



**NEW SOUTH WALES  
ABORIGINAL LAND COUNCIL**

**ANNUAL REPORT 2005 - 2006**

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“Liberate and **EMPOWER**  
Aboriginal People in  
New South Wales through  
**ECONOMIC** and **SOCIAL**  
**INDEPENDENCE.**”



## NEW SOUTH WALES ABORIGINAL LAND COUNCIL

20 February 2007

The Hon Reba Meagher  
Minister for Community Affairs, Youth and  
Aboriginal Affairs  
Governor Macquarie Tower  
1 Farrer Place  
Sydney NSW 2000

Dear Minister

We present to you the draft New South Wales Aboriginal Land Council Annual Report for the year ended 30 June 2006, in accordance with the provisions of the NSW Aboriginal Land Rights Act 1983, the Public Finance and Audit Act 1983 and the Annual Reports (Statutory Bodies) Act 1984.

Yours sincerely

Murray Chapman  
Administrator

# Report from the ADMINISTRATOR

MURRAY CHAPMAN



This report marks my third year as NSWALC's Administrator.

I was appointed by the then Minister for Aboriginal Affairs, the Hon. Dr. Andrew Refshauge MP, on 23 November 2003 after the Minister considered a report into NSWALC by Mr. Wayne Beauman of the accounting firm, Bentleys MRI. The investigator's report highlighted a number of problems in the council's administration.

My appointment was extended for twelve months from November 19, 2004. I was subsequently re-appointed until 15 November, 2006.

As I stated in my introduction to last year's Annual Report I regard my role at NSWALC as being that of a caretaker pending the return of an elected NSWALC council and as a "change manager" for the organisation.

My intention is that, when an elected council does return, it is able to work with better governance policies and procedures, more efficient management systems and structures, and a financial foundation that better fits the organisation and the land council network as it serves our people into the twenty-first century.

This remains my clear intent and I'm pleased to report that we have continued to make considerable headway in fulfilling that goal during this financial year.

New policy formulation, the introduction and implementation of new management

systems and structures, and consolidation of NSWALC's Statutory Investment Fund have all been key features of this reporting period.

Our achievements demonstrate an increasingly effective and efficient organisation firmly engaged with an ever increasing number of internal and external stakeholders, mindful that it is the remnant peak Aboriginal representative body on the eastern seaboard.

This was exemplified, in my view, by the organisation's response to one key development early in the reporting period. I refer to the sudden resignation of the former Deputy Premier, Treasurer and Minister for Aboriginal Affairs, Doctor Andrew Refshauge on August 2.

Within an hour of the swearing in eight days later of the Member for Swansea, Mr Milton Orkopoulos—Doctor Refshauge's replacement in the Aboriginal Affairs portfolio—NSWALC had a letter on his desk seeking an early meeting to discuss the need for the current reform agenda in Aboriginal Affairs to continue without falter.

At a subsequent meeting the Minister readily agreed with the need to continue the reform agenda, through the ALRA Review process announced by his predecessor, and to the ongoing restructure of NSWALC.

He made it clear he would seek to ensure the three-tier land council system in NSW was reformed and strengthened rather than abolished as

the Howard Government had done at the Commonwealth level with the Aboriginal and Torres Strait Islander Commission.

NSWALC did, however, have a range of policy differences with the Minister during the reporting period.

A major policy difference developed, for instance, over the timing of the next election for the return of a State Council.

NSWALC sought to have this election held in November, 2006, which would have brought my three year administration to an end.

Following considerable debate the Minister announced in October last year he had decided to gazette 19 May, 2007, as the date for the election. He stated that he did not want to hold such an election ahead of the next State Election in March, 2007 and the completion of the legislative process arising from the ALRA Review.

NSWALC had hoped this date could be re-gazetted if proposed legislative amendments arising from the ALRA Review could be introduced to the State Parliament early in the 2006 calendar year.

This appeared to be a slender hope at the time of writing this report, despite the release by the ALRA Review Taskforce of two major Issues papers on Land Dealings and Structure, Representation, Governance and Benefits.

A State-wide meeting of LALC representatives convened by NSWALC generated considerable agreement on many of the complex issues raised in those papers but the drafting of a legislative response to the review was proving to be a slow process as the financial year drew to a close.

Legislative amendments arising from the review were not expected to be introduced to State Parliament until late in the 2006 calendar year.

In stating the above, I am mindful that I noted in my Administrator's report last year that the ALRA review could not, and should not, be rushed

It was tasked with a fundamental examination of the base structure of legislation which was enacted, with the best of intention, more than 20 years ago and the relevance of key elements of that legislative structure have long since passed.

The Aboriginal Land Rights Act has delivered significant and valuable assets to the ALC network with the existing and future land base of land councils providing Aboriginal people in NSW with a degree of economic influence that too few of us appreciate fully.

The structure, however, is not geared to carry the system into the next phase of land rights, the sustainable development and management of our land base for the benefit of the present and future generations.

It is simply not geared to help us overcome the administrative overload and lack of capacity of Aboriginal land councils.

The review has the potential to deliver a better land rights system in NSW that allows us to build upon the gains of the past two decades. It also has the potential to establish new and much needed levels of transparency and participation in the various components of the land council network, particularly in governance, structure and representation.

The current legislative arrangements for land dealings by local land councils

are inadequate. We need an improved framework for managing, selling and developing land council land assets, particularly in regard to large scale commercial developments.

The Review Taskforce has proposed a much more comprehensive and holistic approach to the management of land dealings and has recommended fundamental changes on governance, structure and representation.

All of its work has been released to the ALC network and the general public.

Ultimately, all of us have a stake in the land rights legislation and the land council system in NSW. Accordingly, I urge people to continue to make their views known during the passage of proposed legislation through the State Parliament.

I would also remind everyone that the NSW Government has repeatedly committed itself to the return of an elected State Council.

Our job over the past year and into the coming year is to continue the reform program within NSWALC in preparation for this eventuality.

We must ensure that once an elected Council is returned, it can operate within a streamlined legislative structure supported by skilled and experienced staff and the necessary financial resources to ensure that Aboriginal concerns and Aboriginal views continue to be heard.

I have made it clear that I will not be party to any attempt to use the review to diminish the rights and gains which have been achieved over the past two decades.


We do, however, need change and legislative clarity.

In closing, I'm pleased to report that the NSWALC administration has made great gains during the reporting period in the restructuring of the organisation to meet current and emerging needs. Its achievements have been the result of a genuine team effort.

NSWALC's Chief Executive Officer, Mr. William Johnstone and NSWALC's staff continue to provide practical, principled professional advice and support for the reform process that is underway at NSWALC.

Among the many gains was solid growth in the value of the Statutory Investment Fund, a third successive unqualified audit, the bedding down of a new staff award and the new regional structure designed to re-connect with the network, a return to the core business of land claims, and the first increase in funding to LALC's from NSWALC in many years

I look forward to working with them during the coming year as we move into a key phase in that restructure, the transition to a new State Council.



Murray Chapman

# Report from the CHIEF EXECUTIVE OFFICER

WILLIAM JOHNSTONE



This report marks with my third year as Chief Executive Officer of the New South Wales Aboriginal Land Council.

It has, again, been a challenging but productive and rewarding year which has continued the operational and financial consolidation of the previous two years.

Many significant gains have been made during this reporting period in both our capacity and capability to deliver increasingly efficient support services to our constituents in the network of Local Aboriginal Land Councils and in eliminating many of the wasteful practices of the past.

We have continued to build on the major administrative restructure of the organisation, initiated by the former State Council, to address the previously reported deficiencies in expertise and strategic focus in most key management positions and in addressing low staff morale.

We have also continued to develop, refine and implement the new suite of governance policies and procedures, initiated by the former Council, and have progressively replaced redundant operating systems.

There have been many operational highlights during the year.

Chief among them has been a return to the core business of claiming land.

As foreshadowed in my last report NSWALC was due to begin the new financial year by signing a contract with

the Jumbunna Indigenous House of Learning to facilitate an intensive land claim process.

I'm pleased to report the project began early in this reporting period and NSWALC had filed more than 7,000 new land claims across the state as the financial year ended. These were being progressively lodged with the Registrar.

As you will see further into this report this is almost equivalent to the total number of land claims lodged throughout the first 20 years of the operations of the Aboriginal Land Rights Act (1983).

It compares with a total 336 land claims lodged in the 2004-05 financial year--which, in itself, was a 182 per cent increase on the previous reporting period.

This is an outstanding effort given the granting of land claims is the sole remaining form of compensation currently available under the ALRA for the dispossession of land.

It is essential, in my view, we continue to remind ourselves that the invasion of Australia by the British commenced a long and sorry history of dispossession of Aboriginal people from their land.

The taking of that land, and with it the capacity to be self sufficient, is a fundamental reason for much of the social and economic marginalisation still suffered by our people today.

That said, there has been an unwavering determination by Aboriginal people to retain and regain that land, often lost in



violent confrontation, since the onset of dispossession.

Given this history I have taken considerable pride as CEO of this organisation in being able to commit the necessary resources to accelerate the repossession of lost land.

I also reported last year that the organisation was preparing for a major role in the State Government initiated review of the Aboriginal Land Rights Act, 1983.

It should also be remembered that after more than 200 years of agitation for basic rights to land this legislation represented the first significant attempt by the State Government, and the NSW Parliament, to redress these wrongs.

The legislation, as the Administrator has pointed out, has delivered significant assets to the ALC network over the past two decades, not least being the representative and independently funded structure that is NSWALC.

The operational and financial demands of the system, however, have outgrown its legislative base. The Act has also failed to keep pace with contemporary governance requirements and commercial pressures.

NSWALC took a lead role in the work of the ALRA Review Taskforce which produced two major discussion papers.

A 112-page paper on Land Dealings was released in August, 2005. A 224-page document on Structure, Representation, Governance and Benefits was released in November. They contained more than seventy five options or recommendations for change.

A key continuing task was to ensure the voice of the land council network and the

wider Aboriginal community was heard during the review.

In this regard NSWALC also took a leading role in community consultations. This work culminated in a NSWALC-convened state-wide meeting of ALC representatives early in the 2006 calendar year which reached agreement on more than 90 per cent of the options for change outlined in both discussion papers.

It is the first time NSWALC has undertaken such a detailed and strategic public awareness campaign, a fact noted by many ALC representatives.

NSWALC maintained close contact with the Minister's staff and other stakeholders to seek to ensure the eventual smooth passage of any legislative amendments.

As this reporting period came to its conclusion NSWALC was advised a Cabinet submission was expected to go forward early in the new financial year with consequential legislation introduced to the Spring Session of Parliament in September 2006.

We were also advised the great majority of the proposed amendments identified in the Task Force Discussion papers would be adopted by Government and be reflected in the legislation but a number of key issues would remain to be resolved, including a new land dealings regime and the eventual shape of a new State Council.

The ALC network was kept fully informed of developments.

On the operational side of the ledger, the key challenges for the year included the need to maintain the impetus of the organisational changes, particularly at the regional level through the new Zone office structure, to maintain the steady

growth in the Statutory Investment Fund, the peaceful negotiation and introduction of a new staff award, and achievement of another unqualified audit.

All were achieved.

I'm particularly pleased to report that the value of the Statutory Investment Fund has grown from \$583.8million as at June 30, 2005 to \$637 million as at June 30 2006.

This represents an increase of \$54 million during the reporting period and equates to a rate of return of more than 13%.

The growth in the fund allowed us to consider an increase in NSWALC's annual administrative allocation to all Local Aboriginal Land Councils in the state for the first time in more than six years.

A new NSW Aboriginal Land Council Staff Award 2006 was finalised and passed through the NSW Industrial Relations Commission in March, 2006.

The initial NSWALC staff award was made in 2002 with the Public Service Association (PSA) of NSW for a period of three years and lapsed in October, 2005.

In re-negotiating the new conditions of the Award, NSWALC took into consideration a range factors including issues raised by the PSA and their members, non-union staff and the senior management team.

It was also recognised that the impending introduction of the Federal Government's Workchoices Legislation may have had an adverse impact on both the NSWALC and staff.

Despite a PSA claim for a 15 per cent wage increase the negotiation of the new award was approached by NSWALC in a spirit of co-operation with the union

and was concluded without affecting our record of industrial harmony.

The award provided for a wage increase of 6 per cent—backdated to October, 2005 with automatic increases of four per cent per year from 2006 to 2008—in line with current National Wage Case determinations and the three year duration of the new Award.

The major operational disappointment during the year was the inability of the State Government to respond to NSWALC's calls for a State Council election in November 2006 which is touched upon in the Administrator's report.

In conclusion, I should point out, as I did last year, that all of the changes outlined above were achieved while dealing with an increasing range of complex issues which often required urgent daily attention, particularly in relation to compliance issues and land dealings.

The fundamental reconstruction required in recent years to ensure NSWALC's continued relevance continues to gather momentum.

We are now an organisation which can readily adapt to rapid political and administrative change within our operating environment and continue to seek and obtain sustainable outcomes for our constituents.

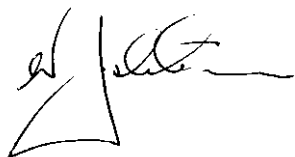
We can, and do, make a positive difference to Aboriginal people in New South Wales but prudent management of the Fund and ongoing renewal and reform are all essential elements of this.

So too, in my view, is a new degree of solidarity within the land council system.

First and foremost is the need for everyone committed to Aboriginal self determination to seek to work together on common goals.

In closing I'd like to express my gratitude to NSWALC Administrator, Mr Murray Chapman. He was given a difficult task which he has performed in a professional, constructive and courteous manner.

He has been instrumental in facilitating the fundamental operational and cultural change within NSWALC's administrative arm. I look forward to working with him over the next year to ensure we continue to build on the gains outlined in this report and prepare for the anticipated return of a State Council under streamlined legislation.

A handwritten signature in black ink, appearing to read 'W. Johnstone', with a stylized flourish at the end.

William Johnstone  
Chief Executive Officer



New South Wales  
Aboriginal Land Council

Overview

This report covers the activities and financial dealings of the New South Wales Aboriginal Land Council for the period 1 July 2005 to 30 June 2006. It provides a summary and highlights of our activities and achievements during that period.

The report also includes the financial and other reports required under the NSW Government's Annual Reports (Statutory Bodies) Act 1984.

The Council is at present in the hands of an Administrator. It has been so since 20 November 2003.

Under clause 98 of the Aboriginal Land Rights Regulation 2002 the Minister for Aboriginal Affairs must determine the date of an election for State Council in consultation with the Administrator/Council.

The Minister determined during this reporting period that the next election for State Council would be 19 May, 2007 despite representations from NSWALC, and others, that it be held in November 2006.

It is for this reason that the normal functioning of Council is described in terms which assume a model of elected representative members collectively setting policy direction, with an experienced CEO and skilled team of senior managers, administering the support systems to assist local Aboriginal communities to achieve economic and social independence.

For the benefit of new readers, it is important to place in context the way in which this organisation came into being, what the Land Council system in New South Wales is designed to do, and how it goes about doing it.



## Who We Are and What We Do

The New South Wales Aboriginal Land Rights Act 1983 gives the New South Wales Aboriginal Land Council (NSWALC) the mandate to provide for the development of Land Rights for Aboriginal people in NSW.

A self funding Statutory Authority, the Council is committed to the ongoing provision of high quality support and advice to the Local Aboriginal Land Council network and empowerment of Aboriginal communities through:

- Land acquisition either by land claim or purchase
- Establishment of commercial enterprises to create a sustainable economic base for Aboriginal communities
- Maintenance and enhancement of Aboriginal culture, identity and heritage (including the management of traditional sites and cultural materials within NSW).

In addition, NSWALC acts as an advisor to and negotiates with Governments, and other stakeholders, to ensure the preservation of Aboriginal rights.

It is the peak Aboriginal representative body in NSW charged with managing a Statutory Investment Fund and oversees the development and management of a significant Aboriginal owned land estate.

The total area granted under the ALR Act is approximately 80,036 hectares, or just under one per cent of the New South Wales land area. It has a value conservatively estimated at \$771.6 million.

Added to this are properties acquired by purchase or other transfer of land (such as former missions/reserves) into LALC ownership—giving a total of over 616,461 hectares, with an unimproved capital

value at approximately \$952.6 million.

The Aboriginal Land Rights Amendment Act (2001), proclaimed on 25 October 2002, set out an improved set of accountability requirements while at the same time in theory permitting a greater degree of autonomy by LALCs in their dealings with land. For example, under the new Act, LALCs can, within guidelines, purchase, dispose of and lease land without specific prior approval from NSWALC or the Minister. All major commercial developments must be approved by NSWALC.

Those sections of the ALR Act which govern land dealings are now under careful examination as part of a comprehensive review of the ALR Act announced by the then Minister for Aboriginal Affairs, Doctor Andrew Refshauge on May 26, 2004

The Minister requested the three-person Taskforce established to conduct the review to focus its attention first on the issue of land dealings. A detailed Issues Paper on the land dealing provisions of the ALR Act was publicly released in August 2005.

A detailed Issues Paper on Structure, Representation, Governance and Benefits was publicly released in November, 2005.

The two Issues Papers contained a total of 76 recommendations/options to streamline the ALR Act., which are reported upon later in the section of this report on the Review of the Aboriginal Land Rights Act.

## Our Clients

The Council normally consists of 13 democratically elected members who represent the 13 Aboriginal land council regions in New South Wales. The Council is supported in its work by a Head Office, located in Parramatta, headed by a Chief Executive Officer with the delegated authority of the Council to assume responsibility for all aspects of the day to day operation of the Council's affairs.

The principal client of NSWALC is the network of 121 Local Aboriginal Land Councils which collectively manage the range of support services delivered at local level to their communities. These services include housing, legal affairs, employment, training and property acquisition and management.

During the reporting year, NSWALC has continued to refine its management structure and to restructure the distributed support for Local Aboriginal Land Councils.

As reported last year an 11 Branch structure with minimal staffing, was replaced with a new Zone Structure with offices established in three regional centres (Dubbo, Queanbeyan, Coff's Harbour) and Sydney.

## Aims & Objectives

NSWALC is empowered under legislation to:

- i) administer the NSWALC Account and Mining Royalties Account
- ii) grant funds for payment of the administrative costs and expenses of Regional and Local Aboriginal Land Councils
- iii) acquire land on its own behalf or on behalf of, or to be vested in, Local Aboriginal Land Councils
- iv) determine and approve/reject the terms and conditions of agreements proposed by Local Aboriginal Land Councils to allow mining or mineral exploration on Aboriginal land
- v) make claims on Crown lands, either on its own behalf or at the request of Local Aboriginal Land Councils
- vi) with the agreement of the particular LALC, manage any of the affairs of that Council
- vii) conciliate disputes between Aboriginal Land Councils or between Councils and individuals or between individual members of those Councils
- viii) make grants, lend money to or invest money on behalf of Aborigines
- ix) hold, dispose of or otherwise deal with land vested in or acquired by NSWALC
- x) ensure that Regional and Local Aboriginal Land Councils comply with the Act in respect of the establishment and keeping of accounts and the preparation and submission of budgets and financial reports
- xi) ensure that elections for the Chairpersons and other officers of Regional and Local Aboriginal Land Councils are conducted in accordance with the Act
- xii) advise the Minister on matters relating to Aboriginal land rights, and
- xiii) exercise such other functions as conferred or imposed on it by or under the Aboriginal Land Rights Act (1983) or any other Act.

The NSW Aboriginal Land Rights Amendment Act (2001), proclaimed on 25 October 2002, provides for NSWALC to carry out the following additional functions:

- (i) to mediate, conciliate and arbitrate disputes relating to the operation of the Principal Act between Aboriginal Land Councils, between those Councils and individuals, or between individual members of those Councils and to refer such disputes to the Registrar or independent mediators, conciliators and arbitrators
- (ii) with the approval of the Minister, to make grants or lend money to a funeral scheme established for the benefit of Aboriginal persons
- (iii) to compile and maintain a consolidated roll of all members of Local Aboriginal Land Councils
- (iv) to compile and maintain a register of all land held by Local Aboriginal Land Councils
- (v) to make prescribed information contained in the land register or consolidated membership roll that relates to a Local Aboriginal Land Council available on request to members of that Local Aboriginal Land Council.

There were five key objectives within this framework for NSWALC in 2005/2006, as articulated in the NSWALC Business Plan. They were as follows:

1. NSWALC will provide leadership to influence the policy of government and other stakeholders to preserve Aboriginal culture and heritage and create economic, social and cultural improvements for Aboriginal people.

2. (Create) A network of fully functional, transparent, well governed Regional and Local Aboriginal Land Councils.
3. To help the LALCs acquire and develop assets to become financially viable.
4. To improve the internal operations of NSWALC
5. To maximise the return on the investment portfolio while maintaining an acceptable capital risk profile.

These revise the five key objectives previously articulated in the NSWALC Business Plan.

Strategies and actions were also developed to assist the Purpose, Objectives, and Key Performance Indicator targets set during the revision of the Plan. Responsibilities for implementation are assigned at a work unit level.

The strategies included:

- Take a leadership role in the promotion, protection and preservation of Aboriginal culture and heritage.
- To secure and enhance the current legislative rights to land.
- Take a leadership role with Governments and other stakeholders to work to improve the economic and social well being of Aboriginal people.
- Ensure the appropriate organisation structures, staffing, policies and procedures are in place to promote effective and efficient internal operations



- Ensure NSWALC's organisational culture is based on performance and continuous improvement, foster a culture of shared information, and develop and maintain an effective risk management culture.
- Work to increase NSWALC's public advocacy position informed by evidence based research, respond to emerging issues, and improve the communication between NSWALC, LALC's and RALC's.
- Work to maximise the participation of NSWALC's constituents and the wider Aboriginal community in all relevant political processes.
- Provide support, assistance and relevant training to RALC's and LALC's to enable them to better manage their administration and to meet their obligations under the ALRA.
- Monitor the financial and non-financial performance of the RALC's and LALC's
- Assist LALC's to prepare community business plans and facilitate the provision of best quality professional business advice and mentoring to LALC's and assist them evaluate potential business opportunities.
- Develop clear funding guidelines to provide equitable funding to all LALC's and RALC's.

### **Regional Aboriginal Land Councils (RALCs)**

There are 13 RALCs located across New South Wales. Each regional Aboriginal land council is made up of representatives elected by the various Local Aboriginal Land Councils. RALCs are designed to play an advisory role in the management of the land council network and do not

have direct authority over any Local Aboriginal Land Council (although a RALC can make recommendations for consideration by a LALC or the NSWALC). Importantly, the RALC provides a local support base for LALCs and their elected Councillor.

The RALC is a statutory authority with the responsibility to:

- a. compile and maintain a register of all Local Aboriginal Land Councils within its area
- b. provide assistance to Local Aboriginal Land Councils in the preparation of claims on Crown land or the negotiation of the purchase or sale of land
- c. assist Local Aboriginal Councils in the establishment and keeping of accounts and submission of budgets and financial reports
- d. provide advice and further assistance as required by Local Aboriginal Land Councils in its area
- e. assist the NSWALC to conciliate any disputes between Local Aboriginal Land Councils, or between those councils and individuals, or between individual members of Councils, and
- f. exercise such other functions as are conferred, or imposed on it by, or under the Aboriginal Land Rights Act (1983), or any other Act.

The 2001 Amendments to the Act brought some changes to these responsibilities designed to streamline their operation and allow a greater focus on support to LALCs to help them meet their more onerous responsibilities under the new Act.

Regional Aboriginal Land Councils operated during 2005/2006 from the following locations:

<b>Armidale</b>	Northern Tablelands Region
<b>Gosford</b>	Sydney/Newcastle Region
<b>Lismore</b>	North Coast Region
<b>Moama</b>	Murray River Region
<b>Nowra &amp; Bateman's Bay</b>	South Coast Region
<b>Wagga Wagga</b>	Wiradjuri Region
<b>Coonamble</b>	North West Region
<b>Kempsey</b>	Central Coast Region
<b>Liverpool &amp; Gosford</b>	Western Metropolitan Region
<b>Batemans Bay</b>	Far South Coast Region
<b>Quirindi</b>	Northern Region
<b>Menindee</b>	Western Region
<b>Dubbo</b>	Central Region

A map setting out the boundaries of each Regional Council may be found at the rear of this report.

## Local Aboriginal Land Councils (LALCs)

Local Aboriginal Land Councils are located across New South Wales. The number within each Region varies and ranges from three to 16, and the current total is 121. Each LALC elects its own office bearers (chairperson, secretary and treasurer) and also elects two regional representatives to attend meetings at their RALC. Staff and members are encouraged to access advice, information and support from the NSWALC.

LALCs work for their members and the wider Aboriginal community living in their local area. They assist in matters relating to the areas of housing, legal affairs, employment and other day-to-day matters involving Aboriginal people in accordance with functions detailed under the Act.

The Act established the land council structure in a way that has sought to achieve a high degree of participation and involvement by every Aboriginal person in the affairs of their local community.

