

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 on 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 that IBA engages 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 in order that they might purchase or construct a home. The Programme can also provide loans to assist in 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 subsequently created as part of the Portfolio Additional Estimates Statement 2005-06 process. The Home Ownership on Indigenous Land Programme will provide 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
Outcome 1 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 2006-07

2.1 APPROPRIATIONS AND OTHER RESOURCES

Table 2.1 shows the total resources from all origins for 2006-07, 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 2006-07 Budget is \$89.88 million.

Table 2.1: Appropriations and other revenue 2006-2007 ('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 Other (b) \$'000	
Outcome 1							
Stimulating the economic advancement of Aboriginal and Torres Strait Islander peoples	32,794			148,426			181,220
Equity injections							
Loans		57,090					57,090
Previous years' outputs							
Administered assets and liabilities							
Special capital							
Appropriation							
TOTAL	32,794	57,090	-	148,426	-	-	238,310

(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. Receipts (a) refers to Cash Inwards from other sources, including repayment of loans and advances made to clients, thus table 2.1 differs from Tables 2.3, 3.1, Figure 4 and the agency Budgeted Income Statement, which are based on accrual accounting principles.

2.2 2006-07 BUDGET MEASURES

Budget measures relating to Indigenous Business Australia as explained in Budget Paper No.2 are summarised in Table 2.2. The table also identifies the relevant outcomes, administered items and outputs associated with each measure.

Table 2.2: Indigenous Business Australia Budget measures

Measure Title	Output groups affected	2006-07 (\$'000)		2007-08 (\$'000)		2008-09 (\$'000)		2009-10 (\$'000)	
		Admin items	Dept outputs	Admin items	Dept outputs	Admin items	Dept outputs	Admin items	Dept outputs
Expense Measures									
<u>Outcome 1</u>									
Strengthening Indigenous Communities - Home Ownership Programme - additional lending capacity	1.2	-	399	-	400	-	385	-	384
Strengthening Indigenous Communities - improving the sustainability of community stores	1.3	-	2,556	-	2,605	-	2,856	-	2,856
Strengthening Indigenous Communities - expansion of Home Ownership on Indigenous Land Programme	1.4	-	2,888	-	6,048	-	7,345	-	7,393
Total Expense Measures		-	5,843	-	9,053	-	10,586	-	10,633
Capital Measures									
<u>Outcome 1</u>									
Strengthening Indigenous Communities - Home Ownership Programme - additional lending capacity	1.2	-	20,000	-	20,000	-	10,000	-	-
Strengthening Indigenous Communities - improving the sustainability of community stores	1.3	-	20,000	-	10,000	-	10,000	-	-
Strengthening Indigenous Communities - expansion of Home Ownership on Indigenous Land Programme	1.4	-	3,390	-	13,899	-	17,808	-	19,470
Total Capital Measures		-	43,390	-	23,899	-	27,808	-	19,470
Revenue Measures									
<u>Outcome 1</u>									
Strengthening Indigenous Communities - Home Ownership Programme - additional lending capacity	1.2	-	1,000	-	1,050	-	1,103	-	1,158
Strengthening Indigenous Communities - improving the sustainability of community stores	1.3	-	800	-	1,200	-	1,600	-	1,600
Strengthening Indigenous Communities - expansion of Home Ownership on Indigenous Land Programme	1.4	-	-	-	-	-	-	-	-
Total Revenue Measures		-	1,800	-	2,250	-	2,703	-	2,758
Total of All Measures		-	51,033	-	35,202	-	41,097	-	32,861

Note: Further details of the Measures listed are published in Budget Paper No. 2

2.3 OTHER RESOURCES AVAILABLE TO BE USED

Table 2.3 provides details of other resources available to be used and include FMA s.31 receipts, CAC body receipts that are available to be spent, special accounts (non-appropriation receipts) and resources received free of charge.

