

# INDIGENOUS BUSINESS AUSTRALIA

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## INDIGENOUS BUSINESS AUSTRALIA

### Section 1: Agency overview

Indigenous Business Australia's (IBA) vision is for a nation in which Indigenous people share equitably in commercial and economic outcomes, and for Indigenous Business Australia to make a significant contribution to that outcome. Indigenous Business Australia was established by the *Aboriginal and Torres Strait Islander Commission Amendment Act 2001*, which came into effect on 17 April 2001. Indigenous Business Australia extends the role of the former Aboriginal and Torres Strait Commercial Development Corporation (CDC).

Indigenous Business Australia was originally created to assist and enhance Aboriginal and Torres Strait Islanders' economic advancement, primarily through facilitating Aboriginal and Torres Strait Islander equity involvement in sound commercial ventures. Under the enabling legislation, Indigenous Business Australia is required to meet this role by accumulating and using a substantial capital asset. The Act specifically requires IBA to engage in commercial activities.

With the passage of the *Aboriginal and Torres Strait Islander Act 2005* in March 2005, Indigenous Business Australia's responsibilities were expanded to include two new programmes. These programmes provide home loans and business loans, together with Business Development and Assistance.

The Home Ownership Programme provides concessional loans to low income Indigenous Australians and their families to buy or build a home. The Programme can also provide loans to assist with essential repairs or improvements.

The Business Development and Assistance Programme provides concessional business loans and in certain circumstances business grants. The programme also meets costs associated with the assessment of loan applications, the provision of aftercare to borrowers and general mentoring support for Indigenous people in business. The programme also supports the cost of research to improve knowledge on regional economic circumstances which would impact on small business viability.

An additional programme was created as part of the Portfolio Additional Estimates Statement 2005-06 process. The Home Ownership on Indigenous Land Programme provides subsidised loan and grant packages, secured by a mortgage over a long term sub-lease and supported by a guarantee from the local Indigenous Community Housing Organisation or other suitable guarantor.

**Table 1.1: Agency outcomes and output groups**

Outcome	Description	Output groups
<b>Outcome 1</b>		
Stimulating the economic advancement of Aboriginal and Torres Strait Islander peoples	This outcome reflects the legislative charter of IBA as set out in s.146, s.147 and s.148 of the <i>Aboriginal and Torres Strait Islander Act 2005</i> . These sections give IBA the responsibility to assist and enhance Indigenous self management and self sufficiency.	Output 1.1 Equity and Investments Output 1.2 Home Ownership Output 1.3 Business Development and Assistance Output 1.4 Home Ownership on Indigenous Land

## Section 2: Agency resources for 2007-08

### **2.1 APPROPRIATIONS AND OTHER RESOURCES**

Table 2.1 shows the total resources from all origins for 2007-08, including appropriations. The table summarises how resources will be applied by outcome, administered and departmental classification.

The total appropriation for Indigenous Business Australia in the 2007-08 Budget is \$74.364 million.

**Table 2.1: Appropriations and other revenue 2007-08 ('000)**

Agency/Outcome/ Non-operating	Departmental				Administered				Total	
	Appropriation Bill No. 1 \$'000	Appropriation Bill No. 2 \$'000	Special Appropriation \$'000	Receipts (a) \$'000	Appropriation Bill No. 1 \$'000	Appropriation Bill No. 2 SPP \$'000	Other (b) \$'000	Special Appropriation \$'000		Receipts (a) \$'000
<b>Outcome 1</b>										
Stimulating the economic advancement of Aboriginal and Torres Strait Islander peoples	36,765	-	-	124,923	-	-	-	-	-	161,688
Equity injections	-	37,599	-	-	-	-	-	-	-	37,599
Previous year's outputs	-	-	-	-	-	-	-	-	-	-
Special capital	-	-	-	-	-	-	-	-	-	-
Appropriation	-	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>36,765</b>	<b>37,599</b>	<b>-</b>	<b>124,923</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>199,287</b>

(a) Departmental and administered receipts from other sources (i.e. other than appropriation amounts) that are available to be used.

(b) Includes new administered expenses and administered assets and liabilities.

