	5%

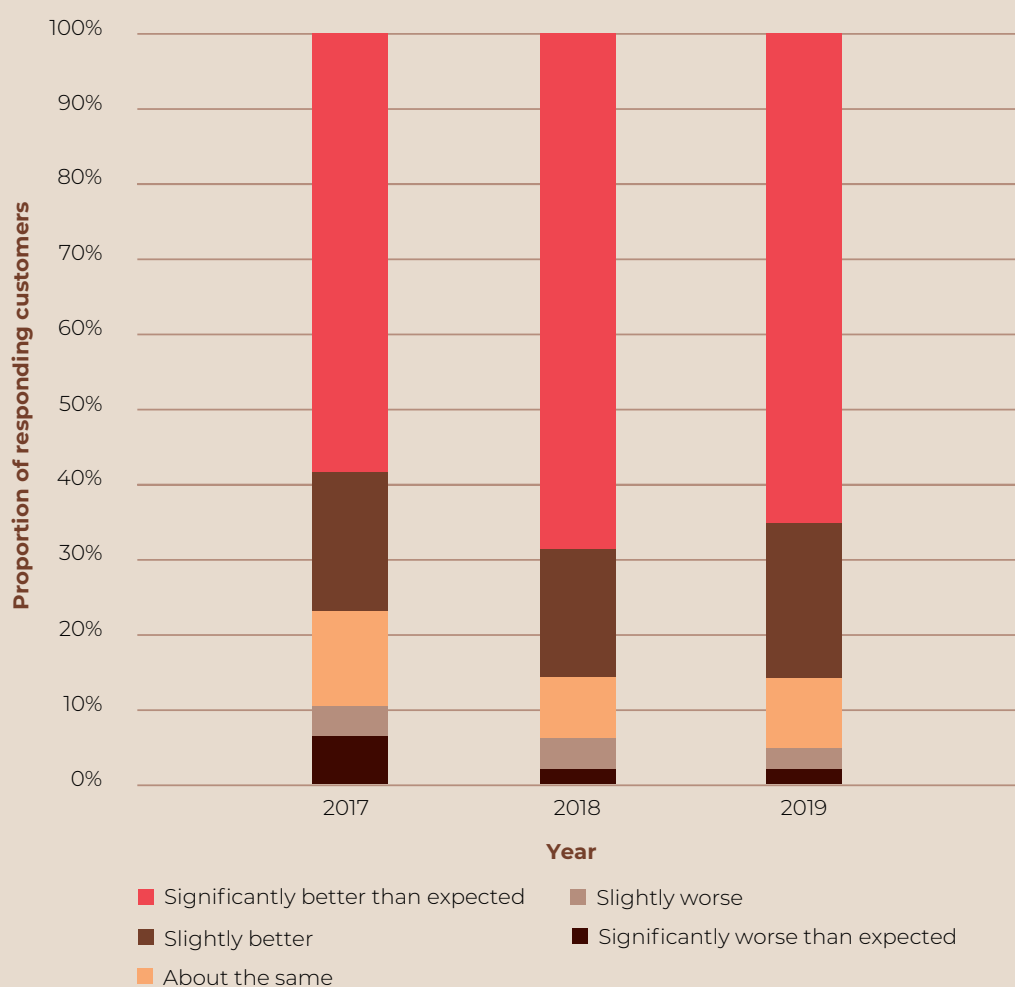
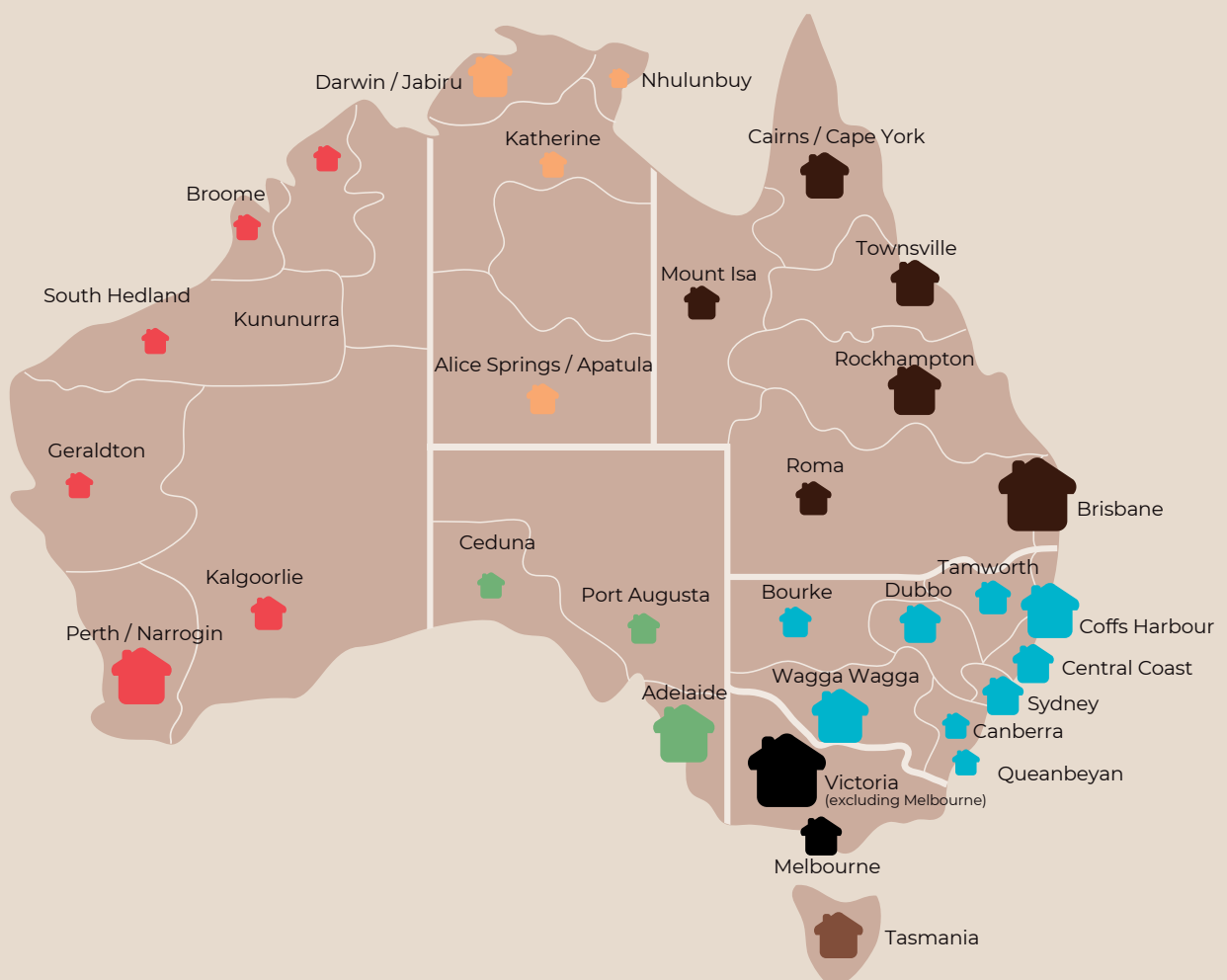


FIGURE 09: GEOGRAPHICAL DISTRIBUTION OF APPROVED HOUSING LOAN CUSTOMERS



CASE STUDY

BUDGETING FOR A HOME

Carmen Cubillo is a Larrakia and Wadjigan woman living in Darwin, Northern Territory. Her story to home ownership shows that perseverance is everything in life. Carmen's first attempt at home ownership was when she was quite young and IBA agreed to provide her a loan, but she decided it wasn't the right time for her. Then when she tried again six years ago, she was unsuccessful due to barriers in her financial situation.

In October 2018, Carmen was on her third attempt to get a home loan. While waiting for an invitation to apply, Carmen took the opportunity to attend one of IBA's new budgeting workshops. When attending the workshop Carmen thought she knew all she needed after successfully getting herself out of debt.

'I walked in pretty confident. And walked out with a list of things to help me. I learned all this stuff that really helps me now.'

Carmen says that it's important to understand the financial responsibilities of owning your home before putting in an application.

'They gave us the real deal – what it actually costs when you have a house. Plan for this, plan for that and don't leave this to the last minute...The workshop was just really valuable in saying that these are the day to day costs of having your house.'

'Don't get all romanticised about getting the loan. The loan is not the issue. It is the everyday costs after getting a loan.'

'You don't think about it when you're younger, you just kinda think that you'll earn money and it will be fine. But it's not going to be. Whatever you do now with money, affects you for the rest of your life.'

In January 2019, Carmen and her 8 year old daughter moved into their first home. Now Carmen and her daughter are living in their own home with a pool. She still follows a strict budget and knows that every cent needs to be accounted.

'It's the best thing that ever happened.'

'We had our first swim together and she wrapped her arms around me and said, "we did it Mum, we did it, you and me, this was our dream and we did it together."

'It's a really emotional journey...but I put the effort in to having a good relationship to money.'

**“SHE WRAPPED HER
ARMS AROUND ME
AND SAID, ‘WE DID IT
MUM, WE DID IT, YOU
AND ME, THIS WAS
OUR DREAM AND WE
DID IT TOGETHER.’”**

Carmen and her daughter picking
up the keys to their new home.



BUSINESS SOLUTIONS OVERVIEW

IBA's Business Solutions team have continued to build on the momentum gained in the previous financial year by delivering innovative new products. This expanded offering, coupled with a more structured engagement process, saw strong increases in service delivery outcomes, particularly for those customers in the start-up or pre-bank phase.

We exceeded our contractual arrangement targets under the Business Development and Assistance Program (BDAP) and, in addition to the funds available under that contract, committed further capital of over \$48.0 million to support demand from business owners and entrepreneurs.

Overall, Business Solutions approved finance to some 206 customers with total commitments of \$48.0 million, ran 79 workshops and delivered over 639 business supports to assist customers in building their business capabilities. We also expanded our partnerships to deliver additional services in remote areas with great success.

This year, Business Solutions achieved new milestones:

- Our first youth conference, Futures Forum, was held on Worimi country, Newcastle bringing together 40 young Aboriginal and Torres Strait Islander people who explored ideas around connecting culture, business and technology into the future in meaningful and a sustainable way.
- The Performance Bond product issued \$5.5 million worth of bonds to help secure \$62 million in Federal and State government procurement opportunities, enabling Indigenous businesses to be competitive in a mainstream environment.
- Our Producer Offset product was issued to support five production companies, resulting in the production of two award-winning television series.
- The Strong Women Strong Business (SWSB) project saw the launch of the first ever online mentoring platform exclusively for Aboriginal and Torres Strait Islander business women. Between the platform and online networking groups, SWSB continues to connect and support just almost 1,300 Indigenous business women.



"DO YOUR RESEARCH, MAKE SURE YOU HAVE A STRONG BUSINESS PLAN AND MAKE SURE TO TAKE RISKS."
- PRINT JUNCTION.

FIGURE 10: EXTERNAL BUSINESS SUPPORT



FIGURE 11: VALUE OF FINANCE PER ANNUM

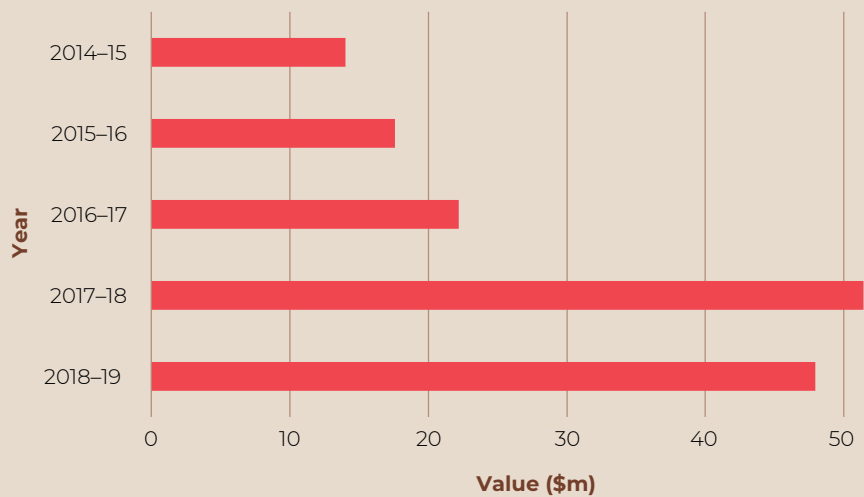
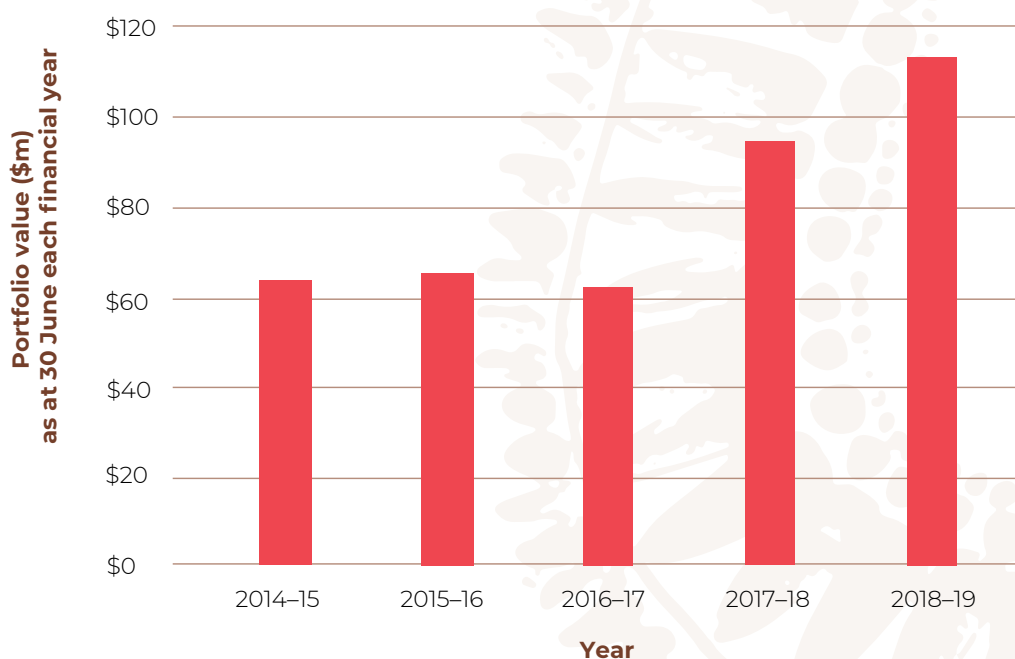


TABLE 07: BUSINESS SOLUTIONS PERFORMANCE MEASURES CONTRIBUTING TO CUSTOMER SUCCESS

Performance Measure	Target	Result as at June
By 30 June 2019 – Support customers to start or grow their businesses with access to business support and capability development.	1000	1537
By 30 June 2019 – Deliver business solutions and capability development workshops.	70	79
By 31 December 2019 - Approve NT Loans to new or existing customers	23	20
By 30 June 2019 – Provide financing solutions to Indigenous businesses.	\$40.0m	\$48.0m
By 30 June 2019 – Number of Indigenous people in jobs created / supported by IBA business loan clients.	560	827
By 30 June 2019 – Proportion of Indigenous people employed in delivery of the BDAP program.	30%	33.3%

FIGURE 12: BUSINESS LENDING PORTFOLIO



* The overall value of our business finance portfolio has grown by 83% over the past three years from \$62.7 million as at 1 July 2016 to \$114.6 million as at 30 June 2019.

TABLE 08: NUMBER OF CUSTOMERS FINANCED BY PRODUCT

Product	2014-15	2015-16	2016-17	2017-18	2018-19
Business loans ¹	49	49	83	155	164
Invoice financing	N/A	N/A	N/A	11	8
Performance bonds	N/A	N/A	N/A	9	6
Producer offset	N/A	N/A	N/A	4	4
Asset/finance leases ²	4	26	36	49	44
Total ³	50	69	108	197	206

¹ Includes NT loans/grant packages.

² Leasing customers in 2017-18 and 2018-19 identified on the basis of the date that IBA approved the lease. Customers in years 2014-15 to 2016-17 identified on the basis of the first lease repayment date. Customer numbers for 2017-18 have been updated to reflect the number of unique customers rather than the number of leases.

³ Total number reflects individual customers, not products. As IBA customers may access multiple products the total number of customers will not match total instances of products delivered..

TABLE 09: VALUE OF FINANCE APPROVED BY PRODUCT

Product	2014-15	2015-16	2016-17	2017-18	2018-19
Business loans ¹	\$13.1m	\$10m	\$16m	\$21.6m	\$24.3m
Invoice financing	N/A	N/A	N/A	\$10.3m	\$5.7m
Performance bonds	N/A	N/A	N/A	\$3.5m	\$5.5m
Producer offset	N/A	N/A	N/A	\$3.1m	\$4.6m
Asset/finance leases ²	\$0.9	\$7.7m	\$6.2m	\$12.9m	\$8.0m
Total	\$13.9m	\$17.7m	\$22.2m	\$51.5m	\$48m

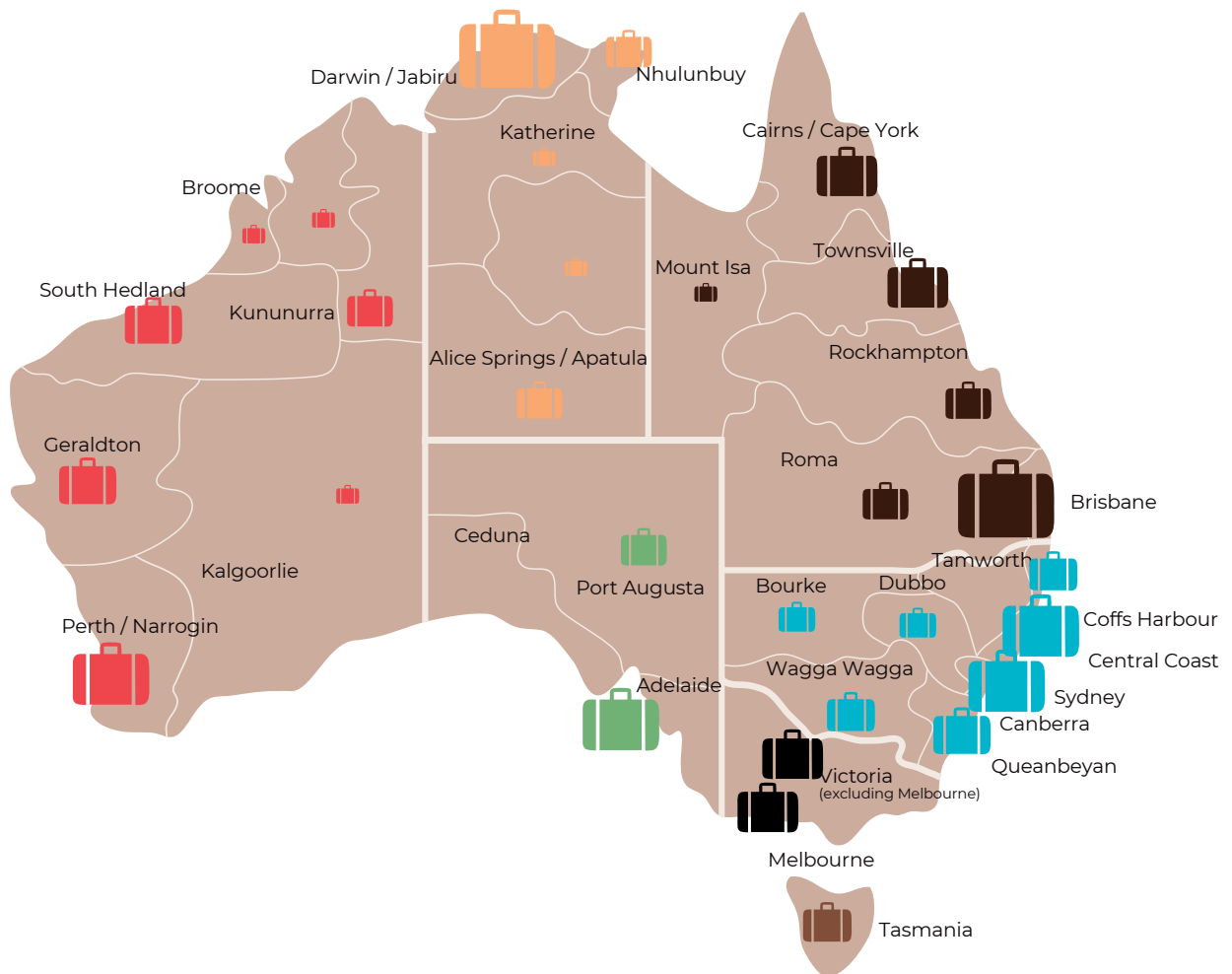
¹ Includes NT loans/grant component and start-up grant.

² Leasing values from 2017-18 to 2018-19 represent the initial asset purchase cost inclusive of interest and GST charges, for leases that were approved by IBA within the financial year. Values from 2014-15 to 2016-17 are the initial asset purchase cost excluding other charges, for leases whose first lease repayment occurred within the financial year.

TABLE 10: BUSINESS START-UP PACKAGE OVER 3 YEARS BY NUMBER AND VALUE

Product	Number	Value
Start-up package 2016-17	8	\$0.5m
Start-up package 2017-18	60	\$3.9m
Start-up package 2018-19	70	\$5.1m

FIGURE 13: GEOGRAPHICAL DISTRIBUTION OF APPROVED BUSINESS LOAN CUSTOMERS





IBA's Strong Women Strong Business initiative continues to progress with a growing Facebook community and online mentoring platform that connects and supports Indigenous women in business.

CASE STUDY

SHARING CULTURE THROUGH DESIGN

There's no sugar coating the effort involved in starting your own business. Michael Weir knows that first hand. He is a proud Wiradjuri man and founder of Indigenous street wear label Sacred Era which creates designs about Aboriginal and Torres Strait Islander culture and history.

Like many Indigenous youth, Michael had a tough time grasping where he fit. He explained, 'As a younger lad, growing up away from my traditional country and having little access to cultural knowledge and practices, left me questioning at times. I went through self-doubt and identity issues. During this time, I felt a little lost, me and my other Indigenous friends became the negative stereotypes that our people have been labelled with. It led me on a path to find out as much as I could about my culture and peoples history. The more I learnt, the stronger my self-respect and identity became.'

'Working with our youth is something I have done for over 20 years, it's something close to my heart. Our culture is what sets us apart, but also what brings us together. The stories guide us today and connect us together.'

Through Sacred Era, Michael hopes to help other young Indigenous people find a path of positivity in their culture. To do that, Sacred Era needs a bigger market to reach a larger audience as well as the budget to fulfil that need.

'Running your own business is so hard... but I'm building my own dreams and showing my kids, to teach them you can go out and do what you want. It's now time for me to take my brand to the next level... the bigger the brand becomes, the more impact I can have.'

As a participant in IBA's Accelerator Program, Michael worked on a plan to take his business to the next level. He received business support and ran a successful crowd funding campaign with a target to raise \$35,000 and they exceeded that at \$40,270.

'IBA have been a really big support...They just keep opening doors and now things are starting to look a lot different.'

'If you want to change the world, it's best to start in your backyard.'

Working now to fulfil the orders requested through the crowdfunding campaign, Sacred Era's next step would be to see a flagship store in Byron Bay with in store hip hop performances and monthly events sharing culture and history with local and international visitors.