Table 2.3: Other resources available to be used

	Estimated resources 2005-06 \$'000	Budget estimate 2006-07 \$'000
Departmental resources		
Provision of goods and services - External	102	102
Interest on Advances	19,210	26,290
Interest on Deposits	4,428	3,709
Dividends	19,963	21,714
Grants - related entity	2,506	2,150
Proceeds from sale of assets	241	3,800
Other non taxation Revenue	1,103	1,476
Total departmental other resources available to be used	47,553	59,241

2.4 MOVEMENT OF ADMINISTERED FUNDS FROM 2005-06 TO 2006-07

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 the 2006-07 Budget year Indigenous Business Australia will receive equity injections from appropriation of \$57.090m. All of this capital will be used to make loan advances to Indigenous people and organisations under Indigenous Business Australias 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.

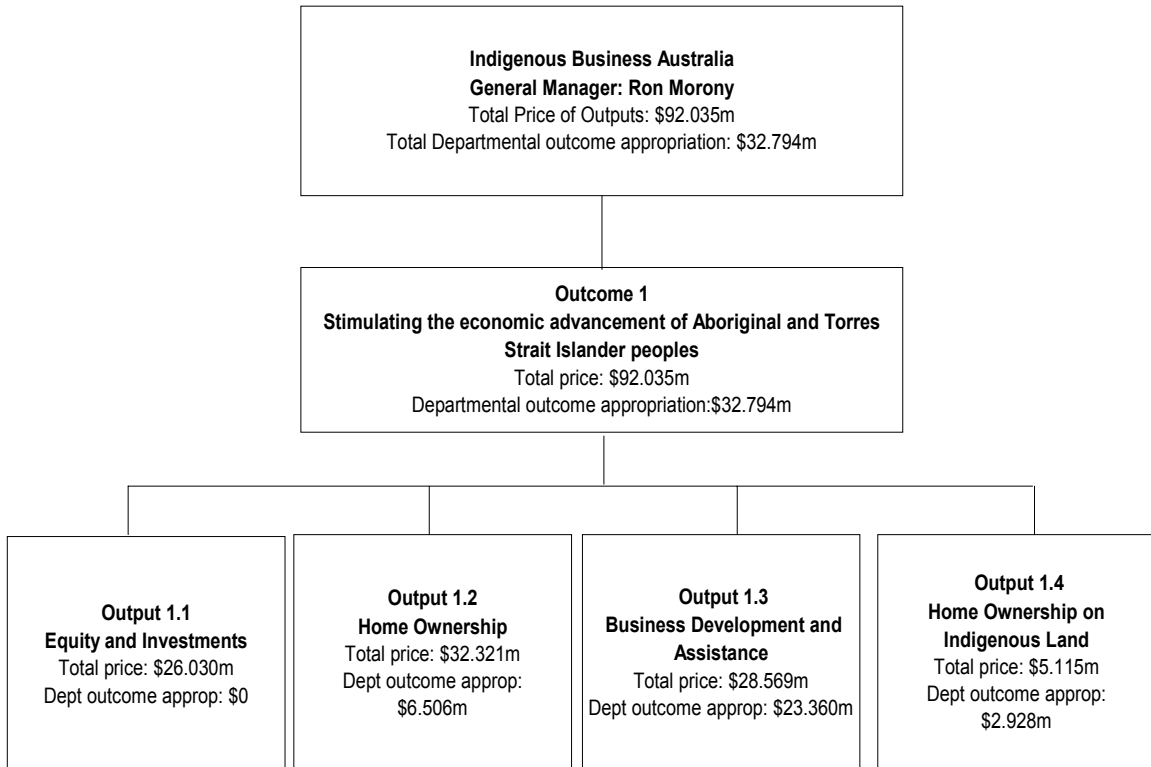
3.1 SUMMARY OF OUTCOMES, AND CONTRIBUTION TO OUTCOMES

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 via a consistent model based on staffing levels.

Portfolio Budget Statements 2006-07 includes one extra output (output 1.4 - Home Ownership on Indigenous Land) contributing to the total outcome. This is due to the addition of a new programme to Indigenous Business Australia in 2005-06, being the Home Ownership on Indigenous Land programme.