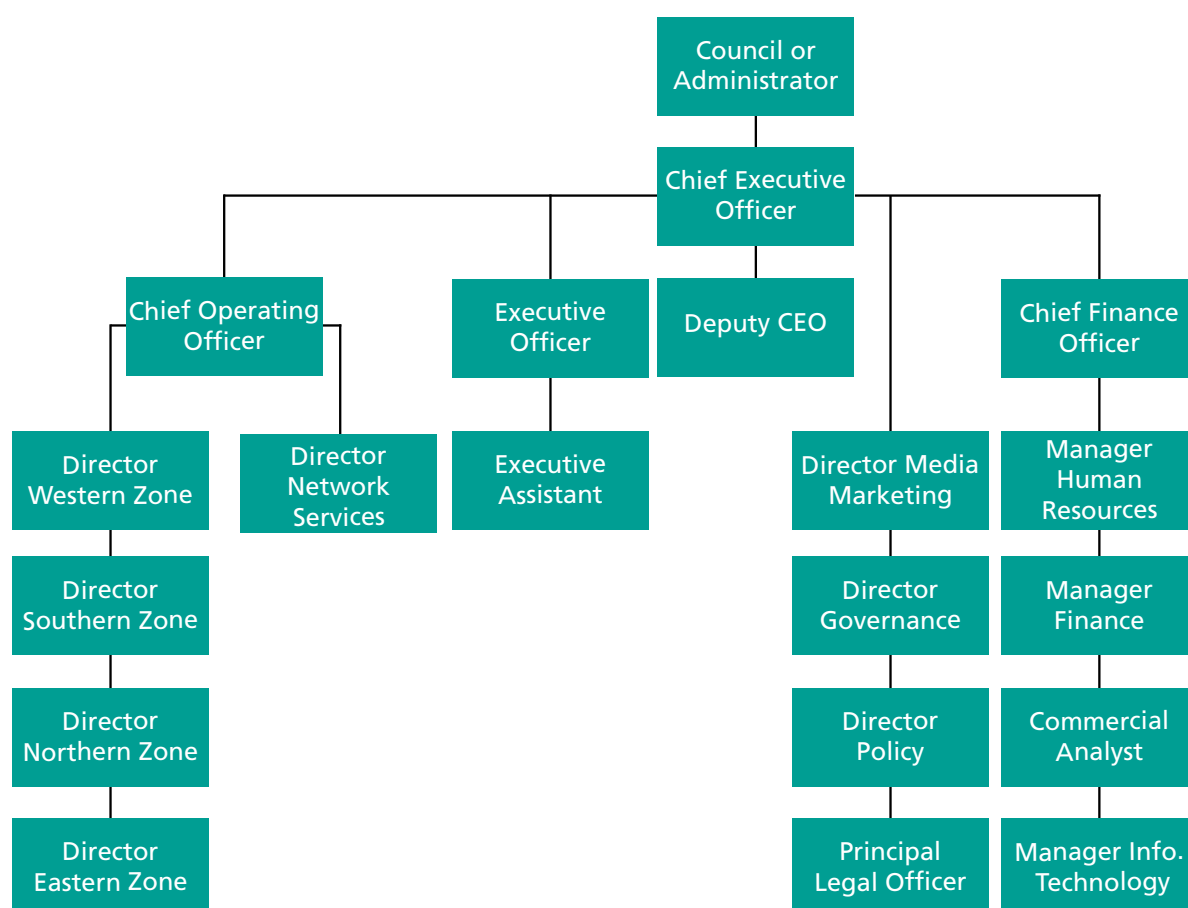
The Amendment Act clarified the reporting standards expected by the NSW Government for Land Councils and set in place a general framework for increased public accountability.

A complete list of Local Aboriginal Land Councils is located at Appendix 1 on page 148.

## Council Structure & Membership

The New South Wales Aboriginal Land Council's elected arm normally consists of 13 Councillors, democratically elected by Local Aboriginal Land Council members to serve four year terms. The Council itself elects office bearers. The positions of Councillor are established under the NSW Aboriginal Land Rights Act, 1983 with salaries determined by the Statutory and Other Offices Remuneration Tribunal for Public Office Holders.

## Organisation Structure



The administrative arm of NSWALC has been arranged in functional areas relating to the core business of the Council - namely, Land Rights, Investment and support to the Land Council network. The organisation has traditionally been structured around a range of management and support areas including Executive, Human Resources, Training & Development, Accounts, Purchasing, Fleet Management, Field Liaison and Internal Audit.

Strategic priorities in recent years, as well as structures, had been determined in response to the requirements of the long-awaited Amendment Act (2001) which was finally proclaimed (with Regulations) on 25 October 2002. The organisational structure of the administrative arm has undergone significant change in the past three years.

The new Zone Office structure, which was established last financial year, was designed to ensure more skilled resources were being placed closer to the client group they were designed to support.

This entailed a simplified corporate structure with boosted support for LALC's. Substantial capability was also added to the organisation in terms of policy development and project management, much of this via short term contracts and consultants for specific tasks, pending a recruitment campaign to fill positions on a permanent basis.

Recruitment of suitable qualified and specialist staff has always been problematic for hybrid organisations such as NSWALC. As at 30 June 2006, actual staffing level was 74 persons with 31 of these functioning in the Zone Offices. This represents a slight increase on actual staff numbers at the close of the previous reporting period.

## Executive

During 2005/2006, the NSWALC had four positions at the Senior Executive Level. Those positions were Chief Executive Officer, Deputy Chief Executive Officer, Chief Operating Officer and Senior Finance Officer.

Mr William Johnstone had been appointed Chief Executive Officer by the former State Council in September 2003 while Ms Margaret Palmer took up the position of Chief Finance Officer in June 2005.

Recruitment action resulted in the appointment of Mr Malcolm Davis to the permanent position of Chief Operating Officer in March 2006. Mr. Davis had previously acted in the position to assist in the bedding down of the new Zone structure.

Mr Geoff Scott was appointed to the position of Deputy Chief Executive Officer in a temporary capacity in June 2006, in addition to his management role of NSWALC's response to a Government initiated review of the ALR Act.

His appointment was a key component of a re-definition of the leadership of the senior management roles within the organisation. The Legal Services, Governance, Land, Council Secretariat, and Policy units were placed under his management.

In keeping with the emphasis on a return to core business—land claims and land management—the Land Services Unit was bolstered.

A number of positions at the Executive Level were also established and filled as part of the on-going restructure of the organisation.

## Finance and Administration Division

As part of this restructure, the Finance, Administration, Human Resources, Information Technology and Commercial Services Units had been brought together to form the Finance & Administration Division.

The Senior Finance Officer position had been established to take responsibility for the Finance & Administration Division, including the following functions and responsibilities:

### Finance

- Strategic and operational planning and budgeting
- Financial and management reporting
- Financial accounting services
- Statutory and regulatory compliance
- Treasury and investment funds management
- Payroll
- Funeral grants
- Insurance

### Administration

- Fleet management
- Purchasing
- Reception
- General administration

### Human Resources

- Occupational Health & Safety
- Industrial relations
- Personnel records & administration
- Policies & procedures
- Recruitment & selection
- Organisation design
- Performance management processes
- Training & development
- Pay & benefits

### Information Technology

- Support for all information technology and management information systems

## Commercial Unit

As previously reported a Commercial Unit was established in April 2004. It has four principal functions and responsibilities:

1. Commercial advice and assistance to all areas of NSWALC;
2. All "land dealing" issues;
3. Commercial advice and assistance to all LALC's; and
4. Management of NSWALC's properties, including Rural Properties.

Since its formation the Commercial Unit has engaged appropriately qualified and experienced personnel. They are focused on ensuring the purposes outlined above are addressed professionally and expeditiously.

They bring extensive experience in property development and management, residential real estate management, financial, commercial and strategic management, business planning and accounting.

As at 30 June 2006, the Unit consisted of a Manager, Mr. Simon Spicer, a Commercial Analyst and a Property Coordinator.

## Human Resources Unit

The Human Resources Unit was established to provide an extensive range of services to Management, staff and Councillors as well as providing advice to Regional & Local Aboriginal Land Councils.

The Unit is responsible for all matters relating to personnel functions, Occupational Health & Safety, Industrial Relations, Recruitment and Selection and also provides advice and support with performance management issues and coordinates the implementation of disciplinary action where considered necessary.

The accurate maintenance of all staff and establishment records, providing counselling and advice to staff, and the processing of conditions of employment in accordance with the NSWALC Staff Award, Policies and Procedures, and legislative requirements are fundamental functions of the Unit.

A major additional responsibility of the Unit during the reporting period has been associated with the NSWALC review and restructure.

The Unit has had significant involvement in the development of strategies and policies associated with the restructure as well as coordinating the development and evaluation of position descriptions, commencement of recruitment action together with the management of affected staff.

During the reporting period, the Unit has also been involved in the consultative process and the development of strategies and time frames for the improved management of NSWALC's rural properties.

It is anticipated that the future will see the Unit evolve to meet the new demands placed on the NSWALC and to work in consultation with the Zone Offices to assist RALC's and LALC's in the development and implementation of sound human resource practices.

## Network Services Unit

As reported in the 2003/2004 Annual Report the results of an organisational restructure conducted during 2000/2001 led to the creation of the Land Council Services Unit to provide a range of support services to LALCs.

This unit was the operational “core” of NSWALC’s dealings with the network of local Aboriginal Land Councils with the assistance of Branch offices and incorporated the functions and responsibilities of the former Land Rights Unit and the former Field Liaison Unit.

Further consideration was given to the purpose of this unit during the review of structure during 2004/2005 and the first half of the current reporting period.

Its focus shifted to the provision of direct support to the newly created Zone Offices through the development of relevant operational processes and procedures. These are designed to provide a consistent approach to service delivery from the Zone offices to LALCs.

The unit was renamed the Network Services Unit.

During the 2005/2006 reporting period further consideration was given to the

purpose of the Network Services Unit and its relationship with other established Units within the NSWALC structure.

The former land rights functions during 2005/2006 had continued under the management of the Commercial Unit.

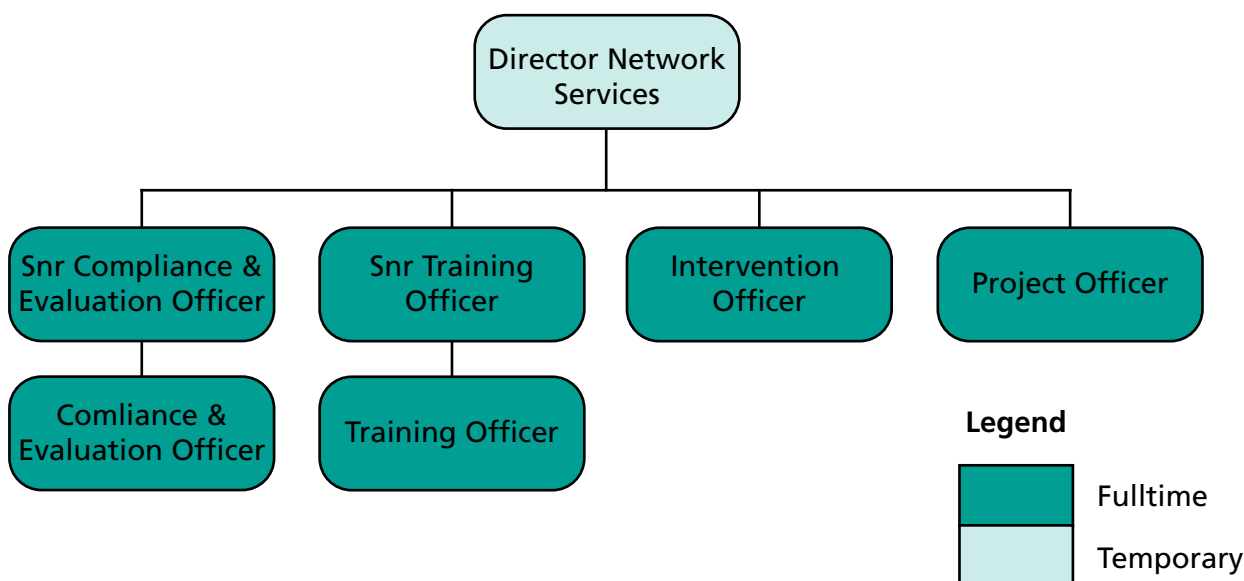
In the new financial year, however, the land rights functions will be established under a new position to be known as the Director of Lands.

The Director of Lands will also manage the Commercial Unit which will have a continued association with the Senior Land Rights Officer, Land Rights Officer and Land Claims Officer.

The Director of Lands will report to the Deputy CEO.

The Intervention Officer position, which deals with the appointment of Investigators and Administrators, transferred from the Governance Unit to Network Services Unit during 2005/2006.

The transfer was considered to be in line with the functions of the operational area and allowed for the direct management of the important area of Administrators and Investigators.





## Network Services Unit Current Structure

During this reporting period a senior bureaucrat, Mr. Michael Stewart, was appointed to the position of Director, Network Services following the appointment of Mr. Malcolm Davis as Chief Operating Officer.

Mr Stewart held the position from September 2005 until June the following year when he was appointed acting director of the Southern Zone office.

He was replaced by another senior officer, Mr. Bob Davis, who had joined NSWALC earlier in the year as a strategic research analyst.

## Zone Offices of NSWALC

As reported earlier NSWALC had previously provided support to LALCs directly through a network of Branch Offices.

Lack of depth of skilled resources at the Branch level contributed in part to the decision to consolidate the 11 Branch Offices into Zone Offices, each with the resources to adequately service the particular needs of the LALCs in their Zone.

The Zone offices all became fully operational in December 2004 and gradually consolidated their operations with the ALC network during the current reporting period.

The recruitment of Zone staff with considerable experience in Aboriginal Affairs complemented the range and depth of skills brought to the organisations in the staff appointments during the reporting period in Head Office.

## Governance Unit

This Unit was established in 2004/05 under the reformed structure to provide a focus on improved corporate governance within NSWALC and the network. It was managed throughout the reporting period by Mr. Colin Plowman, who has a wealth of experience in the governance area of Aboriginal Affairs, at both the State and Federal level.

Specific functions and responsibilities of the unit are:

- Development and implementation of a risk management framework.
- Developing; implementing, managing, evaluating and monitoring procedures for decision making that ensure establishment and maintenance of satisfactory Governance systems and practices including assisting in the effective functioning of the NSWALC Board;
- Developing an effective complaints management process for NSWALC in accordance with transparent policies and procedures.
- Ensuring effective and business like relationships between NSWALC and external agencies with responsibility for effective governance. In particular the Ombudsman, Independent Commission Against Corruption (ICAC), the Department of Aboriginal Affairs (DAA) and the Registrar of the ALRA. All

reporting, actions and internal procedures must adequately address the requirements of the Ombudsman Act 1974, Independent Commission Against Corruption Act 1988 and other relevant legislation.

- Manage the policies and procedures governing the appointment and management of Administrators and Investigators to Local Aboriginal Land Councils under Sections 222 and 216 of the Act, respectively, in conjunction with Zone Offices
- In the longer term to ensure LALCs have appropriate risk management, governance, fraud control and complaints handling mechanisms in place.
- Ensure Secretariat services to the NSWALC Council/Administrator and its various committees.
- Ensure effective internal audit services to NSWALC
- Ensure quality assurance with NSWALC policies and procedures.
- Business and Corporate Planning
- Management of NSWALC's responsibilities with regard to LALC membership rolls. That is to maintain a consolidated roll and ensure that LALC's meet their statutory responsibilities; and
- Quality assurance of NSWALC's policies and procedures.

The Governance Unit also oversees high risk and complex LALC issues, particularly those concerning administration.

During 2005/06 the overview of the policies and procedures governing the appointment and management of Administrators and Investigators to Local Aboriginal Land Councils under Sections 222 and 216 of the Act was transferred to Operations.

The responsibility for business and corporate planning were transferred to the Governance Unit.

## Strategic Planning & Policy Unit

The SPPU performs a key role in the management of NSWALC's relationship with policy makers in government and a range of agencies involved in the administration of Aboriginal Affairs at both State and Commonwealth level.

The SPPU, which had been inactive for a twelve month period, was re-activated with the temporary appointment in May 2004 of Mr. Robert Burgess as Director of the Unit. Mr Burgess was seconded from the NSW Department of Health for an initial period of six months. His appointment was subsequently extended on an ongoing temporary basis, ahead of a recruitment campaign for the position which saw him appointed on a full time basis in November 2005.

During the reporting period job descriptions were updated and three policy officer positions were evaluated in preparation for permanent recruitment. The positions reflect NSWALC's business objectives in the key areas of:

- promotion of Aboriginal culture
- protection of Aboriginal heritage,

- increased Aboriginal participation in natural resource management and share of its benefits
- improved access to culturally appropriate human services and better outcomes for Aboriginal people.

Jason Field, formerly Director of Research at the Jumbunna House of Indigenous Learning, University of Technology, Sydney was appointed to the position of Senior Policy Officer.

Ms Stephanie Moore resigned her position In June 2006 to take up an overseas posting in a voluntary capacity in Vietnam. She made an important contribution to the work of the Unit during her term of employment at NSWALC.

## Media & Marketing Unit

With the joint aims of improving the organisation's profile as well as facilitating improved communication with the broader community and also within the Land Council network, the Media & Marketing Office has an important role in the ongoing development of NSWALC.

The Media & Marketing Office's functions and responsibilities include:

- Monitoring of Indigenous issues in the media
- Responding to daily media inquiries
- Responding to requests for information from community and government bodies
- Liaising with community and government organisations
- Providing media advice and briefings for Councillors/Administrator and senior staff
- Initiating positive stories
- Responding to negative reports
- Organising events and promotional activities
- Publishing and updating NSWALC online services and information sheets
- Assisting NSWALC Units and Zone Offices with promotional activities and publications

The position of Director, Media and Marketing was held by Mr. Brian Johnstone throughout the reporting period. He also acted in the position of Executive Officer to the Chief Executive Officer

## Legal Services Unit

The Legal Services Unit (LSU) came into being in January 2002 as a discrete entity.

Formerly part of the Land Rights Unit, the LSU was to not only continue the work previously undertaken by legal officers working in the Land Rights Unit (briefing barristers on significant Land Claims and assisting LALCs to decide whether or not to pursue a particular claim), but was also to provide legal services more strategically to the CEO and Council.

The plan, therefore, was that as a dedicated Unit, the LSU would have been capable of providing better managed, comprehensive legal services both to NSWALC and to various Regional and Local Aboriginal Land Councils within NSW.

Prior to the establishment of the LSU, various units engaged legal practitioners independently of the Legal Officers. There were numerous problems arising from obtaining advice in such an ad hoc fashion.

This included duplication of (or conflict with) advice already obtained; legal costs not properly negotiated; advice being retained by one officer and not being made available to other staff or Council; inappropriate selection of legal practitioners with insufficient expertise on the particular point of law in question; no central conduit for managing the growing in-house legal knowledge of NSWALC.

The Legal Services Unit was fully staffed throughout the reporting period allowing much of NSWALC's legal work to be conducted in house.

The Unit comprised three solicitors, a Principal Legal Officer, Senior Legal Officer and Legal Officer and one administrative assistant.

Given the full staffing complement the Unit was able to:

- manage internally a higher number of legal matters (hence reducing the reliance on, and cost of, an array of barristers and solicitors);
- provide closer management and supervision of matters briefed out (to reduce the incidence of double handling and unnecessary duplication);
- monitor/oversee all NSWALC legal issues; and
- deal with a broader range of legal issues by virtue of acquired expertise in a wider field of legal experience.

During the reporting period the LSU increasingly provided direct assistance on land rights in direct advice to the Land Rights Unit and by direct involvement with external solicitors in the assessment of refusals of land claims and the running of appeals on refused land claims.

The Unit also became increasingly involved in many of the commercial activities of NSWALC and the ALC network in concert with the Commercial Unit.

For example the LSU was involved in the analysis and assessment of many of the more complex applications for approval under sections 40B and 40D of the Act.

The Principal Legal Officer, Ms Linda Whelan, joined NSWALC in August 2005.



New South Wales  
Aboriginal Land Council

# Review of Operations

## Review of Operations

The various operational areas of NSWALC conduct regular internal reviews of their operations, as well as being subject to external review by a range of bodies.

The following is a review of operations and a summary of achievements during the reporting period.

### Finance & Administration Division

The Finance & Administration Division reported a hectic workload during the 2005/06 financial year under the management of the Chief Finance Officer, Ms Margaret Palmer, who, as reported earlier, joined NSWALC in June 2005.

Ms Palmer spent a considerable amount of time building a team around her, bedding down the restructure of the division, and developing and implementing a range of new policies, procedures and systems.

The achievements of the division included:

### Budgeting

The Finance Unit reviewed the budgeting model used to submit NSWALC's annual budget to the Minister.

A new budgeting model was developed and implemented during the year for the 2006/2007 budget submission.

The new budgeting model provides a fuller picture of NSWALC's operations, including forecast information on the Investment Fund, projected debt recovery, and a Capital Budget.

NSWALC's operating budget for 2006/2007 was submitted to the Minister by the statutory deadline in May 2006.

The Minister was informed that NSWALC's Fund Managers, Chifley Financial Services, had projected the likely Fund earnings to be in the region of \$73 million in the 2006/07 financial year given the current outlook for investment markets.

We advised that NSWALC was conscious of the need to grow the fund for future generations but had also framed the budget conscious of the need to complete the rebuilding of the organisation.

To this end, the draw-down required from the Statutory Investment Fund to meet operational expenses in 2006/07 would be \$30 million.

This represented an increase of \$5 million over the draw down required in the 2005/06 financial year to fund a number of key initiatives to complete the administrative restructure and to increase our financial support to the land council network.

We also advised that the budget for next financial year was also based on a number of key assumptions about the financial impact on NSWALC's current and future operations which could flow from the expected outcomes of the State Government-initiated Review of the ALRA.

Major initiatives included a decision to increase the annual administrative allocation from NSWALC to the Local Aboriginal Land Council network—the first for many years.

The Minister was also advised the budget contained an increase in administrative costs of about \$500,000 to fund a refinement of the management structure, including the creation of the Deputy Chief Executive Officer position, with a subsequent tightening of reporting lines.

We also made provision for the four per cent wage increase negotiated as part



of the new NSWALC Award for staff employees.

NSWALC budgeted \$500,000 for the completion of the ALRA Review, an implementation phase for proposed amendments, and our strategy to prepare for the return of a State Council.

We had assumed, for instance, that the term of the NSWALC Administrator's appointment would be extended to cover the full 2006/07 financial year to accommodate the Minister's nominated election date.

This would allow for a short transition period to the new State Council.

We also asked the Minister to note the provision of \$470,000 for the cost of an election which was expected to be conducted by the State Electoral Commission with an anticipated increase in costs given the election would be the first since 1999.

We reported that NSWALC had made considerable progress on its reform process in 2005/06 and planned to continue to build on this platform in the new financial year.

The major efforts of NSWALC in 2006/07 would be aimed at consolidating the gains made over the past two years.

They would be squarely targeted at ensuring a new State Council is able to work with significantly improved governance policies and procedures, more efficient management systems and structures, and a financial foundation that better fits the organisation and the land council network as it serves our people into the twenty-first century.

We expressed confidence that this budget would establish a sound operational base for NSWALC in the forthcoming financial years, and those that follow.

We also expressed confidence that it contained the necessary balance between the funding of new initiatives and prudent financial planning to improve the efficiency and effectiveness of NSWALC.

## Australian Equivalent to International Financial Reporting Standards

With the introduction of the new Accounting Standards taking effect for the financial period ending 30 June 2006, the Unit analysed all accounting standards that have an impact on NSWALC and the Local Aboriginal Land Council.

A position paper and guidance document on the impact of implementing AIFRS was developed and distributed to all Finance and LALC staff.

The Unit provided training on the implementation of AIFRS to all Finance staff at NSWALC and all LALC staff across NSW to ensure compliance with the new accounting standard.

A meeting with LALC Auditors was also convened to discuss the impact of AIFRS and to ensure that LALC's did not incur large audit fees.

The Financial Statement for the reporting period contained a new format for reporting in accordance with AIFRS, requiring more analysis and disclosure of financial accounts and the reclassification of assets and liabilities.

## Australian Taxation Office

The Finance Unit also assisted in organising a training workshop held by the Australian Taxation Office (ATO) on issues regarding the GST, FBT and Superannuation to the NSWALC Finance and LALC support staff.

A similar workshop was also delivered for LALC's by the ATO.

The Unit worked closely with the Zone offices and the ATO to ensure that NSWALC and LALCs staff were aware of changes to tax legislation to ensure NSWALC and LALC's complied and adopted best practice.

## Public Benevolent Institution Status

As previously reported The Australian Taxation Office finally endorsed NSWALC as a Public Benevolent Institution with effect from 01 July 2005.

The endorsement allowed NSWALC to access tax concessions such as GST concession and FBT exemption.

The PBI status has also meant NSWALC could offer staff benefits such as salary sacrifice, considered crucial to the future recruiting and retaining of staff given the difficulty organisations such as NSWALC have in finding and keeping suitably skilled and qualified staff.

## Policies and Procedures

The Finance Unit also undertook a review of NSWALC's financial policies and procedures.

As a result, a number of new policies and procedures were developed and implemented during the reporting period that were designed to provide better guidance to staff to ensure timely, consistent and accurate financial

processing was applied across the NSWALC network.

The Unit will continue to improve, develop and implement policies and procedures that will further enable best practice for the finance operations during the next reporting period.

## New Accounting Software

A review of the current accounting software (Attaché) was also undertaken during the year.

A number of limitations were identified, particularly inefficiencies in management reporting and manual processing requirements.

The system did little to automate repetitive tasks and was creating work due to inefficient data entry and maintenance processes.

It was also unable to integrate with the asset register system; manual processing was needed for bank reconciliations; it also required manual integration between accounts payable module to the general ledger and also the accounts receivable module to the general ledger.

The system did not have the facility to update data in real time from the Accounts Payable module and the Accounts Receivable module to the general ledger.

An internal committee was established to consider the findings of the review and determine future action. A range of options was considered.

It was determined that the Financial Management system, SAP Business One, was the most suitable for NSWALC's needs.

It was decided to implement the system, effective from 1 July 2006.



## Human Resources

The reporting period saw a number of significant achievements in the Human Resources area including the negotiation of a new Staff Award, introduction of Salary Packaging and implementation of a new Payroll/Human Resources system.

### Staff Award

A new NSW Aboriginal Land Council Staff Award 2006 was finalised and passed through the NSW Industrial Relations Commission on Friday, March 17, 2006. The initial NSWALC staff award was made in 2002 with the Public Service Association (PSA) of NSW for a period of three years.

It lapsed on October 24, 2005.

In re-negotiating the new conditions of the Award, NSWALC took into consideration a range of factors including issues raised by the PSA and their members, non-union staff and the senior management team.

It was also recognised that the impending introduction of the Federal Government's Workchoices Legislation may have had an adverse impact on both the NSWALC and staff.

Despite a PSA claim for a 15 per cent wage increase the negotiation of the new award was approached by NSWALC in a spirit of co-operation with the union and was concluded without affecting our record of industrial harmony.

The award provided for a wage increase of 6 per cent—backdated to October 25, 2005 with automatic increases of four per cent per year from 2006 to 2008—in line with current National Wage Case determinations and the three year duration of the new Award.

