

INDIGENOUS LAND CORPORATION

**Agency resources and planned
performance**

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Section 1: Agency Overview and Resources	173
1.1 Strategic Direction	173
1.2 Agency Resource Statement	175
1.3 Budget measures.....	175
Section 2: Outcomes and planned performance	176
2.1 Outcomes and performance information	176
Section 3: Explanatory tables and budgeted financial	181
3.1 Explanatory Tables	181
3.2 Budgeted Financial Statements.....	183

INDIGENOUS LAND CORPORATION

Section 1: Agency Overview and Resources

1.1 STRATEGIC DIRECTION

The Indigenous Land Corporation (ILC) was established by Part 4A of the *Aboriginal and Torres Strait Islander Commission Act 1989* [now *Aboriginal and Torres Strait Islander Act 2005* (ATSI Act)]. 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.

The National Indigenous Land Strategy (NILS) is ILC's major policy statement. It outlines the strategies, policies and priorities which guide ILC's land acquisition and land management functions.

In the NILS 2007-2012 the ILC Board set the following priorities in performing its land acquisition and land management functions:

- creating training and sustainable employment for Indigenous people
- increasing the capacity of Indigenous people to sustainably manage their land
- engaging Indigenous people in viable, land-based enterprises, including tourism and agriculture
- supporting the education of Indigenous youth, including provision of student hostels
- collaborating with other agencies to produce effective outcomes.

ILC has an application process for Indigenous groups to apply for assistance with land acquisition and the management of Indigenous-held land. In 2007–08 ILC moved to an annual call for applications, which will enable better relative assessment of applications and targeting of projects that deliver training and create employment outcomes for Indigenous people.

In 2008–09, ILC will continue strategic land acquisition and land management activities to facilitate economic development outcomes, especially in relation to education, employment and training. A key component of these projects is ILC's proactive development of high-level collaboration with the Government and state/territory government agencies, private industry, peak Indigenous organisations, communities and the non-government sector. These partnerships attract significant

additional financial and human resources to allow long-term, sustainable programs to be developed. Strategic projects will focus on key industries such as pastoralism and tourism.

Through its evaluation framework ILC will monitor projects to ensure that they are sustainable and that real benefits are derived, particularly in employment and training.

ILC is not budget-funded. ILC's only source of funding is the realised real return from the Aboriginal and Torres Strait Islander Land Account (Land Account) (section 193C(3) of the ATSI Act).

Since 2004–05 (the first year that the Land Account became self-sustaining and non-reliant on Government funding), funding from the Land Account has been irregular and uncertain as a result of the realised real return funding formula. The fluctuations in income to ILC have caused issues in long-term strategic planning and economic development for ILC.

This is a continuing challenge for ILC which has responded by developing budgets for 2008–09 and forward years in which expenditure is projected to be greater than the revenue from the Land Account. These budgets utilise accrued cash reserves in addition to interest and the predicted revenue from the Land Account.

The Government has committed to investigating ways to maximise the returns of the Land Account and to secure a more reliable level of income for ILC. These matters will be considered during 2008.

1.2 AGENCY RESOURCE STATEMENT

Table 1.1 shows the total resources from all origins. The table summarises how resources will be applied by outcome and by administered and departmental classification.

Table 1.1: CAC Act Body Indigenous Land Corporation Resource Statement – Budget estimates for 2008–09 as at Budget May 2008

Source	Estimate of prior ⁺ year amounts available in 2008-09 \$'000	Proposed at Budget ⁼ 2008-09 \$'000	Total Estimate 2008-09 \$'000	Estimated Available Appropriation 2007-08 \$'000
Opening Balance/Reserves at Bank	210,863	-	210,863	-
REVENUE FROM GOVERNMENT				
Payments from related entities ¹ <i>Aboriginal and Torres Strait Islander Land Account</i>	-	33,697	33,697	-
Total Funds from Government	-	33,697	33,697	-
FUNDS FROM OTHER SOURCES				
<i>Interest</i>	-	701	701	837
<i>Other</i>	-	13,801	13,801	12,705
Total	-	14,502	14,502	13,542
Total net resourcing for Agency	210,863	48,199	259,062	13,542

All figures are GST exclusive

The Indigenous Land Corporation is not directly appropriated as it is a CAC Act body. It receives the "realised real return" from the Aboriginal and Torres Strait Islander Land Account which is considered 'departmental' for all purposes.

¹ Funding provided by another Government body.

Third Party Drawdowns from and on behalf of other agencies

ILC does not have any Third Party Drawdowns from and on behalf of other agencies.

1.3 BUDGET MEASURES

ILC has no measures in the 2008–09 Budget.

