

# ANNUAL REPORT

2020-21

RECOVERY,  
REBOUND,  
IMPACT.



Australian Government  
Indigenous Business Australia

## 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 and Torres Strait Islander people.

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

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Artwork by Indigenous artist Penny Evans.

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For more information, visit IBA's website at [iba.gov.au](http://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.



IBA PAYS RESPECT TO ELDERS, PAST, PRESENT  
AND EMERGING. WE HONOUR THE RESILIENCE AND  
CONTINUING CONNECTION TO COUNTRY, CULTURE  
AND COMMUNITY OF ALL ABORIGINAL AND TORRES  
STRAIT ISLANDER PEOPLE ACROSS AUSTRALIA. WE  
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22 September 2021

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 2021.

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 22 September 2021.

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

Yours sincerely,

**Eddie Fry**  
Chairperson  
Indigenous Business Australia

**IBA**  
INDIGENOUS  
BUSINESS  
AUSTRALIA





# PART 01 FOREWORD

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# FOREWORD FROM THE CHAIR



I would like to begin by acknowledging the challenges the past twelve months have brought for many people in our community. It has been a period that provides us time to reflect on our purpose and time for renewed optimism and achievement in the forward years.

COVID-19 impacted on all our lives, but despite the many difficulties faced by our customers and co-investors, there has been great progress in economic development, growth, and independence. We must always be searching for new opportunities and efficiencies to assist and work alongside the Aboriginal and Torres Strait Islander people our organisation exists to serve.

One upside from the pandemic was that it provided us the impetus to reflect on Indigenous Business Australia's (IBA's) purpose and direction. The IBA Board is responsible for guiding the organisation's strategy and ensuring compliance to our legislation and policies. We are now more than halfway through our current five-year (2018–2023) strategy, and in the face of record demand from customers wanting to become homeowners, 2020–21 was a perfect opportunity to review our goals, pillars, and targets.

The importance of risk management was highlighted once again. By contributing to evidence-based decision-making, it is key to the successful delivery of IBA's vision of economically independent Aboriginal and Torres Strait Islander peoples. Risk management has become even more critical given the impact of COVID-19 on our customers, staff, strategic direction and desired outcomes. We will continue to promote an organisational wide culture of risk awareness where the identification and appropriate treatment of risk is everyone's responsibility.

In reviewing our strategic outlook, we determined that a holistic focus on creating and maintaining meaningful partnerships with stakeholders who are aligned with our values is of critical importance. This has led to the inclusion of a new strategic pillar for IBA:



- Customer Success
- Smart Money
- Strong Systems
- Deadly People
- **Purposeful Partnerships.**

To support this work, IBA has created a new partnership framework designed to ensure a consistent approach to how IBA identifies, appoints, manages, and evaluates partnerships. While we cannot partner with everyone, we need to ensure those we partner with, are strategically aligned, and can achieve maximum benefits for both IBA and our customers. It has been very exciting to witness the creation of new strategic relationships that increase our reach and impact, ensure our services are culturally appropriate and relevant, and support more businesses across urban, regional and remote Australia.

I am also excited to see IBA invest more in understanding the long, medium, and short-term impact of its work on social, economic, and cultural customer outcomes. The launch of the 2020 Impact Framework provided an excellent framework to spark progress.

As for many organisations around the world, the economic uncertainty of a global pandemic created a series of cascading issues that impacted IBA's ability to meet all the Portfolio Budget Statement targets we had set in 2019. These impacts were very visual, and evidence based for many of our business customers in tourism and hospitality services, but also for our customers seeking to purchase a home as property markets increased rapidly. However, despite these economic difficulties, I am incredibly proud that IBA was able to offer so many customers financial assistance in this time by way of grants, loan repayment holidays and decreases in interest rates.

As I reflect on the Board's work throughout 2020–21, I am immensely grateful for everyone's ongoing strategic insight and stewardship. We all thank Roy Ah See, whose term as a director matured, knowing that his time with us saw some of IBA's most outstanding periods of impact for our customers. We wish him well. Rosemary Addis – a global leader and recognised director and strategist at the forefront of innovation and impact investment – joined us

in September. Her astute insights and formidable skills have already proved a great asset. We also bid farewell to former CEO, Rajiv Viswanathan, after many years of outstanding contribution to IBA and our customers. Throughout Rajiv's stewardship, he helped to build IBA into a stronger and more innovative organisation and we look forward to building upon this legacy in the years to come. We also convey our utmost gratitude to Peter O'Neill who stepped in as Acting CEO for six months this year. Peter performed a number of senior executive roles at IBA since he joined in 2005 and his in-depth knowledge of IBA's operations was extremely valuable during this period.

On behalf of the whole IBA Board, I am very pleased to welcome our trusted colleague, Kirsty Moore, to the role of IBA's CEO. Kirsty has played a critical role in IBA for more than three years through her leadership of our Housing Solutions, Business Solutions and Investment and Asset Management teams in her previous role as Executive Director, Products and Markets. Over this time, Kirsty achieved fantastic outcomes for our customers through securing substantial increases in IBA's funding, strengthening our relationships across the sector and creating efficiencies within our systems to help us service customers better and faster. It is a truly great thing to know that IBA is in such experienced and committed hands and I am excited to work alongside Kirsty and the wider IBA team in striving to create even better economic outcomes in the years ahead.

Looking forward, through the continuing biological impacts of COVID-19, IBA will conduct its affairs and decision making based on the best available information on hand. We will continue to forward focus to ensure our resilience takes us to a brighter future.

To our customers, our stakeholders, our partners, and our co-investors, on behalf of the IBA Board of Directors, we sincerely thank you for choosing us. Our unified investment at IBA is to translate our work to excite passionate people for Aboriginal and Torres Strait Islander communities and individuals achieving economic independence. We of the Board, applaud you all for your ongoing dedication and commitment to creating a strong, sustainable future.

**Eddie Fry**  
Chair, IBA

# FOREWORD FROM THE CEO




In August, 2021, I was thrilled to be the first female appointed as CEO of IBA, such an important organisation that delivers vital outcomes for Aboriginal and Torres Strait Islander people across the country. The opportunity to steer IBA and positively impact so many lives is an immense honour and privilege and I thank the IBA Board and the Hon. Ken Wyatt, Minister for Indigenous Australians, for entrusting me with this important role as we seek to advance the economic future of Indigenous Australians and their communities nationally.

IBA began the 2020–21 financial year assisting customers adversely impacted by the COVID-19 pandemic and this focus has continued through ongoing lockdowns and other public health measures. Our support for customers will continue for as long as it is needed.

At the same time, we remained committed to being a future focused organisation – refining our approaches and innovating to improve wealth acquisition and economic independence for Aboriginal and Torres Strait Islander people.

Over the year, we experienced growing demand for our home ownership solutions, business finance and business support and investment opportunities, particularly in new and emerging sectors of the economy. The long-term trend of robust demand for home loans has continued as our customers have sought to take advantage of broader economic stimulus measures and a strong housing market. Indigenous businesses have demonstrated great resilience in disruptive economic conditions, supported in part by IBA's Business Relief Package and other assistance measures.





In 2020–21, the Australian National Audit Office (ANAO) undertook a performance review of the effectiveness and efficiency of IBA's business support and investment activities, tabling a final report in Parliament on 7 May 2021. As we strive for continuous improvement, we welcomed the review and were encouraged by the ANAO findings. Importantly, IBA's investment activities were very positively assessed and across IBA, we have been able to use the review to rethink some approaches with several improvements to our internal processes already implemented.

IBA's own inaugural Impact Report, also conducted independently by external assessors, found that, across all program areas, we are improving Indigenous empowerment, financial resilience and wellbeing. The Report is part of our new approach to measuring success – away from the norm of reporting outputs, toward economic, cultural and social impacts.

While noting that COVID-19 had a significant impact on our business and operating model, we are very proud that we were able to achieve most of our Portfolio Budget Statements targets and key performance indicators. The uncertainty of global economic conditions resulted in understandable hesitations in investor appetites. Further to this, decreases in housing affordability, especially in regional areas where a high proportion of our customers reside, made entry into the property market difficult for many. Although we were unable to meet the program's 2020–21 target of \$200 million, falling short by 16% we were able to continue to make home ownership a reality for many Aboriginal and Torres Strait Islander people this year, assisting 448 Indigenous families to buy their own home.

In response to a historically low interest rate environment, we have closely monitored loan pricing and eligibility policies to ensure fairness for new and existing customers. We have revised IBA home loan rates to make home loans more affordable and yet, despite this, 2020–21 has been a record year for discharges with 392 customers (7.4%) refinancing with mainstream banks to take advantage of attractive low rates and refinance incentives available elsewhere. This is a remarkable success for the Indigenous Home Ownership Program, given the ultimate goal of transitioning home loan customers to mainstream lenders when they are ready, and in doing so, making more funds available for new customers to purchase a home.

Although affordability is making purchasing a home a significant challenge, the demand is strong, and it is increasing. The growing younger demographic profile of Aboriginal and Torres Strait Islander people is helping contribute towards this. While IBA is largely reliant on returns from our own investment and loan portfolios, it is no easy task. We applauded the \$150m equity injection we received in the October 2020 Federal Budget to fund home loans for newly constructed properties in regional Australia. IBA will continue working alongside Government in exploring new ways to strengthen our capital position, which enables us to achieve our goal of assisting as many Aboriginal and Torres Strait Islander people as possible. This includes building and developing partnerships and collaborations. Our recent focus on 'Purposeful Partnerships' is already delivering success, notably through our new Banking Partnerships Panel with Australian Unity and Bank Australia.

As at 30 June 2021, the five-year average returns to our Indigenous co-investors were 7.2%, and their investment in commercial property continued to generate stable returns. Across our subsidiaries and partnerships, we continued to meet employment targets. Our investment activities employed 588 people, 155 (26.3%) of them Indigenous. More than \$11.2 million in income was paid to Indigenous employees – putting skills, training, and income directly into Indigenous hands.

Each enterprise IBA invests in, is unique to the location and aspirations of the Indigenous partner – creating local jobs, training and skills, capability development and sustainable income streams. A cornerstone of our corporate strategy is that, when the time is right, IBA should sell its interests to these Indigenous partners. This year, as IBA sought to stabilise existing investments before looking to new opportunities, we sold our interests in:

- Messagestick – a communications company providing audio and video conferencing services to more than 80 corporate clients
- Anderleigh Enterprises – a quarry providing building resources for civil construction
- Carpentaria Shipping Services – a provider of transshipment services between Bing Bong port and ocean-going vessels in the Gulf of Carpentaria.

Since inception to 30 June 2021 under the Business Relief Package, we've provided \$25.8 million through loans, grants and support to assist customers to stay open for business and identify new opportunities and business models.

Throughout 2020–21 we offered business relief packages, providing \$13.1 million in support to assist 159 customers identify pandemic impacts and identify new opportunities and business models. This included assisting 112 Indigenous businesses we had not worked with before. As part of our 'business as usual', we delivered 355 finance products valued at \$52.4 million, and 465 different forms of business support and skills development.

I'm proud to report that IBA continues to be led by a predominantly (75%) Indigenous Board and that our percentage of Indigenous staff at IBA remains high at 30.74%. Programs and services designed for Aboriginal and Torres Strait Islander people must be created and delivered with their input, experience, skills, knowledge and insights. In support of this, a new Customer and Community Excellence function was launched on 1 July 2021 to prioritise customer service and ensure the community is at the heart of all we do.

Increasingly, Aboriginal and Torres Strait Islander people want to capitalise on opportunities arising from native title and land settlements, and from the ongoing growth of the Indigenous Estate. Strong demand for the opportunities IBA facilitates is testament to our customers' ongoing economic resilience and aspirations. IBA has helped thousands of Indigenous people, but there is so much more to achieve. I am open to hearing your ideas and working together to make more dreams real.

I would like to thank my predecessor, Rajiv Viswanathan, for his significant contribution to IBA and our customers and his leadership in helping the organisation grow from strength to strength. Having served under his guidance for three years, I am incredibly grateful to him for the foundations of success which we will rely on going forward. We have all benefited from Rajiv's wisdom, commitment and foresight. We also extend huge thanks to Peter O'Neill, our long-standing Executive Director of Business Services who stepped in as Acting CEO and has given 16 years of service to IBA.

Our strong track record, systems and committed workforce mean that IBA is a strong, reliable agent for those we serve. I look forward to working with you to seize opportunities to do more and do better. The future looks bright.

**Kirsty Moore**

Chief Executive Officer, IBA





# PART 02

# YEAR IN REVIEW

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# ABOUT IBA

Indigenous Business Australia was established under the *Aboriginal and Torres Strait Islander Act 2005* (ATSI Act). The ATSI Act sets out the purposes, functions and powers of IBA. IBA is a corporate Commonwealth entity and its Board is the accountable authority under the *Public Governance, Performance and Accountability Act 2013* (PGPA 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
- to advance the commercial and economic interests of Aboriginal persons and Torres Strait Islanders by accumulating and using a substantial capital asset for the benefit of the Aboriginal and Torres Strait Islander peoples.

These purposes are included in the 2020–21 Corporate Plan and achieved through IBA's single portfolio outcome – to improve wealth acquisition and economic independence of Indigenous Australians – via:

- commercial enterprise
- asset acquisition
- access to concessional business and home finance.

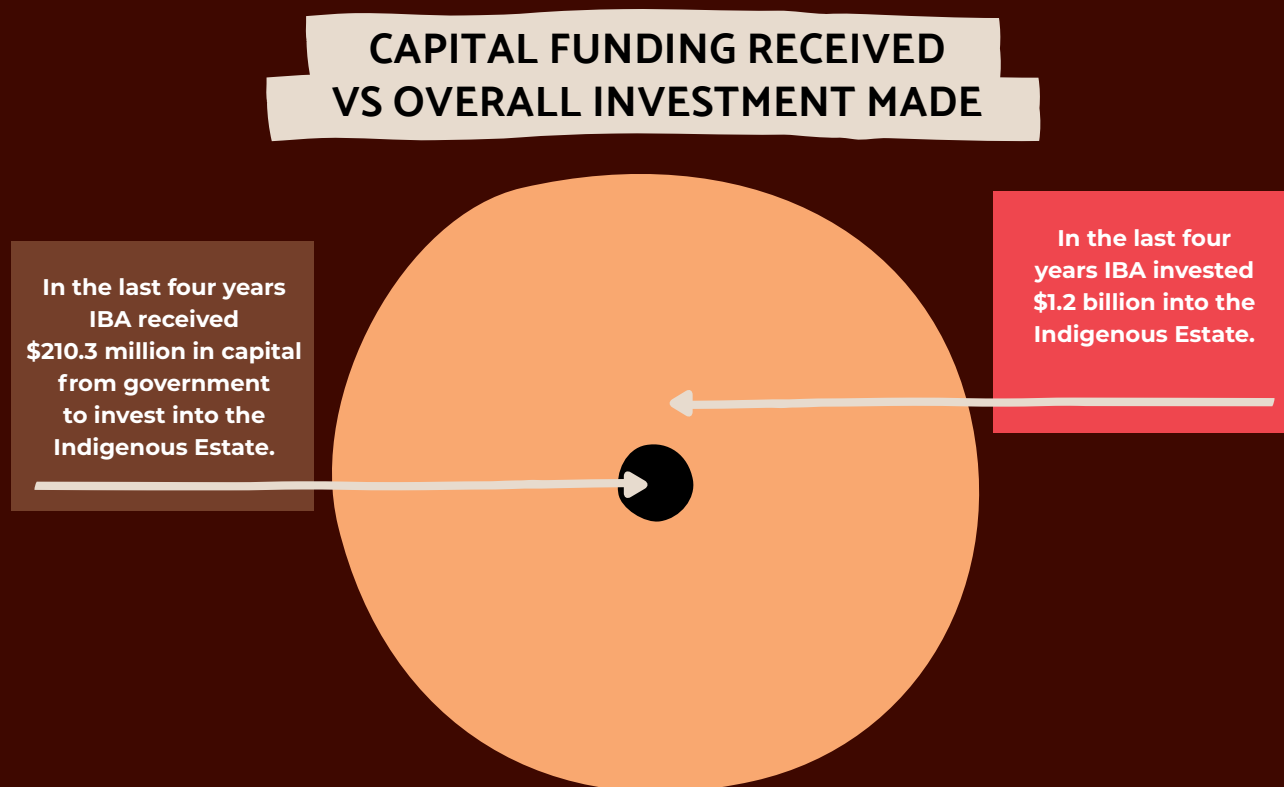
IBA is accountable to the Australian Parliament through the National Indigenous Australians Agency (NIAA) and the Minister for Indigenous Australians, the Hon. Ken Wyatt AM MP.

**A key purpose of the IBA Home Ownership Program is to create intergenerational change and show others that it can be done. Ryan and Keilan (pictured) are prime examples of breaking down the barriers.**





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



\* Over the past four financial years, IBA received a total of \$210.3m 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 \$1.2 billion in capital.

IBA also received appropriations of \$39.0m to support the operational costs of the Indigenous Home Ownership Program and \$69.2m 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.

# HIGHLIGHTS

**3047**

TOTAL NEW HOME LOANS\*



\* Total new home loans over five years.

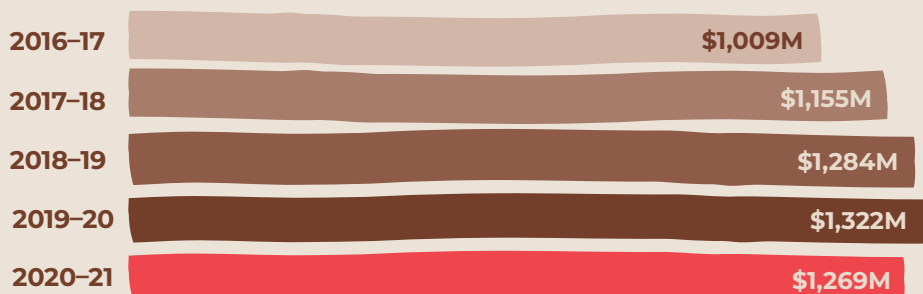
HOME OWNERSHIP OUTCOMES OVER FIVE YEARS\*

**\$1.06 BILLION**



\* As at 30 June of each financial year.

## VALUE OF HOME LOAN PORTFOLIO



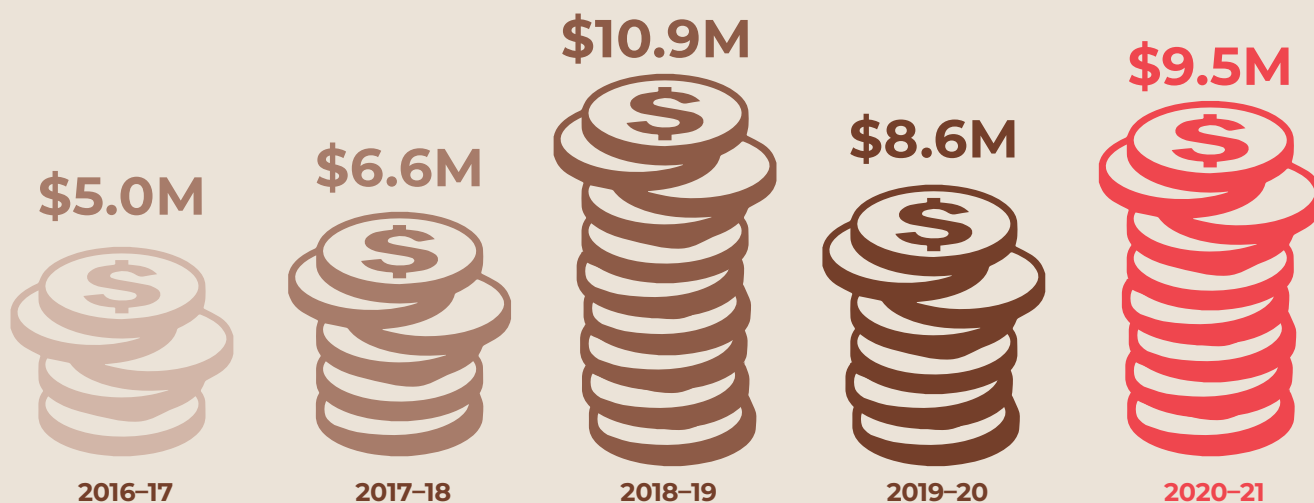
## TOTAL LOANS IN PORTFOLIO

**4,570**  
**5,037**  
**5,349**  
**5,364**  
**5,119**

## HOME LOANS TO FIRST HOME BUYERS

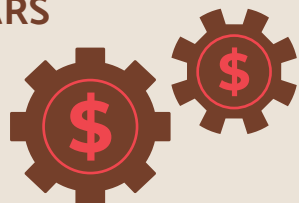


## ABORIGINAL AND TORRES STRAIT ISLANDER PROCUREMENT



APPROVED BUSINESS FINANCE  
OVER FIVE YEARS

**\$234  
MILLION**

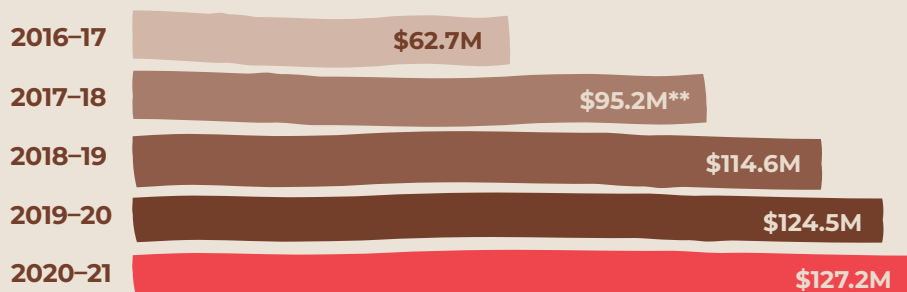


**840**

TOTAL BUSINESS  
FINANCE CUSTOMERS  
OVER FIVE YEARS



## VALUE OF BUSINESS FINANCE PORTFOLIO\*



\* As at 30 June of each financial year.

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

## ABORIGINAL AND TORRES STRAIT ISLANDER EMPLOYMENT ACROSS THE IBA GROUP



## ABORIGINAL AND TORRES STRAIT ISLANDER EQUITY



# Adjusted figure following review of calculation method.



# ACHIEVING OUR STRATEGY

Across the world, the repercussions of the COVID-19 impact have been felt far and wide. For an organisation such as IBA, where social and cultural outcomes are paramount but deeply rooted in economic prosperity, delivering on our strategy has been challenging.

2020–21 saw IBA entering the midway point of our five-year strategy (2018–2023). As the world continued to change around us, in order to adapt to new ways of living and working, the IBA Board and Executive met to review our existing strategy and assess whether our priorities and goals were appropriate and achievable.

To reinforce our commitment to the communities we serve, to continue to improve the customer experience we offer, and to strengthen our relationships with the broader Indigenous sector, IBA made several small but meaningful updates to organisational and operational strategies.

This includes:

- **Partnership Framework:** To strengthen IBA's focus and delivery of purposeful partnerships, IBA launched a new Partnership Framework, designed to ensure IBA has a consistent approach for how we identify, appoint, manage and evaluate partnerships. While we cannot partner with everyone, we need to ensure the partnerships we do embark upon are strategically aligned and aimed to achieve maximum benefits for both IBA and its customers.

- **Community and Customer Experience:**

While IBA is a relatively small organisation, our footprint and impact stretch across Australia. Ensuring that the communities we serve feel heard and reflected in our work and that their experience when engaging with IBA is positive, is of the utmost importance to us. With this in mind, a new division has been created at IBA called 'Community and Customer Experience', which will be focused on delivering success in these areas and ensuring we stay connected to our customers at all times.

- **Impact and evaluation:** Following the successful launch of IBA's inaugural 2020 Impact Report by the Hon. Ken Wyatt, Minister for Indigenous Australians in February 2021, IBA remains committed to investing in continuing our impact work and understanding the long, medium and short-term impact of our work on social, economic and cultural customer outcomes. To complement this work, IBA is also developing two further critical frameworks to help measure our performance and evaluate our products and services.

While IBA remains committed to delivering on our five-year strategy, we are also committed to turning our eye to 2023 and beyond to ensure we are well placed to meet our customers' needs and expectations in the future. With this in mind, IBA will continue to work on our strategic vision and operational roadmap over the next 12 months.





# PART 03 ANNUAL PERFORMANCE STATEMENTS

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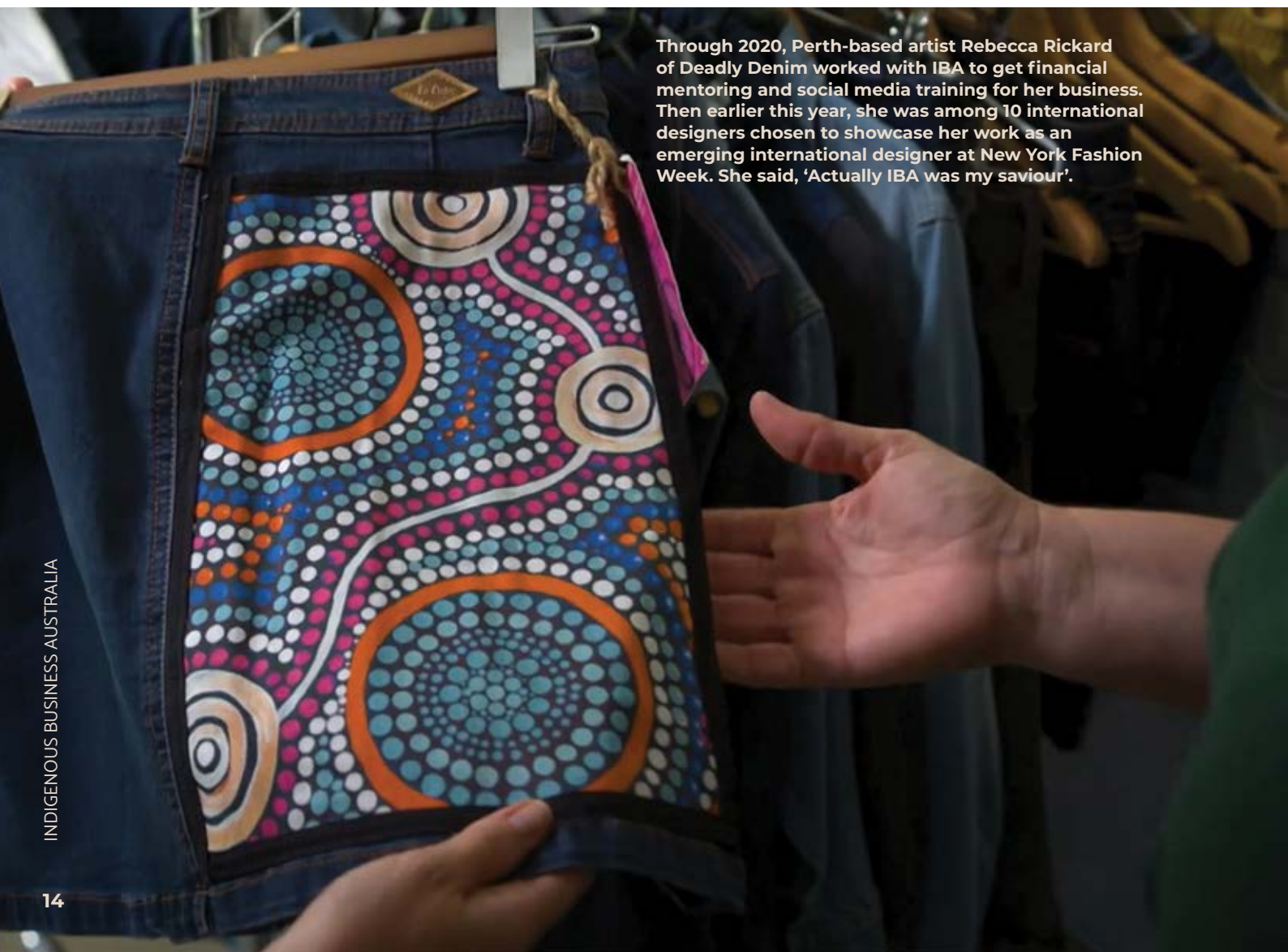
# STATEMENT OF PREPARATION

On behalf of the Board of Indigenous Business Australia (the accountable authority), I present the 2020–21 Annual Performance Statements for Indigenous Business Australia (IBA), which have been prepared as required under paragraph 39(1)(a) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

In the Board's opinion, at the date of these statements and based on the material provided, the Annual Performance Statements accurately present the performance of the entity for the 2020–21 reporting period and comply with subsection 39(2) of the PGPA Act.



**Eddie Fry**  
Chair of IBA Board



Through 2020, Perth-based artist Rebecca Rickard of Deadly Denim worked with IBA to get financial mentoring and social media training for her business. Then earlier this year, she was among 10 international designers chosen to showcase her work as an emerging international designer at New York Fashion Week. She said, 'Actually IBA was my saviour'.



# OUR PERFORMANCE FRAMEWORK AND PURPOSE

IBA's budget and performance is managed through the annual Portfolio Budget Statements (PBS) of the Department of the Prime Minister and Cabinet. Our purpose, planned outcomes, performance measures and targets are set out in the PBS and are further described in our Corporate Plan. For our Business Solutions program, a funding agreement with the National Indigenous Australians Agency (NIAA) further supplements our budget and performance framework.

IBA was established under the *Aboriginal and Torres Strait Islander Act 2015* (ATSIA Act), which sets out our purpose:

- 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.

This purpose was achieved through IBA's single portfolio outcome presented in our 2020–21 Corporate Plan and PBS:

- **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.

