

# **Indigenous Land Corporation**



# INDIGENOUS LAND CORPORATION

## Section 1: Overview, appropriations and budget measures summary

### OVERVIEW

The Indigenous Land Corporation (ILC) was established by Part 4A of the *Aboriginal and Torres Strait Islander Commission Act 1989* (ATSIC Act) to assist in addressing the dispossession of Indigenous peoples. Its purpose is to assist Aboriginal persons and Torres Strait Islanders to acquire and to manage Indigenous held land so as to provide economic, environmental, social and cultural benefits.

For the purpose of the performance of the ILC's functions, the ILC must give priority to ensuring that, as far as practical, Aboriginal persons and Torres Strait Islanders derive cultural or social benefits as a result of the performance of its functions.

The ILC receives an annual allocation from the Aboriginal and Torres Strait Islander Land Fund Reserve (formerly the Aboriginal and Torres Strait Islander Land Fund), according to a formula specified in section 193A of the ATSIC Act, until 2003-04. Thereafter, it will receive the realised real return from the Land Fund. Under its legislation the ILC has the flexibility to invest funds and to roll over funds not expended in previous years.

In December 2002 the ILC launched its new National Indigenous Land Strategy (NILS) to achieve outcomes under the four categories of benefit (economic, environmental, social and cultural) for land management and from land purchased on behalf of Indigenous Australians.

The strategy, which emphasises long-term sustainability and tangible benefits, sets out the land acquisition and land management policies of the ILC and establishes four categories for purchasing and managing land. The ILC will now purchase land and provide land management assistance under the four specified streams.

The new strategy will tailor assistance to applicants who have developed a property management plan or business plan and submitted it with their applications for land acquisition or land management assistance. These will be assessed by taking into account the capacity of the land and the applicants to achieve sustainable economic, environmental, social and cultural benefits.

**APPROPRIATIONS AND RESOURCING**

The total appropriation for the ILC in the 2003-04 Budget is nil. The ILC is not directly funded via Budget appropriation, but receives an allocation via the Aboriginal Torres Strait Islander Land Fund Reserve and other receipts from independent sources.

## Indigenous Land Corporation — appropriations 2003-04

**Table 1.1: Appropriations and other revenue (\$'000)**

Outcome	Departmental (price of outputs) ('\$000)					Administered (\$'000)				Total appropriations (\$'000)
	Revenue from Government (appropriations)		Revenue from other sources <sup>(4)</sup>	Price of outputs <sup>(3)</sup>	Annual appropriations (\$'000)	Special approp <sup>(5)</sup>	Total administered appropriations	Total appropriations		
	Bill No. 1	Special approps <sup>(5)</sup>	Total			Bill No. 1	Bill No. 2 (SPPs & NAOs) <sup>(2)</sup>			
	(A)	(B)	(C = A+B) (C1) <sup>(1)</sup>	(D)	(E = C+D) (E1) <sup>(1)</sup>	(F)	(G)	(H)	(I = F+G+H) (I1) <sup>(1)</sup>	(J=C+I)
<b>Outcome 1</b> - Provide economic, environmental, social and cultural benefits for Aboriginal persons and Torres Strait Islanders by assisting in the acquisition and management of an Indigenous land base	-	-	-	66,734	66,734	-	-	-	-	-
			0%							
<b>Total</b>	-	-	-	<b>66,734</b>	<b>66,734</b>	-	-	-	(K2) <sup>(1)</sup>	-
			(K1) <sup>(1)</sup>	Departmental capital (equity injections and loans)					(K3) <sup>(1)</sup>	-
						Administered capital			(K4) <sup>(1)</sup>	-
						Total appropriations				-

1. Cells C1, E1 and I1 refer to information provided in Total Resources for Outcome tables. Amounts K1, K2 to Budgeted Statement of Financial Performance, and amounts K3, K4 to Capital Budget Statements.

2. Under the appropriation structure, Bill No. 2 includes Specific Purpose Payments (SPP's), new agency Outcomes (NAO's), administered capital and departmental capital via departmental injections and loans.

3. Refer to Budgeted Statement of Financial Performance for application of agency revenue.

4. Revenue from other sources includes other revenue from government (for example, resources free of charge) and revenue from other sources (for example, sales of goods and services by agencies such as the Australian Bureau of Statistics (ABS) or the Australian Broadcasting Corporation (ABC)). Non-appropriated departmental and administered revenues are details in Table 1.3.