Notes:

1. Under the appropriation structure, Bill No. 2 includes Specific Purpose Payments (SPPs), new agency Outcomes (NAOs), administered capital and departmental capital via departmental injections and loans.
2. Refer to Budgeted Income Statement for application of agency revenue.
3. Receipts (a) refers to Cash inwards from other sources, including repayment of loans made to clients, thus table 2.1 differs tables 2.3, 3.1, Figure 4 and the agency Budgeted Income Statement, which are based on accrual accounting principles.

## 2.2 2007-08 BUDGET MEASURES

Indigenous Business Australia has no measures in the 2007-08 Budget.

## 2.3 OTHER RESOURCES AVAILABLE TO BE USED

Table 2.3 provides details of resources obtained by Indigenous Business Australia for provision of goods or services. It includes resources received free of charge and resources from other General Government Sector agencies. Agency resources are approved for use by Indigenous Business Australia. Table 2.3 is prepared on an accrual basis and may differ from Table 2.1 which only records the appropriations and receipts from independent sources available to be used.

**Table 2.3: Other resources available to be used**

	Estimated receipts 2006-07 \$'000	Budget estimate 2007-08 \$'000
<b>Departmental resources</b>		
Goods and Services	-	120
Interest on Advances	59,185	61,857
Interest on Deposits	4,650	3,709
Dividends	16,906	8,366
Other	16,732	11,861
Rents	102	42
Proceeds from the sale of assets	950	
 section 31 of the <i>Financial Management and Accountability Act 1997</i>	 -	 -
Resources received free of charge	-	-
<b>Total departmental other resources available to be used</b>	<b>98,525</b>	<b>85,955</b>

## 2.4 MOVEMENT OF ADMINISTERED FUNDS FROM 2006-07 TO 2007-08

Indigenous Business Australia has no administered funds.

## 2.5 SPECIAL APPROPRIATIONS

Indigenous Business Australia has no special appropriations.

## 2.6 SPECIAL ACCOUNTS

Indigenous Business Australia has no special accounts.

## **2.7 ADMINISTERED CAPITAL AND DEPARTMENTAL EQUITY INJECTIONS AND LOANS**

In 2007-08 Indigenous Business Australia will receive equity injections from appropriation of \$37.599 million. All of this capital will be used to make loan advances to Indigenous people and organisations under Indigenous Business Australia's Home Ownership (Output 1.2), Business Development and Assistance (Output 1.2) and Home Ownership on Indigenous Land (Output 1.4) programmes.

## Section 3: Agency outcomes

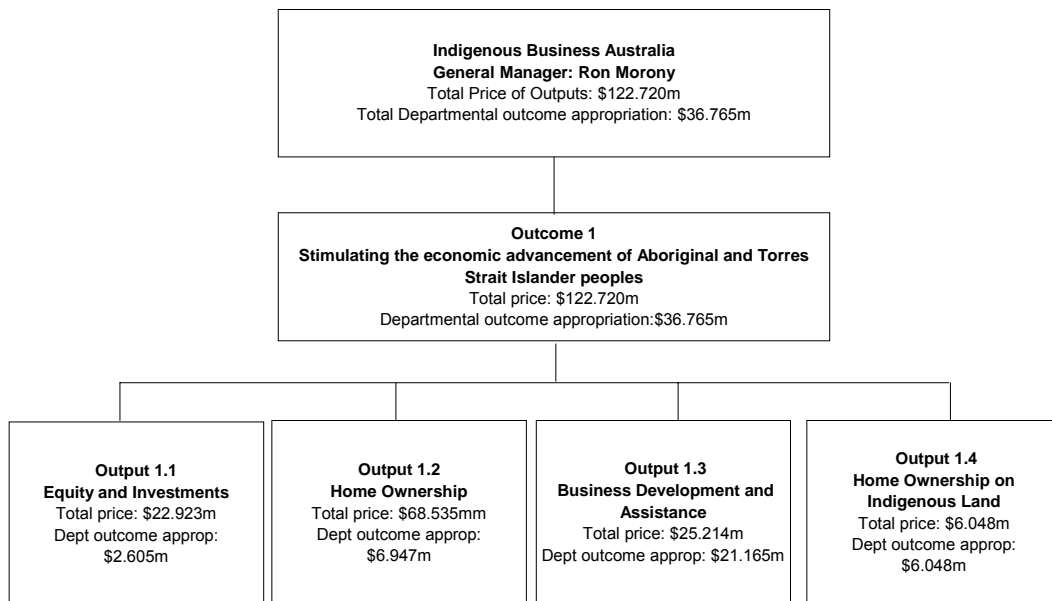
This section explains how the resources identified in Section 2 will be used to deliver outputs and administered items to contribute to the outcome of Indigenous Business Australia.

