



# Bawinanga Aboriginal Corporation

(special administrators appointed)

ICN 29

## NEWSLETTER

Issue 6, June 2014

### For members, staff, traditional owners and other interested parties

We are distributing this newsletter to keep you up to date about the latest developments at Bawinanga.

### Further extension to the special administration

Significant and important progress has been made since 26 December 2013. However, the Registrar of Indigenous Corporations, Anthony Beven, has decided to extend the special administration until 30 June 2014 to finalise some outstanding matters. This will allow us to make sure that Bawinanga's financial affairs and business operations are in good order.

#### STAGE

- 1 Take control of the assets, including bank accounts, and find out if the corporation can continue business as usual.
- 2 Restore good operational order.
- 3 Prepare the corporation for return to members' control.

### Stages two and three

We are finished with stage two of the special administration 'Restoring good operational order' and almost finished with stage three 'Preparing for return to members' control'.

At the end of the special administration it is very important that all of the Bawinanga staff follow the new policies and procedures around spending Bawinanga's money; if this doesn't happen Bawinanga will go backwards again. Bawinanga cannot return to how things were before the special administration when more money was spent than was in the budget or the bank account and without following the rules in funding agreements.

### What has happened since 26 December 2013?

These are the things we have been doing since our appointment:

- signed the loan agreement with the Maningrida Progress Association (MPA)
- paid most of the bills from before October 2012
- worked out the true financial position (money story) of Bawinanga
- made sure Bawinanga's financial systems work properly
- talked to the Commonwealth and Northern Territory governments about the money Bawinanga owed them
- started the recruitment process for a permanent chief executive officer

- recruited new managers for the Barlmark Supermarket and Good Food Kitchen
- moved the finance staff from Darwin back to Maningrida
- closed the Darwin art gallery to save money
- ordered new fridges and freezers for the Barlmark Supermarket and obtained funding to fix the shelves and the computers in the supermarket
- applied for funding for a human resource (HR) consultant and a transition manager to help Bawinanga's staff after the end of the special administration
- held an advisory group meeting on 24 April in Maningrida
- finalised the annual general meeting (AGM) on 27 May 2014 and the appointment of the new directors of Bawinanga
- held the first directors' meeting of Bawinanga in 18 months on 28 May 2014.

## The money story

Bawinanga's audited financial report (money story) for the year ended 30 June 2013 from Deloitte was presented at the AGM in Maningrida on 27 May. A copy can also be downloaded from the Registrar's website at [www.oric.gov.au](http://www.oric.gov.au).

Deloitte wrote to Bawinanga on 14 February 2014 with a long list of problems about the way Bawinanga managed its money and grants from the government. This is called the audit management letter. We have been working hard to fix the issues raised in Deloitte's audit management letter.

Bawinanga is still in a very difficult financial position, even after the loan from MPA and all the bills from before October 2012 have been paid. All profits that Bawinanga makes will need to be used to repay MPA and other bills.

There are also some other bills that Bawinanga may have to pay (contingent liabilities) in the future, such as claims that some former staff have made against Bawinanga. They are not in the money story below as we do not have to pay them yet. We are working through each of the possible bills and trying to resolve them before the special administration ends.

Bawinanga will have to be very careful with how it spends its money for a number of years to come.

The following table shows Bawinanga's financial position (money story) as at 30 April 2014, and the trading account and profit and loss statement for the period from 1 July 2013 to 30 April 2014.

### Bawinanga's financial position, as at 30 April 2014

| Assets and liabilities   | 30 June 2013        | 30 April 2014       |
|--------------------------|---------------------|---------------------|
| <b>Assets</b>            |                     |                     |
| Current assets           | \$7,559,310         | \$8,975,512         |
| Non-current assets       | \$7,619,185         | \$7,105,850         |
| <b>Total assets</b>      | <b>\$15,178,495</b> | <b>\$16,081,362</b> |
| <b>Liabilities</b>       |                     |                     |
| Current liabilities      | \$10,153,008        | \$11,137,225        |
| Non-current liabilities  | \$611,889           | \$1,244,270         |
| <b>Total liabilities</b> | <b>\$10,764,897</b> | <b>\$12,381,495</b> |
| <b>Equity</b>            | <b>\$4,413,598</b>  | <b>\$3,699,867</b>  |