To meet our purpose, we continued to deliver our products and services for the benefit of Indigenous Australians through three divisions of IBA:

1. **Housing Solutions** – delivering finance products and support to assist Indigenous customers to access home ownership.
2. **Business Solutions** – providing finance products and support to help Indigenous customers start-up, acquire or grow their own businesses.
3. **Investment and Asset Management** – building commercial capability and creating wealth through investment in, and direct management of, businesses and assets.

Each division is measured by a set of performance targets that demonstrate how IBA is delivering outcomes against its purpose. This approach measures the quantum of services and products we've delivered for our customers (outputs), how well those outputs were delivered (the quality and efficiency of what we do) and what the benefits of those services have been (outcomes and impacts). Our approach to performance measurement is guided by targets set in IBA's Portfolio Budget Statements. IBA also developed its very own Impact Framework in 2020–21 and published its first Impact Report in early 2021. As we get a better understanding of our impact, our ability to measure and demonstrate our performance and impact will improve and inform our future approach to service delivery.

# 2020–21 PERFORMANCE SUMMARY AND ANALYSIS

Our performance results are outlined in detail over the pages that follow, by IBA divisions (Housing Solutions, Business Solutions and Investments and Asset Management) and for IBA overall which presents performance against targets that apply across the agency. Our results are also summarised in tables in each division's section and where we have past data, we have provided trend analysis in the summary.

## HOUSING SOLUTIONS

Like many financial institutions across Australia, IBA started the 2020–21 year focused on assisting home loan customers to manage financial challenges caused by the COVID-19 pandemic. Ensuring our existing home loan customers felt supported was of critical importance. Over the year, existing customers were offered support such as:

- repayment reductions or deferrals
- interest rate reductions
- loan management support and links to counselling services.

The focus of our Housing Solutions team, and IBA more broadly, across 2020–21 was minimising to every extent possible the repossession of homes and assisting customers experiencing financial hardship due to COVID-19. Over the course of the year, more than 400 home loan customers accessed support

from IBA to help them navigate this difficult period. While meeting with our customers face-to-face was difficult throughout the year due to rolling lockdowns, we are proud that our staff remained deeply engaged and connected with customers, supporting them however possible with online tools and systems.

Consistent with recovery trends and the 'bounce back' seen in the wider Australian economy, our customers were resilient and weathered the challenges of COVID-19. By 30 June, 87% were ahead on their home loan repayments. When faced with economic uncertainty, they made prudent decisions to protect and safeguard their financial wellbeing and continue providing stable environments for themselves and their families.

It was another year of unprecedented demand from Indigenous Australians wanting to become homeowners. Expressions of Interest were received in record numbers. Due to the critical need for IBA to pivot our focus to stabilising the financial needs for our existing customers at the start of the financial year, momentum was lost in the lending pipeline. In addition, the unexpected rise in property markets resulted in property becoming unaffordable for a significant number of applicants. These issues both led to the program falling short of its 2020–21 home lending target of \$200m.

Approximately 69% of our home loan customers live in regional Australia, where markets are experiencing strong price growth. This has presented a challenge for Aboriginal and Torres Strait Islander home buyers, as they compete with tree and sea-change buyers and people moving away from cities due to more flexible work arrangements brought on by COVID-19.

Domestic and international border restrictions and a renewed focus of state and federal governments on large infrastructure projects, have caused significant materials and skilled labour shortages, making residential housing construction more challenging and costly.

Conversely, booming property prices have created new equity for existing home loan customers. Many can refinance their loan with a mainstream bank and take advantage of competitive, low interest rates, which IBA views as a very successful outcome. This year saw our loans discharge in record numbers. In May 2021, IBA announced a strategic partnership with Australian Unity and Bank Australia, to help create accessible and simple pathways for customers looking to refinance.

We've continued to focus on education and capacity building. To assist preparation for home ownership, we've run 73 workshops attended by 611 participants, both online and face-to-face.

We look to 2021–22 with a focus on innovation and growth. Supporting more Indigenous Australians into home ownership will require creative thinking, new product development, and key partnerships with aligned organisations.

The Housing Solutions division contributes to IBA's purpose by supporting Aboriginal and Torres Strait Islander people to grow their wealth and economic self-sufficiency through home ownership. Owning a home provides access to safe and secure housing, which is a key step in establishing economic independence and building inter-generational wealth. To do this, IBA provides home loans with low deposit requirements and flexible repayment terms and offers tailored customer support and education services to help customers prepare for their journey.

The following measures were used to assess IBA's housing performance against its purpose in 2020–21:

- value of home ownership outcomes approved
- percentage of approved customers that are first home buyers
- percentage of Indigenous home customers who transition or are supported into mainstream lending
- number of people attending housing capability workshops
- percentage of home customers satisfied or very satisfied with IBA's service
- cost per dollar lent home loan efficiency ratio.

All of the division's performance measures are sourced from IBA's Corporate Plan 2020–21 and the Portfolio Budget Statements of Prime Minister and Cabinet.

Pages 18-25 show IBA's achievements against the targets set in the Portfolio Budget Statements for our Housing Solutions division which measures our delivery against our purpose in 2020–21.



Measure 1 Value of home ownership outcomes approved				
Source	2020–21 Corporate Plan p. 6, 2020–21 PBS p. 144			
Performance	Year	Target	Results	Achieved
	2020–21	\$200m	\$167.3m	✗
	2019–20	\$200m	\$166.1m	✗
	2018–19	\$220m	\$242.4m	✓
	2017–18	\$175m	\$312.2m	✓
Analysis	<p>We exceeded the previous year's result, but the performance measure for home ownership outcomes in value (\$167.3m) fell short of the annual target by \$32.7m (16%).</p> <p>While we received a record level of Expressions of Interest, the conversion of enquiries to approvals was severely hampered by two factors.</p> <ol style="list-style-type: none"> <li>the decision to focus on the financial stability of our customers during COVID-19 lockdown</li> <li>unexpected rises in regional property prices that severely impacted affordability for our clients.</li> </ol> <p>Despite the difficult market conditions caused by COVID-19, we were able to continue to make home ownership a reality for many Aboriginal and Torres Strait Islander people this year, assisting 448 Indigenous families buying their homes, which almost equalled the previous year's results (454 in 2019–20). Over the life of the program, IBA has helped more than 20,400 Indigenous families to own a home and change the trajectory of their lives.</p> <p>Demand from Indigenous Australians wanting to become home owners continued during 2020–21 with 8,490 Expressions of Interest received (8,260 in 2019–20).</p>			

Measure 2 Percentage of approved customers that are first home buyers				
Source	2020–21 Corporate Plan p. 6, 2020–21 PBS p. 144			
Performance	Year	Target	Results	Achieved
	2020–21	90%	95.8%	✓
	2019–20	90%	95.2%	✓
	2018–19	90%	95.6%	✓
	2017–18	90%	95.1%	✓
Analysis	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 are also the first in their family to ever own a home. This is a catalyst for a greater social impact through economic participation and intergenerational wealth building. This year, we assisted 429 first home buyers (95.8% of total approvals) into home ownership. We have consistently met this performance target, with over 95% of our customers being first home owners over the past years.			

Measure 3 Percentage of Indigenous homeowners who transition or are supported into mainstream lending				
Source	2020–21 Corporate Plan p. 6, 2020–21 PBS p. 144			
Performance	Year	Target	Results	Achieved
	2020–21	4.5%	7.4%	✓
	2019–20	4.5%	4.8%	✓
	2018–19	4.5%	6.4%	✓
	2017–18	4.5%	7.2%	✓
Analysis	We have achieved the target for the performance measure in transitioning our customers to mainstream lenders, supporting 7.4% (392 customers) in this journey and demonstrating consistent achievement in this measure over time. When this transitioning occurs, and the customer discharges their IBA home loan early, we can re-lend the loan capital released to support more Aboriginal and Torres Strait Islander families into home ownership. Rising property prices have had a positive effect by raising the equity value in our existing home loan customers' properties. As a result, many were able to refinance their loan to a mainstream lender. Our loan discharges for the year were at a historically high level of 659 (12.9%), compared to 499 (9.3%) in 2019–20 and 532 (9.9%) in 2018–19. To further smooth the pathway for refinancing customers, IBA announced a strategic banking partnership with Australian Unity and Bank Australia in May 2021.			

Measure 4 Number of people attending housing capability workshops				
Source	2020–21 Corporate Plan p. 6, 2020–21 PBS p. 144			
Performance	Year	Target	Results	Achieved
	2020–21	500	611	✓
Analysis	<p>IBA's housing capability workshops are aimed to better prepare our customers for the costs of home ownership through, for example, learning how to make successful home purchasing decisions and how to manage financial commitments once owning a home. This aligns directly with our purpose to assist customers in gaining economic self-sufficiency. We were successful in delivering 73 workshops to 611 customers against the target of 500. Due to COVID-19, the delivery was mainly through on-line platforms, but some face-to-face sessions also took place.</p> <p>Note: A new performance measure for FY2020-21 and no comparable trend data available.</p>			

Measure 5 Percentage of home customers satisfied or very satisfied with IBA's service				
Source	2020–21 Corporate Plan p. 6, 2020–21 PBS p. 144			
Performance	Year	Target	Results	Achieved
	2020–21	80%	89%	✓
	2019–20	-	94%	-
	2018–19	-	92%	-
	2017–18	-	93%	-
Analysis	<p>IBA continuously makes efforts to improve our customer service, by providing our customers the opportunity to give feedback on their experience via a confidential customer satisfaction survey. This is captured through a new performance measure from this year. A survey was conducted in November 2020 for customers who interacted with IBA between October 2019 to September 2020. We achieved the target with 89% of our customers indicating they were either satisfied (9%) or very satisfied (80%) with IBA's service.</p> <p>Note: A new performance measure for FY2020-21 and comparable previously reported data shown. Refer Appendix C for IBA's customer satisfaction survey methodology.</p>			

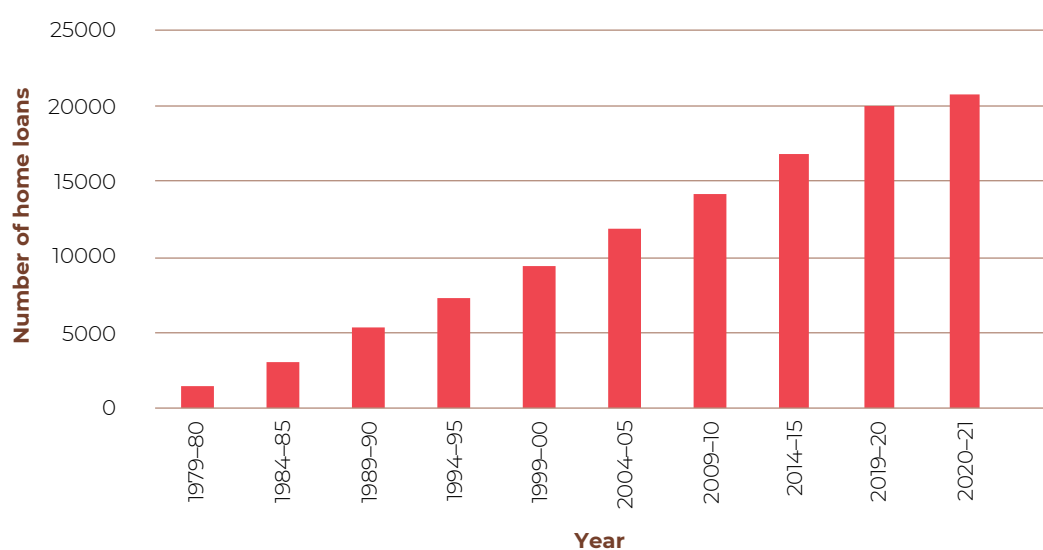


Measure 6 Cost per dollar lent home loan efficiency ratio				
Source	2020–21 Corporate Plan p. 6, 2020–21 PBS p. 144			
Performance	Year	Target	Results	Achieved
	2020–21	Measure to be piloted and target to be developed	Target was developed and piloted.	✓
Analysis	For 2021–22, we will be introducing a new performance measure for measuring the cost efficiency of our program delivery. This year we developed the methodology and target and piloted the measure. We will report against this measure in the 2021–22 Annual Performance Statement.			

As at 30 June 2021, IBA's capital base consisted of its housing loan portfolio, comprising 5,119 loans valued at \$1.27 billion (this amount includes bank balances), and the funds held in bank accounts available for home lending. Over the past five years, IBA has achieved a net portfolio increase of 549 housing loans (12%).

We look towards 2021–22 with a focus on innovation and growth. Supporting more Indigenous Australians into home ownership will require creative thinking, new product development, and key partnerships with aligned organisations. This will be coupled with increased focus on the impacts of any further lockdowns on our existing customers and providing appropriate support measures as necessary.

**FIGURE 02: CUMULATIVE NUMBER OF HOME LOANS OVER LIFE OF PROGRAM**



**FIGURE 03: HOUSING LOAN APPROVALS BY ACCESSIBILITY AND REMOTENESS INDEX OF AUSTRALIA (ARIA) FOR FY2020-21**

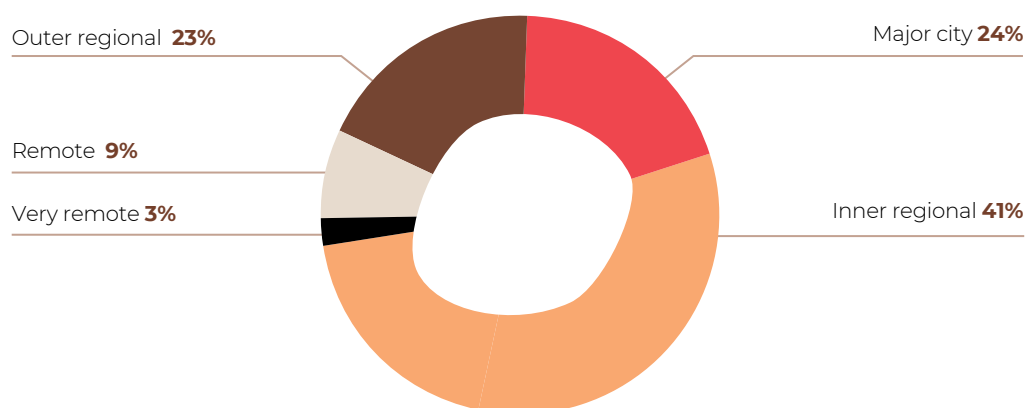
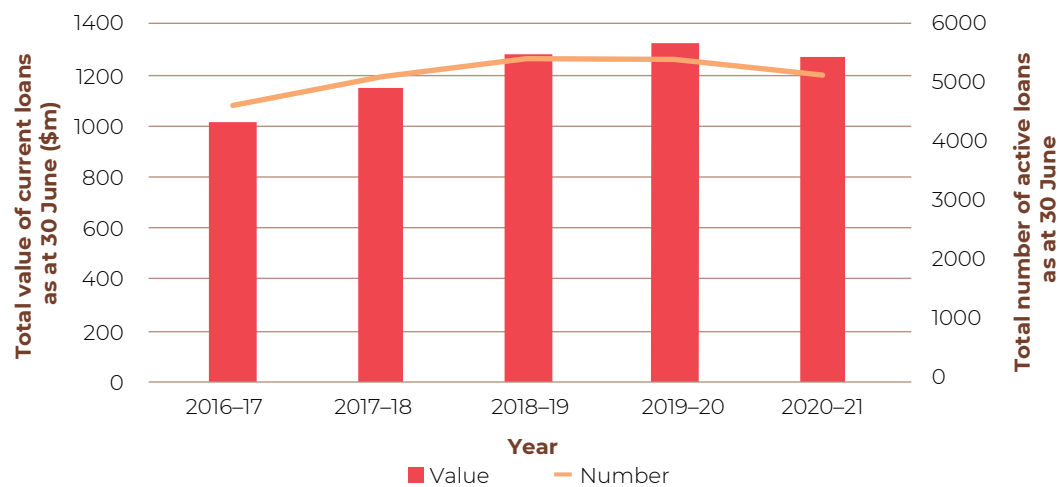


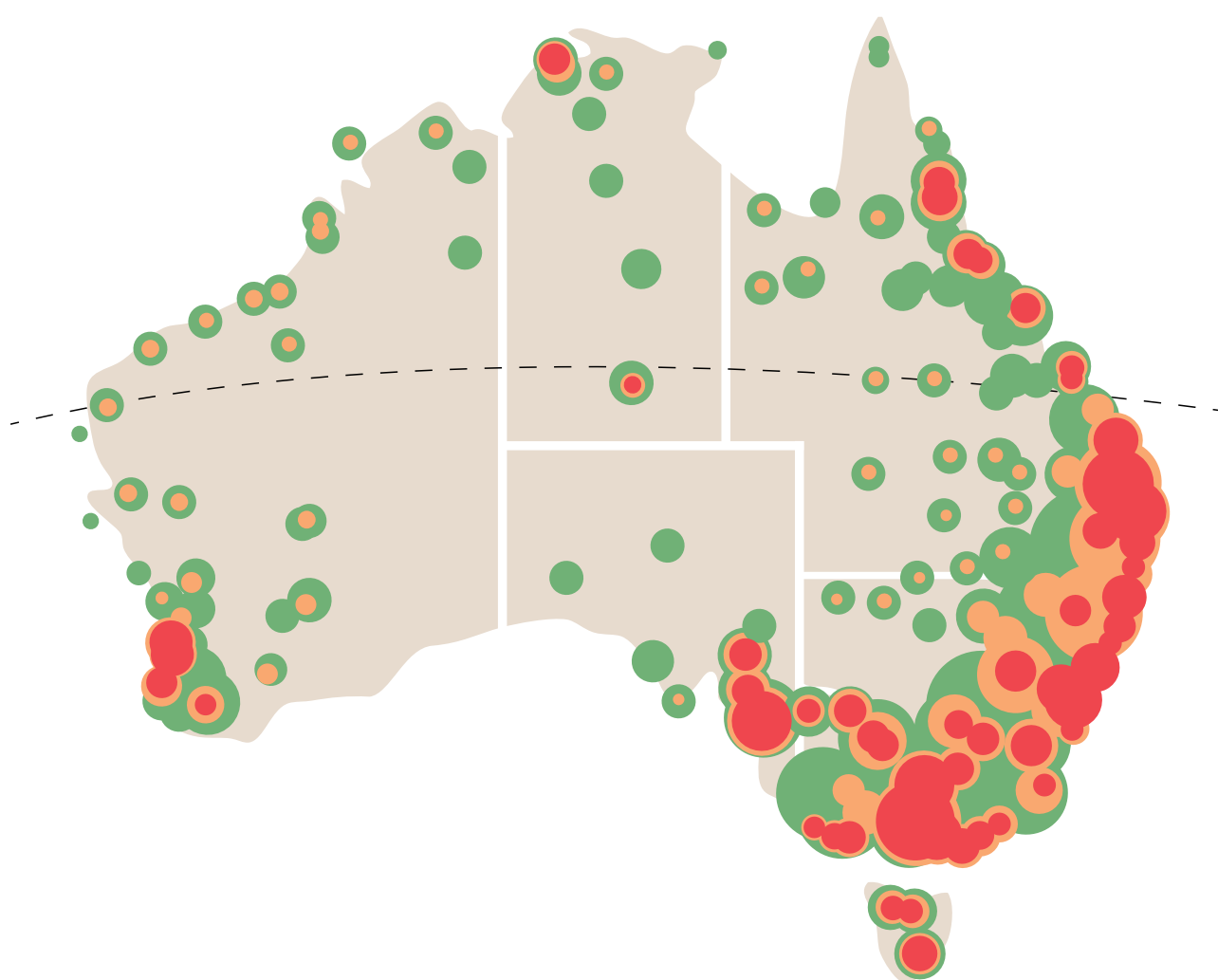
FIGURE 04: ACTIVE HOUSING LOANS, VALUE AND NUMBERS



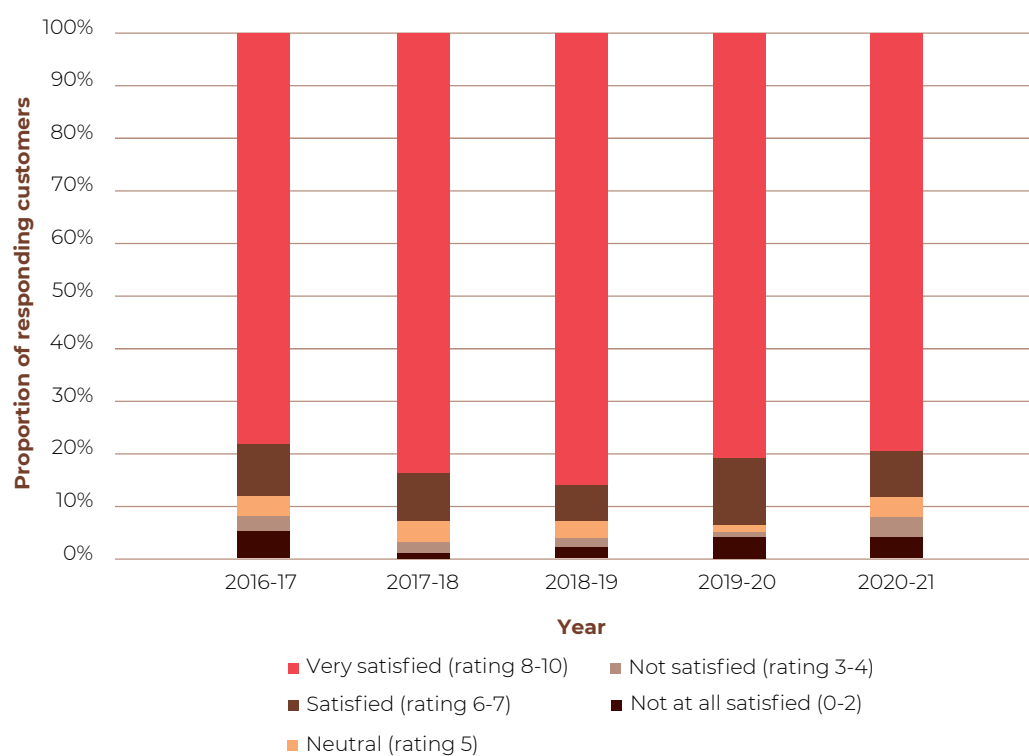
Bernadette Hardy (pictured right) incorporates culture into her family run industrial-interior design business **hardyhardy**. ‘And maybe people think by using this Indigenous timber we are employing people, but what we are actually doing is getting our people back on the land,’ Bernadette says.



FIGURE 05: GEOGRAPHICAL DISTRIBUTION OF  
ACTIVE HOUSING LOAN PORTFOLIO AS AT 30 JUNE 2021



**FIGURE 06: CUSTOMERS SATISFACTION FOR IBA HOME LOAN PROCESS**



Refer Appendix C: IBA's customer satisfaction survey methodology, for more information.

# BUILDING HOMES FOR THE FUTURE



Alan and Jemma outside the home they built in Western Australia (Image: The Digital Factory).

In October 2020, IBA received \$150 million from the Federal Government (over two years), to stimulate construction and employment in regional areas. This equity injection is supporting more Aboriginal and Torres Strait Islander people to take out a loan and build a home.

Jemma and Alan, a Whadjuk Noongar man, recently moved into their newly built house. They know firsthand what it means to build their dream as homeowners.

Alan says it was worth the wait to get into a home that is new and all their own. 'We wanted this for so long. It's just so good. We can relax now. What we're paying in mortgage now is what we were paying in rent. So instead of paying someone else's mortgage, we're paying our own.'

'Budgeting is a major thing and doing your research. Find out the information before you say you can't do it. Go talk to IBA and find out.'

'We enjoyed coming each weekend through the build and seeing each stage.'

Alan and Jemma used COVID isolation as a time to fix up their garden and things around the house.

'This is ours. It's perfect – it's exactly how we wanted it.'

# BUSINESS SOLUTIONS

This year our Business Solutions program continued a strong focus on supporting our customers as they endured the challenges and opportunities of COVID-19. We developed new innovative ways to connect with, and support, Aboriginal and Torres Strait Islander entrepreneurs – to stabilise their operations or adapt, reimagine, and grow their business in new directions. In another challenging year, business owners were again agile and are preparing for future opportunities.

Throughout 2020–21 we continued to offer a business relief package, providing \$13.1 million to assist 159 customers assess pandemic impacts and identify new opportunities and business models. Since the package inception in April 2020, we have delivered 242 loan and grant combinations valued at \$20.1 million. This included assisting 112 Indigenous businesses we had not worked with previously. In addition to this special assistance, we continued 'business as usual', delivering 355 finance products valued at \$52.4 million, and 465 different forms of business support and skills development.

We wanted businesses to continue building capability and expertise whatever their circumstances or location, so we moved a series of training and skill development opportunities online, including:

- our 'Business Essentials' workshops – a series that builds business acumen and prepares start-ups for business
- a partnership with Xero to build financial management and bookkeeping skills
- working with the Melbourne Business School to move their Murra Indigenous Business Masterclass Program into a virtual space.

Forging new partnerships has been a key activity during the year. See Business Solutions Partnerships on page 38 for more details.

The Business Solutions division contributes to IBA's purpose by delivering a range of finance products (loans, leasing and cash flow finance products) as well as business support services and initiatives to assist Indigenous Australians to start, develop or grow their own businesses. A core part of economic self-determination for Aboriginal and Torres Strait Islander people is the ability to start and grow successful businesses. Indigenous owned and operated businesses play a significant role in improving employment outcomes, financial independence, self-determination and resilience, along with building inter-generational wealth.

The division monitored the following performance measures to assess IBA's delivery of outcomes against its purpose:

- four-year survivability of IBA supported business loan customers
- value of business finance approved
- number of people attending business capability workshops
- percentage of business customers satisfied or very satisfied with IBA's service
- cost per dollar lent business loan efficiency ratio.

These performance measures are sourced from IBA's Corporate Plan 2020–21 and the Portfolio Budget Statements of Prime Minister and Cabinet.

Performance against these measures are presented in the following tables.



Measure 7 Four-year survivability of IBA supported business loan customers					
Source	2020–21 Corporate Plan p. 6, 2020–21 PBS p. 144				
Performance	Year		Target*	Result	Achieved
	2020–21	0–4 employees	63%	75%	✓
		5–19 employees	78%	95%	✓
		20–199 employees	83%	100%	✓
		200 + employees**	88%	N/A	N/A
	2019–20	0–4 employees	63%	65%	✓
		5–19 employees	78%	94%	✓
		20–199 employees	82%	100%	✓
		200 + employees**	87%	N/A	N/A
	2018–19	0–4 employees	69%	46%	✗
		5–19 employees	78%	89%	✓
		20–199 employees	82%	100%	✓
		200 + employees**	86%	N/A	N/A
	2017–18	0–4 employees	69%	42%	✗
		5–19 employees	78%	88%	✓
		20–199 employees	82%	100%	✓
		200 + employees**	84%	N/A	N/A
Analysis	<p>IBA has continued to achieve this performance target as its products and services are utilised to sustain our customers' businesses. This indicator measures the survivability of business customers who took out an IBA business loan and maintained their business for a four-year period to 30 June 2021. The results are calculated for four categories using the business employee numbers and compared to the Australian average.* The results demonstrate that our business loan customers in each category have remained viable, stable and committed to their business. Positive results for all categories also reflect IBA's responsible approach to lending and additional tailored customer support compared to alternative lenders.</p> <p>*Australian average business survivability by employment category, as reported by the Australian Bureau of Statistics over four years to 28 February 2021 (the most recent estimate).</p> <p>**IBA had no business customers with 200 or more employees over the reporting period.</p>				

Measure 8 Value of business finance approved				
Source	2020-21 Corporate Plan p. 6, 2020-21 PBS p. 144			
Performance	Year	Target	Results	Achieved
	2020-21	\$45.0m	\$52.4m	✓
	2019-20	\$40.0m	\$59.9m	✓
	2018-19	\$40.0m	\$48.0m	✓
	2017-18	-	\$51.5m	-
Analysis	<p>IBA was able to maintain its performance in the level of business finance approvals despite the impacts of COVID-19 and continued previous years' success. The result was achieved through provision of various business finance products. Details below:</p> <ul style="list-style-type: none"> <li>• \$14.7 million standard business loans</li> <li>• \$6.7 million invoice finance</li> <li>• \$7.6 million performance bonds</li> <li>• \$6.6 million producer offset loans</li> <li>• \$3.7 million leasing finance</li> <li>• \$13.1 million in COVID-19 Business Relief Package.</li> </ul>			

Measure 9 Number of people attending business capability workshops				
Source	2020–21 Corporate Plan p. 6, 2020–21 PBS p. 144			
Performance	Year	Target	Results	Achieved
	2020–21	500	502	✓
Analysis	<p>As a result of COVID-19, this year we moved the delivery of the majority of our workshops online. This ensured we could continue providing training and skills development opportunities to our customers. Some of the workshop projects we delivered included:</p> <ul style="list-style-type: none"> <li>• 'Business Essentials' workshops – a series that builds business acumen and prepares start-up customers for business</li> <li>• Xero program, developed in partnership with a third-party subject matter expert to build financial management and bookkeeping skills</li> <li>• Working with the Melbourne Business School to move their MURRA Indigenous Business Masterclass Program into a virtual space</li> <li>• Business and Wellbeing program, which supported entrepreneurs and businesses with tools to understand and manage their own wellbeing and their business.</li> </ul> <p>Despite the difficult environment during the year, we were able to run a series of workshops to support over 500 Aboriginal and Torres Strait Islander businesses and entrepreneurs in 2020–21.</p> <p>Note: A new performance measure for FY2020-21 and no comparable trend data available.</p>			

Measure 10 Percentage of business customers satisfied or very satisfied with IBA's service				
Source	2020–21 Corporate Plan p. 6, 2020–21 PBS p. 144			
Performance	Year	Target	Results	Achieved
	2020–21	80%	85%	✓
Analysis	<p>This newly established performance target measures the overall satisfaction of customers who went through the end-to-end business finance application process, including those customers that were affected by the COVID-19 pandemic who received our Business Relief Package. 85% of those customers indicated they were either satisfied or very satisfied with IBA's service, 5% above the target. The key drivers of the result included:</p> <ul style="list-style-type: none"> <li>• 91% of Business Relief Package customers were satisfied or very satisfied with IBA's services</li> <li>• 78% of the customers in the broader Business Solutions program were satisfied or very satisfied with IBA.</li> </ul> <p>There was reduced satisfaction with loan processing timeliness and meeting customer expectations relating to understanding the loan application process. This was primarily due to the requirement for Program resources to focus on IBA's increased response to demand for services brought on by the COVID-19 pandemic. These concerns primarily relate to early stage and start-up businesses who have not previously experienced commercial lending practices.</p> <p>The Program is reviewing its business lending processes to identify improvement opportunities, noting the continued and increasing demand for the COVID-19 Business Relief Package.</p> <p>Note: A new performance measure for FY2020-21 and no comparable trend data available. Refer Appendix C for IBA's customer satisfaction survey methodology.</p>			

Measure 11 Cost per dollar lent business loan efficiency ratio				
Source	2020–21 Corporate Plan p. 6, 2020–21 PBS p. 144			
Performance	Year	Target	Results	Achieved
	2020–21	Measure to be piloted and target to be developed	Target was developed and piloted.	✓
Analysis	For 2021–22, we will be introducing a new performance measure for gauging our program delivery efficiency. Our objective this year was to prepare by developing the methodology and target, and then pilot the measure. We will report this measure in the 2021–22 Annual Performance Statement.			