### 3.1 SUMMARY OF OUTCOMES, AND CONTRIBUTION TO OUTCOMES

The relationship between the activities of Indigenous Business Australia and the outcome are summarised in Figure 4.

The price of each output that contributes to the total outcome is arrived at by attributing the full appropriation available to that output, plus a portion of other resources available for the outcome. In situations where an amount needs to be apportioned across the outputs, this is done through a consistent model based on staffing levels.

**Figure 4: Contributions to outcomes**



### **3.2 OUTCOMES — DEPARTMENTAL AND ADMINISTERED**

Indigenous Business Australia has a single outcome, “Stimulating the economic advancement of Aboriginal and Torres Strait Islander peoples”.

#### **Departmental appropriations by outcome**

This figure is not applicable to Indigenous Business Australia.

#### **Administered appropriations by outcome**

This figure is not applicable to Indigenous Business Australia.

### 3.3 OUTCOMES AND PERFORMANCE

#### Outcome 1 resourcing

Table 3.1 shows how the 2007-08 Budget appropriations translate to total resourcing for Outcome 1, including administered expenses, revenue from government (appropriation), revenue from other sources (Departmental) and the total price of outputs.

**Table 3.1: Total resources for outcome 1**

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000
<b>Administered appropriations</b>	-	-
<b>Total administered appropriations</b>	-	-
<b>Departmental appropriations</b>		
Output 1.1 - Equity and Investments	2,556	2,605
Output 1.2 - Home Ownership	6,456	6,947
Output 1.3 - Business Development and Assistance	20,874	21,165
Output 1.4 - Home Ownership on Indigenous Land	2,908	6,048
<b>Subtotal Output Group 1.1</b>	<b>32,794</b>	<b>36,765</b>
<b>Total revenue from government (appropriations) Contributing to price of departmental outputs</b>	<b>32,794</b>	<b>36,765</b>
<b>Other resources available to be used</b>		
Output 1.1 - Equity and Investments	34,783	20,318
Output 1.2 - Home Ownership	59,702	61,588
Output 1.3 - Business Development and Assistance	2,840	4,049
Output 1.4 - Home Ownership on Indigenous Land	1,200	-
Administered	-	-
<b>Total revenue from other sources</b>	<b>98,525</b>	<b>85,955</b>
<b>Total resources</b> (Total revenue from government and from other sources)		
<b>Total estimated resourcing for Outcome 1</b> (Total price of outputs and administered appropriations)	<b>131,319</b>	<b>122,720</b>
	2006-07	2007-08
<b>Average staffing level (number)</b>	173	190

Note: Resources for Outback Stores is now recognised under Output 1.1 instead of Output 1.3.

#### Measures affecting Outcome 1

Indigenous Business Australia has no measures in the 2007-08 Budget.

## Performance information for Outcome 1

**Table 3.2: Performance information for Outcome**

Performance indicators for individual outputs	
<b>Output Group 1.1</b>	
Output 1.1 Equity and Investments	<p>Quality</p> <ul style="list-style-type: none"> <li>80% of investment proposals decided on in 3 months</li> <li>100% reporting and monitoring of investments</li> </ul> <p>Quantity</p> <ul style="list-style-type: none"> <li>65 Projects considered per year</li> <li>30 investments monitored per year</li> </ul> <p>Price:\$22.923m</p>
Output 1.2 Home Ownership	<p>Quality</p> <ul style="list-style-type: none"> <li>Reportable arrears maintained at or below 0.20% of portfolio balance</li> </ul> <p>Quantity</p> <ul style="list-style-type: none"> <li>Issue more than 75% of home loans to applicants who have an adjusted combined gross monthly income which is less than IBA's tier 1 income amount</li> <li>Issue more than 70% of home loans to applicants who are first home buyers.</li> </ul> <p>Price:\$68.535m</p>
Output 1.3 Business Development and Assistance	<p>Quality</p> <ul style="list-style-type: none"> <li>95% repayment rate on new loans</li> <li>5% reduction in provision for doubtful debts</li> <li>80% survival rate for new businesses funded past the first year</li> <li>20% business outcomes from clients assisting through business support or Economic Development Initiatives</li> </ul> <p>Quantity</p> <ul style="list-style-type: none"> <li>Number of applications received, number of applications approved and value of applications approved</li> </ul> <p>Price:\$25.214m</p>
Output 1.4 Home Ownership on Indigenous Land	<p>Quality</p> <ul style="list-style-type: none"> <li>6 communities actively participating in the programme</li> </ul> <p>Price:\$6.048m</p>

Note: Price for Outback Stores is now recognised under Output 1.1 instead of Output 1.3.