Figure 4: Contributions to outcomes



3.2 OUTCOMES — DEPARTMENTAL AND ADMINISTERED

Departmental appropriations by outcome

Indigenous Business Australia's entire departmental appropriation for 2006-07 is for the delivery of Outcome 1, "Stimulating the economic advancement of Aboriginal and Torres Strait Islander peoples".

Administered appropriations by outcome

Indigenous Business Australia has no administered appropriations.

3.3 OUTCOMES AND PERFORMANCE

Outcome 1 resourcing

Table 3.1 shows how the 2006-07 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 2005-06 \$'000	Budget estimate 2006-07 \$'000
Administered appropriations	-	-
Total administered appropriations	-	-
Departmental appropriations		
Output 1.1 - Equity and Investments		
Output 1.2 - Home Ownership	6,456	6,506
Output 1.3 - Business Development and Assistance	20,749	23,360
Output 1.4 - Home Ownership on Indigenous Land	20	2,928
Subtotal Output Group 1.1	27,225	32,794
Total revenue from government (appropriations) Contributing to price of departmental outputs	27,225	32,794
Other resources available to be used		
Output 1.1 - Equity and Investments	20,833	26,030
Output 1.2 - Home Ownership	19,733	25,815
Output 1.3 - Business Development and Assistance	4,437	5,209
Output 1.4 - Home Ownership on Indigenous Land	2,550	2,187
Administered	-	-
Total revenue from other sources	47,553	59,241
Total resources (Total revenue from government and from other sources)		
Total estimated resourcing for Outcome 1 (Total price of outputs and administered appropriations)	74,778	92,035
	2005-06	2006-07
Average staffing level (number)	152	170

Measures affecting Outcome 1

Indigenous Business Australia has three new measures for the 2006-07 Budget and forward years. Table 2.2 under agency resourcing gives a concise summary of the financial impacts to Indigenous Business Australia of these three new measures. The table also identifies the relevant Output and funding associated with each new measure.

Each new measure relates to Indigenous Business Australia's single Outcome.

Performance information for Outcome 1

Table 3.2: Performance information for Outcome

Performance indicators for individual outputs	
Output Group 1.1	
Output 1.1 Equity and Investments	<p>Quality</p> <ul style="list-style-type: none">• 80% of investment proposals decided on in 3 months• 100% reporting and monitoring of investments <p>Quantity</p> <ul style="list-style-type: none">• 65 Projects considered per year• 30 investments monitored per year <p>Price:\$26.030m</p>
Output 1.2 Home Ownership	<p>Quality</p> <ul style="list-style-type: none">• Reportable arrears maintained at or below 0.20% of portfolio balance <p>Quantity</p> <ul style="list-style-type: none">• Issue more than 75% of home loans to applicants with a combined adjusted household income of less than the IBA income amount <p>Price:\$32.321m</p>
Output 1.3 Business Development and Assistance	<p>Quality</p> <ul style="list-style-type: none">• 95% Repayment rate on new loans• 10% reduction in Provision for Doubtful debts• 80% survival rate for new businesses funded past the first year• 20% business outcomes from clients receiving• 20% business outcomes from clients assisted through Economic Development Initiatives <p>Quantity</p> <ul style="list-style-type: none">• Increase in number of applications received• Number of applications approved and participants in Economic Development Initiatives <p>Price:\$28.569m</p>
Output 1.4 Home Ownership on Indigenous Land	<p>Quality</p> <ul style="list-style-type: none">• Identify eligible Indigenous communities and individuals who may qualify for home ownership on Indigenous land <p>Price:\$5.115m</p>

Evaluations for Outcome 1

Indigenous Business Australia will undergo an evaluation of all programmes in 2006-07, to be conducted by the Office of Evaluation and Audit (Indigenous Programmes).

Section 4: Other reporting requirements

4.1 PURCHASER-PROVIDER ARRANGEMENTS

Cross agency overview

Indigenous Business Australia has no purchaser-provider arrangements.