## BUSINESS SOLUTIONS, PERFORMANCE INDICATORS UNDER CONTRACTUAL AGREEMENTS WITH NIAA

Business Solutions performance framework contains key performance indicators (KPIs) as set out under the Business Solutions Program agreement and the COVID-19 Business Relief Package (BRP) agreement with NIAA. Performance against these KPIs is presented on the following pages.

To assist our business customers with managing the impact of COVID-19, in 2019–20, IBA developed a \$50 million COVID-19 BRP with NIAA. The purpose of the BRP was to complement the Australian Government's economic response to COVID-19. The BRP focuses on assisting small to medium Indigenous businesses and the numerous jobs of Aboriginal and Torres Strait Islander people that these businesses provide. The package continued to support our customers throughout 2020–21. While these KPIs are not part of the performance measures in the PBS or Corporate Plan, we report these measures' results to provide additional information on the Business Solutions division's performance.



**TABLE 01: BUSINESS SOLUTIONS, PROGRAM CONTRACTUAL AGREEMENT PERFORMANCE INDICATORS FOR 2020-21**

No.	Key performance indicators	Annual target	Result	
<b>M1</b>	Number and proportion of Indigenous people employed in delivery of the project (KPI is mandatory under the Indigenous Advancement Strategy)	The number of Indigenous people employed in the delivery of this project should reflect the overall proportion of Indigenous staff employed by the provider	35.19% (19)	✓
<b>D106.01</b>	Number of Individual businesses and organisations (customers) who receive IBA capability development or other support (Internal Support)	450	465*	✓
	Number of Individual businesses and organisations (customers) who receive IBA capability development or other support (External Support)			✓
<b>P106.07</b>	Regional /remote participation in service. At least 30 per cent of supported businesses are classified as regional/remote	30%	56%	✓
<b>D105.01</b>	Number of Individual financed businesses and organisations (customers in the reporting period)	80	130	✓
	Regional /remote participation in service. At least 30 per cent of supported businesses are classified as regional/remote	30%	55%	✓
<b>D105.2</b>	Total capital provided to financed businesses and organisations (customers) in the reporting period	\$9.180m	\$14.73m	✓
<b>D106.04</b>	Number of third parties with whom a collaborative partnership has been formed	6	7	✓
<b>A6</b>	Business Survival rates of IBA loan recipients: Meets or exceeds Australian survival rates for businesses with**	<b>Survivability target</b>	<b>Result</b>	
		0–4 employees 63%	75%	✓
		5–19 employees 77.6%	95%	✓
		20–199 employees 82.2%	100%	✓
		200+ employees 86.6%	N/A***	✓

No.	Key performance indicators	Annual target	Result	
<b>D107.03</b>	Number of gender products developed. Increase participation of Aboriginal and Torres Strait Islander women in business	Quarterly reporting will include female registered users of SWSB FB page (1600)	2220	✓
		Quarterly reporting will include female registered users of SWSB platform (150)	607	✓
<b>P106.08</b>	Quality of support****	80 per cent of supported customers are satisfied with the level of support received	78%	✗
<b>P106.06</b>	Participation in services	80 per cent of customers are defined as early-stage customers or pre-bank customers	91%	✓

\* Count of customers does not remove duplicate customers that occur across quarters or across internal and external customer segments, consistent with NIAA reporting requirements.

\*\* The results are calculated for four categories using the business employee numbers and compared to the Australian average. Australian average business survivability by employment category, as reported by the Australian Bureau of Statistics over four years to 28 February 2021 (the most recent estimate).

\*\*\* IBA had no business customers with 200 or more employees over the reporting period.

\*\*\*\* The customer satisfaction rating is the overall satisfaction of customers who went through the end-to-end business finance application process.

Throughout 2020–21, we continued to offer the Business Relief Package and provided \$13.1 million in loans and grants to assist 159 customers to address the impacts of the pandemic and identify and capitalise on new opportunities as they arose. Since the package inception in April 2020, we have delivered 242 loan and grant combinations valued at \$20.1 million.

Additionally, some 603 businesses have accessed business support services totalling \$5.7 million. In addition to this special assistance, we continued 'business as usual', overall delivering 355 finance products valued at \$52.4 million, and 465 different forms of business support and skills development during the year.

**TABLE 02: BUSINESS SOLUTIONS, BUSINESS RELIEF PACKAGE  
PERFORMANCE INDICATORS AS AT 30 JUNE 2021**

No.	Key performance measures	Results since inception to 30 June 2021
1	Total number of enquiries received to date	1244
2	Total value of working capital support approved to date	\$20.10M
3	The average monetary value of working capital support provided	\$83K (Loan/grant mix) \$46K (Grant)
4a	Total number of external support provided	82
4b	Total number of loans provided	0
4c	Total number of grants provided	25
4d	Total number of loans and grants provided	217
5	The number of indigenous jobs that have been supported to date	908

No.	Key performance indicators	Target	Results since inception to 30 June 2021	Achieved
A	The number of Rapid Business Situation Assessments conducted to date.	472	603	✓
B	Average time taken from referral for rapid business situation assessment to deliver of Rapid Business Situation Assessment	7 days	23	✗ The program continues to work with customers to encourage them to provide information in a timely manner.
C	Average time taken to assess and process applications for working capital support	10 days	10	✓
D	Customer Satisfaction	80%*	91%	✓
E	The % of customers that have received Business Support of Working capital support, are still operating as at the Project End Date.	Meets or exceeds the Australian survival rates for businesses of a comparable size**		✓
		0–4 employees 91%	99%	✓
		5–19 employees 94%	100%	✓
		20–199 employees 95%	100%	
		200+ employees 97%	N/A	✓

\* Refer Appendix C for IBA's customer satisfaction survey methodology."

\*\*The results are calculated for the period of the contract using the business employee numbers and compared to the Australian average. Australian average business survivability by employment category, as reported by the Australian Bureau of Statistics, 28 February 2021 (the most recent estimate). IBA had no business customers with 200 or more employees over the reporting period

**FIGURE 07: VALUE OF BUSINESS FINANCE APPROVED DURING THE FINANCIAL YEAR**

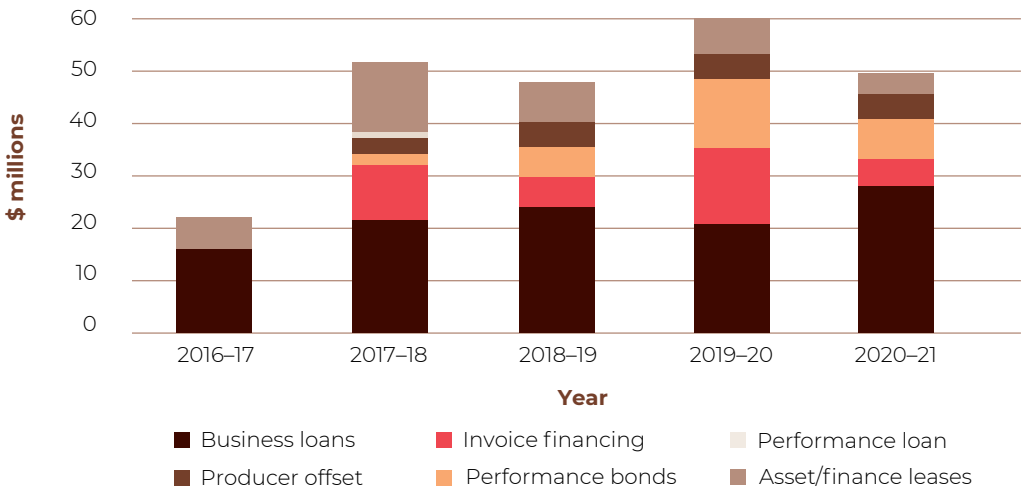




TABLE 03: NUMBER OF CUSTOMERS FINANCE BY PRODUCT

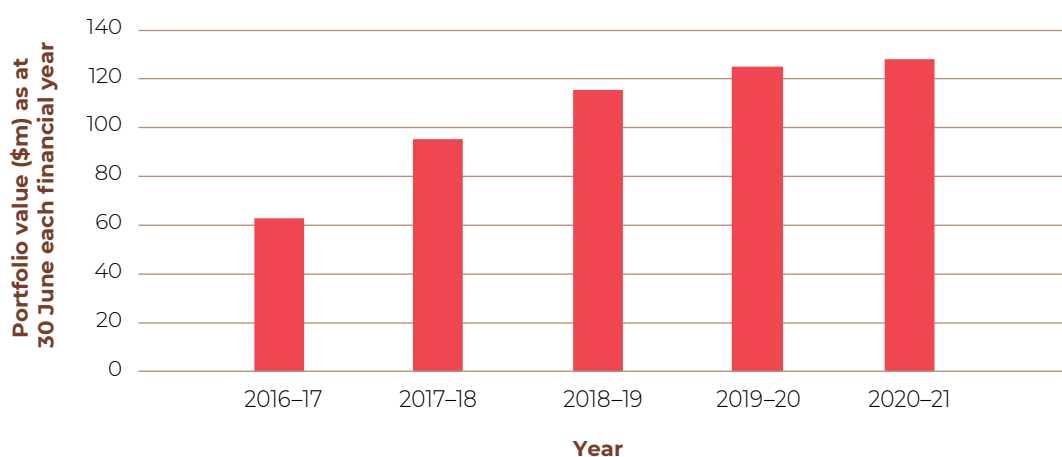
Number of customers financed by product					
Product	2016-17	2017-18	2018-19	2019-20	2020-21
Business loans <sup>1</sup>	83	155	164	132	129
Invoice financing	N/A	11	8	12	4
Performance bonds	N/A	9	6	12	6
Producer offset	N/A	4	4	7	6
Asset/finance leases <sup>2</sup>	36	49	44	35	17
Business relief package (BRP)/grant	N/A	N/A	N/A	83	154
Total customers financed <sup>3</sup>	108	197	206	249	316

<sup>1</sup> Includes NT loan/grant package.

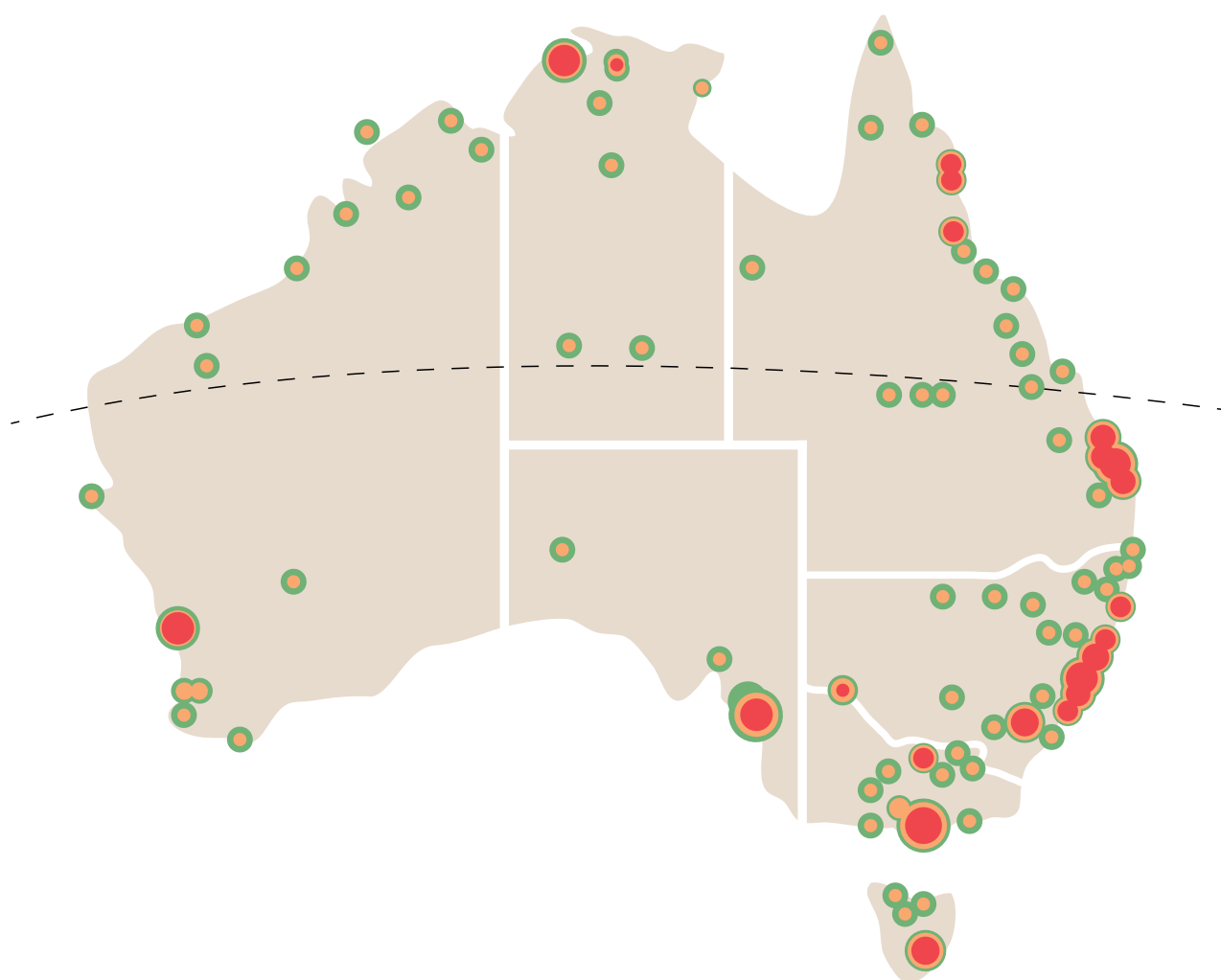
<sup>2</sup> Leasing customers in 2017-18 and 2018-19 identified on the basis of the date that IBA approved the lease. Customers in years 2014-15 to 2016-17 identified on the basis of the first lease repayment date. Customer numbers for 2017-18 have previously been incorrectly reported and have been updated here.

<sup>3</sup> Some customers utilise multiple IBA products, so total may not equal sum of customers financed across products.

FIGURE 08: BUSINESS LENDING PORTFOLIO



**FIGURE 09: GEOGRAPHICAL DISTRIBUTION OF APPROVED BUSINESS FINANCE CUSTOMERS FOR FY2020-21**



## BUSINESS SOLUTIONS, PARTNERSHIPS

Forging new partnerships has continued to be a key activity for the Business Solutions division. We have strived to create relationships with delivery partners to increase our reach and impact, ensure our services are culturally appropriate and relevant, and support more businesses across urban, regional and remote Australia. In addition to our workshop partners, we are working with four service providers to deliver Business Relief Package impact assessments, in response to COVID-19: PwC Indigenous Consulting, Coolamon Advisors, IPS Management Consultants and KPMG.

We partnered with Professor Gregory Phillips from Abstarr Consulting to design and deliver 'Wellbeing in Business' workshops, supporting business owners to build resilience and focus on their personal and professional wellbeing. IBA also celebrated Indigenous success through our partnership with the Black Magic Woman Podcast and founder, Aboriginal businesswoman, Mundanara Bayles. The podcast features conversations with IBA customers that explore uplifting stories and issues important to Aboriginal and Torres Strait Islander people and communities.

Expanding on our Strong Women Strong Business initiative, IBA partnered with Kimberley Jiyigas a movement of Kimberley Indigenous women founded by Natasha Short, a descendant of the Jaru people, to facilitate the Kimberley Aboriginal Leaders and Women in Business Forums. Held in the east 'Ngaaringgas in Business' and in the west 'Wiyi in Business', these on Country forums saw women from across the Kimberley attend events focused on exploring and expanding female entrepreneurship and leadership.

In November, we concluded our first Futures Forum with an online event celebrating the achievements of our young entrepreneurial participants. This initiative, which aims at supporting young Aboriginal and Torres Strait Islander entrepreneurs to build their business acumen, will continue with a new program and cohort of participants building on the innovative future business models.

# EXPANDING FOR GROWTH

Wadandi custodian Josh 'Koomal' Whiteland started Koomal Dreaming over 10 years ago, to share his deep connection with his country.

From his home base in Margaret River WA, Josh provides guests with the opportunity to taste native foods, discover bush medicine and experience traditional fire lighting.

But COVID-19 wasn't kind to tourism. Although Josh has run his business successfully for years, the impact of the pandemic was unprecedented. His business came to a grinding halt when the border shut. Contracts with tourism operators and cruise ships were cancelled.

'It has been a very distressing time for us with a lot of fear of the unknown, what may or may not be ahead of us,' Josh says.

Getting help to weather the tough times was essential to keep Josh's business afloat. Koomal Dreaming received support and a loan and grant through IBA's COVID-19 Business Relief Package.

Josh stepped back and reviewed how his business had been operating. He realised there were ways to work smarter. He'd started the business to provide cultural awareness for community, education and tourism, but saw a new opportunity – growing the school side of the business.

'With the IBA business loan and grant we now have a real chance at business recovery. We can now financially put plans into action to diversify and re-direct our business. What we can't do ourselves we can now afford to get help with and have confidence in the services IBA are able to assist us with along the way.'

Josh's best piece of advice for other entrepreneurs? 'It's important to do something that's authentic to you. People want to connect with people and place – so make it real.'



**Josh 'Koomal' Whiteland showing students how to start a fire using traditional methods.**



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# INVESTMENT AND ASSET MANAGEMENT

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Like all areas of IBA, our Investment and Asset Management team and customers have experienced a year of challenges, opportunities, setbacks and success. We have seen some great examples of how investment alongside our Indigenous partners can create opportunities in community economic development, growth and independence.

The five-year average return to IBA's Indigenous co-investors was 7.2%, driven by a strong rebound in global financial markets and domestic tourism. Our co-investors' investment in commercial property also continued to generate a stable return.

Across our subsidiaries and partnerships, we continued to meet employment targets. This year our investment activities employed 588 people, 155 (or 26.3%) of them Indigenous. Over \$11.2 million in income was paid to Indigenous employees, while significant career development opportunities were provided. These employment opportunities have important flow-on effects, not only to the person employed, but also their family and wider community.

In this COVID-19 challenged year, IBA sought to stabilise existing investments before looking to new opportunities. Importantly, this included divesting some assets. Each divestment is an example of the strength of IBA's direct investment model. This model aims to:

- identify and invest in sustainable economic development opportunities, alongside Indigenous partner organisations
- continue to develop and support partner organisations' enterprise related governance, management and business acumen
- grow wealth and create opportunities for jobs, procurement, skills training and capacity building
- when the time is right, sell IBA's interest to its Indigenous partners to support the promotion of self-management and self-sufficiency for Indigenous Australians, businesses and communities.

In 2020–21 we divested our interests in:

- **Messagestick** – a communications company purchased in 2012, providing audio and video conferencing services to more than 80 corporate clients
- **Anderleigh Enterprises** – a quarry providing a diverse range of building resources for civil construction
- **Carpentaria Shipping Services** – providing transhipment services between Bing Bong port and ocean-going vessels in the Gulf of Carpentaria.

Each of these enterprises is unique to the location and aspirations of the Indigenous partner. All have created jobs, training and skills development for Indigenous people, and capability development and sustainable income streams for partner organisations. We continue to work in partnership with 15 Indigenous organisations across 17 direct investments in the retail, tourism, renewables and industrial sectors.

The Indigenous Real Estate Investment Trust (I-REIT) is a diversified portfolio of commercial Australian properties, providing rental income and capital growth for IBA and 25 Indigenous co-investors. The I-REIT has been resilient throughout COVID-19, proactively implementing a rent relief strategy that aimed to mitigate the impact of the pandemic on tenants experiencing difficulty, whilst ensuring ongoing lease security for the portfolio. A total return of 13.6% was achieved for the 2021 financial year, demonstrating the success of this strategy. The I-REIT owned Katherine Government Centre is currently undergoing extensive refurbishment, creating more than \$10 million in procurement spending for Indigenous contractors.

Further procurement opportunities extend across the Investment and Asset Management program. Around \$4.4 million was paid to 54 Indigenous businesses in 2020-21, supporting economic growth, entrepreneurs and jobs, particularly in regional and remote locations. Construction continues on the rebuild of the IGA supermarket facilities at Tennant Creek, NT in partnership with Julalikari Council Aboriginal Corporation, following the store being destroyed in a fire in July 2020.

The Indigenous Prosperity Funds (IPF), which provide Indigenous organisations the opportunity to invest in an actively managed and diversified investment portfolio, have bounced-back strongly from the COVID-19 shock. Both the IPF Growth Fund and the IPF Income Fund posted strong total net returns to IBA and 34 Indigenous co-investors of 23.7% and 6.6% respectively for the 2021 financial year, and as a result exceeded their respective return on investment objectives.

COVID-19 provided significant challenges and opportunities for the tourism and hospitality sector too. IBA has seen tourism businesses manage significant activity increases since the upswing in domestic tourism, as Australian families 'holiday at home'.

Another celebration of resilience during the pandemic was the beautiful Barkly Voices Project, a Northern Territory singing collaboration, demonstrating how music can unify remote communities. IBA subsidiary, IBA Retail Asset Management, sponsored the Project, which composed and produced the song (and video), 'Keep my Culture Strong', shining a light on Indigenous culture and communities.

The Investment and Asset Management division contributes to IBA's purpose by providing Indigenous investors with access to direct investments and managed investment options that deliver commercial returns. Direct investments also seek to deliver social and economic gains for Aboriginal and Torres Strait Islander people through employment, training and procurement benefits.

Measurement of the division's performance against IBA's purpose focuses on the financial growth and returns of assets and investments, through the following performance measures:

- total value of Indigenous co-investments with IBA (cumulative since 1 July 2015)
- five-year average annual portfolio return to Indigenous co-investors
- number of Indigenous co-investor partnerships (cumulative since 1 July 2015)
- value of goods and services procured from Indigenous suppliers by IBA's subsidiaries and associates
- percentage of jobs supported by IBA's subsidiaries and associates held by Indigenous Australians
- percentage of investors satisfied or very satisfied with IBA's service
- asset management expense ratio.

Performance measures are sourced from IBA's Corporate Plan 2020-21 and the Portfolio Budget Statements of Prime Minister and Cabinet.

## IBA'S INVESTMENT AND ASSET MANAGEMENT PERFORMANCE AGAINST ITS 2020-21 PERFORMANCE MEASURE TARGETS

Measure 12	Total value of Indigenous co-investments with IBA (cumulative since 1 July 2015)			
Source	2020-21 Corporate Plan p. 6, 2020-21 PBS p. 144			
Performance	Year	Target	Results	Achieved
	2020-21	\$152.0m	\$150.9m	x
Analysis	<p>The result measures the value of funds invested by Indigenous entities in:</p> <ul style="list-style-type: none"> <li>the Indigenous Prosperity Funds (IPF)</li> <li>the Indigenous Real Estate Investment Trust (I-REIT)</li> <li>IBA's direct investments.</li> </ul> <p>COVID-19 induced uncertain economic conditions which impacted performance against this measure. As with the broader market, many potential investors put investment decisions on hold with travel restrictions adversely affecting IBA's ability to provide investment workshops and engage directly with potential investors. Despite this, we were able to meet 99% of the target. With similar challenges expected into the next financial year, we will continue to adapt to meet our investors' needs.</p>			

Measure 13	Five-year average annual portfolio returns to Indigenous co-investors			
Source	2020-21 Corporate Plan p. 6, 2020-21 PBS p. 144			
Performance	Year	Target	Results	Achieved
	2020-21	5.3%	7.2%	✓
	2019-20*	3.2%	0.6%	x
	2018-19*	5.6%	7.7%	✓
	2017-18*	6.1%	7.4%	✓
Analysis	<p>Return on equity to Indigenous co-investors measures financial returns across the IPF, I-REIT and IBA's Direct Investments. COVID-19 continued to cause uncertainty and affect investor confidence especially in early parts of 2020-21. However, there was a strong rebound in global financial markets and domestic tourism, while commercial property continued to generate a stable return. IBA was able to generate a strong average return of 7.2% over five years for IBA's Indigenous co-investors and exceeded its target. This demonstrates our commitment to effectively support our Indigenous co-investors to accumulate a capital asset and become economically self-sufficient.</p> <p>*The targets for FY2017-18 to FY2019-20 were on an annual calculation methodology rather than a five-year average which was introduced in FY2020-21. We are of the view that the annual-based targets and results still provide a reasonable trend demonstration of this performance measure.</p>			

Measure 14 Number of Indigenous co-investor partnerships (cumulative since 1 July 2015)				
Source	2020–21 Corporate Plan p. 6, 2020–21 PBS p. 144			
Performance	Year	Target	Results	Achieved
	2020–21	60	56	✗
Analysis	As with Measure 12 above, this performance measure was impacted by COVID-19-induced uncertain economic conditions. Despite the difficult conditions, we continued significant engagement with potential new co-investors. The number of co-investor partnerships established demonstrates the growth in the number of Indigenous entities that are benefiting from IBA's investment and asset management services and enhancing their economic self-sufficiency.			

Measure 15 Value of goods and services procured from Indigenous suppliers by IBA's subsidiaries and associates				
Source	2020–21 Corporate Plan p. 6, 2020–21 PBS p. 144			
Performance	Year	Target	Results	Achieved
	2020–21	\$2.0m	\$4.4m	✓
	2019–20	-	\$3.9m	-
	2018–19	-	\$2.8m	-
	2017–18	-	\$1.9m	-
Analysis	Through our subsidiaries and associates, we were able to generate \$4.4 million in Indigenous procurement which was well above the target. Through this performance measure, we deliver increased income for Indigenous businesses, supporting them to grow and enhance their economic self-sufficiency.			