| Income and expenses                          | 30 June 2013         | 1 July 2013 to 30 April 2014 |
|--|----------------------|------------------------------|
| <b>Income</b>                                |                      |                              |
| Operating                                    | \$3,282,491          | \$5,557,928                  |
| Grants                                       | \$15,645,274         | \$9,515,697                  |
| Unexpended grants – brought forward          |                      | \$1,425,931                  |
| Interest                                     | \$14,794             | \$51,024                     |
| Insurance recoveries                         |                      | \$106,851                    |
| Lease of M/V income                          |                      | \$77,347                     |
| Rents  | \$113,633            | \$47,697                     |
| Unspent grants                               | (\$1,436,342)        | (\$4,628,101)                |
| Profit on sale of property, plant, equipment | \$35,122             | \$93,910                     |
| Other  | \$18,975             | \$116,948                    |
| <b>Total income</b>                          | <b>\$17,673,947</b>  | <b>\$12,365,232</b>          |
| <b>Expenses</b>                              |                      |                              |
| Operating expenses                           | \$23,846,970         | \$13,144,942                 |
| <b>Total expenses</b>                        | <b>\$23,846,970</b>  | <b>\$13,144,942</b>          |
| <b>Surplus (deficit)</b>                     | <b>(\$6,173,023)</b> | <b>(\$779,710)</b>           |

The above summary shows that Bawinanga's finances have improved this year and the corporation is in a good position for the new board to take over control.

## Placing orders

Managers and staff now have to follow strict rules when placing orders, making payments, approving pay, issuing receipts and using cash.

If the rules are followed all the money coming into and going out of Bawinanga will be properly recorded. This will make sure that all payments and costs are properly assigned to the right place. The finance staff of Bawinanga will then be able to prepare accurate monthly financial reports on the money story to the Bawinanga directors and managers.



## Budgets

A large corporation like Bawinanga can only manage its businesses and government funded programs properly if it has planned a budget for each business and program. A budget helps managers to know if their division is making money or not.

We are preparing budgets for all of Bawinanga's businesses and programs. There will also be rules in place to ensure that each business and program is making money and is only spending money that it has in its bank account.

### Maningrida Progress Association Inc. (MPA)

MPA has now loaned \$3.5 million to Bawinanga. MPA and Bawinanga signed a loan agreement on 8 May 2014 and MPA paid the money to Bawinanga on 14 May 2014.

The loan is for five years and each month Bawinanga has to pay interest to MPA. The first payment was made at the end of May. At the end of the five years Bawinanga must repay the \$3.5 million to MPA.

Bawinanga has used the money from MPA to pay its bills that were owed before 30 October 2012.

Most of the people who were owed money by Bawinanga agreed to accept 70 cents in every dollar for the amount owed to them. Most have now been paid.

We would like to thank MPA, on behalf of everyone at Bawinanga for helping Bawinanga to get back on track.

## Final information meeting, reconvened AGM and first directors' meeting

On 27 May 2014 we held the final information meeting and the reconvened AGM in the Ranger Shed in Maningrida to give you an update on the special administration.

At the AGM we announced Bawinanga's new board of directors, and three additional directors were appointed by the members. The new member directors are Kevin Winunguj, Wesley Campion, David Jones, David Mirrawana, Helen D Williams, Victor Rostron and Peter Danaga Wayne Kala Kala. The independent directors are Wally Grimshaw and Graham Paterson.

Although the new directors do not start until the special administration ends a meeting of the new directors was held in Maningrida on 28 May. We provided the directors with a hand-over report, which included Bawinanga's full money story and a list of things that still need to be done. The directors elected Helen Williams as chair, Victor Rostron as deputy chair and David Mirrawanna as secretary. We would like to congratulate all of the directors on their appointment and also Helen, Victor and David for taking on the senior roles on the board.

The Registrar attended the AGM and the first meeting of the directors. The Registrar spoke to the directors about the important job they have to do and that his office will continue to work with the new directors for 12 months after the end of the special administration to make sure that Bawinanga stays on track.