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

The Australian Government requires agencies to measure their intended and actual performance in terms of outcomes. Government outcomes are the results, impacts or consequences of actions by the Government on the Australian community. Agencies are required to identify the output groups which demonstrate their contribution to Government outcomes over the coming year.

Each outcome is described below by output groups, specifying the performance indicators and targets used to assess and monitor the performance of Indigenous Land Corporation in achieving Government outcomes.

2.1.1 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

Outcome 1 Strategy

The key strategies of ILC to achieve Outcome 1, as articulated in ILC's Corporate Plan, are as follows.

Land Acquisition

ILC will acquire properties that deliver benefits to Indigenous people, including for the following priorities:

- achievement of training and employment outcomes
- provision of student hostels in regional/remote Australia to achieve educational outcomes.

Properties will be acquired and granted to Indigenous corporations that demonstrate the capacity for and commitment to sustainable property management, and the delivery of economic, environmental, social and cultural benefits through land use. ILC-acquired properties will be monitored to record the benefits being delivered.

Land Management

Assistance will be provided to Indigenous landholders to manage and improve their land to achieve economic, environmental, social and cultural benefits. In collaboration with other agencies, ILC will provide assistance to Indigenous landholders in the form of property management planning, training and mentoring. Land management activities will be carried out on ILC-held properties, including the protection of cultural and environmental heritage.

ILC will develop projects that produce training and employment outcomes on ILC-held properties, where granting will occur in the longer-term.

ILC will facilitate the development of viable businesses in the agricultural, pastoral and tourism industries to deliver training and employment to Indigenous people.

Training centres will be developed to enhance the skills of Indigenous people, which will lead to ongoing employment opportunities.

Outcome 1 Resource statement

Table 2.1.1 provides additional detail of Budget appropriations and the total resourcing for outcome 1.

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

Outcome 1:	2008-09 Total estimate of available resources \$'000	2007-08 Estimated actual \$'000
Output Group 1.1:		
Departmental Outputs		
Revenues from other sources	48,199	13,542
Subtotal for Output Group 1.1	48,199	13,542
Output Group 1.2:		
Total resources for Outcome 1	48,199	13,542

Average staffing level (number)	2008-09	2007-08
	200	200

Note: Departmental Appropriation splits and totals, by outcome and output, are indicative estimates and may change in the course of the budget year as government priorities change.

Contributions to Outcome 1

Output Group 1.1: Assistance in the acquisition and management of an Indigenous land base	
<p>Output Group 1.1 will contribute to the achievement of Outcome 1 in providing 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. ILC's National Indigenous Land Strategy gives priority to the achievement of training and employment outcomes and effective collaboration with other government and non government agencies, the private sector and Indigenous organisations.</p>	
Key Performance Indicators	2008–09 Target
<p>Acquired properties are viable, sustainable and capable of achieving economic, environmental, social and cultural benefits for Indigenous people</p>	<p>6 properties acquired, including to establish student hostels in regional/remote Australia</p> <p>150 Indigenous people trained</p> <p>100 Indigenous employment outcomes</p> <p>Economic, environmental, social and/or cultural benefits are achievable and measurable</p>
<p>Properties are granted to Indigenous corporations with the capacity to manage a property to deliver sustainable benefits to Indigenous people</p>	<p>8 properties are granted to Indigenous organisations that are achieving economic, environmental, social and/or cultural benefits</p>
<p>Indigenous landholders achieve sustainable benefits through the provision of land management assistance</p>	<p>6 national and/or regional collaborative land management projects implemented</p> <p>10 training and/or property planning projects funded</p> <p>9 viable and sustainable agricultural, pastoral and tourism businesses operated</p> <p>4 residential, industry-based training facilities established and operated on ILC businesses</p> <p>350 Indigenous people trained</p> <p>250 Indigenous employment outcomes</p> <p>300,000 hectares of Indigenous-held land returned to production</p>

ILC Budget Statements

Key Performance Indicators	2008–09 Target
Collaboration with relevant agencies is a key feature of ILC activities	60 per cent of projects involve the input of resources by other agencies and organisations

Section 3: Explanatory tables and budgeted financial statements

This section presents budgeted financial statements which provide a comprehensive snapshot of agency finances for the Budget year 2008–09. It explains how budget plans are incorporated into the financial statements and provides further details of movements in administered funds and special accounts, and Government Indigenous expenditure.

3.1 EXPLANATORY TABLES

3.1.1 Reconciliation of total available appropriation and outcomes

ILC has no appropriations.

3.1.2 Movement of administered funds between years

ILC has no administered funds in the 2008–09 Budget.