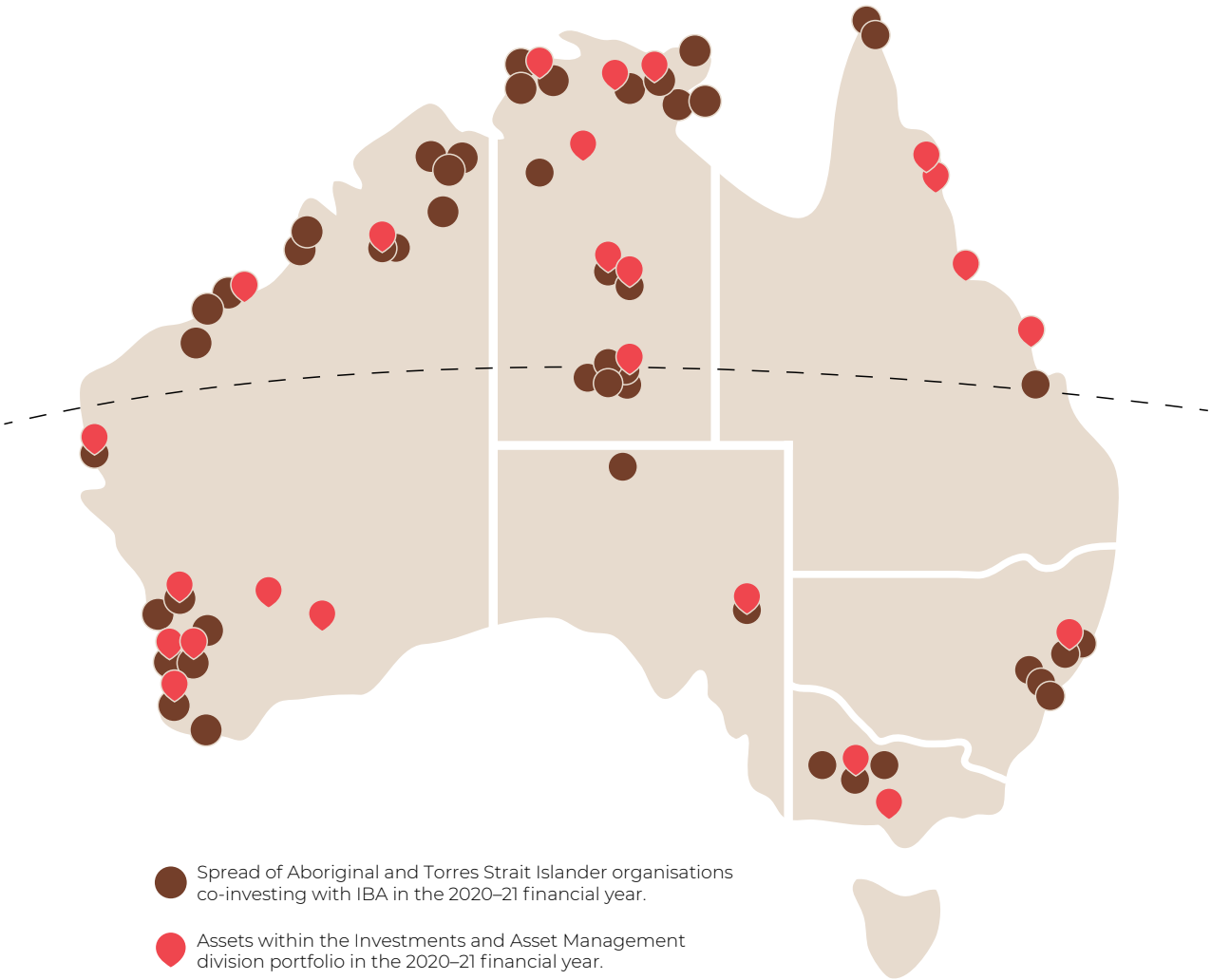


Measure 16 Percentage of jobs supported by IBA's subsidiaries and associates held by Indigenous Australians				
Source	2020–21 Corporate Plan p. 6, 2020–21 PBS p. 144			
Performance	Year	Target	Results	Achieved
	2020–21	22%	26.3%	✓
Analysis	Across our subsidiaries and associates, we continued to meet Indigenous employment targets. This year our investment activities employed 588 people, 155 (or 26.3%) of them Indigenous. This represents over \$11.2 million in income paid to Indigenous employees, in addition to important career development opportunities. These employment opportunities have important flow-on effects, not only to the person employed, but also their family and wider community.			

Measure 17 Percentage of investors satisfied or very satisfied with IBA's service				
Source	2020–21 Corporate Plan p. 6, 2020–21 PBS p. 144			
Performance	Year	Target	Results	Achieved
	2020–21	70%	96%	✓
Analysis	IBA continuously makes efforts to improve our customer service, by providing customers with the opportunity to provide feedback on their experience via a confidential survey. This survey was provided to all our existing co-investors in November and December 2020. We are pleased to report that 96% of respondents indicated they were 'very satisfied' or 'satisfied' with IBA's service.			

Measure 18 Asset management expense ratio				
Source	2020–21 Corporate Plan p. 6, 2020–21 PBS p. 144			
Performance	Year	Target	Results	Achieved
	2020–21	Less than 3%	1.6%	✓
Analysis	This performance measure was introduced this year to demonstrate our efficiency in undertaking investment activities that contribute to IBA's purpose. It considers the cost of running the Investments program in relation to the value of the portfolio. We were able to demonstrate this efficiency by achieving 1.6%, well within the target.			

FIGURE 10: INVESTMENT AND ASSET MANAGEMENT ACTIVITY



# SUPPORTING LOCAL JOBS WITH A FACELIFT



Over \$10 million worth of upgrades to the Katherine Government Centre will deliver a more integrated service counter, dedicated and separate entrances so clients access more confidential and private services, better services and increased access to clinics for the Katherine community. It will also create around 200 local jobs.

Katherine Government Centre is the government services hub for the Big Rivers Region. It is part of the Indigenous Real Estate Investment Trust (I-REIT), a property investment fund whose investors are made up of IBA and 25 Indigenous investor groups. The upgraded facilities will lock in a lease agreement with the NT Government for 15 years, giving returns to the I-REIT and all co-investors.

The refurbishment program will use local trades, contractors and suppliers through On Country Construction. It is a joint venture between Ironbark Aboriginal Corporation and local company Jaytex Constructions. Work started in March 2021 and is scheduled to finish mid-2022.

The Minister for Corporate and Digital Development, Paul Kirby, said "Katherine Government Centre is the hub for Katherine residents when dealing with government and these refurbishments will not only enhance the amenities for staff but improve service delivery and accessibility to medical clinics for residents."

"It's great to see such a strong commitment and significant private investment into the town from Aboriginal investors into Indigenous owned and run businesses."

# OVERALL IBA

While the above sections focus on IBA's Housing Solutions, Business Solutions and Investments and Asset Management areas, we have several other key activities that sit outside direct products and service areas which also make a significant contribution to our purpose.

They are assessed with the following performance measures:

- value of goods and services procured from Indigenous suppliers by IBA
- Implementation of IBA's Impact Framework.

These performance measures are sourced from IBA's Corporate Plan 2020–21 and the Portfolio Budget Statements of Prime Minister and Cabinet.

Measure 19 Value of goods and services procured from Indigenous suppliers				
Source	2020–21 Corporate Plan p. 6, 2020–21 PBS p. 144			
Performance	Year	Target	Results	Achieved
	2020–21	\$4.5m	\$5.2m	✓
	2019–20	-	\$4.7m	-
	2018–19	-	\$8.2m	-
Analysis	During 2020–21, IBA procured \$5.2 million of goods and services from Indigenous suppliers. Indigenous suppliers mean suppliers that are 50% or more Indigenous owned. This was a 10% increase over the previous year and approximately 15% above the target. In addition, over 16% of IBA's total procurement in value was sourced from Indigenous suppliers. More than one in every five suppliers used by IBA was Indigenous.			

Measure 20 Implementation of IBA's Impact Framework				
Source	2020–21 Corporate Plan p. 6, 2020–21 PBS p. 144			
Performance	Year	Target	Results	Achieved
	2020–21	Annual Impact Report published	Impact Report was published in February 2021	✓
Analysis	The public launch of the inaugural IBA Impact Report took place in Canberra with a panel including the Hon. Ken Wyatt, the Minister for Indigenous Australians, on 8 February 2021.			



# PARTNERING FOR INDIGENOUS FINANCIAL WELLBEING

IBA is partnering with First Nations Foundation to deliver on our joint objective of financial prosperity for Aboriginal and Torres Strait Islander people.

First Nations Foundation is a not-for-profit group established in 2006 with a majority Indigenous board. Their key areas of activity include financial education, superannuation outreach and research into the financial position of Indigenous Australians.

A portion of the annual return from IBA's investment in the Indigenous Real Estate Investment Trust can be used to promote Indigenous economic impact. The Foundation's work with financial literacy aligns with that intent. We'll work together to improve retirement outcomes and assist Aboriginal and Torres Strait Islander communities to navigate the superannuation system and improve their financial wellbeing, combating the lowest rates of financial literacy in the nation (HILDA 2018).

In the next two financial years, IBA will support two of the foundation's major activities – an Indigenous financial wellbeing website and their keystone event, Big Super Day Out, a superannuation outreach program for Indigenous communities.

Providing access to education and insight into the superannuation system can help unlock longer term benefits for Aboriginal and Torres Strait Islander people, who may not otherwise know what they are entitled to.



Event attendees from The Big Super Day Out in Broome 2019. This keystone event is a superannuation outreach program designed for Indigenous communities. Image source: First Nations Foundation.



# PART 04 GOVERNANCE

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Expanding on our Strong Women Strong Business initiative, IBA partnered with Kimberley Jiyigas to facilitate the 'Ngaaringgas in Business' and 'Wiyi in Business' forums. These on Country forums saw women from across the Kimberley attend events to expand female entrepreneurship and leadership.



## GOVERNANCE FRAMEWORK

IBA's corporate governance framework (Figure 11) is designed so our objectives are achieved in a transparent, accountable and efficient way.

## RESPONSIBLE MINISTER

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

## MINISTERIAL DIRECTIONS AND GOVERNMENT POLICY ORDERS

Under section 151 of the ATSI Act, the responsible Minister can make general written directions that IBA must comply with. No such directions were made in 2020–21.

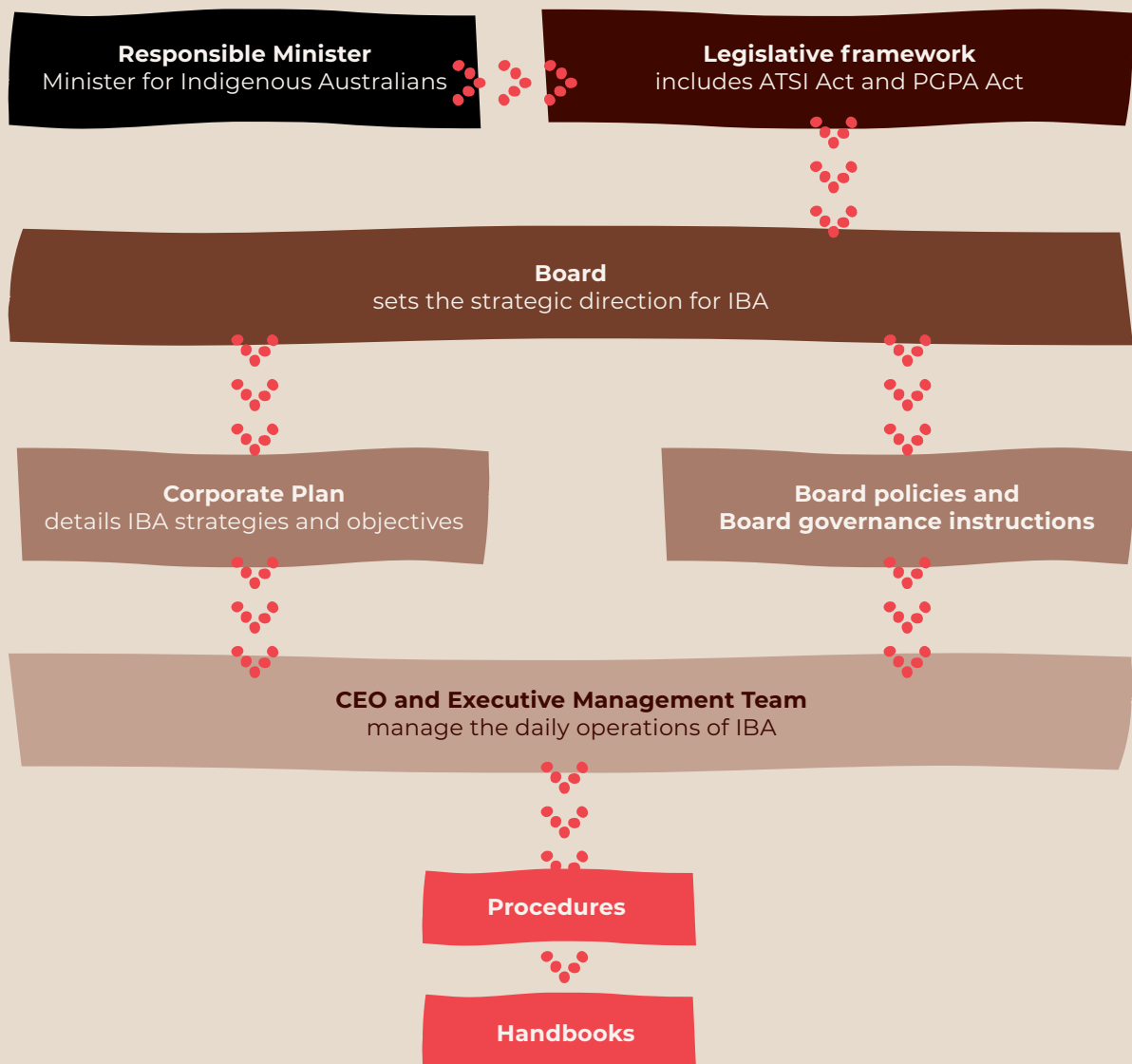
IBA must also comply with applicable Government policies. No policy orders were issued to IBA under the PGPA Act in 2020–21.

## 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 sits alongside the Portfolio Budget Statements as IBA's principal planning document. It is a key mechanism for accountability to the Parliament and public.

FIGURE 11: IBA GOVERNANCE FRAMEWORK



# IBA BOARD

IBA's Board is responsible for seeing that IBA performs efficiently and effectively. It determines policy, ensures we comply with all legal and policy obligations and sets the risk appetite, tolerance levels and culture of the organisation.

The Board keeps the Minister informed of IBA's activities and significant decisions in accordance with the PGPA Act.

The Board appoints, and reviews the performance of, IBA's CEO.

## APPOINTMENTS

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

## MEMBERS

IBA's Board members have extensive and varied expertise – particularly in industry, commerce and finance, and Aboriginal or Torres Strait Islander communities and enterprises. There were nine serving Board members at the end of the 2020–21 financial year; six identified as Aboriginal or Torres Strait Islander and five were female. All were non-executive directors.





**EDWARD  
(EDDIE)  
FRY**

**IBA CHAIR; REMUNERATION AND  
NOMINATION COMMITTEE CHAIR**

- Dagoman 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, Gimbulki Resources Ltd, a native title land access company; Chair of the Indigenous Advisory Board for Ventia Services Pty Ltd (formerly Broadspectrum/Transfield); Deputy Chair, Aboriginal Foundation of South Australia
- extensive experience in the Australian resource sector, including previous senior executive roles with Normandy Mining Ltd – establishing the company's Traditional Owner policy, managing international logistics and marketing of Normandy's base and strategic metal portfolio, and investor-relations analyst
- former director and consultant of TNG Ltd – an Australian resource company
- 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 northwestern New South Wales
- chartered accountant and registered company auditor
- Director of the Hunter New England Central Coast Primary Health Network 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; FINANCE, INVESTMENT AND  
PERFORMANCE COMMITTEE MEMBER**

- chartered accountant with many years' experience in the corporate sector
- Chair, Voyages Indigenous Tourism Australia Pty Ltd; Chair, Kakadu Tourism (GLC) Pty Ltd and Kakadu Tourism (GCH) Pty Ltd; Chair, Cavpower Pty Ltd (Group)
- 2011 recipient of Ernst & Young Champion of Entrepreneurship Award, Central Region, for outstanding entrepreneurial achievement and community contribution
- 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; officer of the Order of Australia (2008) for leadership in corporate social responsibility



**ROY  
AH SEE**

**IBA DIRECTOR  
(\*TERM ENDED 11 JULY 2020)**

- Wiradjuri man, born and raised on Nanima Reserve, near Wellington, New South Wales
- qualifications in social welfare, worked at various government agencies and Aboriginal community-controlled organisations
- Director of the Indigenous Land and Sea Corporation
- former Co-Chair of the Prime Minister's Indigenous Advisory Council
- 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
- voluntary work helping Aboriginal men experiencing challenges with drugs and alcohol



**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
- Chair of the Kaitijan Mia Mia Aboriginal Foundation
- Director, Western Australian Biodiversity Science Institute
- former group manager of Indigenous Strategy and Business with Leighton Contractors Pty Ltd; former consultant to the mining industry, negotiating land use agreements in Western Australia
- former member of the Australian Government delegation to the United Nations Permanent Forum on Indigenous Issues



**CLAIRE  
WOODLEY**

**IBA DIRECTOR; FINANCE, INVESTMENT  
AND PRODUCTS COMMITTEE MEMBER;  
REMUNERATION AND NOMINATION  
COMMITTEE MEMBER**

- tertiary qualifications in occupational therapy, psychology and project management; graduate, Australian Institute of Company Directors
- former General Manager, Business Banking Victoria, Commonwealth Bank of Australia
- experience in business banking, governance, risk management, strategic planning, policy development, business re-engineering, project and program management



**DR  
VALERIE  
COOMS**

#### **IBA DIRECTOR**

- 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 PhD from Australian National University
- Adjunct Professor at Griffith University; Indigenous Research Fellow at the School of Historical and Philosophical Inquiry, University of Queensland
- Deputy Chair of Aboriginal Hostels Ltd
- former member of the National Native Title Tribunal
- previously Manager, Native Title Unit, Western Australian State Office of Aboriginal and Torres Strait Islander Commission; CEO of Queensland South Representative Body Aboriginal Corporation and Queensland South Native Title Services
- worked with Social Ventures Australia
- 2018 Aboriginal and Torres Strait Islander Mediator of the Year with the Australian Dispute Resolution Awards



**SCOTT  
YOUNG**

#### **IBA DIRECTOR; FINANCE, INVESTMENT AND PRODUCTS COMMITTEE MEMBER (\*RESIGNED 9 JULY 2021)**

- 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 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



**VANESSA  
ELLIOTT**

**IBA DIRECTOR; AUDIT, RISK AND  
PERFORMANCE COMMITTEE  
MEMBER; REMUNERATION AND  
NOMINATION COMMITTEE MEMBER**

- Jaru woman from the Kimberley region of Western Australia with cultural connections into the Central and Western Desert
- Principal of Vanessa Elliott and Associates
- extensive experience in mining, energy and primary industries as Corporate Affairs, Government and Community Relations Lead with Newmont Asia Pacific and Woodside and as an independent consultant
- Forest Products Commissioner WA; Adjunct Industry Fellow with the Sustainable Minerals Institute University of Queensland; Board member of Centre for Social Responsibility in Mining Advisory; Board member of Desert Knowledge Australia; Chair, Kent Street Public Independent School Board, Perth
- Graduate Certificate of Business, University of Western Australia and Bachelor of Arts, Communications and Cultural Studies, Curtin University



**ROSEMARY  
ADDIS**

**IBA DIRECTOR; FINANCE, INVESTMENT  
AND PRODUCTS COMMITTEE MEMBER  
(\*JOINED BOARD 16 SEPTEMBER 2020)**

- globally recognised director and strategist at the forefront of innovation and investment for impact
- Ambassador of the Global Steering Group for Impact Investment; senior adviser to the UN Development Programme's Sustainable Development Goals Impact; Founder and Director of Impact Investing Australia; Chair of the Climate Ready Initiative Advisory Board at Griffith University
- has provided expert advice to impact related initiatives of the OECD and World Economic Forum; collaborated with Skoll Centre at Oxford University and Initiative for Responsible Investment at Harvard Kennedy School
- former partner of Allens-Linklaters and Kirkland & Ellis
- first social innovation strategist for the Australian Government; member of the Social Impact Investment Taskforce established under the UK Presidency of the G8; founding Chair of the Australian Advisory Board on Impact Investing and Impact Investing Australia (Market Builder of the Year 2018)
- member of the Order of Australia (2020) for significant services to social innovation, impact investment and the law; ranked among Australian Financial Review's 100 Women of Influence for achievements in innovation (2015) and top thought leaders in finance, as finalist for Women in Finance Thought Leader of the Year (2017)



## MEETINGS

In 2020–21, the Board held six scheduled meetings and nine out-of-session meetings. Details of directors' attendance are in Table 04.

**TABLE 04: BOARD MEETING ATTENDANCE**

Name	Position	Attendance
Mr Eddie Fry	Chair	15/15
Mr Anthony Ashby	Deputy Chair	15/15
Mr Richard Allert	Director	15/15
Ms Claire Woodley	Director	14/15
Ms Shirley McPherson	Director	12/15
Mr Scott Young	Director	12/15
Dr Valerie Cooms	Director	13/15
Ms Vanessa Elliott	Director	15/15
Mr Roy Ah See	Director	0/1
Ms Rosemary Addis	Director	11/12

Note: Figures represent meetings a director attended out of their total possible.

## BOARD CHARTER AND CORPORATE GOVERNANCE

The Board Charter includes a code of conduct for directors, and rules and processes for dealing with conflicts of interest. The Charter must be continuously kept up to date with best practices in corporate governance, and in response to internal and external reviews and variations in IBA's operating environment.

In November 2020 it was updated to make it consistent with changes to internal policies and practices. The amendments included:

- broadening the types of transactions prohibited by IBA due to the risk of actual, potential or perceived conflicts of interest
- facilitating efficient provision of advice from the Remuneration and Nomination Committee to the Board about Board appointments.

The Charter also provides for reviews to foster ongoing development and enhancement in the Board's performance. The reviews include triennial assessments of the Board's performance overall and its individual members.

The best practice corporate governance culture and standard in the Board Charter is continued in the Board's governance instructions. IBA's CEO and employees must comply with these instructions, and also:

- Board policies
- chief executive's instructions and procedures
- authorisations and delegations
- other lawful and reasonable directions.

Read more about IBA's corporate governance approach in the Internal Governance section of this report.

## COMMITTEES

Three ongoing committees assist the Board in discharging its functions.

## AUDIT, RISK AND PERFORMANCE COMMITTEE

Provides independent assurance and advice to the Board on IBA's risk and compliance framework, financial statements, performance reporting responsibilities and systems of internal control. It monitors actions against budget and key performance indicators.

The committee is chaired by Richard Allert and has two members who are IBA Directors, plus an independent member, Maria Storti. Ms Storti has been an independent member of the committee since September 2014. She is an experienced senior executive and was a partner in a professional services firm. She has held other senior management and consulting roles across the private and public sectors. The Audit, Risk and Performance Committee Charter is available at [iba.gov.au/charter](http://iba.gov.au/charter).

## 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.

See all Directors' committee memberships in 2020–21 on pages 53–57.

## FINANCE, INVESTMENT AND PRODUCTS COMMITTEE

Monitors and reviews IBA's Housing Solutions, Business Solutions and Investments and Asset Management portfolios. The committee regularly reviews IBA's financial policies; providing advice and recommendations to the Board in relation to major new business, products, investments and other financial transactions. It is chaired by Anthony Ashby.

## BOARD AND EXECUTIVE REMUNERATION

Details of remuneration of key management personnel for the reporting period can be found in tables 06, 07 and 08.

**TABLE 05: DETAILS OF AUDIT, RISK AND PERFORMANCE COMMITTEE MEMBERS**

Member name	Qualifications, knowledge, skills or experience (include formal and informal as relevant)	Meetings attended/ Total meetings	Remuneration
Richard Allert	Chartered accountant with many years' experience in the corporate sector	10/10	\$16,267.94
Shirley McPherson	Chartered accountant with experience in program delivery and business development at all levels of government	6/10	\$8,133.84
Maria Storti	Independent member since September 2014  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	10/10	\$18,000.00
Vanessa Elliott	Experienced government and not-for-profit board director  More than 20 years' experience in strategic management, business, governance, economic development and community services	7/10	\$7,789.73
Roy Ah-see		ARPC member (cessation date 11 July 2020)	\$375.41

**TABLE 06: REMUNERATION OF KEY MANAGEMENT PERSONNEL  
FOR THE REPORTING PERIOD**

Short-term benefits							Post-employment benefits	Other long-term benefits	Total remuneration
Name	Position title	Base salary	Bonuses	Other benefits and allowances	Annual Leave	Unused Leave on Termination	Superannuation contributions	Long service leave	
Edward Fry	Board - Chair	77,372					11,915		89,287
Anthony Ashby	Board - Deputy Chair	58,034					8,937		66,971
Rick Allert	Board	38,686		22,358			9,401		70,445
Roy Ah-see	Board	1,786		375			333		2,494
Shirley McPherson	Board	38,686		8,134			7,233		54,053
Claire Woodley	Board	38,686		6,091			7,433		52,210
Val Cooms	Board	38,686					5,958		44,644
Scott Young	Board	38,686		6,091			6,895		51,672
Vanessa Elliott	Board	38,686		7,790			7,157		53,633
Rosemary Addis	Board	29,907		1,991			4,912		36,811
Rajiv Viswanathan	Chief Executive Officer	157,821				54,954	10,962		223,736
Peter O'Neill <sup>1</sup>	Executive Director, Business Services *acting CEO for 3 months	122,282		35,307	12,119		25,355	3,983	199,046
Tom Hure	Chief Financial Officer	234,349		9,968	18,794		25,000	6,128	294,238
Kirsty Moore	Executive Director, Products & Markets *acting CEO for 1 month	244,217		6,743	26,278		25,000	8,568	310,806
<b>TOTAL</b>		<b>1,157,884</b>	<b>0</b>	<b>104,848</b>	<b>57,190</b>	<b>54,954</b>	<b>156,492</b>	<b>18,678</b>	<b>1,550,045</b>

<sup>1</sup> Peter O'Neill's role as Executive Director, Business Services is not considered a KMP role. Accordingly Mr O'Neill's remuneration details are only disclosed for the period he was acting as CEO.

**TABLE 07: REMUNERATION OF SENIOR EXECUTIVES FOR THE REPORTING PERIOD**

Short-term benefits						Post employment benefits	Other long-term benefits	Termination benefits	Total remuneration
Total remuneration bands	Number of senior executives	Average base salary	Average bonuses	Average other benefits and allowances	Average annual leave	Average superannuation contributions	Average long service leave	Average termination benefits	Average total remuneration
3	4	\$187,158	\$0	\$3,083	\$15,693	\$28,885	\$5,110	\$0	\$239,929

**TABLE 08: REMUNERATION OF HIGHLY PAID STAFF FOR THE REPORTING PERIOD**

Short-term benefits						Post employment benefits	Other long-term benefits	Termination benefits	Total remuneration
Total remuneration bands	Number of senior executives	Average base salary	Average bonuses	Average other benefits and allowances	Average annual leave	Average superannuation contributions	Average long service leave	Average termination benefits	Average total remuneration
1	5	\$170,616	\$0	\$19,258	\$14,560	\$29,703	\$4,747	\$0	\$238,883

# ACCOUNTABILITY

## ACCOUNTABILITY

IBA was established under the ATSI Act, which sets out its purposes, functions and powers. IBA is a corporate Commonwealth entity and its Board is the accountable authority under the PGPA Act.

## INDEMNITY AND INSURANCE

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

## INTERNAL GOVERNANCE

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

The organisational structure of IBA at 30 June 2021 is set out in Figure 12 on page 63.

## SIGNIFICANT ACTIVITIES AND CHANGES

In November 2020, IBA delivered its inaugural Impact Framework Report, an important collaborative achievement with Dr Kevin Dolman and Professor Sheree Cairney. External evaluators concluded that, across all program areas (Home Ownership, Business Solutions and Investments and Asset Management), IBA is generating positive impacts in relation to empowerment, financial resilience and wellbeing.

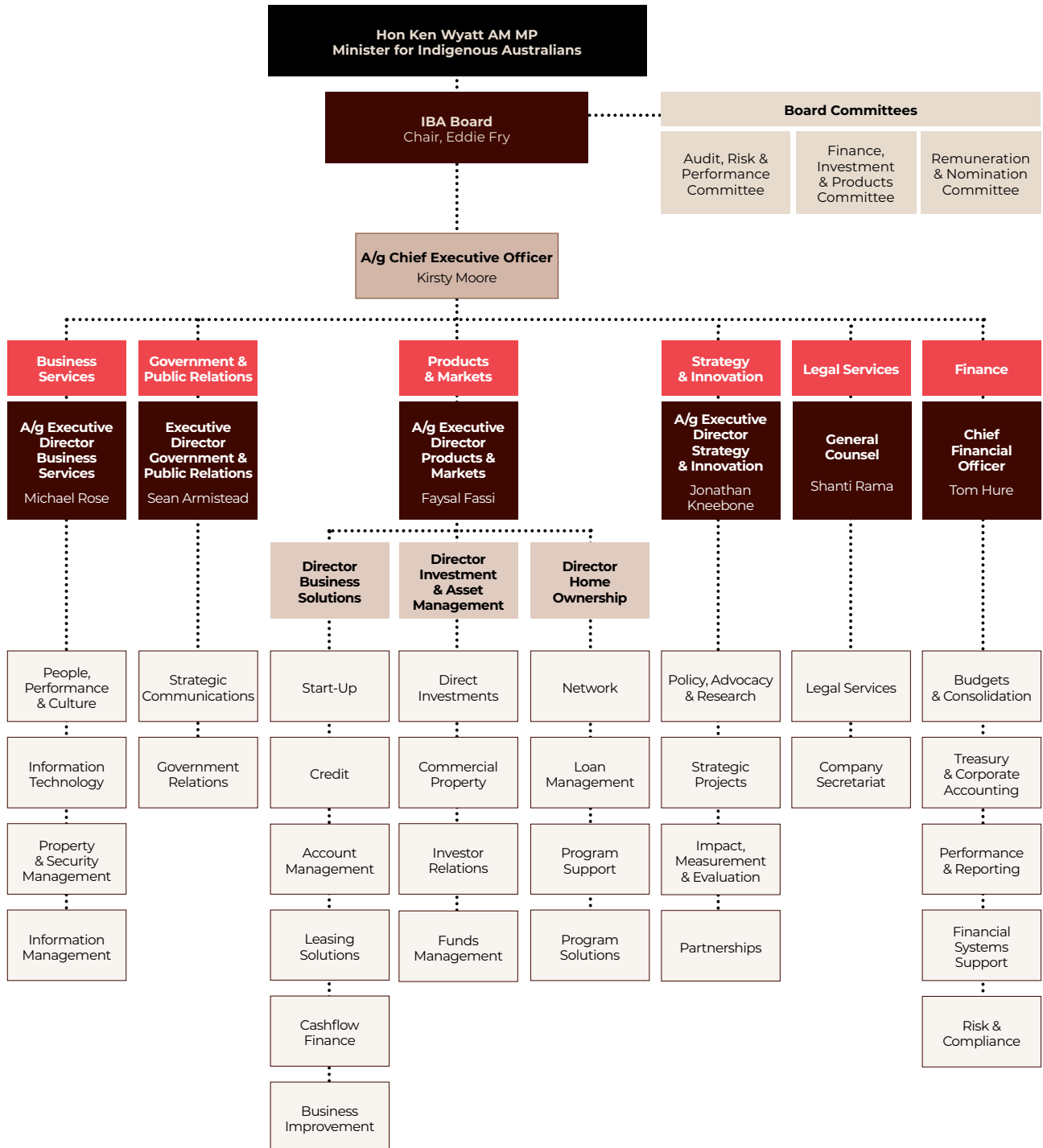
In May 2021 IBA launched two new strategic partnerships with Australian Unity Bank and Bank Australia. The partnerships demonstrate an important collaboration with segments of the corporate sector committed to the economic independence of Indigenous Australians. The banks will deliver a diverse range of products and services to IBA customers, facilitating financial success and economic independence in a relevant and culturally sensitive way.