**“IF YOU WANT
TO CHANGE THE
WORLD, IT’S BEST
TO START IN YOUR
OWN BACKYARD.”
– MICHAEL WEIR.**



INVESTMENT & ASSET MANAGEMENT OVERVIEW

IBA's Investment and Asset Management Program supports the creation of sustainable ventures that provide meaningful opportunities for Indigenous Australians to accumulate wealth, develop their capacity to participate in Australia's economy, create jobs, increase training and skills development, and supply goods and services.

Our Investment team does this by engaging with Indigenous organisations to understand their Investment needs and then offer solutions including well-managed, competitively priced long-term investment funds and acquiring in partnership, direct investment businesses with the management expertise and engagement approaches to generate financial and social impact.

To deliver these outcomes, IBA's Investment and Asset Management Program co-invests in a wide range of sectors and geographic locations.

Through products such as the Indigenous Real Estate Investment Trust (I-REIT) and the Indigenous Prosperity Funds (IPF), IBA is making investment opportunities more accessible for Aboriginal and Torres Strait Islander groups. This continues to be evidenced by IBA issuing units in the IPF of \$22.8 million to 7 new and 2 existing Indigenous investors in 2018–19, taking total additional investment in the IPF over the past 2 years to \$72.1 million.

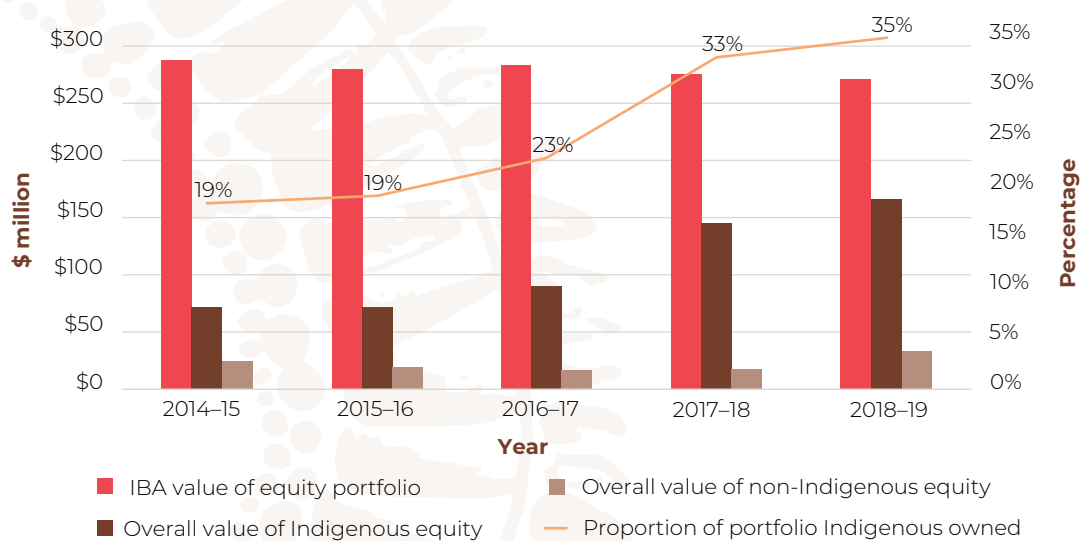
At 30 June 2019, Indigenous partners and beneficiaries held equity worth \$165.3 million in aggregate in IBA's investment portfolio. Their proportion of total equity was 35.1% at 30 June 2019.

Figure 14 illustrates the long-term trend towards increased Indigenous equity in the investment portfolio since 30 June 2014.

In addition to the strong financial return of 7.7% generated by IBA for its Indigenous partners and investors in 2018–19, IBA has utilised its Investment portfolio to deliver meaningful social outcomes including:

- Employment – a total of 693 jobs were supported by IBA's direct investments, of which 203, or 29.3%, were jobs held by Indigenous Australians.
- Training and skills development – 379 instances of training were delivered to Indigenous employees in 2018–19, including formal skills development, on the job training, traineeships and mentoring.
- Supply chain opportunities – IBA's investments procured more than \$2.8 million worth of goods and services from Indigenous suppliers.
- Commercial capability development – IBA used income generated by its investment portfolio to support initiatives to build capability in strategy development, governance and investment decision making including facilitating independent advice to investors and delivering Into-Investing Workshops.

**FIGURE 14: INDIGENOUS EQUITY
IN THE INVESTMENT PORTFOLIO**



Note that portfolio values have been adjusted to exclude values associated with the Indigenous Economic Development Trust (IEDT) relative to data presented in previous annual reports.

FIGURE 15: INVESTMENT PORTFOLIO

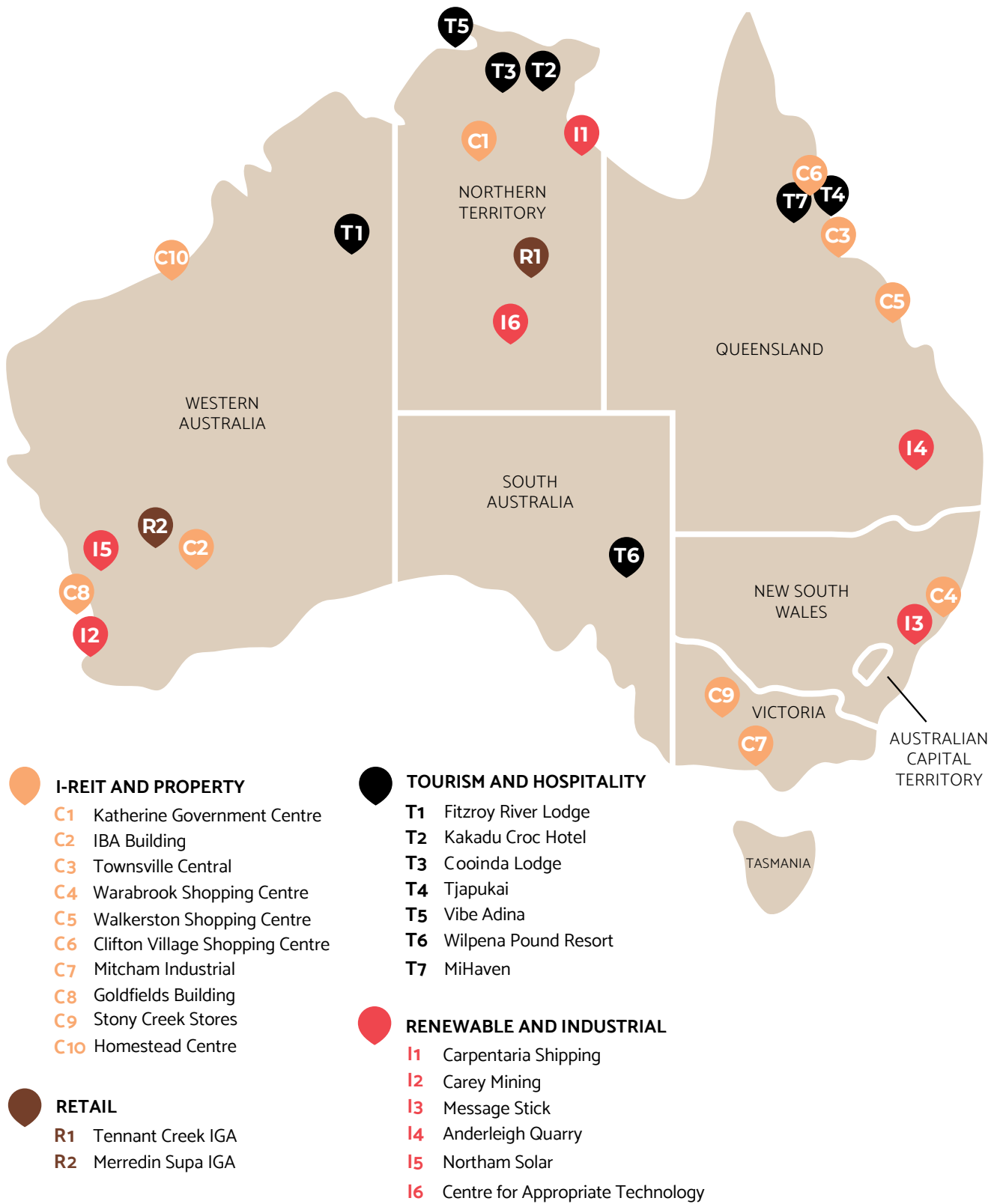
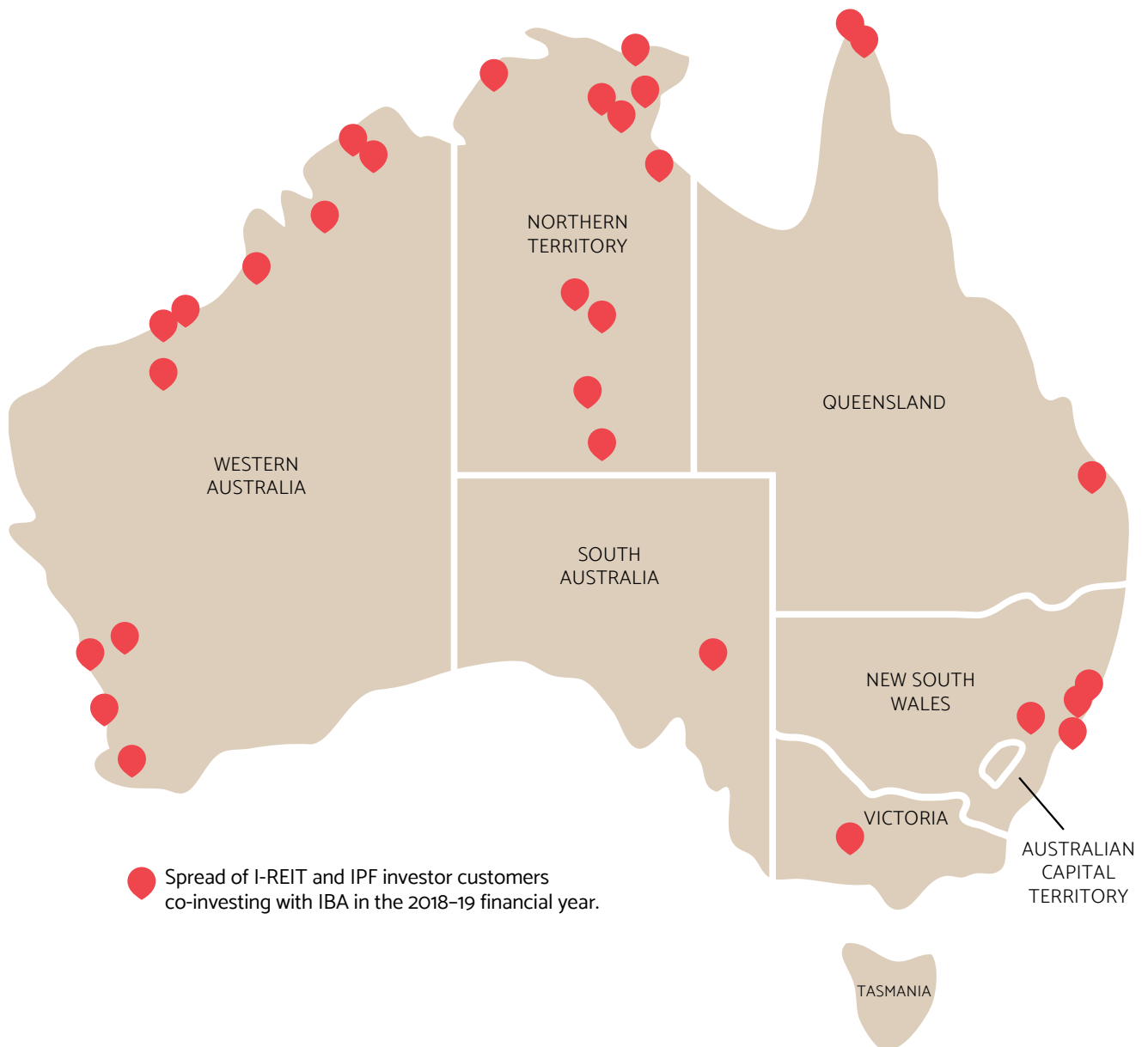


FIGURE 16: I-REIT AND IPF INVESTOR CUSTOMERS



CASE STUDY

REACHING FOR THE STARS

Aboriginal not-for-profit science and technology company Centre for Appropriate Technology Ltd (CfAT) has partnered with global communications company Viasat Inc. to launch a Real-Time Earth (RTE) facility in Alice Springs – the first of its kind on Aboriginal owned land in Australia.

Through an investment loan from IBA, CfAT will build and own the facility through its wholly owned commercial subsidiary CfAT Satellite Enterprises Pty Ltd. As with all IBA direct investments, IBA will remain actively engaged with CfAT over the long-term to ensure the investment's commercial success and the delivery of outcomes for Indigenous people.

The multimillion dollar investment in Alice Springs enables Central Australia to be a key player in the global satellite and space industry and Indigenous Australians to be leading participants in the sector. The investment is also strongly aligned with the priorities for the Australian Space Agency.

The facility will be used to track the next generation of low earth orbiting satellites for earth observation used for scientific research, environmental monitoring, and commercial applications.

CfAT Chairperson Peter Renehan said, 'This facility brings together our mission of engagement and people, innovation and excellence – and puts Aboriginal people at the forefront of Australia's growing space sector.'

'This state-of-the-art development will provide a positive contribution to the local economy through employment opportunities for local businesses during each phase of construction as well as ongoing jobs for local Aboriginal people once operational.'

'CfAT exists to provide people in regional and remote Australia with options for maintaining their relationship with country. We do this by providing technologically innovative solutions to infrastructure challenges with digital connectivity as a core focus of the companies work.'

According to a KPMG report, 'Unlocking the potential of the "Indigenous Estate"', across the Australian landmass, Aboriginal and Torres Strait Islander people own or have controlling interests in about 40 per cent of the Australian land mass under various forms of title and legislation.

Minister for Indigenous Australia, Hon Ken Wyatt AM MP said developments such as this showcased how Aboriginal and Torres Strait Islander people could continue leading roles in our nation's innovation, as they have done for more than 60,000 years.

'Indigenous Australians hold a powerful economic force through their connections with land, culture and community,' Minister Wyatt said.

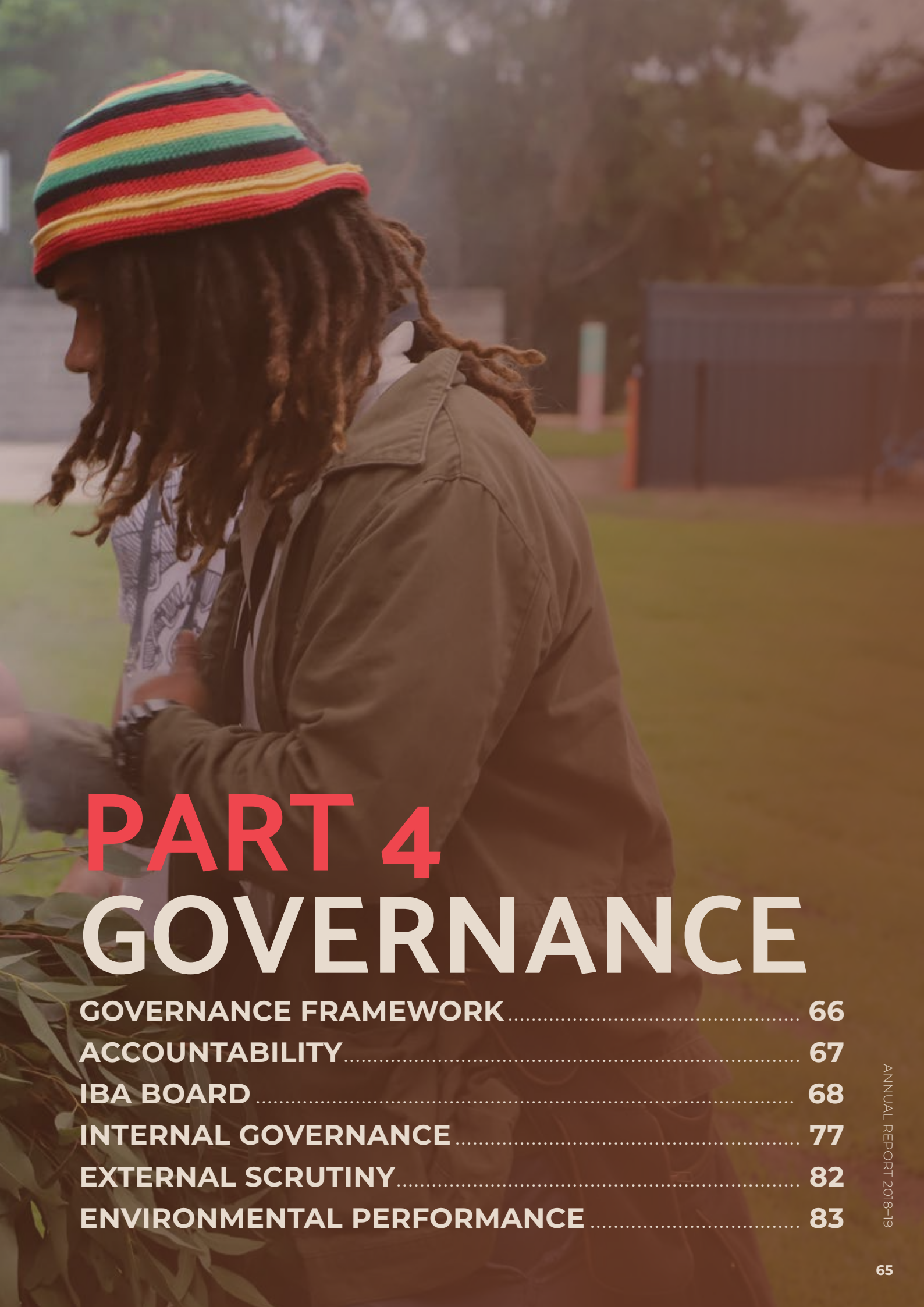
'This exciting project is a prime example of the power of country to help deliver commercial returns through technology, employment and career opportunities.'



**“INDIGENOUS AUSTRALIANS HOLD
A POWERFUL ECONOMIC FORCE
THROUGH THEIR CONNECTIONS WITH
LAND, CULTURE AND COMMUNITY,”
MINISTER WYATT SAID.**

Antenna currently on the CfAT premises in Alice Springs
with design painted by local Arrernte artist Roseanne
Kemarre Ellis. Photo credit: Geoscience Australia.





PART 4

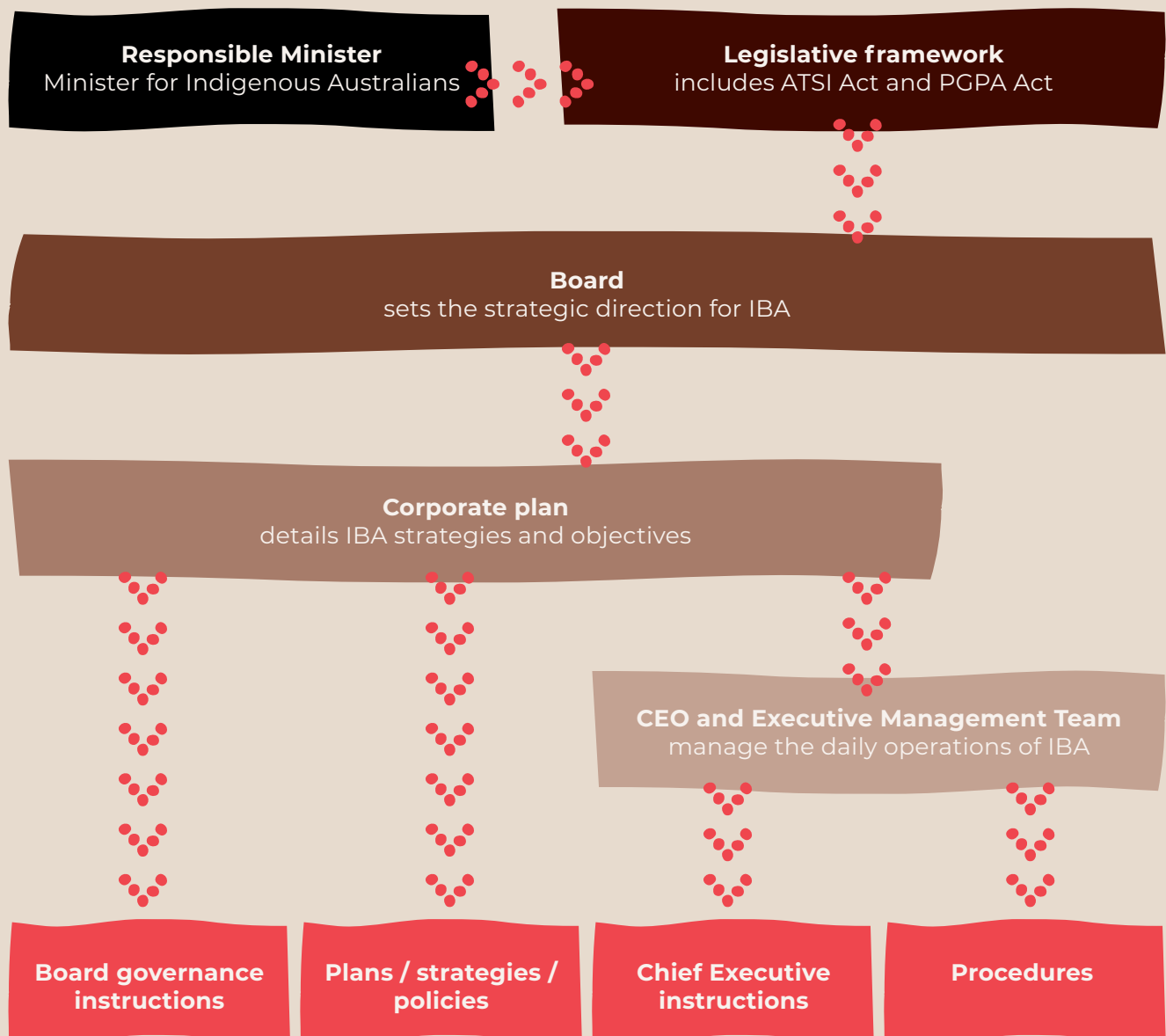
GOVERNANCE

GOVERNANCE FRAMEWORK	66
ACCOUNTABILITY	67
IBA BOARD	68
INTERNAL GOVERNANCE	77
EXTERNAL SCRUTINY	82
ENVIRONMENTAL PERFORMANCE	83

GOVERNANCE FRAMEWORK

IBA's corporate governance framework (figure 17) is designed to ensure that we achieve our objectives in a transparent, accountable and efficient way.

FIGURE 17: IBA GOVERNANCE FRAMEWORK



ACCOUNTABILITY

IBA is established under the *Aboriginal and Torres Strait Islander Act 2005* (ATSI Act), which sets out our purposes, functions and powers. IBA is a corporate Commonwealth entity and the IBA Board is the accountable authority under the PGPA Act.

RESPONSIBLE MINISTER

IBA is accountable to the Australian Parliament through the National Indigenous Australians Agency (previously the Department of the Prime Minister and Cabinet – the executive order establishing NIAA commenced 1 July 2019) and the Minister for Indigenous Australians (previously the Minister for Indigenous Affairs)

MINISTERIAL DIRECTIONS AND GOVERNMENT POLICY ORDERS

Under section 151 of the ATSI Act, the responsible Minister is empowered to make general written directions with which IBA must comply. No such directions were made during the reporting period.

