



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



10 May 2012

Senator Claire Moore  
Chair of the Community Affairs Committee  
Senator for Queensland

Senator the Hon Nigel Scullion  
Shadow Minister for Indigenous Affairs  
Deputy Leader of the Nationals  
Country Liberals Senator for the Northern Territory  
Parliament House  
CANBERRA ACT 2600

Dear Senators

I am writing in regard to question on notice 319 that was asked by Senator the Hon Nigel Scullion at the Additional Budget Estimates Cross Portfolio Indigenous Matters hearing on 17 February 2012.

Senator Scullion asked for a copy of IBA's Sustainable Financial Futures Project which took place in May 2011. IBA has submitted a copy of the review, which I understand has been tabled today.

I would like to take this opportunity to provide you with some background to the project. It was initiated by IBA management consistent with prudent financial governance; its aim was to ensure service delivery outcomes for IBA's key Indigenous programs were not compromised. The project was intended to stimulate robust and fearless discussion amongst IBA's senior executive concerning budget expenditure initiatives and IBA's sustainable financial futures within the current economic climate.

I believe the sensitive nature of some of the information in the report - including a copy of an IBA Board paper, working papers based on information at a specific period of time, statements made in a workshop and benchmarking data from other agencies - may be misinterpreted by stakeholders and staff if made public without additional context.

The project captured a plenary planning session by which the Executive team engaged in robust discussions concerning the existing function of IBA. The session involved a frank assessment of the business arrangements in order to accurately analyse the situation IBA faced in May 2011. This plenary planning session also challenged the Executive team to canvass a full range of options available to IBA to improve its business structure and processes.



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The exploration of these options in a workshopped environment was important to the success of the project's objectives of identifying issues relating to funding program expenditure and overheads and identifying a sustainable approach to achieving an optimum balance between meeting stated objectives and quality of service

As I outlined to the Senate Committee Estimates hearing on 17 February 2012, the Sustainable Financial Future Project, and the planning processes which informed it, resulted in a range of recommendations that have been actioned. IBA has since undergone a minor structural change and an adjustment to our operations. As a result IBA is working to achieve the following:

- targeting support costs at a benchmark of 24 per cent of total costs, which was reforecast from 20 percent based on forward revenues;
- cutting direct costs by 2.5%; and
- providing funding to a new project aligned with the strategic objective of Promoting and Encouraging Indigenous Australian's self-management and economic self sufficiency.

I can confirm to the Senate Committee that IBA has completed this project. As a result of the Sustainable Financial Future Project, IBA is better positioned to reduce its overhead costs to a sustainable level, thus ensuring our ability to continue the outstanding Indigenous outcomes the IBA has achieved over the past 22 years.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Chris Fry', with a long horizontal flourish extending to the right.

**Mr Chris Fry**  
Chief Executive Officer