Due to the need to finalise the Award NSWALC and the PSA consented to a

Leave Reserve Clause which provided for further negotiation on salary packaging and the provision of additional groups to the current salary rates as considered appropriate.

The Award also contained provision for the parties to consult over amendments to the current Flexible Working Hours provisions. I have directed the Human Resources Unit to ensure negotiation on these matters is resolved as a priority.

A copy of the new Award was placed on the NSWALC Intranet and pay rate adjustments and back pay were processed in the pay period commencing 23/3/06. The provisions in the new Award were well received by staff.

Management considered them important in ensuring continued industrial harmony and fiscal restraint within the organisation.

NSWALC was able to offer salary packaging to all staff flowing out of the award negotiations, while not an award provision. The take up rate was expected to be considerable.

### Salary Packaging

This was introduced to all staff within the NSWALC in May 2006 following endorsement by the Australian Tax Office of NSWALC's status as a Public Benevolent Institution.

It also followed extensive consultation with staff.

NSWALC engaged McMillan Shakespeare as an external provider for these services.

Salary Packaging will enable the NSWALC to provide significant tax benefits to all participating staff.

It is an outsourced "user pays" system

which will have minimal operational and transactions costs to the organisation.

As stated earlier it should provide the NSWALC with a significant benefit by increasing our competitiveness with other employers and further enhancing our capacity to attract and retain quality staff.

## Performance Management

A proposed NSWALC Performance Planning System was revised during the reporting period with a final comprehensive program being finalised for the consideration of the Executive Management team.

The system is designed to provide a direct link between the objectives outlined in NSWALC's Business Plan and that of each manager and employee.

The key components of the Program identify Core Job Responsibilities; Key Business Results; Behavioural Competencies; Learning & Development Career Plans and formal review processes.

Subject to the concurrence of the senior management team it was anticipated the new system would commence being rolled out in the first quarter of the new financial year.

## Payroll and Human Resources Information Systems

The use of separate computerised Human Resources Information Systems and Payroll systems also came under review.

It identified a number of inefficiencies in the operation of two systems, including:

- a) the processing of all entitlements was unnecessarily duplicated;
- b) they required additional IT support and maintenance;
- c) they required additional software costs;

- d) the systems showed potential for errors through transfer of information;
- e) they required additional auditing;
- f) necessitated greater staff involvement in processing;
- g) there was no interface to the General Ledger.

NSWALC reviewed a number of options and decided to introduce PayGlobal, an integrated HR/Payroll.

While PayGlobal has been designed as a stand alone solution it has the proven capacity to fully integrate with the new finance system SAP Business One, eliminating current inefficiencies such as duplication in processing, reporting and transfer of data between both previous systems.

PayGlobal's range of HR Management Modules, including Recruitment, OH&S, Training & Development and Position Management, could significantly enhance service delivery to all staff.

It also provides greater scope for the automatic generation and electronic transfer of information such as payslips; leave balances, and timesheets, eliminating inefficient and time consuming processes.

NSWALC was due to begin a two phase implementation program with all payroll and leave entitlements being processed through PayGlobal in the first pay period of the new financial year.

This was being targeted to coincide with the introduction of the SAP Business One finance system.

The second phase, which is due to begin in the first quarter of the new financial year, would include scoping NSWALC's Human Resource Module requirements.

## Industrial Relations

As noted earlier the NSWALC continued to experience a period of industrial harmony with the Public Service Association & Professional Officers Association with no industrial implications despite the ongoing restructure of the organisation and the negotiation of the new staff award.

## Restructure

The focus of the restructure last financial year was primarily aimed at the creation of the new Zone Offices and the closure of the Branch Offices.

This reporting period saw the focus shift to completing the restructure within the Parramatta Office.

As mentioned earlier, significant progress was reported, particularly in those areas managed by the Chief Finance Officer, such as Human Resources, Financial Services, Property Coordination and Information Technology Units.

For instance, the creation of an Information Technology Unit, including a Records Management Section, now provides NSWALC with professional internal resources to meet operational needs.

The HR Unit has continued to coordinate the critical areas of the restructure through the development and evaluation of Positions Descriptions, implementation of recruitment strategies, and management of all issues associated with affected or potentially displaced employees.

## Recruitment Action

The need to attract and retain quality staff to meet new initiatives and increasing demands within the NSWALC has continued to provide a range of challenges.

During the reporting period the Human Resources Unit coordinated a number of recruitment strategies which resulted in the appointments of skilled, qualified and experienced staff to key positions within the NSWALC.

Many of these appointments were to newly created positions within the organisation and included the following senior positions.

- Chief Operating Officer
- Principal Legal Officer
- Director of Governance
- Director of Policy
- Manager of Human Resources
- Manager of Finance
- Manager of Information Technology

In addition to these management positions NSWALC was also successful in filling a number of other key positions which will have significant impact on future operational requirements. These included:

- HR & Learning Development Coordinator
- Accountant
- Senior Records Officer
- Senior Network Administrator
- Senior Policy & Research Officer
- Senior Legal Officer
- Senior Land Rights Officer
- Senior Compliance & Evaluation Officer
- Interventions & Complaints Officer
- Policy & Quality Assurance Officer
- Various Zone Office positions

## Learning and Development

A dedicated Learning & Development Coordinator position was also created within the Unit. The appointment of an officer to the position in early 2006 resulted in a significant increase in internal training through both internal and external resources.

Training has been conducted in new policies and procedures with emphasis on PayGlobal, and SAP Business One, TRIM, and FBT.

NSWALC also offered staff the opportunity to participate in a Job Seeking Skills Workshop specifically targeted to assist staff seeking to apply for positions within the new structure.

A detailed plan was completed for the further enhancement of Learning and Development within NSWALC. Work was in progress on

- The definition of specific skill requirements; including the identification of core business training skills and competencies
- development of training programs to support NSWALC outcomes.
- Improvements to systems for tracking training activity and expenditure; and
- Improvements to training support and delivery capabilities.

The Corporate Learning and Development Plan will deliver a minimum training program to all NSWALC employees in 2006/07 to further develop the capabilities of individuals and business units to improve the workplace culture within NSWALC and LALC's.

The Performance Planning System is designed to further enhance the training program by identifying learning and

development opportunities consistent with the NSWALC business plan.

The NSWALC has also continued to provide ongoing assistance to staff continuing or commencing tertiary studies at external institutions and/or attending external seminars and training courses.

## Occupational Health & Safety

A number of strategies were identified and initiated during the previous reporting period to improve the effective management of Occupational Health & Safety and Workers' Compensation and to reduce workers compensation premium costs.

As a result of those strategies, and other contributing factors, a number of significant achievements were recorded during the current reporting period.

They included:

- A reduction in reported injuries by 67%. (None required medical attention nor resulted in lost time).
- No new Workers Compensation Claims.
- An anticipated substantial reduction in the workers compensation premium for the 2006/2007 Financial Year and a significant refund from the 2005/2006 Financial Year.

An OH&S Committee was established within the Parramatta Office, comprising both employee and employer representation. An OH&S Representative was elected from each Zone Office.

Accredited OH&S Consultation Training for OH&S representatives and OH&S Committee members was also provided.

The Zone Offices also received OH&S Induction for staff.

An OH&S Inspection was also undertaken to identify any potential hazards in the newly established offices.

Other initiatives in OH&S included:

- The revision and implementation of a number of Policies, Procedures and Programs including:
  - OH&S Policy
  - Return to Work Program
  - Injury Reporting and Workers Compensation Claim Procedures
  - Accident Investigation Procedures
  - Hazard Reporting Procedures
  - Workplace Inspection Reports
- The provision of Driver Safety training for relevant staff.
- The training and appointment of additional First Aid Officers.
- Improving the awareness of OH&S through the development of an OH&S Booklet for all staff; improved circulation of information through the Intranet and inclusion of OH&S in formal staff inductions.

## Rural Properties (OH&S)

In accordance with previous agreements the NSWALC continued to maintain a close liaison with Riverina FARM Pty Ltd including the provision of support and advice on OH&S and Workers' Compensation matters.

NSWALC's OH&S Coordinator completed a Confined Space Awareness Training Course.

This provided the capacity for the development and presentation of appropriate training in "Safe Working in Confined Spaces" specifically targeted at rural property employees.

## Information and Technology Unit

The creation of a dedicated Information Technology Unit was identified as a critical strategic need in the NSWALC structure.

NSWALC had previously adopted a fragmented approach to IT functions through both internal and external sources targeted towards individual Unit needs. Specialised in-house capacity and expertise was required to meet increasing demand and initiatives across the organisation.

The full establishment of an IT Unit during the reporting period addressed many of these concerns and provided the NSWALC with the capacity to ensure that IT priorities are directly linked to organisational objectives.

A Manager of IT; a Senior Network Administrator and a Senior Records Officer were all appointed during the reporting period.

The Unit provided support to all business Unit activities and provided invaluable technical advice and assistance with the implementation of many new initiatives including SAP Business One; Payglobal; and the development and implementation of a Records Management function which had been identified in regulatory reports as a major deficiency within the organisation.

## Property and Administration.

Responsibility for all NSWALC properties became the responsibility of the Chief Financial Officer during the reporting period and resulted in the development of a Property and Administration Unit. Its responsibilities included:

- Management of all NSWALC properties, including it's Head Office
- Renewal of insurances for property, machinery breakdown, vehicles and public liability.
- Advice and assistance on housing policies and tenancy issues.
- Administration of funeral grants.
- Travel.

## Head Office.

NSWALC's Head Office is situated at 33 Argyle Street Parramatta.

The nine storey building in the Parramatta commercial hub is a major NSWALC asset.

It was purchased in December 1992 at a cost of \$9.75 million.

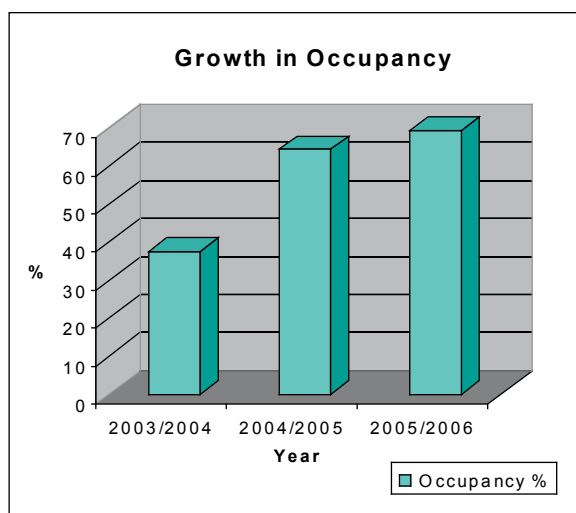
It was recently revalued at \$15.5 million

The focus of the Property and Administration Unit in the reporting period was on marketing and leasing vacant space in the building. This has proved increasingly problematic given the oversupply in the Parramatta Commercial district.

Despite this two new tenants were secured during the financial year and negotiations were underway as the reporting period drew to a close for a further 150sqm tenancy.

The following table shows the growth in

occupancy from 2003/2004 to 2005/2006. NSWALC's leasing strategies were also



reviewed during the year owing to the sluggish commercial rental market. It is clear NSWALC will have to offer further incentives to attract prospective tenants. Rental income for the reporting period was \$816,271 not including the notional rent of \$291,400 for the space occupied by NSWALC.

## NSWALC Insurances

Omega Insurance Brokers have effectively reduced the premiums of NSWALC over the past 3 years. The insurance renewal for the NSWALC this year was \$136,849.60 a reduction of \$31,220.30 from last year's premium of \$168,069.90.

## Administration Services

Policies and Procedures for administration were also under review as this reporting period came to a close. The Property and Administration Unit will assess their relevance to current work practices in the new financial year.



# STATUTORY INVESTMENT FUND

## How We Are Funded

A NSWALC Statutory Investment Fund was established under the NSW Aboriginal Land Rights Act (1983).

For fifteen years, the State paid an amount equivalent to 7.5 per cent of NSW Land Tax (on non-residential land) to NSWALC, as compensation for land lost by the Aboriginal people of NSW. This annual payment ceased in December 1998.

Since then, the NSW Aboriginal Land Council and the land council network have been self sufficient.

The network is not, as is widely believed, funded by the taxpayers of NSW.

The capital, or compensation accumulated over the first 15 years of the Council's existence stood at \$281 million as at December 1998 when the land tax payments stopped.

## Objectives of the Fund

There are two primary objectives for the fund.

To provide sufficient income to meet the basic administrative expenses of Local Aboriginal Land Councils and the administration of NSWALC.

To ensure sufficient funds are put aside so that the value of the fund increases with inflation.

## Current Management and Value

The Statutory Investment Fund is managed by Chifley Financial Services, a company established by Unions NSW (formerly the NSW Labor Council).

The company is now owned by the Local Government Superannuation Scheme, the Energy Industries Superannuation Scheme

and the Labor Council of NSW.

The value of the Statutory Investment Fund was \$637 million as at 30 June 2006, compared with a value of \$583.8 million at the end of the previous reporting period.

This is well above the statutory limit of \$485m prescribed in the ALRA and represents an increase of \$54 million in the value of the fund over its close in the 2004/2005 financial year.

A drawdown of \$25.2 million was made during the year to fund the operational expenditure of NSWALC and the network of Local and Regional Aboriginal Land Councils.

NSWALC's direct funding to the land council network comprises more than \$10 million of its annual operational expenditure.

Indirect funding to the network accounts for a considerable amount of the balance.

## The Investment Strategy

NSWALC has adopted a conservative investment strategy for the fund.

It has an annual growth target of 5 percent plus CPI.

This strategy was put in place by the State Council and has since been adopted by the NSWALC Administrator, Mr. Murray Chapman.

## Why Growth Is Important

There is a view often expressed that NSWALC should loosen the purse strings on the Statutory Fund to bolster the administrative funds it provides to the land council network.

It is also suggested a more aggressive investment strategy be adopted to gain a better return on its investments.

This ignores two fundamental points. The fund is to provide compensation for

future generations. Prudent financial management is essential to maintain growth.

A less risk averse strategy could increase returns but could clearly increase the risk of losses.

It is important to understand that while NSWALC has a great deal of money invested it is not able to spend more than the realised income from interest less the allowance for inflation or it will be in breach of the NSW Aboriginal Land Rights Act.

## Future Funding

NSWALC agrees with the view that a new formula for the funding of Aboriginal Land Councils is required. There has been considerable debate about alternative funding models as part of the review into the Aboriginal Land Rights Act.

### WHERE DOES THE MONEY GO

	\$'000
Revenues from ordinary activities	
Interest and Investment Income	70,283
Net increment on Investment Revaluation	3,868
Rent	839
Other Income	2,864
Gains on Disposal of Property Plant & Equipment	-
Revenues from government	
Grants and Subsidies	5
<b>Total Revenues</b>	<b>77,859</b>
Expenses from ordinary activities	
Audit Fees	248
Investigators Fees	-
Administrators Fees	231
Consultants Fees	436
Enterprise and Farm Expenses	2,100
Depreciation and Amortisation	642
Amortisation - Intangible Assets	18
Bad & Doubtful Debts	2,497
Employee Expenses	7,335
Funding of Regional and Local Aboriginal Land Councils	10,128
Grants	598
Legal Expenses	1,422
Loss on Disposal of Property Plant & Equipment	90
Motor Vehicle Expenses	302
repairs and maintenance	551
Other Expenses	2,935
<b>Total Expenses from ordinary activities</b>	<b>29,533</b>
<b>SURPLUS FOR THE YEAR</b>	<b>48,326</b>



## Commercial Unit

As noted earlier this Unit was first established in April 2004 by NSWALC CEO, Mr William Johnstone, to provide high level in-house expertise in property development and management, residential real estate management, financial, commercial and strategic management, business planning and accounting.

It is the first time such a unit has been established within NSWALC.

It is a recognition of the emerging value of the land estate now held by Local Aboriginal Land Councils and NSWALC, the emerging commercial interest in it, and the need for sustainable development and management of that land base.

The Unit performs a dual role for the Land Council Network.

It administers NSWALC's statutory obligations regarding the approval of proposed land dealing transactions and, perhaps more importantly, assists LALC's and NSWALC in land and commercial matters.

The Unit had extensive involvement in the overall "commercialisation" of NSWALC's operations in its first full year of activity.

This continued during this reporting period.

The Unit worked with an increasing number of LALC's during the 2005/06 financial year to seek to achieve beneficial outcomes from their land bases.

Many LALC's are now seeking the advice of NSWALC prior to entering into any arrangements to ensure they obtain the best possible outcome and to minimise the need to modify agreements following

their submission to NSWALC for approval. During the year the Commercial Unit visited many LALC's to discuss a range of land dealings and community business planning issues.

Most LALC's now acknowledge that NSWALC is attempting to ensure they obtain the best possible outcome from any proposed land dealing, rather than looking to prevent the dealings from occurring.

The latter was a common misconception when the Commercial Unit was first established.

## Land Dealings

The Commercial Unit provides advice to the Administrator and the Chief Executive Officer on applications received from Local Aboriginal Land Councils under ss.38, 40B and 40D of the Aboriginal Land Rights Act 1983 for approval to deal in land.

When a land council seeks to sell, transfer, mortgage, lease "or otherwise dispose," of land it must fulfill certain requirements under the Act.

One of those requirements is to gain the approval of NSWALC.

As a result NSWALC receives a constant stream of land dealing applications, including acquisitions, disposals, leases for a period of three years or greater, the granting of easements and other transactions that result in a change of use to the land.

During 2005-06, the Commercial Unit was involved in more than 60 proposed or completed land dealings, involving land with an estimated value of more than \$124 million.

All involved assistance to LALC's ranging from advice on complying with the Act and NSWALC's land dealing policies to providing advice on the appropriate processes to follow to enter into major joint development projects with external builders and developers.

The unit also continued to assist Zone offices and the Network Services Unit with a range of issues including reviews of budgets and annual reports, auditor matters, IFRS technical matters and land dealings. Technical advice and other contributions were made on various issues to the Ministerial Taskforce reviewing the ALRA.

The unit also dealt with a range of various accounting, audit and legal issues and provided assistance and advice in relation to the NSWALC Statutory Investment Fund.

### Community Business Plans.

The Unit launched a comprehensive "Guide to Preparing a Community Business Plan" in the second half of 2005.

It also conducted a number of workshops in Queanbeyan, Coffs Harbour, Tamworth and Port Stephens on land dealings and community business plans.

These workshops were well attended and well received.

This Guide provides a solid planning framework for Aboriginal Land Councils, in line with NSWALC's focus in achieving high standards of governance and financial and operational management across the Aboriginal Land Council Network.

A Community Business Plan provides an Aboriginal Land Council can ensure that community needs, wants and aspirations are determined by members and supported

by detailed and locally developed plans. A key facet of the Guide is the inclusion of a five year budget in the Plan to ensure identified strategies are achievable and financially viable.

The Guide includes advice on how to prepare the Plan, information on grants and other funds that may be available to assist Aboriginal Land Council's implement the strategies identified and two example Plans.

The Guide has also been included on NSWALC's website where the various components can be downloaded thus providing a further resource.

As reported last year NSWALC has been conscious in developing the Guide that the majority of Local Aboriginal Land Councils do not have the capacity and resources to independently develop and implement CBP's.

Many do not have the resources to call upon appropriate external assistance.

Accordingly, to assist in the roll out of this project to LALC's, NSWALC secured a grant of \$300,000 from the NSW Department of Aboriginal Affairs and in early 2006 obtained a grant of a further \$250,000 from the Indigenous Land Corporation ("ILC")

This funding provides much needed financial support to NSWALC, ensuring it can allocate direct funding to enable LALC's to directly engage additional expertise to assist in the development of CBP's.

The plan to utilise the \$550,000 in grant funds is in the process of being finalised.

It is anticipated a grant agreement with the ILC will be signed at this point.

It is intended the funding will be utilised in the following manner:

- The majority of the funding will be provided as individual grants of up to \$8,000 to LALC's to assist in the planning process. These grants will be for specific activities of the LALC, such as land assessment, workshops or surveys and budgeting.
- Training for both NSWALC's Zone staff and representatives of interested LALC's.
- Generation of common information across all LALC's, such as information on land holdings and demographics.
- A post implementation review, including a revision of the Community Business Planning Guide, to reflect any amendments resulting from the current review of the ALRA.

Six LALC's had prepared Community Business Plans as at June 30, 2006.

They included the Metropolitan LALC, Birpai LALC, Ulladulla LALC and Broken Hill LALC.

As this reporting period drew to a close around 30% of LALCs had either completed plans, were in the processing of doing so, or were intending to begin early in the new year. This included over sixty percent of LALC's in NSWALC's Eastern Zone and almost fifty percent in the Northern Zone

Indigenous Business Australia ("IBA") has offered to undertake land dealings training across the LALC network.

The Commercial Unit intends to work closely with IBA to develop and deliver this training in the new financial year.

## Rural Properties

Since October 1990, as a result of amendments to the Aboriginal Land Rights Act 1983 ("ALRA"), the New South Wales Aboriginal Land Council ("NSWALC") has assumed ownership and operational responsibility for certain rural properties which had been owned by various Regional Aboriginal Land Councils.

These properties are located in marginal farming country and for many years incurred substantial operating losses apparently as a result of lack of farming expertise, climatic conditions, inadequate capital investment and general mismanagement. In 2002 NSWALC appointed independent agribusiness management experts, Riverina FARM Pty Limited, to provide advice and assistance. In 2004 this role was consolidated so that Riverina FARM is now currently contracted as the manager of NSWALC's rural properties.

The rural properties managed by Riverina FARM are:

Appin Station	Menindee	31,704 ha
Barooga-Karraai	Euabalong	9,890 ha
Calooma/Nulty Springs	Bourke	35,609 ha
Kaituna-Uno	Coonamble	5,184 ha

## Current Operations

This financial year saw the previous focus on cereal cropping shift to an active cattle trading programme.

This was supplemented by a reduced cropping programme.

The principal reason for this was to reduce risk exposure.

Adverse climatic conditions have consistently seen promising cereal harvests hit by drought.

An active cattle trading programme will utilise the properties' carrying capacities and enable a more timely and proactive response to adverse conditions thereby reducing potential costs and trading losses.

Notwithstanding the change in strategic emphasis to cattle, an appropriate cereal cropping programme is still an imperative to provide cost effective fodder and to take advantage of any favourable climatic conditions that may present.

The cropping programme continues to focus on utilising appropriate grains and strains for the area and conditions, improved techniques for soil conservation, income maximisation and integration with the stocking programme.

During 2006 an experienced agronomist was employed on a permanent basis by Riverina FARM to ensure the cropping programme received appropriate and timely advice.

Water management continued to be a high priority in 2006 with efficiencies and conservation being realised through improvements to infrastructure, new or upgraded yards, bore capping and reticulation, and desilting of dams.

While significant Capex is required to bring all properties up to established best practice, minimal Capex is being incurred (and principally for essential works after years of neglect eg fences, yards, windmills, accommodation, vehicles) until the properties become cash positive.

2006 also saw the continuation of negotiations in respect of the carbon sequestration programme on Barooga-Karrai.

This is a complicated issue and the various legislative requirements are being worked through.

NSWALC and Riverina FARM continue to consider opportunities for diversification into other income producing schemes or the utilisation of the properties for social or cultural purposes.

Throughout 2006 regular management meetings were held between NSWALC and Riverina FARM to discuss strategy and agree on short, medium and long term operational decisions.

In summary, current operations are focused on the following core principles:

- Management of all properties on a complementary basis so as to maximise efficiencies and returns through effective utilisation of management skills, employees, machinery and equipment and the different environmental features of each property
- Engagement of quality, experienced personnel, principally Aboriginal, to improve competency, integrity and flexibility through selection, training and active management
- Improving infrastructure – fences, outbuildings, windmills, dams, yards, etc
- Vehicle and machinery rationalisation and replacement
- Implementation of good farming techniques eg paddock preparation, cropping programme, stock programme including revising strategies as and when appropriate
- Maintaining the security of the properties and assets
- Ensuring that Occupational Health and Safety standards are maintained

## Achievements in Land Rights

NSWALC noted in its last Annual Report that a re-emphasis was to be given in the 2005/06 financial year to the core business of claiming land.

In doing so the organisation acknowledged that Local Aboriginal Land Councils did not have the expertise, resources or funding to undertake the land claim process on a scale that was warranted.

A restructure of the Land Rights Unit was completed during the year but all positions were yet to be filled as this reporting period came to a close.

Given this, and the need to respond to a State Government-initiated review of the Land Rights Act (1983), it was decided to outsource an extensive land claims project.

NSWALC entered into a funding agreement with the Jumbunna Indigenous House of Learning at the University of Technology in Sydney to undertake the project.

The project resulted in the filing of more land claims in one year than had been achieved in the previous two decades but before detailing the results of the project it would be useful to remind readers of the crucial importance of the Aboriginal Land Rights Act (1983) and the right claim to land.

## The Act

The passage of the Aboriginal Land Rights Act (NSW) 1983 by the Wran Government marked a watershed in recent Aboriginal history. Quoting from the Preamble, we see the essential intent of the Act:

"Whereas:

- (a) Land in the state of New South Wales was traditionally owned and occupied by Aborigines

- (b) Land is of spiritual, social, cultural and economic importance to Aborigines
- (c) It is fitting to acknowledge the importance which land has for Aborigines and the need of Aborigines for land
- (d) It is accepted that as a result of past government decisions the amount of land set aside for Aborigines has been progressively reduced without compensation."

## Defining the Act

As outlined above the right to claim land under the Aboriginal Land Rights Act (NSW) is based on the most fundamental rights of the Aboriginal community --- the right to ownership of their own land--from which they were dispossessed by white settlement.

Aboriginal people have been able to make land claims since the commencement of the Act.

Land councils lodge land claims over NSW Crown land, which are then determined by the relevant Minister or on appeal through the NSW legal system.

Under the Act, claimable Crown land is defined as:

- (a) Land able to be lawfully sold or leased, or reserved or dedicated for any purpose under the Crown Lands Consolidation Act 1913 or the Western Lands Act 1901.
- (b) Land that is not lawfully used or occupied.
- (c) Lands which are not, in the opinion of the Minister administering the Crown Lands Act, needed or likely to be needed as residential lands.
- (d) Lands which are not needed or likely to be needed for an essential public purpose.