IBA must also comply with applicable government policies. No government policy orders have been issued to IBA under the PGPA Act.

PORTFOLIO BUDGET STATEMENTS AND CORPORATE PLAN

IBA's budget is managed through the annual portfolio budget statements of the Department of the Prime Minister and Cabinet.

The PGPA Act requires Commonwealth entities to prepare a corporate plan. This plan sits alongside the portfolio budget statements as IBA's principal planning document and is a key mechanism for accountability to the Parliament and the public.

IBA BOARD

The IBA Board is responsible for ensuring that the functions of IBA are properly and efficiently performed and for determining the policy with respect to any matter. This includes keeping the Minister informed of IBA's activities and significant decisions in accordance with the PGPA Act.

The Board also appoints and reviews the performance of the CEO.

APPOINTMENTS

In accordance with section 157 of the ATSI Act, the Minister appoints the members of the Board who comprise a Chair, a Deputy Chair and seven other members. As required by section 158 of the ATSI Act, the Minister also consults IBA about potential Board appointees when there is, or is expected to be, a vacancy.

MEMBERS

The members of the IBA Board have extensive and varied expertise, particularly in industry, commerce and finance, and Aboriginal or Torres Strait Islander communities and enterprises. Seven of the nine Board members for 2018–19 identified as Aboriginal or Torres Strait Islander and four were female. All Board members are non-executive directors.



Edward (Eddie) Fry

(IBA Chair, Remuneration and Nomination Committee Chair)

Dagoman-Wardaman man from the Katherine region, Northern Territory.

Diploma in Business Management, University of South Australia, graduate of the International Lead and Zinc Study Group.

Chair of the Indigenous Land and Sea Corporation.

Specialist in Indigenous and native title issues as Executive Director of Gimbulki Ltd, a native title land access company he established in 2002, Chair of the Indigenous Advisory Board at Broadspectrum, Deputy Chair of the Aboriginal Foundation of South Australia Inc.

Extensive experience in the Australian resource sector including senior executive roles with Normandy Mining Ltd., establishing the company's Traditional Owner policy, later managing international logistics and marketing of Normandy's base-metal portfolio, and an investor-relations analyst.

Chair and Consultant Advisor of Todd River Resources Limited.



Anthony Ashby

(IBA Deputy Chair, Finance Investment and Products Committee Chair, Remuneration and Nomination Committee Member)

Gamilaraay-Yuwaalaraay man from north-western New South Wales.

Chartered Accountant and Registered Company Auditor.

Director of the Hunter New England Central Coast Primary Health Network Ltd.

Former Director of the Indigenous Land and Sea Corporation and the National Centre of Indigenous Excellence Ltd.

Ex-officio member of the Supply Nation Audit and Risk Committee.

Has owned a public accounting practice with wife Vanessa since 2004, providing a mix of taxation, assurance, accounting and consultancy services.



**Richard (Rick) Allert
AO**

(IBA Director, Audit,
Risk and Performance
Committee Chair)

Chartered Accountant with many years' experience in the corporate sector.

Director of Genesee and Wyoming Australia Pty Ltd, Chair of Voyages Indigenous Tourism Australia Pty Ltd, Chairman of Kakadu Tourism (GLC) Pty Ltd and Kakadu Tourism (GCH) Pty Ltd.

2011 recipient of the Ernst & Young Champion of Entrepreneurship Award, Central Region, for outstanding entrepreneurial achievement and contribution to the community.

Awarded a member of the Order of Australia (1997) particularly for work with the National Heart Foundation, a Centenary Medal (2003) for service to rail, business and taxation, and an officer of the Order of Australia (2008) for leadership in corporate social responsibility.



Roy Ah See

(IBA Director)

Wiradjuri man, born and raised on Nanima Reserve, near Wellington, New South Wales.

Qualifications in social welfare with experience working at various government agencies and Aboriginal community-controlled organisations.

Co-Chair of the Prime Minister's Indigenous Advisory Council and a Director of the Indigenous Land and Sea Corporation.

Presented at the United Nations Permanent Forum on Indigenous Issues in New York and the United Nations Expert Mechanism on the Rights of Indigenous Peoples in Geneva on issues including economic empowerment for Aboriginal people.

Works in a voluntary capacity to help Aboriginal men who are experiencing challenges with drugs and alcohol.



Kerryenne Liddle

(IBA Director, Finance, Investment and Products Committee Member, Audit Risk and Performance Committee Member)

Arrernte woman from Central Australia.

MBA, BA, GAICD, Vincent Fairfax Fellow.

Executive Leader tourism and hospitality.

Corporate Team Leader oil and gas industry.

Successful small business owner (20+ years).

Management, business, governance, media, engagement and communications specialist.

Experienced government and not-for-profit board director.



Shirley McPherson

(IBA Director, Audit, Risk and Performance Committee Member)

Yamatji and Nyoongar woman from the Perth and Murchison regions of Western Australia.

Chartered Accountant with experience in program delivery and business development at all levels of government.

National Business Development and Engagement Manager for AFL SportsReady.

Former Group Manager of Indigenous Strategy and Business with Leighton Contractors Pty Ltd, former consultant to the mining industry in negotiating land use agreements in Western Australia.

Former member of the Australian Government delegation to the United Nations Permanent Forum on Indigenous Issues.



Aileen Shannon

(IBA Director, Audit, Risk and Performance Committee Member). Ms Shannon's term expired on 20 June 2019.

A descendant of the Yankunytjatjara Central Desert and Adnyamathanha Flinders Ranges Country.

Partner and Director of Wiltja Constructions Pty Ltd, Quorn, South Australia.

Member of the South Australian Aboriginal Advisory Council.



Claire Woodley

(IBA Director, Finance, Investment and Products Committee Member, Remuneration and Nomination Committee Member)

Tertiary qualifications in occupational therapy, psychology and project management, and Graduate of the Australian Institute of Company Directors.

General Manager, Business Banking Victoria, Commonwealth Bank of Australia.

Experience in business banking, governance, risk management, strategic planning, policy development, business re-engineering, and project and program management.



Scott Young

(IBA Director, Finance, Investment and Products Committee Member)

Koa man from the Winton area, Central West Queensland.

Bachelor of Civil Engineering, University of Southern Queensland, MURRA Indigenous Business Master Class Program, University of Melbourne.

Co-founding and Managing Director of a national specialised labour company, Young Guns Container Crew.

Director of First Grade Group and All Things Containers.

Member of the Supply Chain and Logistics Association of Australia and The Executive Connection.

2015 Young Business Person of the Year in the Brisbane Lord Mayor's Business Awards.



Dr Valerie Cooms

(IBA Director).
Dr Cooms' term commenced on 21 June 2019

Belongs to the Nunukul people of Minjerribah/ North Stradbroke Island in Queensland.

Chair of the Quandamooka Yoolooburrabee Prescribed Body Corporate.

Bachelor of Arts with Honours and a PhD from Australian National University.

Adjunct Professor at Griffith University and Indigenous Research Fellow at the School of Historical and Philosophical Inquiry, University of Queensland.

Former member of the National Native Title Tribunal.

Previously the Manager of the Native Title Unit in the ATSIC Western Australian State Office and CEO of Queensland South Representative Body Aboriginal Corporation and Queensland South Native Title Services.

MEETINGS

In 2018–19, the Board held seven scheduled meetings and six out-of-session meetings. Details of attendance by directors at meetings of the Board are in table 11.

TABLE 11: BOARD MEETING ATTENDANCE

Name	Position	Attendance
Edward Fry	Chair	12/12
Anthony Ashby	Deputy Chair	12/13
Richard Allert	Director	13/13
Roy Ah-See	Director	9/13
Kerrynne Liddle	Director	13/13
Shirley McPherson	Director	12/13
Aileen Shannon	Director	12/12
Claire Woodley	Director	12/13
Scott Young	Director	11/13
Valerie Cooms	Director	N/A *

Note: Figures represent the number of meetings attended out of the number of meetings that the director was eligible to attend.

* Valerie Cooms joined the Board at the end of the financial year, on 21 June 2019.

CHARTER

The Board has adopted a governance charter with four objectives:

- to outline the respective roles and responsibilities of the Board and IBA management
- to enable the efficient and effective exercise of key Board functions including ethical and responsible decision making
- to set sound Board governance processes that facilitate the achievement of IBA objectives
- to provide a framework for continuous improvement in Board processes.

The charter includes a code of conduct for directors, and rules and processes for dealing with conflicts of interest and related party transactions.

COMMITTEES

Three ongoing committees assist the Board to effectively exercise its functions.

The Audit, Risk and Performance Committee provides independent assurance and advice to the Board on IBA's risk, control and compliance framework, financial statements, and performance reporting responsibilities. It also monitors IBA's performance against budget and key performance indicators. The Committee is chaired by Richard Allert and is composed of two members who are IBA Directors, as well as an independent member.

Maria Storti has been an independent member of the Audit and Risk Committee since September 2014. She is an experienced senior executive who was a partner in a professional services firm and has held other senior management and consulting roles across the private and public sectors.

The Finance, Investment and Products Committee monitors and reviews IBA's Housing Solutions, Business Solutions and Investments portfolios, reviews IBA's significant financial policies, and provides advice and recommendations to the Board in relation to significant new business, products, investments or other financial transactions. The committee is chaired by Anthony Ashby.

The Remuneration and Nomination Committee provides advice to the Board on CEO and Board appointments and CEO performance and remuneration as required.

The committee is chaired by Edward Fry.

Directors' committee memberships in 2018–19 are set out in their biographies.

REVIEW PROCESSES

IBA's Board charter requires that the Board conduct a governance and performance review at least once every three years.

This year IBA engaged an independent, external provider to conduct an in-depth review of the Board which concluded in December 2018. The findings of the review are being implemented as appropriate.

IBA's Board charter is required to be continuously updated in response to internal and external reviews and variations in IBA's operating environment. In 2018 a comprehensive review of the Board Committee charters (which are annexures to the Board charter) was undertaken, resulting in changes to the functions of the Audit and Risk Committee, which became the Audit, Risk and Performance Committee, and the Finance, Investment and Performance Committee which became the Finance, Investment and Products Committee

INDEMNITY AND INSURANCE

IBA's insurance cover, including directors and officers' liability insurance, is provided through Comcover, the Australian Government's self-managed fund.

BOARD AND EXECUTIVE REMUNERATION

Details of remuneration of key management personnel for the reporting period can be found in table 12, 13 and 14.

TABLE 12: REMUNERATION OF KEY MANAGEMENT PERSONNEL FOR THE REPORTING PERIOD

Name and position title	Short-term benefits (\$)			Post-employment benefits (\$)	Other long-term benefits (\$)		Termination benefits (\$)	Total remuneration (\$)
	Base salary	Bonuses	Other benefits /allowances	Super-annuation contributions	Long service leave	Other long-term benefits		
Edward Fry Board, Chair	75,835			11,679				87,514
Anthony Ashby Board, Deputy Chair	56,879			8,759				65,639
Rick Allert Board	37,923		21,916	9,215				69,055
Roy Ah-See Board	37,923		7,973	7,068				52,964
Shirley McPherson Board	37,923		7,973	7,011				52,907
Aileen Shannon Board	37,339		7,851	6,770				51,960
Scott Young Board	37,923		5,970	6,759				50,652
Kerrynne Liddle Board	37,923		5,970	6,759				50,652
Claire Woodley Board	37,923		5,970	7,094				50,987
Rajiv Viswanathan CEO	351,255	53,015		25,952	27,107	8,838		466,166
Wally Tallis Deputy CEO	289,488	30,000		29,489	7,260	22,268		378,506
Tom Hure CFO	215,281		14,809	34,029	5,524	16,943		286,587
Kirsty Moore Executive Director, Products & Markets	211,924			24,954	5,750	17,636		260,264

TABLE 13: REMUNERATION OF SENIOR EXECUTIVES FOR THE REPORTING PERIOD

Total remuneration bands	Number of senior executives	Short-term benefits			Post-employment benefits	Other long-term benefits		Termination benefits	Total remuneration
		Average base salary	Average bonuses	Average other benefits and allowances	Average superannuation contributions	Average long service leave	Other long-term benefits	Average termination benefits	Average total remuneration
2	4	185,719	8,714	4,267	27,254	5,289	16,221	-	247,465

TABLE 14: REMUNERATION OF HIGHLY PAID STAFF FOR THE REPORTING PERIOD

Total remuneration bands	Number of senior executives	Short-term benefits			Post-employment benefits	Other long-term benefits		Termination benefits	Total remuneration
		Average base salary	Average bonuses	Average other benefits and allowances	Average superannuation contributions	Average long service leave	Other long-term benefits	Average termination benefits	Average total remuneration
1	2	159,690		37,951	29,513	5,121	15,706	-	247,981

INTERNAL GOVERNANCE

The CEO oversees the day-to-day administration of IBA and is supported by the Executive, internal management committees, IBA employees, and consultants and contractors.

The organisational structure of IBA at 30 June 2019 is set out in figure 18 on page 79.

SIGNIFICANT ACTIVITIES AND CHANGES

This year IBA was conferred Public Benevolent Institution (PBI) status by the Australian Charities and Not-for-profits Commission (ACNC). A PBI is a type of charity recognised by the ACNC and the Australian Tax Office.

IBA's 2016–2019 staff Enterprise Agreement (EA) expired during the year and, following supportive feedback by employees, the IBA Board issued a determination under the ATSI Act stipulating the terms and conditions of employment of staff. Staff remuneration was determined in accordance with the APS Workplace Bargaining Policy 2018, while the balance of the conditions in the previous staff EA were unchanged.

ETHICAL BEHAVIOUR AND FRAUD CONTROL

The standards of behaviour for IBA employees are specified in the IBA Code of Conduct, Values and Behaviours Framework which includes guidance on managing conflicts of interest. The EA requires that staff comply with the Code of Conduct to be eligible for salary advancement.

The IBA fraud control plan is in accordance with section 10 of the Public Governance, Performance and Accountability Rule 2014.

The *Public Interest Disclosure Act* provides public officials with certain protections when they make disclosures about alleged wrongdoing in the Commonwealth public sector. The term 'public official' includes a wide range of people such as former staff and contractors. IBA has systems and processes in place to ensure that public officials can make public interest disclosures about IBA.

INTERNAL AUDIT

The Audit, Risk and Performance Committee oversaw the 2018–19 Internal Audit Program. The program was conducted by an outsourced provider.

RELATED PARTY TRANSACTIONS

IBA has a system of delegated powers that enables decisions to be made on a range of transactions at the appropriate organisational level.

The Board governance charter sets out the decision-making processes for managing related party transactions and broader conflicts of interest for IBA directors. The charter restricts an IBA director from entering into a prohibited related party transaction while a member of the Board and for six months after leaving the Board. Prohibited related party transactions include the provision of loans or business support to IBA directors, their spouses and dependent family members as well as entities in which IBA directors hold a significant interest.

The Board instruction on management of conflicts of interests sets out the decision-making processes for key management personnel including the Executive Management Team. Board members and the Executive Management Team provide annual declarations of interest.

In 2018–19, there were no related party transactions that involved an IBA director or key management personnel.

In 2018–19, there were a total of 6 transactions where IBA paid other Commonwealth-related entities for goods or services, with a combined value of \$169.84 million. Those transactions were approved in accordance with IBA's decision making framework described above.

Note 13 to the financial statements sets out IBA's related party disclosure for 2018–19.

COMPLIANCE

IBA has a control framework to ensure compliance with relevant legislation.

In 2018–19, there were no significant issues reported to the responsible Minister under section 19 of the PGPA Act that related to non-compliance by IBA with the PGPA Act or Rule or an Appropriation Act.

COMPLAINTS HANDLING

IBA's commitment to quality service is outlined in its customer charter, and IBA has detailed processes for receiving and handling complaints.

The complaint management process ensures that any concerns that customers may have in relation to IBA's services or decisions or IBA funded service providers are taken seriously and dealt with promptly. IBA maintains a complaints register which is regularly reviewed by management.

By adhering to these processes, IBA can learn from mistakes and continuously improve its practices, ultimately improving its customers' experiences.

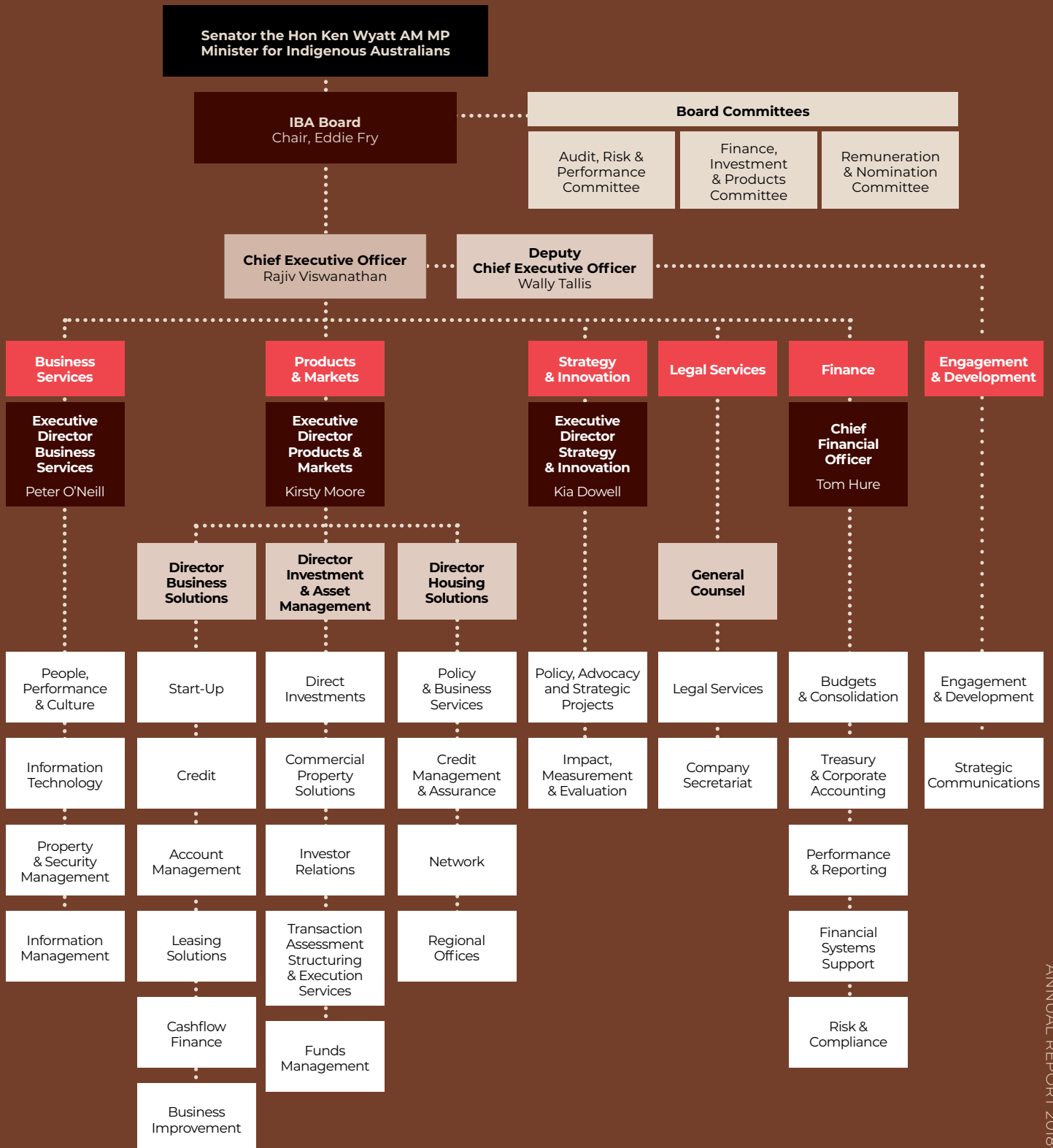
CONSULTANCIES

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

Section 178 of the ATSI Act enables IBA to engage consultants who have suitable qualifications and experience.

IBA follows guidance issued by the Department of Finance when determining whether an arrangement should be classified as a consultancy.

FIGURE 18: THE ORGANISATIONAL STRUCTURE OF IBA AT 30 JUNE 2019



EMERGING LEADERS PROGRAM

The Emerging Leaders Program (ELP) is an Indigenous designed program built around the principles of sacred leadership - an approach that considers the individual leaders impact on the environment, community, family, workplace and spirit.

The program is a key initiative that teaches a cohort of talent at the IBA level 4-5 and IBA's graduate alumni about the foundations of eldership, Aboriginal law, Bayami (the creator), the Tjukupa (dreaming) and responsibilities attached to receiving that knowledge.

During the 24 months of the programs' duration, participants are continually engaged in the program by:

- attending a series of face to face leadership development gatherings
- receiving one-on-one professional leadership mentoring/coaching
- completing professional development that aligns with their personal career aspirations.



IBA's first Emerging Leaders Program participants gathering in Sydney.

EXTERNAL SCRUTINY

IBA is subject to scrutiny by the Australian National Audit Office, the Commonwealth Ombudsman, courts or administrative tribunals, and parliamentary and ministerial oversight.

We are also required to report on a number of obligations including compliance with legislation such as the PGPA Act, *Freedom of Information Act 1982* (FOI Act), *Public Interest Disclosure Act 2013* and the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006*.

EXTERNAL AUDIT, JUDICIAL DECISIONS AND REVIEWS BY EXTERNAL BODIES

IBA's external auditor is the Auditor-General through the Australian National Audit Office (ANAO). The audit of IBA's financial statements is conducted in accordance with an audit strategy agreed to by the Auditor-General and IBA.

During 2017–18, the ANAO commenced an audit of the Implementation of the Australian Government Workplace Bargaining Framework that concluded in September 2018. IBA was one of seven audited entities and the report was tabled in Parliament in December 2018.

There were no judicial decisions or decisions of administrative tribunals made during the period that have had or may have had a significant effect on IBA's operations this year.

The Commonwealth Ombudsman notified IBA of two complaints made against it during 2018–19. One was withdrawn by the complainant and the other was closed by the Ombudsman without findings against IBA.

PARLIAMENTARY AND MINISTERIAL OVERSIGHT

Under section 19 of the PGPA Act, IBA is required to inform the Minister of any significant decisions or issues. This year, IBA provided reports to and informed the Minister of a number of significant decisions and issues.

FREEDOM OF INFORMATION

Under Part II of the FOI Act, IBA is required to publish information for the public as part of the Information Publication Scheme. IBA's Information Publication Scheme Plan is available on the IBA website (iba.gov.au), as is the information that IBA has published in accordance with the scheme's requirements.

ENVIRONMENTAL PERFORMANCE

Under section 516A of the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act), IBA is required to describe its environmental performance and contribution to economically sustainable development.

ECOLOGICALLY SUSTAINABLE APPROACH

IBA is committed to the principles of ecologically sustainable development as outlined in section 3A of the EPBC Act.

IBA recognises Aboriginal and Torres Strait Islander people's unique relationship to the land, sea and waterways and seeks and adopts innovative approaches so that ecological processes are maintained in a rapidly changing business environment to safeguard the welfare of our environment for our future generations.

IMPACT ON THE ENVIRONMENT

The main contribution to IBA's impact on the natural environment is our corporate operations including administration operations and property management. In 2018–19, IBA conducted our operations in a manner which minimised our environmental impact, as shown at table 15.