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	Bill No. 2 \$'000	Special Approp \$'000	Total Approp \$'000		
	(A)	(B)	(C)	(D)		
Outcome 1						
Indigenous Business Australia						
<i>Administered 2006-07</i>						
<i>Administered 2005-06</i>						
Departmental 2006-07	32,794	57,090	-	89,884	148,425	238,309
Departmental 2005-06	27,225	13,700	-	40,925	134,611	175,536
Total Outcome 2006-07	32,794	57,090	-	89,884	148,425	238,309
Total Outcome 2005-06	27,225	13,700	-	40,925	134,611	175,536
Total AGIE 2006-07	32,794	57,090	-	89,884	148,425	238,309
Total AGIE 2005-06	27,225	13,700	-	40,925	134,611	175,536

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 2005-06 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 \$43.6m in 2006-07, which is similar to that of the estimated actual for 2005-06 of \$44.8m. There are however significant changes in revenue and expenses across the two financial years explained as follows:

- An increase in total revenue of \$17.2m, primarily due to the effect of extra government appropriation for Indigenous Business Australia's three measures in 2006-07, totalling \$5.8m in appropriation revenue, and other increases interest earned from loans \$7.1m and profit on sale of investments \$3.5m.
- Expenses also will increase \$18.4m, with employee expenses up by \$4.5m, and suppliers by \$6.4m.
- This increase is mainly due to the increase in activity driven by Indigenous Business Australia's three new budget measures in 2006-07, and that 2006-07 will be the first year of full impact on corporate and administration costs of absorption in 2004-05 of two ex-ATSIC programmes, being the Home Ownership and Business Development and Assistance programmes.

Budgeted agency balance sheet

The budgeted net assets for 2006-07 of \$758.8m, represents an increase of \$100.7m over estimated actual 2005-06 primarily driven by:

- Capital injections from government of \$57.1m including a total of \$43.4m relating to the three new measures; and
- Accumulated surpluses increase by \$43.6m due to the predicted 2006-07 operating surplus.

A noticeable trend is the steady increase in financial assets receivables and investments which continue to grow as Indigenous Business Australia continues its lending and equity investing activities to deliver on its stated purpose of enabling Indigenous Australians into business activity and home ownership.

Statement of Cash Flows

The above movements are also largely reflected in the budgeted 2006-07 Statement of Cash Flows, however a noticeable trend is the re-investment of dividends into equity investments (purchase of equity instruments) and continuation of a high level of lending (advances made), which does spike in 2006-07 due to the effect of higher government capital injections.

5.2 BUDGETED FINANCIAL STATEMENTS TABLES

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

	Estimated actual 2005-06 \$'000	Budget estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000
INCOME					
Revenue					
Revenues from Government	27,225	32,794	36,684	38,484	42,635
Goods and services	102	102	102	102	102
Interest	23,638	29,999	30,449	30,902	30,957
Dividends	19,963	21,714	21,714	21,714	21,714
Rents					
Royalties					
Other	3,609	3,626	1,476	1,476	1,476
Total revenue	74,537	88,235	90,425	92,678	96,884
Gains					
Net gains from sale of assets	241	3,800	-	-	-
Other					
Total gains	241	3,800	-	-	-
Total income	74,778	92,035	90,425	92,678	96,884
EXPENSE					
Employees	12,001	16,530	17,640	17,910	17,826
Suppliers	7,551	14,018	14,173	14,551	14,387
Grants	10,121	16,434	18,702	19,905	22,484
Subsidies					
Depreciation and amortisation	168	248	248	248	248
Finance costs					
Write-down of assets and impairment of assets	146	1,190	100	100	100
Other					
Total expenses	29,987	48,420	50,863	52,714	55,045
Share of operating results of associates and joint ventures accounted for using the equity method					
Operating result from continuing operations	44,791	43,615	39,562	39,964	41,839
Operating result from discontinued operations					
Gain (loss) on remeasuring discontinued operations					
Operating result	44,791	43,615	39,562	39,964	41,839
Net surplus or (deficit) attributable to the Australian Government	44,791	43,615	39,562	39,964	41,839

