

INDIGENOUS LAND CORPORATION

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INDIGENOUS LAND CORPORATION

Section 1: Overview, appropriations and budget measures summary

AGENCY 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.

Although the purpose of the ILC is to provide economic, environmental, cultural or social benefits in the performance of its functions, priority must be given to social and cultural benefits.

The ILC received an annual allocation from the Aboriginal and Torres Strait Islander Land Fund Account according to a formula specified in Section 193A of the ATSIC Act, until 2003-04. From 2004-05 onwards, 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.

A four-stream land acquisition program and five land management strategic initiatives were introduced to more directly provide cultural, social, environmental and economic benefits. These policies and procedures have been well received, resulting in an increase in the number of applications and a more effective means for Indigenous people to address urban land issues.

Achieving benefits through land ownership and management is a challenging and complex task, involving an array of technical, business and management skills, which in turn must be underpinned by capacity and commitment.

The land acquisition and management programs now require applicants to define a specific purpose and set themselves achievable milestones and outcomes. The introduction of the program guidelines improved the application and assessment process by providing a more structured approach. The ILC assesses all applications thoroughly and does not support those that are not sustainable and viable in the long term, or those that are inconsistent with the ILC's published program guidelines. The

ILC also monitors active projects to ensure they are sustainable and that real benefits are achieved.

APPROPRIATIONS AND RESOURCING

The total appropriation for the ILC in the 2004-05 Budget is nil. The ILC is not directly funded via Budget appropriation, but receives an allocation via the Aboriginal Torres Strait Islander Land Fund Account and other receipts from independent sources.

Table 1.1: Appropriations and other revenue

Outcome	Departmental (price of outputs) (\$'000)					Administered (\$'000)			Total appropriations (\$'000)		
	Revenue from government (appropriations)		Revenue from other sources ⁽⁴⁾	Price of outputs ⁽³⁾	Annual appropriations (\$'000)	Special appropriations ⁽⁵⁾	Total administered appropriations	Total appropriations			
	Bill No. 1	Special approps ⁽⁵⁾	Total			Bill No. 1	Bill No. 2 (SPPs & NAOs) ⁽²⁾				
	(A)	(B)	(C = A+B)	(D)	(E = C+D)	(F)	(G)	(H)	(I = F+G+H)	(J=C+I)	
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	-	-	-	77,761	77,761	-	-	-	-	-	
			0.0%								
Total	-	-	-	77,761	77,761	-	-	-	-	-	
			(K1) ⁽¹⁾						(K2) ⁽¹⁾		
									Departmental capital (equity injections and loans)	(K3) ⁽¹⁾	-
									Administered capital	(K4) ⁽¹⁾	-
									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 (SPPs), new agency Outcomes (NAOs), 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 Appendix 1.

5. Estimated expenses from individual Special Appropriations are shown in Appendix 2.

Note: Percentage figures indicate the percentage contribution of revenue from government (departmental appropriations) to the total price of outputs, by outcome.

MEASURES — AGENCY SUMMARY

The ILC has no measures disclosed in the 2004-05 Budget. For this reason, table 1.2.1 is not presented.

RECEIPTS FROM INDEPENDENT SOURCES

Table 1.3: Receipts from independent sources

	Estimated receipts 2003-04 \$'000	Estimated receipts 2004-05 \$'000
DEPARTMENTAL		
Revenue from Land Fund	54713	63124
Realisation of Investments	288	11081
Sale of Inventory	5213	3173
Other property Income	1104	669
Interest	288	311
Other	108	81
Total	61,714	78,439

The ILC does not receive a direct appropriation as part of the Commonwealth budget process. It received an annual allocation from the Aboriginal and Torres Strait Islander Land Fund Account according to a formula set out in the ATSIC Act until 2003-04. From 2004-05 onwards, 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 from ILC held properties;
- income generated from properties whilst held by the ILC from leases, agistment, etc.; and
- proceeds from the realisation of financial instruments held in its investment portfolio.

MOVEMENT OF ADMINISTERED FUNDS FROM 2003-04 TO 2004-05

ILC has no administered items. For this reason, table 1.4 is not presented.

SPECIAL APPROPRIATIONS

ILC has no special appropriations. For this reason, table 1.5 is not presented

SPECIAL ACCOUNT

ILC does not administer any special accounts. For this reason, table 1.6 is not presented

REVENUE FROM INDEPENDENT SOURCES

Table 1.7: Revenue from independent sources

	Estimated revenue 2003-04 \$'000	Estimated revenue 2004-05 \$'000
DEPARTMENTAL REVENUE		
Outcome 1		
Interest	357	319
Other departmental revenue	22,501	14,318
Allocation from Land Fund	54,713	63,124
Total Outcome 1	77,571	77,761
Total non-appropriation departmental revenue	77,571	77,761

ADMINISTERED CAPITAL AND DEPARTMENTAL EQUITY INJECTIONS AND LOANS

ILC has no administered capital, departmental equity injections or loans.