This was partly achieved through the IBA's Digitisation Project with over 6000 files scanned, resulting in the majority of IBA loan files converted into a digital format. IBA has seen an increase of approximately 30% of files in this reporting period recorded in electronic format.

IBA have also developed a 'Footprint Working Group' who are responsible for reviewing all new office locations to ensure alignment with our core business strategy and the IBA Corporate Plan.

This group will evaluate each office against a national footprint criterion, which will include opportunities to partner with local connections utilising shared service arrangements where possible. As part of this strategy IBA has continued to share office space with the Indigenous Land and Sea Corporation in 2018–19 in three locations.

TABLE 15: MEASURES TO MINIMISE ENVIRONMENTAL IMPACT

Area of Impact	Measures and Results
Energy	<p>IBA's three major tenancies in Canberra, Sydney and Brisbane are buildings containing Energy ratings of 3.5 to 5 star.</p> <p>IBA's largest tenancy Canberra building, is currently certified as a 5 star, Green Star Building and registered with the Green Building Council of Australia.</p> <p>This building has been engineered to include significant measures to enhance its environmental performance. These measures include the use of tri-generation technology, black water recycling, rain water collection and solar powered hot water.</p> <p>Further examples of specific measures to minimise energy consumption in 2018–19 include the use of energy-efficient technologies, such as movement sensors and T5 lighting in all new office fitouts.</p>
Water	<p>IBA tenancies are fitted with water-saving fixtures where possible, including sensor taps, half size dishwasher, dual flush toilets and motion sensor urinals in bathrooms.</p> <p>IBA staff are encouraged to implement strategies to save water, such as ensuring dishwashers are full prior to use.</p>
Waste	<p>IBA is committed to reducing waste going into landfill by reducing paper use and encouraging good recycling practices.</p> <p>Measures to reduce paper use across IBA include:</p> <ol style="list-style-type: none"> 1. Adoption of the Major Office Machines Arrangement II (MOMs II) which has seen the implementation of better practice such as active sleep settings, default duplex and grey scale mono settings applied. The use of multifunction printers which requires employees to scan an access pass to collect printing which enable the employees to discard any unwanted printing. 2. Old paper files are being scanned and stored in Content Manager and staff awareness on creating digital files over paper files has been successful with a 30% increase in the use of the records management system over creating paper files. <p>To further increase the effectiveness of waste management, IBA has implemented segregated waste streams for general waste, commingled recycling and paper and cardboard recycling.</p> <p>IBA uses battery, mobile phone and toner cartridge recycling programs to ensure that these items do not go to landfill.</p>
Greenhouse gas emissions	<p>IBA provides video conferencing facilities to all 13 office locations for connectivity and to limit the need for staff to travel when possible. On average IBA achieves approx. 150 hours per month of video conference.</p>



PART 5 PEOPLE MANAGEMENT

WORKPLACE PROFILE.....	86
DIVERSITY.....	91
CAPABILITY DEVELOPMENT.....	91
EMPLOYEE WELLBEING.....	92
OUTLOOK.....	92

WORKPLACE PROFILE

Whilst IBA's overall workforce characteristics have remained relatively stable over the last five years, importantly there has been an increase in the percentage of Indigenous staff and movement of staff to locations more reflective of our changing customer base and demand.

We also note that over the past five years we have steadily decreased our number of staff while continuously improving our overall performance in relation to the number and value of the products and services we deliver. This is a reflection of ongoing commitment to investing in our four strategic pillars of customer success, smart money, strong systems and deadly people.

FIGURE 19: STAFF CHARACTERISTICS

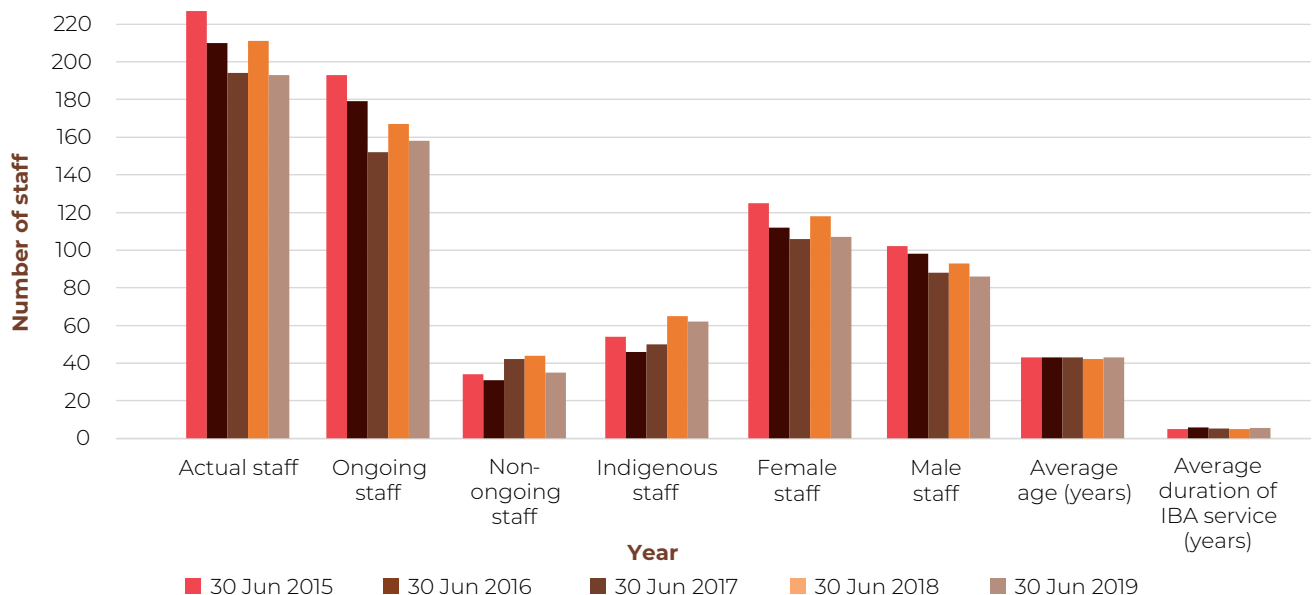


FIGURE 20: % INDIGENOUS STAFF



FIGURE 21: FULL AND PART TIME STAFF

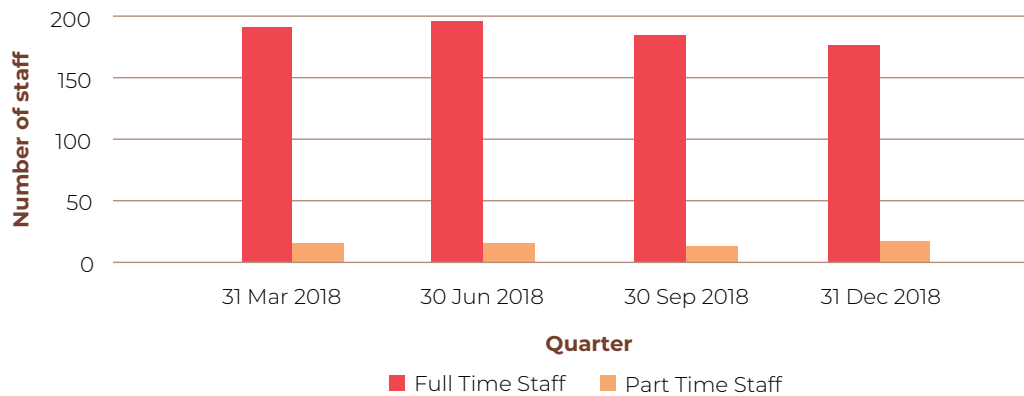


FIGURE 22: STAFF NUMBERS BY LOCATION 2018–19

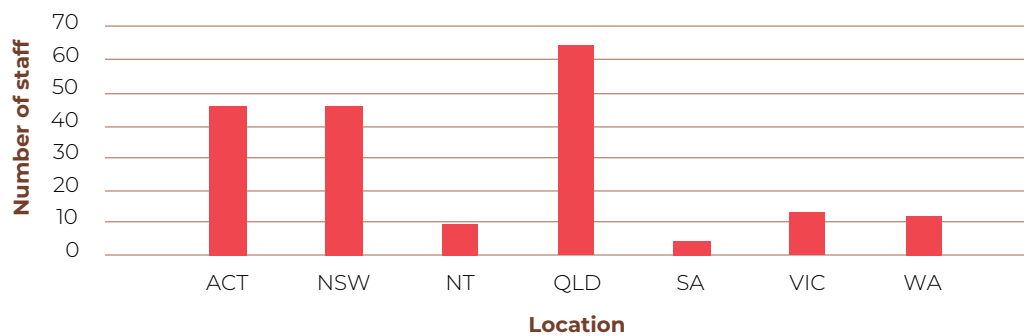
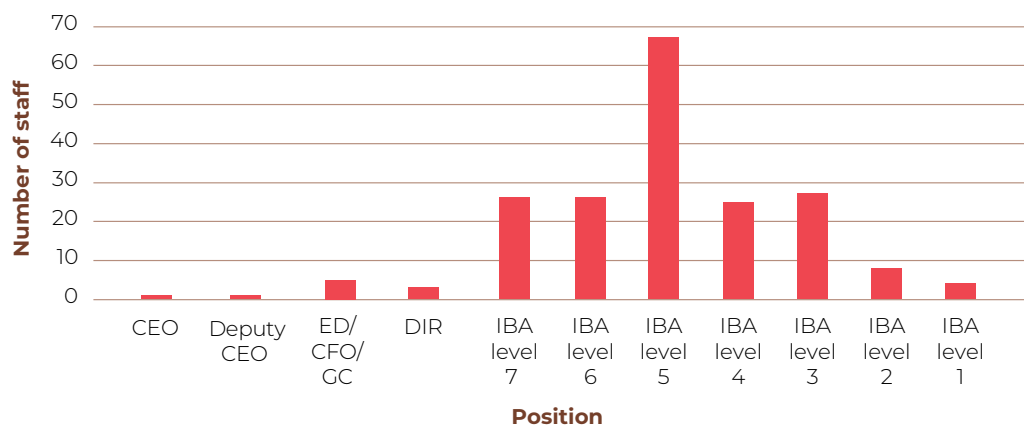


FIGURE 23: STAFF NUMBERS BY CLASSIFICATION 2018–19



*CEO = Chief Executive Officer, CFO = Chief Financial Officer, GC = General Counsel, ED = Executive Director, DIR = Director, IBA Levels 6 and 7 are equivalent to APS Executive Levels 1 and 2.

CELEBRATING NAIDOC WEEK



IBA kicked off NAIDOC celebrations this year with our annual IBA NAIDOC Breakfast held on Ngunnawal Country in Canberra – the host city for 2019.

The venue looked over the waters of Lake Burley Griffin and showcased a chilly but beautiful Canberra sunrise.

IBA was honoured to have such a large number of respected and knowledgeable guests in attendance, including the Hon. Ken Wyatt AM, MP, Minister for Indigenous Australians, the Hon. Ben Wyatt MLA, Western Australia's Treasurer, Minister for Finance,

Aboriginal Affairs and Lands, and a panel of representatives who attended the Futures Forum. The Futures Forum representatives wowed attendees away with their reflections on the Futures Forum, and their message about why it is important to keep culture strong in business. Throughout the rest of the week, IBA staff across the country participated in a large number of local NAIDOC events including hosting stalls at family fun days, attending flag-raising ceremonies, participating in marches and speaking at various events.



IBA's 2019 NAIDOC Week breakfast was held on Ngunnawal Country in Canberra.

**“SOMETHING TO BE
PROUD OF, SOMETHING
WE OWN... A PLACE WE
CALL HOME.”
- BRETT**



DIVERSITY

IBA remains committed to ensuring a workforce which is representative of the Aboriginal and Torres Strait Islander communities we serve. To that end, we have maintained our focus on growing our Aboriginal and Torres Strait Islander workforce - resulting in a continuing increase in the percentage of Indigenous staff (figure 20), throughout the period 2014–2019.

As well as our ongoing commitment to growing and upskilling our Indigenous workforce, IBA is proud of the diversity of skills and backgrounds all of our staff bring to our organisation.

CAPABILITY DEVELOPMENT

IBA supports a continuous and ongoing approach to the development and growth of our people. Staff are expected to engage in regular discussions about their development throughout the year.

Cultural Capability is an expectation of all staff, in every role, across IBA. Many IBA employees and all customers are of Aboriginal and/or Torres Strait Islander descent - making it essential that all staff continue to grow their understanding of how to respectfully engage with and support our customers to achieve their economical aspirations. In 2018–19 we continue work on the revision of our Cultural Capability Framework. The Framework articulates the skills, knowledge, and expected practices of all staff across all roles and offers a model to support the development of these capabilities.

The Emerging Leaders Program is a key initiative (implemented in 2018) to support the leadership development of an identified cohort of talent at the IBA level 4–5 levels and IBA's graduate alumni. Participants have committed to the program for a period of 24 months. They will be supported to:

- attend a series of face to face leadership development gatherings
- receive one-on-one professional leadership mentoring/coaching; and
- complete professional development that aligns with their personal career aspirations.

Implementation of Essentials Training (which includes recruitment and selection, handling difficult conversations and delivering high performance training) commenced in 2018. The training is set to help all staff build and/or maintain core technical and people leadership skills.

In 2018–19 IBA also implemented an online Learning Management System to support all employees to manage their ongoing development objectives.

EMPLOYEE WELLBEING

At IBA we believe that we must work to maintain a healthy workforce and safe workplaces. When our workplaces are healthy, we see enormous benefits for our staff and flow-on effects to the individuals, businesses and the communities that we serve. We see it as imperative therefore that we support a culture of mental and physical wellbeing and maintain workplaces where staff feel mentally and physically safe and valued for their contributions. To that end throughout 2018-19 we:

- Renewed our contract with our Employee Assistance Provider Lifeworks by Morneau Shepell (formerly Optum) to assist us to support our staff. The procurement of Optum providing staff with access to an enhanced online total wellbeing platform that brings together best in-class user experience and clinical support.
- Launched our first Health and Wellbeing Statement of Commitment outlining our commitment to supporting staff to care for their personal wellbeing and providing safe workplaces.
- Developed and circulated information sheets about our extensive EAP services, dealing with Workplace Bullying and Harassment, diagnosing underperformance and using leave provision appropriately.
- Partnered with Beyondblue to provide every IBA staff member and our subsidiary organisations with toolkits of Beyondblue's best resources to help build individual understanding of how to support people dealing with mental health issues; and
- We now have an Accredited Mental Health First Aid staff member who can provide mental health first aid in the event of a staff mental health crisis.

We are also extremely proud that 96 employees (46% of the organisation) participated (across 24 teams) in the 2018 September Challenge. As a collective (across the 28-day challenge) we took 23,382,040 steps (equating to walking 17,817 kilometres) and raised \$5,952.75 – which went directly to supporting families living with disability.

OUTLOOK

In 2019-20, IBA is well placed to continue our work on supporting staff to deliver their best performance by:

- supporting staff to continue to develop their cultural capability
- developing the leadership capability of our managers
- implementing strategies to support employee health and wellbeing
- aligning recruitment approaches with workforce plans; and
- continuing to draw on staff feedback to inform the way in which we approach all the above.



PART 6

FINANCIAL PERFORMANCE

FINANCIAL SNAPSHOT	94
INDEPENDENT AUDITORS REPORT	98
STATEMENT BY DIRECTORS, CEO & CFO	100
COMPREHENSIVE INCOME	101
FINANCIAL POSITION	102
CHANGES IN EQUITY	103
CASH FLOW	105

FINANCIAL SNAPSHOT

ECONOMIC BACKGROUND

The significant increase in home loans provided in comparison to that budgeted has materially increased IBA's fair value discount expense, though this has been offset somewhat by higher than budgeted loan repayments and discharges.

Whilst interest rates have remained low, credit conditions continue to tighten, including as a result of the Royal Commission into Misconduct in the Banking and Financial Services industry. As borrowing from main lenders becomes challenging, this creates increasing demand on IBA's solutions. However, our resources and capital are finite, meaning IBA will need to access new funding solutions to keep pace with growing demand.

The value of IBA's investment portfolio has increased following the strong performance of the IPF and the increase of property values in the I-REIT. The value of the portfolio has further benefited from increases in the value of the tourism and retail portfolio

FINANCIAL RESULTS

The financial statements are presented on a consolidated basis with its subsidiaries which operate businesses spread across tourism, mining services, renewables, retail, and investment property.

The consolidated statutory surplus for IBA is \$43.0m against a previous year's statutory surplus of \$12.8m. The difference is mostly attributable to a non-cash item. The change in accounting policy from the introduction of *AASB9 Financial Instruments* and change in accounting estimate requiring a lower discount rate favourably impacted the recognition and measurement of IBA's loan portfolios.

Total income has decreased from \$218.2 million last financial year to \$204.8 million (excluding revenue for the Unwinding of concessional discount of \$81.6m) predominantly due to BDAP NT Grant of \$3m and Performance Bond Trust of \$10m being recognised in the previous Financial Year.

Total expenses increased from \$205.5 million last year to \$243.4 million due mostly to the reclassification of IBA's loan portfolio from Fair Value Through Profit and Loss (FVPTL) to amortised cost in accordance with the change in accounting standard AASB9.

IBA's total consolidated assets as at 30 June 2019 are \$1.6 billion, an increase of \$103 million over the previous year, primarily due to an increase in the home loan portfolio and value of investment properties held. IBA's net assets of \$1.5 billion are \$78 million higher than last year, driven by equity appropriation from government and increased equity contribution from Indigenous groups.

FIGURE 24: CONSOLIDATED TOTAL ASSETS

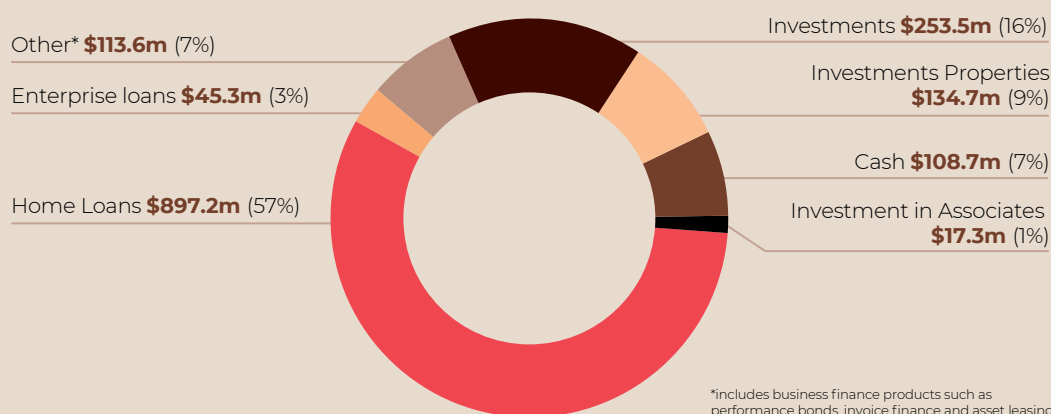


FIGURE 25: STATUTORY AND OPERATING PERFORMANCE

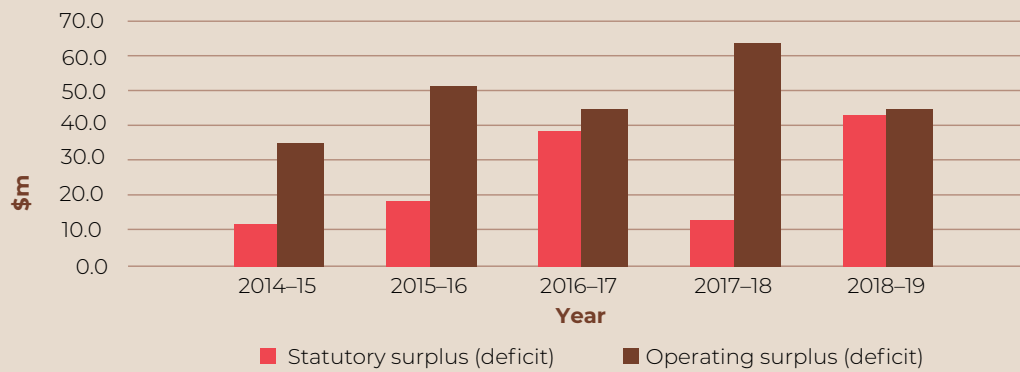


FIGURE 26: NET ASSET GROWTH

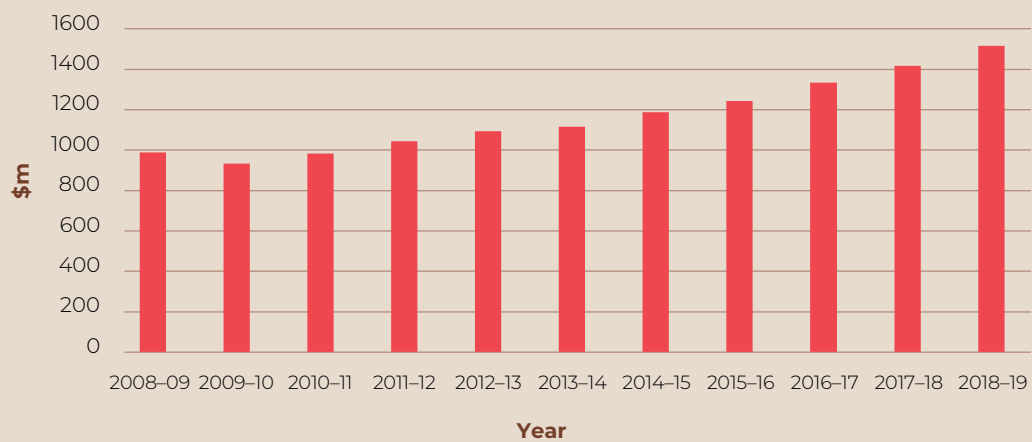
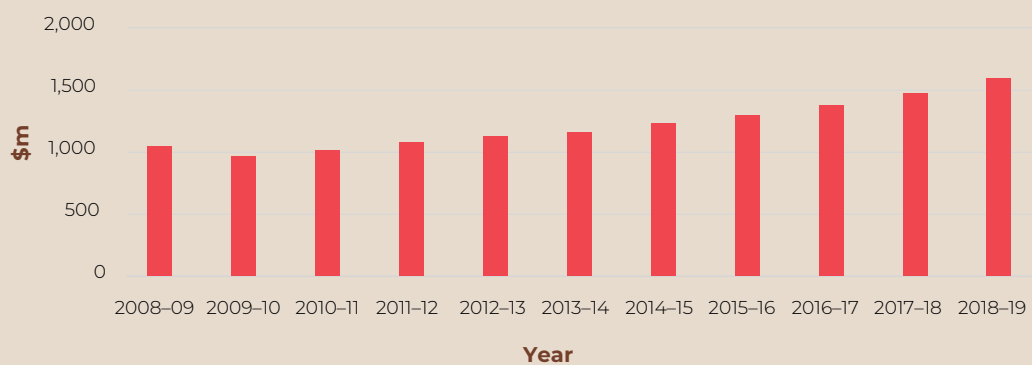


FIGURE 27: GROSS ASSET GROWTH



FUNDING

The income base of the consolidated IBA group comprises both grant and appropriation revenue from the Commonwealth as well as self-generated revenue. In 2018–19, IBA received \$27.5 million in grant receipts, \$9.8 million by way of appropriation, and \$167.5 million in self-generated revenue excluding the Unwinding Concessional Discount.