### Evaluations for Outcome 1

Indigenous Business Australia was evaluated by the Office of Evaluation and Audit (Indigenous Programmes) in 2006-07, and no evaluations are planned for 2007-08.

## Section 4: Other reporting requirements

### 4.1 PURCHASER-PROVIDER ARRANGEMENTS

#### Cross agency overview

Indigenous Business Australia has no purchaser-provider arrangements. IBA has Memorandums of Understanding with Department of Families, Community Services and Indigenous Affairs for the provision of services at Indigenous Coordination Centres, and with the Department of Employment and Workplace Relations for the provision of IT services.

### 4.2 COST RECOVERY ARRANGEMENTS

Indigenous Business Australia has no cost recovery arrangements.

### 4.3 AUSTRALIAN GOVERNMENT INDIGENOUS EXPENDITURE (AGIE)

**Table 4.1: Australian Government Indigenous expenditure (AGIE)**

Outcome	Appropriations				Other \$'000	Total \$'000
	Bill No. 1 \$'000 (A)	Bill No. 2 \$'000 (B)	Special Approp \$'000 (C)	Total Approp \$'000 (D)		
<b>Outcome 1</b>						
<b>Indigenous Business Australia</b>						
Administered 2007-08						
<i>Administered 2006-07</i>						
Departmental 2007-08	36,765	37,599	-	74,364	124,923	199,287
<i>Departmental 2006-07</i>	<i>32,794</i>	<i>57,090</i>	<i>-</i>	<i>89,884</i>	<i>148,425</i>	<i>238,309</i>
Total Outcome 2007-08	36,765	37,599	-	74,364	-	199,287
<i>Total Outcome 2006-07</i>	<i>32,794</i>	<i>57,090</i>	<i>-</i>	<i>89,884</i>	<i>148,425</i>	<i>238,309</i>
<hr/>						
<b>Total AGIE 2007-08</b>	36,765	37,599	-	74,364	124,923	199,287
<i>Total AGIE 2006-07</i>	<i>32,794</i>	<i>57,090</i>	<i>-</i>	<i>89,884</i>	<i>148,425</i>	<i>238,309</i>

## Section 5: Budgeted financial statements

### 5.1 ANALYSIS OF BUDGETED FINANCIAL STATEMENTS

An analysis of the primary causes of movements in the budgeted Indigenous Business Australia departmental financial statements is provided below. The 2006-07 estimated actual results are used as the comparative year in the analysis.

#### **Budgeted agency income statement**

Indigenous Business Australia is budgeting for an operating result of \$11.7 million in 2007-08, compared to an estimated actual for 2006-07 of \$20.9 million. There are significant changes in revenue and expenses across the two financial years. They are:

- a reduction in total revenue of \$7.6 million, primarily due to the effect of reduced revenue returns to Indigenous Business Australia from its equity and investment activity, shown by a budgeted reduction of \$8.5 million in dividend revenue;
- total expenses will remain static between 2006-07 and 2007-08. However, total grants are expected to increase by \$11.4 million, due to an expectation that grants will be fully expended in all programmes; and
- write down and impairment of assets is expected to decrease from 2006-07 to 2007-08, mainly due to a reduction of AASB139 Fair value write downs of loans, as a result of less capital being available for new loans.

#### **Budgeted agency balance sheet**

Budgeted net assets for 2007-08 of \$725.8 million represent an increase of \$49.3 million over estimated actual 2006-07, primarily from:

- Continuing capital injections from government of \$37.5m including a total of \$23.9m relating to two existing measures; and
- Accumulated surpluses increase by \$11.7m due to the predicted 2007-08 operating surplus.