Throughout 2020–21, IBA's Digital Futures Program saw IBA staff across program areas working collaboratively to design phase 1 of a new Core Banking System (CBS). The CBS will allow IBA to deliver online services to customers through a new myIBA portal, significantly enhancing their experience.

Throughout 2020–21, the Australian National Audit Office (ANAO) conducted a performance review of the effectiveness and efficiency of IBA's business support and investment and Asset Management activities. The final report was tabled in Parliament on 7 May 2021. Several improvements to IBA's internal processes were implemented, based on ANAO's constructive feedback.



**FIGURE 12: IBA ORGANISATIONAL CHART AS AT 30 JUNE 2021**



## ETHICAL BEHAVIOUR AND FRAUD CONTROL

Standards of behaviour for employees are specified in IBA's Code of Conduct, the Values and Behaviours Framework and the Governance Procedure, which includes guidance on managing conflicts of interest. The IBA enterprise agreement requires that staff comply with this to be eligible for salary advancement. IBA's fraud control plan is established in accordance with section 10 of the Public Governance, Performance and Accountability Rule 2014.

The *Public Interest Disclosure Act 2013* 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, including former staff and contractors. IBA has systems and processes in place to ensure they can make public interest disclosures about IBA.

## INTERNAL AUDIT

The Audit, Risk and Performance Committee oversaw the 2020–21 Strategic Internal Audit program which was delivered by an outsourced internal audit service provider.

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

The Board governance charter sets out the decision-making processes for managing transactions within the Board's delegation that raise conflicts of interest for IBA directors.

The charter restricts an IBA director from entering into prohibited related party transactions.

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 where IBA directors hold a significant interest.

In 2020–21, there was one transaction in which IBA provided a grant to a company which was a related entity, as defined in the Public Governance, Performance and Accountability Rule 2014. The value of the grant provided was \$80,000. That transaction was approved in accordance with IBA's decision making framework described above.

There were 17 transactions where IBA paid other related entities for goods or services, with a combined value of \$104,000. Those transactions were approved in accordance with IBA's decision making framework above.

## COMPLIANCE

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

In 2020–21, there were no significant issues reported to the Minister under section 19 of the PGPA Act regarding non-compliance with the finance law.

## COMPLAINTS HANDLING

IBA's commitment to quality service is outlined in our customer charter. It has detailed processes for complaints handling.

The complaint management process ensures that, where customers have concerns in relation to IBA's service, decisions, or IBA funded service providers, they are taken seriously and dealt with promptly in a fair and transparent manner. IBA maintains a detailed complaint register, regularly reviewed by management. Complaints rated as significant or higher are reported to the Audit, Risk and Performance Committee and Board. This helps us to continuously refine our practices, ultimately improving customer experience.

During the year IBA undertook an internal audit of its complaints management process. The audit resulted in IBA centralising its functions to ensure continuous improvement in the way we do business. IBA's Customer Service Charter was updated to articulate clearly what our customers can expect from IBA. IBA committed to managing complaints diligently, and created a dedicated complaints officer position.

## CONSULTANCIES

Consultants are distinguished from other contractors by 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 and section 189(1)(b) requires IBA to include in its annual report details of any consultants engaged under section 187 during the reporting period. IBA follows guidance issued by the Department of Finance in determining whether an arrangement should be classified as a consultancy for this purpose.

# EXTERNAL SCRUTINY

IBA is subject to scrutiny by the Australian National Audit Office, the Commonwealth Ombudsman, courts, administrative tribunals, and Parliamentary and Ministerial oversight. We are also required to comply 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. Audits of IBA's financial statements are conducted in accordance with a strategy mutually agreed between the Auditor-General and IBA.

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

There were no complaints to the Commonwealth Ombudsman about IBA.

## PARLIAMENTARY AND MINISTERIAL OVERSIGHT

Under section 19 of the PGPA Act, IBA must inform the Minister of any significant decisions or issues. This year, IBA advised the Minister of significant decisions and issues in its quarterly Ministerial updates and also in other correspondence and meetings.

## FREEDOM OF INFORMATION

Under Part II of the FOI Act, IBA must publish certain information for the public. IBA's Information Publication Scheme plan and information published in line with the scheme's requirements, are available on our website.

# ENVIRONMENTAL PERFORMANCE

Under section 516A of the *Environment Protection and Biodiversity Conservation Act 1999*, IBA is required to describe its environmental performance and contribution to economically sustainable development. IBA is committed to the principles of ecologically sustainable development as outlined in section 3A. We recognise Aboriginal and Torres Strait Islander people's unique relationship to the land, sea and waterways and seek and adopt innovative approaches – doing our part to safeguard the welfare of our environment for future generations.

IBA makes a particular effort to select environmentally friendly merchandise, helping reduce single use plastic materials. However, our main impact on the natural environment is our corporate operations – including administration, air travel and property management (see Table 09). Some of our progress in minimising environmental impact can be attributed to pandemic related measures like working from home and restricted travel.



In October 2020, IBA received \$150 million in funding from the Federal Government over two years to stimulate construction and employment opportunities in regional locations. Pictured left to right: Hon Ken Wyatt MP, AM (Minister for Indigenous Australians, home owners Jemma and Alan, and Kirsty Moore (CEO, Indigenous Business Australia).



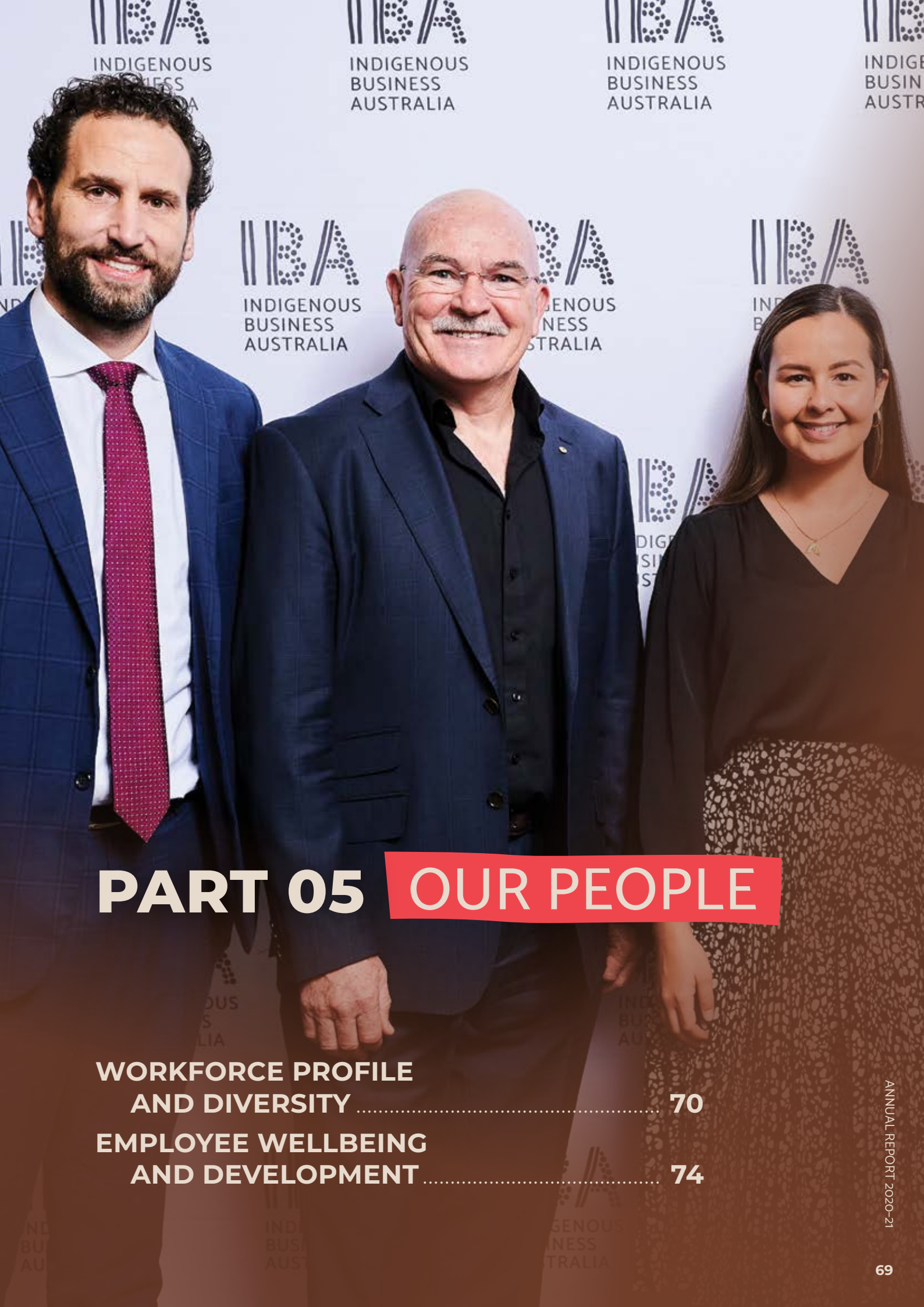
**TABLE 09: IMPACT ON THE ENVIRONMENT**

<b>Energy</b>	<p>IBA's four major tenancies – Canberra, Sydney, Perth and Brisbane – are in buildings with 3.5 to 5 star energy ratings. The Canberra building is certified as a 5 star, Green Star Building and registered with the Green Building Council of Australia.</p> <p>We reduced energy consumption another 13% on top of last year's 30%. Measures included using energy-efficient technologies, such as sensor lighting and T5 fluorescent tubes, in various IBA offices.</p>
<b>Water</b>	<p>Our tenancies are fitted with water-saving fixtures where possible, including sensor taps, half size dishwashers, dual flush toilets and motion sensor urinals.</p> <p>IBA staff are encouraged to save water. Dishwasher use was stopped 18 months ago.</p>
<b>Waste</b>	<p>We reduce waste to landfill by decreasing paper use and encouraging recycling.</p> <p>We recently engaged a paper waste provider that can weigh and report on IBA paper use. Data will be collected and reported on within the year.</p> <p>Measures to reduce paper use include:</p> <ul style="list-style-type: none"> <li>• multifunction printers where employees scan an access pass to collect printing, enabling them to discard any unwanted documents</li> <li>• email approval process implemented – no more hard copy signatures</li> <li>• staff working from home are not authorised to print IBA material.</li> </ul> <p>IBA has segregated waste streams for general waste, co-mingled recycling and paper and cardboard recycling. We use battery, mobile phone and toner cartridge recycling programs.</p>
<b>Greenhouse emissions</b>	<p>Staff use video conferencing facilities – Teams platform – to limit the need for travel.</p> <p>Staff training is provided online, reducing travel.</p>

Following the completion of IBA's Climate Risk Materiality Review, the Board endorsed several recommendations in late 2020. The first recommendation was the requirement to acknowledge climate risk in IBA's Risk Management Framework. Accordingly, climate risk has been incorporated into IBA's risk appetite indicators as a separate category and appropriate risk indicators are to be developed.

There will be further work to embed the consideration of climate risk into IBA's credit policy, procedures and investment policy. Meanwhile all staff must consider climate risk as part of risk assessments and IBA will promote awareness of climate risk in the various business activities that it engages in.

Our sustainability committee, established in 2019, drives and influences IBA's impact on the environment. They meet regularly to discuss ways IBA can decrease our environmental footprint and encourage staff to take a sustainable approach in the work environment.



## PART 05 OUR PEOPLE

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# WORKFORCE PROFILE AND DIVERSITY

While IBA's overall workforce characteristics have been relatively stable over the last five years, there have been some important changes:

- an increase in the percentage of Indigenous staff
- staff moving to locations more reflective of our changing customer base and demand
- an increase in the representation of women in IBA7/SES positions.

This reflects our ongoing commitment to investing in the strategic pillars of customer success, smart money, strong systems and deadly people.



Simon Thornalley started his business, Saltwater Eco Tours, with a start-up loan from IBA. He takes guests on his 113-year old timber sailing boat where they get to experience the sea and learn about the local Kabi Kabi communities. He talks about the trials of COVID-19 on a tourism business and how he's coming out the other side. Simon says, 'I can't express our appreciation as a family business, for all of the support we received'.

**TABLE 10: ALL ONGOING EMPLOYEES AS AT 30 JUNE 2021**

	Male			Female			Indeterminate			Total
	Full time	Part time	Total Male	Full time	Part time	Total Female	Full time	Part time	Total Indeterminate	
NSW	12	1	13	18	6	24	-	-	-	37
Qld	19	1	20	29	2	31	-	-	-	51
SA	4	-	4	2	-	2	-	-	-	6
Tas	-	-	-	-	-	-	-	-	-	-
Vic	12	-	12	4	-	4	-	-	-	16
WA	4	-	4	7	-	7	-	-	-	11
ACT	16	-	16	20	4	24	-	-	-	40
NT	1	-	1	8	-	8	-	-	-	9
External Territories	-	-	-	-	-	-	-	-	-	-
Overseas	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>68</b>	<b>2</b>	<b>70</b>	<b>88</b>	<b>12</b>	<b>100</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>170</b>

**TABLE 11: ALL NON-ONGOING EMPLOYEES AS AT 30 JUNE 2021**

	Male			Female			Indeterminate			Total
	Full time	Part time	Total Male	Full time	Part time	Total Female	Full time	Part time	Total Indeterminate	
NSW	7	-	7	2	1	3	-	-	-	10
Qld	6	-	6	7	-	7	-	-	-	13
SA	-	-	-	-	-	-	-	-	-	-
Tas	-	-	-	-	-	-	-	-	-	-
Vic	1	-	1	-	-	-	-	-	-	1
WA	1	-	1	2	-	2	-	-	-	3
ACT	1	-	1	2	1	3	-	-	-	4
NT	-	-	-	1	-	1	-	-	-	1
External Territories	-	-	-	-	-	-	-	-	-	-
Overseas	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>16</b>		<b>16</b>	<b>14</b>	<b>2</b>	<b>16</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>32</b>

**TABLE 12: STAFF NUMBERS BY CLASSIFICATION AS AT 30 JUNE 2021**

Classification	
Acting CEO	1
ED/CFO/GC	5
DIR/DCFO	4
IBA 7	28
IBA 6	27
IBA 5	70
IBA 4	33
IBA 3	26
IBA 2	8
IBA 1	3
Total	205

CEO = Chief Executive Officer

ED = Executive Director, CFO = Chief Financial Officer, GC = General Counsel

DIR = Director, DCFO = Deputy Chief Financial Officer

Australian Public Service Executive Levels 1 and 2 are equivalent to IBA Levels 6 and 7.



## DIVERSITY

IBA is committed to a diverse and inclusive workplace including gender, culture, religion, generational and mature-age, Aboriginal and Torres Strait Islander, LGBTQI+, disability and accessibility. As a practical way to build on this commitment, this year we became a member of Diversity Council of Australia, a not-for-profit peak body and appointed a diversity champion within IBA to promote a diverse and inclusive workplace.

IBA remains committed to a workforce representative of Aboriginal and Torres Strait Islander communities. There has been a continued increase in the percentage of Indigenous staff in recent years and now Indigenous staff represent 30.7% of the workforce. In 2020–21 IBA:

- further embedded strategies to create new outcomes in Indigenous employment, engagement, and procurement

- gained membership to the Diversity Council of Australia, including access to research and resources on diversity topics to share with staff
- celebrated days of cultural significance and supported staff to participate in National Aborigines and Islanders Day Observance Committee, and National Reconciliation, Week events
- celebrated Harmony Day where all staff were encouraged to wear orange and participate in virtual trivia events
- continued to support IBA's Galambany Indigenous Staff Network.

IBA has continued to partner with CareerTrackers, utilising their structured internship program to create career pathways for Indigenous university students. Four individuals participated this year. One person who completed the CareerTrackers program is employed in an IBA graduate position.



**Dale Chapman sees food as a way to bring people and cultures together. She talks about how COVID-19 was tough on her business 'My Dilly Bag'. But the IBA Business Relief Package helped her navigate through the opening of her shopfront on the Sunshine Coast and transition to online offerings.**

# EMPLOYEE WELLBEING AND DEVELOPMENT

## EMPLOYEE WELLBEING

IBA works to maintain safe workplaces and sustainable work practices. It is imperative we support a culture of mental and physical wellbeing and maintain workplaces where staff feel mentally and physically safe and valued for their contributions. Throughout 2020–2021 we:

- continued to provide confidential face-to-face and online support services, via our Employee Assistance Provider, to employees and family members experiencing professional or personal related issues impacting their mental or physical wellbeing
- ran wellbeing sessions, open to all staff, in Adapting to Change, Building Resilience in Uncertain Times and Managing Mental Health for Managers
- launched a Wellbeing Wednesday program that focused on various topics to support health and wellbeing both in and outside work
- embedded our COVID Safe Plan about combating pandemic challenges
- set up local office coordinators – assisting regional leaders (director and executive representatives) – to embed IBA's values and implement our COVID Safe Plan
- completed a review of flexible workplace practices, including an update to homebased work procedures and associated work health and safety documentation
- updated workgroups and elected a new health and safety representative
- held four virtual Health and Safety Committee meetings.

## CAPABILITY DEVELOPMENT

IBA supports ongoing staff development and growth. Staff are expected to engage in regular discussions about their development, throughout the year, via formal development plans and the Performance Management Framework.

Cultural capability is an expectation of every IBA staff member. With the rise of e-learning due to COVID-19, our induction program has moved to a blended approach where learners can build their knowledge and understanding of cultural capability in varied ways.

The Emerging Leaders Program was a key initiative completed this year. It supported leadership development in an identified cohort of talent at IBA level 4–5 levels and IBA's graduate alumni. The program was evaluated as successful and the graduation ceremony very memorable. The alumni can look forward to many new opportunities.

## OUTLOOK

In 2021–22, IBA is well placed to help employees deliver their best performance by:

- continuing to support staff to further develop their cultural capability
- developing and supporting leadership capabilities in middle and senior managers
- implementing strategies to support health and wellbeing
- aligning recruitment approaches with workforce plans
- continuing to use staff feedback to inform wellbeing and development approaches.





## PART 06 FINANCIAL PERFORMANCE

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# FINANCIAL PERFORMANCE

## ECONOMIC BACKGROUND

The uncertainties of the COVID-19 pandemic continued, combining with the low interest rate environment and broader stimulus responses to impact credit demand, asset values, housing affordability and construction service availability.

IBA proactively implemented strong relief measures to support existing customers. We:

- reduced home-loan interest rates
- continue to respond to hardship requests
- implemented ongoing Business Relief Package funding
- secured extra government funding targeting new home lending initiatives that promote regional construction.

The housing market performed better than many commentators expected. Regional areas saw unprecedented price increases that outstripped wages growth and decreased affordability. The majority of IBA's new customers are aspiring first-time homeowners in these impacted regional areas, making it harder for them to get into the market.

Low interest rates, and incentives from mainstream banking, created opportunities for existing customers to refinance. As they switched to non-IBA lenders, in line with our longer-term strategy to transition 'ready' customers, much-needed capital was recycled for new lending.

The current macroeconomic environment, coupled with capital from discharges and capital injections, has allowed IBA to increase housing lending into the second half and we expect this increased lending activity trend to continue. However, IBA's access to capital is finite and we expect increasing demand pressure into the future. We must stay agile, finding new funding solutions to keep pace with growing lending and support demand.

Having been adversely impacted by COVID-19 last year, the performance of IBA's investment portfolio recovered strongly with the broader market, achieving improved valuations of invested financial assets and investment properties.

## FINANCIAL RESULTS

IBA's financial statements are presented on a consolidated basis with its subsidiaries, which operate businesses across:

- tourism
- mining services
- renewables
- retail
- technology
- investment property

IBA's consolidated statutory surplus is \$105.1 million, significantly ahead of last year's \$30.3 million. This primarily reflects economic improvements from the initial impacts of COVID-19 and the ongoing effects on valuations:

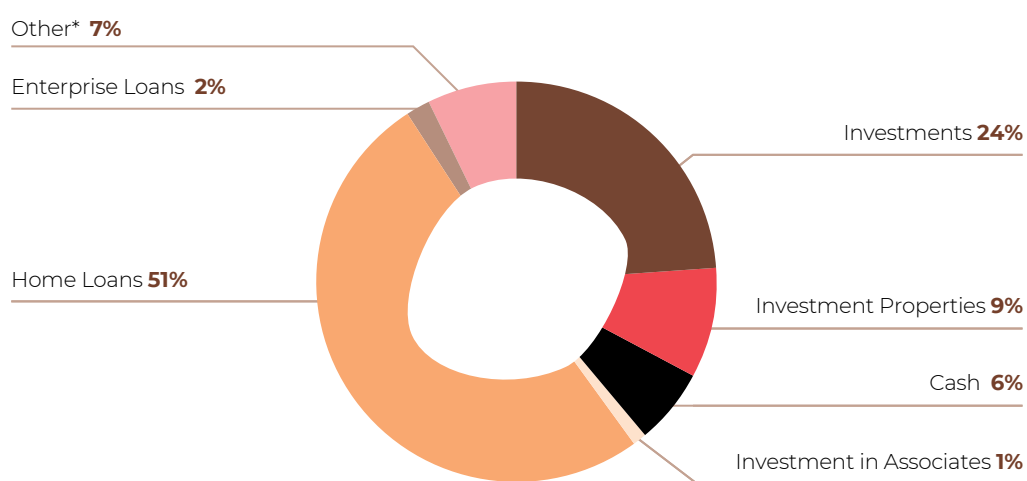
- investment portfolio – market recovery to-date resulted in a gain of \$23.8 million, compared to initial downward revaluations of \$12.2 million last year
- financial assets – operations and fair value movements reflect prudent lending in times of uncertainty.

These valuation improvements were the main driver as total income increased from \$284.4 million to \$344.1 million (including revenue from the unwinding of concessional discount). Reductions in interest and revenue from customer contracts were off-set by increases in rentable space, dividends and other income.

Total expenses of \$238.9 million reduced from last year's \$254.1 million, chiefly due to lower finance costs – from less than expected housing advances.

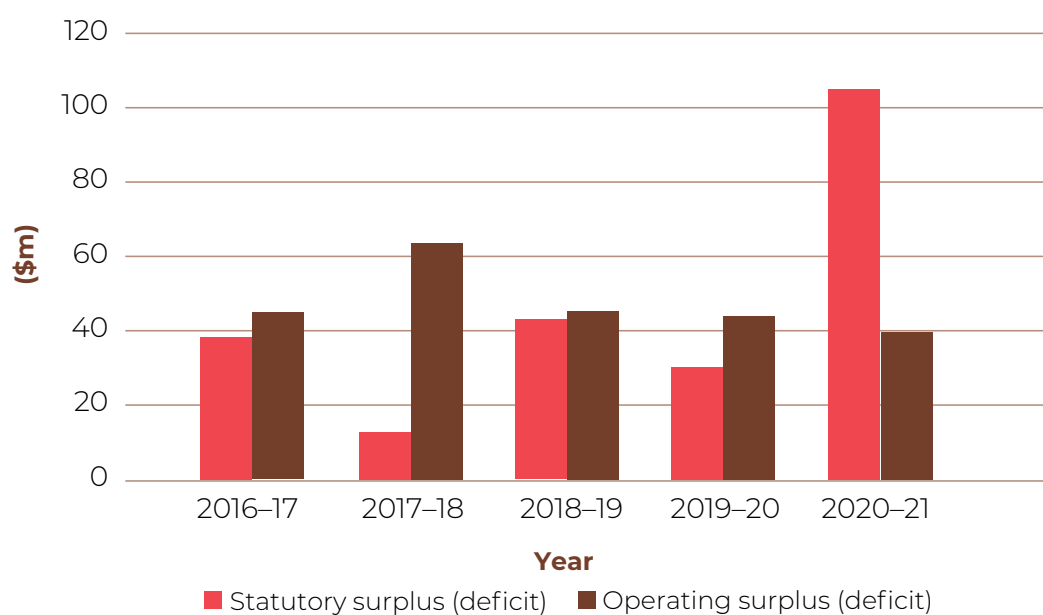
IBA's total consolidated assets at 30 June 2021 are \$1.9 billion, an increase of \$176 million, primarily due to increased financial asset investments. IBA's net assets of \$1.7 billion are \$187 million higher than last year, driven by retained earnings, equity appropriation from government and a net increase in Indigenous investor participation.

**FIGURE 13: CONSOLIDATED TOTAL ASSETS**

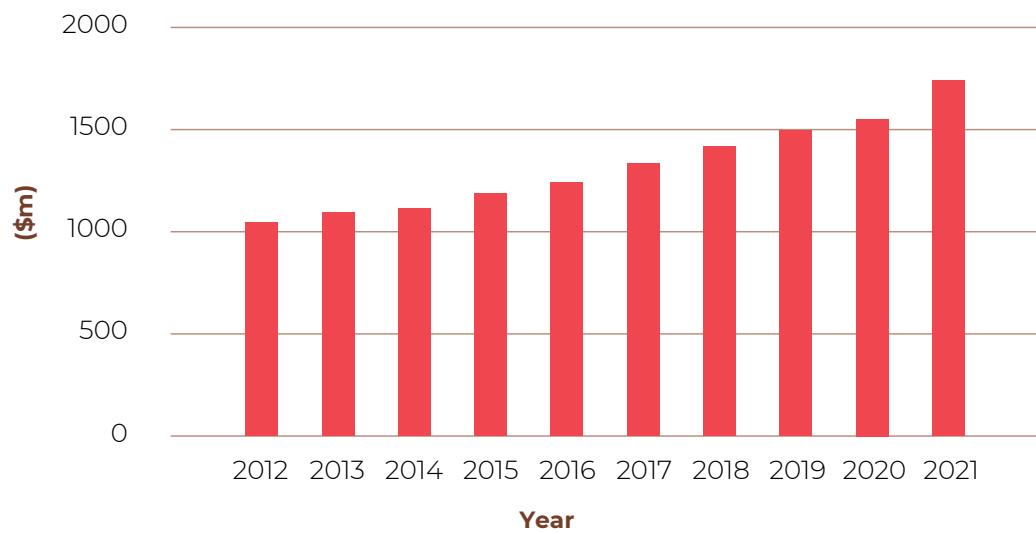
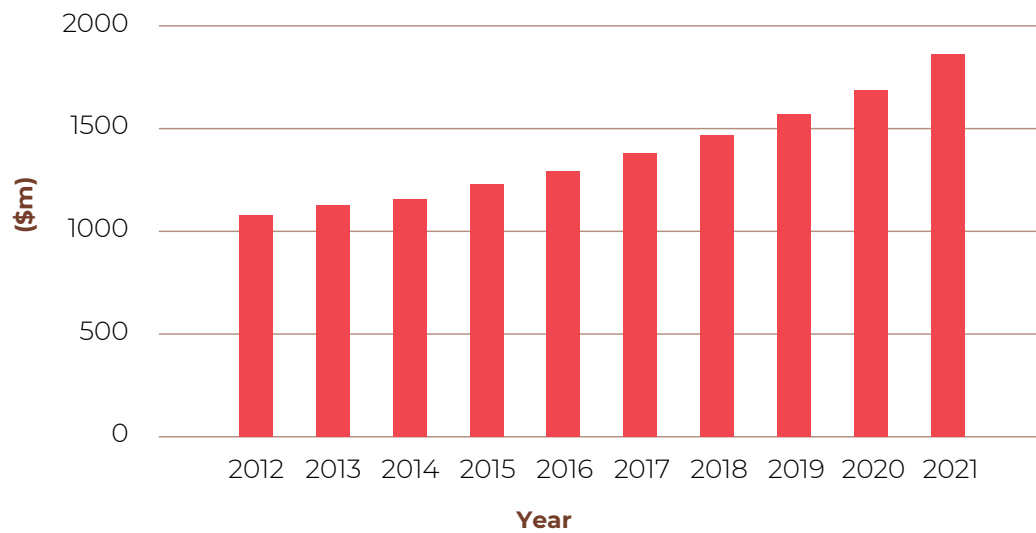


\*includes business finance products such as performance bonds, invoice finance and asset leasing.

**FIGURE 14: STATUTORY AND OPERATING PERFORMANCE**





**FIGURE 15: NET ASSET GROWTH****FIGURE 16: GROSS ASSET GROWTH**

## FUNDING

The income base of the consolidated IBA group is made up of:

- Commonwealth grant and appropriation revenue
- self-generated revenue.