The self-generated revenue consists mostly of interest earnings from the loan portfolio, rental receipts from investment properties, and goods and services income from subsidiaries.

IBA also received \$22.9 million by way of equity injection from the Commonwealth for use in providing home loans.

LEGAL AND FINANCIAL FRAMEWORK

IBA's financial statements must be read in the context of its enabling legislation, the *Aboriginal and Torres Strait Islander Act*, and the impact of Australian Accounting Standards, particularly in respect to the valuation of its financial assets.

The *Aboriginal and Torres Strait Islander Act* requires that funds available under the New Housing Fund including interest earnings, are to be used exclusively for housing loans. Consequently, income earned from the New Housing Fund is not available for operational expenses but rather utilised for new home loans under that Fund. The financial statements for the New Housing Fund are provided separately under Note 17.

Australian Accounting Standards require that the financial assets of IBA be recorded at their fair value. Loans in relation to the housing and business loans portfolio are issued at concessional interest rates. A market valuation requires discounting the portfolio value to equate interest earned to market yield for comparable risk. The annual incremental discount is a non-cash expenditure item, recorded in the Statement of Comprehensive Income under write-down and impairment of assets.

For the investment portfolio, valuation at fair market value results in cyclical movements in property and business valuations being recorded in the Statement of Comprehensive Income.

OUTLOOK

Demand for IBA's solutions continues to grow. In 2018–19, IBA was able to utilise its reserves to meet increase demand beyond its government funding, resulting in a net cash outflow of \$64.0m. However, as a predominantly self-funded agency, IBA's resources and capital are finite. New sources of funding and innovative funding solutions are required to sustain increased performance and keep pace with demand. Any volatility in economic conditions including interest rates, would impact IBA's asset valuations and operating results.

We will continue to invest in cost-effective information management systems to improve our customer support activities and document management systems. There will be a strong focus on reducing the cost of services that support the Housing Solutions, Business Solutions and Investment and Asset Management Programs.

IBA's net asset base is expected to continue its steady growth during 2019–20, with total assets budgeted at \$1.6 billion as at 30 June 2020. Total consolidated revenue is budgeted to be \$196.1 million excluding unwinding concessional discount of \$57.6 million and including grant receipts of \$27.5 million and appropriations of \$9.6 million.

FIGURE 28: CAPITAL DEPLOYED VS CAPITAL INJECTIONS

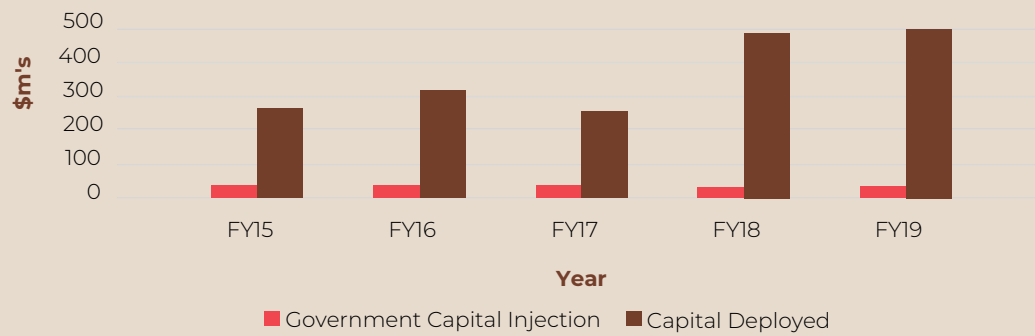
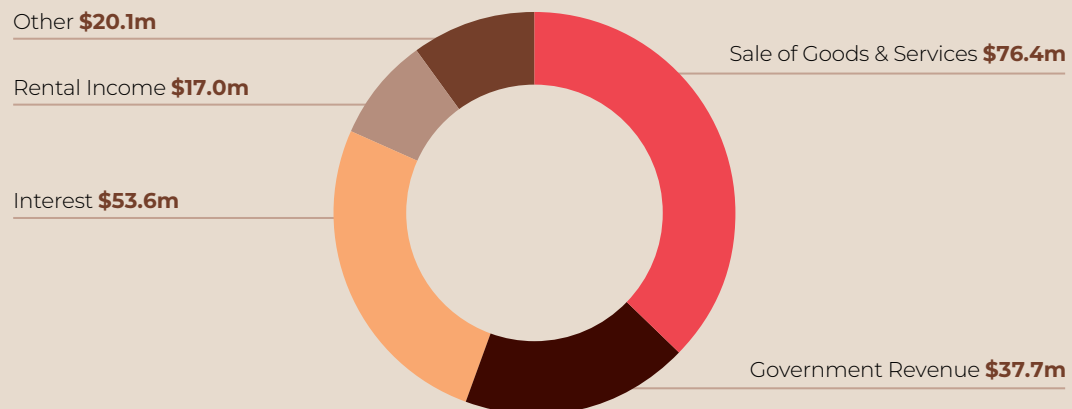


FIGURE 29: CONSOLIDATED INCOME





INDEPENDENT AUDITOR'S REPORT

To the Minister for Indigenous Australians

Opinion

In my opinion, the financial statements of the Indigenous Business Australia and its subsidiaries (together the Consolidated Entity) for the year ended 30 June 2019:

- (a) comply with Australian Accounting Standards – Reduced Disclosure Requirements and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- (b) present fairly the financial position of the Consolidated Entity as at 30 June 2019 and its financial performance and cash flows for the year then ended.

The financial statements of the Consolidated Entity, which I have audited, comprise the following statements as at 30 June 2019 and for the year then ended:

- Statement by Directors, Chief Executive Officer and Chief Financial Officer;
- Consolidated Statement of Comprehensive Income;
- Consolidated Statement of Financial Position;
- Consolidated Statement of Changes in Equity;
- Consolidated Cash Flow Statement; and
- Notes to and forming part of the financial statements including a Summary of Significant Accounting Policies.

Basis for opinion

I conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Consolidated Entity in accordance with the relevant ethical requirements for financial statement audits conducted by the Auditor-General and his delegates. These include the relevant independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) to the extent that they are not in conflict with the *Auditor-General Act 1997*. I have also fulfilled my other responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other information

The Accountable Authority of the Consolidated Entity is responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2019 but does not include the financial statements and my auditor's report thereon.

My opinion on the financial statements does not cover the other information and accordingly I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

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

Accountable Authority's responsibility for the financial statements

As the Accountable Authority of the Consolidated Entity, the directors are responsible under the *Public Governance, Performance and Accountability Act 2013* (the Act) for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards – Reduced Disclosure Requirements and the rules made under the Act. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the ability of the Consolidated Entity to continue as a going concern, taking into account whether the entity's operations will cease as a result of an administrative restructure or for any other reason. The directors are also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

Auditor's responsibilities for the audit of the financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian National Audit Office Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with the Australian National Audit Office Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Consolidated Entity's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Accountable Authority;
- conclude on the appropriateness of the Accountable Authority's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Consolidated Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Consolidated Entity to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Consolidated Entity to express an opinion on the financial report. I am responsible for the direction, supervision and performance of the Consolidated Entity audit. I remain solely responsible for my audit opinion.

I communicate with the Accountable Authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Australian National Audit Office



Ron Wah
Audit Principal

Delegate of the Auditor-General

Canberra
18 September 2019



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 2019 comply with subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013* (Cth) (**PGPA Act**), and are based on properly maintained financial records as per subsection 41(2) of PGPA Act.

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

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

Eddie Fry

Chair

17 September 2019

Anthony Ashby

Deputy Chair

17 September 2019

Rajiv Viswanathan

Chief Executive Officer

17 September 2019

Tom Hure

Chief Financial Officer

17 September 2019

STATEMENT OF COMPREHENSIVE INCOME

for the period ended 30 June 2019

		Consolidated		
		2019	2018	Original budget
	Notes	\$'000	\$'000	\$'000
NET COST OF SERVICES				
Expenses				
Employee benefits	2A	48,973	48,846	53,232
Supplier expenses	2B	78,580	76,097	77,999
Grants		7,933	6,730	8,382
Depreciation and amortisation	2C	8,388	6,480	7,260
Finance costs	2D	87,485	789	589
Write-down and impairment of assets	2E	11,093	64,836	41,552
Losses from asset sales		8	799	73
Other expenses		891	907	546
Total expenses		243,351	205,484	189,633
Own-source income				
Own-source revenue				
Sale of goods and rendering of services	3A	76,355	76,401	82,248
Interest	3B	53,639	51,816	51,937
Unwinding of concessional discount		81,563	-	-
Dividends		8,648	11,140	6,152
Rental income	3D	16,956	16,828	19,270
Other revenue	3E	29,573	44,858	31,815
Total own-source revenue		266,734	201,043	191,422
Gains				
Sale of assets		2,016	2,013	-
Other gains	3F	7,855	5,055	1,737
Total gains		9,871	7,068	1,737
Total own-source revenue		276,605	208,111	193,159
Net contribution of services		33,254	2,627	3,526
Revenue from Government	3G	9,762	10,133	9,762
Surplus (deficit) before income tax on continuing operations		43,016	12,760	13,288
Income tax expense		-	-	308
Surplus (deficit) after income tax on continuing operations		43,016	12,760	12,980
Surplus (deficit) attributable to non-controlling interests		13,637	3,756	3,877
Surplus (deficit) attributable to the Australian Government		29,379	9,004	9,103
Other comprehensive income				
Items not subject to subsequent reclassification to net cost of services				
Changes in asset revaluation reserves		(870)	(72)	-
Total other comprehensive income / (loss) after income tax		(870)	(72)	-
Total comprehensive income / (loss)		42,146	12,688	12,980
Total comprehensive income / (loss) attributable to non-controlling interests		13,637	3,756	3,877
Total comprehensive income / (loss) attributable to Australian Government		28,509	8,932	9,103

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

STATEMENT OF FINANCIAL POSITION

as at 30 June 2019

		Consolidated		
	Notes	2019 \$'000	2018 \$'000	Original budget \$'000
Assets				
Financial assets				
Cash and cash equivalents	6A	108,741	172,733	183,875
Trade and other receivables	6B	35,024	35,991	51,460
Loan receivables	6C	942,470	809,804	840,396
Investments	6D, 6E	270,776	239,016	231,090
Deferred tax assets		389	628	731
Total financial assets		1,357,400	1,258,172	1,307,552
Non-financial assets				
Land & Buildings	7A	30,969	27,201	25,661
Property, plant and equipment	7A	23,326	16,986	24,638
Investment property	7C	134,734	149,086	146,367
Operating lease assets	7A	13,123	6,480	-
Intangible assets and goodwill	7B	5,557	5,862	11,597
Inventories		2,283	2,272	2,451
Prepayments		2,893	1,628	1,554
Total non-financial assets		212,885	209,515	212,268
Total assets		1,570,285	1,467,687	1,519,820
Liabilities				
Payables				
Suppliers	8A	12,527	11,825	12,300
Tax liabilities		58	58	58
Other payables	8B	25,489	9,483	4,719
Total payables		38,074	21,366	17,077
Interest bearing liabilities				
Loans	9	19,003	17,504	17,503
Total interest bearing liabilities		19,003	17,504	17,503
Provisions				
Employee provisions	10A	8,155	6,727	5,900
Other provisions	10B	11,326	6,353	3,233
Total provisions		19,481	13,080	9,133
Total liabilities		76,558	51,950	43,713
Net assets		1,493,727	1,415,737	1,476,107
Equity				
Parent entity interest				
Contributed equity		1,056,237	1,033,386	1,056,124
Reserves		5,834	5,121	5,193
Retained earnings		288,310	265,426	291,644
Total parent entity interest		1,350,381	1,303,933	1,352,961
Attributed to non-controlling interests				
Contributed equity		132,181	110,269	121,513
Reserves		1,446	1,446	1,446
Retained earnings		9,719	89	187
Total non-controlling interests		143,346	111,804	123,146
Total equity		1,493,727	1,415,737	1,476,107

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

STATEMENT OF CHANGES IN EQUITY

as at 30 June 2019

	Notes	2019 \$'000	2018 \$'000	Original Budget \$'000
CONTRIBUTED EQUITY				
Opening balance				
Balance carried forward from previous period		1,143,655	1,069,408	1,154,787
Reclassification		-	(1,513)	-
Adjusted opening balance		1,143,655	1,067,895	1,154,787
Comprehensive income				
Distributions to owners				
Returns of capital				
Transfers		100	(1,356)	-
Contributions by owners				
Equity injection			-	-
Equity injection - Appropriations		22,850	22,850	22,850
Departmental capital budget		-	-	-
Equity injection - Non Controlling Interests		21,813	54,266	-
Restructuring		-	-	-
Total transactions with owners		44,763	75,760	22,850
Transfers between equity components		-	-	-
Closing balance as at 30 June		1,188,418	1,143,655	1,177,637
Less Non Controlling Interests		(132,181)	(110,269)	(121,513)
Closing Balance Attributable to the Australian Government		1,056,237	1,033,386	1,056,124
RETAINED EARNINGS				
Opening balance				
Balance carried forward from previous period		265,515	259,950	278,851
Reclassification		(4,866)	(3,860)	-
Adjusted opening balance		260,649	256,090	278,851
Comprehensive income				
Surplus for the period		43,016	12,760	12,980
Total comprehensive income		43,016	12,760	12,980
Dividends		(5,638)	(3,335)	-
Closing balance as at 30 June		298,028	265,515	291,831
Less Non Controlling Interests		(9,719)	(89)	(187)
Closing Balance Attributable to the Australian Government		288,310	265,426	291,644

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

STATEMENT OF CHANGES IN EQUITY (continued)

as at 30 June 2019

RESERVES	2019	2018	Original Budget
Opening balance	\$'000	\$'000	\$'000
Balance carried forward from previous period	6,567	5,450	6,639
Reclassifications	1,583	1,826	-
Adjusted opening balance	8,150	7,276	6,639
Comprehensive income			
Other comprehensive income	(870)	(72)	-
Total comprehensive income	(870)	(72)	-
Transfers	-	(637)	-
Closing balance as at 30 June	7,280	6,567	6,639
Less Non Controlling Interests	(1,446)	(1,446)	(1,446)
Closing Balance Attributable to the Australian Government	5,834	5,121	5,193
TOTAL EQUITY			
Opening balance			
Balance carried forward from previous period	1,415,737	1,334,810	1,440,277
Reclassification	(3,282)	(3,549)	-
Adjustment for changes in accounting policies	-	-	-
Adjusted opening balance	1,412,455	1,331,261	1,440,277
Comprehensive income			
Surplus/(Deficit) for the period	43,016	12,760	12,980
Other comprehensive income	(870)	(72)	-
Total comprehensive income	42,146	12,688	12,980
Transactions with owners			
Distributions to owners			
Returns on capital			
Dividends	(5,638)	(3,335)	-
Transfers	100	(1,993)	-
Contributions by owners			
Equity injection - Appropriations	22,850	22,850	22,850
Equity injection - Non Controlling Interests	21,812	54,266	-
Total transactions with owners	39,124	71,788	22,850
Transfers between equity components	-	-	-
Closing balance as at 30 June	1,493,727	1,415,737	1,476,107
Less Non Controlling Interests	(143,346)	(111,804)	(123,146)
Closing Balance Attributable to the Australian Government	1,350,381	1,303,933	1,352,961

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

CASH FLOW STATEMENT

for the period ended 30 June 2019

	Notes	Consolidated 2019 \$'000	2018 \$'000	Original Budget 2018 \$'000
Operating Activities				
Cash received				
Receipts from Government		9,762	10,133	9,762
Grants receipts		48,018	37,500	30,225
Goods and services		71,480	67,349	60,442
Interest		53,639	51,816	51,937
Dividends		8,648	1,970	6,152
GST received		991	1,597	-
Other revenue		19,388	15,414	19,123
Total cash received		211,926	185,779	177,641
Cash used				
Employees		47,568	48,101	52,649
Suppliers		78,955	70,678	75,409
Borrowing costs		1,571	789	8,382
Other expenses		4,661	6,730	2,217
Total cash used		132,755	126,298	138,657
Net cash from operating activities		79,171	59,481	38,984
Investing Activities				
Cash received				
Proceeds from sales of property, plant and equipment, and investment properties		16,016	6,379	-
Investments redeemed		51,884	87,126	10,262
Other - repayment of loans receivable		250,379	157,029	160,420
Total cash received		318,279	250,534	170,682
Cash used				
Purchase of property, plant and equipment		20,976	61,582	
Purchase of other non-financial assets		3,005	1,799	9,500
Investments purchased		75,120	100,335	29,612
Other - loans and advances made		399,903	331,574	243,500
Total cash used		499,004	495,290	282,612
Net cash used by investing activities		(180,725)	(244,756)	(111,930)
Financing Activities				
Cash received				
Contributed equity		41,701	74,246	22,850
New borrowing		7,499	6,004	-
Total cash received		49,200	80,250	22,850
Cash used				
Repayment of borrowings		6,000	-	-
Dividends paid		5,638	-	3,200
Total cash used		11,638	-	3,200
Net cash from financing activities		37,562	80,250	19,650
Net (decrease)/ increase in cash held		(63,992)	(105,025)	(53,296)
Cash and cash equivalents at the beginning of the reporting period		172,733	277,758	237,171
Cash and cash equivalents at the end of the reporting period	6A	108,741	172,733	183,875

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

NOTES TO THE FINANCIAL STATEMENTS

Note 1: Overview	107
Note 2: Expenses	116
Note 3: Income	118
Note 4: Reclassification of income	119
Note 5: Fair value measurements	120
Note 6: Financial assets	121
Note 7: Non-financial assets	124
Note 8: Payables	127
Note 9: Interest-bearing liabilities	128
Note 10: Provisions	129
Note 11: Contingent liabilities and contingent assets	130
Note 12: Remuneration of Key Management Personnel and senior executives	131
Note 13: Related party disclosure	132
Note 14: Financial instruments	133
Note 15: Assets held in trust	135
Note 16: Reporting of outcomes	136
Note 17: New Housing Fund	137
Note 18: Parent Entity - Indigenous Business Australia	141

NOTE 1: OVERVIEW

1.1. Objectives of Indigenous Business Australia

Indigenous Business Australia ('IBA') is an Australian Government controlled entity which 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 IBA to perform as an agent of the Commonwealth; or*
 - b. *the Minister has delegated to IBA.*

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

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.

1.2. Basis of preparation of the financial report

The financial statements are general purpose financial statements and are required by section 42 of the *Public Governance, Performance and Accountability Act 2013*.

The financial statements have been prepared in accordance with:

- c. *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015 ('FRR')* for reporting periods ending on or after 1 July 2017; and
- d. *Australian Accounting Standards - Reduced Disclosure Requirements 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 and liabilities which have been recognised 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 FRR, assets and liabilities are recognised in the Statement of Financial Position when and only when it is probable that future economic benefits will flow to the entity or a future sacrifice of economic benefits will be required, and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under executor contracts are not recognised unless required by an accounting standard. Future commitments that are not recognised as liabilities are disclosed.

Unless an alternative treatment is specifically required by an accounting standard or the FRR, income and expenses are recognised in the Statement of Comprehensive Income when, and only when, the inflow, 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, which is based on market inputs, backed by periodic external valuations.
- The fair value of loan assets recognised at inception during the period, which is based on market-derived inputs and historical rates of default.
- The reclassification of the loans portfolio from assets held at fair value through profit or loss ('FVTPL') to amortised cost, based on the new area of accounting judgement required by AASB 9: Financial Instruments, which categorises financial assets based on the business model in which they are held and whether their associated cashflows consist solely of payments of principal and interest.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Management believes the estimates used in preparing the financial report are reasonable. Actual results in the future may differ from those reported and it is therefore reasonably possible, on the basis of existing knowledge, that outcomes within the next financial period that are different from IBA's assumptions and estimates could require an adjustment to the carrying amounts of the reported assets and liabilities.

1.4. Change in accounting estimate

Accounting estimates are the necessary result of the uncertainties inherent in business activities, requiring certain items to be estimated rather than measured with precision.

IBA has a significant portfolio of concessional loan receivables which, at initial recognition, are discounted to fair value and subsequently measured at amortised cost from 1 July 2018. The discount rate is determined by reference to observable market variable rate of comparable loan receivables, which are adjusted to reflect the characteristics of IBA's portfolio.

The method of adjusting the observable market variable rate has changed following advice from an independent consultant. The former method was to gross up the credit risk component of the observable market variable rate using APRA credit risk weights applicable to loans in IBA's housing loan portfolio.

The new method is to adjust the credit risk component of the observable market variable rate using IBA's experience of credit losses in its loan portfolio. The credit risk component of the observable market variable rate is removed and replaced by IBA's credit risk margin, which is derived from the historical performance of IBA's portfolio. It multiplies the probability of default ('PD') by the loss given default ('LGD'). The observable market variable rate is further adjusted to remove the acquisition costs component and to increase the funding costs component.

The change in accounting estimate took place on 1 July 2018. In line with *AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors*, the change in the discount rate does not affect existing assets. No assets were required to be remeasured at the date of change.

The basis of other key judgements and estimation uncertainty applied by management are consistent with those that were applied and disclosed in the annual financial report for the year ended 30 June 2018.

1.5. Changes in Australian Accounting Standards

Adoption of new Australian Accounting Standards requirements

No accounting standard has been adopted earlier than the application date stated in the standard. The following new standards and amendments to standards were issued prior to the sign-off date:

- AASB 9 Financial Instruments - December 2014 (Principal)
- AASB 7 Financial Instruments: Disclosures - December 2017 (Compilation)
- AASB 2017-1 Amendments to Australian Accounting Standards - Transfers of Investment Property, Annual Improvements 2014-2016 Cycle and Other Amendments
- AASB 2017-2 Amendments to Australian Accounting Standards: Further Annual Improvements 2014-2016 Cycle

Impact of adoption of AASB 9 and AASB 7

New area of accounting judgement

Under AASB 9, determining the appropriate business model for a group of financial assets and assessing whether the cash flows generated by an asset constitute solely payment of principal and interest ('SPPI test') are new areas of accounting judgement.

New categories

AASB 9 has three classification categories for financial assets; amortised cost, fair value through other comprehensive income ('FVOCI') and fair value through profit or loss ('FVTPL'). The classification is based on the business model under which the financial asset is managed and its contractual cash flows. These categories supersede the AASB 139 categories of loans and receivables, available-for-sale and held-to-maturity.

Reclassification of loan portfolio from FVTPL to amortised cost

IBA's loan portfolio, which at the start of the reporting period comprised 75% of all financial assets, was reclassified from FVTPL under AASB 139 to amortised cost under AASB 9 consistent with the SPPI test. The carrying value of the portfolio held at the beginning of the reporting period is being amortised over the remainder of its expected life. No remeasurement of the portfolio was required.

Presentation

Financial instruments are presented by category. For the first set of financial statements following transition, IBA is disclosing the previous categories as well as the current categories of its financial assets, in line with the requirements of *AASB 7: Financial Instruments: Disclosures*.

Other standards issued prior to the sign-off date did not have a material financial impact on IBA.