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

	Estimated actual 2005-06 \$'000	Budget estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000
ASSETS					
Financial assets					
Cash	56,661	42,317	41,468	42,953	48,259
Receivables	463,143	556,172	614,262	676,328	730,111
Investments accounted for under the equity method	5,491	5,491	5,491	5,491	5,491
Investments (s.39 FMA Act; s.18 CAC Act; s.19 CAC Act)	-	-	-	-	-
Other investments	107,684	119,323	134,324	147,325	158,326
Tax assets					
Accrued revenues	24,696	35,139	40,139	45,139	50,139
Other					
Total financial assets	657,675	758,442	835,684	917,236	992,326
Non-financial assets					
Land and buildings	4,522	4,522	4,522	4,522	4,522
Infrastructure, plant and equipment	798	948	948	948	948
Assets held for sale	-	-	-	-	-
Other	-	-	-	-	-
Total non-financial assets	5,320	5,470	5,470	5,470	5,470
Total assets	662,995	763,912	841,154	922,706	997,796
LIABILITIES					
Provisions					
Employees	2,765	2,842	2,922	3,002	3,083
Other	-	-	-	-	-
Total provisions	2,765	2,842	2,922	3,002	3,083
Payables					
Suppliers	2,097	2,232	2,232	2,232	2,232
Other	2	2	3	3	3
Total payables	2,099	2,234	2,235	2,235	2,235
Liabilities included in disposal groups held for sale	-	-	-	-	-
Total liabilities	4,864	5,076	5,157	5,237	5,318
EQUITY*					
Parent entity interest					
Contributed equity	573,846	630,936	668,535	710,043	743,213
Reserves	7,424	7,424	7,424	7,424	7,424
Statutory funds	-	-	-	-	-
Retained surpluses or accumulated deficits	76,861	120,476	160,038	200,002	241,841
Total parent entity interest	658,131	758,836	835,997	917,469	992,478
Total equity	658,131	758,836	835,997	917,469	992,478
Current assets	657,675	758,440	835,682	917,234	992,326
Non-current assets	5,320	5,470	5,470	5,470	5,470
Current liabilities	4,864	5,076	5,157	5,237	5,318
Non-current liabilities	-	-	-	-	-

*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 2005-06 \$'000	Budget estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	102	535	102	102	102
Appropriations	27,225	32,794	36,684	38,484	42,635
Interest	23,638	29,999	30,449	30,902	30,957
Dividends	9,704	10,839	16,714	16,714	16,714
Other	5,828	9,904	4,026	4,057	4,286
Total cash received	66,497	84,071	87,975	90,259	94,694
Cash used					
Employees	(11,942)	(16,454)	(17,560)	(17,830)	(17,746)
Suppliers	(7,340)	(13,883)	(14,173)	(14,551)	(14,387)
Grants	(10,121)	(16,434)	(18,702)	(19,905)	(22,484)
Financing costs	-	-	-	-	-
Other	(1,968)	(2,478)	(2,550)	(2,581)	(2,810)
Total cash used	(31,371)	(49,249)	(52,985)	(54,867)	(57,427)
Net cash from or (used by) operating activities	35,126	34,822	34,990	35,392	37,267
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment	-	-	-	-	-
Proceeds from sales of financial instruments	2,050	16,456	-	-	-
Bills of exchange and promissory notes					
Repayments of loans made	86,011	83,171	81,759	81,745	81,745
Investments (s.39 FMA Act; s.18 CAC Act; s.19 CAC Act)	-	-	-	-	-
Other	2,256	-	-	-	-
Total cash received	90,317	99,627	81,759	81,745	81,745
Cash used					
Purchase of property, plant and equipment	(830)	(398)	(248)	(248)	(248)
Purchase of financial instruments	(34,071)	(28,095)	(15,000)	(13,000)	(11,000)
Bills of exchange and promissory notes					
Loans made	(137,001)	(177,390)	(139,949)	(143,912)	(135,628)
Investments (s.39 FMA Act; s.18 CAC Act; s.19 CAC Act)	-	-	-	-	-
Other	(450)	-	-	-	-
Total cash used	(172,352)	(205,883)	(155,197)	(157,160)	(146,876)
Net cash from or (used by) investing activities	(82,035)	(106,256)	(73,438)	(75,415)	(65,131)