5. Estimated expenses from individual Special Appropriations are shown in Table 1.4.

Note: Percentage figures indicate the percentage contribution of Revenue from Government (Departmental Appropriations) to the Total Price of Outputs, by outcome.

## RECEIPTS FROM INDEPENDENT SOURCES

**Table 1.3: Receipts from independent sources**

	Estimated revenue 2002-03 \$'000	Estimated revenue 2003-04 \$'000
Revenue from the Land Fund	53,553	54,463
Interest	723	214
Sales of goods and services	5,223	2,000
Proceeds from sale of financial instruments	4,618	8,345
Other	602	606
<b>Total estimated revenue</b>	<b>64,719</b>	<b>65,628</b>

Note: ILC does not have any cost recovery arrangements.

The ILC does not receive a direct appropriation as part of the Commonwealth budget process. It receives an annual allocation from the Aboriginal and Torres Strait Islander Land Fund Reserve (formerly the Aboriginal and Torres Strait Islander Land Fund), according to a formula set out in the ATSIC Act, until 2003-04. Thereafter the ILC will receive the realised real return from the Land Fund.

The ILC also receives the following types of receipts from independent sources:

- interest from investments held;
- proceeds from sales of livestock and other produce for ILC held properties;
- income generated from properties whilst held by the ILC from leases, agistment etc.; and
- proceeds from the sale of financial instruments held in its investment portfolio.

**NON-APPROPRIATION DEPARTMENTAL AND ADMINISTERED REVENUE**

**Table 1.6: Non-appropriation departmental and administered revenue**

	Revised estimate 2002-03 \$'000	Budget estimate 2003-2004 \$'000
Allocation from Land Fund	53,553	54,463
Interest	721	214
Other departmental revenue	5,259	12,057
<b>Total Revenue</b>	<b>59,533</b>	<b>66,734</b>