Future Australian Accounting Standards requirements

The following new standards, amendments to standards or interpretations were issued by the AASB prior to the signing of these statements by the Chief Executive Officer and Chief Financial Officer and are expected to have a financial impact on IBA for future periods:

- AASB 15 Revenue from Contracts with Customers - October 2015 (Compilation)
- AASB 16 Leases - February 2016 (Principal)
- ASB 2016-3 Amendments to Australian Accounting Standards - Clarifications to AASB 15
- AASB 2017-1 Amendments to Australian Accounting Standards - Transfers of Investment Property, Annual Improvements 2014-2016 Cycle and Other Amendments
- AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15
- AASB 2015-3 Amendments to Australian Accounting Standards - Effective Date of AASB 15
- AASB 2016-3 Amendments to Australian Accounting Standards - Clarifications to AASB 15
- AASB 2017-1 Amendments to Australian Accounting Standards - Transfers of Investment Property, Annual Improvements 2014-2016 Cycle and Other Amendments
- AASB 2016-3 Amendments to Australian Accounting Standards - Clarifications to AASB 15
- AASB 2018-8 Amendments to Australian Accounting Standards – Right-of-Use Assets of Not-for-Profit Entities

Other new standards that were issued prior to the signing of the statements by the Chief Executive Officer and Chief Financial Officer and are applicable to the future reporting period are not expected to have a future material financial impact on IBA.

1.6. Revenue

Revenue from the sale of goods is recognised when:

- the risks and rewards of ownership have been transferred to the buyer
- IBA 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 of services is recognised by reference to the stage of completion of contracts at the reporting date. The revenue is recognised when:

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

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

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

Interest revenue is recognised using the effective interest method as set out in *AASB 9: Financial Instruments*.

Resources received free of charge

Resources received free of charge are recognised as revenue or 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.

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 non-corporate or corporate Commonwealth entity as a consequence of a restructuring of administrative arrangements (refer to Note 1.7).

Revenues from Government

Funding received or receivable from non-corporate Commonwealth entities (appropriated to the non-corporate Commonwealth entity as a corporate Commonwealth entity payment item for payment of this entity) is recognised as Revenue from Government unless the funding is in the nature of an equity injection or a loan.

Grant Income

Amounts received as government grants during the year are recognised as income on a systematic basis over the periods in which IBA recognises as expenses the related costs for which the grants are intended to compensate, except where the Grant received is considered non-reciprocal, or when IBA has obtained control of the contribution, in which case it is recognised immediately.

1.7. Gains

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.

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 entity as a consequence of a restructuring of administrative arrangements.

Sales of assets

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

1.8. Transactions with the Government as owner

Equity injections

Amounts appropriated which are designated as '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 Government entity under a restructuring of administrative arrangements are adjusted at their book value directly against contributed equity.

Other Distributions to Owners

The FRR requires that distributions to owners be debited to contributed equity unless it is in the nature of a dividend.

1.9. Employee benefits

Liabilities for short-term employee benefits (as defined in *AASB 119 Employee Benefits*) 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 the net total of the present value of the defined benefit obligation at the end of the reporting period, less 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 employees of IBA is estimated to be less than the annual entitlement for sick leave.

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.

Amounts received under the Parental Leave Payments Scheme by IBA not yet paid to employees are presented on a gross basis as both cash received and corresponding liability.

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'), Public Sector Superannuation Scheme ('PSS'), the PSS accumulation plan ('PSSap') or other scheme they nominate.

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 in the Department of Finance's schedules and notes.

IBA makes employer contributions to the employee superannuation scheme at rates determined by an actuary to be sufficient to meet the current cost to the Government. IBA accounts for the contributions as if they were contributions to defined contribution plans.

The liability for superannuation recognised at year end represents outstanding contributions for the final fortnight of the year.

1.10. Leases

A distinction is made between finance leases and operating leases. Finance leases transfer from the lessor to the lessee substantially all the risks and rewards incidental to ownership of leased assets. An operating lease is a lease that is not a finance lease.

Lessee accounting

All the leases to which IBA is party as a lessee are operating leases. The lease payments are expensed on a straight-line basis which is representative of the pattern of benefits derived from the leased assets. Lease incentives granted to IBA are recognised as a reduction of rental expense over the lease term.

Lessor accounting: operating leases

Rental income from operating leases is recognised in the Statement of Comprehensive Income on a straight-line basis over the term of the lease. Initial direct costs incurred by IBA in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in the Statement of Comprehensive Income over the lease term on the same basis as the lease income. Lease incentives granted by IBA are recognised as a reduction of rental income over the lease term.

Lessor accounting: finance leases

Leases where IBA has transferred substantially all risks and rewards incidental to ownership of the leased assets to the lessees are classified as finance leases. The leased asset is recognised as a finance lease. The finance lease receivable is equal to the minimum lease payments receivable over the course of the lease, discounted at the interest rate implicit in the lease. The interest rate implicit in the lease is the discount rate that, at the inception of the lease, causes the present value of (A) the minimum lease payments and (B) the unguaranteed residual value to be equal to the sum of (C) the fair value of the leased asset and (D) any initial direct costs of the lessor. The difference between the undiscounted receivable and discounted receivable is recognised as unearned finance income.

Each lease payment received is allocated proportionally against the finance lease receivable and the unearned income. The finance income is recognised in the Statement of Comprehensive Income on a basis that reflects a constant periodic rate of return on the net investment in the finance lease receivable.

Initial direct costs incurred by IBA in negotiating and arranging finance leases are added to finance lease receivables and recognised as an expense in the Statement of Comprehensive Income over the lease term on the same basis as the lease income.

Contingent rents are recognised as income in the Statement of Comprehensive Income when earned.

1.11. Borrowing costs

All borrowing costs are expensed as incurred.

1.12. Fair Value Measurements

IBA did not have any transfers between the fair value hierarchy during 2018-19 or 2017-18.

1.13. Principles of consolidation

IBA's consolidated financial statements comprise the financial statements of the parent entity and its subsidiaries, together with IBA's share of the results of associates. 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 2018 to 30 June 2019 using accounting policies 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.

A subsidiary is an entity under IBA's control. The results of subsidiaries are consolidated from the date on which control over the operating and financial policies is obtained and cease to be consolidated from the date on which control is transferred. IBA controls an entity when it is exposed to, or has the rights to, variable returns from its involvement with the entity or has the ability to affect those returns through its power over the entity.

An associate is an entity over which IBA is in a position to exercise significant influence through participation in the financial and operating policy decisions of the investee, but which is not a subsidiary or a jointly controlled entity. IBA's share of the results, assets and liabilities of an associate are included in the Financial Statements using the equity method of accounting. Under the equity method of accounting, the investment in the associate is carried in the Balance Sheet at cost plus post-acquisition changes in IBA's share of net assets of the associate, less distributions received, less any impairments in the value of the investment.

IBA's investments in associates are classified as financial instruments measured at fair value through profit or loss in line with AASB 9: *Financial Instruments*. These investments are fair-valued as at reporting date and distribution income received from them is recognised as a dividend. The carrying value of associates is detailed in Note 6d.

1.14. Financial risk management

The operating, investing and financing activities of IBA expose IBA to credit, liquidity and interest rate risks. The 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.
- 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 interest rates.
- Liquidity risk: a risk that IBA may not have or may not be able to raise the funds to meet these obligations.

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

1.15. Financial instruments

Recognition of financial instruments

Financial instruments are recognised when IBA becomes a party to the contractual provisions of the instrument.

A financial instrument is initially recognised at fair value and is adjusted for (in the case of instruments not carried at FVTPL) transaction costs that are incremental and directly attributable to the acquisition or issuance of the financial instrument. Transaction costs relating to financial instruments carried at FVTPL are expensed in the Statement of Comprehensive Income.

Derecognition of financial instruments

Financial assets are de-recognised from the statement of financial position when the rights to cash flows have expired and IBA has transferred the financial asset such that it has transferred substantially all the risks and rewards of ownership of the financial asset. Financial liabilities are de-recognised from the statement of financial position when IBA's obligation has been discharged, cancelled or has expired.

Classification

Financial assets are classified based on the business model within which the asset is held and on the basis of the financial asset's contractual cash flow characteristics.

Subsequent measurement

A financial asset is subsequently measured at amortised cost using the effective interest method if the following conditions are met:

- (i) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows;
- (ii) the contractual terms of the financial asset give rise on specified dates to cash flows consist solely of payments of principal and interest ('SPPI').

The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset.

A financial asset is subsequently measured at fair value through other comprehensive income ('FVOCI') if the financial asset is held within a business model with multiple objectives: both to sell financial assets and to hold financial assets in order to collect contractual cashflows which pass the SPPI test. IBA does not have any FVOCI financial assets.

Fair value through profit or loss

Financial assets that do not meet the criteria to be measured at amortised cost or FVOCI are measured at FVTPL, with all changes in fair value recognised in investment income as part of other operating income and charges.

Assessment of business model and SPPI test

IBA determines the business model at the level that reflects how groups of financial assets are managed. In determining the business model, all relevant evidence that is available at the date of the assessment is used. IBA exercises judgement to determine the appropriate level at which to assess its business models and its intention with respect to its financial assets. Key considerations for the SPPI assessment include the timing of the contractual cash flows and the interest component, where interest primarily reflects the time value of money and the credit risk of the principal outstanding.

Categorisation and valuation of IBA's financial assets

FVTPL

- Investments in subsidiaries, associates, joint ventures and other related business undertakings, including loans to such entities, are classified as FVTPL. These investments are fair-valued as at reporting date and distribution income received from them is recognised as a dividend. Valuation is based on market inputs and supported by an independent valuation once every three years. The

methodology adopted in relation to valuation by the directors of subsidiaries and associates uses techniques consistent with those of the most recent independent valuation. The fair value of subsidiary business is also used to test the value of the assets within for impairment.

- Convertible redeemable bonds are held at FVTPL since cashflows associated with the bonds do not meet the SPPI test and are fair-valued at reporting date based on market inputs.

Amortised cost

- Business and home loans are issued at lower than market rates. They are fair-valued at inception 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. The loans are subsequently measured at amortised cost using the effective interest method and the discount recognised at inception is progressively unwound through the expected life of the loan.
- Trade and other receivables are recognised at transaction value and held at amortised cost.
- Deposits with banks with an original maturity greater than three months are held at amortised cost.

Cash is recognised at its nominal amount. Cash and cash equivalents include cash on hand and demand 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.

When measuring fair value, IBA is required to maximise the use of observable inputs. IBA uses inputs from Level 2 of the fair value hierarchy: inputs other than quoted price that are observable either directly or indirectly.

Financial liabilities

AASB 9 largely retains the existing requirements of AASB 139 for the classification and measurement of financial liabilities. Financial liabilities are recognised and derecognised upon trade date.

Financial liabilities, including borrowings, are initially measured at fair value net of transaction costs. These liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. Financial liabilities are recognised and derecognised upon trade date.

Supplier and other payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods and services have been received, regardless of whether they have been invoiced.

Interest bearing loans and borrowings

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

Impairment of financial instruments

Expected credit losses ('ECL')

The ECL requirements apply to financial assets measured at amortised cost and FVOCI, lease receivables, amounts receivable from contracts with customers, loan commitments, certain letters of credit and financial guarantee contracts. The calculation of ECL requires judgement and the choice of inputs, estimates and assumptions. IBA's calculation of the ECL includes forward-looking or macro-economic information ('FLI'). Where ECL is modelled collectively for portfolios of exposures, it is modelled as the product of the probability of default ('PD'), the loss given default ('LGD') and the exposure at default ('EAD').

Concessional loan assets

Concessional loan assets are recognised at the market-based value of the loan reduced by a concessional discount. The concessional loan discount is the difference between the face value of the loan after adjusting for accrued interest and capitalisation of transaction costs and the loan's fair value. In line with *RMG 115: Accounting for Concessional Loans*, the undiscounted value of the loan asset is recognised in full and the discount component of the concessional loan is immediately recognised as an expense in the Statement of Comprehensive Income. Interest income is subsequently determined using a credit-adjusted effective interest rate. The credit-adjusted EIR is the EIR adjusted for expected credit losses on initial recognition. The ECL is measured as the product of the lifetime PD, LGD and EAD adjusted for FLI. For concessional loan assets, IBA exercises judgement based on the behavioural, rather than contractual characteristics of the facility type.

Subsequent unwinding of discount

Under AASB 9, IBA's concessional loans are subsequently measured at amortised cost. The discount expensed at initial recognition of the loan asset is unwound over the expected life of the loan. The difference between the income from the effective interest rate and the interest charged to the borrower's loan account results in the progressive unwinding of the concessional loan discount.

Indicators of impairment occurring subsequent to recognition

If there is objective evidence that events occurring subsequent to recognition of a loan asset held at amortised cost have affected expected cash flows, an impairment is recognised as the difference between the carrying value of the loan and the discounted value of management's best estimate of future cash repayments and proceeds from any security held (discounted at the loan's original effective interest rate). The impairment loss is recognised in the Statement of Comprehensive Income. Objective indicators of impairment include: significant financial difficulties of the debtor, probability that a debtor will enter bankruptcy, and default or significant delay in payments.

1.16. Provisions

Provisions are recognised when IBA has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligation as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligation may be small. Where IBA expects some or all of a provision to be reimbursed, the reimbursement is

recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is recognised in the profit or loss net of any reimbursement.

A contingent liability is disclosed where the existence of an obligation will only be confirmed by future events, or where the amount of the obligation cannot be measured with reasonable reliability. Contingent liabilities are not recognised in the Statement of Financial Position.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future. Contingent assets are not recognised but are disclosed where an inflow of economic benefits is probable.

1.17. Financial guarantee contracts

Financial guarantee contracts are treated as a financial instrument within the scope of AASB 9 *Financial Instruments*. As such, they are not classified as a provision or contingent liability within the scope of AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*.

1.18. 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 revenue 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's accounts immediately prior to the restructuring.

1.19. Property, plant and equipment

Asset recognition threshold

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

Depreciation

A depreciable asset is an asset deemed to have a limited useful life.

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

Depreciable asset class	Estimated useful life (FY19)	Estimated useful life (FY18)
Leasehold improvements	Lease term	Lease term
Buildings	50 years	50 years
Other property, plant and equipment	3 – 5 years	3 – 5 years

Land is not a depreciable asset.

Make good

IBA is a party to property leases where there exists an obligation for IBA to restore the property to original condition. These costs are included in the value of IBA's leasehold improvements with a corresponding provision for make good recognised.

Impairment

Property, plant and equipment assets with high value and long estimated useful lives are assessed for impairment on an annual basis. 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.

Heritage and cultural assets

IBA has a collection of artwork which has been classified as heritage and cultural assets since the works are primarily used for purposes that relate to their cultural significance. Only heritage and cultural assets that can be reliably measured are recognised. Purchases of heritage and cultural assets are recognised initially at cost in the Statement of Financial Position, except for purchases less than \$1,000, for each item, which are expensed in the year of acquisition. Heritage and cultural assets acquired at no cost, or for a nominal cost, are initially recognised at fair value. Since IBA has curatorial and preservation policies regarding the heritage and cultural assets, the assets are deemed not to have limited useful lives in line with AASB 16: *Property, Plant and Equipment*, and thus are not subject to depreciation. However, they are subject to impairment testing when there is an indication of impairment. Where indications of impairment exist, the recoverable amount is estimated, and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

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.

1.20. Goodwill

Goodwill arises on a business combination where the acquirer transfers a consideration in excess of the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. In line with AASB 3: *Business Combinations*, when IBA is the acquirer in a business combination, IBA recognises goodwill as an asset representing the excess of consideration paid over net assets acquired. Goodwill is not amortised. IBA assesses its goodwill for impairment on an annual basis or when there are indicators of impairment.

1.21. Intangible Assets

An intangible asset is an identifiable non-monetary asset without physical substance. IBA's intangible assets are amortised on a straight-line basis over their estimated useful lives. Internally-generated software assets, which have useful lives of three years, comprise the majority of IBA's intangible assets.

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.

When measuring fair value, IBA is required to maximise the use of observable inputs. IBA uses inputs from Level 2 of the fair value hierarchy: inputs other than quoted price that are observable either directly or indirectly. IBA uses a market-based valuation technique incorporating recently observed market data for similar properties and future earnings discounted at market capitalisation rates. IBA uses independent qualified valuers to value major properties annually and all other properties at least once every three years.

Investment properties are tested for impairment based on market selling price.

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 loss on disposal of an investment property is recognised in profit or loss in the year of disposal.

1.23. Inventories

Inventories held for sale are valued at the lower of cost and net realisable value. Inventories held for distribution are valued at cost, adjusted for any loss of service potential.

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

- Raw materials and stores: purchase cost on a first-in, first-out basis
- 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 for a nominal consideration are initially measured at current replacement cost at the date of acquisition.

1.24. Taxation

As at reporting date, IBA is exempt from all forms of taxation except the goods and services tax ('GST'). IBA became exempt from fringe benefits tax ('FBT') on 1 January 2019.

Revenues, expenses, and assets and liabilities are recognised net of GST except:

- where the amount of GST incurred is not recoverable from the Australian Taxation Office ('ATO')
- for receivables and payables.

These exemptions apply to the parent entity but not to the entities under IBA's control. Incorporated entities under IBA's control are subject to taxation and adopt 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.

Current income tax charged to the Statement of Comprehensive Income is the tax payable on taxable income. Amounts expected to be paid to the relevant tax authority are recognised as current tax liabilities. Amounts expected to be recovered from the relevant tax authority are recognised as current tax liabilities.

Current tax liabilities/(assets) are measured at the amounts expected to be paid to/(recovered from) the relevant authority.

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 that 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 to comply with the conditions of deductibility imposed by the law.

1.25. Competitive neutrality

IBA does not have any competitive neutrality obligations.

1.26. Events After the Reporting Period

There are no potential significant events that will affect the ongoing structure and financial activities of IBA after 30 June 2019.

1.27. Explanation of major variances between the actual amounts presented in the financial statements and the corresponding original budget amounts (AASB1055)

The table below provides commentary for significant variances between IBA's original budget estimates, as published in the 2018-19 Portfolio Budget Statements, and the actual expenses, own-source revenue and assets for the year.

Affected line item	Variance reporting
<u>Statement of Comprehensive Income</u>	
Finance costs	The change in accounting policy has required IBA to separate both the impairment of loan receivables on acquisition ("finance costs"), and wind back of discount as the loan is repaid ("Unwinding of concessional discount"), whereas the budget allowed these amounts be offset, which was previously done so against "write-down and impairment of assets". Further, the policy change and change in estimate to better reflect IBA loan portfolio performance has seen less impairment recognised than budgeted.
Write-down and impairment of assets	
Unwinding of concessional discount	
<u>Statement of Financial Position</u>	
Cash and cash equivalents	Original budget opening balance did not fully reflect materially increased loan advances that occurred during FY17-18, and FY18-19 also reflected outperformance of loan advances against budget.
Loan receivables	
Investments	IBA invested amounts received from Indigenous partners in the form of equity, as well as the Indigenous Entrepreneurs Scheme grant, both of which were unbudgeted.
<u>Statement of Cash Flow</u>	
Repayment of loans receivables	Invoice Financing product repayments were unbudgeted for FY18-19, being its first full year of performance.
Investments purchased	Amounts received from Indigenous partners in the form of equity are unbudgeted, as are stand-alone Government grants and/or appropriations such as the Indigenous Entrepreneurs Scheme grant.
Loans and advances made	Invoice Financing product advances were unbudgeted for FY18-19, being its first full year of performance, as well as outperformance of loan advances against budget.

Note 2: Expenses

	Consolidated	
	2019	2018
	\$'000	\$'000
Note 2A: Employee benefits		
Wages and salaries	38,856	37,979
Superannuation:		
Defined contribution plans	4,042	4,075
Defined benefit plans	617	759
Leave entitlements	3,528	4,081
Other entitlements	1,930	1,952
Total employee benefits	48,973	48,846

Note 2B: Supplier expenses

Cost of goods sold	38,902	39,440
Consultants	4,991	4,966
Investment property management expenses	7,898	6,900
IT expenses	4,123	3,827
Legal expenses	2,678	2,404
Office related expenses	3,333	3,572
Travel expenses	4,073	3,319
Other suppliers	8,906	7,992
Operating lease rentals - related entities	210	312
Operating lease rentals - external entities	3,205	2,954
Workers compensation expenses	261	411
Total supplier expenses	78,580	76,097

Note 2C: Depreciation and amortisation

Depreciation		
Property, plant and equipment	7,002	4,851
Leasehold improvements	511	697
Total depreciation	7,513	5,548

Amortisation		
Intangible assets	875	932
Total amortisation	875	932
Total depreciation and amortisation	8,388	6,480

Note 2D: Finance costs

Concessional loan discount recognised	85,913	-
Interest expense	1,572	789
Total write-down and impairment of assets	87,485	789

Note 2: Expenses continued

	2019 \$'000	2018 \$'000
Note 2E: Write-down and impairment of assets		
Asset write-down and impairments from		
Write-down on non-financial assets	708	1,135
Impairments on loans	5,303	7,586
Valuation decrements on financial assets held at Fair Value To Profit & Loss	-	51,998
Valuation decrements on loans (previously classified as loans and receivables)	5,082	4,117
Total write-down and impairment of assets	11,093	64,836

Concessional loan discount

Concessional loan assets are recognised at the nominal value of the loan reduced by a concessional discount. The concessional loan discount recognised (Note 2D) is the difference between the nominal value of loans after adjusting for capitalisation of transaction costs and the fair value measured at inception.

Loans are subsequently measured at amortised cost, and the discount at initial recognition of the loan asset is unwound over the expected life of loan. The concessional loan discount recognised (Note 2D) less the unwinding of concessional loan discount (see Note 3C) represents the net movement in carrying discount for loans held at amortised cost (Note 6c).

For 2018, concessional loans were measured at FVTPL and the net movement in the carrying discount was recognised as valuation decrements on financial assets held at FVTPL (see Note 2E).

	2019 \$'000	2018 \$'000
Reconciliation of movement in carrying discount housing and business loans		
Discount on new loans and other issuance (see note 2D)	85,913	-
Wind back of discount (see note 3C)	(81,563)	-
Valuation decrement (see note 3F)	-	51,998
Closing carrying discount	4,350	51,998
Net movement in carrying discount - housing and business loans (Note 6C)		
Home Ownership Program	2,767	50,991
Business Development and Assistance Program	1,583	1,007
Total carrying discount	4,350	51,998

Note 3: Income

	Consolidated	
	2019	2018
	\$'000	\$'000

Own-source revenue

Note 3A: Sale of goods and rendering of services

Sale of goods	74,810	74,243
Rendering of services	1,545	2,158
Total sale of goods and rendering of services	76,355	76,401

Note 3B: Interest

Loans receivables	50,699	47,358
Deposits	2,940	4,458
Total interest	53,639	51,816

Note 3C: Unwinding of concessional loan discount

Interest calculated using the effective interest method	130,967	-
Interest charged to borrowers	(49,404)	-
Total unwinding of concessional loan discount *	81,563	-

Note 3D: Rental income

Operating lease		
More than 12 months	-	-
Investment properties	-	12,755
Other	4,561	4,073
Total rental income	16,956	16,828

Note 3E: Other revenue

Grant Income	27,954	42,696
Other	1,619	2,162
Total other income	29,573	44,858

Note 3F: Other gains

Change in fair value of non-financial assets	7,855	5,055
Change in fair value of financial assets	-	-
Total other gains	7,855	5,055

Note 3G: Revenue from Government

Department of Prime Minister and Cabinet		
Corporate Commonwealth Entity payment item	9,762	10,133
Total revenue from Government	9,762	10,133

* Unwinding of concessional loan discount

The discount expensed at the initial recognition of concessional loan asset is unwound over the expected life of the loan using the effective interest method. The amount of unwinding of concessional loan discount (Note 3C) is the difference between the income calculated on the carrying value of the loan using the credit adjusted effective interest rate and the interest charged to borrowers loan accounts.