3.1.3 Special Accounts

ILC has no special accounts in the 2008–09 Budget.

3.1.4 Australian Government Indigenous Expenditure

Table 3.1.4 Australian Government Indigenous Expenditure

Outcome	Appropriations				Other \$'000 (E)	Total \$'000 (F)=(D)+(E)	Output Group (G)
	Bill	Bill	Special	Total			
	No. 1	No. 2	Approp	Approp			
	\$'000	\$'000	\$'000	\$'000			
	(A)	(B)	(C)	(D)			
Indigenous Land Corporation 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							
Administered 2008-09	-	-	-	-	-	-	1
<i>Administered 2007-08</i>	-	-	-	-	-	-	1
Departmental 2008-09	-	-	-	-	48,199	48,199	1
<i>Departmental 2007-08</i>	-	-	-	-	13,542	13,542	1
Total Outcome 2008-09	-	-	-	-	48,199	48,199	
<i>Total Outcome 2007-08</i>	-	-	-	-	13,542	13,542	
Total AGIE 2008-09	-	-	-	-	48,199	48,199	
<i>Total AGIE 2007-08</i>	-	-	-	-	13,542	13,542	

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.1: Differences in agency resourcing and financial statements

ILC has no differences in agency resourcing and financial statements.

3.2.2: Analysis of budgeted financial statements

Until 2003–04, ILC received an annual allocation from the Aboriginal and Torres Strait Islander Land Account (Land Account) according to a formula specified in Section 193A of the ATSI Act. From 2004–05 onwards, it receives the ‘realised real return’ from the Land Account (s193C).

Under its legislation, ILC has the flexibility to invest funds and to roll over funds not expended in previous years.

Estimated payments from the Land Account from 2006–07 forward have been provided by FaHCSIA which is responsible for the administration of the Land Account.

The total price of outputs includes the income from the Land Account, and represents the funds available to ILC to carry out its legislated functions.

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

Under paragraph 191H(2)(b) of the ATSI Act, ILC has the specific power to invest money of the ILC. In addition, subsection 193K(1) of the ATSI Act exempts the ILC from subsection 18(3) of the Commonwealth Authorities and Companies Act 1997 (the CAC Act). Subsection 18(3) of the CAC Act deals with the investment of surplus money.

In accordance with Australian Accounting Standards, ILC values its investments on a market-to-market basis. Accordingly, the change in market value in any given period is recognised in the Budgeted Departmental Income Statement.

ILC also holds properties for granting that have significant livestock on them. In accordance with Australian Accounting Standards, ILC values the livestock on a market-to-market basis. Accordingly, the change in market value in any given period is recognised in the Budgeted Departmental Income Statement.

3.2.3: Budgeted financial statements tables

**Table 3.2.1: Budgeted departmental income statement
(for the period ended 30 June)**

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
INCOME					
Revenue					
Revenues from Land Account	-	33,697	2,703	35,766	5,517
Interest	837	701	705	766	709
Other	12,705	13,801	12,500	9,773	9,229
Total revenue	13,542	48,199	15,908	46,305	15,455
Gains					
Other	-	-	-	-	-
Total gains	-	-	-	-	-
Total income	13,542	48,199	15,908	46,305	15,455
EXPENSE					
Employees	8,961	9,677	10,452	11,288	12,190
Suppliers	52,010	44,164	43,828	44,017	34,214
Depreciation and amortisation	1,584	1,500	1,500	1,500	1,500
Total expenses	62,555	55,341	55,780	56,805	47,904
Surplus (deficit) attributable to the Australian Government	(49,013)	(7,142)	(39,872)	(10,500)	(32,449)

Prepared on Australian Accounting Standards basis

Table 3.2.2: Budgeted departmental balance sheet (as at 30 June)