## Section 2: Outcomes and outputs information

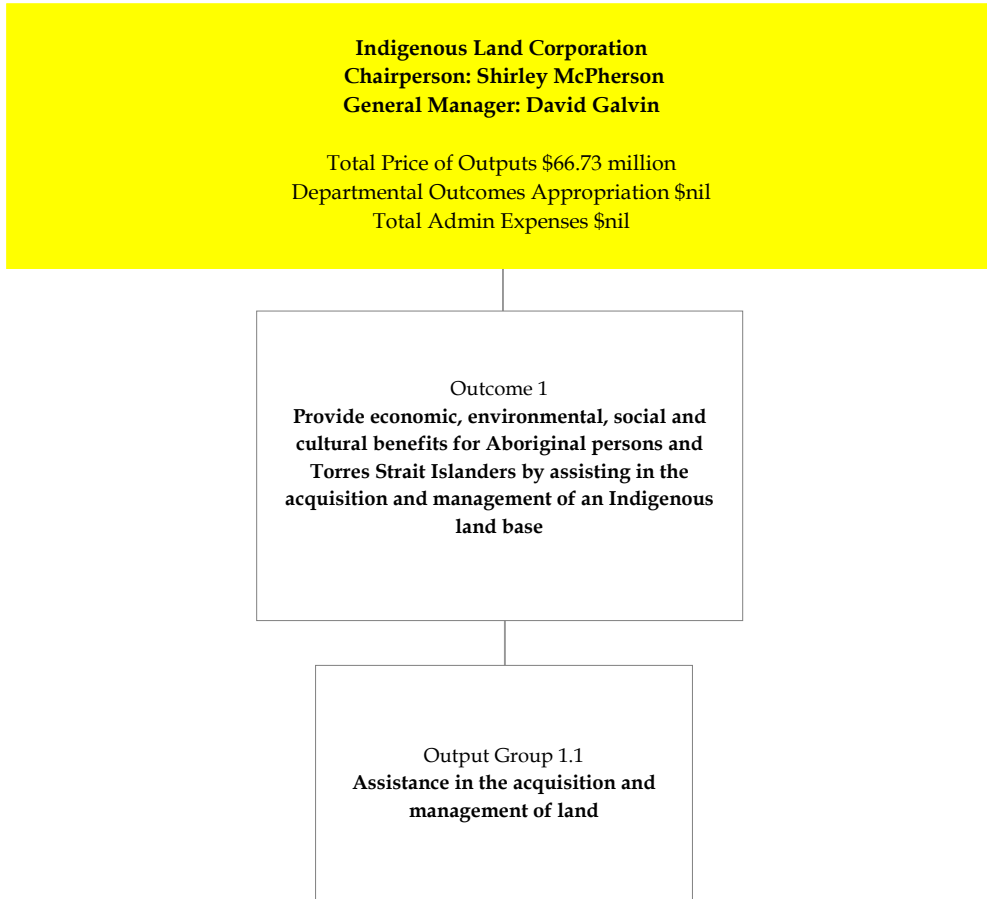
### **OUTCOMES AND OUTPUT GROUPS**

The Indigenous Land Corporation works to achieving one outcome approved by Government which is to *provide economic, environmental, social and cultural benefits for Aboriginal persons and Torres Strait Islanders by assisting in the acquisition and management of an Indigenous land base*. The following section provides details of the outcome.

### **OUTPUT COST ATTRIBUTION**

As the ILC has only one outcome and output all overheads and other expenses are allocated to the single output.

**Map 2: Outcomes and output groups**



**OUTCOME 1 — PROVIDE ECONOMIC, ENVIRONMENTAL, SOCIAL AND CULTURAL BENEFITS FOR ABORIGINAL PERSONS AND TORRES STRAIT ISLANDERS BY ASSISTING IN THE ACQUISITION AND MANAGEMENT OF AN INDIGENOUS LAND BASE**

The ILC was established to address the dispossession of Indigenous people by assisting them to acquire and manage land to provide economic, environmental, social and cultural benefits.

The objectives of Output 1 are to address the dispossession of Indigenous people by acquiring land for and assisting Indigenous peoples to manage Indigenous-held land in a sustainable manner so as to provide economic, environmental, social and cultural benefits.

## OUTCOME 1 — RESOURCING

Table 2.1.1 shows how the 2003-04 Budget appropriations translate to total resourcing for outcome 1, including administered expenses, revenue from government (appropriation), revenue from other sources, and the total price of outputs. Cell references **C1**, **E1** And **I1** show the links back to Table 1.1, the Appropriation Table.

**Table 2.1.1: Total resources for Outcome 1 (\$'000)**

	Estimated actual 2002-03 \$'000	Budget estimate 2003-04 \$'000	
<b>Administered appropriations</b>	-	-	
<b>Total administered appropriations</b>	-	-	(I1)
<b>Departmental appropriations</b>	-	-	
<b>Total revenue from government (appropriations) Contributing to price of departmental outputs</b>	- 0%	- 0%	(C1)
<b>Revenue from other sources</b>			
Revenue from the Land Fund	53,553	54,463	
Interest	721	214	
Other	5,259	12,057	
<b>Total revenue from other sources</b>	<b>59,533</b>	<b>66,734</b>	
<b>Total price from departmental outputs</b> (Total revenue from government and from other sources)	<b>59,533</b>	<b>66,734</b>	(E1)
<b>Total estimated resourcing for Outcome 1</b> (Total price of outputs and administered appropriations)	<b>59,533</b>	<b>66,734</b>	
	2002-03	2003-04	
<b>Average staffing level (number)</b>	124	127	

## OUTCOME 1 — CONTRIBUTION OF OUTPUTS

Table 2.2.1 lists the performance information that the ILC will use to assess the level of its achievement of the planned outcome during 2003-2004. There are no administered items. The table also shows the efficiency of the outputs in contributing to the outcome. Information shown is both quantitative and qualitative.

Achievement of planned performance will be reported in the ILC 2003-04 Annual Report

## PERFORMANCE INFORMATION FOR OUTCOME 1

**Table 2.2.1: Performance information for Outcome 1**

EFFECTIVENESS - OVERALL ACHIEVEMENT OF THE OUTCOME
Develop, implement and periodically revise regional profiles that identify and prioritise Indigenous land needs within regions, through consultation with Indigenous peoples and other relevant parties.
Through consultation and investigation, ensure the benefits of land ownership outlined in applications and the benefits of land management assistance sought are clearly identified, achievable, sustainable and measurable.
Acquire and transfer land and provide assistance in the management of Indigenous land held through a clearly defined and transparent process.
In each acquisition identify and access, to the maximum extent possible, other mechanisms and sources that may assist in the acquisition of significant land for Indigenous peoples.
Assist and/or co-ordinate the development, implementation and evaluation of agreed solutions to land management issues on Indigenous held land through consultation, negotiation and agreements with the landowners and other relevant organisations and agencies.
Assist Indigenous landowners to develop and maintain viable and sustainable enterprises on their land, both at the individual level and through involvement in regional development processes.
Undertake consultation with Indigenous peoples and other stakeholders, including ATSIC, in the review and revision of the National and Regional Indigenous Land Strategies and to ensure that ILC policies and services are consistent with its legislation and reflect, and to ensure the best extent possible, the expectations and requirements of its stakeholders.