Note 4: Reclassification of Income

	Consolidated	
	2019	2018
	\$'000	\$'000
Reclassification Adjustments		
The following amounts previously recognised in other comprehensive income have been reclassified to profit or loss.		
Noongar Property Trust	-	374
Total reclassification adjustments of other comprehensive income	-	374

Noongar Property Holdings Pty Limited as trustee for Noongar Property Trust divested 10% of its units to Indigenous partners resulting in a loss on sale of \$374,246 in 2017-18.

Note 5: Fair Value Measurements

Note 5A: Fair Value Measurements, Valuation Techniques and Inputs Used

Fair value measurements at the end of the reporting period by hierarchy for assets and liabilities for 2019

	Fair value measurements at the end of reporting period				Inputs
	2019 \$'000	2018 \$'000	Category Level	Valuation Technique(s)	Used
Financial assets					
Designated at fair value through profit and loss					
Loan receivables - Home	897,197	772,708	Level 2	Cashflows discounted at the risk adjusted market rate of interest	Yield curve, Loan to Value ratio, expected life and benchmark rates
Loan receivables - Business	45,274	37,096	Level 2	Cashflows discounted at the risk adjusted market rate of interest	Yield curve, Loan to Value ratio, expected life and benchmark rates
Bonds and fund investments	221,237	193,639	Level 1	Fund quoted market values	Fund quoted market values
Available for sale					
Associates	17,315	19,324	Level 2	Future earnings discounted at risk adjusted market rates	Earnings forecast, rates of return on capital
Total financial assets	1,181,023	1,022,767			
Non-financial assets					
Land & Buildings	30,969	27,201	Level 2	Market approach using recently observed market data for similar properties and discounted earnings method	Market approach using recently observed market data for similar properties and discounted earnings method
Investment Properties	134,734	149,086	Level 2	Market approach using recently observed market data for similar properties and discounted earnings method	Market sales data, future earnings and market capitalisation rate
Operating lease assets	13,123	6,480	Level 2	Market approach using recently observed market data for similar plant and equipment and discounted earnings method	Market sales data, future earnings and market capitalisation rate
Plant & Equipment	23,326	16,986	Level 2	Market approach using recently observed market data for similar properties and discounted earnings method	Market sales data, future earnings and market capitalisation rate
Total non-financial assets	202,152	199,753			

Note 5B: Level 1 and Level 2 Transfers for Recurring Fair Value Measurements

There are no transfers between Level 1 and Level 2 for assets measured at fair value on a recurring basis during the reporting period.

Note 6: Financial Assets

	Consolidated	
	2019	2018
	\$'000	\$'000
Note 6A: Cash and cash equivalents		
Parent		
Home Loan Capital	12,789	28,442
New Housing Fund	5,851	56,706
Other cash held or on deposit	40,549	42,362
Subsidiaries	49,552	45,223
Total cash and cash equivalents	108,741	172,733

Note 6B: Trade and other receivables

Goods and services receivables		
Trade receivables	15,613	11,649
Accrued trade receivables	4,451	7,307
Finance lease receivable	10,387	6,606
Sundry debtors	107	154
Total receivables for goods and services	30,558	25,716

Payment is usually made within 30 days.

Other receivables		
Accrued distribution receivable	4,276	10,088
Accrued interest receivable	190	187
Total other receivables	4,466	10,275

Total trade and other receivables	35,024	35,991
--	---------------	---------------

Credit terms for goods and services were within 30 days (2018: 30 days).

Note 6C: Loans receivable

Reconciliations of movements of loans receivable	Consolidated	
	2019	2018
	\$'000	\$'000
Loans - Home Ownership Program		
Opening carrying value	772,708	679,277
Add: net loans movement at cost	128,632	148,830
Add/(less): movement in carrying discount at amortised cost (2019) or FVTPL (2018)		
Discount on new loans measured at fair value at inception (or value of new loans measured at FVTPL)	(80,624)	(113,687)
Wind back of discount (or movement in discount of loans on remeasurement at FVTPL)	77,857	62,696
Net movement in carrying discount	(2,767)	(50,991)
Less: movement in provision for expected credit losses	(1,377)	(4,408)
Closing carrying value	897,196	772,708
Loans - Business Development and Assistance Program		
Opening carrying value	37,096	30,192
Add: net loans movement at cost	9,215	11,087
Add/(less): movement in carrying discount at amortised cost (2019) or FVTPL (2018)		
Discount on new loans measured at fair value at inception (value of new loans measured at FVTPL)	(5,289)	(3,776)
Wind back of discount (or movement in discount of loans on remeasurement at FVTPL)	3,706	2,769
Net movement in carrying discount	(1,583)	(1,007)
Less: movement in provision for expected credit losses	546	(3,176)
Closing carrying value	45,274	37,096
Total home and business loans	942,470	809,804

IBA adopted accounting standard AASB 9 Financial Instruments and reclassified its loans receivables from fair value through profit and loss (FVTPL) to amortised costs. The fair value of loans as at 30 June 2018 was applied as the opening carrying amount of loans at the date of adoption of AASB 9 (i.e. 1 July 2018). New loans issued in 2019 are still fair valued at inception and the difference between the nominal value of loans after adjusting for capitalisation of transaction costs and the fair value measured at inception recognised as finance costs (see Note 2D) loans are subsequently measured at amortised cost and the discount at initial recognition is unwound over the anticipated life of loan. The unwinding of the discount is recognised as revenue (see note 3c).

For 2018, concessional loans were measured at FVTPL and the net movement in the carrying discount was recognised as valuation decrement on financial assets held at FVTPL (see Note 2E). The net movement in carrying discount for loans held at FVTPL is analysed into the discount on new loans and movement in discount on remeasurement at FVTPL for comparative purposes.

Reconciliation of carrying value of loans		
Loans - Home Ownership Program (as shown above)		
Nominal value	1,286,867	1,158,236
Less: carrying discount on concessional loans at amortised costs (2019) or FVTPL (2018)	(376,218)	(373,452)
Less: provision for expected credit losses	(13,453)	(12,076)
Carrying value	897,196	772,708
Loans - Business Development and Assistance Program (as shown above)		
Nominal value	66,465	57,250
Less: carrying discount on concessional loans at amortised costs (2019) or FVTPL (2018)	(12,062)	(10,479)
Less: provision for expected credit losses	(9,129)	(9,675)
Carrying value	45,274	37,096
Total home and business loans	942,470	809,804

	Consolidated	
	2019	2018
	\$'000	\$'000
Note 6C: Loans receivable: Continued		
Reconciliation of movement provision for expected credit losses		
Loans - Home Ownership Program		
Opening balance	12,076	10,240
Movement in provision	1,377	1,836
Closing balance	13,453	12,076
Loans - Business Development and Assistance Program		
Opening balance	9,675	8,119
Movement in provision	(546)	1,556
Closing balance	9,129	9,675
Total provision for expected credit losses	22,582	21,751

Loans are made under the Home Ownership Program in accordance with the Minister's direction each year. The loans are for periods up to 45 years. Security is generally required in the form of the mortgage over the residential property. Principal is repaid in full at maturity. Interest rates were variable. Effective interest rates are measured at amortised cost using the effective interest method less impairment. Loans are amortised over their estimated useful lives.

Loans made under the Business Development and Assistance Program were made under the Jobs, land and economy programme, directed by the Department of Prime Minister and Cabinet for periods up to 7 years. Security is generally required in the form of a personal guarantee and / or security against assets. Principal is repaid in full at maturity. Interest rates were variable. Effective interest rates are measured at amortised cost using the effective interest method less impairment. Loans are amortised over their estimated useful lives.

Note 6D: Investments in associates

	Consolidated	
	2019	2018
	\$'000	\$'000
Investments in associates	17,315	19,324
Total investments in associates	17,315	19,324
Investments in associates that are expected to be recovered in:		
More than 12 months	17,315	19,324
Total investments in associates	17,315	19,324
Note 6E: Other investments		
Deposits	32,224	20,200
Other - bonds and interest in business undertakings	221,237	199,492
Total other investments	253,461	219,692
Investments expected to be recovered in:		
No more than 12 months	-	-
More than 12 months	253,461	219,692
Total other investments	253,461	219,692
Total investments	270,776	239,016

Note 7: Non-Financial Assets

Note 7A: Reconciliation of the opening and closing balances of Land & Building, Plant & Equipment and Operating Leases Assets

	Consolidated 2019				
	Land & Building \$'000	Plant & Equipment \$'000	Leasehold improvements \$'000	Operating lease assets \$'000	Total \$'000
Opening balance					
Gross book value	22,419	31,646	8,369	9,325	71,758
Accumulated depreciation and impairment	(155)	(14,660)	(3,432)	(2,845)	(21,091)
Total as at 1 July	22,264	16,986	4,936	6,480	50,667
Additions:	-	-	-	-	-
By purchase	987	20,903	4,374	2,535	28,799
Impairment recognised in the operating result - cost	-	-	-	-	-
Impairment recognised in the operating result - accumulated depreciation	-	-	-	-	-
Reclassification - at cost	997	(13,753)	(1,837)	11,183	(3,410)
Reclassification - accumulated depreciation	-	5,338	-	(5,338)	-
Depreciation expense	(511)	(5,602)	-	(1,401)	(7,514)
Disposals:	-	-	-	-	-
Other disposals - cost	(241)	(2,279)	(1,263)	(1,100)	(4,883)
Other disposals - accumulated depreciation	-	1,732	1,263	764	3,759
Total as at 30 June	23,496	23,326	7,473	13,123	67,418
Net book value as at 30 June represented by:	-	-	-	-	-
Gross book Value	24,162	36,518	9,642	21,942	92,264
Accumulated depreciation and impairment	(666)	(13,191)	(2,169)	(8,819)	(24,846)
Total as at 30 June	23,496	23,326	7,473	13,123	67,418

Land & Buildings per Statement of Financial Position comprises:

Land & Buildings per above	23,496
Leasehold Improvement per above	7,473
	30,969

Note 7: Non-Financial Assets

Note 7B: Reconciliation of the opening and closing balances of Intangible assets and goodwill

	Consolidated 2019			
	Computer Software \$'000	Goodwill \$'000	Other Intangibles \$'000	Total \$'000
Opening balance				
Gross book value	6,422	2,323	1,549	10,294
Accumulated depreciation and impairment	(4,432)	-	-	(4,432)
Total as at 1 July	1,990	2,323	1,549	5,862
Additions:				
By purchase	-	-	646	646
Depreciation expense	(874)	-	-	(874)
Disposals:				
Other disposals - cost	(60)	-	-	(60)
Other disposals - accumulated depreciation	60	-	-	60
Total as at 30 June	1,039	2,323	2,195	5,557
Net book value as at 30 June represented by:				
Gross book Value	6,285	2,323	2,195	10,803
Accumulated depreciation and impairment	(5,246)	-	-	(5,246)
Total as at 30 June	1,039	2,323	2,195	5,557

Note 7: Non-Financial Assets (continued)

	Consolidated	
	2019	2018
	\$'000	\$'000
Note 7C: Investment properties		
Opening balance as at 1 July		
Gross book value	149,086	99,856
Disposals	(14,000)	(69)
Additions:		
By acquisition	248	46,516
Net gain/(loss) from fair value adjustments	(600)	2,783
Total as at 30 June	134,734	149,086

IBA subsidiaries revalued investment properties during the year in accordance with the revaluation policy stated in Note 1.22.

Disposals recorded:

Indigenous Real Estate Investment Trust - Hemmant October 2018 \$14,000,000.

Note 8: Payables

	Consolidated	
	2019	2018
	\$'000	\$'000
Note 8A: Suppliers		
Trade creditors	1,409	1,299
Lease payment liability	661	609
Lease incentive liability	696	711
Accrued liabilities	9,013	7,163
Other creditors	748	2,043
Total suppliers	12,527	11,825

Settlement to trade creditors is usually made within 30 days.

Note 8B: Other payables

Salaries and wages	1,037	1,197
Superannuation	212	108
Separations and redundancies	100	66
Unearned income	23,653	7,726
GST/FBT payable to ATO	487	386
Total other payables	25,489	9,483
Total other payables expected to be settled in:		
No more than 12 months	16,989	9,483
More than 12 months	8,500	-
Total other payables	25,489	9,483

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 9: Interest Bearing Liabilities

	Consolidated	
	2019	2018
	\$'000	\$'000
Note 9: Loans		
Secured loan facility	19,003	17,504
Total loans	19,003	17,504
Maturity schedule for loans payable:		
Less than one year	7,500	6,000
In one to five years	11,503	11,504
Total loans	19,003	17,504

The secured loan facility relates to amounts borrowed against investment properties.

Darwin Hotel Holdings Pty Limited (Darwin Adina Vibe): \$11,504,000 loan facility with Bankwest.

Reconciliation of movement

- Indigenous Real Estate Investment Trust: \$6,000,000 was repaid to National Australia Bank upon disposal of Hemmant property.
- Northam Solar Partnership: \$7,500,000 has short term loan facility with Asymmetric Partners.

Note 10: Provisions

	Consolidated	
	2019	2018
	\$'000	\$'000
Note 10A: Employee provisions		
Leave	8,155	6,727
Total employee provisions	8,155	6,727

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

	Consolidated					
	2019			2018		
	Restoration obligations	Distribution/other provisions	Total	Restoration obligations	Distribution/other provisions	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July	636	5,717	6,353	414	1,703	2,117
Additional provisions made	1,230	7,940	9,170	222	4,014	4,236
Amount used	(180)	(4,017)	(4,197)	-	-	-
Total as at 30 June	1,686	9,640	11,326	636	5,717	6,353

IBA currently has nine lease agreements for leasing premises with provisions requiring restoration of the premises to their original condition at the conclusion of the lease. IBA has made an additional provision of \$14,184 to reflect the present value of this obligation. IBA acquired an 84% equity stake in the Northam Solar Partnership which requires \$1,230,022 of additional make good provision.

Note 11: Contingent Liabilities and Assets

	Indemnities		Consolidated Claims for damages or costs		Total	
	2019	2018	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Contingent assets						
Opening balance as at 1 July	-	-	1,679	992	1,679	992
New	-	-	805	1,679	805	1,679
Assets recognised	-	-	(1,577)	(992)	(1,577)	(992)
Expired	-	-	(158)	-	(158)	-
Total as at 30 June	-	-	749	1,679	749	1,679
Contingent liabilities						
Opening balance as at 1 July	4,585	1,000	-	-	4,585	1,000
New	3,762	3,585	-	-	3,762	3,585
Total as at 30 June	8,347	4,585	-	-	8,347	4,585
Net contingent assets (liabilities) as at 30 June	(8,347)	(4,585)	749	1,679	(7,598)	(2,906)

Quantifiable contingencies

Claims for damages/costs (contingent asset)

The claims for damages or costs at 30 June 2019 relate to loans within the Indigenous Home Ownership program. There are no other contingent assets as at 30 June 2019.

Indemnities

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.

IBA has a contingent liability valued at \$3.7m underwriting performance bonds issued by Performance Bond Trust to Indigenous suppliers as at 30 June 2019.

Unquantifiable contingencies

IBA has no significant unquantifiable contingencies as at 30 June 2018 or 2019.

Note 12: Key Management Personnel Remuneration

	2019	2018
	\$'000	\$'000
Key management personnel expenses for the reporting period		
Short-term employee benefits		
Salary and other allowances	1,627	2,295
Total short-term employee benefits	1,627	2,295
Post-employment benefits		
Superannuation	186	286
Total post-employment benefits	186	286
Other long-term employee benefits		
Annual leave	65	136
Long-service leave	46	43
Total other long-term employee benefits	111	179
Termination benefits		
Voluntary redundancy payments	-	-
Total termination benefits	-	-
Total senior executive remuneration expenses	1,924	2,760

The total number of key management personnel ("KMP") in the above table is 13 (2017-18: 21). 2018-19 was the first full year in which the Housing, Business Solutions and Investments Programs reported to one person, who duly reported to the Chief Executive Officer, thereby reducing the number of people considered KMP versus last year.

Note 13: Related Party Disclosure

Related Party Relationships

IBA is an Australian Government controlled Entity. Related parties to this entity are Directors, Key Management Personnel, including the Executive, and other Australian Government entities. IBA transacts with other Australian Government controlled entities consistent with normal day to day business operations provided under normal terms and conditions, including the payment of workers compensation, insurance premiums and legal services.

A number of Directors of IBA hold or have held positions in other companies or government related entities (personally or through related entities) where it is considered they control or significantly influence the financial or operational policies of those entities.

IBA Director Mr Edward Fry is also a Director of Indigenous Land and Sea Corporation (ILSC). Mr Roy Ah See replaced Mr Anthony Ashby as a director with ILSC on 16 March 2019 and the National Centre of Indigenous Excellence (NCIE) on 28 March 2019. IBA Director Richard Allert is the Chair and Director of Voyages Indigenous Tourism Australia Pty Ltd and Chair and Director of Kakadu Tourism (GCH) Pty Ltd.

Related Party Transactions with Government Related Entities

Entity	Nature of the transaction	2019 \$'000	2018 \$'000
Indigenous Land and Sea Corporation	Coordinate strategic projects which were concluded during the reporting period. The ILSC reimbursed IBA for identified costs incurred in relation to the projects.		
	Payments received from ILSC	-	25
Indigenous Land and Sea Corporation	In order to harness efficiencies in accommodation, the ILSC sub-leased space from IBA in Canberra, and IBA sub-leased space from ILSC in Adelaide and Perth. In each case the sub-lessee bears the cost of the space it occupies in accordance with the terms		
	Payments received from ILSC for the year	52	160
	Payments made to ILSC	127	162
	Outstanding payments due to ILSC	43	-
Indigenous Land and Sea Corporation	IBA and ILSC worked together to explore the development of a shared services unit, to encompass key corporate functions. Each party reimbursed the other for identified costs incurred in relation to the projects:		
	Payments received from ILSC	-	38
Indigenous Land and Sea Corporation	Secondment of selected personnel during the financial year to assist with project based work:		
	Payments received from ILSC	-	131
Indigenous Land and Sea Corporation	ILSC lease a motor vehicle through IBA Leasing		
	Payments received from ILSC	26	9
Indigenous Land and Sea Corporation	IBA utilised conference facilities offered by the ILSC's subsidiary NCIE as part of its ordinary course of business:		
	Payments made to ILSC	.	1
National Centre of Indigenous Excellence	IBA utilised conference facilities offered by NCIE as part of its ordinary course of business:		
	Payments made to NCIE	11	
Kakadu Tourism (GCH)	Kakadu Tourism(GCH) lease plant and equipment through IBA Leasing		
	Payments received from Kakadu Tourism	28	22

Note 14: Financial Instruments

		Consolidated	
	Notes	2019	2018
		\$'000	\$'000
Note 14A: Categories of financial instruments			
Financial assets			
Cash and cash equivalents			
Cash and cash equivalents	6A	108,741	172,733
Total cash and cash equivalents		108,741	172,733
Finance lease receivable			
Finance lease receivable (previously classified as loans and receivables)	6B	10,387	7,484
Total finance lease receivable		10,387	7,484
Amortised cost			
Trade receivables (previously classified as loans and receivables)	6B	20,361	19,110
Accrued distribution income (previously classified as loans and receivables)		4,276	9,397
Business and home loans (previously classified as fair value through profit or loss)	6C	942,470	809,804
Term deposits (previously classified as held-to-maturity)	6E	32,224	20,200
Total assets held at amortised cost		999,331	858,511
Fair value through profit or loss			
Investments in subsidiaries (excluding loans) and other business undertakings (previously classified as FVTPL)	5A	215,244	193,639
Associates (previously classified as available for sale)	6D	17,315	19,324
Loans to subsidiaries (previously classified as loans and receivables)		2,393	2,253
Convertible redeemable bonds (previously classified as held-to-maturity)		3,600	3,600
Total fair value through profit or loss		238,552	218,816
Carrying amount of financial assets			
		1,357,011	1,257,544
Financial liabilities			
Other financial liabilities - at amortised cost			
Trade creditors	8A	12,527	11,825
Other payables		1,407	1,428
Total other financial liabilities - at amortised cost		13,934	13,253
Borrowings secured by a floating charge	9	19,003	17,504
Total borrowings secured by a floating charge - at amortised cost		19,003	17,504
Carrying amount of financial liabilities		32,937	30,757

Assets in 'trade and other receivables' are due to be settled within 90 days.

The classification of finance lease receivables is not within the scope of AASB 9: Financial Instruments.

Note 14: Financial Instruments (continued)

	Notes	Consolidated 2019 \$'000	2018 \$'000
Note 14B: Net Gains or Losses from financial assets			
Amortised cost			
Assets classified as held-to-maturity financial assets before the implementation of AASB 9			
Interest revenue		139	981
Net gain/(loss) - assets classified as held-to-maturity financial assets before the implementation of AASB 9		139	981
Assets classified as financial assets at fair value through profit or loss before the implementation of AASB 9			
Interest revenue		49,401	47,229
Changes in fair value		7,855	5,055
Net gain/(loss) - assets held at fair value through profit or loss before the implementation of AASB 9		57,256	52,284
Assets classified as loans and receivables before the implementation of AASB 9			
Interest revenue		3,788	3,919
Net gain/(loss) - assets classified as loans and receivables before the implementation of AASB 9		3,788	3,919
Net gain/(loss) - assets classified as held at amortised cost under AASB 9		61,183	57,184
Fair value through profit or loss			
Assets classified as held-to-maturity financial assets before the implementation of AASB 9			
Interest revenue		234	242
Net gain/(loss) - assets classified as held-to-maturity financial assets before the implementation of AASB 9		234	242
Assets classified as available-for-sale financial assets before the implementation of AASB 9			
Interest revenue		76	124
Dividend revenue		8,648	11,139
Net gain on disposal		514	1,930
Gain recognised in equity		(270)	(72)
Net gain/(loss) - assets classified as available-for-sale financial assets before the implementation of AASB 9		8,968	13,121
Net gain/(loss) - assets classified as fair value through profit or loss under AASB 9		9,202	13,363
Net gain on financial assets		70,385	70,547
Note 14C: Net Gains or Losses from financial liabilities			
Financial liabilities - at amortised cost			
Interest expense		1,571	789
Net losses - financial liabilities - at amortised cost		1,571	789
Net losses from financial liabilities		1,571	789

Note 15: Assets Held in Trust

Aboriginal and Torres Strait Islander Commission Funds

IBA established the Aboriginal and Torres Strait Islander Commission Funds held in trust account. Funds held in the trust were received from the Aboriginal and Torres Strait Islander Commission under formal trust arrangements.

	Consolidated	
	2019	2018
	\$'000	\$'000
Opening balance as at 1 July	2,146	2,114
Interest received	35	32
Total amount at 30 June	2,181	2,146

Downs Aboriginal and Islander Company Funds

IBA is a trustee of Downs Aboriginal and Islander Company Funds, a trust set up exclusively for charitable purposes. Its beneficiaries are the Aboriginal and Torres Strait Islander residents of the Darling Downs District of Queensland.