- (e) Lands that are not subject of an application for a determination of Native Title or subject of an approved determination of Native Title.

If land satisfies the above tests, it is granted to the claimant land council.

Land councils have a right of appeal against the Minister's decision if a claim is refused. The appeal is heard by the NSW Land and Environment Court.

## The Purpose of Land Claims

The making of a claim and the granting of land is now the sole remaining form of compensation for dispossession of land available under the Act.

This follows the sunset of a provision of the Act which for 15 years made available to NSWALC an amount equivalent to 7.5% of commercial land tax collected in NSW, of which half has been invested on behalf of the Aboriginal peoples of this state to help secure our economic, social and cultural future.

### Functions and Responsibilities of NSWALC under the Land Rights Act

The statutory responsibilities carried out by NSWALC under the Act in relation to Land Rights are:

- (a) Land Claims;
- (b) Disposal, leasing, purchasing and changing the use of LALC land pursuant to S38, S40D, S40B, Reg 24 & S40B of the ALR Act, respectively;
- (c) NSWALC Policy relating to property matters within the ALRA regarding LALCs, RALCs and NSWALC;
- (d) Management & disposal of NSWALC properties including transfers to LALCs and investment properties;

- (e) Safekeeping of the Common Seal;
- (f) Rates policy including exemptions and S44A debts;
- (g) Policy matters relating to interaction with Federal, State, and Local Government;
- (h) Interaction between Land Rights and Native Title issues;
- (i) Monitoring & advising the Council on legislative change;
- (j) Planning law issues on LALC properties and where proposed development affects Aboriginal people;
- (k) Protection of Aboriginal Cultural Heritage matters and policy;
- (l) Areas of NSW not constituted by LALCs;
- (m) Policy and representation regarding Government advisory committees;
- (n) Briefing external professionals such as Solicitors and ensuring co-ordination with LALCs;
- (o) Natural resource issues such as mining, hunting & gathering agreements, fishing rights and policy regarding forestry issues;
- (p) NSWALC housing policy (including the Housing disposal Project) and involvement with the Aboriginal Housing Office;
- (q) Assistance with negotiations under the Aboriginal Ownership of National Park provisions of the National Park & Wildlife Act;
- (r) Applying for external grants for specific projects including ILC, Regional Forest Agreement process, Indigenous protected areas and Landcare;
- (s) Providing advice to LALCs.



## NSWALC's Land Claim Strategy

Ever since the inception of the Land Rights Act, NSWALC has supported LALC's in their pursuit of legitimate land rights claims. NSWALC also provides technical support & assistance to LALCs in their lodging of land claims under the ALRA.

But as stated above it was decided last year to embark on an exhaustive land claims project.

## Background

The primary objective of the Land Claims Research Project 2005-2006 was to employ four (4) Land Claims Officers to undertake research and prepare the required documentation to lodge claims on all Crown land that was available to be claimed under the provisions of the Aboriginal Land Rights Act 1983.

All of NSW was searched to the exclusion of the Western Lands Area.

An initial assessment was undertaken to scope the Project and to put in place a formal strategy to ensure complete identification and preparation of land claims that were to be made on all possible claimable Crown land.

The Project Manager ensured that all of the land claims were accurately prepared for lodgment on behalf of the New South Wales Aboriginal Land Council (NSWALC) and submitted to the Registrar of the ALRA.

It was originally anticipated that the duration of the Project was to be six (6) months starting on 15 July 2005 with a completion date of 15 December 2005.

## Process

A Project Manager was appointed to be the formal point of contact as well as to co-ordinate the team of land claims

officers in the systematic examination of each Parish map in the various Department of Lands offices.

This role also included making contact with the various Department of Lands offices, making (or attempting to) contact the respective LALC, undertake the investigating of the various Parish maps, drafting and submission of land claims, and to provide regular claims/briefing reports to NSWALC.

The Project Manager ensured that rigour and discipline was maintained throughout the claims process.

Administrative oversight of the Project was provided by the Director of the Jumbunna Indigenous House of Learning.

Prior to the undertaking of any fieldwork, the Project Team met with the Registrar of the NSW Land Rights Act to determine the appropriate documentation that was required to be collected by the Land Claims Officers and to establish a formal relationship with the Registrar to facilitate the project.

It was impossible to accurately assess the cost and length of the total project before it had begun. Both the Project team and NSWALC agreed on the need for a reassessment once the scope and range of the Project was fully known.

One month into the project, the Project Manager presented an interim report and met with NSWALC to clarify several issues and to agree on amendments and changes required in the light of the initial project work including:

- The initial budget projections and time frames.
- Assessment of the claims prepared to that time to ensure the process and outcomes are appropriate.



It was anticipated that the Project team would work for a six (6) month period with reports being made to NSWALC on a monthly basis as to:

- A log of claims prepared for consideration by NSWALC
- number of claims lodged in each area;
- geographical area covered to date;
- issues arising in the land claim process that should be brought to NSWALC's attention, and;
- Other matters relevant to the project.

The original proposal saw the team being allocated tasks and the State divided into areas of operation (AO's) and to be divided between the Project team.

With an initial assessment and a change in staff, the Project saw each team member having their AO's changed and extended in time (with approval from NSWALC) to nine (9) months. This extension in time saw the Project being completed within the original contract budget.

The following timetable was the final and agreed timetable used for the overall Project:

<b>Department of Lands Offices:</b>	<b>Projected Time:</b>
Nowra & Tamworth	July/Aug - September
Armidale & Goulbourn	September – October
Orange & Griffith	October - November
Wagga Wagga & Leeton/Hay	November – December
Grafton	December – January

Taree	January - February
Moree	February – March
Dubbo	March – April

## Deliverables

Monthly reports on the progress of Project, including details of claims lodged, were submitted by the Project Officer to NSWALC.

The following Final Report provides an outline of the number of land claims filed as a result of the systematic searching of the Parish maps in the targeted 14 Crown lands offices.

Throughout the Project, over 7500 Parish maps were searched in all 14 Crown land offices resulting in the submission of 7865 new land claims.

All 7865 land claims were completed and lodged with the Registrar of the ALRA by 1 May 2006.

## Status of Land Claims

The number of claims lodged in this reporting period compared with 336 Aboriginal land claims lodged in the 2004-2005 financial year.

This was an increase of 182 per cent on the 119 claims lodged in the 2003/2004 financial year.

Whilst there have now been more than 12,000 land claims lodged since 1983 only 2200 have been granted or partly granted.

As at June 30, 2006 there were 503 claims still outstanding which had been lodged before the year 2000.

There had been 4738 land claims registered with the ALRA Registrar as at June 30, 2006.

NSWALC was awaiting notification on almost 3000 more.

Once all land claims are registered there will be some 9000 awaiting a decision by the Minister.

## Land Claims Appeals

NSWALC is also concerned that LALCs do not have sufficient funds to legally challenge the decision of the Minister in regards to the refusal of land claims.

NSWALC instructed lawyers to assess and advise on all refusals as to the likely success of an appeal.

A total of 100 land claim refusals had been assessed by NSWALC Lawyers by the end of this reporting period.

They resulted in over 30 appeals being lodged in the Land and Environment Court.

If the land claim was lodged by a LALC, NSWALC received their authority to instruct the lawyers on their behalf.

NSWALC has funded the appeals up to the discovery stage in which all evidence relied upon by the Minister to make his decision is made available to NSWALC.

A decision is then made on further funding of the appeal if there is a likely chance of success.

The Minister has already altered his decision and granted a land claim under appeal which is valued at many millions of dollars to the LALC.

At the date of this report two offers of settlement have been accepted by the Minister on other land claims under appeal.

After receiving further information NSWALC instructed the lawyers to discontinue action against 10 land claim appeals which appeared to have little chance of success.

The Minister for Lands has also notified that he intends to issue a Certificate under S36(8) in regards to five Jerrinja Land Claim appeals which affect the proposed Jervis Bay National Park.

These 5 land claims were lodged with the Minister between 1986 and 1989.

NSWALC will be devising strategies in the new financial year to resolve outstanding land claims and the time taken by the Government to process them and the time taken to grant title to claims which have been granted because of the need to complete surveying of the claimed land.

The organisation's Land Rights Unit also has a number of other key strategies in place to assist the land claims effort.

## Property Register

NSWALC is complying with S106(q) of the Aboriginal Land Rights Act 1983 by compiling and maintaining a register of all land held by Local Aboriginal Land Councils.

NSWALC has negotiated a 5 year Property Warehouse Data Licence Agreement with the Department of Lands for the supply of data whenever there is any acquisition or disposals of properties by a Local Aboriginal Land Council.

The Land Rights Unit updates the Property Register Database when data is received daily through The Department of Lands Webgov Portal.

A total of five disposals and twenty one acquisitions were registered during this financial year. Fifteen of the acquisitions resulted from granted land claims.

### Online Access for Title Searches

NSWALC also made an agreement with the Department of Lands for access to the Webgov Portal for online title searches and plans.

This access allows the Unit to quickly respond to any land inquiries from within NSWALC, Zone Offices and LALCs.

Dealings with Land Subject to S38 & S40 ALRA

The Land Rights Unit continues to provide assistance with inquiries and applications from the Zone Offices and LALCs in regards to all matters affecting S38 & S40 of the ALRA.

## Review of the Aboriginal Land Rights Act

NSWALC has been obliged to devote considerable time and resources over the past two financial years responding to a major review of the Aboriginal Land Rights Act.

This has required a significant allocation of both financial and physical resources and has proved to be a significant call on the organisation. However, the Administrator and senior management were determined to ensure the voice of the land council network was heard by Government and all other stakeholders on the need for changes to the ALRA.

### Background

On May 26, 2004 the then Deputy Premier and Minister for Aboriginal Affairs, Doctor Andrew Refshauge announced the establishment of a taskforce "responsible for overhauling the NSW Aboriginal land council system."

Dr Refshauge, who retired from politics during this reporting period, said he was not satisfied that four previous reviews, and subsequent amendments, to the Aboriginal Land Rights Act 1983 had gone "far enough in fixing fundamental financial management and governance problems within the NSW Land Council system."

He announced a three person Taskforce to conduct the review.

It comprised the Director-General of the Department of Aboriginal Affairs, Ms Jody Broun, the NSW Aboriginal Land Council Administrator, Mr. Murray Chapman and the Registrar of the Aboriginal Land Rights Act, Mr. Stephen Wright.

The taskforce would report to the Minister on issues including:

- Examining the three tiered-structure of the land council system to see if there is a better way of delivering outcomes to Aboriginal people;
- Clearer separation of powers between the administrative and elected arms of local councils – to avoid nepotism and conflicts of interest;
- Attracting more qualified people with relevant managerial and financial expertise;
- Improved intervention strategies to avoid the costly and often ineffective appointment of administrators and investigators to local land councils – in the past five years administrators have been appointed to 21 of the State's 122 local land councils;
- An improved framework for managing, selling and developing land council assets – in particular the sale and commercial development of land holdings; and
- Clarifying the role of elected representatives - including attracting highly qualified individuals through the option of part-time elected positions.

The Minister acknowledged the Land Council system had delivered enormous benefits to Aboriginal people in its 20 years of operation but said he wanted it to do better given the "critical responsibility," of Land Councils to support local Aboriginal communities and the fact they are charged with managing substantial funds – sometimes multi-million dollar budgets.

The Minister pledged his commitment to a "democratic and representative structure for Aboriginal people in NSW" but stated change was critical to ensure land councils remained relevant into the future.

## The Response by NSWALC and the Land Council network

As noted in last year's Annual Report, the New South Wales Aboriginal Land Council wrote to the Minister suggesting it would be an inopportune time to conduct a review given the absence of an elected State Council and the resources then being devoted to a major administrative restructure of the organisation.

The Government decided to go ahead with the review.

After much deliberation NSWALC decided it would be failing the land council network if it did not welcome the opportunity the review would afford to remedy fundamental flaws in the legislation. It decided to divert sufficient resources to a campaign to seek informed feedback from the network on a range of complex issues flagged for the review.

NSWALC also welcomed the Minister's public commitment to a democratic and representative structure for Aboriginal people in NSW through the land council system.

It noted the commitment would not be lost on the many Aboriginal people in NSW and around Australia currently defending the right of our people to maintain and reform democratically elected structures rather than see them abolished.

NSWALC's initial response to the review was detailed in last year's annual report.

This reporting period began with NSWALC completing the second round of NSWALC community consultations on the ALRA Review with forums in Broken Hill, Coffs Harbour and Bateman's Bay.

As noted last year the forums were designed to stimulate as much discussion and debate as possible and to generate

maximum feedback from the grass roots on the Review.

NSWALC's ALRA Review Manager, Mr Geoff Scott, informed the workshops that NSWALC had decided to hold the community forums ahead of the formal consultation process to promote awareness of the review and encourage feedback.

The views and perspectives from RALC's and LALC's were essential to inform and underpin the positions eventually adopted by NSWALC.

NSWALC was putting all the information it had so far received from Government, albeit scant, to the network and the wider community.

Mr Scott indicated NSWALC would hold a final round of consultations once all of the Government's material was available.

All participants were provided with a published copy of a report back document from the first round, Getting into the Act, plus a CD of the power point presentation from the first round.

They were also provided a copy of published versions of NSWALC-commissioned studies and reports to assist with the review, which can all be found on the NSWALC website.

The meetings were advised Dr Refshauge, had endorsed the first of two discussion papers from the ALRA Review Taskforce which covered land dealings.

It would be presented to Cabinet to be endorsed for public discussion and would trigger a formal Government consultation period which was expected between August, 2005 and January 2006.

## Discussion Papers

The Discussion Paper on Land Dealings was publicly released in August 2005.

A second 224-page Discussion Paper on Structure, Representation, Governance and Benefits was released in November.

While the Land Dealings paper contained some 20 recommendations/options for change the Second Issues Paper contained 56 options for consideration.

The ALRA Review Task Force was abolished by the Minister for Aboriginal Affairs upon the release of the second Discussion Paper.

The NSWALC Administrative arm interpreted this decision as an indication the Minister and his advisors believed they had received sufficient advice on the issues from the Task Force and required the Review to move into a community consultation phase.

To this end the Department of Aboriginal Affairs arranged and embarked on a round of consultations on the two Discussion Papers from mid-November to early December 2006.

NSWALC learned at the first of these forums in Coffs Harbour on November 17 that the Department of Aboriginal Affairs planned to close off public submissions to the Review on December 16, only days after its final consultation meeting in Dubbo on December 8.

NSWALC immediately sought an extension of time.

The Minister later announced the deadline for public submissions would be extended to the end of January 2006.

The DAA consultations also seemed hastily prepared with copies of the second

Discussion Paper only issued to attendees midway through the Coffs Harbour meeting.

In our view this reinforced a view prevalent in significant sections of the ALC network that the Government's timetable for the review was flawed which did not assist NSWALC in its community consultation processes.

The Minister engaged two independent facilitators for the Government's consultation process, Mr. Jack Beetson and Ms. Wendy Machin to ensure that the views provided to the Minister were independent of both NSWALC and DAA.

They provided a report to the Minister early in the 2006 calendar year.

This report, together with the two Discussion Papers, was placed on the NSWALC website.

Task Force members were not formally required to attend the government forums but were asked to make themselves available to provide explanation and advice in respect of both the rationale and background to the positions and views stated in the discussion papers.

NSWALC monitored each of the consultations. It decided to hold a third round of community consultations with one meeting in each of the four Zones to follow up on the DAA consultations. It was felt this would ensure the opportunity for participants to provide further advice after the initial consultations by DAA.

Each of the recommendations/options was presented to ensure full details were available to the participants. The following schedule of Zone consultations was undertaken:

Date	Zone	Location	Number Attending
28/11	Nthn	Coffs Harbour	59
1/12	Syd	Campbelltown	42
7/12	Sthn	Wagga Wagga	31
9/12	Wstn	Dubbo	42

There was general acceptance at the NSWALC forums on the majority of the 76 recommendations/options contained in the two Discussion Papers, although there was considerable hostility expressed at all forums towards any proposal to force amalgamations of Local Aboriginal Land Councils.

The Minister indicated publicly during the consultation process that forced amalgamations would not be pursued in any proposed amendments to the Act.

## State Wide Meeting

There was agitation among some sections of the ALC network, particularly the Northern Alliance and some Central Coast LALC's, for NSWALC to convene a State-wide meeting on the ALRA Review. NSWALC could see little justification in such a course of action given it had engaged in extensive consultation and distributed an unprecedented amount of ALRA Review material. Its efforts in this regard had far exceeded any other stakeholder.

NSWALC had held 20 community forums in its three rounds of consultation during the past 18 months, attended by more than 1200 participants.

A review of the minutes of the last State-Wide meeting convened by the former State Council over three days at the Opal Cove Resort showed the meeting had led to no tangible outcomes.

The direct cost to the organisation was \$399,797, 08 (excluding staff travel and wages.) The NSWALC Administration decided on a more strategic and cost effective approach.



Each of the Zone wide meetings in NSWALC's third round of consultations was asked to elect four or five delegates to represent their regions at a meeting to be convened in Sydney early in the new calendar year.

A preliminary budget for the proposed meeting indicated the cost would be about \$80,000.

A draft NSWALC response to the 76 recommendations/options in the Discussion Papers was prepared for presentation at the meeting with a final formal NSWALC position on the Review expected to flow from the outcomes from the meeting.

Preliminary work was also commenced at this time on the drafting of proposed amendments to the ALRA ahead of the adoption of a final formal NSWALC position.

Mr Scott and key managers also worked to reconcile and update membership data on an ongoing basis while an enrolment strategy was being developed for implementation in the new calendar year as part of a wider campaign to prepare for the return of a State Council.

This campaign also included the development of a Governance manual and Induction programs to be prepared for incoming office bearers at both State Council and LALC level.

NSWALC also began accelerating an advocacy and lobbying strategy on the shape of any amended legislation. The 2006 calendar year started with the Statewide meeting of Zone delegates.

It was held on February 28 and March 1, 2006 and ended with agreement on about 90 per cent of the recommendations flowing from the two Taskforce Discussion Papers.

The meeting was considered a success by all who attended.

It provided the Minister with an opportunity to provide delegates with some of the Government's views on the progress, and possible outcome, of the ALRA Review and gave NSWALC a solid platform upon which to continue its lobbying strategy on the shape of the proposed legislation.

## Progress on the ALRA Review

As this reporting period drew to a close there appeared to be little progress from within Government on a response to the ALRA Review but NSWALC maintained close contact with the Minister's staff and other stakeholders to seek to ensure the eventual smooth passage of any legislative amendments.

The Minister's office did provide an oversight of the government's preferred position and confirmed a Cabinet minute was expected to go forward in late August with consequential legislation introduced to the Spring Session of Parliament in September 2006.

It also advised that the great majority of the proposed amendments identified in the Task Force Discussion papers would be adopted by Government and be reflected in the legislation.

In summary these included:

- Boards for LALC's (Chair & Deputy only plus 5-9 LALC Councillors)
- Separation of Responsibilities for LALC's
- Regulatory Regimes (Land, Benefits, Business and Investment and Social Housing)
- Electoral College Elections for NSWALC
- Six Regions aligned to the former ATSIC boundaries (therefore six Councillors)



- NSWALC Chair Fulltime, Others Part Time
- Two optional appointees to the NSWALC Board
- Regional Forums to replace Regional Aboriginal Land Councils
- A Land Dealing levy to be set at 3%
- Provide for Community Land & Business plans to be required of all ALC's.
- Statutory requirement for NSWALC to ensure that LALC membership to increase by 3% per year for the next 5 years.
- Divestment of social housing where the LALC cannot demonstrate capacity for sustainable management
- Application of a "fit & proper person" test (LGA as a guide) to all office holders
- Expansion of the PIT to address corrupt and unacceptable conduct.

In addition a cease to function definition and criteria was to be inserted.

It was expected to be:

- i) less than 50 members
- ii) less than 3% of the potential membership
- iii) not achieving a 3% increase in membership per year
- iv) not able to pay rates as they are due.

The Government advised it also intended to clarify section 150 of the Act.

It would be amended to measure the lower limit for the Statutory Investment Fund to be the 31 December 1998 figure plus Annual CPI indexation.

NSWALC raised a number of matters which were not, as we understood it, in the current proposals being considered by Government.

These included

- Repeal of s.40 (1) (c) (a) –The requirement for NSWALC to obtain the approval of a LALC to deal in NSWALC land within its area.
- Return the process for Appointment of Auditors to the pre-2002 process whereby NSWALC maintains a Schedule of Auditors and LALC's may select from that Schedule.
- Need to either provide a regulation to determine "satisfactory audit" or remove the assessment requirement altogether, as currently given the failure for the Minister to provide the required regulation no RALC or LALC could be found to have a satisfactory audit, and technically we could be in breach of the legislation.
- Repeal of s.163, the Cease to Fund provisions – Guidelines for funding to LALC's requires more flexibility and should be better managed by a funding policy instrument, policy or regulation.
- Repeal s.233 NSWALC cease to Function provision.

NSWALC put the view that the effect of this section, if enacted, would amount to the abolition of the ALRA.

Such a decision would more properly be one for the Parliament.

NSWALC was considering a range of measures which needed to be in place as this reporting period ended, assuming the introduction of the legislation in the first half of the new financial year.

They included:

- A formal extension of the Administrators term to ensure a smooth transition to a new State Council
- Immediate information and advisory campaign to all LALC's.
- Transfer of responsibility for maintenance of the copies of the LALC Rolls to the Registrar.
- Determination of the Regional Areas
- Development of an Election timetable for State Council and LALC elections.
- Rollout of compulsory training for all Office Holders
- Policy to be developed on Land Dealing, Social housing, Benefit Regimes, Business & Investment Guidelines
- Completion of a Governance Manual and procedures for same.

As at the end of June 2006, NSWALC was awaiting further advice from the Government on the timetable for possible amendments.

## Network Services Unit

As reported earlier the focus of this unit during the reporting period shifted to the provision of direct support to the Zone Offices through the further development and implementation of relevant operational processes and procedures.

These were designed to provide consistency within the Zone office structure to service delivery to LALCs.

The Chief Operating Officer worked closely with the Director, Network Services on this task. The major activities of each Zone Office are reported separately.

As reported earlier the Intervention

Officer position, which deals with the appointment of Investigators and Administrators, also transferred from the Governance Unit to Network Services Unit during the 2005/2006 financial year.

## Intervention into the affairs of Land Councils for 2005-2006

Part 11 of the Act gives powers which allow for the intervention into the affairs of Land Councils.

Division 1 deals with the appointment of Investigators, Division 2 with the appointment of Administrators and Division 3 with non-functioning land councils and dissolution.

Section 234(1) gives the Minister authority to dissolve Regional or Local Aboriginal Land Councils where they request it or where NSWALC is of the view that the relevant Council has ceased to function.

There have been no dissolutions within the current reporting period. The reasons for appointment of Administrators and Investigators vary.

They can include failure to comply with statutory reporting requirements, possible disposal of land without proper approval, possible fraudulent activity, and unsatisfactory audit reports are some reasons.

Out of 121 Local Aboriginal Land Councils, only 11 were under Administration at 30 June 2006, compared with 13 at the end of the last reporting period.

Only three new administrations were approved in the current reporting period, compared with five in the previous financial year and six the year before.

These statistics give lie to the frequent claim in sections of the mainstream media and among some regulatory agencies that the land council network is dysfunctional.

## NOTES

NSWALC continued a public awareness campaign during the 2005/06 financial year to stimulate discussion and debate about the State Government-initiated review of the Aboriginal Land Rights Act.





**The community forums  
were well attended  
and NSWALC received  
excellent feedback  
on the information  
presented.**

**The review was expected  
to result in significant  
changes to the Land Rights  
Act during the 2006/07  
financial year and pave  
the way for the return of a  
duly elected State Council.**

Following is a table showing the appointment (and re-appointment) of Administrators in recent years.

3 Administrators were appointed in 2005/06:

Local Land Council	Administrator	Start of Appointment	Status at 30 June 2006
Condobolin	Andrew Bowcher	25 July 2005	Extended until 24 July 2006.
Darkinjung	Peter Hillig	2 May 2006	Term ends 1 Nov. 2006
Moama	Andrew Bowcher	8 March 2006	Term ends 7 Sept. 2006.

5 Administrators were in place as at 1 July 2005:

Local Land Council	Administrator	Start of Appointment	Status at 30 June 2006
Ashford	Barry Jameson	11 March 2005	Extended until 10 Sept. 2006
Coonabarabran	William Malvern	16 February 2005	Extended until 15 Aug. 2006
Jerrinja	Frank Lo Pilato	4 May 2005	Extended until 3 May 2007
La Perouse	Paul Gidley	25 August 2004	Extended until 24 Aug. 2006

6 Administrators were in place as at 1 July 2004:

Local Land Council	Administrator	Start of Appointment	Status at 30 June 2006
Birpai	Andrew Hoholt	17 March 2004	Ended 15 Mar. 2006
Jali	Barry Jameson	24 November 2004	Extended till 23 Nov. 2006
Ngunnawal	Peter Hillig	24 June 2004	Ended 23 Jun. 2006
Purfleet/Taree	Terry Lawler	7 October 2003	Ended 7 Apr. 2006
Thungutti	Andrew Hoholt	19 March 2004	Ended 16 Sept. 2005
Worimi	Peter Hillig	13 April 2004	Extended till 12 Oct. 2006

2 Administrators were in place as at 1 July 2003:

Local Land Council	Administrator	Start of Appointment	Status at 30 June 2006
Koompahtoo	Terry Lawler	25 February 2003	Extended 13 June 2007
Moree	Paul Gidley	15 August 2003	Extended until 13 August 2006

Following are details of the 11 Local Aboriginal Land Councils currently under administration and the reasons for their appointment.

## **MOAMA LOCAL ABORIGINAL LAND COUNCIL**

Mr Andrew Bowcher was appointed Administrator to the Moama LALC from 8 March 2006.