A noticeable trend is the steady continued growth in financial assets, receivables and investments as Indigenous Business Australia continues its lending and equity investing activities, with the purpose of enabling Indigenous Australians into business activity and home ownership.

#### **Statement of Cash Flows**

Indigenous Business Australia continues to re-invest dividends into equity investments (purchase of equity instruments). These are higher in 2006-07 and 2007-08 due to IBA's equity investment in its subsidiary Outback Stores Pty Ltd, of \$20 million in 2006-07 and \$10 million in 2007-08, as per the measure approved in the 2006-07 Budget.

Indigenous Business Australia also continues a high level of lending (advances made) in both the Housing and Business loans programmes. This drops off from a peak in 2006-07 due to the effect of higher government capital injections in that year.

## 5.2 BUDGETED FINANCIAL STATEMENTS TABLES

**Table 5.1: Budgeted agency income statement  
(for the period ended 30 June)**

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
<b>INCOME</b>					
<b>Revenue</b>					
Revenues from Government	32,794	36,765	38,580	42,750	32,005
Goods and services	-	120	125	130	135
Interest	63,835	65,566	67,972	70,291	72,850
Dividends	16,906	8,366	15,000	15,600	16,224
Rents	102	42			
Other	16,732	11,861	1,476	1,476	1,476
<b>Total revenue</b>	<b>130,369</b>	<b>122,720</b>	<b>123,153</b>	<b>130,247</b>	<b>122,690</b>
<b>Gains</b>					
Reversals of previous asset write-downs	-	-	-	-	-
Net gains from sale of assets	950	-	-	-	-
Other	-	-	-	-	-
<b>Total gains</b>	<b>950</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total income</b>	<b>131,319</b>	<b>122,720</b>	<b>123,153</b>	<b>130,247</b>	<b>122,690</b>
<b>EXPENSE</b>					
Employees	15,943	17,278	18,232	18,960	19,716
Suppliers	13,635	14,253	15,578	15,417	15,354
Grants	8,734	20,089	19,941	22,532	22,433
Depreciation and amortisation	248	248	248	248	248
Finance costs	-	-	-	-	-
Write-down of assets and impairment of assets	70,396	48,686	53,600	53,600	53,600
Net losses from sale of assets	-	-	-	-	-
Other	1,500	10,465	-	-	-
<b>Total expenses</b>	<b>110,456</b>	<b>111,020</b>	<b>107,599</b>	<b>110,757</b>	<b>111,351</b>
<b>Operating result from continuing operations</b>	<b>20,863</b>	<b>11,700</b>	<b>15,554</b>	<b>19,490</b>	<b>11,339</b>
Increase / (decrease) to asset revaluation reserve	-	-	-	-	-
<b>Operating result</b>	<b>20,863</b>	<b>11,700</b>	<b>15,554</b>	<b>19,490</b>	<b>11,339</b>
Minority interest in net surplus or (deficit)	-	-	-	-	-
<b>Net surplus or (deficit) attributable to the Australian Government</b>	<b>20,863</b>	<b>11,700</b>	<b>15,554</b>	<b>19,490</b>	<b>11,339</b>

**Table 5.2: Budgeted agency balance sheet  
(as at 30 June)**

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash	51,712	25,787	22,277	9,811	5,510
Receivables	424,788	479,807	530,114	584,402	621,779
Other Investments	145,582	174,152	185,090	196,628	208,790
Accrued revenues	51,182	43,548	43,548	43,548	43,548
Other	1,127	1,127	1,127	1,127	1,127
<b>Total financial assets</b>	<b>674,392</b>	<b>724,421</b>	<b>782,156</b>	<b>835,516</b>	<b>880,754</b>
<b>Non-financial assets</b>					
Land and buildings	7,924	7,924	7,924	7,924	7,924
Infrastructure, plant and equipment	405	405	405	405	405
Intangibles	427	427	427	427	427
Other	-	-	-	-	-
<b>Total non-financial assets</b>	<b>8,756</b>	<b>8,756</b>	<b>8,756</b>	<b>8,756</b>	<b>8,756</b>
<b>Total assets</b>	<b>683,148</b>	<b>733,177</b>	<b>790,912</b>	<b>844,272</b>	<b>889,510</b>
<b>LIABILITIES</b>					
<b>Payables</b>					
Suppliers	2,109	2,109	2,109	2,109	2,109
Grants	-	-	-	-	-
Other payable	-	-	-	-	-
<b>Total payables</b>	<b>2,109</b>	<b>2,109</b>	<b>2,109</b>	<b>2,109</b>	<b>2,109</b>
<b>Interest bearing liabilities</b>					
Leases	-	-	-	-	-
<b>Total interest bearing liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Provisions</b>					
Employees	4,537	5,267	5,940	6,640	7,368
Other	-	-	-	-	-
<b>Total provisions</b>	<b>4,537</b>	<b>5,267</b>	<b>5,940</b>	<b>6,640</b>	<b>7,368</b>
Liabilities included in disposal groups held for sale	-	-	-	-	-
<b>Total liabilities</b>	<b>6,646</b>	<b>7,376</b>	<b>8,049</b>	<b>8,749</b>	<b>9,477</b>