	Consolidated	
	2019	2018
	\$'000	\$'000
Opening balance as at 1 July	1	1
Interest received	-	-
Payments	-	-
Total amount at 30 June	1	1

Monies received are placed in a separate bank account and are granted to parties in accordance with the Grant Agreement. These monies are not available to IBA and are not recognised in the financial statements.

Note 16: Reporting of Outcomes

IBA's outcome is 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.

	Consolidated	
	2019	2018
	\$'000	\$'000
Expenses	(243,351)	(205,484)
Income from non-government sector		
Commercial revenue	276,605	208,111
Net cost of outcome delivery	33,254	2,627
Statement of financial position		
Total assets	1,570,285	1,467,687
Total liabilities	(76,558)	(51,950)
Net assets	1,493,727	1,415,737
Statement of equity		
Parent entity interest		
Retained earnings	288,310	261,046
Reserves	5,834	5,121
Contributed equity	1,056,237	1,033,386
Total parent entity interest	1,350,381	1,299,553
Attributed to non-controlling interests		
Retained earnings	9,719	4,469
Reserves	1,446	1,446
Contributed equity	132,181	110,269
Total non-controlling interests	143,346	116,184
Total equity	1,493,727	1,415,737

As IBA has only one outcome, the above figures correspond to the Statement of Comprehensive Income and Statement of Financial Position.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 17: New Housing Fund

As per section 181 (3) of the Aboriginal and Torres Strait Islander Act 2005 (ATSIC Act) money held in the

New Housing Fund

Statement of Comprehensive Income

for the period ended 30 June 2019

	Notes	2019 \$'000	2018 \$'000
Expenses			
Write-down and impairment of assets		2,258	17,134
Concessional loan discount recognised		50,441	-
Supplier expenses		1,570	-
Total expenses		54,269	17,134
Less: own-source income			
Revenue			
Interest	17B	30,390	30,144
Unwinding of concessional loan discount		49,288	-
Other income		1,367	1,013
Total revenue		81,045	31,157
Net contribution of services		26,775	14,023

New Housing Fund

Statement of Financial Position

as at 30 June 2019

	Notes	2019 \$'000	2018 \$'000
Assets			
Financial Assets			
Cash	17C	12,789	56,705
Receivables	17D	569,925	499,262
Other		28	29
Total financial assets		582,742	555,996
Total assets		582,742	555,967
Liabilities			
Payables		-	-
Total liabilities		-	-
Net assets		582,742	555,967
Equity			
Contributed equity		429,397	429,397
Accumulated surplus		153,345	126,570
Total parent entity interest		582,742	555,967
Total equity		582,742	555,967

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 17: New Housing Fund (continued)

New Housing Fund

Cash flow statement

for the period ended 30 June 2019

	Notes	2019 \$'000	2018 \$'000
Operating activities			
Cash received			
Interest		30,390	30,144
Other		-	90
Total cash received		30,390	30,234
Cash used			
Other		-	-
Total cash used		-	-
Net cash from operating activities	17F	30,390	30,234
Investing activities			
Cash received			
Repayments of loans		96,185	104,138
Total cash received		96,185	104,138
Cash used			
Loans made		170,490	148,637
Total cash used		170,490	148,637
Net used in investing activities		(74,305)	(44,499)
Net (decrease) in cash held		(43,916)	(14,265)
Cash at beginning of reporting period		56,705	70,970
Cash at the end of the reporting period		12,789	56,705

The above statements should be read with the accompanying notes.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 17: New Housing Fund

	Notes	2019 \$'000	2018 \$'000
Note 17A: Write-down and impairment of assets			
Valuation decrements on financial instruments		-	13,226
Impairment of assets		2,258	3,908
Total write-down and impairment of assets		2,258	17,134

Note 17B: Interest revenue

Interest on bank account		638	843
Interest on housing loans		29,752	29,301
Total interest revenue		30,390	30,144

Note 17C: Cash

Cash at bank and on hand		7,453	53,988
Cash at agent		5,336	2,717
Total cash		12,789	56,705

Note 17D: Receivables

Loan receivables		569,925	499,061
Other debtors		-	201
Total receivables		569,925	499,262

New Housing Fund only

(a) Reconciliations of movements of loans receivable held at fair value through Profit and Loss/amortised cost

At fair value - opening balance as at 1 July 2018		-	470,682
Add: net loans movement at cost		-	45,513
(Less): (loss) on re-measurement at fair value through profit and loss		-	(13,226)
Less: impairment movement through profit and loss		-	(3,908)
Carrying value of loans receivable held at amortised cost at 1 July 2018		499,061	-
Add: net loans movement at cost		74,276	-
Less: Net movement in carrying discount measured at amortised cost		(1,154)	-
Less: impairment movement through profit and loss		(2,258)	-
At fair value/cost closing balance		569,925	499,061

	2019 \$'000	2018 \$'000
New Housing Fund loans (net) expected to be recovered		
Current loans receivable	63,325	11,755
Non-current loans receivable	506,600	487,306
Total receivables	569,925	499,061

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2019	2018
	\$'000	\$'000
Note 17F: Cash flow reconciliation (continued)		
Net cost of services	26,775	14,023
Total write-down and impairment of assets	2,258	17,134
Concessional loan discount recognised	50,441	-
Unwinding of concessional loan discount	(49,287)	-
(Increase)/Decrease in receivables	203	(923)
Net cash from operating activities	30,390	30,234

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 18: Parent Entity - Indigenous Business Australia

	2019	2018
	\$'000	\$'000
Note 18A: Statement of Comprehensive Income		
Profit/(loss) after income tax on continuing operations	29,379	9,004
Other comprehensive income/(loss)	(870)	(72)
Total comprehensive income/(loss)	28,509	8,932

Note 18B: Statement of Financial Position		
Current assets	262,913	289,903
Non-current assets	1,084,178	977,912
Total assets	1,347,091	1,267,815
Current liabilities	40,228	20,077
Non-current liabilities	5,161	2,600
Total liabilities	45,389	22,677
Net assets	1,301,702	1,245,138

Note 18C: Statement of Equity		
Retained earnings	286,258	252,544
Contributed Equity	1,015,444	992,594
Total equity	1,301,702	1,245,138

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 18: Parent Entity - Indigenous Business Australia (continued)

Note 18D: Statement of IBA's holding in subsidiaries

Name	Country of	2019 %	2018 %
Anderleigh Quarry	Australia	63	63
Carpentaria Shipping Trust	Australia	100	100
CDC Nominees (McArthur River Shipping) Pty Limited *	Australia	100	100
CDC Nominees (TCTP) Pty Limited *	Australia	100	100
Darwin Hotel Holdings Pty Limited *	Australia	100	100
Darwin Hotel Holdings Trust	Australia	100	100
Dominican Indigenous Education Trust	Australia	100	100
Fitzroy Lodge Investments Pty Limited	Australia	100	100
Gagudju Crocodile Hotel Trust	Australia	70	70
Gagudju Lodge Cooina Trust	Australia	52	52
Hotel Enterprises Pty Limited *	Australia	100	100
Hotel Holdings Trust *	Australia	100	100
Ikara Wilpena Enterprises Pty Limited	Australia	87	87
Ikara Wilpena Holdings Trust	Australia	87	87
IBA Asset Management Pty Limited	Australia	100	100
IBA Northam Solar Pty Limited*	Australia	100	100
IBA Northam Solar Trust	Australia	100	100
IBA Retail Asset Management Pty Limited	Australia	100	100
IBA Retail Property Trust	Australia	100	100
More than 12 months		0	0
IBA Tourism Asset Management Pty Limited	Australia	100	100
Indigenous Prosperity Fund - Cash Fund	Australia	93	92
Indigenous Prosperity Fund - Growth Fund	Australia	50	50
Indigenous Prosperity Fund - Income Fund	Australia	48	56
Indigenous Real Estate Investment Trust	Australia	63	61
Kakadu Tourism (GCH) Pty Limited	Australia	70	70
Kakadu Tourism (GLC) Pty Limited	Australia	52	52
Larrakia Darwin Hotel Partnership	Australia	90	90
Li Ar Yalug Land Holding Trust	Australia	86	89
Mungo Lodge Pty Limited*	Australia	100	100
Mungo Lodge Holdings Pty Limited*	Australia	100	100
Mungo Lodge Trust*	Australia	100	100
North Stradbroke Enterprises Trust	Australia	100	100
Northam Solar Partnership #	Australia	84	0
Performance Bonds Trust	Australia	100	100
Tennant Creek Enterprises Pty Limited *	Australia	100	100
Tennant Creek Enterprises Trust *	Australia	100	100
Tennant Creek Land Holding Trust	Australia	50	50
Tennant Creek Supermarket Pty Limited	Australia	50	50
Tjapukai Aboriginal Cultural Park Partnership	Australia	100	100
Tjapukai Pty Limited *	Australia	100	100
Wilpena Solar Trust	Australia	100	100
Wilpena Pound Aerodrome Services Pty Limited	Australia	87	87

*Non-trading

Associate entity in 2018



PART 7 **APPENDICES & REFERENCES**

APPENDIX A: CONSULTANTS	144
APPENDIX B: KEY OUTREACH ACTIVITIES	146
TABLES AND FIGURES	147
COMPLIANCE INDEX	148

APPENDIX A: CONSULTANTS

NAME OF CONSULTANT

33 Creative Pty Ltd	Egan Associates Pty Limited
AB Phillips Pty Ltd	Ernst & Young (CBR)
AGS Fees Barton	Expert360 Pty Ltd
Airsafe OHC Pty Ltd	Fiftyfive5 Pty Ltd
All Things Web	Gadens
Amanda Hand	Gloweal Pty Ltd t/a Hot Water Maintenance
Arktisma Unit Trust t/a Serversaurus	Good Foundations Consulting
Australian Blackcard Pty Ltd	Gulanga Group Pty Ltd
Australian Finance Industry Association	Hardings Lawyers
AVI Pty Limited	Herron Todd White (Brisbane) Pty Ltd
Bacon Factory Films	Herron Todd White (CAIRNS)
Baldivis Law and Mediation	Herron Todd White (Canberra) Pty Ltd
Better Work Health	Herron Todd White (Central QLD)
Blackhall & Pearl Board Services Pty Ltd	Herron Todd White (Dubbo)
Blaklash Projects	Herron Todd White (Newcastle & Hunter Region) Pty Ltd
Carter Digital	Herron Todd White (North Queensland) Pty Ltd
Centre for Appropriate Technology	Herron Todd White (Northern Territory) Pty Ltd
Clayton Utz Lawyers	Herron Todd White (SA)
Corporate Property & Consulting Services Pty Ltd	Herron Todd White (South East Regional Australia) Pty Ltd
Deloitte Access Economics Pty Ltd	Herron Todd White (Sunshine Coast) Pty Ltd
Deloitte Actuaries & Consultants Ltd (Sydney)	Herron Todd White (Toowoomba or Darling Downs)
Deloitte Consulting Pty Ltd	HopgoodGanim Lawyers
Deloitte Touche Tohmatsu (NSW)	IA Group Pty Ltd
Dentons Australia Pty Ltd	IHR Asia Pty Ltd
Devers List Pty Ltd	Indigenous Consumer Assistance Network
Dreamtime Public Relations Pty Ltd	Innisfail District Valuations

Integrated Valuation Services (Alice Springs)
Integrated Valuation Services (Darwin)
Intelligent Risks Pty Ltd
Investible Pty Ltd
J9 Recruitment Pty Ltd T/A All Aspects Recruitment & HR
Jacobs Group (Australia) PTY LTD
Jigsaw Learning Solutions Pty Ltd
JLL Mortgage Services Pty Ltd
Konnect Learning
KPMG Financial Advisory Services (Australia) Pty Ltd
Kylie Smith Design
Kyrn Stevens
Mentally Friendly Pty Ltd
Minter Ellison Lawyers
Moresol Pty Ltd
MVS National Gympie
Northern Sky Research (US)
One Inma Global
Opteon Property Group Australia
Optum Health & Technology (Australia) Pty Ltd
ORIMA Research Pty Ltd
Performent Consulting
Peter Atkinson & Company
Price Waterhouse Coopers (PWC)
RDI Consulting Pty Ltd
RP Data Pty Ltd

RSM Bird Cameron (Perth)
Shammah Dhall
Successful Resumes
Sypaq Systems Pty Ltd
Taylor Bryne (Coffs Harbour)
Taylor Byrne (Cairns North)
Taylor Byrne Pty Ltd (QLD)
The Difference Incubator Ltd
The Dubs Pty Ltd
The Maher Family Trust
The Marketing Factory
The Open Door Coaching Group
Tourism Australia
Trent Nelson
Universal McCann
Upshot Studios Pty Ltd
WAITOC Association Inc
White Clarke Asia Pacific
Wylhdfisch Productions
Zone Networks Pty Ltd

APPENDIX B: KEY OUTREACH ACTIVITIES

TABLE B1: KEYNOTE SPEECHES AND SIGNIFICANT PRESENTATIONS

Date	Event	Details
14 August 2018	Business of Indigenous Knowledge Symposium SCU, Lismore Indigenous Knowledge, Aboriginal/Indigenous Estate, Social Enterprise and Social Entrepreneurship/Leadership	Guest speaker 'Unlocking the Potential of the Indigenous Estate'
15 August 2018	CEDA 2018 Indigenous Business Leadership Event, Perth	Guest speaker 'Unlocking the Potential of the Indigenous Estate'
11 October 2018	Aboriginal Enterprise in Mining (AEMEE) Conference	Guest speaker 'Own Your Horizon'
31 October 2018	Australian Indigenous Tourism Conference, Lorne, Vic – Keynote Speaker	Guest Speaker 'IBA & the ILC - Partners in meeting the Indigenous Tourism Challenge'
20 November 2019	National Indigenous Economic Development Forum, Darwin	Guest Speaker 'Knowing the Indigenous Economy'
21 November 2019	2nd Annual OECD, Meeting of Mining Regions and Cities	Plenary Session speaker 'Invest in planning'
10 May 2019	East West Alliance Gathering	Guest speaker 'The Indigenous Estate and Future Science opportunities'
15 May 2019	Indigenous Economic Development Speech, Darwin	Guest speaker 'The Indigenous Estate and Future opportunities'

TABLE B2: MEDIA RELEASES

Date	Title of media release
11 Jun	Australia's First Indigenous Earth Ground Station
25 Mar	Young Indigenous people gather to re-shape the future of business
12 Mar	Dreams can come true – a home owner's story
5 Mar	Budgeting for a home
18 Oct	Forums launched to re-shape the future of business
8 Oct	\$400 million invested last year by IBA in record-breaking results

TABLES & FIGURES

FIGURES:

Figure 01: How IBA invests funds to grow opportunity for Aboriginal and Torres Strait Islander people, **8**

Figure 02: Factors affecting IBA's operating environment, **31**

Figure 03: United Nations Sustainability Development Goals to which IBA contributes, **35**

Figure 04: Risk management framework, **37**

Figure 05: Cumulative number of home loans approved over time, **45**

Figure 06: Housing loan approvals by accessibility and remoteness index of Australia (ARIA), **45**

Figure 07: Active housing loans, value and number, **45**

Figure 08: Experience in response to expectations of IBA home loan process, **46**

Figure 09: Geographical distribution of approved housing loan customers, **46**

Figure 10: External business support, **51**

Figure 11: Value of finance per annum, **51**

Figure 12: Business lending portfolio, **52**

Figure 13: Geographical distribution of approved business loan customers, **54**

Figure 14: Indigenous equity in the investment portfolio, **59**

Figure 15: Investment portfolio, **60**

Figure 16: I-REIT and IPF investor customers, **61**

Figure 17: IBA governance framework, **66**

Figure 18: Organisational structure of IBA at 30 June 2019, **77**

Figure 19: Staff characteristics, **86**

Figure 20: Indigenous staff, **86**

Figure 21: Full and part time staff, **87**

Figure 22: Staff numbers by location 2018-19, **87**

Figure 23: Staff numbers by classification 2018-19, **87**

Figure 24: Consolidated total assets, **94**

Figure 25: Statutory and operating performance, **95**

Figure 26: Net asset growth, **95**

Figure 27: Gross asset growth, **95**

Figure 28: Capital developed vs capital injections, **97**

Figure 29: Consolidated income, **97**

TABLES:

Table 01: Indigenous Home Ownership Program performance, **15**

Table 02: Business Solutions performance, **18**

Table 03: Business Development and Assistance Program - funding agreement targets, **19**

Table 04: Investment and Asset Management performance, **20**

Table 05: Overall performance of an invested IBA, **22**

Table 06: Key risks, **36**

Table 07: Business Solutions performance measures contributing to customer success, **52**

Table 08: Number of customers financed by product, **53**

Table 09: Value of finance approved by product, **53**

Table 10: Business start-up package over 3 years by number and value, **53**

Table 11: Board meeting attendance, **74**

Table 12: Remuneration of key management personnel for the reporting period, **75**

Table 13: Remuneration of senior executives for the reporting period, **76**

Table 14: Remuneration of highest paid for the reporting period, **76**

Table 15: Measures to minimise environmental impact, **84**

Table B1: Key speeches and significant presentations, **148**

Table B2: Media releases. **148**

COMPLIANCE INDEX

Requirement	Reference	Page
Financial statements	<i>Public Governance, Performance and Accountability Act 2013</i> (PGPA Act), section 43 and PGPA (Financial Reporting) Rule 2015	101-142
Financial statements certification: Auditor General's report	PGPA Act, section 43(4)	98-99
Financial statements certification: a statement signed by the directors	PGPA Act, section 42	100
Fraud risk assessment and control	PGPA Rule 10	36, 77
Approval by accountable authority	PGPA Rule 17BB	vi
Parliamentary standards of presentation	PGPA Rule 17BC	Throughout
Plain English and clear design	PGPA Rule 17BD	Throughout
Details of the legislation establishing the body	PGPA Rule 17BE(a)	Inside front cover, 12, 67
A summary of the objects and functions of the entity as set out in legislation	PGPA Rule 17BE(b)(i)	12, 67
The purposes of the entity as included in the entity's corporate plan for the reporting period	PGPA Rule 17BE(b)(ii)	12, 67
The names of the persons holding the position of responsible Minister or responsible Ministers during the reporting period, and the titles of those responsible Ministers	PGPA Rule 17BE(c)	40
Directions given to the entity by the Minister under an Act or instrument during the reporting period	PGPA Rule 17BE(d)	67
Any government policy order that applied in relation to the entity during the reporting period under section 22 of the Act	PGPA Rule 17BE(e)	67
Particulars of non compliance with: (a) a direction given to the entity by the Minister under an Act or instrument during the reporting period; or (b) a government policy order that applied in relation to the entity during the reporting period under section 22 of the PGPA Act	PGPA Rule, section 17BE(e)	78
Annual performance statements in accordance with paragraph 39(1)(b) of the Act and section 16F of the rule	PGPA Rule 17BE(g)	12-22
A statement of significant issues reported to the Minister under paragraph 19(1)(e) of the Act that relates to non compliance with finance law and action taken to remedy non compliance	PGPA Rule 17BE(h), 17BE(i)	78
Information on the accountable authority, or each member of the accountable authority, of the entity during the reporting period	PGPA Rule 17BE(j)	68-75
Outline of the organisational structure of the entity (including any subsidiaries of the entity)	PGPA Rule 17BE(k)	79
Statistics on the entity's employees on an ongoing and non ongoing basis, including the following: (a) statistics on full time employees; (b) statistics on part time employees; (c) statistics on gender; (d) statistics on staff location.	PGPA Rule, section 17BE(ka)	86-87

Requirement	Reference	Page
Outline of the location (whether or not in Australia) of major activities or facilities of the entity	PGPA Rule 17BE(l)	47, 54, 60, 61, 87
Information relating to the main corporate governance practices used by the entity during the reporting period	PGPA Rule 17BE(m)	66-67, 77-78
For transactions with a related Commonwealth entity or related company where the value of the transaction, or if there is more than one transaction, the aggregate of those transactions, is more than \$10,000 (inclusive of GST): (a) the decision making process undertaken by the accountable authority to approve the entity paying for a good or service from, or providing a grant to, the related Commonwealth entity or related company; and (b) the value of the transaction, or if there is more than one transaction, the number of transactions and the aggregate of value of the transactions	PGPA Rule 17BE(n), 17BE(o)	77, 78
Any significant activities and changes that affected the operation or structure of the entity during the reporting period	PGPA Rule 17BE(p)	77
Particulars of judicial decisions or decisions of administrative tribunals that may have a significant effect on the operations of the entity	PGPA Rule 17BE(q)	82
Particulars of any reports on the entity given by: (a) the Auditor General (other than a report under section 43 of the Act); or (b) a Parliamentary Committee; or (c) the Commonwealth Ombudsman; or (d) the Office of the Australian Information Commissioner	PGPA Rule 17BE(r)	82
An explanation of information not obtained from a subsidiary of the entity and the effect of not having the information on the annual report	PGPA Rule 17BE(s)	N/A
Details of any indemnity that applied during the reporting period to the accountable authority, any member of the accountable authority or officer of the entity against a liability (including premiums paid, or agreed to be paid, for insurance against the authority, member or officer's liability for legal costs)	PGPA Rule 17BE(t)	75
Information about executive remuneration	PGPA Rule 17BE(ta)	75-76, 131
Compliance index	PGPA Rule 17BE(u)	148-149
Consultants engaged	ATSI Act, sub-section 189(1)(b)	78, 144-145
New Housing Fund financial statements	ATSI Act, sub-section 189(2)	137-139
Work health and safety	Work Health and Safety Act 2011, Schedule 2, Part 4	92
Ecologically sustainable development and environmental performance	Environment Protection and Biodiversity Conservation Act 1999, section 516A	83-84
Information Publication Scheme statement	Freedom of Information Act 1982, Part II	82

CONTACT INFORMATION

IBA staff work at the following locations across Australia, in IBA offices or co-located in Indigenous Coordination Centres. Co-located offices are marked with an asterisk.

For more information, visit IBA's website at iba.gov.au or call 1800 107 107.

AUSTRALIAN CAPITAL TERRITORY

Canberra

Level 2, 15 Lancaster Place
Majura Park ACT 2609

NEW SOUTH WALES

Sydney

Level 21, 66 Goulburn Street
Sydney NSW 2000

Coffs Harbour

140 West High Street
Coffs Harbour, NSW 2450

Tamworth

Suite 6, Shop 7
Atrium Business Centre
345 Peel Street
Tamworth NSW 2340

Wagga Wagga

70 Baylis Street
Wagga Wagga NSW 2650

NORTHERN TERRITORY

Darwin*

Jacana House
Level 4, 39–41 Woods Street
Darwin NT 0800

Alice Springs

Desert Knowledge Precinct
475 Stuart Highway
Alice Springs NT 0871

QUEENSLAND

Brisbane

Level 19, 100 Creek Street
Brisbane QLD 4000

Cairns

59 McLeod Street
Cairns QLD 4870

Townsville*

Suite 1, Level 2
520 Flinders Street
Townsville QLD 4810

SOUTH AUSTRALIA

Adelaide

Level 7, 70 Franklin Street
Adelaide SA 5000

VICTORIA

Melbourne

Level 10, 460 Bourke Street
Melbourne VIC 3000

WESTERN AUSTRALIA

Broome*

1 Short Street
Broome WA 6725

Perth

Carillon City Tower
Level 12, 207 Murray Street
Perth WA 6000





FUTURES INVESTED

1800 107 107

iba.gov.au



IBA
INDIGENOUS
BUSINESS
AUSTRALIA