Australian Government
Indigenous Land Corporation

TERMS OF REFERENCE
BUSINESS PLAN
LAND ACQUISITION – SOCIO-ECONOMIC DEVELOPMENT

INTRODUCTION

The ILC requires a current business plan to be submitted by all groups applying to the Land Acquisition – Socio-Economic Development program. This document outlines the key elements that should be incorporated into a business plan.

BUSINESS PLANNING

Business plans guide corporations in the development and operation of their proposed ventures. They seek to capture the vision, financial projections, expected needs and projected results of the venture. Business plans also assist in identifying and articulating the risks involved and developing strategies to manage these risks.

The ILC will not write your business plan or pay for a business plan to be prepared on your behalf. Agencies such as DEEWR and IBA can assist with preparing your business plan.

Please contact the ILC on **1800 818 490 (toll free)** if you require further explanation or information about developing your business plan.

BUSINESS PLAN ELEMENTS

Please ensure that the following key elements are included in your Business Plan:

1. Overview

a) Your business proposal.

b) The nature of the venture.

2. The Corporation

a) The structure of your corporation in legal, financial and operational terms.

b) The current financial position of your corporation, including a statement of assets and liabilities.

c) If your corporation already conducts a business, include the last three years' profit and loss statements and balance sheets.

d) The key people in your corporation, including an outline of their roles, responsibilities and their stake in the venture.

e) Skills, qualifications and experience of office holders of your corporation directly involved in the venture or other relevant project areas/industry.

f) Your knowledge and practice of sound corporate governance principles (e.g. participation in relevant training seminars, previous business management history).

3. The Business

a) The external influences that affect the venture in terms of the current market environment, method for marketing the products, labour requirements and availability and capital demands.

b) Any existing legal and informal business relationships and arrangements.

c) The performance of the industry, business or service regionally, with particular regard to any environmental issues that may affect the venture.

d) Proximity to markets, inputs, labour, expertise, professional assistance.

e) Any competitive advantage that your enterprise, region, product or service has.

f) Your business partners; their experience and expertise, and the skills and resources they bring to the business.

g) Your business structure, including a description of any joint arrangement and proposed equity sharing between stakeholders.

h) The profit and loss statements and balance sheets for the last three years, if you are acquiring an existing business.

4. The Plan

a) A detailed management plan, calendar of events and production assumptions.

b) Identified risks and related management strategies for issues such as disease, production loss, environmental, management, political and legal etc.

c) Description of infrastructure, plant, equipment and other assets. Include the level of development required including cost, maintenance, replacement cycle and expertise required.

d) Human resource planning and development involving training, education and any requirement for outside expertise. Include a description of the individuals involved, staffing levels and management of staff, succession plans and the management of risk associated with management and staff.

e) The mentoring, training and development schedule that will facilitate transfer of knowledge and skills to the applicant group.

f) Market development strategies required based on enterprise capacity and production. Include any development proposals for alternative market options, key market assumptions for production, price and product specification. Also include any identified risks and management strategies.

g) The management, operational and legal structures for the business including monitoring and reporting regimes, key performance indicators and critical success factors for all elements of the enterprise.

h) For rural businesses, a description of the natural resource base and a plan for management of natural resources, including utilisation and monitoring of water, pasture, stocking rates (if appropriate) and ecological sustainability of the proposed approach.

5. Financial Analysis of the Business Plan

a) Cash flow budgets for a minimum of three years and preferably five years. Cash flow budgets should reflect the specific enterprise or project planning undertaken rather than industry averages or benchmarks and be based on conservative estimates, including GST. Included should be a verifiable explanation of how the assumptions have been made.

b) Sensitivity analysis based on key assumptions such a price, expenses, productivity, interest rates etc.

c) Break even points for the key products.

d) Industry benchmarks and comparative analysis of enterprise and business projected performance against local, regional and industry benchmarks.

e) Analysis of liquidity and debt servicing ability.

f) Level of investment of applicant(s) and partners in the business including direct financial investment and investment of plant and equipment.

g) Finance structure and any repayment schedule.

h) Potential risks to financial performance and how such risks will be minimised and managed.

6. Monitoring and Evaluation

a) How progress against the Business Plan will be monitored.

b) A description of who will have responsibility for implementation and monitoring of the plan

c) Details of what will be monitored.

d) The key milestones and benchmarks by which the business will be monitored.