His appointment followed the discovery of a number of financial irregularities in the LALC accounts. This was evidenced, in part, by a drastic turnaround in the MLALC's financial affairs which saw it move from an operating surplus of \$172,340 in the 2003/04 financial year to the recording of a deficit of \$108,459 in the subsequent year.

Concern was raised funds would continue to be expended in an inappropriate manner in the absence of the appointment of an Administrator.

## **CONDOBOLIN LOCAL ABORIGINAL LAND COUNCIL**

Mr Andrew Bowcher was appointed Administrator to the CLALC commencing 25 July 2005.

His appointment resulted from the LALC losing elected executives, failing to successfully convene meetings, heavily qualified Annual Financial Reports (particularly in relation to accountability, management and governance requirements) and mounting debts.

Complaints from members highlighted a lack of support and major problems in maintenance of Housing and infrastructure at the Willow Bend Reserve.

Since his appointment Mr Bowcher has negotiated the retrenchment of the LALC Coordinator, made substantial progress in reconstructing the accounts, addressed outstanding ALRA compliance reporting, met regularly with LALC members and performed substantial work to address the problematic infrastructure on the reserve (particularly the failed sewerage system).

Mr Bowcher's term was extended for another six months on 25 January 2006. He was due to complete his administration by 24 July 2006. He was expected to address all outstanding breaches of the ALRA and put in place appropriate policies and procedures for the running of the LALC by its membership and elected representatives.

## **DARKINJUNG LOCAL ABORIGINAL LAND COUNCIL**

On 3 March 2005, the Minister for Aboriginal Affairs appointed an investigator, Mr Tim Kelly to examine all of the affairs of DLALC.

The investigator's report to the Minister on 17 October 2005 concluded that the office bearers of DLALC had not properly applied or managed its funds or property.

In particular, there were concerns about the lawfulness of the transfer of significant sums of money by the DLALC to entities incorporated under the Corporations Act that were beyond the scrutiny of the ALRA.

The auditors of DLALC financial statements for the year ending June 2005 were unable to complete the audit in accordance with s 41B(1) of the Public Finance and Audit Act and the Australian Accounting Standards.

Mr. Peter Hillig was appointed as Administrator by the Minister under s 222(1)(c) of the ALRA on 2 May 2006 based on the failure of DLALC to report their audited financial statements in compliance with s 153 of the ALRA.

The Administrator has been appointed to resolve a range of complex issues concerning the legality and proper auditing of the funds moved out of the DLALC account and out of the control of its members.



## ASHFORD LOCAL ABORIGINAL LAND COUNCIL

The audit statements from Ashford Local Aboriginal Land Council in the 2003-2004 financial year raised substantial governance and financial concerns.

Valuations on properties had not been undertaken since 1998. No rent had been collected from any tenants for over three years.

No AGM was held in 2003. A substantial debt was also owed to the Australian Taxation Office.

The Administrator, Barry Jameson, commenced activities upon appointment to improve the functioning of ALALC particularly the implementation of proper governance procedures. Membership participation in the functioning of the LALC has been an issue; often resulting in the inability to have a quorum present in LALC meetings. Since November 2005, Mr Jameson has tried to organise a members' meeting but has been unsuccessful in obtaining a quorum.

## COONABARABRAN LOCAL ABORIGINAL LAND COUNCIL

The Administrator, William Malvern was appointed due to poor organisational, financial and housing management at the LALC.

At the time of appointment, the CLALC was struggling to operate efficiently, with the main area of concern being a failure to act on an unsatisfactory audit report for the 2003/2004 financial year.

At the beginning of the Administrator's tenure, there was \$16,000 worth of unsubstantiated payments made to the former Office Bearers as well as \$174,000 in outstanding rates debts.

The CLALC signed uninsured tenancy agreement with tenants for a three year

period in lieu of rent with a requirement that tenants pay the rates, repairs & maintenance without seeking approval from NSWALC.

In the current term, the Administrator has reduced the CLALC's outstanding rate debt to approximately \$6000. Mr Malvern also expects to complete his investigation of the unsubstantiated payments to former Office Bearers by the end of the administration and will refer the matter over to the police for further action.

## JALI LOCAL ABORIGINAL LAND COUNCIL

The Administrator, Barry Jameson, was appointed by the Minister following poor financial management of the Jali LALC as revealed in an unsatisfactory audit report for the 2002/2003 financial year.

JLALC had \$102,307 in rental arrears at 30 June 2003. JLALC Office bearers failed to attend meetings to discuss the funding situation. The Department of Health & Ageing stopped further funds for a JLALC project because of lack of accountability. Activities to improve the functioning of JLALC and to implement proper governance procedures are in progress as well as ongoing negotiations in relation to the Taylors Lake & South Ballina land claim. Mr Jameson is also giving consideration of possible asset disposable to address the current debts of the JLALC.

In the current term, Mr Jameson improved rental collections; with only five tenants in arrears and he is seeking CTTT orders against these uncooperative tenants. The Administrator is also looking to find an external property management agency to take over longer term management of JLALC housing stock.

## **JERRINJA LOCAL ABORIGINAL LAND COUNCIL**

Jerrinja LALC had a history of poor reporting performance.

The current Administrator, Mr Frank Lo Pilato was initially appointed on May 4, 2005 but has since had his term extended to May 3, 2007.

Mr Lo Pilato was appointed after a range of breaches of the ALRA by the LALC.

The LALC has had an Administrator appointed on two previous occasions: from March 1994 to August 1995 and from October 2002 to April 2003.

In the current term, Mr Lo Pilato has been appealing the land claims refused by the Minister of Lands and putting in place JLALC's policies and procedures as well as the community business plan for the future of JLALC after the administration ends.

## **LA PEROUSE LOCAL ABORIGINAL LAND COUNCIL**

Mr Paul Gidley was appointed as Administrator to the La Perouse Local Aboriginal Land Council in August 2004 after unsatisfactory audit reports. His term of appointment was subsequently extended until August 2006 because of the task ahead of him.

At the end of May 2004, LPLALC had non-payments amounting to \$464,561.33 owed to NSWALC with no indication of how and when such repayments would occur.

Deficiencies in the implementation of a Housing Plan and non-collection of rents hindered the long-term viability of the LALC.

The Administrator has been providing the appropriate management and commercial skills to LPLALC to implement a comprehensive Community Business

Plan which encompasses the disposal/development of property that it needs to achieve long-term viability.

In the current term, Mr Gidley has been trying to resolve the payment of LPLALC's outstanding debts, including in excess of \$1 million now owed to NSWALC, through identifying with the community appropriate land parcels to dispose/develop.

## **MOREE LOCAL ABORIGINAL LAND COUNCIL**

Mr. Paul Gidley was extended as Administrator to the Moree Local Aboriginal Land Council (MLALC) in August 2005.

The rationale for the appointment was poor organisational, financial and housing management of MLALC.

At the time of appointment, the MLALC was struggling to operate efficiently with the main areas of concern being tenancy records, rates owing to Moree Plains Shire Council, membership rolls, financial reporting and assets register.

MLALC had an outstanding debt of \$258,346.83 in rates to the Moree Plains Shire Council in November 2004.

Rent collections are currently being improved and problem tenants are being referred to the Tenancy Tribunal.

In the current term, Mr Gidley has been finalising a litigation matter in regards to the Nardoola property. The Administrator has also paid off nearly all of the outstanding rates owing to Moree Plains Shire Council. An audit for the financial year ended 30 June 2006 is expected to be conducted to assess the current status of MLALC.

## WORIMI LOCAL ABORIGINAL LAND COUNCIL

Mr. Peter Hillig was originally appointed as Administrator in April 2004 due to Council failing to furnish satisfactory audited financial statements in the 2003/2004 financial year.

In April 2006, office bearers were elected in accordance with s 98 of the ALRR.

However, it was necessary to extend the Administrator's appointment until October 2006 as WLALC still had outstanding liabilities in the vicinity of \$3 million.

The Administrator is currently providing the appropriate management and commercial skills to WLALC to implement a comprehensive Community Business Plan which encompasses the disposal/development of property that it needs to achieve long-term viability.

## KOOMPAHTOO LOCAL ABORIGINAL LAND COUNCIL

Mr Terry Lawler was appointed Administrator based on recommendations of the Investigator's report in relation to ultra vires payments, loans to members and cash payments and land dealings that contravene the Aboriginal Land Rights Act (1983). NSWALC initiated the Independent Commission Against Corruption (ICAC) inquiry into KLALC through its appointment of an Investigator and then an Administrator into the LALC following disquiet about its activities.

In April 2005, the ICAC also released findings of corrupt conduct against eight people, and recommended prosecutions be considered against six of those persons, as a result of its investigation into Koompahtoo Local Aboriginal Land Council. In early 2006, the Office of the Director of Public Prosecutions began its review of the ICAC findings and will

be considering if the evidence available supports the prosecution for criminal offences.

In the current term, Mr Lawler has managed the KLALC legal proceedings resulting from its unauthorised land dealings and has been working with the community to implement proper policies and procedures for KLALC.

## Disallowance Motion

\*On the 12th October 2005, the NSW Legislative Council voted positively on a motion to disallow Aboriginal Land Rights Amendment (Elections) Regulation 2005 published in Government Gazette No. 65 and tabled in the House on 7 June 2005.

The object of this regulation was to extend the period to five years within which elections must be held following the appointment of an Administrator to an Aboriginal land council.

Due to the disallowance, there is a requirement for elections to be held two years after the appointment of an Administrator under the Aboriginal Land Rights Amendment (Elections) Regulation 2002.

## Corporate Data Base

In recent years the Network Services Unit has successfully developed a system for the storage of data on ALC's breaches and funding status.

The data base is being utilised as the primary tool for funding category assessment for Local and Regional Aboriginal Land Councils.

It has been the driving force behind the implementation of Funding Agreements to funded Regional and Local Aboriginal Land Councils during this reporting period.

The data base has increasingly allowed for ease of reporting on the status of all ALCs.

The Network Services Unit maintained the responsibility for the continuing development of the Corporate Data Base during the first quarter of this reporting period when it was transferred to the newly created Information Technology Unit which reports directly to the Chief Finance Officer.

Further development and enhancement to the Corporate Data Base in the first quarter of the reporting period included:

- Automatic changing of the funding category of Aboriginal Land Councils on failure to comply with, or clearing, breaches of the ALRA and NSWALC policy.
- The automatic issue of Breach Notices to Local Aboriginal Land Councils for failure to comply with the ALRA and NSWALC policies
- Improved evaluation records with observation breaches linked to related sections of the ALRA.

## Business Applications

Network Services Unit assumes responsibility to develop and release model applications for preparation of business plans, financial reports and evaluations of plans and reports of the Aboriginal Land Councils.

The current budget model, which was devised in conjunction with Price Waterhouse and released for use in March 2005, is under revision by in house information technology specialists for further enhancement to make it more user friendly.

The Financial Reports and Breach and Allocation Reports format, as required by section 159 of Aboriginal Land Rights Act (1983), is also being upgraded to provide comprehensive and intelligent information to the users.

Reports evaluation procedures have been improved to provide clear and fair compliance conclusions.

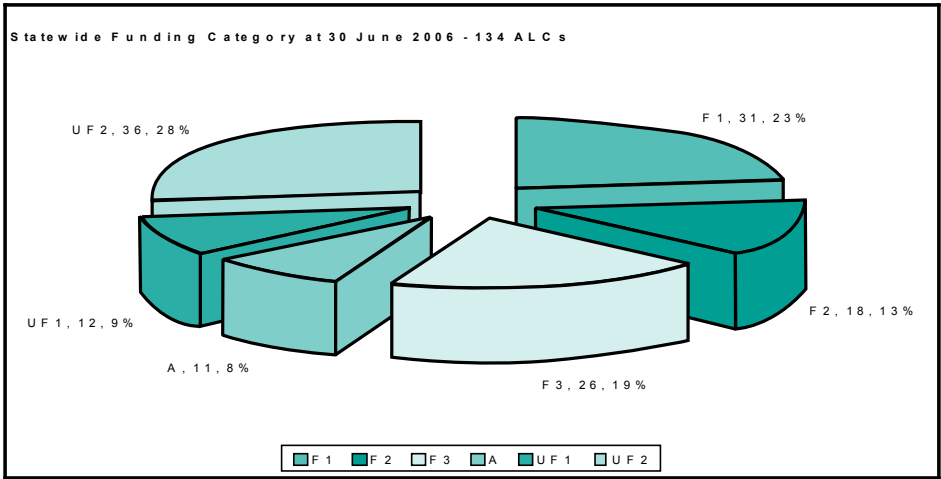
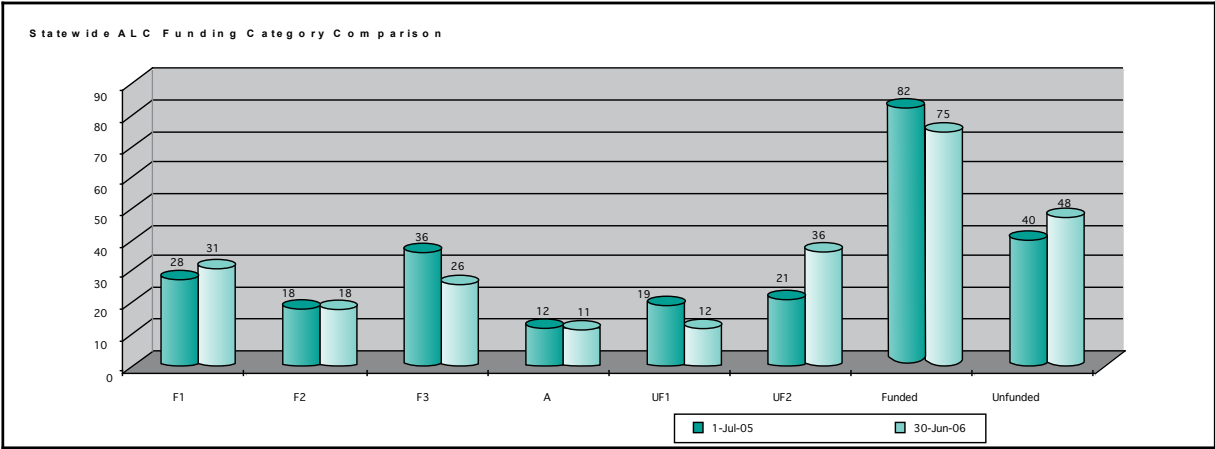
## Quality Assurance

Network Services Unit also ensures quality assurance on the performance of the Zone Offices in maintaining control on Aboriginal Land Councils compliances with the regulation and policies.

During the period when the ALC Database was being developed and enhanced, a quality assurance exercise placed greater emphasis on efficient use of the database to achieve effective and informative results from data collections.

Quality assurance has also been performed on document maintenance in the Zone Offices and on their performance on evaluation of Aboriginal Land Councils audited Financial Statements.

# Statewide ALC Funding Categories



## Explanation of the Graphs

The Column Chart compares each funding category in which the 134 Aboriginal Land Councils were categorised at the beginning and at the end of the financial reporting period.

It also compares the funded and unfunded LALCs between the two periods. The LALCs that have received funds through an Administrator are shown separately.

The Pie Chart shows the number of LALCs, and the percentage of total LALCs, categorised in each funding category at the end of the reporting period.

The activities of each of the Zone offices is set out below.

## Northern Zone

The Northern Zone office of the NSWALC was established in Coffs Harbour in December of 2004.

The Northern Zone comprises four NSWALC regions, being the:

- Far North Coast Region (comprising 13 Local Aboriginal Land Councils);
- Central Coast Region (comprising 11 Local Aboriginal Land Councils);
- Northern Region (comprising 7 Local Aboriginal Land Councils); and the
- Northern Tablelands Region (comprising 7 Local Aboriginal Land Councils).

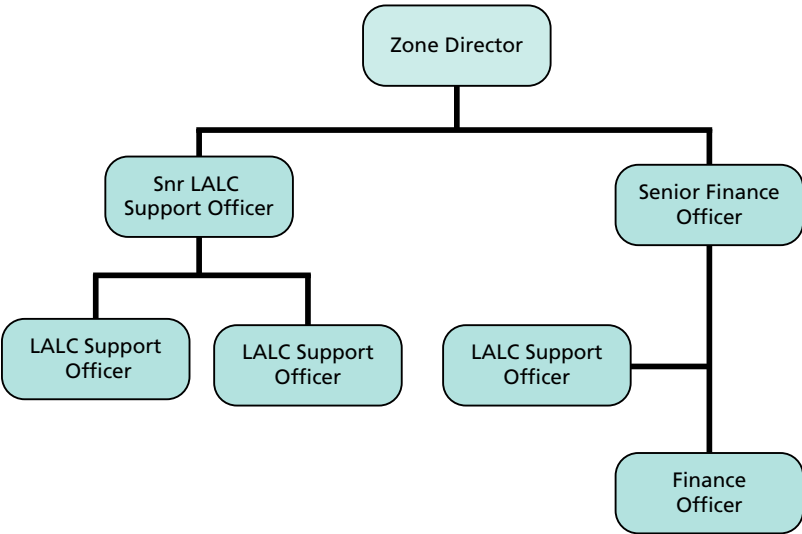
There are a total of 38 Local Aboriginal Land Councils and 4 Regional Aboriginal Land Councils within the boundaries of the Northern Zone.

The general purpose, aims and functions of the Northern Zone are primarily focused on the following key objectives found within the revised NSWALC Business Plan:

- Objective 1:* NSWALC will provide leadership to influence the policy of government and other stakeholders to preserve Aboriginal culture and heritage and create economic, social and cultural improvements for Aboriginal people;
- Objective 2:* Create a network of fully functional, transparent, well governed Regional and Local Aboriginal Land Councils,
- Objective 3:* To help LALC's acquire and develop assets to become financially viable;
- Objective 4:* To improve the internal operations of NSWALC.

The primary focus of activities undertaken by the Northern Zone relates to implementing a range of strategies addressing Objectives 1 and 2.

The staffing structure of the Northern Zone is depicted below:



The Northern Zone has established a Case Management Approach in the delivery of services and support to the network of LALC's in the zone.

Land Council Support staff have primary responsibility for day to day dealings with LALC's on a broad range of issues.

These include assisting LALC's to fulfil their responsibilities under the Act and provision of advice in relation to the requirements of the Act and Regulations, providing advice in relation to operational matters, planning, preservation and protection of Aboriginal culture and heritage, land dealing matters, human resource functions and assistance with negotiations with government and other stakeholders.

The Finance staff provide support to LALC's in relation to budgeting, release of NSWALC grant funds, processing of "essential payments", LALC financial performance monitoring and assistance and also provide internal services to ensure the efficient and effective operations of the Northern Zone office.

Staff in the Northern Zone office have a range of technical and generalist skills that has led to the development of a team that delivers a professional, timely and comprehensive service to the land council network within the zone.

## ACHIEVEMENTS:

### Compliance Monitoring and Assistance:

Local and Regional Aboriginal Land Councils have many and varied responsibilities under the ALRA.

A major focus area for the Northern Zone of NSWALC, since establishment, has been in relation to ALC compliance reporting as required by the ALRA.

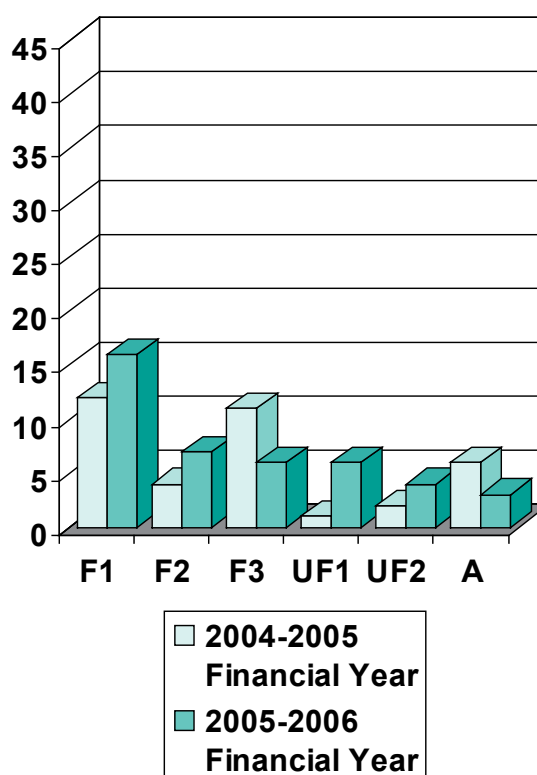
The 2004/2005 reporting period saw the full rollout of revised NSWALC funding and compliance policy.

This reporting period saw the use of NSWALC Funding Agreements for the first time.

During the reporting period, a total of 33 Funding Agreements were issued to LALC's in the zone and a further 3 Funding Agreements issued to RALC's. LALC's under administration were not offered a funding agreement in line with NSWALC policy.

The NSWALC funding category policy is based around a LALC's compliance with the ALRA.

The following graph shows the number of LALC's in the various funding categories, compared to that of the 2004/2005 reporting period:





As can be seen, there has been an increase in the number of F1 and F2 category LALC's within the zone.

There has been a decrease in the number of F3 LALC's but an increase in the number of UF1 and UF2 LALC's.

There has also been a decrease in the number of LALC's under administration during the reporting period.

It is pleasing to see the number of F1 and F2 LALC's has increased.

These categories clearly indicate that over 55% of LALC's in the Northern Zone have managed to comply continuously within the provisions of the ALRA and NSWALC policy for at least 12 months.

**This is an excellent achievement.**

A further 15% of LALC's in the zone were in a funded category as at 30 June 2006.

Overall, this data indicates that in excess of 70% of LALC's in the Northern Zone were able to adhere to the compliance regime established by the ALRA.

Slightly over 13% of LALC's in the zone were in the UF1 category as at 30 June 2006 with a further 7% in the UF2 category.

Almost 8% of LALC's in the zone were under the control of an administrator at the end of the reporting period.

Overall, these statistics indicate a slight decrease in the number of funded LALC's in the zone as at 30 June 2006 compared to that at 30 June 2005 but an overall improvement in the number of LALC's who were able to meet and maintain a compliance regime for 12 months or longer.

It is interesting to note the competing

compliance demands that are placed on LALC's.

The Northern Zone undertook an exercise whereby a review of LALC annual audited statements for the 2004/2005 period shows that LALC's within the zone were delivering services funded by other agencies with a dollar value in excess of \$16M.

This data is not yet available for the 2005/2006 reporting period however NSWALC anticipates that the figures will be similar.

It is likely that each of the grants received by LALC's from other agencies also come with reporting responsibilities which impose additional layers of reporting responsibilities on LALC's.

## Case Management Plans

The Northern Zone has Case Management Plans completed for all LALC's in the Zone.

These plans form the basis of support provided to LALC's by the zone.

The plans have been developed in a holistic manner that seek to identify all the key issues facing LALC's including housing management, governance, compliance, asset management and development and financial management.

## LALC Capacity Building Initiatives

During the course of the 2005/2006 financial year, the Northern Zone office, in concert with other stakeholders, provided the following development/ capacity building support to LALC's within the Zone:

- Two Land Dealing/Community Business Planning Workshops: These workshops were held in Coffs Harbour and Tamworth and were attended by NSWALC Commercial

Unit staff. At the Coffs Harbour Workshop 2 LALC's currently considering land development ventures provided case studies to the delegates on their land development approaches.

- Two NSWALC ALRA Review Workshops:

In mid July 2005 NSWALC convened a consultation workshop with LALC's in the Central and Far North Coast regions. This workshop was complemented by a similar workshop held at Armidale in June 2005 for the Northern and Northern Tablelands regions. The purpose of these workshops was for NSWALC to seek the views of the land council network in relation to the ALRA Review Discussion Papers released by the Review Taskforce.

- Facilitate LALC Participation in the NSW Government ALRA Review Consultations: During the reporting period the office also assisted LALC's to attend community consultations undertaken by the DAA on behalf of the Government in relation to the ALRA Review.
- In February 2006, the zone office facilitated participation by LALC representatives from the zone at the NSWALC Review Forum held in Sydney. The purpose of this forum was to again seek the views of the network on the proposed amendments to the ALRA. The views from this forum assisted NSWALC in finalising its position on the proposed amendments.
- 2006/2007 Budget Workshops:  
In January and February 2006 the Northern Zone office held two budget workshops for LALC's in the zone. The purpose of these workshops was to assist and

inform LALC's on the budget process for the coming 2006/2007 financial year and to assist in the preparation of those budgets.

- LALC Membership Roll Workshops:

During May and June 2006 the zone worked collaboratively with the Registrar, other NSWALC staff and the DAA to stage workshops in Tamworth and Coffs Harbour in relation to the requirements of the ALRA regarding LALC membership rolls.

- AEIFRS Workshops:

Also during May and June 2006, the Northern Zone, with assistance from a NSWALC engaged consultant, held workshops in Tamworth and Coffs Harbour in relation to the requirements and implementation of the new Australian Equivalent to the International Financial Reporting Standards. LALC's are required to adhere to these new standards.

## Working Together

Throughout the year the Zone office worked with Local Aboriginal Land Councils on a range of other issues.

The following are examples of how the NSWALC and LALC's have worked together to achieve beneficial outcomes for members.

During the reporting period the Northern Zone worked closely with the Muli Muli LALC at Woodenbong to settle a long standing dispute with the Kyogle Shire Council in relation to a Special Water Rates Levy levied on the MMLALC by the Shire.

This matter had been on foot for a number of years and involved legal proceedings by both parties and NSWALC

and action in the Human Rights and Equal Opportunities Commission by the MMLALC.

The matter was settled to the satisfaction of all parties and resulted in the levy being withdrawn.

The Northern Zone office worked closely with the Walhollow LALC and the Walhollow Aboriginal Corporation to implement a joint housing management strategy that has led to significantly improved housing management within the community.

The improvements in housing management also led to the granting of significant repairs and maintenance funding to the community by the Aboriginal Housing Office.

Whilst the strategy requires careful monitoring and nurturing, it has established sustainable, equitable housing management practices.

The Northern Zone staff have over the course of the past year provided significant guidance and assistance to many LALC's in the difficult to manage area of community housing.

The Zone works individually and collaboratively with the Aboriginal Housing Office in staging workshops for members in relation to rent setting, policy development and sustainable housing practices.