**Table 2.2.1: Performance information for Outcome 1 (continued)**

PERFORMANCE INFORMATION FOR DEPARTMENTAL OUTPUTS	
Outcome 1 - Assistance in the acquisition and management of land	
Regional land profiles/strategies completed, implemented and periodically revised.	Quantity: Completed for each region by June 2004.  Quality: Identification of priority land needs and groups with land needs, alternative acquisition opportunities and ownership and access provisions.
Land acquired and land management assistance provided has agreed strategies/plans documented between the ILC, clients and key stakeholder groups for the delivery of defined and agreed benefits.	Quantity: For all land acquired under new strategy and for all land management assistance provided under the new strategy.  Quality: Strategies/plans are agreed between ILC, clients and key stakeholder groups.
Formal evaluation of each agreed strategy/plan for the delivery of benefits undertaken.	Quantity: For all land acquired and land management assistance given under the new strategy at least annually and for 2 years thereafter.
Land management assistance provided is based on agreements with Indigenous landowners and related organisations, and is consistent with the ILC policies and procedures.	Quantity: All land management assistance provided under new strategy are based on agreements with Indigenous landowners and related organisations, and is consistent with the ILC policies and procedures.
The majority of land management assistance measures undertaken by the ILC also involve the input of resources by other agencies and organisations.	Quantity: Greater than 50% of all land management assistance projects also involve the input of resources by other agencies and organisations.
National and Regional Indigenous Land Strategies reviewed annually.	Quantity: At least annually.

## EVALUATIONS

Major evaluations of current policy and funding will take place in the course of the revision of the National and Regional Indigenous Land Strategies, on the basis of information from the ILC's land needs planning process, formal review and evaluation activities.

## Section 3: Budgeted financial statements

### **ANALYSIS OF BUDGETED FINANCIAL STATEMENTS**

The ILC receives an annual allocation from the Aboriginal and Torres Strait Islander Land Fund Reserve (formerly the Aboriginal and Torres Strait Islander Land Fund) according to a formula set out in the ATSIC Act. The final allocation under this arrangement will be received in July 2003. Thereafter the ILC will receive the realised real return from the Land Fund. The first allocation under this method will be received in June 2005. Therefore the ILC will experience some 24 months between allocations on the change over.

Under its legislation the ILC has the flexibility to invest funds and to roll over funds not expended in previous years. It is expected that the ILC will have approximately \$170 million invested as at the 30 June 2003. These reserves are expected to cover the "gap" created by the 24-month period between allocations.

Payments from the Land Fund from 2004-05 forward have been estimated based on the historical realised real return of the Land Fund.

Under its legislation the ILC acquires land for the specific purpose of granting an interest in that land to an Aboriginal or Torres Strait Islander corporation. The ILC capitalises the land on purchase and makes an immediate provision for grant equivalent to the purchase price. In the Statement of Financial Performance the expenses associated with the purchase and grant of the land is recognised in the period in which the land is purchased.

Under section 191H of the ATSIC Act the ILC has the specific power to invest monies of the ILC. In addition section 193K of the ATSIC Act specifically exempts the ILC from section 18(3) of the *Commonwealth Authorities and Companies Act 1997* (CAC Act). This section of the CAC Act deals with allowable investments.

In accordance with Australian Accounting Standards the ILC values its investments on a market to market basis. Accordingly the change in the market value of the ILC's investments in any given period is recognised in the Statement of Financial Performance.

The ILC also holds properties for granting that have significant livestock on them. In accordance with Australian Accounting Standards the ILC values the livestock on a market to market basis. Accordingly the change in the market value of the livestock in any given period is recognised in the Statement of Financial Performance.

The allocation that the ILC will receive from the land fund from 2004-05, change in value of investments and the change in value of livestock in a given period will have a substantial effect on the profit of the ILC in that period.