**Table 5.2: Budgeted agency balance sheet  
(as at 30 June) (continued)**

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
<b>EQUITY</b>					
<b>Parent entity interest</b>					
Contributed equity	634,242	671,841	713,349	746,519	779,689
Reserves	10,440	10,440	10,440	10,440	10,440
Retained surpluses or accumulated deficits	31,820	43,520	59,074	78,564	89,903
<b>Total parent entity interest</b>	<b>676,502</b>	<b>725,801</b>	<b>782,863</b>	<b>835,523</b>	<b>880,032</b>
<b>Minority interest</b>					
Contributed equity	-	-	-	-	-
Reserves	-	-	-	-	-
Retained surpluses or accumulated deficits	-	-	-	-	-
<b>Total minority interest</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>	<b>676,502</b>	<b>725,801</b>	<b>782,863</b>	<b>835,523</b>	<b>880,032</b>
<b>Current assets</b>	674,392	724,421	782,156	835,516	880,754
<b>Non-current assets</b>	8,756	8,756	8,756	8,756	8,756
<b>Current liabilities</b>	5,830	6,428	6,980	7,554	8,151
<b>Non-current liabilities</b>	816	948	1,069	1,195	1,326

\*Note: 'equity' is the residual interest in assets after deduction of liabilities.

**Table 5.3: Budgeted agency statements of cash flows  
(for the period ended 30 June)**

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Goods and services	-	120	125	130	135
Appropriations	32,794	36,765	38,580	42,750	32,005
Interest	63,835	65,566	67,972	70,291	72,850
Dividends	16,000	16,000	15,000	15,600	16,224
Other	8,182	14,453	4,057	4,286	4,286
<b>Total cash received</b>	<b>120,811</b>	<b>132,904</b>	<b>125,734</b>	<b>133,057</b>	<b>125,500</b>
<b>Cash used</b>					
Employees	15,310	16,548	17,559	18,260	18,988
Suppliers	13,635	14,253	15,578	15,417	15,354
Grants	8,734	20,089	19,941	22,532	22,433
Other	1,500	13,015	2,581	2,810	2,810
<b>Total cash used</b>	<b>39,179</b>	<b>63,905</b>	<b>55,659</b>	<b>59,019</b>	<b>59,585</b>
<b>Net cash from or (used by) operating activities</b>	<b>81,632</b>	<b>68,999</b>	<b>70,075</b>	<b>74,038</b>	<b>65,915</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash received</b>					
Proceeds from sales of property, plant and equipment	-	-	-	-	-
Proceeds from sale of financial instruments	10,000	-	-	-	-
Cash received from other financial activities	29,365	28,784	32,601	30,282	27,723
Other	-	-	-	-	-
<b>Total cash received</b>	<b>39,365</b>	<b>28,784</b>	<b>32,601</b>	<b>30,282</b>	<b>27,723</b>
<b>Cash used</b>					
Purchase of property, plant and equipment	2,348	248	248	248	248
Purchase of Investments	51,450	28,570	10,938	11,538	12,162
Loans made	152,680	132,489	136,508	138,170	118,700
Purchase of intangibles	-	-	-	-	-
Other	-	-	-	-	-
<b>Total cash used</b>	<b>206,479</b>	<b>161,307</b>	<b>147,694</b>	<b>149,956</b>	<b>131,110</b>
<b>Net cash from or (used by) investing activities</b>	<b>(167,114)</b>	<b>(132,523)</b>	<b>(115,093)</b>	<b>(119,674)</b>	<b>(103,387)</b>