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 regional profiling, formal review and evaluation activities.

COMPETITIVE TENDERING AND CONTRACTING (CTC)

The ILC's purchasing policy is consistent with the principles of *Commonwealth Procurement Guidelines: Core Policies and Principles*.

In addition, for the purpose of the performance of the ILC's functions, the Indigenous Land Corporation must give priority to the following:

- ensuring that, as far as practical, Aboriginal persons or Torres Strait Islanders derive social or cultural benefits as a result of those functions;
- ensuring that the ILC has access to the skills and resources required to perform its functions;
- maximising the employment of Aboriginal persons and Torres Strait Islanders; and
- maximising the use of goods and services provided by businesses owned or controlled (whether directly or indirectly) by Aboriginal persons or Torres Strait Islanders (ATSIC Act section 191F).

Section 2: Outcomes and outputs information

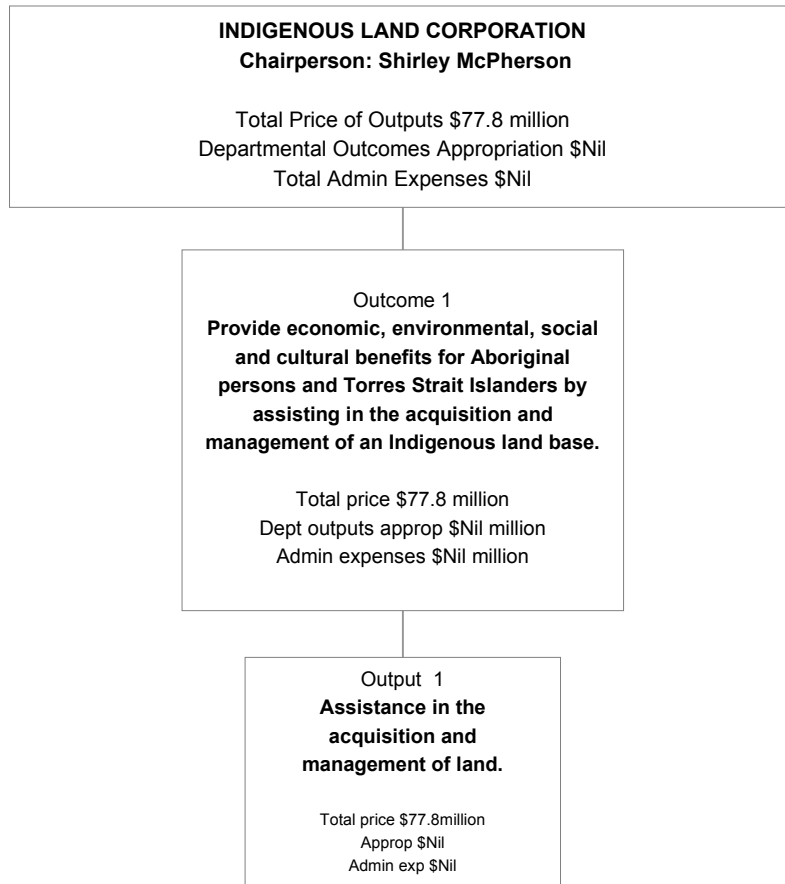
OUTCOMES AND OUTPUT GROUPS

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



CHANGES TO OUTCOMES AND OUTPUTS

ILC has had no changes to the number, wording or structure of its outcome or outputs since Budget 2003-04.

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.

Measures affecting Outcome 1

ILC has no measures at the 2004-05 Budget.

OUTCOME 1 — RESOURCING

Table 2.1.1 shows how the 2004-05 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.

Table 2.1.1: Total resources for Outcome 1

	Estimated actual 2003-04 \$'000	Budget estimate 2004-05 \$'000
Revenue from other sources		
Revenue from the Land Fund	54,713	63,124
Interest	357	319
Other	22,501	14,318
Total revenue from other sources	77,571	77,761
Total price from departmental outputs		
(Total revenue from government and from other sources)	77,571	77,761
Total estimated resourcing for Outcome 1		
(Total price of outputs and administered appropriations)	77,571	77,761
	Estimated actual 2003-04 (number)	Budget estimate 2004-05 (number)
Average staffing level	127	130

E1 shows the links back to Table 1.1.

OUTCOME 1 — PERFORMANCE INFORMATION

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 2004-05. 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 2004-05 Annual Report.