The Northern Zone office, in concert with the NSWALC Commercial Unit, continues to provide support and assistance to a number of LALC's considering development of their land assets.

Most of these agreements involve quite complex joint venture arrangements where NSWALC has a clear priority to assist LALC's in guarding their best interests.

Most of these agreements are still in the development stage however we anticipate a number of these agreements progressing to the stage in the coming year where NSWALC will be asked to approve land disposals under Section 40D of the ALRA.

Given the indications to date, if these proposals are finalised, they have the capacity to deliver lasting benefits to the LALC's, their members and communities.

As reported on elsewhere staff from the Northern Zone and the NSWALC Policy Unit provided direct support to the efforts of the Jali LALC (Cabbage Tree Island) in relation to a proposed route put forward by the NSW Roads and Traffic Authority for an upgrade to the Pacific Hwy that would have impacted significantly on Jali owned land.

These joint efforts have seen the RTA amend the route option to ensure that Jali LALC owned land is not directly affected.

Zone staff continue to work with the Jali LALC and other LALC's on culture and heritage matters arising from development pressure on freehold land within various LALC boundaries.

The Northern Zone office was also successful in securing funding from the DAA to undertake a project aimed at increasing the membership and engagement at Local Aboriginal Land Councils by young Aboriginal people.

This project will target 18-24 year olds with a view to increasing membership and participation and 16-17 year olds to provide information and increase awareness of the land council network and the benefits of participation.

The project will involve a series of "gala days" being held around the zone and involving young people from nearby Local Aboriginal Land Councils.

## Southern Zone

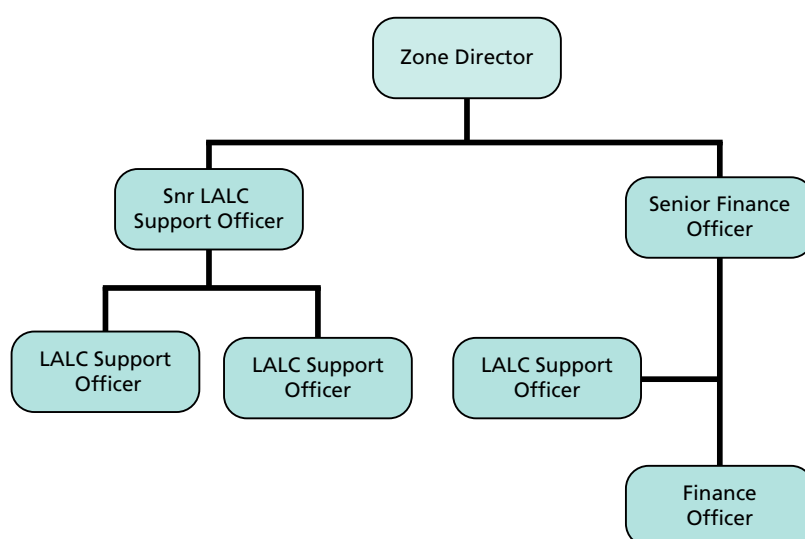
The Southern Zone office was established in Queanbeyan in November 2004.

The Zone comprises three (3) NSWALC regions all with one Regional Aboriginal Land Council and Local Aboriginal Land Councils as follows:

- Far South Coast Region (with 10 Local Aboriginal Land Councils);
- Wiradjuri Region (with 16 Local Aboriginal Land Councils);
- Murray River Region (with 5 Local Aboriginal Land Councils); and the

There are a total of 31 Local Aboriginal Land Councils and 3 Regional Aboriginal Land Councils within the boundaries of the Southern Zone.

The staffing structure of the Southern Zone is depicted below:



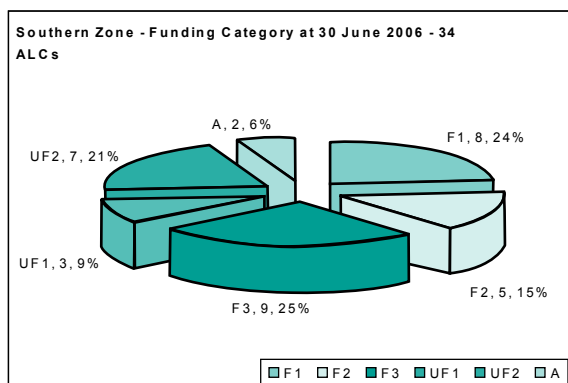
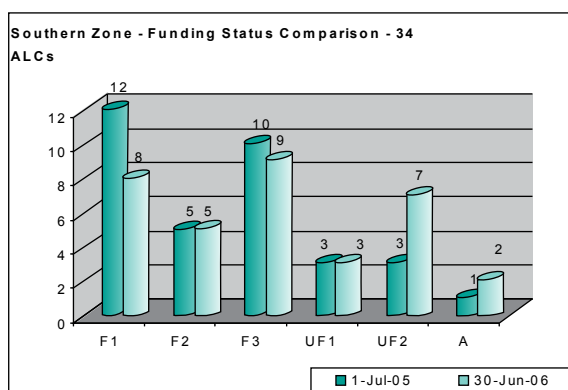
### Compliance Monitoring and Assistance:

During the 2004/2005 financial year revised NSWALC funding and compliance policy was rolled out across the network, including the introduction and implementation of NSWALC Funding Agreements.

During the 2005/2006 financial year, a total of 28 Funding Agreements were finalised with twenty five Local Aboriginal Land Councils and three Regional Aboriginal Land Councils in the Southern Zone.

Local Aboriginal Land Councils under administration were not offered a funding agreement.

The graph below shows the number of LALC's in the various funding categories at the end of the 2005/2006 reporting period compared with the beginning of the period.



A Comparative Analysis between the 2004/2005 and 2005/2006 Financial Years reveals the increase and decrease in the various funding categories (F = funded; UF = unfunded and A = Administrator):

At 30 June 2006 there were twenty two Aboriginal Land Councils in a funded category.

This represents a reduction of five from the twenty seven funded Aboriginal Land Councils at 1 July 2005.

At 30 June 2006 there were ten Aboriginal Land Councils in an unfunded category.

This represents an increase of four from the six unfunded Aboriginal Land Councils at 1 July 2005.

At 30 June 2006 there were two Administrators appointed to Aboriginal Land Councils compared to one at 1 July 2005.

The first full year implementation of NSWALC Funding Policy occurred during this reporting period.

The benefits of application of this policy are reflected in the number of unfunded Aboriginal Land Councils in Southern Zone.

## Case Management Plans

Case management plans have been developed for the majority of the unfunded LALC's.

These plans attempt to highlight the operational areas where the LALC will require advice and support from the Zone office.

A priority for the new financial year is to update these plans and develop case management plans for all the remaining LALC's.

## Assistance Agreements

The Southern Zone completed four Assistance Agreements for LALCs in the Zone during the reporting period.

## ALC Capacity Building Initiatives:

Pursuant to S.106 (u) of the Aboriginal Land Rights Act, the Southern Zone has organised, facilitated or participated in the following activities for LALCs:

LALC Staff, members and/or Executive:

Training Discipline	Date	Location	No. of Participants
Government Review of the Aboriginal Land Rights Act	July 2005	Batemans Bay and Wagga Wagga	80
Community Business Planning	August 2005	Queanbeyan	80
Community Business Planning	November 2005	Wallaga Lake	10
Community Business Planning	December 2005	Wallaga Lake	10
Budget Workshop	1-3 February 2006	Albury	60
Land Dealings Workshop – Wagonga LALC	23 February 2006	Wagonga LALC	15
Land Dealings workshop – Merrimans LALC	24 February 2006	Merrimans LALC	2
Amalgamation Workshop	4-5 March 2006	Ulladulla	15
Sites Officers Working Party	9 March 2006	Zone Office	10
Membership Rolls Workshop	16 May 2006	Wagga Wagga	40
Membership Rolls Workshop	23 May 2006	Batemans Bay	18
Amalgamation Workshop	2 June 2006	Queanbeyan	6
AEIFRS Workshop	6-7 June 2006	Batemans Bay	60



Training or skills enhancements for Southern Zone staff saw the following participation during 2005/2006:

Zone Staff:

Training Discipline	Date	Location	No. of Participants
Defensive Driving	4 April 2006	Queanbeyan	4
Basic Accounting/ AEIFRS Training	1-4 May 2006	Parramatta	5
Defensive Driving	11 May 2006	Wellington	1
OH&S Training	16 & 23 May 2006	Queanbeyan	1
SAP Training	19-21 June 2006	Parramatta	3

## Community Business Plans

There are at least 10 LALCs in the Southern Zone that have indicated their support for assistance in, and facilitation of, the community business planning process by NSWALC.

Southern Zone at present is investigating ways to provide their staff with the training to be able to assist in the process.

## Western Zone

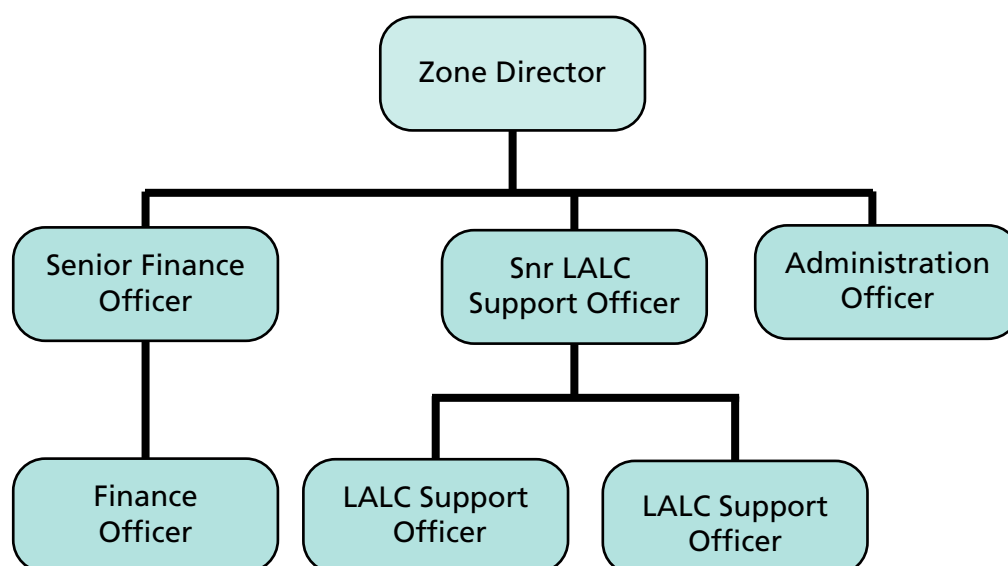
The Western Zone office was established in Dubbo in December of 2004.

It comprises three NSWALC regions, being the:

- o North West Region (comprising 17 Local Aboriginal Land Councils);
- o Central Region (comprising 10 Local Aboriginal Land Councils); and the
- o Western Region (comprising 10 Local Aboriginal Land Councils);

There are a total of 37 Local Aboriginal Land Councils and 3 Regional Aboriginal Land Councils within the boundaries of the Western Zone.

The staffing structure of the Western Zone is depicted below:



### Compliance Monitoring and Assistance:

Since its establishment the Western Zone office has focused on LALC compliance as stipulated in the Aboriginal Land Rights and relevant NSWALC policies.

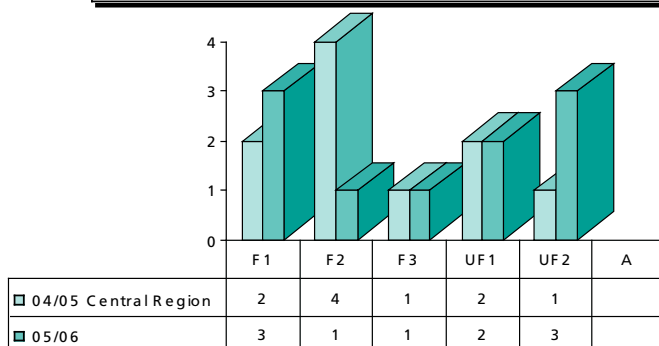
At the commencement of the reporting period, a total of 19 Funding Agreements were offered to LALC's in the zone and a further Funding Agreement was offered to the North West RALC.

LALC's under administration were not offered a funding agreement in line with NSWALC policy.

The graphs appearing below show the number of ALC's in the various funding categories as at 30 June 2006 in comparison to the corresponding period in 2005.

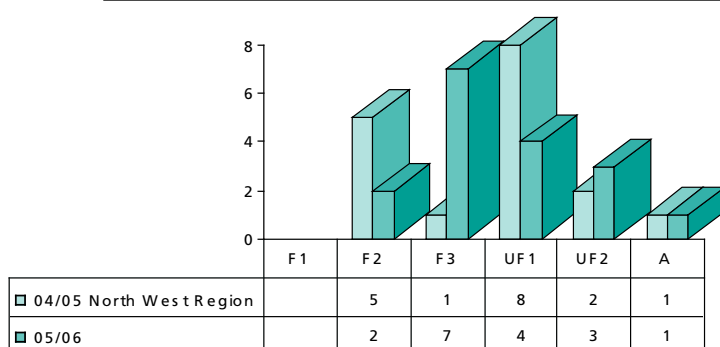
04/05 Central Region

05/06



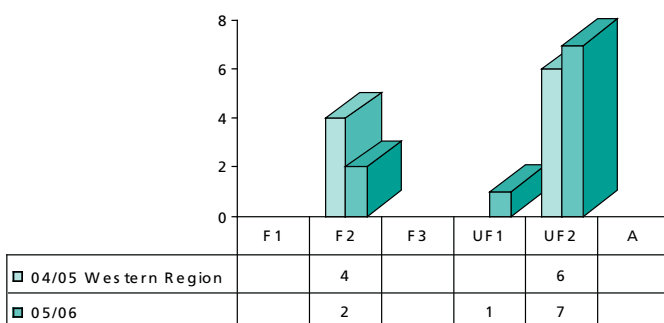
04/05 North West Region

05/06



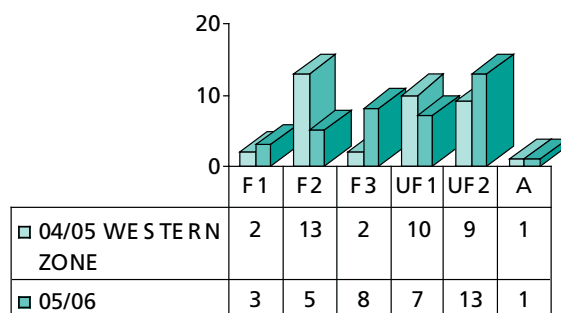
04/05 Western Region

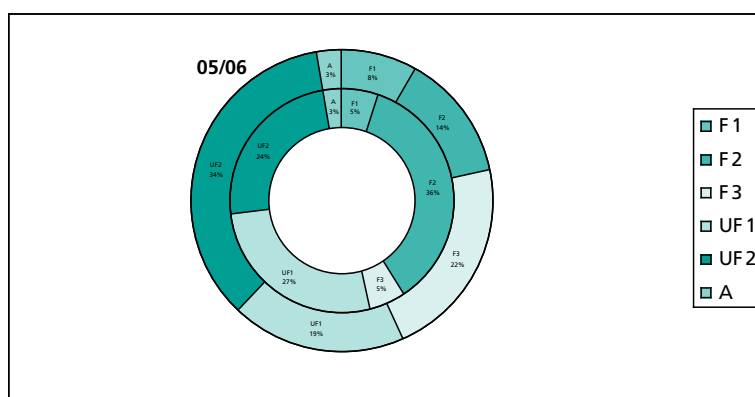
05/06



04/05 WESTERN ZONE

05/06





The graphs show a decrease of one in the number of funded LALCs.

A number of LALCs in the Western Zone have not been functioning properly for many years.

They represent about 12.5% of the total number of LALCs in the Western Zone.

If this is taken into consideration the figures demonstrate that just under 25% of LALCs in this zone have complied with the provisions of the ALRA and NSWALC policy for at least 12 months.

Another 25% were in a funded category as at 30 June 2006.

22% of LALC's in the zone were in the UF1 category as at 30 June 2006 with a further 25% in the UF2 category.

Only one LALC was under the control of an administrator at the end of the reporting period.

## Case Management Plans

Case Management Plans have been completed for all LALC's in the Zone.

The plans have been developed by identifying all of the the key issues facing LALC's, including housing management, governance, compliance, asset management and development and financial management.

## Training and Information Workshops

During the 2005/2006 financial year the Western Zone office undertook or facilitated the following workshops or training initiatives in support of LALC's:

- **Two Land Dealing/Community Business Planning Workshops:** These workshops were held in Dubbo and Tamworth and were attended by NSWALC Commercial Unit staff. At the Dubbo Workshop 2 LALC's currently considering land development ventures provided case studies to the delegates on their land development approaches.
- **Three NSWALC ALRA Review Workshops:** In December 2005 and March 2006 NSWALC facilitated consultation workshops with ALC's in the Central, North West and Western regions. The purpose of these workshops was for NSWALC to seek the views of the land council network in relation to the ALRA Review Discussion Papers released by the Taskforce.
- **Facilitated ALC Participation in the NSW Government ALRA Review Consultations:** During the reporting period the zone assisted ALC's in the zone to attend the consultations undertaken by the DAA on behalf of the Government in relation to the ALRA Review.

- In February 2006, the zone facilitated participation by ALC representatives at the NSWALC Review Forum held in Sydney. The purpose of this forum was to again seek the views of the network on the proposed amendments to the ALRA. The views from this forum assisted NSWALC in finalising its position on the proposed amendments.
- **2006/2007 Budget Workshops:** In February 2006 the Western Zone staged two, three day, budget workshops for ALC's in the zone. The venues for these workshops were Warren and Lightning Ridge. The format of these workshops, as in prior years, was prepared as an information forum which led directly into assisting the ALCs in the preparation of the budget for the 2006/2007 financial year. The ALCs used all relative data with the end result being that, at the end of the workshops, the budgets were for all intents and purposes completed and ready for submission subject to ratification by members.
- **LALC Membership Roll Workshops:** During May and June 2006 the zone worked collaboratively with the Registrar, other NSWALC staff and the DAA to stage workshops in Tamworth, Cobar and Dubbo in relation to the requirements of the ALRA regarding LALC membership rolls.
- **AEIFRS Workshops:** During May 2006, the Western Zone, in conjunction with other NSWALC staff and an external consultant, held workshops in Tamworth, Cobar and Dubbo in relation to the requirements and implementation of the new Australian Equivalent to the International Financial Reporting Standards. ALC's are required to adhere to these new standards.

- **AEIFRS Workshops:**

A workshop was conducted in Dubbo with Auditors associated with LALCs in the Western Zone. The rationale was to ensure a consistent application of the new standards during the upcoming audit performances.

## Working Together

During 2005/2006 the Western Zone worked closely with the Moree and Mungindi ALCs in negotiations with the Moree Plains Shire Council in relation to rateable properties.

These negotiations resulted in very significant savings to the LALCs.

The Western Zone has also worked closely with those LALCs with a housing portfolio in order to achieve appropriate outcomes for ongoing repair and maintenance of their housing stock.

This includes assessment of the financial position, setting rent levels and collection as well as arrears collection.

The Western Zone office has also facilitated mentoring programs between LALCs.

This enables those LALCs whose staff have demonstrated a higher level of efficiency to provide administrative services while recruitment processes are undertaken.

This allows for a smoother transition when staff are finally employed.

## Eastern Zone

The Eastern Zone began operations on December 1, 2004

It is geographically the smallest of the four zones but, in many respects, deals with a raft of issues which are far more complex than many of the issues dealt with by the other three Zones.

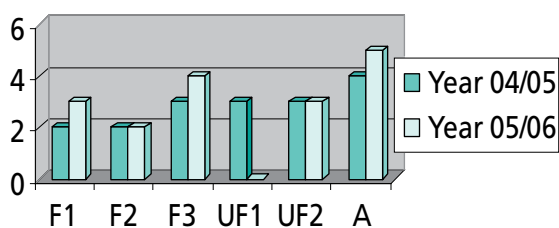
The boundaries of the Eastern Zone consist of three Regional Aboriginal Land Councils- - Sydney Newcastle, Western Metropolitan and South Coast-- and fourteen Local Aboriginal Land Councils stretching from Port Stephen's in the north to Culburra in the south.



## Governance and Compliance

The past twelve months have seen improvements in the status of Land Councils in the Zone.

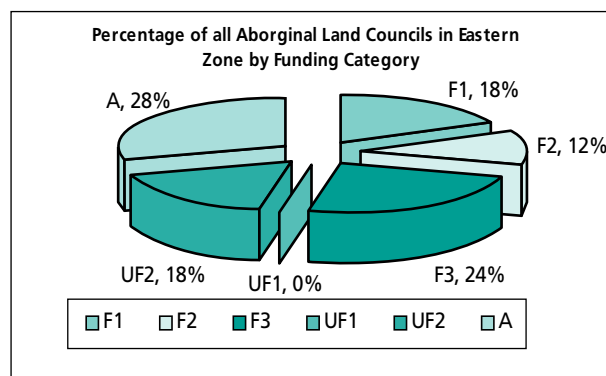
### Comparison of Eastern Zone ALC's Funding Categories





During the 2005/2006 financial year all but three LALC's in the Zone were in funded categories.

This improvement in performance has been achieved through a greater level of understanding and co-operation between the LALC's and the Eastern Zone office, a recognition by LALC's of the need to improve performance, and the provision of relevant training, particularly in finance and governance.



There was also a marked improvement in the quality of financial reports received from LALC's during the reporting period.

## Training, Education and Development

The Eastern Zone Office conducted nine forums and LALC workshops in the reporting period.

- ALRA v. Native Title Acts
- Land Dealings
- Community Business Plans
- Game Council of NSW
- ATO Workshop
- Budget Workshop
- AEIFRS Workshop
- LALC Financial Management Workshop
- AEIFRS Information Session for Auditors.

All the LALC's in the Zone participated.

# Governance Unit

## Interventions

### Investigators

An Investigator was appointed to look into the affairs of Darkinjung Local Aboriginal Land Council (DLALC) on 3 March 2005, prior to the year in review, following complaints from the then Secretary and Treasurer. His term was extended twice, the second time to 23 August 2005.

The Investigator, Tim Kelly, from Deloitte reported to the Minister and NSWALC in August.

Following the report both the Minister and NSWALC sent "Show Cause" letters to DLALC, in October, seeking reasons for both parties not to approve the appointment of an Administrator.

Later both NSWALC and the Minister sent letters regarding the possible failure of DLALC to comply with s153 of the ALRA; that is to submit their Audited Financial Statements to NSWALC by the due date.

At the time DLALC put in place a court action seeking injunctions against the Minister and NSWALC approving the appointment of an Administrator.

An Administrator, Mr. Peter Hillig, was appointed to DLALC by the Minister under s 222(1)(c) of the ALRA on 2 May 2006 for an initial period of six months.

The Minister based his decision on the failure of DLALC to report their audited financial statements in compliance with s 153 of the ALRA.

Mr. Hillig was tasked with resolving a complex range of issues concerning the legality and proper auditing of DLALC funds that had been moved out of the control of its membership.

A tender process was completed for a new joint list of Administrator and Investigators during the reporting period.

The Department of Commerce managed the tender process on behalf of NSWALC and DAA and all of those successful were required to sign a contract.

Successful applicants were expected to undertake cultural awareness training.

Details on current administrations can be found in the Network Services Unit review of operations.

### Secretariat

The 2005/2006 financial year has been a busy one for the Secretariat with regular meetings being held by the Administrator. The Secretariat also assisted in meetings of the ALRA Review Taskforce.

The NSW Aboriginal Land Council Administrator, Mr. Murray Chapman, held 24 Administrator's meetings during this reporting period.

A total of 75 resolutions were passed at those meetings.

These included:

Resolutions approving funeral grants for non-members totaling \$264,515.

Resolutions approving extraordinary funeral grants totaling \$2,210.00, sporting grants totaling \$50,500 and miscellaneous grants totaling \$18,936. The Secretariat also attended each of the NSWALC Community Forums held on the Review of the NSW Aboriginal Land Rights Act 1983 in regional centres and senior management team meetings in addition to a range of other duties.

## Complaints

NSWALC undertakes investigation of complaints that are received of issues and behaviour that contravenes NSWALC policy and the operation of the Aboriginal Land Rights Act 1983.

NSWALC handles some of the complaints internally. The majority, however, are referred out to other government and non-government departments.

Once a complaint or enquiry is received by the Registrar, he decides under s 192 to take action or whether it can be resolved through dispute resolution, the issuance of a compliance direction, or an investigation into a possible breach of a pecuniary interest.

NSWALC implemented a new complaints management system in 2005-2006 in conformity to the Australian Standard AS 4269 for Complaints Handlings.

The Standard prescribes a design for the management of complaints from inception to final determination.

The purpose of the Standard is to provide a complaints handling framework that is efficient, fair and accessible exemplifying a positive attitude towards complainants with a commitment to resolving complaints.

The NSWALC complaints management system aims to provide a timely resolution to matters that NSWALC is given power to regulate under the Aboriginal Land Rights Act 1983.

