

PRIORITY PROVISIONS

In undertaking its functions (s. 191F (2)) the ILC is required to give priority to:

- (aa) ensuring that as far as is practicable, Indigenous people derive social or cultural benefits as a result of the performance of the ILC's functions
- (a) ensuring that it has access to necessary skills and resources required to perform its functions
- (b) maximising the employment of Indigenous peoples
- (c) maximising the use of goods and services by businesses owned and controlled by Indigenous people.

LIMITS ON BORROWING

The ILC has the power to borrow money, but section 193L (2) limits the amount of borrowings of the ILC. The ILC made no borrowings during the reporting period.

LIMITS ON GUARANTEEING

Section 193N places limits on the amount of loan monies the ILC may guarantee in a financial year. In 2002-2003 the guarantees the ILC made did not exceed the limits determined by this section.

BUSINESS PRINCIPLES

When acting commercially the ILC must act according to sound business principles (s. 191F(1)).

ABORIGINAL AND TORRES STRAIT ISLANDER LAND FUND RESERVE (THE LAND FUND)

LAND FUND APPROPRIATIONS

From 1995-1996 until 2003-2004, \$121 million (indexed to 1994 values) will be appropriated annually to the Land Fund by the Commonwealth

Government. The legislative scheme set out in the ATSIC Act requires approximately 66% of this amount to be invested in building the capital base of the Fund. From 1 July 1997, the balance in total is drawn down annually to the ILC¹ for the performance of its statutory responsibilities. Table 1² provides an indication of the notional funding allocations to the Land Fund and to the ILC during the period of the establishment of the Fund, based on 1994-1995 dollar values (the financial year of the first special appropriation to the Fund).

The Land Fund will always remain the property of the Commonwealth. In 2004, when Government allocations to the fund cease, the ILC will receive the realised real return on investments of the Fund in the previous year, which will be its only source of recurrent annual earning to comply with its statutory obligations. This needs to be clearly understood by all affected by or relying on the ILC.

Under the legislative framework of the Land Fund, the securities available for investment include cash and its equivalents, nominal bonds and inflation linked securities. The Land Fund is precluded from investment in equity and property assets.

Based on information available at the end of the reporting period and projections to 30 June 2004, it is expected that the value of the Land Fund at 30 June 2004 will meet the target value as specified in section 193AA(2)-(3) of the ATSIC Act.

¹In 1995-96 and 1996-97 a portion of the draw down from the Land Fund (\$21 million indexed) was allocated to ATSIC to fund the ATSIC Land Acquisition and Management program. The ILC's involvement in land management commenced on 1 July 1997.

²The amounts shown in the table are, as noted, notional figures. The total shown in the table does not represent the Land Fund target. The formula for the circulation of the target amount is specified in section 193aa(2)-(3) of the ATSIC Act.

**TABLE 1:
NOTIONAL ALLOCATIONS TO AND FROM THE LAND FUND**

	Allocation to the Land Fund (ILC)	Retained in the Land Fund (1)	Transferred to the ILC (1) (2)	ATSIC Program (1) (3)
1994-1995	\$200 million	\$175 million	\$25 million	(\$21)(3) million
1995-1996	\$121	\$76	\$24	\$21
1996-1997	\$121	\$76	\$24	Nil
1997-1998	\$121	\$76	\$45	Nil
1998-1999	\$121	\$76	\$45	Nil
1999-2000	\$121	\$76	\$45	Nil
2000-2001	\$121	\$76	\$45	Nil
2001-2002	\$121	\$76	\$45	Nil
2002-2003	\$121	\$76	\$45	Nil
2003-2004	\$121	\$76	\$45	Nil
Total after ten years	\$1289(4)	\$859	\$388	\$42

- (1) The funding allocations are indexed from 1995-1996 to maintain value in 1994-1995 dollar terms.
- (2) Payments from the Land Fund to the ILC over this period are detailed in s.193A of the ATSIC Act.
- (3) The 1994-1995 funding for ATSIC was from ATSIC allocations and not from the Land Fund.
- (4) This table has been reproduced in successive ILC Annual Reports to illustrate in simple terms the gradual establishment of the Fund. To avoid confusion, dollar values have been retained at 1995-1996 values in subsequent reports. Note that the 'total' indicated here is not the Land Fund 'target', but the indexed allocations that will be received up to 2004.

The ninth appropriation of the Land Fund occurred on 2 July 2002. The ILC received the total appropriation of \$53.553 million.