Table 2.2.1: Performance information for Outcome 1

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
Overall achievement of the outcome
Effectiveness
<ul style="list-style-type: none">• 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
Regional profiles completed, implemented and periodically revised
Quantity Completed for each region by June 2005
Quality Identification of regional information in terms of population, indigenous held land, major industries and regional initiatives
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

Section 3: Budgeted financial statements

ANALYSIS OF BUDGETED FINANCIAL STATEMENTS

The ILC received an annual allocation from the Aboriginal and Torres Strait Islander Land Fund Account according to a formula set out in the ATSIC Act until 2003-04. The final allocation under this arrangement was received in July 2003.

From 2004-05 the ILC will receive the realised real return from the Land Fund. The distribution to the ILC for 2004-05 will be the return on the Land Fund for the 2003-04 financial year, net of inflation and will be received on 30 June 2005.

Therefore the ILC will experience some 24 months between the funding.

Under its legislation the ILC has the flexibility to invest funds and to roll over funds not expended. It is expected that the ILC will have approximately \$225 million invested as at the 30 June 2004. These funds will be utilised to cover the "gap" created by the 24-month period between allocations.

Payments from the Land Fund from 2005-06 forward have been estimated based on the historical realised real return of the Land Fund.

The total price of outputs represents the funds available to the ILC to carry out its legislated functions.

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.

DEPARTMENTAL FINANCIAL STATEMENTS

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

Budgeted Departmental Statement of Financial Performance.

This statement provides a picture of the expected financial results for ILC by identifying full accrual expenses and revenues, which highlights whether ILC is operating at a sustainable level.

Budgeted Departmental Statement of Financial Position.

This statement shows the financial position of ILC. It helps decision-makers to track the management of assets and liabilities.

Budgeted Departmental Statement of Cash Flows.

Budgeted cash flows, as reflected in the statement of cash flows, provide important information on the extent and nature of cash flows by categorising them into expected cash flows from operating activities, investing activities and financing activities.

Departmental Capital Budget Statement.

This statement shows all planned departmental capital expenditure (capital expenditure on non-financial assets), whether funded through capital appropriations for additional equity or borrowings, or from funds from internal sources.

Departmental Non Financial Assets — Summary of Movement.

This statement shows budgeted acquisitions and disposals of non-financial assets during the budget year.

Table 3.1: Budgeted departmental statement of financial performance
for the year ended 30 June

	Estimated actual 2003-04 \$'000	Budget estimate 2004-05 \$'000	Forward estimate 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000
REVENUES					
Revenues from ordinary activities					
Revenue from government ^{1, K1}	-	-	-	-	-
Revenue from Land Fund	54,713	63,124	98,383	93,663	85,663
Interest	357	319	350	281	188
Other	22,501	14,318	11,901	12,108	12,414
Revenues from ordinary activities	77,571	77,761	110,634	106,052	98,265
EXPENSES					
Expenses from ordinary activities (excluding borrowing costs expense)					
Employees	7,707	7,990	8,300	8,799	9,326
Suppliers	25,264	69,060	101,599	96,474	88,215
Depreciation and amortisation	528	710	700	700	700
Expenses from ordinary activities (excluding borrowing costs expense)	33,499	77,760	110,599	105,973	98,241
Borrowing cost expense	1	-	-	-	-
Net surplus or deficit	44,071	1	35	79	24
Net surplus or deficit attributable to the Commonwealth	44,071	1	35	79	24

Note 1: Revenues from government includes revenue from appropriations and resources received free of charge.

(K1) links to table 1.1

Table 3.2: Budgeted departmental statement of financial position
as at 30 June

	Estimated actual 2003-04 \$'000	Budget estimate 2004-05 \$'000	Forward estimate 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000
ASSETS					
Financial assets					
Cash	574	602	577	552	527
Receivables	645	595	545	495	445
Other investments	225,456	224,606	225,542	225,820	226,044
Accrued revenues	628	628	628	628	628
Total financial assets	227,303	226,431	227,292	227,495	227,644
Non-financial assets					
Infrastructure, plant and equipment	5,049	4,939	4,839	4,739	4,639
Intangibles	436	336	236	136	36
Inventories	10,000	11,000	11,000	11,000	11,000
Other	42	50	50	50	50
Total non-financial assets	15,527	16,325	16,125	15,925	15,725
Total assets	242,830	242,756	243,417	243,420	243,369
LIABILITIES					
Provisions and payables					
Employees	1,454	1,499	1,544	1,589	1,634
Suppliers	1,217	1,117	1,017	917	817
Other	131	111	91	71	51
Total provisions and payables	2,802	2,727	2,652	2,577	2,502
Total liabilities	2,802	2,727	2,652	2,577	2,502
EQUITY					
Parent equity interest					
Retained surpluses or accumulated deficits	240,028	240,029	240,765	240,843	240,867
Total parent equity interest	240,028	240,029	240,765	240,843	240,867
Total equity	240,028	240,029	240,765	240,843	240,867
Total assets and liabilities by maturity					
Current assets	1,219	1,197	1,122	1,047	972
Non-current assets	241,611	241,559	242,295	242,373	242,397
Current liabilities	1,348	1,228	1,108	988	868
Non-current liabilities	1,454	1,499	1,544	1,589	1,634