NSWALC makes it clear that If someone has a cause for complaint, it is important to fully identify whether the matter is one to refer to NSWALC or to some other government agency such as the Registrar, or the Consumer, Trader and Tenancy

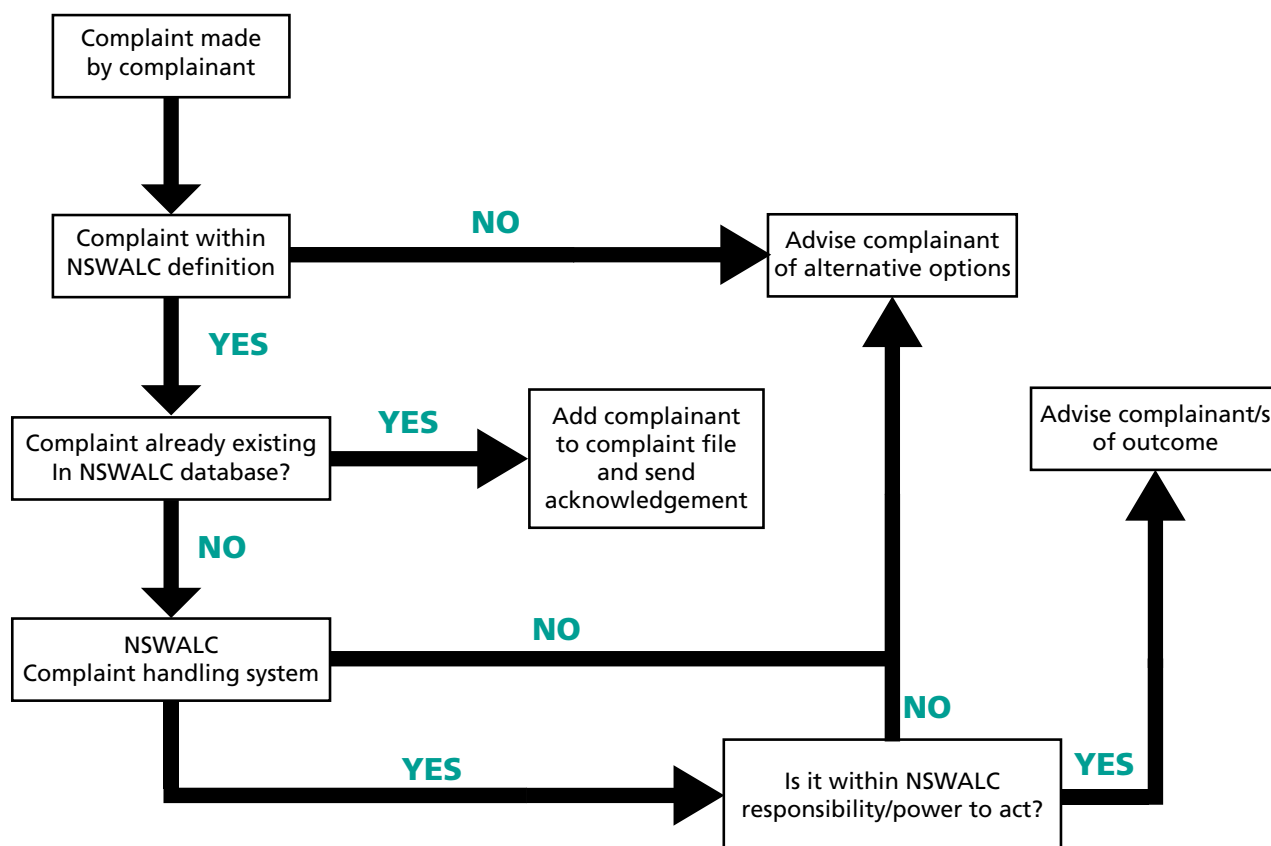
Tribunal (CTTT). Members should attempt to resolve disagreements and grievances at a LALC level through a members' meeting.

If it is necessary for NSWALC to intervene the organisation seeks to resolve it.

NSWALC only has the power to investigate and resolve complaints that concern NSWALC policies. For example, tenancy disputes are not in NSWALC's jurisdiction and can only be decided by the CTTT.

Written complaints are acknowledged by NSWALC within five working days. Where the complaint requires further investigation, NSWALC seeks to resolve the matter within 30 days. This process is described on the next page:

## Complaint Resolution Process



The NSWALC Complaints Officer can classify a complaint according to the following categories:

- *Category 1:* Most serious – matters of likely corruption falling within the scope of the Independent Commission Against Corruption Act 1988; the Crimes Act 1900; the Ombudsman Act 1974, issues of serious and substantial waste need referral to the Auditor-General.
- *Category 2:* Governance matters of the Act– matters relating to the administration of the ALRA for which the Registrar is responsible.
- *Category 3:* Local, Regional or State management matters – matters relating to the procedures at the ALC.
- *Category 4:* Disagreements, grievances between external parties; and/or with staff members/councillors.
- *Category 5:* Non-NSWALC related matters – general law enquiries that should be referred to other bodies such as Department of Industrial Relations – 131 628, Consumer Trader Tenancy Tribunal – 1800 500 330 or the Attorney-General’s free advice line – LawAccess 1300 888 529.

When lodging a complaint, the NSWALC Complaints Officer advises the complainant on the resolution process. Most matters involving NSWALC policies are investigated by the Regional Zone Directors.

However, complainants are advised if the matter falls outside NSWALC's jurisdiction and will be referred to another external agency such as the Registrar or the CTTT.

In compliance with the AS4269, the complaint process is fair to both the complainant and the person against whom the complaint is made.

Essentially, NSWALC's process acknowledges the complainant's right to:

- be heard;
- know whether NSWALC's policies have been followed;
- be provided with all relevant material to support the complaint;
- be informed of the criteria and processes for dealing with the complaint;
- be informed of the response of the person complained against;
- be informed of the NSWALC's decision and the reasons for the decision;
- know that the complaint can be reviewed independently where possible;
- confidentiality when the complaint is not covered by the Protected Disclosures Act 1994.

Conversely, the person about whom the complaint is made should have the right to:

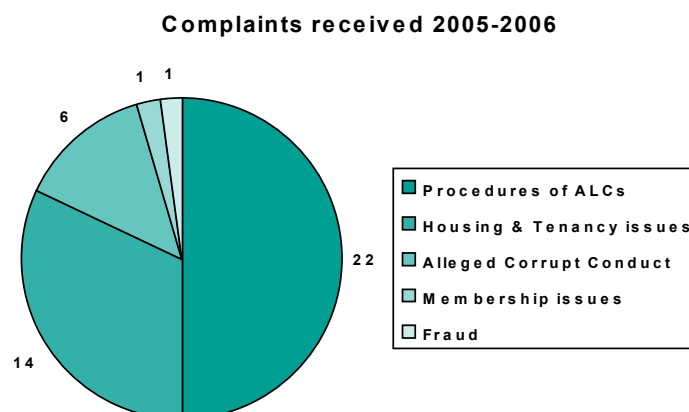
- sufficient detail about the complaint to enable the person to properly investigate and respond to the complaint;
- be provided with all relevant material to support a response to the complaint;
- be informed of the NSWALC's decision and the reasons for the decision.

The Registrar and NSWALC work closely in trying to resolve complaints and disputes.

NSWALC received 44 complaints in the 2005-06 financial year broadly encompassing the following areas of concern:

Complaints received 2005-2006	No.	%
Procedures of Aboriginal Land Councils	22	50 %
Housing & Tenancy issues	14	32 %
Alleged Corrupt Conduct	6	14 %
Membership issues	1	2 %
Fraud	1	2 %
<b>Total</b>	<b>44</b>	<b>100%</b>

This compared with a total of 77 complaints at the end of the 04/05 financial year.



One complaint proved to have substance. The evidence was referred to the NSW Police for criminal investigations.

Investigation of the other complaints revealed no contravention of NSWALC policy or the Aboriginal Land Rights Act 1983.

A formal response of the outcome of each complaint investigation had been sent to the complainant in writing during the period.

The average resolution period for complaints was 18 days with all complaints recorded in NSWALC's TRIM document management system.



## LALC Issues

### Housing Matters

Houses owned and managed by LALCs account for about 60% of the total NSW Aboriginal community housing sector.

It is NSWALC's view that the housing sector is in need of reform.

Much more needs to be done by the responsible agencies to assist LALCs to better manage their housing stock and to fund repairs and maintenance and replacement housing where a need can be demonstrated.

NSWALC participated in two meetings convened by the NSW Aboriginal Housing Office (AHO) in 2005/06 designed to reform the Aboriginal Housing Sector.

Progress on this issue is painfully slow and is beset by questions of jurisdictional responsibility.

NSWALC also has significant concerns about the manner in which the Department of Aboriginal Affairs (DAA) manages the Aboriginal Community Development Program (ACDP).

ACDP was established a number of years ago to provide housing and essential infrastructure to Aboriginal communities.

In NSW Aboriginal communities are, by and large, on land owned by LALCs and are generally former reserve lands transferred to LALCs at the commencement of the *Aboriginal Land Rights Act (1983)* on 1 January 1983.

The LALC's that have the greatest need for housing and infrastructure funds find it the most difficult to attract ACDP funding, despite the program being created to fund them.

DAA use a set of funding criteria

designed by the NSW Aboriginal Housing Office (AHO) as the basis for funding decisions.

Two practical examples of how the ACDP has failed Aboriginal communities are:

- Moree LALC. Despite being under administration it has been unsuccessful in obtaining long term funding commitments despite the poor quality of its housing. Also ACDP has failed to fund individual house water metering; water metering is on a community basis and therefore does not allow for individual responsibility.
- Wilcannia: ACDP has constructed new houses on land not owned by the Wilcannia LALC and the quality of construction as assessed by a qualified person engaged by NSWALC is questionable. This assessment has been referred to DAA and no response was received by the time of writing, six months later.

NSWALC has met with DAA on this matter many times and wrote to DAA in January 2006 to suggest a coordination mechanism to improve the effectiveness of ACDP funding on LALC lands. DAA have not responded.

### Moree

The Administrator of Moree LALC (MLALC) has recommended dissolution of the LALC because of:

- An extensive history of dysfunctional behaviour and lack of member interest;
- The inability to create and sustain effective governance and leadership;
- The LALC having not achieved its primary purpose as a land rights body; and
- Endemic insolvency unlikely to be resolved from MLALC's own financial capabilities.

The Governance Unit and Western Zone Office staff have been involved in regular discussions on the future of the LALC with its Administrator and members.

Specifically a meeting of members on 25 August 2005 discussed the issue and on 23 November 2005 a facilitated full day workshop was held. Both meetings were sparsely attended.

To date NSWALC has not determined a final position on whether in its view it could be held that MLALC has ceased to function, which would be the first step in any process.

The most pressing issue, should any dissolution be seriously considered by NSWALC, and the Minister, is the future management and ownership of housing assets. There is a strong cross-over between this matter and reform of the Aboriginal community housing sector.

## Audit Committee

The NSWALC Audit committee met twice during the reporting period.

At its last meeting for the year a new independent Chairman, Mr Jon Isaacs (also Chair of the Sydney Harbour Foreshore Authority) took office.

## Internal Audit

As was reported last year NSWALC decided to contract out its Internal Audit function. Walter Turnbull was appointed for an initial period of three years. Subsequently a three year audit plan was developed and the first audits were started and completed in the last half of the year in review.

## Membership Rolls

In March 2006 the Administrator approved a strategy to improve the management of LALC membership rolls

following the Minister's announcement of the May 19, 2007 election date as part of a Transition to Council strategy.

The management of membership rolls is a key element of the governance of LALCs. It is NSWALC's role to ensure, as far as possible, that its records and those of LALCs are of a reasonable quality and consistency to ensure an efficient and effective election.

The Aboriginal Land Rights Act (1983) (the Act) and the Regulations determine responsibilities with regard to membership rolls.

- Each LALC Secretary is responsible for maintaining its roll;
- The requirements for the roll are set out in Regulation 28;
- Each LALC should review its roll annually; the Secretary must send a copy of the roll to NSWALC by 21 April and advise changes to the roll in the previous period;
- In order to be a Voting member of a LALC a member needs a s54(3)(c) notice from NSWALC to state that they are not a voting member of another LALC; and
- NSWALC must maintain a consolidated roll.

The strategy for improving membership rolls covered three main areas of focus.

1. Improving IT systems for handling the data.
2. Cleansing existing records and providing assistance to LALCs in managing membership rolls.
3. A promotional campaign to increase participation in and membership of LALCs.

A new IT system was implemented in March using modern software and ensuring that manual processes are automated. It is easier to use, allows more concurrent users, has an audit trail of changes, allows automatic production of standard letters (eg s54(3)(c)) and will have less data risk. Importantly it will allow future development particularly access by LALC's over the Internet.

The changes to the Act introduced in 2002 required that all persons wanting to be listed as members on a LALC membership roll must provide additional information; a residential address and date of birth. Not all records met this requirement.

The Administrator of NSWALC and the Registrar wrote to all LALC's in early February advising among other things that from 21 April 2006 LALC rolls should not include people with incomplete details and that NSWALC's consolidated roll would also not include them.

A previous member declaration form was devised to allow LALC's to regularise the records of previous members with incomplete details.

This letter also advised LALC's of their obligations under s59 of the ALRA to supply NSWALC with a copy of their roll by 21 April 2006.

It also highlighted the importance of getting the rolls updated in preparation for the upcoming State Council elections.

NSWALC provided each LALC with a copy of its copy of their roll of voting and non-voting members plus a copy of all those records of previous members with incomplete details and encouraged them to update as many of these as possible.

A series of workshops for LALC Secretaries and Coordinators, was funded and delivered by NSWALC and the Registrar,

to explain the roles of LALC office bearers, the legislative requirements, and to give advice and guidance, where necessary, on how best to manage their membership rolls.

Seven workshops were held between 2 May and 6 June 2006.

They were held at Parramatta, Tamworth, Wagga Wagga, Batemans Bay, Coffs Harbour, Dubbo and Cobar.

## Policies and Procedures

The Governance unit currently maintains an internal index of policies and procedures to monitor and maintain NSWALC's internal and external operations.

The Governance unit has the responsibility of identifying gaps within the organisation where policies and procedures are absent or deficient.

Internal audit assisted NSWALC to evaluate policies and procedures and identify gaps within the organisation where policies were lacking or non-existent.

The goal of the Governance unit is to ensure the organisation has efficient and effective internal operations with a risk management focus on the development and maintenance of policies and procedures.

## Planning

NSWALC held its first planning discussions under the new 'zone structure' in February 2005 with a goal to set in place the future direction of the organisation.

The plan was driven by the vision created by previous NSWALC Councillors deriving from the Beyond the Sunset (1999) and Tracks to the Future (2000) documents.

The Governance unit has responsibility for corporate planning process including

development, implementation and review.

NSWALC also implemented a planning system (Corpalign) to assist in monitoring the progress of achieving planned outcomes. Full implementation of the system has not been finalised.

## Strategic Planning & Policy Unit

Throughout the 2005/06 financial year the Strategic Policy and Planning Unit continued to support the Chief Executive Officer in pursuing social justice for Aboriginal people and contributing to the achievement of NSWALC's business objectives through research, negotiation and advocacy, at home and abroad.

The reporting period saw the Unit intensify its research activities to better understand the direction and the spectrum of Government policies impacting upon Aboriginal people.

The Unit expressed doubt in the previous reporting period about the capacity of government to provide culturally relevant policies, services and support to Aboriginal people.

Unfortunately, those doubts remain as we enter the 2006-07 financial year.

Reports by government bodies on the continuing level of Aboriginal disadvantage and the lack of progress in addressing endemic social and economic problems paint a depressing picture.

From time to time there are gestures towards recognition of fundamental human rights, compensation and reconciliation but little real reform.

As foreshadowed in the previous reporting period members of the Unit have increasingly engaged with the government agencies responsible for the protection and promotion of Aboriginal cultural heritage,

the development of human services, and the management of natural resources.

The Unit has also engaged with those agencies responsible for driving through major policy reforms or managing projects that pose serious threats to the integrity of Aboriginal lands, values and lifestyles. There are pockets of goodwill and assistance in government agencies but the Unit all too often encounters resistance whenever it seeks to have Aboriginal people's interests or concerns incorporated within government initiatives and reforms.

## International Advocacy

NSWALC determined in this financial year to re-engage in international advocacy.

The organisation has held "Special Consultative Status," with the United Nations Economic and Social Council (ECOSOC) since 1988 but had not exercised its representative status in this forum for a number of years.

Such status allows non government organisations, such as NSWALC, to be consulted about the work of the ECOSOC and its various subsidiary bodies.

In recent years international advocacy on behalf of Aboriginal people had largely been left to the now defunct Aboriginal and Torres Strait Islander Commission and a small number of other bodies such as FAIRA and NAILSS.

At the same time as the Federal Government abolished ATSIC it severely restricted the funding of the other two organisations to the point where their international advocacy had all but ceased.

This allowed the Federal Government to avoid using human rights as a guiding framework for the development of its Aboriginal Affairs policies.

Our decision to re-engage at the international level was supported by a number of Aboriginal organisations around the country.

We did so by sending a small delegation of representatives, led by NSWALC CEO, Mr William Johnstone, to the fifth session of the Permanent Forum on Indigenous Issues at the United Nations Headquarters, New York, from 15-26 May 2006.

Prior to attending the fifth session of the Permanent Forum the NSWALC representatives participated in a preparatory meeting held in Canberra on 27-28 April.

This meeting was attended by representatives of various Aboriginal community and government organisations.

The meeting was a useful opportunity to raise our awareness about recent developments on Indigenous issues at the international level and also provided the chance to begin developing recommendations that might be made to the Permanent Forum.

The NSWALC representatives, who attended the fifth session of the Permanent Forum, did so as part of the Australian Aboriginal Delegation.

In all this delegation presented eight interventions – with CEO William Johnstone presenting on Free, Prior and Informed Consent; and Senior Policy Officer, Jason Field, presenting on Data Collection.

NSWALC was also a party to another two interventions on the issue of Indigenous people's human rights.

The outcomes from the Forum were communicated in a series of network messages to the ALC network.

We plan to continue this work in coming years conscious of the fact that the United Nations and other international agencies have for many years been undertaking important work in the setting of human rights standards and other developments. It is not possible to rely on governments and their agencies to pass on this information in a timely manner.

NSWALC has a positive contribution to make to the international network of Indigenous peoples and organisations.

## Domestic Advocacy

In response to the “new arrangements” for the administration of Aboriginal affairs which are now being implemented by state and federal governments the Policy Unit started in this year looking at strategies for more effective intervention.

This process has involved looking at the range of tools and information sets that would be required by NSWALC to develop an effective framework and approach.

In this context NSWALC held a strategic policy forum in September, 2005 involving executive and policy unit staff.

The forum considered a number of matters including:

- The accountability demands of our stakeholders;
- Potential frameworks and supporting structures; and
- NSWALC's Business Plan.

NSWALC's Senior Managers were provided with a presentation in October based on the outcome of the September meeting.

While the Policy Unit continually monitors developments with respect to the administration of Aboriginal affairs in



NSW some delay has been experienced in converting this work into an effective policy framework for NSWALC.

This is largely due to the need for the policy officers to give their time to dealing with various policy developments and imperatives.

Whilst taking a proactive approach to policy development and advocacy is bread and butter for the Policy Unit, refining priorities and setting targets is an important and ongoing challenge for the Unit and NSWALC's Executive.

## Culture and Heritage

Culture and Heritage remains an ongoing priority for the Unit, consistent with objective one of the NSWALC Business Plan.

One of the key policy challenges faced by NSWALC in dealing with culture and heritage matters is the breadth and depth of inter-related issues including access to natural resources, water management and urban planning.

NSWALC's policy activity in relation to culture includes:

- The presentation of submissions to DEC on proposed developments with respect to biodiversity, in particular the Biodiversity Bill ;
- Participation in the Two Ways Together cultural heritage cluster working party. This group is developing a framework for the making of access agreements with Aboriginal peoples for the purpose of collecting and using natural resources;
- Participation in the activities of the Natural Resources Advisory Committee (NRAC) particularly with respect to its work on developing a tool kit to assist with the making

of natural resource agreements between Aboriginal peoples and various landholders;

- Meeting with representatives of DEC in relation to proposed reforms to the existing legal and policy framework for Aboriginal culture and heritage; and
- Monitoring developments of recently proposed planning reforms and their implications for Aboriginal culture and heritage, particularly with respect to the standardisation of Local Environmental Plans.

Through all of these activities NSWALC has reiterated its concern regarding the artificial divide that exists in relation to natural resource management and cultural heritage management.

Preliminary work on examining the possible options for reform to the system has commenced within the Strategic Policy and Planning Unit.

This work will continue through the first half of the 2006/2007 financial year.

It is also worth noting that during 2006 the Aboriginal Cultural Heritage Advisory Committee (ACHAC) was established and held its first meeting on 11-12 May. NSWALC holds a dedicated seat on the ACHAC.

A small selection of particular outcomes achieved by the unit in the reporting period are outlined below to provide a snapshot of the range of practical policy issues dealt with in the reporting period and the interaction between the unit and other key sections of the organisation and the ALC network



## NSWALC v the RTA

The safety of the Pacific Highway on the North Coast is a major concern for both Commonwealth and NSW Governments. The upgrading process frequently involves the compulsory acquisition of private land.

In October 2005 the Administrator of the Jali LALC alerted the Policy Unit to a well developed “favoured option,” of the RTA to reroute the highway through land owned by the Jali LALC which is considered to have outstanding Aboriginal cultural sensitivity.

The RTA considered that “community interests” would be best served by compulsorily acquiring the land.

The Chief Executive Officer of NSWALC sent a letter to the head of the RTA advising him that the agency could not simply compulsorily acquire land granted under the Aboriginal Land Rights Act 1983.

The RTA, if it so wished, would have to acquire the Jali land through an Act of Parliament. This was hardly a firm basis on which to plan a major road building project.

In his letter Mr Johnstone went on to complain about the extreme concern the RTA proposal had aroused within the Aboriginal community.

He also reminded the agency that the NSW Government had previously committed to the protection and support of Aboriginal cultural heritage, both as an affirmation of reconciliation between Aboriginal and non-Aboriginal people and to promote a richer cultural inheritance

NSWALC’s letter was subsequently tabled before a Legislative Council Inquiry into

the Pacific Highway and was provided to a number of Members of Parliament.

The RTA’s preferred route was subsequently modified to avoid Jali land.

The case illustrates how a major government infrastructure project can threaten Aboriginal interests and heritage values.

It shows why NSWALC has to maintain vigilance and act quickly to assert Aboriginal land rights.

NSWALC’s intervention has helped to educate a major government department about the law, Aboriginal land rights and government policy designed to improve outcomes for Aboriginal people.

It is a good illustration of how prompt, well targeted and coordinated action between a LALC, Zone Office and the Policy Unit can achieve a positive result.

## Gali Toomelah Water Summit

The Western Zone Office and the Toomelah Local Aboriginal Land Council invited NSWALC Policy Officer Cleonie Quayle to participate in a Water Summit to address ongoing community concerns about water quality and the sewerage system.

The concerns were first documented in the Einfield Report, 1988.

The community initiated its own local “whole of government approach” by inviting representatives to the Summit from the Moree Plains Shire Council, the Department of Aboriginal Affairs, the Department of Commerce, the Premier’s Department.

Ms Quayle was one of a number of representatives from Toomelah Local Aboriginal Land Council and NSWALC who also attended.

Each organisation was asked to provide information on what responsibilities they held, what work each agency was carrying out, and what future work needed to be carried out in Toomelah.

The Gali Toomelah Water Summit was a productive exercise.

It dispelled many misconceptions about water quality and the work of the agencies responsible for the supply, testing and certification of the water system and the sewerage system.

It provided contact points for members of the Toomelah community and started constructive dialogue between the Aboriginal community, government and non-government organisations.

Each agency agreed to continue working with the Toomelah community to ensure water quality and sewerage work was carried out.

NSWALC played a role in managing the communities concerns and ensuring that the meeting was conducted in a constructive manner to ensure that work continues to be carried out.

### Parliamentary Standing Committee of Inquiry into Young People and the Built Environment

NSWALC made a submission to the Parliamentary Inquiry into Young People and the Built Environment at the invitation of the Commissioner for Children and Young People.

The Inquiry sought views into the adequacy of present planning laws and building guidelines in regard to the particular needs of children and young people.

NSWALC's submission, which was assisted by research from the Youth

Action and Policy Association (YAPA), gave an overview of the negative and adverse impact of the built environment on Aboriginal children and youth highlighting homelessness, the growth of exclusion practices in shopping centres, the impact of the Children (Protection & Parental Responsibility) Act, 1997 on Aboriginal people in Moree and Ballina, and the impact of poor urban planning on Aboriginal young people and children.

It recommended the inclusion of young Aboriginal people and children, and their advocates, in urban design and planning.

### Media and Marketing

The major focus of activity for the Media and Marketing Unit during the reporting period continued to be the public awareness campaign to underpin NSWALC's response to the review of the Aboriginal Land Rights Act (1983) and the administrative restructure of the organisation.

The Unit also developed and launched the organisations' first Intranet, produced and distributed NSWALC's 2004/05 Annual Report and continued to inform the office bearers and members of Local Aboriginal Land Councils, and NSWALC staff, through a series of regular internal network messages from the Administrator and the Chief Executive Officer.

It also dealt with constant inquiries from Aboriginal and mainstream media on the ALRA Review, land dealings and LALC matters as well as a stream of email traffic from the NSWALC website seeking a wide array of information on Aboriginal Affairs issues.

The Unit also assisted the Administrator and the Chief Executive Officer with a range of strategic public affairs issues.

## Public Awareness Campaign on Return of Council

The Unit was also successful during the reporting period in obtaining the services of two senior public affairs officers from the Department of Family and Community Services to assist in the development and implementation of a progressive public awareness campaign by NSWALC to prepare for the return of a State Council.

The decision by the Minister for Aboriginal Affairs to set May 19, 2007 for the next election of State Council provided an impetus for NSWALC to implement the strategy.

NSWALC approached the Department of Family and Community Services (FaCS) to seek the secondment of a highly experienced officer, Mr Roy Tatten, to plan and implement the strategy. Mr Tatten has specific skills in this area, having worked on every election held by

the now defunct Aboriginal and Torres Strait Islander Commission.

This involved both the mechanics of those elections and the public awareness element.

NSWALC also successfully sought the secondment of a senior public affairs officer from FaCS, Mr Paul Molloy, to assist in the media liaison element of this campaign.

FACS agreed to a one year secondment for both officers from the end of November, 2005.

The campaign was designed to raise awareness of the importance of participation in the NSWALC electoral processes by building on the momentum created by NSWALC's community consultations on the ALRA Review and the proposed amendments to the ALRA which were expected in the Parliament late in the 2006 calendar year.



NSWALC Community Relations Adviser Sol Belleair with Freddy Fricke Scholarship recipients at Parliament House

## Intranet

As reported in last year's annual report a key initiative for this unit was the development and successful launch of NSWALC's first Intranet.

This was achieved in November 2005.

The key aim of the Intranet is a simple one.