In 2020–21, IBA received:

- \$27.3 million in grant receipts
- \$97.9 million in Commonwealth capital injections
  - \$75 million of \$150 million to fund regional construction home lending – announced in the October 2020 Federal Budget and receivable over three years
  - \$22.9 million equity injection for providing other home loans
- \$9.5 million in appropriations
- \$159.3 million from self-generated revenue
  - mostly interest earnings, dividends from investments, rental receipts from investment properties and subsidiaries' customer contracts.

## LEGAL AND FINANCIAL FRAMEWORK

IBA's financial statements must be read in the context of its enabling legislation, the ATSI Act, and the impact of Australian Accounting Standards (AAS), particularly in respect to the valuation of financial assets.

The ATSI Act requires that money in the New Housing Fund must be used only in the making of housing loans, or loans to enable the provision of housing, or grants to enable persons to obtain housing loans and requires that all interest and repayments of those loans go back into the New Housing Fund. Financial statements for the New Housing Fund are provided separately under Note 15.

The AASs require that IBA's financial assets be recorded at their fair value:

- Loans relating to the housing and business loan portfolios are issued at concessional interest rates and a market valuation requires discounting the portfolio value, to equate interest earned to market yield for comparable risk, including the impact of expected credit loss
- The annual incremental discount is a non-cash item, recorded in the Statement of Comprehensive Income under both –
  - finance costs for the discount expenditure at inception
  - unwinding of concessional discount, as the loan is repaid during its expected term to discharge.

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

## OUTLOOK

IBA continues to monitor the broader economic outlook and uncertainties, dominated by the global pandemic. Any volatility in economic conditions, including interest rates, impacts IBA's asset valuations and operating results.

Despite encouraging customer resilience to-date, we must maintain prudent lending and investment practices – preserving limited available capital so we can proactively respond to unexpected changes, set-backs and deterioration in market conditions, to support new and existing customers.

Due to COVID-19, the total value of 2020–21 home-loans decreased compared to previous periods when we were able to call on reserves to bridge the gap between government funding and need. Overall, demand for our products continues to grow and, as a predominantly self-funded agency,

resources and capital are finite. New and innovative funding solutions are required, to sustain increased performance and keep pace with demand.

IBA continues to invest in improving customer support activities and document management systems. We're always looking to reduce the cost of services that support the Housing Solutions, Business Solutions and Investments & Asset Management Programs.

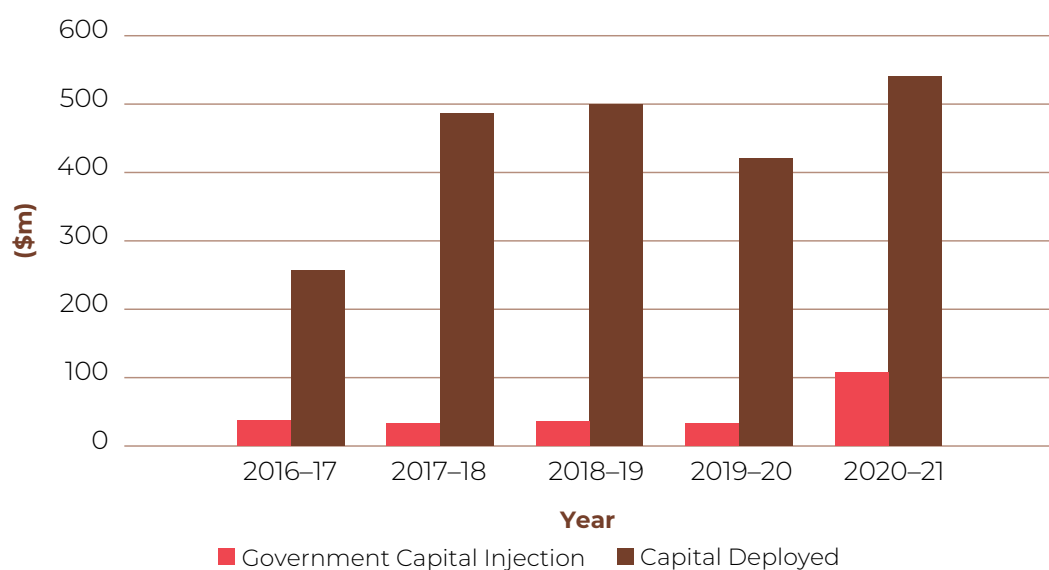
IBA's net asset base is expected to continue its steady growth, with net assets budgeted to increase \$138 million to 30 June 2022. Total consolidated revenue is budgeted to be \$301 million including:

- the unwinding of concessional discount
- grant receipts of \$51 million – including \$20 million for the Business Relief Package
- appropriations of \$9 million.

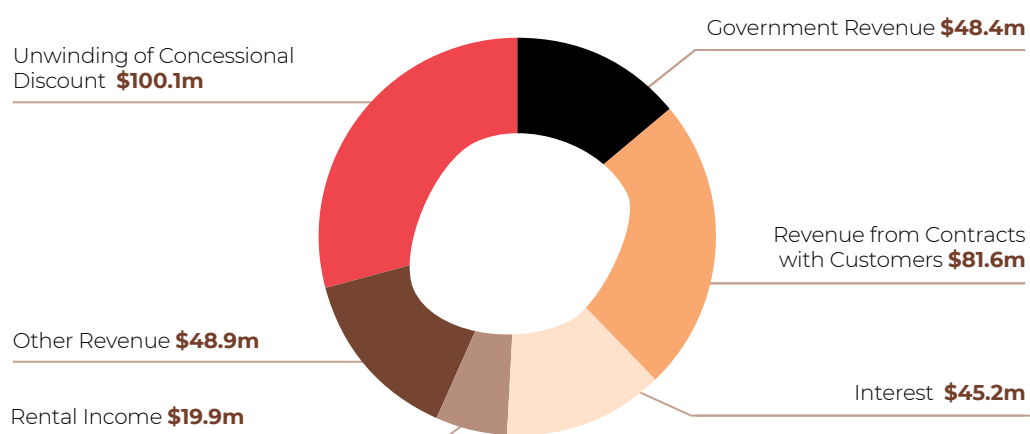


At IBA's National Reconciliation Week breakfast, a panel including Hon Ken Wyatt MP, AM, Minister for Indigenous Australians (pictured), discussed their insights into the 2021 theme 'More than a word, reconciliation takes action'.

**FIGURE 17: CAPITAL DEPLOYED VS CAPITAL INJECTIONS**



**FIGURE 18: CONSOLIDATED INCOME**





## **INDEPENDENT AUDITOR'S REPORT**

### **To the Minister for Indigenous Australians**

#### **Opinion**

In my opinion, the financial statements of Indigenous Business Australia and controlled entities (together the 'Consolidated Entity') for the year ended 30 June 2021:

- (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 2021 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 2021 and for the year then ended:

- Statement by Directors, Chief Executive and Chief Financial Officer;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement; and
- Notes to the financial statements comprising a summary of significant accounting policies and accompanying notes.

#### **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 (including Independence Standards)* (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.

#### **Accountable Authority's responsibility for the financial statements**

As the Accountable Authority of the 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 are 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 Consolidated 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; and
- 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.

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



Colin Bienke  
Audit Principal

Delegate of the Auditor-General

Canberra  
22 September 2021



## Indigenous Business Australia and Controlled Entities

### STATEMENT BY DIRECTORS, CHIEF EXECUTIVE AND CHIEF FINANCIAL OFFICER

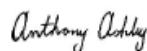
In our opinion, the attached financial statements for the year ended 30 June 2021 comply with subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013* (Cth) (**PGPA Act**), and are based on properly maintained financial records as per subsection 41(2) of PGPA Act.

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  
22 September 2021



**Anthony Ashby**  
Deputy Chair  
22 September 2021



**Kirsty Moore**  
Chief Executive Officer  
22 September 2021



**Tom Hure**  
Chief Financial Officer  
22 September 2021

## STATEMENT OF COMPREHENSIVE INCOME

for the period ended 30 June 2021

		Consolidated 2021 \$'000	Consolidated 2020 \$'000	Consolidated Original budget \$'000
NET COST OF SERVICES	Notes			
<b>Expenses</b>				
Employee benefits	2A	45,053	47,249	42,713
Supplier expenses	2B	89,113	87,295	83,567
Grants		16,350	9,486	39,693
Depreciation and amortisation	2C	10,666	11,518	12,621
Finance costs	2D	56,212	78,466	83,327
Write-down and impairment of assets	2E	15,134	17,786	11,738
Losses from asset sales		288	80	-
Other expenses	2F	6,057	2,219	1,291
<b>Total expenses</b>		<b>238,873</b>	<b>254,099</b>	<b>274,950</b>
<b>Own-source income</b>				
<b>Own-source revenue</b>				
Revenue from contracts with customers	3A	81,585	84,464	70,288
Interest	3B	45,205	50,947	44,407
Unwinding of concessional discount	3C	100,138	83,803	56,698
Dividends		15,399	9,275	6,421
Rental income	3D	19,855	17,341	19,916
Other revenue	3E	47,972	27,958	69,898
<b>Total own-source revenue</b>		<b>310,154</b>	<b>273,788</b>	<b>267,628</b>
<b>Gains</b>				
Gains from sale of assets		626	1,114	-
Other gains	3F	23,802	-	369
<b>Total gains</b>		<b>24,428</b>	<b>1,114</b>	<b>369</b>
<b>Total own-source revenue</b>		<b>334,582</b>	<b>274,902</b>	<b>267,997</b>
<b>Net contribution by / (cost of) services</b>		<b>95,709</b>	<b>20,803</b>	<b>(6,953)</b>
Revenue from Government	3G	9,546	9,538	9,546
<b>Surplus before income tax on continuing operations</b>		<b>105,255</b>	<b>30,341</b>	<b>2,593</b>
Income tax expense		183	-	37
<b>Surplus after income tax on continuing operations</b>		<b>105,072</b>	<b>30,341</b>	<b>2,556</b>
<b>Surplus attributable to non-controlling interests</b>		<b>24,452</b>	<b>345</b>	<b>1,646</b>
<b>Surplus attributable to the Australian Government</b>		<b>80,620</b>	<b>29,996</b>	<b>910</b>
<b>Other comprehensive income</b>				
<b>Items not subject to subsequent reclassification to net cost of services</b>				
Changes in asset revaluation reserves		(711)	(988)	-
<b>Total other comprehensive (loss) after income tax</b>		<b>(711)</b>	<b>(988)</b>	<b>-</b>
<b>Total comprehensive income</b>		<b>104,361</b>	<b>29,353</b>	<b>2,556</b>
<b>Total comprehensive income attributable to non-controlling interests</b>		<b>24,452</b>	<b>345</b>	<b>1,646</b>
<b>Total comprehensive income attributable to Australian Government</b>		<b>79,909</b>	<b>29,008</b>	<b>910</b>

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

## STATEMENT OF FINANCIAL POSITION

as at 30 June 2021

	Notes	Consolidated 2021 \$'000	Consolidated 2020 \$'000	Consolidated Original budget \$'000
<b>Assets</b>				
<b>Financial assets</b>				
Cash and cash equivalents	5A	110,068	131,775	108,190
Trade and other receivables	5B	42,886	36,976	-
Loan receivables	5C	983,394	995,454	1,149,161
Equity accounted investments	5D	12,682	15,242	15,242
Other investments	5E	452,050	249,237	230,006
Deferred tax assets		556	880	590
<b>Total financial assets</b>		<b>1,601,636</b>	<b>1,429,564</b>	<b>1,503,189</b>
<b>Non-financial assets</b>				
Land & Buildings	6A	42,676	47,853	44,675
Property, plant and equipment	6A	20,013	20,304	27,290
Investment property	6C	174,203	166,448	176,448
Operating lease assets	6A	6,084	10,130	-
Intangible assets	6B	12,472	6,164	5,446
Inventories		2,281	3,193	2,312
Prepayments		828	857	2,893
<b>Total non-financial assets</b>		<b>258,557</b>	<b>254,949</b>	<b>259,064</b>
<b>Total assets</b>		<b>1,860,193</b>	<b>1,684,513</b>	<b>1,762,253</b>
<b>Liabilities</b>				
<b>Payables</b>				
Suppliers	7A	15,139	12,435	11,867
Tax liabilities		80	65	58
Other payables	7B	34,733	46,332	4,115
<b>Total payables</b>		<b>49,952</b>	<b>58,832</b>	<b>16,040</b>
<b>Interest bearing liabilities</b>				
Loans	8	36,505	40,308	40,308
Leases	8	9,598	12,699	10,624
<b>Total interest bearing liabilities</b>		<b>46,103</b>	<b>53,007</b>	<b>50,932</b>
<b>Provisions</b>				
Employee provisions	9A	8,770	8,426	9,957
Other provisions	9B	15,712	11,781	12,451
<b>Total provisions</b>		<b>24,482</b>	<b>20,207</b>	<b>22,408</b>
<b>Total liabilities</b>		<b>120,537</b>	<b>132,046</b>	<b>89,380</b>
<b>Net assets</b>		<b>1,739,656</b>	<b>1,552,467</b>	<b>1,672,873</b>
<b>Equity</b>				
<b>Parent entity interest</b>				
Contributed equity		1,178,784	1,081,275	1,179,125
Reserves		4,135	4,846	4,846
Retained earnings		396,637	314,615	315,525
<b>Total parent entity interest</b>		<b>1,579,556</b>	<b>1,400,736</b>	<b>1,499,496</b>
<b>Attributed to non-controlling interests</b>				
Contributed equity		130,333	138,055	158,055
Reserves		1,446	1,446	1,446
Retained earnings		28,321	12,230	13,876
<b>Total non-controlling interests</b>		<b>160,100</b>	<b>151,731</b>	<b>173,377</b>
<b>Total equity</b>		<b>1,739,656</b>	<b>1,552,467</b>	<b>1,672,873</b>

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

## STATEMENT OF CHANGES IN EQUITY

for the period ended 30 June 2021

	Consolidated 2021 \$'000	Consolidated 2020 \$'000	Consolidated Original Budget \$'000
Notes			
<b>CONTRIBUTED EQUITY</b>			
<b>Opening balance</b>			
Balance carried forward from previous period	1,219,330	1,188,418	1,219,330
<b>Transactions with owners</b>			
<b>Distributions to owners</b>			
Transfers	-	181	-
<b>Contributions by owners</b>			
Equity injection - Appropriations	97,850	22,850	97,850
Equity injection / (Redemption) - Non Controlling Interests	(7,459)	5,693	20,000
Equity issue costs	(604)	-	-
<b>Restructuring</b>	-	2,188	-
<b>Total transactions with owners</b>	<b>89,787</b>	<b>30,912</b>	<b>117,850</b>
<b>Closing balance as at 30 June</b>	<b>1,309,117</b>	<b>1,219,330</b>	<b>1,337,180</b>
Less Non Controlling Interests	(130,333)	(138,055)	(158,055)
<b>Closing Balance Attributable to the Australian Government</b>	<b>1,178,784</b>	<b>1,081,275</b>	<b>1,179,125</b>
<b>RETAINED EARNINGS</b>			
<b>Opening balance</b>			
Balance carried forward from previous period	326,845	298,029	326,845
Reclassification	(275)	1,948	-
<b>Adjusted opening balance</b>	<b>326,570</b>	<b>299,977</b>	<b>326,845</b>
<b>Comprehensive income</b>			
Surplus for the period	105,072	30,341	2,556
Other comprehensive income	-	-	-
<b>Total comprehensive income</b>	<b>105,072</b>	<b>30,341</b>	<b>2,556</b>
Distributions / Dividends provided for or paid	(6,684)	(3,473)	-
<b>Closing balance as at 30 June</b>	<b>424,958</b>	<b>326,845</b>	<b>329,401</b>
Less Non Controlling Interests	(28,321)	(12,230)	(13,876)
<b>Closing Balance Attributable to the Australian Government</b>	<b>396,637</b>	<b>314,615</b>	<b>315,525</b>
<b>RESERVES</b>			
<b>Opening balance</b>			
Balance carried forward from previous period	6,292	7,280	6,292
<b>Comprehensive income</b>			
Other comprehensive income	(711)	(988)	-
<b>Total comprehensive income</b>	<b>(711)</b>	<b>(988)</b>	<b>-</b>
<b>Closing balance as at 30 June</b>	<b>5,581</b>	<b>6,292</b>	<b>6,292</b>
Less Non Controlling Interests	(1,446)	(1,446)	(1,446)
<b>Closing Balance Attributable to the Australian Government</b>	<b>4,135</b>	<b>4,846</b>	<b>4,846</b>



## STATEMENT OF CHANGES IN EQUITY

for the period ended 30 June 2021

	Consolidated 2021 \$'000	Consolidated 2020 \$'000	Consolidated Original Budget \$'000
Notes			
<b>TOTAL EQUITY</b>			
<b>Opening balance</b>			
Balance carried forward from previous period	1,552,467	1,493,727	1,552,467
Reclassification	(275)	1,948	-
<b>Adjusted opening balance</b>	<b>1,552,192</b>	<b>1,495,675</b>	<b>1,552,467</b>
<b>Comprehensive income</b>			
Surplus for the period	105,072	30,341	2,556
Other comprehensive income	(711)	(988)	-
<b>Total comprehensive income</b>	<b>104,361</b>	<b>29,353</b>	<b>2,556</b>
<b>Transactions with owners</b>			
<b>Distributions to owners</b>			
Returns on capital			
Distributions / Dividends provided for or paid	(6,684)	(3,473)	-
Transfers	(604)	181	-
<b>Contributions by owners</b>			
Equity injection - Appropriations	97,850	22,850	97,850
Equity injection - Non Controlling Interests	(7,459)	5,693	20,000
Restructuring	-	2,188	-
<b>Total transactions with owners</b>	<b>83,103</b>	<b>27,439</b>	<b>117,850</b>
<b>Closing balance as at 30 June</b>	<b>1,739,656</b>	<b>1,552,467</b>	<b>1,672,873</b>
Less Non Controlling Interests	(160,100)	(151,731)	(173,377)
<b>Closing Balance Attributable to the Australian Government</b>	<b>1,579,556</b>	<b>1,400,736</b>	<b>1,499,496</b>

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

## CASH FLOW STATEMENT

for the period ended 30 June 2021

	Notes	Consolidated 2021 \$'000	Consolidated 2020 \$'000	Consolidated Original Budget \$'000
<b>Operating Activities</b>				
<b>Cash received</b>				
Receipts from Government		9,546	9,538	9,546
Grants		27,315	45,500	27,500
Sales of goods and rendering of services		80,080	83,079	68,637
Interest		45,474	50,378	44,407
Dividends		9,468	5,168	6,421
Other revenue		24,291	21,163	23,935
<b>Total cash received</b>		<b>196,174</b>	<b>214,826</b>	<b>180,446</b>
<b>Cash used</b>				
Employees		44,480	46,931	41,970
Suppliers		90,302	84,290	83,903
Borrowing costs		1,534	1,781	1,058
Other expenses		8,413	8,665	42,975
<b>Total cash used</b>		<b>144,729</b>	<b>141,667</b>	<b>169,906</b>
<b>Net cash from operating activities</b>		<b>51,445</b>	<b>73,159</b>	<b>10,540</b>
<b>Investing Activities</b>				
<b>Cash received</b>				
Proceeds from sales of property, plant and equipment, and investment properties		923	4,456	60
Investments redeemed		34,207	42,328	39,230
Other - repayment of loans receivable		352,842	278,630	202,502
<b>Total cash received</b>		<b>387,972</b>	<b>325,414</b>	<b>241,792</b>
<b>Cash used</b>				
Purchase of property, plant and equipment		6,241	55,952	15,581
Purchase of other non-financial assets		6,803	1,708	-
Investments		219,460	48,847	20,000
Other - loans and advances made		308,218	313,565	356,111
<b>Total cash used</b>		<b>540,722</b>	<b>420,073</b>	<b>391,692</b>
<b>Net cash used by investing activities</b>		<b>(152,750)</b>	<b>(94,658)</b>	<b>(149,900)</b>
<b>Financing Activities</b>				
<b>Cash received</b>				
Contributed equity		97,850	32,399	97,850
New borrowing		-	25,055	20,000
<b>Total cash received</b>		<b>97,850</b>	<b>57,454</b>	<b>117,850</b>
<b>Cash used</b>				
Repayment of borrowings		-	7,500	-
Dividends paid		7,087	3,473	2,075
Redemption of Equity		8,063	-	-
Principal repayments lease liability		3,102	1,947	-
<b>Total cash used</b>		<b>18,252</b>	<b>12,920</b>	<b>2,075</b>
<b>Net cash from financing activities</b>		<b>79,598</b>	<b>44,534</b>	<b>115,775</b>
<b>Net (decrease)/ increase in cash held</b>		<b>(21,707)</b>	<b>23,034</b>	<b>(23,585)</b>
Cash and cash equivalents at the beginning of the reporting period		131,775	108,741	131,775
<b>Cash and cash equivalents at the end of the reporting period</b>		<b>110,068</b>	<b>131,775</b>	<b>108,190</b>

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

## Note 1: Basis of Preparation

### 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 in 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. IBA is a not for profit entity and is a registered charity with the Australian Charities and Not For Profit Commission.

### 1.2 Basis of Preparation of the financial report

The financial statements of the parent entity (IBA) and its subsidiaries, together with IBA's share of the results of associates (the Group) are general purpose consolidated 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:

- a. *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015 ('FRR')*; and
- b. 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 of the Group 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 of the Group are presented in Australian dollars and values are rounded to the nearest thousand dollars unless otherwise specified.

### 1.3 Impact of Coronavirus ('COVID-19')

In March 2020, the World Health Organisation declared a global pandemic as a result of COVID-19, resulting in an unprecedented global response by Governments, regulators and industry. As reported last year, this caused higher than usual volatility in financial markets, and an uncertain outlook for the global economy. IBA has carefully considered the impact of COVID-19 in preparing the financial statements for the year ended 30 June 2021. As a result of the pandemic, during the year IBA provided appropriate support measures, including:

- For all home loan customers, a reduction in the interest rate applicable to a maximum of 2.99% for a period of 5 months, to 30 November 2020, and
- For approved business leasing and loan customers, relief for up to 12 months in the form of deferral of loan or lease payments, waiver of interest, and extension of loan terms (to accommodate the deferral period).

Further, for approved applicants, IBA's Indigenous Business Relief Package, which commenced in June 2020, was in operation for the entire financial year, and included access to specialist advice to navigate the COVID-19 crisis, and working capital assistance of up to \$100,000 via a loan/grant package.

The COVID-19 pandemic has not had a material impact on IBA's financial position, performance or cash flows in the current financial year, nor has it resulted in any major variances to Budget (refer to *Explanation of major variances to Budget* in Note 1 to the Financial Statements).

## **Note 1: Basis of Preparation (continued)**

### **1.4 Changes in Australian Accounting Standards**

IBA has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. None of the new or amended Accounting Standards and Interpretations materially affect IBA's accounting policies or any of the amounts recognised in the financial statements.

No accounting standard has been adopted earlier than the application date stated in the standard.

Furthermore, none of the Accounting Standards and Interpretations issued by the AASB but not yet mandatory have been adopted earlier than the application date stated in the standard. None of these Standards or Interpretations are expected to materially affect the financial statements upon application.

### **1.5 Financial risk management**

The operating, investing and financing activities of the Group expose it 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 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.

### **1.6 Transactions with the Government as owner**

#### Equity injections

Amounts appropriated which are designated as 'equity injections' for a year are recognised directly as contributed equity in that year.

### **1.7 Events after the reporting period**

There are no potential significant events that will affect the ongoing structure and financial activities of the Group after 30 June 2021.

### **1.8 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.

Cost 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.

## **Note 1: Basis of Preparation (continued)**

### **1.9 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 2020.

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

- where the amount of GST incurred is not recovered 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 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 tax 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.



## Note 1: Basis of Preparation (continued)

### 1.10 Explanation of major variances between the actual amounts presented in the financial statements and the corresponding original budget amounts (AASB 1055)

The table below provides commentary for significant variances between the Group's original budget estimates, as published in the 2020-21 Portfolio Budget Statements, and the actual expenses, own-source revenue and assets for the year.

Affected line item	Variance reporting
--------------------	--------------------

#### Statement of Comprehensive Income

Unwinding of concessional discount	Favourable compared to budget due to higher than expected loan repayments from existing housing loan customers refinancing their loan with mainstream lenders, resulting in a greater than expected unwind of concessional loan discount.
Finance costs	Finance costs represent the concessional loan discount taken up on advance of home and business loans, and interest expense. The favourable variance is due to lower than expected home and business loans advanced, resulting in a lower than expected take-up of concessional loan discount at inception. There was also a favourable adjustment to loss allowance due to an improvement in forward looking credit risk assumptions adopted at the onset of the COVID-19 pandemic.
Dividends & Other gains	Favourable variances to budget due to the performance of IBA's investment portfolio, which recovered strongly with the broader market after having been adversely impacted by COVID-19 in the prior year.
Other revenue	Lower than budget due to challenges in potential grant recipients meeting pre-conditions, meant corresponding grant income able to be recognised under the output method finished lower than that expected. Support has been extended into the next financial year.

#### Statement of Financial Position

Investments	Investments are above budget due to additional Government funding for regional construction instalment lending which has been invested until the program is completed. The increase over budget also reflects current refinancing rates and the increased market value of the invested assets.
Loan receivables	Lower than budget as mainstream lender appetite resulted in customers successfully refinancing ahead of budget and the lower net movement in carrying discount. Budget also includes trade and other receivables.
Other payables	The increase compared to budget is due to the extension of COVID-19 grant support into next year.

#### Statement of Cash Flow

Loans and advances made	Whilst demand for housing and start-up business loans remained strong, the ability of potential borrowers to draw on pre-approved funding was curtailed by significant price growth in available housing stock effectively pricing those borrowers out of the market.
Investments purchased	Investments exceeded budget as capital management initiatives resulted in the investment of additional Government funding for regional construction lending, and investment of recycled cash arising as a result of unexpected levels of loan repayments and lower levels of loan advances .
Repayment of loans receivable	Higher than budgeted despite the uncertainties of COVID-19, due to customer resilience to-date and increased housing loan customer refinancing.

## Note 2: Expenses

	Consolidated	
	2021	2020
	\$'000	\$'000
<b>Note 2A: Employee benefits</b>		
Wages and salaries	36,806	39,206
Superannuation:		
Defined contribution plans	4,322	4,204
Defined benefit plans	524	559
Leave entitlements	2,754	2,293
Other entitlements	647	987
<b>Total employee benefits</b>	<b>45,053</b>	<b>47,249</b>
<b>Note 2B: Supplier expenses</b>		
Cost of goods sold	45,991	49,126
Consultants	4,111	5,214
Investment property management expenses	13,961	8,213
IT expenses	4,882	4,562
Legal expenses	1,094	1,607
Office related expenses	4,071	4,517
Travel expenses	1,330	3,141
Other suppliers	12,361	9,387
Operating lease rentals - related entities	30	110
Operating lease rentals - external entities	905	953
Workers compensation expenses	377	465
<b>Total supplier expenses</b>	<b>89,113</b>	<b>87,295</b>
<b>Note 2C: Depreciation and amortisation</b>		
<b>Depreciation</b>		
Property, plant and equipment	7,233	8,059
Leasehold improvements	715	576
Depreciation right of use assets	2,374	2,276
<b>Total depreciation</b>	<b>10,322</b>	<b>10,911</b>
<b>Amortisation</b>		
Intangible non financial assets	344	607
<b>Total amortisation</b>	<b>344</b>	<b>607</b>
<b>Total depreciation and amortisation</b>	<b>10,666</b>	<b>11,518</b>
<b>Note 2D: Finance costs</b>		
Concessional loan discount recognised	55,329	76,669
Interest expense and finance lease charges	883	1,797
<b>Total finance costs</b>	<b>56,212</b>	<b>78,466</b>

## Note 2: Expenses (continued)

	Consolidated	
	2021 \$'000	2020 \$'000
<b>Note 2E: Write-down and impairment of assets</b>		
<b>Asset write-down and impairments from</b>		
Write-down of non-financial assets	3,135	8,600
Impairments on loans	11,999	(1,579)
Valuation decrements on financial assets held at FVTPL	-	10,765
<b>Total write-down and impairment of assets</b>	<b>15,134</b>	<b>17,786</b>
<b>Note 2F: Other expenses</b>		
Change in value of investment properties	-	1,470
Lease termination settlement fee	5,279	-
Other expenses	778	749
<b>Total other expenses</b>	<b>6,057</b>	<b>2,219</b>

### Accounting Policy: Concessional loan discount recognised

Concessional loan assets are recognised at the market-based value of the loan reduced by a concessional discount. The concessional loan discount is immediately recognised as an expense. Refer Note 5c.

## Note 3: Income

	Consolidated	
	2021 \$'000	2020 \$'000
<b>Own-source revenue</b>		
<b>Note 3A: Revenue from contracts with customers</b>		
Sale of goods	80,230	83,061
Rendering of services	1,355	1,403
<b>Total sale of goods and rendering of services</b>	<b>81,585</b>	<b>84,464</b>

All revenue from the sale of goods or rendering of services is recognised at the point in time that the goods are delivered or upon completion of services.

### Note 3B: Interest

Loans	44,719	49,528
Deposits	486	1,419
<b>Total interest</b>	<b>45,205</b>	<b>50,947</b>

### Note 3C: Unwinding of concessional loan discount

Interest calculated using the effective interest method	143,348	131,604
Interest charged to borrowers	(43,210)	(47,801)
<b>Total unwinding of concessional loan discount</b>	<b>100,138</b>	<b>83,803</b>

### Note 3D: Rental income

<b>Operating lease</b>		
Investment properties	14,209	12,883
Plant & equipment	5,646	4,458
<b>Total rental income</b>	<b>19,855</b>	<b>17,341</b>

The undiscounted contracted lease payments receivable in future periods is disclosed below. This lease disclosure should be read in conjunction with the accompanying notes 4 and 6A.