## **BUDGETED FINIANCIAL STATEMENTS**

The following budgeted financial statements for the Indigenous Land Corporation are included in this section:

- Budgeted Departmental Statement of Financial Performance;
- Budgeted Departmental Statement of Financial Position;
- Budgeted Departmental Statement of Cash Flows;
- Departmental Capital Budget Statement; and
- Departmental Non Financial Assets – Summary of Movement.

**Table 3.1: Budgeted Departmental Statement of Financial Performance**  
for the period ended 30 June

	Estimated actual 2002-03 \$'000	Budget estimate 2003-04 \$'000	Forward estimate 2004-05 \$'000	Forward estimate 2005-06 \$'000	Forward estimate 2006-07 \$'000
<b>REVENUE</b>					
<b>Revenues from ordinary activities</b>					
Revenues from government <sup>(K1)</sup>	-	-	-	-	-
Revenue from Land Fund	53,553	54,463	47,523	49,566	50,620
Interest	721	214	233	246	314
Other	5,259	12,057	11,681	11,681	11,681
<b>Revenues from ordinary activities</b>	<b>59,533</b>	<b>66,734</b>	<b>59,437</b>	<b>61,493</b>	<b>62,615</b>
<b>EXPENSE</b>					
<b>Expenses from ordinary activities (excluding borrowing costs expense)</b>					
Employees	6,842	7,310	7,609	8,065	8,550
Suppliers	28,346	58,679	51,164	52,621	53,273
Depreciation and amortisation	552	675	655	655	653
<b>Expenses from ordinary activities (excluding borrowing costs expense)</b>	<b>35,740</b>	<b>66,664</b>	<b>59,428</b>	<b>61,341</b>	<b>62,476</b>
Borrowing costs expense	5	5	5	5	5
<b>Operating surplus or deficit from ordinary activities</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>
Gain or loss on extraordinary items	-	-	-	-	-
<b>Net surplus or deficit</b>	<b>23,788</b>	<b>65</b>	<b>4</b>	<b>147</b>	<b>134</b>
Net credit (debit) to asset revaluation reserve	(285)	-	-	-	-
<b>Total revenues, expenses and valuation adjustments attributable to members of the parent entity and recognised directly in equity</b>	<b>24,073</b>	<b>65</b>	<b>4</b>	<b>147</b>	<b>134</b>

(K1) links to Table 1.1

**Table 3.2: Budgeted Departmental Statement of Financial Position**  
*as at 30 June*

	Estimated actual 2002-03 \$'000	Budget estimate 2003-04 \$'000	Forward estimate 2004-05 \$'000	Forward estimate 2005-06 \$'000	Forward estimate 2006-07 \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash	22	314	264	414	464
Receivables	1,643	1,520	1,420	1,220	1,120
Other investments	172,530	173,260	173,500	173,797	174,084
Other	639	588	538	488	438
<b>Total financial assets</b>	<b>174,834</b>	<b>175,682</b>	<b>175,722</b>	<b>175,919</b>	<b>176,106</b>
<b>Non-financial assets</b>					
Infrastructure, plant and equipment	3,628	3,423	3,318	3,213	3,110
Inventories	12,515	12,000	12,000	12,000	12,000
Intangibles	304	254	204	154	104
Other	148	120	120	120	120
<b>Total non-financial assets</b>	<b>16,595</b>	<b>15,797</b>	<b>15,642</b>	<b>15,487</b>	<b>15,334</b>
<b>Total assets</b>	<b>191,429</b>	<b>191,479</b>	<b>191,364</b>	<b>191,406</b>	<b>191,440</b>
<b>LIABILITIES</b>					
<b>Interest bearing liabilities</b>					
Leases	15	10	5	-	-
<b>Total interest bearing liabilities</b>	<b>15</b>	<b>10</b>	<b>5</b>	<b>-</b>	<b>-</b>
<b>Provisions</b>					
Employees	1,589	1,609	1,559	1,509	1,459
Other	72	14	-	-	-
<b>Total Provisions</b>	<b>1,661</b>	<b>1,623</b>	<b>1,559</b>	<b>1,509</b>	<b>1,459</b>
<b>Payables</b>					
Suppliers	1,187	1,215	1,165	1,115	1,065
<b>Total Payables</b>	<b>1,187</b>	<b>1,215</b>	<b>1,165</b>	<b>1,115</b>	<b>1,065</b>
<b>Total liabilities</b>	<b>2,863</b>	<b>2,848</b>	<b>2,729</b>	<b>2,624</b>	<b>2,524</b>
<b>EQUITY</b>					
<b>Parent entity interest</b>					
Reserves	-	-	-	-	-
Retained surpluses or deficits	188,566	188,631	188,635	188,782	188,916
<b>Total Equity</b>	<b>188,566</b>	<b>188,631</b>	<b>188,635</b>	<b>188,782</b>	<b>188,916</b>
<b>Current assets</b>	<b>14,180</b>	<b>13,834</b>	<b>13,684</b>	<b>13,634</b>	<b>13,584</b>
<b>Non-current assets</b>	<b>177,249</b>	<b>177,645</b>	<b>177,680</b>	<b>177,772</b>	<b>177,856</b>
<b>Current liabilities</b>	<b>1,990</b>	<b>2,020</b>	<b>1,945</b>	<b>1,870</b>	<b>1,795</b>
<b>Non-current liabilities</b>	<b>873</b>	<b>828</b>	<b>784</b>	<b>754</b>	<b>729</b>