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
ASSETS					
Financial assets					
Cash and equivalents	461	461	461	461	461
Trade and other Receivables	2,151	2,151	2,151	2,151	2,151
Investments	210,863	164,341	124,470	113,970	81,521
Other	1,150	1,150	1,150	1,150	1,150
Total financial assets	214,625	168,103	128,232	117,732	85,283
Non-financial assets					
Land and buildings					
Infrastructure, plant and equipment	65,205	101,585	100,584	99,584	98,584
Inventories	137,088	152,088	174,888	197,688	220,488
Intangibles	141	141	141	141	141
Biological assets	27,563	30,563	31,563	32,563	33,563
Other	1,993	1,993	1,993	1,993	1,993
Total non-financial assets	231,990	286,370	309,169	331,969	354,769
Assets held for sale	-	-	-	-	-
Total assets	446,615	454,473	437,401	449,701	440,052
LIABILITIES					
Provisions					
Employees	1,993	1,993	1,993	1,993	1,993
Other	137,006	152,006	174,806	197,606	220,406
Total provisions	138,999	153,999	176,799	199,599	222,399
Payables					
Suppliers	3,509	3,509	3,509	3,509	3,509
Total payables	3,509	3,509	3,509	3,509	3,509
Liabilities included in disposal groups held for sale	-	-	-	-	-
Total liabilities	142,508	157,508	180,308	203,108	225,908
Net assets	304,107	296,965	257,093	246,593	214,144
EQUITY*					
Parent entity interest					
Reserves	1,400	1,400	1,400	1,400	1,400
Retained surpluses or accumulated deficits	302,707	295,565	255,693	245,193	212,744
Total parent entity interest	304,107	296,965	257,093	246,593	214,144
Total equity	304,107	296,965	257,093	246,593	214,144
Current assets	30,175	33,175	34,175	35,175	36,175
Non-current assets	416,440	421,298	403,226	414,526	403,877
Current liabilities	4,506	4,506	4,506	4,506	4,506
Non-current liabilities	138,003	153,003	175,803	198,603	221,403

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

Prepared in Australian Accounting Standards basis

**Table 3.2.3: Budgeted departmental statement of cash flows
(for the period ended 30 June)**

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	6,045	5,940	4,400	4,400	4,400
Revenue from Land Account	-	33,698	2,703	35,765	5,517
Interest	837	701	705	766	709
Other	12,899	7,462	4,084	4,042	4,119
Total cash received	19,781	47,801	11,892	44,973	14,745
Cash used					
Employees	8,961	9,677	10,452	11,288	12,191
Suppliers	65,991	53,992	49,860	50,069	40,285
Total cash used	74,952	63,669	60,312	61,357	52,476
Net cash from or (used by) operating activities	(55,171)	(15,868)	(48,420)	(16,384)	(37,731)
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of financial instruments	103,200	57,536	48,970	16,934	38,281
Total cash received	103,200	57,536	48,970	16,934	38,281
Cash used					
Purchase of property, plant and equipment	48,128	41,668	550	550	550
Total cash used	48,128	41,668	550	550	550
Net cash from or (used by) investing activities	55,072	15,868	48,420	16,384	37,731
Net increase or (decrease) in cash held	(99)	-	-	-	-
Cash at the beginning of the reporting period	560	461	461	461	461
Cash at the end of the reporting period	461	461	461	461	461

Prepared on Australian Accounting Standards basis

Table 3.2.4: Departmental statement of changes in equity — summary of movement (Budget year 2007–08)

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2008	302,707	1,400	-	-	304,107
Balance carried forward from previous period	-	-	-	-	-
Adjustment for changes in accounting policies	-	-	-	-	-
Adjusted opening balance	302,707	1,400	-	-	304,107
Income and expense					
Surplus (deficit) for the period	-7,142				-7,142
Total income and expenses recognised directly in equity	(7,142)	-	-	-	(7,142)
Estimated closing balance as at 30 June 2009	295,565	1,400	-	-	296,965

Prepared on Australian Accounting Standards basis

3.2.4 Notes to the financial statements

Departmental Financial Statements and Schedule of Administered Activity

ILC has no administered items and does not receive appropriations.

Asset valuation

From 1 July 2005, in accordance with Australian Equivalents of International Financial Reporting Standards, government agencies and authorities are required to use fair value basis to measure property, plant and equipment.

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 ILC (the parent entity) and its wholly-owned subsidiaries.

Investments

Investments are recorded at their current cash-based valuation at reporting date. Section 193K of the *Aboriginal and Torres Strait Islander Act 2005* states that the investment restrictions in Section 18(3) of the *Commonwealth Authorities and Companies Act 1997* do not apply to ILC.

Inventory held for distribution

Inventory held for distribution represents properties purchased for the purpose of transfer to appropriate organisations in line with the objectives of ILC and properties transferred to ILC as a result of the *Aboriginal and Torres Strait Islander Commission Amendment Act 2004*. Land purchases (including the related plant, equipment and livestock, acquisition and holding costs) are capitalised on purchase and classified as inventory. A provision is raised in the Budgeted Departmental Income Statement for the full cost of land purchases (excluding livestock) representing the sacrifice of future benefits embodied in the assets.

Biological assets

Livestock held for trading purposes is classified as biological assets. Livestock is valued at market value as at reporting date.

Recognition of income

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

Economic Dependency

ILC is dependent on the realised real return from the Land Account in accordance with Section 193C of the *Aboriginal and Torres Strait Islander Act 2005*.