### Maturity analysis of operating lease receivables

Within one year	18,398	15,935
One to two years	14,657	12,678
Two to three years	13,181	9,791
Three to four years	9,567	8,527
Four to five years	7,162	5,454
More than five years	57,787	34,157
<b>Total undiscounted lease payments receivable</b>	<b>120,752</b>	<b>86,542</b>

### Note 3E: Other revenue

Grant income	38,885	25,464
Insurance recoveries	6,053	-
Other	3,034	2,494
<b>Total other income</b>	<b>47,972</b>	<b>27,958</b>

All grant income is subject to performance obligations and is recognised over time. All grants are received in advance of the completion of performance obligations.

## Note 3: Income (continued)

	Consolidated	
	2021 \$'000	2020 \$'000
<b>Note 3F: Other gains</b>		
Change in fair value of financial assets	16,047	-
Change in value of investment properties	7,755	-
<b>Total other gains</b>	<b>23,802</b>	<b>-</b>
<b>Note 3G: Revenue from Government</b>		
<b>Department of Prime Minister and Cabinet</b>		
Corporate Commonwealth Entity payment item	9,546	9,538
<b>Total revenue from Government</b>	<b>9,546</b>	<b>9,538</b>

### Accounting Policy: Revenue and Income

#### Revenue from contracts with customers

A contract with a customer is only eligible for recognition under the following conditions:

- a) the parties to the contract have approved the contract, and are committed to perform their respective obligations;
- b) the rights of each party to the contract can be identified as well as the payment terms for the goods and services to be transferred;
- c) the contract has commercial substance, and
- d) it is probable that the entity will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.

If these conditions exist, revenue shall be recognised when a performance obligation is satisfied through the transfer of a promised good or service to a customer. When a performance obligation is satisfied, revenue shall be recognised to the total of the transaction price that has been allocated to that performance obligation. An entity shall recognise revenue when (or as) the entity satisfies a performance obligation by transferring a promised good or service (ie. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

#### Interest and Dividends

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

Dividend and distribution income is recognised when it is declared.

#### 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 in accordance with the revenue accounting policy as identified unless the funding is in the nature of an equity injection or a loan.



## Note 3: Income (continued)

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### Revenues from Government (continued)

IBA currently receives two forms of appropriations from the Department of Prime Minister and Cabinet:

- \* Appropriation Bill No. 1, titled Ordinary Annual Services, Outcome 1, and
- \* Appropriation Bill No. 2, titled Other Services, Equity Injection.

Consistent with prior recognition criteria, amounts received under Appropriation Bill No. 1 are recognised as revenue on receipt, whilst amounts received under Appropriation Bill No. 2 are recognised as equity upon receipt as it is designated as such and to be used for the provision of housing loans only (refer to Note 1.6).

### Grant Income

Amounts received as government grants under contract that are subject to sufficiently specific performance obligations are recognised as revenue in accordance with *AASB 15: Revenue from Contracts with Customers* over the period in which the underlying performance obligations are achieved, as a required condition of the grant.

IBA receives or has received grants under contract with the National Indigenous Australians Agency and Department of Prime Minister and Cabinet. As specified under the contract, the grants are required to be utilised in the achievement of performance obligations, or Key Performance Indicators (KPIs) over the contractual period, examples being specific dollar value of loans, number of business supports and number of Indigenous businesses and customers financed.

Where applicable, the KPIs are achieved over the contractual term, and as such, IBA has employed the input method as the means for measuring progress for each KPI satisfied, allowing revenue to be recognised over the same period. The input method has been deemed to be the most appropriate method, given the resources used in achieving the KPIs is better able to be calculated, given the absence of items such as units produced or delivered, which are features of the output method.

Where grants are received that are not subject to performance obligations, where the Grant received is considered non-reciprocal, or when the Group has obtained control of the contribution, an amount equal to the grant received is recognised immediately on receipt in accordance with *AASB 1058: Income of Not-for-Profit Entities*.

### Rental Income

Rent revenue derived from investment properties is recognised on a straight-line basis over the lease term, net of any incentives.

### Sale of Assets

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

### Unwinding of concessional loan discount

Under *AASB 9: Financial Instruments*, IBA's concessional loans are subsequently measured at amortised cost. The concessional loan 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. Refer Note 5c.

## Note 4: Fair Value Measurements

### Note 4A: Fair Value Measurements, Valuation Techniques and Inputs Used

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

	Fair value measurements at the end of reporting period				
	2021 \$'000	2020 \$'000	Category Level	Valuation Technique(s)	Inputs Used
<b>Financial assets</b>					
<u>Designated at fair value through profit and loss</u>					
Loan receivables - Home	948,682	967,048	Level 2	Cashflows discounted at the risk adjusted market rate of interest	Market derived inputs, projected rates of default, projected losses given default
Loan receivables - Business	34,712	28,406	Level 2	Cashflows discounted at the risk adjusted market rate of interest	Market derived inputs, projected rates of default, projected losses given default
Bonds and fund investments	290,882	185,876	Level 1	Fund quoted market values	Fund quoted market values
<u>Available for sale</u>					
Associates	12,682	15,242	Level 2	Future earnings discounted at risk adjusted market rates	Earnings forecast, rates of return on capital
<b>Total financial assets</b>	<b>1,286,958</b>	<b>1,196,572</b>			
<b>Non-financial assets</b>					
Land & Buildings	42,676	47,853	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 Property	174,203	166,448	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	6,084	10,130	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
Property, Plant & Equipment	20,013	20,304	Level 2	Market approach using recently observed market data for similar property, plant & equipment and discounted earnings method	Market sales data, future earnings and market capitalisation rate
<b>Total non-financial assets</b>	<b>242,976</b>	<b>244,735</b>			

#### Note 4B: 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 4C: Reconciliation for Recurring Level 3 Fair Value Measurements

There are no Recurring Level 3 assets measured at fair value during the reporting period.

## Note 5: Financial Assets

	Consolidated	
	2021	2020
	\$'000	\$'000
<b>Note 5A: Cash and cash equivalents</b>		
<b>Parent</b>		
Home Loan Capital	3,960	12,201
New Housing Fund	12,211	27,045
Other cash held	47,248	46,886
<b>Subsidiaries</b>	<b>46,649</b>	<b>45,643</b>
<b>Total cash and cash equivalents</b>	<b>110,068</b>	<b>131,775</b>
<b>Note 5B: Trade and other receivables</b>		
<b>Goods and services receivables</b>		
Trade receivables from customer contracts	19,135	13,944
Accrued trade receivables from customer contracts	526	3,331
Finance lease receivable	9,129	11,771
Sundry debtors	217	83
<b>Total receivables for goods and services</b>	<b>29,007</b>	<b>29,129</b>
Payment is usually made within 30 days.		
<b>Other receivables</b>		
Accrued distribution receivable	13,482	7,551
Accrued interest receivable	397	296
<b>Total other receivables</b>	<b>13,879</b>	<b>7,847</b>
<b>Total trade and other receivables</b>	<b>42,886</b>	<b>36,976</b>
Credit terms for goods and services were within 30 days.		

## Note 5: Financial Assets (continued)

### Note 5C: Loan receivables

Reconciliations of movements of loans receivable	Consolidated	
	2021 \$'000	2020 \$'000
<b>Loans - Home Ownership Program</b>		
Opening carrying value	967,048	897,196
Add: net loans movement at cost	(56,207)	41,372
Add/(less): movement in carrying discount at amortised cost		
Discount on new loans measured at fair value at inception (or value of new loans measured at FVTPL)	(52,338)	(57,087)
Wind back of discount (or movement in discount of loans on remeasurement at FVTPL)	94,219	79,312
<b>Net movement in carrying discount</b>	<b>41,881</b>	<b>22,225</b>
Less: movement in provision for expected credit losses	(4,040)	6,255
<b>Closing carrying value</b>	<b>948,682</b>	<b>967,048</b>
<b>Loans - Business Development and Assistance Program</b>		
Opening carrying value	28,405	45,274
Add: net loans movement at cost	1,691	(2,688)
Add/(less): movement in carrying discount at amortised cost		
Discount on new loans measured at fair value at inception (value of new loans measured at FVTPL)	(2,991)	(19,582)
Wind back of discount (or movement in discount of loans on remeasurement at FVTPL)	5,920	4,491
<b>Net movement in carrying discount</b>	<b>2,929</b>	<b>(15,091)</b>
Less: movement in provision for expected credit losses	1,687	910
<b>Closing carrying value</b>	<b>34,712</b>	<b>28,405</b>
<b>Total home and business loans</b>	<b>983,394</b>	<b>995,453</b>
Total loan receivables expected to be settled in:		
No more than 12 months	208,268	180,799
More than 12 months	775,126	814,654
<b>Total loan receivables</b>	<b>983,394</b>	<b>995,453</b>
<b>Reconciliation of carrying value of loans</b>		
<b>Loans - Home Ownership Program (as shown above)</b>		
Nominal value	1,272,031	1,328,239
Less: carrying discount on concessional loans at amortised cost	(312,112)	(353,994)
Less: provision for expected credit losses	(11,237)	(7,197)
<b>Carrying value</b>	<b>948,682</b>	<b>967,048</b>
<b>Loans - Business Development and Assistance Program (as shown above)</b>		
Nominal value	65,468	63,778
Less: carrying discount on concessional loans at amortised costs	(24,224)	(27,153)
Less: provision for expected credit losses	(6,532)	(8,219)
<b>Carrying value</b>	<b>34,712</b>	<b>28,406</b>
<b>Total home and business loans</b>	<b>983,394</b>	<b>995,454</b>

## Note 5: Financial Assets (continued)

	Consolidated	
	2021 \$'000	2020 \$'000
<b>Note 5C: Loans receivable</b>		
<b>Reconciliation of movement provision for expected credit losses</b>		
<b>Loans - Home Ownership Program</b>		
Opening balance	7,197	13,452
Movement in provision	4,040	(6,255)
<b>Closing balance</b>	<b>11,237</b>	<b>7,197</b>
<b>Loans - Business Development and Assistance Program</b>		
Opening balance	8,219	9,129
Movement in provision	(1,687)	(910)
<b>Closing balance</b>	<b>6,532</b>	<b>8,219</b>
<b>Total provision for expected credit losses</b>	<b>17,769</b>	<b>15,416</b>

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.

### Significant accounting judgements and estimates

In the process of applying the accounting policies, the Group has made the following judgement that has the potential to have significant impact on the amounts recorded in the financial statements.

The valuation of loan receivables is impacted by the credit risk adjustment to the discount rate ('credit risk premium') over the market rate. The credit risk premium is determined by assessing the probability of default and projected losses given default, to determine changes in expected credit losses.

The sensitivity analysis presented in the table below shows the impact of changes in expected credit losses as a result of changes to the credit risk premium on the carrying value of loans receivable.

Assumptions	Carrying Value 2021 (\$'000)	Credit Risk Premium		Change in assumptions	Change in carrying value (\$'000)
		2021	2020		
<b>Housing Loans</b>	948,682	3.80%	4.50%	0.74%/-0.74%	-40,383 / +38,344
<b>Business Loans</b>	34,712	30.00%	30.00%	0.09%/-0.09%	-356 / +348

Whilst management believe the estimates used in preparing the financial report are reasonable, the impact of COVID-19 has required additional consideration and analysis of the critical accounting judgement and estimates applicable to IBA, and where applicable adjustments to the estimates adopted.

The credit risk premium incorporates macroeconomic factors that may impact on the credit risks for the portfolio and therefore affect default loss rates in the future. The change in credit risk is reflected through adjusting the default loss rates from historical settings and using the adjusted rate to determine changes in expected credit losses.



## Note 5: Financial Assets (continued)

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Given the continued uncertainty of the extent of the pandemic, 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 materially different from the Group's assumptions and estimates could require an adjustment to the carrying amounts of the reported assets and liabilities.

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 2020.

### Accounting Policy: Financial instruments

#### Recognition of financial instruments

Financial instruments are recognised when the Group 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 derecognised from the Statement of Financial Position when the rights to cash flows have expired and the Group 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 derecognised from the Statement of Financial Position when the Group'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 consisting 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.

#### 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.

## Note 5: Financial Assets (continued)

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### Assessment of business model and SPPI test

The Group 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. The Group 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 credit risk of the principal outstanding.

### Categorisation and valuation of the Group'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 businesses 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, the Group is required to maximise the use of observable inputs. The Group uses inputs from Level 2 of the fair value hierarchy: inputs other than quoted price that are observable either directly or indirectly.

### Financial liabilities

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 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 amount is calculated based on the balance yet to be repaid. Interest is expensed as it accrues using the effective interest method.

## Note 5: Financial Assets (continued)

### 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 of 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 (ie. Concessional loan discount, Note 2D). Interest income is subsequently determined using a credit-adjusted effective interest rate ('EIR').

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, the Group exercises judgement based on the behavioural, rather than contractual characteristics of the facility type.

#### *Subsequent unwind of the discount*

Under AASB 9: *Financial Instruments*, IBA's concessional loans are subsequently measured at amortised cost. The concessional loan 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 (ie. unwinding of concessional loan discount, Note 3C).

#### *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 (ie. impairment of loans / valuation decrements in financial assets held at FVTPL, Note 2E). 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. Given the characteristics of the concessional loan assets, that are subject to continuous ECL's assessment.

### **Accounting Policy: 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*.

### **Accounting Policy: 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.

## Note 5: Financial Assets (continued)

### Note 5D: Equity accounted investments

	Consolidated	
	2021 \$'000	2020 \$'000
Investments in associates	12,682	15,242
<b>Total equity accounted investments</b>	<b>12,682</b>	<b>15,242</b>
Investments in associates that are expected to be recovered in:		
No more than 12 months	1,500	-
More than 12 months	11,182	15,242
<b>Total equity accounted investments</b>	<b>12,682</b>	<b>15,242</b>
<b>Details of investments accounted for using the equity method:</b>		
<b>Name</b>	<b>2021 %</b>	<b>2020 %</b>
Carpenteria Shipping Trust	-	18
Fitzroy River Lodge Partnership	26	26
Message Stick Group Pty Ltd	-	31
MiHaven Social Impact Property Fund No 1	35	35
Noongar Property Trust <sup>‡</sup>	26	26
Port Hedland Investment Trust (Marlba Maya ATF) <sup>#</sup>	70	70

# Notwithstanding IBA owning 70% of the units in this Trust, IBA does not consolidate this entity as it is unable to demonstrate control. The power to make decisions and influence returns requires approval by the trustee (Marlba Maya Pty Ltd) which is jointly held with the Port Hedland Aboriginal Corporation.

### Accounting for investments in associates

An associate is an entity over which the Group 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. The Group's share of the results, assets and liabilities of an associate are included in the Group financial statements using the equity method of accounting. Under the equity method of accounting, the investment in the associate is carried in the Statement of Financial Position at cost plus post-acquisition changes in Group's share of net assets of the associate, less distributions received, less any impairments in the value of the investment.

The Group'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.

### Note 5E: Other investments

	Consolidated	
	2021 \$'000	2020 \$'000
Term Deposits	161,168	63,361
Other - bonds, managed funds and interest in business undertakings	290,882	185,876
<b>Total other investments</b>	<b>452,050</b>	<b>249,237</b>
Investments expected to be recovered in:		
No more than 12 months	167,211	-
More than 12 months	284,839	249,237
<b>Total other investments</b>	<b>452,050</b>	<b>249,237</b>

## Note 6: Non-Financial Assets

### Note 6A: Reconciliation of the opening and closing balances of Land & Building, Plant and Equipment & Operating Lease Assets

	Consolidated 2021					Total \$'000
	Land & Building	Leasehold Improvements	Sub-Total	Plant & Equipment	Operating Lease Assets	
	\$'000	\$'000	\$'000	\$'000	\$'000	
<b>Opening balance</b>						
Gross book value	41,254	12,175	53,429	37,990	18,572	109,991
Accumulated depreciation and impairment	(3,380)	(2,196)	(5,576)	(17,686)	(8,442)	(31,704)
<b>Total as at 1 July</b>	<b>37,874</b>	<b>9,979</b>	<b>47,853</b>	<b>20,304</b>	<b>10,130</b>	<b>78,287</b>
Initial recognition of right of use assets under AASB 16				-	-	-
<b>Adjusted Total as at 1 July 2020</b>	<b>37,874</b>	<b>9,979</b>	<b>47,853</b>	<b>20,304</b>	<b>10,130</b>	<b>78,287</b>
<b>Additions:</b>						
By purchase	776	293	1,069	5,172	-	6,241
Impairment recognised in the net contribution by services	(2,276)	(838)	(3,114)	(33)	(2,119)	(5,266)
Reclassification - at cost	-	-	-	72	-	72
Depreciation expense	(3,089)	-	(3,089)	(5,502)	(1,731)	(10,322)
<b>Other movements:</b>						
Disposals - cost	(71)	(3)	(74)	(1,045)	(812)	(1,931)
Disposals - accumulated depreciation	28	3	31	1,045	616	1,692
<b>Total as at 30 June</b>	<b>33,242</b>	<b>9,434</b>	<b>42,676</b>	<b>20,013</b>	<b>6,084</b>	<b>68,773</b>
<b>Net book value as at 30 June represented by:</b>						
Gross book Value	39,683	11,627	51,310	42,156	15,641	109,107
Accumulated depreciation and impairment	(6,441)	(2,193)	(8,634)	(22,143)	(9,557)	(40,334)
<b>Total as at 30 June</b>	<b>33,242</b>	<b>9,434</b>	<b>42,676</b>	<b>20,013</b>	<b>6,084</b>	<b>68,773</b>

Land & Buildings total value as at 30 June 2021 includes right of use asset totalling \$7,260,827.

The value of land included in land & buildings at 30 June 2021 is approximately \$2,000,000.

Plant & Equipment total value as at 30 June 2021 includes cultural & heritage assets totalling \$95,531.

#### Accounting Policy: 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 the Group is party as a lessee are operating leases. Leased Right of Use ('ROU') assets are capitalised at the commencement date of the lease and comprise of the initial lease liability amount, initial direct costs incurred when entering into the lease less any lease incentives received. These assets are accounted for as separate asset classes to corresponding assets owned outright, but included in the same column as where the corresponding underlying assets would be presented if they were owned.

#### 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 the Group 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 the Group are recognised as a reduction of rental income over the lease term.

#### Lessor accounting: finance leases

Leases where the Group 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 the Group 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.

## Note 6: Non-Financial Assets (continued)

### Accounting Policy: 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).

#### Leased Right of Use ('ROU') Assets

Leased ROU assets are capitalised at the commencement date of the lease and comprise of the initial lease liability amount, initial direct costs incurred when entering the lease less any lease incentives received. These assets are accounted for by Commonwealth lessees as separate asset classes to corresponding assets owned outright, but included in the same column as where the corresponding underlying assets would be presented if they were owned.

On initial adoption off AASB 16: *Leases* the Group has adjusted the leased ROU assets at the date of initial application by the amount of any provision for onerous leases recognised immediately before the date of initial application. Following initial application, an impairment review is undertaken for any leased ROU asset that shows indicators of impairment and an impairment loss is recognised against any leased ROU asset that is impaired. Leased ROU assets continue to be measured at cost after initial recognition.

#### 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 (FY21)	Estimated useful life (FY20)
Leasehold improvements including leased ROU assets	Lease	Lease term
Buildings	50 years	50 years
Other property, plant and equipment	3-5 years	3-5 years

Land is not a depreciable asset.

#### 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

The Group 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 the Group 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 economic benefits are expected from its use or disposal.



## Note 6: Non-Financial Assets (continued)

### Note 6B: Reconciliation of the opening and closing balances of Intangible Non-Financial Assets

	Computer Software	Goodwill	Other Intangibles	Total
	\$'000	\$'000	\$'000	\$'000
<b>Opening balance</b>				
Gross book value	6,362	3,121	2,686	12,169
Accumulated amortisation and impairment	(6,005)	-	-	(6,005)
<b>Total as at 1 July</b>	<b>357</b>	<b>3,121</b>	<b>2,686</b>	<b>6,164</b>
Additions:				
By purchase	-	-	6,803	6,803
Reversal of impairments recognised in net contribution by services - cost	-	149	-	149
Reclassification - at cost	294	-	(248)	46
Amortisation expense	-	-	(344)	(344)
Other movements:				
Disposals - cost	-	-	(958)	(958)
Disposals - accumulated depreciation	-	-	612	612
<b>Total as at 30 June</b>	<b>651</b>	<b>3,270</b>	<b>8,551</b>	<b>12,472</b>
Net book value as at 30 June represented by:				
Gross book Value	6,656	3,270	8,283	18,209
Accumulated amortisation and impairment	(6,005)	-	268	(5,737)
<b>Total as at 30 June</b>	<b>651</b>	<b>3,270</b>	<b>8,551</b>	<b>12,472</b>

### Accounting Policy: 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 the Group is the acquirer in a business combination, it recognises goodwill as an asset representing the excess of consideration paid over net assets acquired. Goodwill is not amortised. The Group assesses its goodwill for impairment on an annual basis or when there are indicators of impairment.

### Accounting Policy: Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance. 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 the Group's intangible assets.

## Note 6: Non-Financial Assets (continued)

	Consolidated	
	2021	2020
	\$'000	\$'000
<b>Note 6C: Investment property</b>		
<b>Opening balance as at 1 July</b>		
Gross book value	166,448	134,734
Disposals	-	(360)
By acquisition	-	33,544
Net gain/(loss) from fair value adjustments	7,755	(1,470)
<b>Total as at 30 June</b>	<b>174,203</b>	<b>166,448</b>

Investment properties were revalued during the year in accordance with the revaluation policy stated below.

### Accounting Policy: 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 from change in the fair values of investment properties are recognised in profit or loss in the year in which they arise.

When measuring fair value, the Group is required to maximise the use of observable inputs. The Group uses inputs from Level 2 of the fair value hierarchy: inputs other than quoted price that are observable either directly or indirectly. The Group uses a market-based valuation technique incorporating recently observed market data for similar properties and future earnings discounted at market capitalisation rates. The Group 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.

### Significant accounting judgements and estimates

In the process of applying the accounting policies, the Group has made the following judgement that has the potential to have significant impact on the amounts recorded in the financial statements:

\* The fair value of investment properties and other non-financial investments, are based on market inputs, backed by periodic external valuations and where applicable by detailed cash flow forecasts.

Whilst management believe the estimates used in preparing the financial report are reasonable, the impact of COVID-19 has required additional consideration and analysis of the critical accounting judgement and estimates applicable to IBA, and where applicable adjustments to the estimates adopted.

Given the uncertainty of the extent of the pandemic, 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 materially different from the Group's assumptions and estimates could require an adjustment to the carrying amounts of the reported assets and liabilities.

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 2020.

## Note 7: Payables

	Consolidated	
	2021	2020
	\$'000	\$'000
<b>Note 7A: Suppliers</b>		
Trade creditors	1,956	1,292
Accrued liabilities	9,553	9,803
Other creditors	3,630	1,340
<b>Total suppliers</b>	<b>15,139</b>	<b>12,435</b>
Settlement to trade creditors is usually made within 30 days.		
<b>Note 7B: Other payables</b>		
Salaries and wages	1,066	826
Superannuation	129	140
Unearned income from contracts with customers	31,916	43,901
Payable to ATO	-	171
Security Deposits Held	1,622	1,294
<b>Total other payables</b>	<b>34,733</b>	<b>46,332</b>
Total other payables expected to be settled in:		
No more than 12 months	24,622	41,339
More than 12 months	10,111	4,993
<b>Total other payables</b>	<b>34,733</b>	<b>46,332</b>

Unearned revenue from contracts with customers are subject to refund if performance obligations are not met.

## Note 8: Interest Bearing Liabilities

	2021 \$'000	2020 \$'000
<b>Note 8: Loans</b>		
Secured loan facilities	36,505	40,308
Unsecured loan facility - Lease contract	9,598	12,699
<b>Total loans</b>	<b>46,103</b>	<b>53,007</b>
Maturity schedule for loans payable:		
Less than one year	25,000	4,000
In one to five years	21,103	49,007
<b>Total loans</b>	<b>46,103</b>	<b>53,007</b>

The secured loan facilities relate to amounts borrowed against investment properties. The \$25 million National Australia Bank ('NAB') facility, disclosed as payable in less than one year, and provided to the Indigenous Real Estate Investment Trust ('IREIT') was refinanced on 20 August 2021 with Westpac Banking Corporation ('WBC'). The new WBC facility comprises two tranches totalling \$39 million. Tranche one totalling \$25 million was for the refinance of the existing NAB facility, whilst tranche two totalling \$14 million provides funding for acquisition of further investment property. The WBC facility will expire on 30 June 2024.

## Note 9: Provisions

	Consolidated	
	2021	2020
	\$'000	\$'000
<b>Note 9A: Employee provisions</b>		
Leave	8,770	8,426
<b>Total employee provisions</b>	<b>8,770</b>	<b>8,426</b>

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.

### Accounting Policy: Employee benefits

Liabilities for short term 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 the Group 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 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 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. The Group 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 the Group 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.

The Group 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. The Group 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.

## Note 9: Provisions (continued)

Note 9B: Other provisions	Consolidated					
	2021			2020		
	Restoration obligations	Distribution/ other provisions	Total	Restoration obligations	Distribution/ other provisions	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July	1,497	10,284	11,781	1,686	9,640	11,326
Additional provisions made	105	13,599	13,704	25	7,353	7,378
Amount used	(8)	(9,765)	(9,773)	(214)	(6,709)	(6,923)
<b>Total as at 30 June</b>	<b>1,594</b>	<b>14,118</b>	<b>15,712</b>	<b>1,497</b>	<b>10,284</b>	<b>11,781</b>

IBA currently has eleven lease agreements for leasing premises with provisions requiring restoration of the premises to their original condition at the conclusion of the lease.

### Accounting Policy: Provisions

Provisions are recognised when the Group 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 the Group 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 Statement of Comprehensive Income 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 events. Contingent assets are not recognised but are disclosed where an inflow of economic benefits is probable.

### Accounting Policy: Restoration obligations

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



## Note 10: Contingent Liabilities and Assets

	Indemnities		Consolidated Claims for damages or costs		Total	
	2021	2020	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Contingent assets</b>						
Opening balance as at 1 July	-	-	648	749	648	749
New	-	-	1,988	1,425	1,988	1,425
Assets recognised	-	-	(1,933)	(1,492)	(1,933)	(1,492)
Expired	-	-	(3)	(34)	(3)	(34)
<b>Total as at 30 June</b>	-	-	700	648	700	648
<b>Contingent liabilities</b>						
Opening balance as at 1 July	8,962	3,762	-	-	8,962	3,762
New	6,568	6,912	-	-	6,568	6,912
Obligations expired	(5,251)	(1,712)	-	-	(5,251)	(1,712)
<b>Total as at 30 June</b>	10,279	8,962	-	-	10,279	8,962
<b>Net contingent assets (liabilities) as at 30 June</b>	<b>(10,279)</b>	<b>(8,962)</b>	<b>700</b>	<b>648</b>	<b>(9,579)</b>	<b>(8,314)</b>

### Quantifiable contingencies

#### Claims for damages/costs (contingent asset)

The claims for damages or costs at 30 June 2021 relate to loans within the Indigenous Home Ownership program. There are no other contingent assets as at 30 June 2021.

#### Guarantees and indemnities

Guarantee and indemnity undertakings were made only to satisfy normal commercial funding conditions imposed by financiers and, at balance date, there are no grounds to believe that a liability will arise. IBA has a contingent liability valued at \$10.3m underwriting performance bonds issued by Performance Bond Trust to Indigenous suppliers as at 30 June 2021.

#### Unquantifiable contingencies

IBA has no significant unquantifiable contingencies as at 30 June 2021 or 2020.

## Note 11: Key Management Personnel Remuneration

	2021 \$'000	2020 \$'000
<b>Key management personnel expenses for the reporting period</b>		
<b>Short-term employee benefits</b>		
Salary and other allowances	1,263	1,326
Annual leave	57	21
Unused leave entitlements paid on termination	55	-
<b>Total short-term employee benefits</b>	<b>1,375</b>	<b>1,347</b>
<b>Post-employment benefits</b>		
Superannuation	156	141
<b>Total post-employment benefits</b>	<b>156</b>	<b>141</b>
<b>Other long-term employee benefits</b>		
Long-service leave	19	66
<b>Total other long-term employee benefits</b>	<b>19</b>	<b>66</b>
<b>Total senior executive remuneration expenses</b>	<b>1,550</b>	<b>1,554</b>

The total number of key management personnel included in the above table is 14 (2019-20: 13)

## Note 12: Related Party Disclosure

### Related Party Relationships

IBA is an Australian Government controlled Entity. IBA's related parties are persons or their close family members who have significant influence over IBA or are Key Management Personnel of IBA and include entities which are associates or Joint Ventures of IBA or an IBA subsidiary, or entities which are controlled by persons who are related parties of IBA.

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, legal, and audit services.

A number of Directors of IBA hold or have held positions in other companies or government related entities.

