

Senate Community Affairs Committee
ANSWERS TO ESTIMATES QUESTIONS ON NOTICE
FAMILIES, HOUSING, COMMUNITY SERVICES AND
INDIGENOUS AFFAIRS PORTFOLIO
2012-13 Supplementary Estimates Hearings

Outcome Number: 7

Question No: 472

Topic: Medina Vibe Hotel

Hansard Page: Written

Senator Scullion asked:

Did IBA know if the Larrakia Development Corporation was trading while insolvent at the time? What processes did IBA have in place to check that the LDC was not trading while insolvent?

Answer:

Indigenous Business Australia (IBA) was aware that Larrakia Development Corporation (LDC) wished to sell its investment in the Vibe Medina Hotel to generate working capital. However, to IBA's knowledge, LDC was not insolvent at the time the parties entered into the transaction. The transaction was negotiated on a commercial, arm's length basis.

LDC's board of directors is responsible for determining the solvency of LDC.

IBA receives regular reporting on the solvency of its investment partners and key counterparties via an external credit check provider. IBA is not aware of either LDC or its creditors having determined that it is insolvent, or having filed for insolvency.

Under the terms of the joint venture arrangements between the parties, if LDC had filed for insolvency, IBA would have been entitled to purchase LDC's interest in the hotel.