Table 3.3: Budgeted departmental statement of cash flows
for the year ended 30 June

	Estimated actual 2003-04 \$'000	Budget estimate 2004-05 \$'000	Forward estimate 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	-	-	-	-	-
Sale of goods and services	5,213	3,173	2,640	2,640	2,640
Interest	288	319	350	281	188
Other	58,158	70,524	109,022	103,853	95,027
Total cash received	63,659	74,016	112,012	106,774	97,855
Cash used					
Employees	7,036	7,990	8,300	8,798	9,326
Suppliers	30,451	76,529	112,245	106,678	97,592
Total cash used	37,487	84,519	120,545	115,476	106,918
Net cash from/(used by) operating activities	26,172	(10,503)	(8,533)	(8,702)	(9,063)
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment	13	-	-	-	-
Proceeds from sales of financial instruments	288	11,081	9,058	9,227	9,588
Total cash received	301	11,081	9,058	9,227	9,588
Cash used					
Purchase of property, plant and equipment	588	550	550	550	550
Purchase of financial instruments	26,051	-	-	-	-
Total cash used	26,639	550	550	550	550
Net cash from/(used by) investing activities	(26,338)	10,531	8,508	8,677	9,038
Net increase/(decrease) in cash held	(166)	28	(25)	(25)	(25)
Cash at the beginning of the reporting period	740	574	602	577	552
Cash at the end of the reporting period	574	602	577	552	527

Table 3.4: Departmental capital budget statement

	Estimated actual 2003-04 \$'000	Budget estimate 2004-05 \$'000	Forward estimate 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000
CAPITAL APPROPRIATIONS					
Total equity injections ^{K3}	-	-	-	-	-
Total loans	-	-	-	-	-
Total	-	-	-	-	-
Represented by					
Purchase of non-current assets	-	-	-	-	-
Other	-	-	-	-	-
Total	-	-	-	-	-
PURCHASE OF NON-CURRENT ASSETS					
Funded by capital appropriations	-	-	-	-	-
Funded by previous year capital appropriation	-	-	-	-	-
Funded internally by departmental resources	535	500	500	500	500
Total	535	500	500	500	500

(K3) links to table 1.1

Table 3.5: Departmental non-financial assets — summary of movement*Budget 2004-05*

	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	-	-	-	5,049	-	-	436	5,485
Additions	-	-	-	500	-	-	-	500
Disposals	-	-	-	-	-	-	-	-
Revaluation increments	-	-	-	-	-	-	-	-
Recoverable amount write-downs	-	-	-	-	-	-	-	-
Net transfers free of charge	-	-	-	-	-	-	-	-
Depreciation/amortisation expense	-	-	-	610	-	-	100	710
Write-off of assets	-	-	-	-	-	-	-	-
Carrying amount at the end of year	-	-	-	4,939	-	-	336	5,275
Total additions								
Self funded	-	-	-	500	-	-	-	500
Appropriations	-	-	-	-	-	-	-	-
Total	-	-	-	500	-	-	-	500

NOTES TO THE FINANCIAL STATEMENTS

Departmental Financial Statements and Schedule of Administered Activity

Under the Australian Government's accrual-based 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.

Appropriations in the accrual budgeting framework

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

- departmental price of outputs appropriations: representing the government's funding for 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).

Administered investments in controlled entities

Each Commonwealth Department is required to show an Administered investment in each *Commonwealth Authority and Company Act 1997* (CAC Act) entity within their portfolio. These Administered investments should be valued at the Commonwealth's ownership interest in the net assets of those CAC entities, fixed at a notional acquisition date of 30 June 1997.

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.

Summary of Significant Accounting Policies

Basis of accounting

The budgeted financial statements are a special purpose financial report.

Rounding

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

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.

Investments

Investments are recorded at their current cash-based valuation at reporting date. The ILC manages a small 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 *Commonwealth Authorities and Companies Act 1997* do not apply to the ILC.

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.

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.

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.

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 Land Fund.

Economic Dependency

The ILC is dependent on the realised real return from the Land Fund in accordance with Section 193C 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 utilises the services of several agencies for the performance of specialist professional services. However, the use of these agencies is on a competitive bid arrangement.

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 has renewed an agreement with Department of Environment and Heritage to jointly fund two Indigenous Land Management Facilitator for the Indigenous Land Management Facilitators Network Project.

Funding has been secured from the FarmBis programme of Agriculture, Fisheries and Forestry - Australia (DAFF) to support the ILC's capacity building initiatives..

Responsibility

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.

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 AVO Service Agreements are included in Output 1.

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

COST RECOVERY ARRANGEMENTS

The ILC does not have any cost recovery arrangements.

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