Part C: ILC Budget Statements

**Table 3.3: Budgeted Departmental Statement of Cash Flows**  
for the period ended 30 June

	Estimated actual 2002-03 \$'000	Budget estimate 2003-04 \$'000	Forward estimate 2004-05 \$'000	Forward estimate 2005-06 \$'000	Forward estimate 2006-07 \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Goods and Services	5,745	2,200	2,200	2,200	2,200
Appropriations	-	-	-	-	-
Interest	723	214	233	246	314
Revenue from Land Fund	53,553	54,463	47,523	49,566	50,620
Other	2,139	6,543	5,625	5,867	5,835
<b>Total cash received</b>	<b>62,160</b>	<b>63,420</b>	<b>55,581</b>	<b>57,879</b>	<b>58,969</b>
<b>Cash used</b>					
Employees	6,727	7,178	7,609	8,065	8,550
Suppliers	31,770	63,744	56,306	57,893	58,606
Other	-	-	-	-	-
<b>Total cash used</b>	<b>38,497</b>	<b>70,922</b>	<b>63,915</b>	<b>65,958</b>	<b>67,156</b>
<b>Net cash from/ (used by)</b>					
<b>operating activities</b>	<b>23,663</b>	<b>(7,502)</b>	<b>(8,334)</b>	<b>(8,079)</b>	<b>(8,187)</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash received</b>					
Proceeds from sales of financial instruments	4,618	8,345	8,834	8,779	8,787
Repayments of loans made	527	-	-	-	-
<b>Total cash received</b>	<b>5,145</b>	<b>8,345</b>	<b>8,834</b>	<b>8,779</b>	<b>8,787</b>
<b>Cash used</b>					
Purchase of property, plant and equipment	641	550	550	550	550
Purchase of financial Instruments	29,626	-	-	-	-
<b>Total cash used</b>	<b>30,267</b>	<b>550</b>	<b>550</b>	<b>550</b>	<b>550</b>
<b>Net cash from/ (used by) investing</b>					
<b>activities</b>	<b>(25,122)</b>	<b>7,795</b>	<b>8,284</b>	<b>8,229</b>	<b>8,237</b>
<b>Net increase/(decrease)</b>					
<b>in cash held</b>	<b>(1,460)</b>	<b>293</b>	<b>(50)</b>	<b>150</b>	<b>50</b>
Cash at the beginning of the reporting period	1,482	22	315	265	414
<b>Cash at the end of the</b>					
<b>reporting period</b>	<b>22</b>	<b>315</b>	<b>265</b>	<b>414</b>	<b>464</b>

**Table 3.4: Departmental Capital Budget Statement**

	Estimated actual 2002-03 \$'000	Budget estimate 2003-04 \$'000	Forward estimate 2004-05 \$'000	Forward estimate 2005-06 \$'000	Forward estimate 2006-07 \$'000
<b>CAPITAL APPROPRIATIONS</b>					
Total equity injections <sup>(K3)</sup>	-	-	-	-	-
Total loans <sup>(K3)</sup> <sup>1</sup>	-	-	-	-	-
<b>Represented by</b>					
Purchase of non-current assets	-	-	-	-	-
Other	-	-	-	-	-
<b>Total</b>	-	-	-	-	-
<b>PURCHASE OF NON CURRENT ASSETS</b>					
Funded by capital appropriation	-	-	-	-	-
Funded internally by					
Departmental resources	583	500	500	500	500

