

## Chapter 4

### The Aboriginal and Torres Strait Islander Land Fund Annual Report 2002-2003

4.1 The annual report on the administration of the Land Fund is prepared under section 193I of the ATSIC Act. Under the section, the report is required to include particulars of amounts credited to, and paid out of, the Land Fund during the financial year, together with:

- particulars of investments of the Land Fund;
- the realised real return on investments of the Land Fund for the financial year; and
- such other information (if any) as is specified in the regulations.

4.2 The Committee notes that these requirements have been complied with, and that the Financial Statements for 2002–2003 have received an unqualified audit report.

4.3 The history of the Land Fund is contained in Appendix 1 to the ILC Annual Report. The report notes that the fund is to become a self sustaining capital fund by 30 June 2004, and the fund will receive the realised return on investments from the year before.

4.4 The Land Fund received its last payment from Government last July. The General Manager of the ILC, Mr David Galvin explained to the Committee that the consultative committee to the land fund – which includes the chair, another member of the board, Mr David Baffsky, as well as a delegate of the Minister for Finance (the chief financial officer of ATSIIS) – has written to the Minister for Finance, outlining a strategy to support the land fund in its task of providing ongoing income for the ILC. This includes the possibility of relaxing some of the existing investment restrictions.<sup>1</sup>

4.5 The Committee notes that for 2002–2003 the real return on investments exceeded the two per cent per annum previously identified as required (as at 30 June 2002) to reach the June 2004 target balance.

4.6 As the Report points out, this excess in the target for 2002–2003 does not necessarily mean that the same situation will prevail for the 2003–2004 financial year. The Report says:

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1 *Committee Hansard*, 2 March 2004, p. 4

... there still remains the potential for an actual shortfall by 30 June 2004, given the possibility of unfavourable market conditions during the course of the 2003-2004 financial year.<sup>2</sup>

4.7 The table below sets out the comparative progress of the fund over the last three reporting periods.

**Table 1 Land Fund Assets: Comparison 2000–2001 to 2002–2003**

Item	2002-03	2001-2002	2000-2001
Assets as at 1 July	\$1,095,203,524	\$940,695,947	\$784,498,585
Add special appropriation	\$90,444	\$88,845	\$87,446
Assets as at 2 July	\$1,290,657,412	\$1,095,203,524	\$940,695,947
Nominal return on Assets	8.85%	6.38%	7.89%
Inflation factor (set under subsection 193D(1) of the ATSI Act)	1.7%	2.7%	1.6%
Real return on Assets	7.03%	3.58%	6.19%
Required return to meet the target balance for June 2004	2%	2.5%	3.7%

### Issues arising from the Report

4.8 At the Committee hearing, the ILC was asked about Roebuck Plains Station. The Committee noted that at the inquiry into the last annual report of the fund, there was a stock strategy where by Roebuck Plains would feed prime breeding stock into other Indigenous owned pastoral leases in the Kimberley. This Annual Report did not appear to reflect any development in this area at all, and it appears that the strategy has been abandoned.

4.9 The ILC noted this was not entirely the case, but conceded that other initiatives had taken priority. The Committee considers that the strategy would assist in the improvement of Roebuck Plains and would also assist the other pastoral lease properties in the Kimberley which were to benefit from the scheme. In the next Annual Report, the Committee looks forward to an account of capability building at Roebuck Plains to enable the original plan to be implemented.

### Legislation

4.10 The Committee noted last year that proposed amendments to the *Financial Management and Accountability Act 1997* were part of the draft financial framework

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2 ILC Annual Report 2002–2003, pp. 132–133

legislation being considered by the Joint Parliamentary Committee on Public Accounts and Audit. The relevant amendment would alter the title of the Land Fund to the Land Account.

4.11 The Joint Committee on Public Accounts and Audit reported in August 2003; to date there has been no government response.

### **Conclusion**

4.12 The Committee notes the position of the fund at this important point in its development, and will continue to monitor its progress.