**Table 5.3: Budgeted agency statements of cash flows (cont)  
(for the period ended 30 June) (continued)**

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Appropriations - contributed equity	57,090	37,599	41,508	33,170	33,170
Restructuring contribution	-	-	-	-	-
Other	-	-	-	-	-
<b>Total cash received</b>	<b>57,090</b>	<b>37,599</b>	<b>41,508</b>	<b>33,170</b>	<b>33,170</b>
<b>Cash used</b>					
Repayments of debt	-	-	-	-	-
Other	-	-	-	-	-
<b>Total cash used</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net cash from or (used by) financing activities</b>	<b>57,090</b>	<b>37,599</b>	<b>41,508</b>	<b>33,170</b>	<b>33,170</b>
<b>Net increase or (decrease) in cash held</b>	<b>(28,391)</b>	<b>(25,925)</b>	<b>(3,510)</b>	<b>(12,466)</b>	<b>(4,302)</b>
Cash at the beginning of the reporting period	80,103	51,712	25,787	22,277	9,811
<b>Cash at the end of the reporting period</b>	<b>51,712</b>	<b>25,787</b>	<b>22,277</b>	<b>9,811</b>	<b>5,510</b>

**Table 5.4: Agency statement of changes in equity – summary of movement  
(Budget 2007-08)**

	Accumulated results \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
<b>Opening balance as at 1 July 2007</b>					
Balance carried forward from previous period	31,820	7,652	2,788	634,242	676,502
Opening balance adjustment	-	-	-	-	-
<b>Adjusted opening balance</b>	<b>31,820</b>	<b>7,652</b>	<b>2,788</b>	<b>634,242</b>	<b>676,502</b>
<b>Income and expense</b>					
Income and expenses recognised directly in equity:	-	-	-	-	-
Gain/loss on revaluation of property	-	-	-	-	-
<b>Sub-total income and expense</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net operating result	11,700	-	-	-	11,700
<b>Total income and expenses recognised directly in equity</b>	<b>11,700</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,700</b>
<b>Transactions with owners</b>					
<i>Distribution to owners</i>					
Returns of capital	-	-	-	-	-
Restructuring	-	-	-	-	-
Other	-	-	-	-	-
<i>Contribution by owners</i>					
Appropriation (equity injection)	-	-	-	37,599	37,599
Other:	-	-	-	-	-
Restructuring	-	-	-	-	-
<b>Sub-total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>37,599</b>	<b>37,599</b>
Transfers between equity components	-	-	-	-	-
<b>Closing balance as at 30 June 2008</b>	<b>43,520</b>	<b>7,652</b>	<b>2,788</b>	<b>671,841</b>	<b>725,801</b>

**Table 5.5: Agency capital budget statement**

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
<b>CAPITAL APPROPRIATIONS</b>					
Total equity injections	57,090	37,599	41,508	33,170	33,170
Total loans	-	-	-	-	-
<b>Total capital appropriations</b>	<b>57,090</b>	<b>37,599</b>	<b>41,508</b>	<b>33,170</b>	<b>33,170</b>
<b>Represented by:</b>					
Purchase of non-financial assets					
Other	57,090	37,599	41,508	33,170	33,170
<b>Total represented by</b>	<b>57,090</b>	<b>37,599</b>	<b>41,508</b>	<b>33,170</b>	<b>33,170</b>
<b>PURCHASE OF NON-FINANCIAL ASSETS</b>					
Funded by capital appropriation					
Funded internally by					
Departmental resources	2,348	248	248	248	248
<b>Total</b>	<b>2,348</b>	<b>248</b>	<b>248</b>	<b>248</b>	<b>248</b>