1 These two lines link to (K3) in Table 1.1

Part C: ILC Budget Statements

**Table 3.5: Departmental Non-financial Assets — Summary of Movement (Budget year 2003-04)**

	Land	Buildings	Specialist military equipment	Other infrastructure plant and equipment	Heritage and cultural assets	Computer software	Other intangibles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at the start of year	-	-	-	3,628	-	304	-	3,932
Additions	-	-	-	500	-	-	-	500
Disposals	-	-	-	(100)	-	-	-	(100)
Revaluation increments	-	-	-	-	-	-	-	-
Recoverable amount write-downs	-	-	-	-	-	-	-	-
Net transfers free of charge	-	-	-	-	-	-	-	-
Depreciation/amortisation expense	-	-	-	(605)	-	(50)	-	(655)
Write-off of assets	-	-	-	-	-	-	-	-
Carrying amount at the end of year	-	-	-	3,423	-	254	-	3,677
<b>Total additions</b>								
Self funded	-	-	-	500	-	-	-	500
Appropriations	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	-	500	-	-	-	500

## **NOTES TO THE FINANCIAL STATEMENTS**

### **Departmental Financial Statements and Notes Administered Items**

Under the Commonwealth's accrual budgeting framework, and consistent with Australian Accounting Standards, transactions that agencies control (departmental transactions) are separately budgeted for and reported on from transactions agencies do not have control over (administered transactions). This ensures that agencies are only held fully accountable for the transactions over which they have control.

Departmental items are those assets, liabilities, revenues and expenses in relation to an agency or authority that are controlled by the agency. Departmental expenses include employee and supplier expenses and other administrative costs, which are incurred by the agency in providing its goods and services.

Administered items are revenues, expenses, assets and liabilities that are managed by an agency or authority on behalf of the Government according to set Government directions. Administered expenses include subsidies, grants and personal benefit payments and administered revenues include taxes, fees, fines and excises. The ILC does not have any administered items.

### **Appropriations in the accrual budgeting framework**

Under the Commonwealth's accrual budgeting framework, separate annual appropriations are provided for:

- departmental price of outputs appropriations: representing the Government's purchase of outputs from agencies;
- departmental capital appropriations: for investments by the Government for either additional equity or loans in agencies;
- administered expense appropriations: for the estimated administered expenses relating to an existing outcome, a new outcome or a Specific Purpose Payment to the states; and
- administered capital appropriations: for increases in administered equity through funding non-expense administered payments.

Special appropriations fund the majority of payments from the Consolidated Revenue Fund (especially those that are entitlement driven or involve transfers to State governments).

The ILC does not receive appropriations directly from the Commonwealth. The ILC receives an annual allocation from the Aboriginal and Torres Strait Islander Land Fund

## *Part C: ILC Budget Statements*

Reserve (formerly the Aboriginal and Torres Strait Islander Land Fund) according to a formula set out in the *Aboriginal and Torres Strait Islander Act 1989*.

### **Capital Use Charge**

The Government has agreed to discontinue the Capital Use Charge from 1 July 2003.

### **Asset valuation**

From 1 July 2002 Commonwealth agencies and authorities are required to use either the cost basis or the fair value basis to measure Property, Plant and Equipment. The shift from the deprival method of valuation to fair value should occur gradually over a three-year period. Fair value essentially reflects the current market value of an asset.

## **Departmental**

### **1 Summary of Significant Accounting Policies**

#### **1.1 Basis of accounting**

The budgeted financial statements are a special purpose financial report.

#### **1.2 Rounding**

The budgeted financial statements have been rounded to the nearest thousand dollars.

#### **1.3 Principles of Consolidation**

The consolidated budgeted financial statements are those of the economic entity, comprising the Indigenous Land Corporation (the parent entity) and its wholly owned subsidiaries.

### **2 Investments**

Investments are recorded at their current cash-based valuation at reporting date. The ILC manages part of its investment portfolio in house and the remainder is outsourced to fund managers. Section 193K of the ATSI Act states that the investment restrictions in section 18(3) of the CAC Act do not apply to the ILC.