IBA Director Mr Edward Fry is also a Director of Indigenous Land and Sea Corporation (ILSC). IBA Director Richard Allert is the Chair and Director of Voyages Indigenous Tourism Australia Pty Ltd (a wholly owned subsidiary of ILSC) and Chair and Director of Kakadu Tourism (GCH) Pty Ltd and Kakadu Tourism (GLC) Pty Ltd (majority owned subsidiaries of IBA). IBA Director Vanessa Elliott is a Director of Desert Knowledge Australia. IBA Director Dr Valerie Cooms is Chairperson and a Director of Quandamooka Yoolooburrabee Aboriginal Corporation ("QYAC"), and is also a Director of Minjerribah Camping Pty Ltd ("MCPL"), a wholly owned subsidiary of QYAC. IBA Director Shirley McPherson is a Director of Yamatji Southern Regional Corporation.

During the year Roy Ah-See's term ended on 1 July 2020, and Rosemary Addis was appointed on 17 September 2020. Scott Young resigned following the end of the financial year, effective 9 July 2021.

### Related Party Transactions

The Board has determined to disclose all transactions with entities which have common directors with IBA even where such transactions may not technically represent a related party transaction as defined in AASB 124: *Related Party Disclosures*.

#### Loans to entities with common directors

The following loan related transactions were made in the ordinary course of business on an arm's length basis to QYAC. QYAC is a community owned entity, being the prescribed body corporate for the Quandamooka people established to hold their native title interests.

- Loan made in September 2018 - \$8,868 in loan repayments were made by QYAC during the financial year. The outstanding balance was \$9,169 at 30 June 2021. The original loan term was for 4 years commencing 18 September 2018, has an interest rate of 6% per annum, and security for the loan comprises registered 1st ranking General Security Agreement over assets of the company & registered 1st ranking Specific Security Agreement over a food van vehicle financed. The loan was entered into prior to Dr Cooms' appointment to the IBA Board.

The following loans and loan related transactions were made in the ordinary course of business at an arm's length basis to MCPL, a wholly owned subsidiary of QYAC.

- Loan made in June 2020 - \$15,213 in loan repayments were made by MCPL during the financial year. The outstanding balance was \$298,262 at 30 June 2021. The loan is for a term of 120 months commencing 30 June 2020, at an interest rate of 5% per annum (interest only for the first 12 months, then principal and interest for the remaining term), and is secured by a negative pledge.
- Loan/Grant package approved in June 2020 & drawn down in July 2020 - \$100,000 comprising a loan of \$20,000 and grant of \$80,000 approved in the prior year under IBA's Business Relief Package and paid on 23 July 2020. The loan of \$20,000 is for a term of 36 months commencing 16 July 2020, at an interest rate of 3.5% per annum (with no repayments of principal and interest for the first 12 months), and is unsecured. The outstanding balance was \$20,676 at 30 June 2021.

In respect of each of the above transactions, Dr Cooms did not participate in IBA's assessment or approval process.

#### Leasing and other transactions with entities with common directors

The following leasing related transactions were made in the ordinary course of business at an arm's length basis to QYAC. QYAC is a community owned entity, being the prescribed body corporate for the Quandamooka people established to hold their native title interests.

- Finance leases made this year and prior years - \$58,603 in finance lease payments were made by QYAC during the financial year. The outstanding total balance of all leases was \$285,942 at 30 June 2021. The lease terms range from 3 to 7 years with the interest rate applicable ranging from 4% to 5.5% per annum. The leases were entered into prior to Dr Cooms appointment to the IBA Board.

The following leasing related transactions were made in the ordinary course of business at an arm's length basis to MCPL, a wholly owned subsidiary of QYAC.

- Finance leases made in prior years - \$273,165 in finance lease payments were made by MCPL during the financial year. The outstanding total balance of all leases was \$711,186 at 30 June 2021. The lease terms range from 3 to 7 years with the interest rate applicable ranging from 4% to 5.5% per annum.

In respect of each of the above transactions, Dr Cooms did not participate in IBA's assessment or approval process.

In November 2020 IBA paid the Australian Institute of Company Directors ('AICD') \$43,780 to enable three Directors of the Yamatji Southern Regional Corporation ('YSRC') to attend a company directors course. IBA Director Shirley McPherson is a Director of YSRC, and was one of the directors who attended the company directors course.

## Note 12: Related Party Disclosure (continued)

In relation to other transactions with entities which have common directors with IBA;

Entity	Nature of the transaction	2021 \$'000	2020 \$'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	6	-
	Payments made to ILSC	-	9
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		
	Payments received from ILSC	-	103
	Payments made to ILSC	65	130
	Outstanding payments due to ILSC	-	99
	Outstanding payments due from ILSC	67	67
Indigenous Land and Sea Corporation	ILSC lease a motor vehicle through IBA Leasing		
	Payments received from ILSC	7	26
National Centre of Indigenous Excellence (a subsidiary of ILSC)	IBA utilised conference facilities offered by NCIE as part of its ordinary course of business:		
	Payments made to NCIE	-	4
Voyages Indigenous Tourism Australia	Voyages lease plant and equipment through IBA Leasing		
	Payments received from Voyages	176	87
Desert Knowledge Australia	IBA leases office space from Desert Knowledge in Alice Springs.		
	Payments made to Desert Knowledge	39	36

## Note 13: Financial Instruments

		Consolidated	
	Notes	2021 \$'000	2020 \$'000
<b>Note 13A: Categories of financial instruments</b>			
<b>Financial assets at amortised cost</b>			
Cash and cash equivalents	5A	110,068	131,775
Loan Receivables - Home Ownership Program	5C	948,682	967,048
Loans - Business Development and Assistance Program	5C	34,712	28,406
Goods and services receivable	5B	29,007	29,129
Other receivables	5B	13,879	7,847
Term Deposits	5E	161,168	63,361
<b>Total financial assets at amortised cost</b>		<b>1,297,516</b>	<b>1,227,566</b>
<b>Investments in equity instruments at fair value through other comprehensive income (designated)</b>			
Investments in associates	5D	12,682	15,242
<b>Investments in equity instruments at fair value through other comprehensive income (designated)</b>		<b>12,682</b>	<b>15,242</b>
<b>Financial assets at fair value through profit or loss</b>			
Other - bonds, managed funds and interest in business undertakings	5E	290,882	185,876
<b>Financial assets at fair value through profit or loss</b>		<b>290,882</b>	<b>185,876</b>
<b>Total financial assets</b>		<b>1,601,080</b>	<b>1,428,684</b>
<b>Financial liabilities at amortised cost</b>			
Suppliers	7A	15,139	12,435
Other payables	7B	34,733	46,332
Loans	8	46,103	53,007
<b>Total financial liabilities at amortised cost</b>		<b>95,975</b>	<b>111,774</b>
<b>Total financial liabilities</b>		<b>95,975</b>	<b>111,774</b>

## Note 13: Financial Instruments (continued)

		Consolidated	
	Notes	2021 \$'000	2020 \$'000
<b>Note 13B: Net Gains on financial assets</b>			
<b>Financial assets at amortised cost</b>			
Interest revenue		<b>44,900</b>	50,595
Impairment on loans	2E	<b>(11,999)</b>	1,579
<b>Net gain on financial assets at amortised cost</b>		<b>32,901</b>	52,174
<b>Investments in equity instruments at fair value through other comprehensive income (designated)</b>			
Interest revenue		<b>71</b>	118
Loss recognised in equity		<b>(711)</b>	(988)
<b>Net (loss) - Investments in equity instruments at fair value through other comprehensive income (designated)</b>		<b>(640)</b>	(870)
<b>Financial assets at fair value through profit or loss</b>			
Change in fair value	2E, 3F	<b>16,047</b>	(10,765)
Interest revenue		<b>234</b>	234
Net gain on disposal		-	334
Dividend revenue		<b>15,399</b>	9,275
<b>Net gain - assets held at fair value through profit or loss</b>		<b>31,680</b>	(922)
<b>Net gain on financial assets</b>		<b>63,941</b>	50,382
<b>Note 13C: Net Gains or Losses from financial liabilities</b>			
<b>Financial liabilities - at amortised cost</b>			
Interest expense	2D	<b>883</b>	1,797
<b>Net losses on financial liabilities at amortised cost</b>		<b>883</b>	1,797
<b>Net losses from financial liabilities</b>		<b>883</b>	1,797



## Note 14: 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	
	2021	2020
	\$'000	\$'000
Opening balance as at 1 July	-	2,181
Interest received	-	7
Trust Distribution	-	(2,188)
<b>Total amount at 30 June</b>	<b>-</b>	<b>-</b>

### 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	
	2021	2020
	\$'000	\$'000
Opening balance as at 1 July	1	1
Payments	(1)	-
<b>Total amount at 30 June</b>	<b>-</b>	<b>1</b>

## Note 15: New Housing Fund

As per section 181A of the Aboriginal and Torres Strait Islander Act 2005 (ATSIC Act) money held in the New Housing Fund may only be applied to make housing loans. Section 189 (2) of the ATSIC Act requires specific information on the New Housing Fund's operations and financial position, as disclosed below. This information has been included in the preceding statement and notes:

### New Housing Fund

#### Statement of Comprehensive Income

for the period ended 30 June 2021

	Notes	2021 \$'000	2020 \$'000
<b>Expenses</b>			
Write-down and impairment of assets	15A	4,658	(4,692)
Concessional loan discount recognised		31,898	36,382
Supplier expenses		321	1,285
<b>Total expenses</b>		<b>36,877</b>	<b>32,975</b>
<b>Less: own-source income</b>			
<b>Revenue</b>			
Interest	15B	25,559	28,588
Unwinding of concessional loan discount		58,826	49,179
Other income		499	1,636
<b>Total revenue</b>		<b>84,884</b>	<b>79,403</b>
<b>Net contribution by services</b>		<b>48,007</b>	<b>46,428</b>

### New Housing Fund

#### Statement of Financial Position

as at 30 June 2021

	Notes	2021 \$'000	2020 \$'000
<b>Assets</b>			
<b>Financial Assets</b>			
Cash	15C	15,410	27,045
Receivables	15D	589,986	602,098
Term Deposits		75,000	-
Other		23	28
<b>Total financial assets</b>		<b>680,419</b>	<b>629,171</b>
<b>Total assets</b>		<b>680,419</b>	<b>629,171</b>
<b>Liabilities</b>			
Payables		33	-
<b>Total liabilities</b>		<b>33</b>	<b>-</b>
<b>Net assets</b>		<b>680,386</b>	<b>629,171</b>
<b>Equity</b>			
<b>Parent entity interest</b>			
Contributed equity		429,397	429,397
Accumulated surplus		250,989	199,774
<b>Total parent entity interest</b>		<b>680,386</b>	<b>629,171</b>
<b>Total equity</b>		<b>680,386</b>	<b>629,171</b>

## Note 15: New Housing Fund (continued)

### New Housing Fund

#### Cash flow statement

for the period ended 30 June 2021

	Notes	2021 \$'000	2020 \$'000
<b>Operating activities</b>			
<b>Cash received</b>			
Interest		25,506	28,588
<b>Total cash received</b>		25,506	28,588
<b>Cash used</b>			
Other		324	1,368
<b>Total cash used</b>		324	1,368
<b>Net cash from operating activities</b>	15E	25,182	27,220
<b>Investing activities</b>			
<b>Cash received</b>			
Repayments of loans		125,337	92,537
<b>Total cash received</b>		125,337	92,537
<b>Cash used</b>			
Loans made		87,154	105,502
Investments purchased		75,000	-
<b>Total cash used</b>		162,154	105,502
<b>Net cash from investing activities</b>		(36,817)	(12,965)
<b>Net increase or (decrease) in cash held</b>		(11,635)	14,255
Cash at beginning of reporting period		27,045	12,790
<b>Cash at the end of the reporting period</b>		15,410	27,045

The above statements should be read with the accompanying notes.

## Note 15: New Housing Fund (continued)

	Notes	2021 \$'000	2020 \$'000
<b>Note 15A: Write-down and impairment of assets</b>			
Impairment of assets		4,658	(4,692)
<b>Total write-down and impairment of assets</b>		<b>4,658</b>	<b>(4,692)</b>
<b>Note 15B: Interest revenue</b>			
Interest on bank account		-	85
Interest on housing loans		25,559	28,503
<b>Total interest revenue</b>		<b>25,559</b>	<b>28,588</b>
<b>Note 15C: Cash</b>			
Cash at bank and on hand		12,222	27,045
Cash at agent		3,188	-
<b>Total cash</b>		<b>15,410</b>	<b>27,045</b>
<b>Note 15D: Receivables</b>			
Loan receivables		589,986	601,971
<b>Total receivables</b>		<b>589,986</b>	<b>601,971</b>

### New Housing Fund only

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

Carrying value of loans receivable held at amortised cost at 1 July 2020	601,971	569,925
Net loans movement at cost	(34,255)	14,557
Net movement in carrying discount measured at amortised cost	26,928	12,797
Impairment movement through profit and loss	(4,658)	4,692
<b>At fair value/cost closing balance</b>	<b>589,986</b>	<b>601,971</b>
<b>New Housing Fund loans (net) expected to be recovered</b>		
Current loans receivable	116,424	66,886
Non-current loans receivable	473,562	535,085
<b>Total receivables</b>	<b>589,986</b>	<b>601,971</b>

#### Note 15E: Cash flow reconciliation

Net contribution by services	48,007	46,429
Total write-down and impairment of assets	4,658	(4,692)
Concessional loan discount recognised	31,898	36,383
Unwinding of concessional loan discount	(58,826)	(49,179)
(Increase) in receivables	(555)	(352)
<b>Net cash from operating activities</b>	<b>25,182</b>	<b>28,589</b>

## Note 16: Parent Entity - Indigenous Business Australia

	2021 \$'000	2020 \$'000
<b>Note 16A: Statement of Comprehensive Income</b>		
Profit after income tax on continuing operations	86,552	28,583
Other comprehensive income/(loss)	(8,762)	6,065
<b>Total comprehensive income</b>	<b>77,790</b>	<b>34,648</b>
<b>Note 16B: Statement of Financial Position</b>		
Current assets	297,472	204,763
Non-current assets	1,300,812	1,229,158
<b>Total assets</b>	<b>1,598,284</b>	<b>1,433,921</b>
Current liabilities	54,894	65,320
Non-current liabilities	7,238	6,890
<b>Total liabilities</b>	<b>62,132</b>	<b>72,210</b>
<b>Net assets</b>	<b>1,536,152</b>	<b>1,361,711</b>
<b>Note 16C: Statement of Equity</b>		
Retained earnings	397,820	321,229
Contributed Equity	1,138,332	1,040,482
<b>Total equity</b>	<b>1,536,152</b>	<b>1,361,711</b>

2020 comparatives have been amended this financial year to correctly reflect impact on Total Comprehensive Income of Investment divested in 2016. There was no impact to Comprehensive Income for the consolidated Group.

## Note 16: Parent Entity - Indigenous Business Australia (continued)

### Note 16D: Statement of IBA's holding in subsidiaries

Name	Country of incorporation	2021 %	2020 %
Anderleigh Enterprises Pty Limited	Australia	-	63
Anderleigh Holdings Trust	Australia	-	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
Darwin Hotel Partnership	Australia	90	90
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
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
IBA Tourism Asset Management Pty Limited*	Australia	100	100
IBA Wilpena Solar Pty Ltd	Australia	100	100
IBA Wilpena Solar Trust	Australia	100	100
Indigenous Economic Development Trust <sup>^</sup>	Australia	-	-
Indigenous Prosperity Fund - Cash Fund	Australia	-	63
Indigenous Prosperity Fund - Growth Fund	Australia	54	52
Indigenous Prosperity Fund - Income Fund	Australia	57	57
Indigenous Real Estate Investment Trust	Australia	56	56
IREIT Sub Trust	Australia	56	56
Kakadu Tourism (GCH) Pty Limited	Australia	70	70
Kakadu Tourism (GLC) Pty Limited	Australia	52	52
Li Ar Yalug Land Holding Trust	Australia	86	86
Marlba Maya Pty Ltd #	Australia	50	50
Mungo Lodge Pty Limited*	Australia	-	100
Mungo Lodge Holdings Pty Limited*	Australia	-	100
Mungo Lodge Trust*	Australia	-	100
North Stradbroke Enterprises Trust	Australia	100	100
Northam Solar Partnership	Australia	95	95
Performance Bonds Trust	Australia	100	100
Port Hedland Investment Trust #	Australia	70	70
Tennant Creek Enterprises Pty Limited *	Australia	100	100
Tennant Creek Enterprises Trust *	Australia	100	100
Tennant Creek Foodbarn Partnership	Australia	50	50
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 Pound Aerodrome Services Pty Limited	Australia	87	87

\*Non-trading

<sup>^</sup>This is a discretionary trust whose beneficiaries are indigenous Australians. Whilst IBA does not hold units in the trust, as trustee all decisions are made by IBA demonstrating control.

# Notwithstanding IBA owning 70% of the units in this Trust, IBA does not consolidate this entity as it is unable to demonstrate control. The power to make decisions and influence returns requires approval by the trustee (Marlba Maya Pty Ltd) which is jointly held with the Port Hedland Aboriginal Corporation.

### Accounting for investments in controlled entities

The consolidated financial statements comprise the financial statements of the parent entity (IBA) and its subsidiaries, together with IBA's share of the results of associates (the Group). Subsidiaries are entities that IBA controls. The financial statements of the controlled entities are prepared for the period 1 July 2020 to 30 June 2021 using accounting policies consistent with those of the Group. 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 the Group's control including trusts where IBA is a beneficiary and where IBA controls the trustee. 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.





## **PART 07** APPENDICES

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# APPENDIX A: CONSULTANTS

33 Creative Pty Ltd

ACIL Allen Consulting (VIC)

Acumentis (WA) Pty Ltd

Acumentis Regional Pty Ltd

Adaptive Capability Pty Ltd

Addisons

Agends & Agends Legal

Andrew Philp QC T/A Philp Andrew Ross

Banki Haddock Fiora

Bdo Consultants (WA) Pty Ltd

Blackhall & Pearl Board Services Pty Ltd

BT Automation Pty Ltd

Carter Digital

CBRE Valuations Pty Ltd

CKE Australia Pty Ltd

Clayton Utz Lawyers

Cobalt Consulting Services Pty Limited

Colliers International

Deloitte Consulting Pty Limited

Dentons Australia Pty Ltd

Digital61 Pty Ltd

Direct Property Valuations Pty Ltd

Ekistica Pty Ltd

Elysian Consulting Pty Ltd

Fiftyfive5 Pty Ltd

Flow Interactive Pty Ltd

Future Friendly Team Pty Ltd

GHD Pty Ltd (NSW)

Good Foundations Consulting Pty Ltd

GoodWolf Partners Pty Ltd

Grant Thornton Australia Ltd

Gresham Partners Limited

Herron Todd White

HopgoodGanim Lawyers

HQ Management Pty Ltd

Hunt Tourism Services Pty Ltd

HWL Ebsworth Lawyers

Independent Property Valuations Pty Ltd

Infosys Technologies Limited

Integrated Valuation Services (Alice Springs)

Jackson McDonald  
 Jones Lang LaSalle Advisory Services Pty Ltd  
 Kevin John Dolman t/a Indigenous Evaluation Services  
 Kinaway Chamber of Commerce Victoria Ltd  
 Knight Frank Australia Pty Ltd  
 Konekt Australia Pty Ltd  
 KPMG Financial Advisory Services (Australia) Pty Ltd  
 Kristal Kinsela Consulting Pty Ltd  
 Larry Leabeater Consulting  
 LMW Hegney  
 luvo Pty Ltd  
 m3property Australia Pty Ltd  
 Maaikie Pty Ltd t/a Screen Consulting  
 Mary Christian Ploughman  
 McCullough Robertson Lawyers (Brisbane)  
 McGrathNicol Advisory Partnership  
 Minter Ellison Lawyers  
 Monsido Pty Ltd  
 MVS National Rockhampton Pty Ltd

North Queensland Auctioneers & Valuers  
 Opteon Property Group Australia  
 Peter Atkinson & Company  
 Price Waterhouse Coopers (PWC)  
 PricewaterhouseCoopers Indigenous Consulting Pty Ltd  
 Relative Creative Pty Ltd  
 RFF Pty Ltd  
 Robert Dick SC  
 RSM Bird Cameron (Perth)  
 RXP Services Ltd  
 Slattery Valuations Australia Pty Ltd  
 Terri Janke & Company Pty Ltd  
 The Ethics Centre t/a St James Ethics Centre  
 The Trustee for The Schloman B1 Trust T/A Miktysh  
 Unusual Intelligence Pty Ltd  
 Valuation Services (SA) Pty Ltd  
 Valuations WA  
 Xaana Pty Ltd  
 YF Partners



# APPENDIX B: KEY OUTREACH ACTIVITIES

TABLE B1: KEYNOTE SPEECHES AND EVENTS

Date	Event	Details
28 July 2020	Queensland Tourism Industry Council	Panelist
12 October 2020	IBA Hosted Event – Indigenous Business Month Forum	Attended by Minister Wyatt
12 November 2020	Interview for Podcast: what happens next for Indigenous business	Bernard Salt interview/podcast
26 November 2020	Indigenous Economic Development submit presentation	The National Strategic Narrative
16 March 2021	Tourism Towards 2030 Conference, Darwin	Indigenous Tourism from an Indigenous Land and Sea Corporation and IBA perspective
19 May 2021	Food Futures Conference Darwin	The future agriculture transition and opportunities for the Indigenous Estate

TABLE B2: MEDIA RELEASES

8 Jun 2021	Tennant Creek store update
8 Jun 2021	Indigenous supplier appointed to operate IBA's IT Service Desk
28 May 2021	Voices soar in NT community
6 May 2021	Banking Partnership to Support Indigenous Home Ownership
1 Mar 2021	Supporting Local Jobs - Katherine Government Centre Gets a Facelift
8 Feb 2021	Indigenous customers prove impact
28 Oct 2020:	Partnering for Indigenous Financial Wellbeing
7 Oct 2020	Building homes for the future

# APPENDIX C: CUSTOMER SATISFACTION METHODOLOGY

## IBA'S CUSTOMER SATISFACTION SURVEY METHODOLOGY

Customer satisfaction is an important metric that is included in IBA's Portfolio Budget Statement (PBS) for each service delivery area (Housing Solutions, Business Solutions and Investment and Asset Management). IBA sets a high standard on customer satisfaction of 80%, which exceeds the results of all four major Australian banks in 2020 (Commonwealth Bank 79.5%, NAB 78.4%, Westpac 75.2% and ANZ 74.7%). IBA's customer satisfaction surveys are designed to:

- understand how IBA performs on **key overall metrics such as satisfaction, advocacy**
- determine specific measures to assess performance from an IBA and business customer point of view
- **measure performance** across **key process steps**, as well as **contact/relationship manager interactions**.

IBA has a rigorous approach to undertaking customer satisfaction surveys to ensure we adhere with the Productivity Commissioner's Indigenous Evaluation Strategy guiding principles of credible, useful, ethical and transparent.

## IBA'S CUSTOMER SATISFACTION PROCESS

**Credible:** IBA partners with an independent market research partner, FiftyFive 5, to design, administer and analyse all customer satisfaction surveys. While IBA works closely with FiftyFive 5 to ensure the questions are culturally appropriate and specific to our products, FiftyFive 5's independence ensures the results are free from bias and a credible representation of our customers levels of satisfaction.

**Useful:** Once the analysis is complete, FiftyFive 5's team will present the findings to the IBA Executive and then separate sessions with each of IBA's products and markets divisions (Housing Solutions, Business Solutions and Investment and Asset Management). The findings will be used to inform decision making across the business to help IBA identify areas for improvement or enhancement.

**Ethical:** All IBA customers who have engaged with IBA over the 12-month period following the previous survey are contacted via email, SMS or both with links to the survey to ensure they have an opportunity to provide feedback. The data provided to FiftyFive 5 to administer the survey is deidentified to ensure complete anonymity and customer privacy. Note: customers who have requested no email contact from IBA will be removed from the data sample.

**Transparent:** IBA publishes the results of the customer satisfaction in our Annual Report to ensure full transparency.

1. Customer Satisfaction - Consumer Banking in Australia Report – Roy Morgan, 2020  
(<http://www.roymorgan.com/findings/8487-consumer-banking-satisfaction-june-2020-202008170625>)

## METHODOLOGY AND WEIGHTING

The IBA Customer Satisfaction Survey is a quantitative online survey of IBA customers who have interacted with IBA within 12 months of the previous survey being completed. Customers are able to provide qualitative responses in open field sections throughout the survey.

Once the survey is complete, FiftyFive 5 analyse the data and provide percentage scores that are weighted to be representative of the IBA population of each product.

- The 2020-21 Housing Solutions data is weighted based on stages in the home loan process (i.e. Application, Arrears, discharged, EOI, leads, settled).
- The 2020-21 Business Solutions data is weighted based on services (loans, lease, cashflow, support services)
- The 2020-21 Investments data was not weighted due to the small sample field (approx. 60 customers).

Each survey has a range of questions that help IBA understand experiences through each stage of their relationship with IBA, as well as attributes such as process, responsiveness, simplicity and helpfulness.

Questions relating to Overall Satisfaction and Experience Satisfaction are asked on a 0-10 point scale (0 is negative and 10 is positive). Scores are then grouped as follows:

- 8-10: very satisfied
- 6-7: satisfied
- 5: neither satisfied or unsatisfied
- 3-4: unsatisfied
- 0-2: very unsatisfied

To achieve the PBS target of 80%, programs must achieve 80%+ of customers recording a 6+ (satisfied to very satisfied) score across the program.



# APPENDIX D: COMPLIANCE INDEX

PGPA Rule Reference	Part of Report	Description	Requirement
<b>17BE</b>	<b>Contents of annual report</b>		
17BE(a)	Inside front cover and Pg. 8	Details of the legislation establishing the body.	Mandatory
17BE(b)(i)	Pg. 8	A summary of the objects and functions of the entity as set out in legislation.	Mandatory
17BE(b)(ii)	Pg. 8	The purposes of the entity as included in the entity's corporate plan for the reporting period.	Mandatory
17BE(c)	Pg. 8	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.	Mandatory
17BE(d)	Not applicable	Directions given to the entity by the Minister under an Act or instrument during the reporting period.	If applicable, mandatory
17BE(e)	Not applicable	Any government policy order that applied in relation to the entity during the reporting period under section 22 of the Act.	If applicable, mandatory
17BE(f)	Not applicable	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 Act.	If applicable, mandatory
17BE(g)	Pg. 13-47	Annual performance statements in accordance with paragraph 39(l) (b) of the Act and section 16F of the rule.	Mandatory
17BE(h),17BE(i)	Pg. 64	A statement of significant issues reported to the Minister under paragraph 19(l)(e) of the Act that relates to non-compliance with finance law and action taken to remedy non-compliance.	If applicable, mandatory
17BE(j)	Pg. 52-57	Information on the accountable authority, or each member of the accountable authority, of the entity during the reporting period.	Mandatory
17BE(k)	Pg. 63	Outline of the organisational structure of the entity (including any subsidiaries of the entity).	Mandatory
17BE(ka)	Pg. 71-72	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.	Mandatory
17BE(l)	Pg. 24, 37, 45, 71, 136	Outline of the location (whether or not in Australia) of major activities or facilities of the entity.	Mandatory

PGPA Rule Reference	Part of Report	Description	Requirement
17BE(m)	Pg. 51, 58, 59	Information relating to the main corporate governance practices used by the entity during the reporting period.	Mandatory
17BE(n),17BE(o)	pg. 64	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.	If applicable, mandatory
17BE(p)	Pg. 62	Any significant activities and changes that affected the operation or structure of the entity during the reporting period.	If applicable, mandatory
17BE(q)	Pg. 66	Particulars of judicial decisions or decisions of administrative tribunals that may have a significant effect on the operations of the entity.	If applicable, mandatory
17BE(r)	Pg. 66	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.	If applicable, mandatory
17BE(s)	Not applicable	An explanation of information not obtained from a subsidiary of the entity and the effect of not having the information on the annual report.	If applicable, mandatory
17BE(t)	Pg. 62	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).	If applicable, mandatory

PGPA Rule Reference	Part of Report	Description	Requirement
17BE(taa)	Pg. 58-59	<p>The following information about the audit committee for the entity:</p> <p>(a) a direct electronic address of the charter determining the functions of the audit committee;</p> <p>(b) the name of each member of the audit committee;</p> <p>(c) the qualifications, knowledge, skills or experience of each member of the audit committee;</p> <p>(d) information about each member's attendance at meetings of the audit committee;</p> <p>(e) the remuneration of each member of the audit committee.</p>	Mandatory
17BE(ta)	Pg. 60-61	Information about executive remuneration.	Mandatory
<b>17BF</b>	<b>Disclosure requirements for government business enterprises</b>		
17BF(1)(a)(i)	Pg. 75-80	An assessment of significant changes in the entity's overall financial structure and financial conditions.	If applicable, mandatory
17BF(1)(a)(iii)	-	An assessment of any events or risks that could cause financial information that is reported not to be indicative of future operations or financial conditions.	If applicable, mandatory
17BF(1)(b)	-	Information on dividends paid or recommended.	If applicable, mandatory
17BF(1)(c)	Not applicable	<p>Details of any community service obligations the government business enterprise has including:</p> <p>(a) an outline of actions taken to fulfil those obligations; and</p> <p>(b) an assessment of the cost of fulfilling those obligations.</p>	If applicable, mandatory
17BF(2)	Not applicable	A statement regarding the exclusion of information on the grounds that the information is commercially sensitive and would be likely to result in unreasonable commercial prejudice to the government business enterprise.	If applicable, mandatory

# CONTACTS

IBA staff work at the following locations across Australia.  
Co-located offices are marked with an asterisk.

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