**Table 5.6: Agency property, plant, equipment and intangibles – summary of movement (Budget year 2007-08)**

	Land	Buildings	Other infrastructure plant and equipment	Computer software	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>As at 1 July 2007</b>					
Gross book value	-	7,924	966	427	9,317
Accumulated depreciation	-	-	561	-	561
<b>Opening net book value</b>	-	<b>7,924</b>	<b>405</b>	<b>427</b>	<b>8,756</b>
Additions:					
by purchase	-	-	216	32	248
by finance lease	-	-	-	-	-
internally developed	-	-	-	-	-
from acquisitions of entities or operations (including restructuring)	-	-	-	-	-
Revaluations and impairment through equity	-	-	-	-	-
Reclassifications	-	-	-	-	-
Depreciation/amortisation expense	-	-	216	32	248
Impairments recognised in operating result	-	-	-	-	-
AEIFRS adjustment	-	-	-	-	-
Disposals:					
from disposal of entities or operations (including restructuring)	-	-	-	-	-
other disposals	-	-	-	-	-
<b>As at 30 June 2008</b>					
Gross book value	-	7,924	1,182	459	9,565
Accumulated depreciation	-	-	777	32	809
<b>Closing net book value</b>	-	<b>7,924</b>	<b>405</b>	<b>427</b>	<b>8,756</b>

**Table 5.7: Schedule of budgeted income and expenses administered on behalf of government (as at 30 June)**

Indigenous Business Australia has no income or expenses administered on behalf of government.

**Table 5.8: Schedule of budgeted assets and liabilities administered on behalf of government (as at 30 June)**

Indigenous Business Australia has no assets or liabilities administered on behalf of government.

**Table 5.9: Schedule of budgeted administered cash flows (for the period ended 30 June)**

Indigenous Business Australia has no administered cash flows.

**Table 5.10: Schedule of administered capital budget**

Indigenous Business Australia has no administered capital budget.

**Table 5.11: Schedule of administered property, plant, equipment and intangibles – summary of movement**

Indigenous Business Australia has no administered non-financial assets.

### **5.3 NOTES TO THE FINANCIAL STATEMENTS**

The budgeted financial statements have been prepared in accordance with the requirements of the Finance Minister's Orders issued by the Minister for Finance and Administration.

The statements have been prepared:

- on an accrual accounting basis;
- in compliance with Australian Accounting Standards and Australian Equivalents to International Financial Reporting Standards (AEIFRS) and other authoritative pronouncements of the Australian Accounting Standards Boards and the Consensus Views of the Urgent Issues Group; and
- having regard to Statements of Accounting Concepts.

#### **Revenue from government**

Represents appropriation from government to Indigenous Business Australia for the delivery of IBA's four outputs in pursuit of its single Outcome. Increases in the ordinary annual appropriations are a result of new measures and variations explained in Section 2.

#### **Expenses – employees**

This item represents payments made and net increase/decrease in entitlements owed to employees for their services provided in the relevant financial year.

#### **Expenses – suppliers**

This item represents payments to suppliers for goods and services.

#### **Expenses – grants**

This item represents payments made to clients and third parties in the delivery of IBA's outputs.

#### **Expenses – depreciation and amortisation**

Property, plant and equipment assets are written-off to their estimated residual values over their estimated useful lives using, in all cases, the straight-line method of depreciation. Leasehold improvements are amortised on a straight-line basis over the lesser of the estimated useful life of the improvements or the unexpired period of the lease. Properties held for investment purposes are not subject to a depreciation charge and are held at fair value.

Depreciation/amortisation rates (useful lives) and methods are reviewed at each balance date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Useful lives applying to each class of depreciable assets are based on the following:

- plant and equipment three to five years; and
- leasehold improvements over lease terms.

#### **Financial Assets – receivables**

Includes loans and advances made by Indigenous Business Australia to clients in the delivery of its outputs, in addition to amounts owing to Indigenous Business Australia for delivery of goods and services, and dividends owed to Indigenous Business Australia from subsidiaries, associates and investments. Loans receivable are carried at amortised cost using the effective interest rate method.

#### **Assets – non-financial**

Except for any re-valued assets, reported value of plant and equipment represents the purchase price paid less depreciation incurred.

The reported land and buildings are carried at valuation and held for investment purposes, hence not depreciated.

#### **Liabilities – provisions – employees**

Liabilities for services rendered by employees are recognised at the reporting date to the extent that they have not been settled. Liabilities for wages and salaries (including non-monetary benefits), annual and long service leave.

Other employee benefits expected to be settled within 12 months of their reporting date are also measured at the nominal amounts. The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability. All other employee benefit liabilities are measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date.

Employee entitlements provided for include annual leave and long service leave. No provision has been made for sick leave.

#### **Liabilities – payables – suppliers**

This liability represents payments owing to suppliers or goods and services as at balance date.