**3 Land and buildings held for transfer**

Land, plant and equipment and livestock held for transfer represent properties purchased for the purpose of transfer to appropriate organisations in line with the objectives of the ILC. Land purchases (including the related plant, equipment and livestock, acquisition and holding costs) are capitalised on purchase. A provision is raised in the Statement of Financial Performance for the full cost of land purchases (excluding livestock) representing the sacrifice of future benefits embodied in the assets.

**4 Land Management**

The ILC negotiates with Indigenous land holders and develops a package of agreed solutions to land management problems identified by the land holders. Land Management expenses also include the cost of care-taking and maintaining property held by the ILC.

**5 Infrastructure, plant and equipment**

Purchases of infrastructure, plant and equipment (not held for transfer) are recognised initially at cost in the Statement of Assets and Liabilities and are progressively revalued in accordance with the fair value method of valuation, except for purchases costing less than \$1000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

**6 Inventory**

Inventory held represents livestock held for trading purposes. Inventory is valued at market value and is accounted for in accordance with AAS35 Self generating and re-generating assets.

**7 Recognition of income**

Receipts from the Land Fund are recognised at the time the ILC becomes entitled to receive the revenue and have been classified for the purpose of this report as Revenues from Government.

**8 Economic Dependency**

The ILC is dependent on a standing annual appropriation from the Land Fund in accordance with section 193A of the Indigenous Land Corporation (*ATSIC Amendment Act 1995*).

## Section 4: Purchaser/Provider and Cost Recovery arrangements

### **PURCHASER/PROVIDER ARRANGEMENTS**

#### **CROSS AGENCY OVERVIEW**

The ILC retains the services of several agencies for the performance of specialist professional services.

The Australian Government Solicitor's Office (AGS) initially provided the major part of the ILC's legal services through outposting of an AGS solicitor or through other legal services provided by AGS staff. The ILC now employs a solicitor in-house but continues to seek legal services of AGS.

The Australian Valuation Office (AVO) is on a panel of 'preferred suppliers' for the valuation of properties prior to the purchase by the ILC.

The ILC expects to renew an agreement with Environment Australia to jointly fund an Indigenous Land Management Facilitator for the Indigenous Land Management Facilitators Network Project.

Joint funding was secured from the FarmBis program of Agriculture, Fisheries and Forestry - Australia (AFFA) to support the ILC's Education, Extension and Training Strategy. It is expected that this particular project will be completed in the 2003-04 period.

#### **RESPONSIBILITY**

The ILC purchases land under a variety of tenures in every jurisdiction in Australia. It is therefore necessary to engage professional services related to some aspects of the conveyancing process and other aspects of land law. In many instances, the ILC instructs the Australian Government Solicitor in relation to the legal requirements of the conveyancing process (preparation of transfer documents, title and other relevant searches, specific legal advice relating to tenure issues and other associated work). These services are provided pursuant to a service agreement between the ILC and AGS.

Similarly, the ILC Board has determined that it will purchase land on the basis of a market valuation, and that the ILC will not pay more than an independent valuation

for any parcel of land approved for purchase. Consequently, the ILC requires a valuation for every parcel of land it purchases. The ILC may utilise the valuation services provided by the Australian Valuation Office under a non-exclusive Service Agreement.

The grant from the FarmBis program of AFFA requires the ILC to undertake a pilot project, which involves personal development, managers, directors and financial management training for Indigenous land holders.

## **CONTROL ARRANGEMENTS**

The Agreements with all suppliers are subject to quality assurance provisions. The terms of the contract and the performance of all service providers are the subject of regular review meetings between the ILC and the respective agencies.

## **RESOURCING**

The AGS Service Agreement and the AVO Service Agreement are included in Output 1.

The grant from the FarmBis program of AFFA comes under Output 1.

## **PERFORMANCE AGAINST OUTCOMES OF PURCHASED OUTPUTS**

Performance indicators for the services provided by the AGS are:

- transfer of properties to the ILC from vendors is within the time negotiated in the relevant contract and according to the legal requirements of the contract; and
- services provided are within the contract price and meet the quality standards of the Service Agreement.

Performance indicators for the services provided by AVO are:

- number of properties purchased at or below valuation; and
- little or no requirement for second or subsequent valuations.

The grant from the FarmBis program of AFFA defines performance indicators and targets for the pilot project.

The grant from Environment Australia defines performance indicators and targets for the project.

*Part C: ILC Budget Statements*

**COST RECOVERY ARRANGEMENTS**

The ILC does not have any cost recovery arrangements.