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

	Estimated actual 2005-06 \$'000	Budget estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	13,700	57,090	37,599	41,508	33,170
Proceeds from issuing financial instruments	-	-	-	-	-
Proceeds from loans	7,000	-	-	-	-
Other	-	-	-	-	-
Total cash received	20,700	57,090	37,599	41,508	33,170
Cash used					
Repayments of debt	-	-	-	-	-
Dividends paid	-	-	-	-	-
Other	-	-	-	-	-
Total cash used	-	-	-	-	-
Net cash from or (used by) financing activities	20,700	57,090	37,599	41,508	33,170
Net increase or (decrease) in cash held	(26,209)	(14,344)	(849)	1,485	5,306
Cash at the beginning of the reporting period	82,870	56,661	42,317	41,468	42,953
Effect of exchange rate movements on cash at the beginning of reporting period	-	-	-	-	-
Cash at the end of the reporting period	56,661	42,317	41,468	42,953	48,259

Table 5.4: Agency statement of changes in equity – summary of movement (Budget 2006-07)

	Accumulated results \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2006					
Balance carried forward from previous period	76,861	4,636	2,788	573,846	658,131
Adjustment for changes in accounting policies	-	-	-	-	-
Adjusted opening balance	76,861	4,636	2,788	573,846	658,131
Income and expense					
Income and expenses recognised directly in equity:					
Gain/loss on revaluation of property	-	-	-	-	-
Sub-total income and expense	-	-	-	-	-
Net operating result	43,615	-	-	-	43,615
Total income and expenses recognised directly in equity	43,615	-	-	-	43,615
Transactions with owners					
<i>Distribution to owners</i>					
Returns on capital					
Dividends	-	-	-	-	-
Returns of capital					
Restructuring	-	-	-	-	-
Other	-	-	-	-	-
<i>Contribution by owners</i>					
Appropriation (equity injection)	-	-	-	57,090	57,090
Other:					
Restructuring	-	-	-	-	-
Sub-total transactions with owners	-	-	-	57,090	57,090
Transfers between equity components	-	-	-	-	-
Estimated closing balance as at 30 June 2007	120,476	4,636	2,788	630,936	758,836

Table 5.5: Agency capital budget statement

	Estimated actual 2005-06 \$'000	Budget estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000
CAPITAL APPROPRIATIONS					
Total equity injections	13,700	57,090	37,599	41,508	33,170
Total loans	-	-	-	-	-
Total capital appropriations	13,700	57,090	37,599	41,508	33,170
Represented by:					
Purchase of non-financial assets	-	-	-	-	-
Other	13,700	57,090	37,599	41,508	33,170
Total represented by	13,700	57,090	37,599	41,508	33,170
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation	-	-	-	-	-
Funded internally by					
Departmental resources	830	398	248	248	248
Total	830	398	248	248	248

Table 5.6: Agency property, plant, equipment and intangibles – summary of movement (Budget year 2006-07)

	Buildings	Other infrastructure plant and equipment	Computer software	Total
	\$'000	\$'000	\$'000	\$'000
As at 1 July 2006				
Gross book value	4,522	1,311		5,833
Accumulated depreciation	-	513		513
Opening net book value	4,522	798		5,320
Additions:				
by purchase	-	298	100	398
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	-	-	-	-
Other movements	-	-	-	-
Disposals:				
from disposal of entities or operations (including restructuring)	-	-	-	-
other disposals	-	-	-	-
As at 30 June 2007				
Gross book value	4,522	1,609	100	6,231
Accumulated depreciation	-	729	32	761
Estimated closing net book value	4,522	880	68	5,470

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

Indigenous Business Australia has no income and 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 and 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 are prepared on an accrual accounting basis.

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.

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. Residual values are re-estimated for a change in prices only when assets are revalued.

Depreciation and amortisation rates applying to each class of depreciable assets are based on the following: Office Equipment 33 per cent, Furniture and Fittings 20 per cent, and Leasehold Improvements 20 per cent.

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.

Assets – non-financial

Apart from 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 are 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 their 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.