The Registrar's office will also be providing governance training to the new directors.

## Report to funding bodies

On 22 May 2014 we gave an update to the Commonwealth and Northern Territory governments' funding agencies on the money story and the changes that have been made at Bawinanga. It will be important for Bawinanga to keep talking to the funding agencies as their support is needed to keep Bawinanga strong. The new directors will be responsible for doing this after the end of the special administration.

## Transition manager and human resource (HR) consultant

We have also applied to the Department of the Prime Minister and Cabinet for funding to employ a transition manager and human resource (HR) consultant before the end of the special administration.

We think it will be very important to have a skilled and experienced person at Bawinanga for six months after the special administration ends to make sure that Bawinanga follows all the changes we have made. The transition manager will report to the board of directors and their job will be to:

- make sure Bawinanga stays on track and all the new rules around using and recording Bawinanga's money are followed
- help the Bawinanga staff with the new rules
- report to the directors on Bawinanga's money story
- work with the acting CEO to help him to manage Bawinanga
- help the directors with a process to recruit a suitably skilled and experienced chief executive officer.

Bawinanga has not had a HR manager for many months and there are a lot of issues to fix. If the funding is approved, Bawinanga will hire a person or firm for six weeks to help with the HR issues and update the HR records and paperwork for all of Bawinanga's staff. One of the jobs for the HR consultant will be to make sure all of Bawinanga's staff are properly trained and skilled. The HR consultant will conduct performance appraisals and review the functions of all senior staff positions.

Bawinanga will eventually need a permanent HR manager and when there is enough money this position will be advertised and filled. This will not happen until later in the year.

## Acting CEO

Brendan Bainbridge has been the acting CEO of Bawinanga since late 2013. At the first directors' meeting on 28 May the directors decided that Brendan Bainbridge should continue as the acting CEO of Bawinanga until 31 December 2014. This will give Brendan more time to gain experience in the job after the special administration ends.

If the funding for the transition manager is approved the transition manager will help Brendan to run Bawinanga for the next six months. A permanent CEO will be appointed by 31 December 2014.

Bawinanga is one of the biggest Aboriginal corporations in Australia and it has a number of businesses and runs over 44 programs funded by the government. Bawinanga also has a long way to go before its money story is strong again. It is very important that Bawinanga has the best possible person as its CEO.

## Upgrade of Barlmarrk



The supermarket now has a new manager, Mr Norman Daniels. Mr Daniels is an experienced store manager and he has worked at Barlmarrk Supermarket before. He is making changes at the store to make sure it is well run and making money. It is the largest business owned by Bawinanga and it needs to make a profit so Bawinanga can repay the money it has loaned from MPA.

We did a full stocktake of the Barlmarrk Supermarket in March 2014 so we know what is in the supermarket. This was the first stocktake at the supermarket in about two years.

The supermarket's paperwork was not up to date and some of its bills had not been paid. Another stocktake was done on 31 May 2014 to double check the one carried out in March.

We have had funding approved by the Department of the Prime Minister and Cabinet for new shelves, back-up fridges and freezers and computer systems in the Barlmark Supermarket.

## Maningrida Arts and Culture



### MANINGRIDA ARTS & CULTURE

The arts centre is making big losses. It has too much art stored away and we have been working to sell as much as possible. Unfortunately the art market is not strong at the moment.

To save money we have closed the Darwin gallery and returned all the art in Darwin to Maningrida. Bawinanga will now work on selling art to other galleries in and around Darwin, on the internet and to customers overseas.



## Thank you

There is not much time before the end of the special administration. We would like to thank all of the staff, members, funding agencies, creditors and supporters of Bawinanga for helping us to turn Bawinanga around. There is still a lot of work to do but we are very close to handing the corporation back to the members and the new directors. We look forward to working with everyone in this final month of our appointment and to seeing Bawinanga strong once again.



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You can find out more about special administrations by visiting [www.oric.gov.au](http://www.oric.gov.au) or by speaking to Ruth Jones at the Registrar's office on freecall 1800 622 431 (not free from mobiles).