It was designed to offer all staff, irrespective of their location within the organisation, easy access to corporate information in a comprehensive, logical and thorough way.

The information is designed to be reliable, useful and to enhance the ability of all staff to better do their jobs. It is now a one stop repository for a host of information which had previously been difficult to locate quickly and efficiently.

The Intranet is an excellent avenue to unify the far flung operations of an organisation such as NSWALC and increase the ease, frequency and quality of inter-agency communication.

It has also created an online platform which NSWALC hopes can eventually be accessed by the wider Aboriginal land council network.

An online survey conducted by the Unit showed the facility was being well utilised and understood by staff.

All network messages are now routinely loaded onto the site.

A Policies and Procedures section now contains all current and relevant NSWALC policies and procedures.

A Staff Central area contains all relevant HR policies, including a copy of the current NSWALC staff award. The site also

contains our new electronic magazine, Pen-Wurru plus a photo gallery. A Quickphone facility contains contact details for all staff and LALCs.

Initial anecdotal evidence suggested the take up rate had been very strong across the organisation.

An online staff survey confirmed this.

The survey asked a series of questions on how often staff used the Intranet, if the content was relevant to their day to day work, the ease of navigation, and the use of the Quickphone service.

All who responded reported they used the Intranet on a daily basis, particularly to track messages from the Administrator and the CEO and to check policies and procedures.

A number of staff proposed minor changes to the style and content which have since been adopted.

## Internet

The NSWALC website is an increasingly popular source of relevant information on NSWALC's role, objectives and organisational structure for office bearers and members of the LALC network, government departments, educators, students and the general public.

The currency of this source material had suffered due to the effective closure of the Media section before it was re-vitalised in the previous reporting period. The Unit had planned a re-design of the website but this was deferred to give precedence to the construction of the Intranet and to await the return of an elected arm in the 2006-07 financial year.

Much of the dated content, however, was taken off the site in this reporting period and a considerable amount of material in

relation to the ALRA Review and a LALC membership drive was added.

## Promotion

It largely falls to the Media and Marketing Unit to publicly promote the activities, objectives and policies of NSWALC to the ALC network, the Aboriginal community and the wider public.

The part sponsorship of a range of cultural and sporting events, including the Yabun concert, the annual Rugby League Knockout Festival, the Yaama festival, the Deadly Awards and the award of the Freddy Fricke Scholarships were among NSWALC's most highly visible promotional events for the year.

A number of small grants were also provided to a range of sporting and community groups to assist them in their activities. Many promoted NSWALC's sponsorship contribution during those activities and events.

The Unit designed, desk top-published, and distributed a new promotional pamphlet for the Freddy Fricke Scholarship to coincide with this year's applications, resulting in a spike in the number of applications received.

The Unit also designed award certificates for the 2006 scholarship winners who had received grants of between \$2,250 and \$7,500 to assist with the payment of university fees and test books.

A presentation ceremony was subsequently held in Parliament House in late May.

The award presentation was made by the Minister for Aboriginal Affairs and resulted in positive media coverage for the scholarship.

Coverage of the event featured prominently in the business section of the National Indigenous Times, the education section of the Koori Mail and was also reported in many suburban and rural newspapers including the Northern Daily Leader, Armidale Independent, Lake Macquarie News, Sydney Central Courier and Barrier Daily Truth.

The event was also reported on radio stations ABC New England, 2BS, 2TM and 2HD.

## Network Messages

As mentioned above the Unit continued to seek to inform the office bearers and members of Local Aboriginal Land Councils, and NSWALC staff, through a series of regular internal network messages from the Administrator and the Chief Executive Officer. Nearly forty were issued during the reporting period.

The Unit continued to receive positive feedback on the network messages, particularly those which explained strategic decisions about why and when NSWALC sought to intervene, or not, in public debate about the land rights system.

NSWALC has a policy of not responding, where possible, to media debate on disputes within LALCs, or between NSWALC and LALCs. It takes the view that no-one within the land council network stands to benefit from such public conflict, other than the media.

The system of network messages enables NSWALC to correct media misinformation on such disputes and on other matters without fuelling public controversy.

On the other hand NSWALC is often asked to increase its dialogue with elements of the mainstream media in an attempt to balance coverage of Aboriginal Affairs in New South Wales.



When we do we are often left wondering why we bother.

The release of the Auditor General's Report to Parliament (Volume One) in 2005 was a case in point.

NSWALC was contacted by The Australian newspaper and asked for some comments on the report which the reporter stated was "good news," for NSWALC.

He was referring to the fact that the audit of NSWALC's financial report for the year ended June 30, 2005 resulted in an unqualified Independent Audit Report.

The report also stated that audits prior to the current year had identified systemic and persistent problems with Council's financial management and many of these had diminished during the year.

The journalist said the report was less positive for Local Aboriginal Land Councils given more than a quarter (26 per cent) had failed to lodge satisfactory financial statements.

NSWALC pointed out that the statistics did not provide a true picture of the administrative or operational health of Local Aboriginal Land Councils given the arbitrary compliance provisions of the ALRA.

We expected this might be reflected in any article.

The Australian newspaper ran a wholly negative story on the report to Parliament, headlined: Land Councils in fiscal mess.

There was no mention of the "good news," for NSWALC, no qualification on the statistics on Local Aboriginal Land Councils and no reference to the fact that an increasing number of LALC's were fulfilling their obligations under the

compliance provisions of the Act.

There was also no mention of the fact that the land council network was seeking reform of LALC compliance provisions in the ALRA Review, all of which had been pointed out to the journalist.

NSWALC issued a network message which contrasted the negative portrayal in The Australian with the positive nature of the Auditor General's report.

The report showed 90 of 121 LALC's did provide satisfactory audited financial statements, compared with 78 the year before.

Nineteen of the LALC's were unsatisfactory (as reported by The Australian) but this compared with 23 last year, in other words, an improvement.

The Auditor General's report also contained commentary from NSWALC which said, in part, NSWALC was encouraged by the content and tone of the report.

It clearly demonstrated an acknowledgment by the Audit Office of the positive changes within NSWALC and the wider ALC network.

This was not reported by The Australian.

The message also pointed out that NSWALC wanted to see the current provisions of the Act amended to avoid our resources continuing to be diverted to simply spotting, and reporting on, what amounted to minor technical "breaches" of the current Act.

Again, there was no mention of this by The Australian.

This misinformation was not confined to the mainstream media.



A report in The Australian in November sparked a series of spurious claims that NSWALC had entered into a "secret" deal with the Macquarie Bank to force Local Aboriginal Land Councils to only deal with that bank if they were considering developing their land.

The newspaper later acknowledged its reports on the alleged deal were wrong.

This did not stop the Chief Executive Officer of New South Wales Native Title Services Limited, Warren Mundine, writing to all Local Aboriginal Land Councils claiming NSWALC had been "remiss," in not consulting with LALCs in an "open and transparent," matter on the issue.

At about the same time the President of the NSW Local Government Aboriginal Network, Councillor Barry Bird, issued a media statement which reported that an "emergency," meeting of the LGAN Executive had been convened to discuss the "secretive dealings," between NSWALC and Macquarie Bank and it condemned NSWALC's "actions."

One of Mr Mundine's staff is a member of the LGAN Executive.

When contacted by NSWALC Mr Bird refused to reveal who had called the emergency meeting. He also refused to provide NSWALC with the minutes of the meeting.

He did confirm that the only documentation circulated to members of the LGAN Executive before the meeting were a number of speculative articles which had appeared in The Australian. He said he was unaware that NSWALC had issued a network message to all LALCs well before the LGAN Executive meeting which stated there was no "deal."

Mr. Mundine and Councillor Bird had made no attempt to contact NSWALC to discuss the matter.

NSWALC wrote letters to both seeking an explanation for their actions and lack of consultation with NSWALC.

They went unanswered.

Network messages were also used to correct the record in relation to consistent claims by the then Chairperson of one Local Aboriginal Land Council that an investigator had been appointed as a result of "malicious and false rumours."

NSWALC advised the network the Investigator had been appointed for a number of reasons.

These included the fact that two of the office bearers of the LALC in question had sought the appointment, and two independent directors of a related entity had resigned, with one citing concerns about corporate governance and the behaviour of the then Chairperson.

The then Chairperson was twice offered the opportunity to have independent mediation between himself and the other two office bearers. He rejected both offers.

Concerns had also been expressed by the LALCs auditors about being denied access to financial records.

The NSWALC Administrator and Chief Executive Officer have both sought to find new and improved ways of communicating with the ALC network.

The network messages have proved to be one of the most effective ways of doing so.

NSWALC is concerned, however, that the messages are not being received by all LALC members in a timely and efficient



manner under the present means of distribution. The Media and Marketing Unit plans in the new financial year to seek to build an email group to deliver them direct to members.

## Funds Granted to Community Organisations

There are two major categories of funds, the first and by far the largest category is the annual allocation of funds to Regional and Local Aboriginal Land Councils, totalling \$10,127,332 in 2005/2006 (\$0.355m to RALCs and \$9.792m to LALCs).

These allocations are used primarily as a contribution toward the annual operational expenses of the Councils, and also for Council approved capital acquisitions.

The second category is other grants to community organisations and individuals in several categories, totalling \$597,286 in 2005/2006 (compared with \$924,563 in 2004/2005).

Aggregated details of grants less than \$5,000 are provided below, as well as a listing of individual grants of \$5,000 or more and a brief description of the purpose of each of these grants.

Minor Grants (<=\$5000)		
Category	Number	Amount
Discretionary *	11	34,436
Funeral	328	527,850
Total	368	562,286

MAJOR GRANTS ( \$5000 AND ABOVE) 2005/2006		
Payee	Purpose	Amount \$
National Aboriginal Sports Corporation	Sponsorship of Activities	20,000
Australian Rugby League Ltd	ARL Indigenous Rugby League Project	15,000
Total of Major Grants		35,000

SUMMARY TOTAL OF ALL GRANTS (Major & Minor) 2004/2005		
Category	Number	Amount \$
Discretionary	13	69,436
Funeral	328	527,580
Total	341	597,286



The staff of NSWALC's Legal Services Unit.

## Legal Matters and Changes

NSWALC had a large number of legal matters on hand as this reporting period ended.

Many relate to long running commercial cases.

No actual amendments were enacted to legislation governing NSWALC during the reporting period.

### **Muli Muli Local Aboriginal and NSWALC v Kyogle Council - Land and Environment Court proceedings 40803 of 2005**

On 16 June 2003, Kyogle Council made the Muli Muli Water Supply Special Water Rate (the 'Special Water Rate') for the period 1 July 2003 until 30 June 2004 in relation to land owned by Muli Muli Local Aboriginal Land Council ('MMLALC'). The amount sought by Kyogle Council was approximately \$325,000.

MMLALC disputed the validity and lawfulness of the Special Water Rate in the Land and Environment Court, but was ultimately unsuccessful in doing so on the basis that the appeal had been lodged out of time.

On about 23 June 2005, Kyogle Council served a notice on NSWALC further to s.44A of the ALRA in respect of the Special Water Rate. In response, NSWALC commenced proceedings against Kyogle Council in the Land and Environment Court objecting to the notice.

The LSU and the Northern Zone, working with NSWALC's external solicitors in this matter, were instrumental in negotiating a favourable settlement of all of the proceedings which were on foot (including a complaint made by MMLALC to the Human Rights and Equal Opportunity Commission). As a result of the settlement, neither NSWALC nor MMLALC were

required to pay any amount in respect of the Special Water Rate.

This was therefore considered to be a very successful outcome for both MMLALC and NSWALC.

### **Ngunnawal Local Aboriginal Land Council Supreme Court proceedings - Supreme Court proceedings 1984 of 2004**

These Supreme Court proceedings were commenced by a proprietary company then known as Redglove Projects Pty Ltd against the Ngunnawal Local Aboriginal Land Council ('NLALC'). Redglove Projects Pty Ltd, a land development company whose directors include Mr Martin Burke, later changed its name to MyMurra Pty Ltd ('MyMurra'). NSWALC was subsequently joined as a party to those proceedings by MyMurra.

The proceedings were commenced by MyMurra following NLALC's termination of a Development Management Deed of Agreement ('DMDA') which had been entered into in June 2002. The DMDA was on terms which placed NLALC at a significant commercial disadvantage to MyMurra.

MyMurra had indicated at all relevant stages that it would seek to appeal any decision which was not in its favour. It was therefore considered crucial that evidence which supported all the arguments in NLALC's favour was adduced throughout the course of the proceedings.

The proceedings were heard in July 2005 and the decision (which was split into two parts) was handed down on 6 September and 19 October 2006 in NLALC's favour on a number of grounds. In the judgment, the Court noted that the relevant staff of NSWALC had behaved appropriately in relation to their handling of NLALC's application for s.40D approvals for the



application for s.40D approvals for the DMDA over the course of 2002 and 2003.

Because of NLALC's earlier successful application for security for costs, NLALC is now able to follow up the costs order which was eventually made in its favour, against the money that was paid into Court in the early part of the proceedings by MyMurra.

This was considered to be a very successful outcome for both NSWALC and NLALC.

### **Darkinjung Local Aboriginal Land Council and Damein Aidon v the Minister and NSWALC - Land and Environment Court proceedings 41363 of 2005**

In November 2005, the Darkinjung Local Aboriginal Land Council (DLALC) and Damein Aidon (CEO of DLALC) commenced proceedings against NSWALC and the Minister for Aboriginal Affairs in the Land and Environment Court. The proceedings sought to avoid a decision by the Minister to appoint an administrator to DLALC relying on matters contained in a report prepared by Tim Kelly who had conducted an investigation of DLALC under s.216 of the *Aboriginal Land Rights Act*.

Both the Minister and NSWALC had previously written to DLALC offering DLALC the opportunity to be heard in relation to any proposed decision to appoint an administrator to DLALC.

DLALC and Mr Aidon sought to challenge any appointment of an administrator based on a number of different grounds, including that DLALC had not been afforded procedural fairness.

The LSU and its external legal advisers worked together to defend NSWALC against the specific allegations made against it in DLALC's original Points of

Claim. As a result, many arguments raised by DLALC's legal advisers about NSWALC's conduct were dropped.

The proceedings were heard by the Chief Justice of the Land and Environment Court on an expedited basis over 6-7 December 2005 and the decision was handed down on 2 June 2006.

The Court found against DLALC and Mr Aidon in those proceedings in relation to all of the arguments they raised. Specifically, the Court found that DLALC had been afforded procedural fairness in respect of any decision by the Minister to appoint an administrator to DLALC.

Whilst it is regarded as unfortunate that proceedings of this nature were brought before the Courts, it is nevertheless regarded as an achievement that NSWALC's exercise of its function under s.222 of the *Aboriginal Land Rights Act* was not able to be subject to criticism in such proceedings.

### **Land claims 2005/2006**

The LSU has worked in conjunction with the Land Rights Unit and external solicitors in relation to the appeal of refusals by the Minister for Lands to grant land claims brought by NSWALC on behalf of Local Aboriginal Land Councils (LALCs).

In the 2005/2006 financial year, NSWALC lodged 30 appeals of the Minister's refusal of land claims on behalf of LALCs. These appeals have been merged into 12 sets of proceedings in the Land and Environment Court.

The LSU has been involved in these appeals both by instructing external solicitors in relation to the conduct of the appeals and by itself analysing whether appeals should be commenced in the Land and Environment Court.

To date, 3 of the land claims which were

appealed by NSWALC have been settled resulting in at least some part of the claimed land being granted.

It is anticipated that the LSU will have an ongoing role in the appeal process over the course of 2006-2007. It is anticipated that, over that period, the LSU's internal capacity to be involved in the appeals process will be cultivated and improved.

## Freedom of Information

NSWALC's Legal Services Unit dealt with six Freedom of Information applications during the reporting period.

Three of the cases were resolved by June 30, 2006. In the three other cases NSWALC requested payment from the applicants but no response was received.

## Economic Factors

World stock markets continued to recover during 2005/06, delivering a sustained improvement in the base value of the NSWALC Statutory Investment Fund.

Increased commercial returns from NSWALC's Head Office building also assisted in increasing the organisation's earnings.

NSWALC also reduced expenditure, where possible, and, like many other organisations with a diversified portfolio, managed to trim costs and rein in spending in order to keep trading successfully.

## Management and Activities

The 2005/2006 reporting year saw a continuation of the most significant administrative changes to NSWALC's in its 20 year history.

Foremost among these has been the revamping of the senior management ranks at both Head Office and Regional

levels and the adoption of a new corporate structure which focuses on intensive assistance to our key clients, the Local Aboriginal Land Councils.

The organisation has also progressively adopted more rigorous accounting standards.

## Research & Development

The SPPU assumed the principal research and development role within NSWALC. A small team of skilled officers serviced an array of committees and developed draft policy positions for Council/Administrator endorsement.

As earlier reported NSWALC outsourced a number of major research and development projects during the year, including its land claims strategy.

## Industrial Relations developments

As reported earlier the most significant industrial relations development during the reporting period was the agreement on a new Staff Award.

All staff continued to be consulted regarding the potential impact of the restructure and rounds of voluntary redundancies have accommodated all who wish to leave.

There were no hearings before the Industrial Relations Commission involving NSWALC during the course of this reporting period.





## List of Consultants

During 2005/2006, NSWALC engaged eighteen consultants on projects at a total value of \$435,814 compared with a total of nineteen consultants at a total cost of \$737,720 in the previous financial year. The major areas of work were on the government-initiated ALRA Review, a review of the NSWALC Investment Fund, and Property Consultation.

The following breakdown is supplied in accordance with the requirements of the Annual Reports (Statutory Bodies) Act 1984, as amended.

Name of Consultant (Projects \$30,000 & above)	Title of Project	Amount Paid \$
Badge 90 Consulting Services	ALRA Review Community Consultations	66,500
Michael Collins and Associates	Property Consultation	31,225
Orange Management Services	Corpalign Software Systems	46,554
Watson Wyatt Consulting Services	Review of NSWALC Investment Fund	69,098
Reflex Business Consulting	Advice on Adoption of Australian Equivalent to International Accounting Standard	89,258
<b>Total amounts paid \$30,000 &amp; above</b>		<b>302,634</b>

Consultants < \$30,000	Number of Consultants	Total Paid \$
	13	133,180

Total All Consultants	Number of Consultants	Total Paid \$
	18	435,814



## EEO

NSWALC continued to seek to promote the participation of women and Aboriginal people in senior management positions and more generally within the organisation during 2005/2006

Year	2002/2003	2003/2004	2004/2005	2005/2006
<b>Councillors</b>				
Male	12	0	0	0
Female	1	0	0	0
Total Council	13	0	0	0

<b>Executive &amp; Senior Management</b>				
Male	14	12	11	12
Female	7	5	4	3
Total Senior Management	21	17	15	15
Aboriginal	13	9	4	7

<b>Administrative Staff</b>				
Male	20	22	27	30
Female	36	33	28	29
Total Administrative	56	55	55	59
Aboriginal	29	29	22	26

<b>All Staff Plus Councillors</b>				
Male	46	34	38	42
Female	44	38	32	32
Total Staff	90	72	70	74
Aboriginal	55	38	26	33
NESB	4	4	3	7
Disability	3	1	2	2

\* Please note that previous editions of the NSWALC Annual Report (to 2002) have included Councillors within the staff count. The figures for each of the years above have been amended to separately reflect both Councillors and NSWALC staff. Note that the 13 NSWALC Councillors were sacked by Minister Refshauge in November 2003.

## Land Disposal

No land valued at more than \$5m was disposed of by means other than public auction during the reporting period.

## Service Standards

The major part of NSWALC's effort during this reporting period had been directed toward improving service delivery to its major client group, the network of 121 Local Aboriginal Land Councils. While improved accountability and reporting standards are now mandated under the amended ALRA, NSWALC has taken the view that it must be able to provide a high standard of support to LALCs to help ensure that they can comply with the requirements of the Act and that, where they are compliant, that there is no undue delay in processing payments of their operating grants, in determining applications for financial or legal assistance, or in providing suitable training to assist new office bearers to meet the demands of their position.

The progress made by NSWALC during the reporting period, particularly in relation to the new Zone structure, is detailed in the Review of Operations.

## Accounts Payment Policy & Practice

NSWALC continues to take steps to expedite payments by encouraging regular service providers to register for EFT payment of their accounts to enable prompt payment..

A systematic approach to the development and implementation of internal controls has helped reduce the number of items in the Management Letter accompanying the Auditor General's Audit Report.

All points raised in Management Letters over several previous Audit Reports were considered and action incorporated into a series of "checklists" to ensure compliance.

## Risk Management/Insurance

NSWALC holds the following insurance:

Name of Insurer	Type of Policy	Sum Insured \$ '000
Elders	Umbrella (anything not covered below)	10,000
	Industrial Special Risks	35,382
	Motor Vehicle (45 vehicles)	Market Value
	Public Product liability	40,000
	Personal Accident	500
	Group Journey Personal Accident	100
	Machinery Breakdown	100

## Occupational Health and Safety

### WORK RELATED INJURY WORKERS COMPENSATION and REHABILITATION 2005/2006

#### WORK RELATED INJURY & ILLNESS

Number reported	3
-----------------	---

#### Nature of Accidents

Slips, Trips & Falls	2
Struck stationery object	1
Total	3

#### Where Injuries Occurred

At the Workplace	1
On the journey to/from work	1
At work away from the workplace	1
Total	3

#### WORKERS COMPENSATION CLAIMS

Claims brought forward from 2004/2005	8
New claims this period	0
Total	8

#### Claims status at 30.6.06

Claims finalised	5
Claims declined/under investigation	0
Liability accepted& claim continuing	3
Provisional Liability	0
Total	8

Open claims carried forward to 2005/2006	3
--	---

#### REHABILITATION

Cases brought forward from 2004/2005	2
New cases this period	0
Total	2

Cases completed	2
Cases continuing & carried forward to 2005/2006	0
Total	0

In this reporting period, the number of work related injuries/illnesses reported were reduced significantly in line with previous years. There was no significant change in the number of workers' compensation claims compared to previous years.



# Financial Statements

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GPO BOX 12  
Sydney NSW 2001

## INDEPENDENT AUDIT REPORT

### NEW SOUTH WALES ABORIGINAL LAND COUNCIL

To Members of the New South Wales Parliament

#### Audit Opinion

In my opinion, the financial report of the New South Wales Aboriginal Land Council:

- presents fairly the Council's financial position as at 30 June 2006 and its performance for the year ended on that date, in accordance with Accounting Standards and other mandatory financial reporting requirements in Australia, and
- complies with section 41B of the *Public Finance and Audit Act 1983* (the Act) and the *Public Finance and Audit Regulation 2005*.

My opinion should be read in conjunction with the rest of this report.

#### Scope

##### *The Financial Report and the Administrators Responsibility*

The financial report comprises the balance sheet, income statement, statement of changes in equity, cash flow statement and accompanying notes to the financial statements for the Council, for the year ended 30 June 2006.

The Administrator of the Council is responsible for the preparation and true and fair presentation of the financial report in accordance with the Act. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

##### *Audit Approach*

I conducted an independent audit in order to express an opinion on the financial report. My audit provides *reasonable assurance* to Members of the New South Wales Parliament that the financial report is free of *material* misstatement.

My audit accorded with Australian Auditing Standards and statutory requirements, and I:

- assessed the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the Council in preparing the financial report, and
- examined a sample of evidence that supports the amounts and disclosures in the financial report.

An audit does *not* guarantee that every amount and disclosure in the financial report is error free. The terms 'reasonable assurance' and 'material' recognise that an audit does not examine all evidence and transactions. However, the audit procedures used should identify errors or omissions significant enough to adversely affect decisions made by users of the financial report or indicate that Council had not fulfilled their reporting obligations.

My opinion does *not* provide assurance:

- about the future viability of the Council
- that it has carried out its activities effectively, efficiently and economically, or
- about the effectiveness of its internal controls.

#### **Audit Independence**

The Audit Office complies with all applicable independence requirements of Australian professional ethical pronouncements. The Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General, and
- mandating the Auditor-General as auditor of public sector agencies but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office are not compromised in their role by the possibility of losing clients or income.



R Hegarty, FCPA  
Director, Financial Audit Services

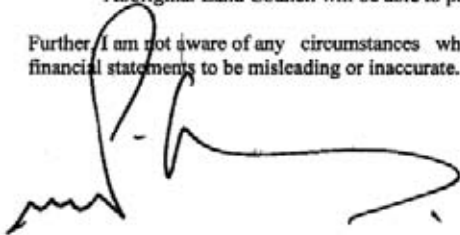
SYDNEY  
25 October 2006

**NEW SOUTH WALES ABORIGINAL LAND COUNCIL**  
**YEAR ENDED 30 JUNE 2006**  
**STATEMENT BY ADMINISTRATOR**

Pursuant to Section 41C of the Public Finance and Audit Act, 1983, I declare that in my opinion:

1. The accompanying financial statements exhibit a true and fair view of the financial position of the New South Wales Aboriginal Land Council as at 30 June 2006 and its performance for the year ended on that date in accordance with Australian Accounting Standards Board.
2. At the date of this statement, there are reasonable grounds to believe that the New South Wales Aboriginal Land Council will be able to pay its debts as and when they fall due.

Further, I am not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.



**Administrator**  
**Murray Chapman**

**Dated:** 25 October 2006

# NEW SOUTH WALES ABORIGINAL LAND COUNCIL

## INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2006

	Note	2006 \$'000	2005 \$'000
<b>Revenues from ordinary activities</b>			
Interest and Investment Income	15	70,283	66,505
Net Increment on Investment Revaluation	16	3,868	14
Rent	17	839	541
Other Income	18	2,864	5,022
Gains on Disposal of Property Plant & Equipment	19	-	33
		77,854	72,115
<b>Revenues from government</b>			
Grants and Subsidies	20	5	305
<b>Total Revenues</b>		<b>77,859</b>	<b>72,420</b>
<b>Expenses from ordinary activities</b>			
Audit Fees	21	248	203
Investigators Fees		-	48
Administrators Fees		231	238
Consultants Fees		436	738
Enterprise and Farm Expenses		2,100	722
Depreciation and Amortisation	6	642	501
Amortisation - Intangible Assets	8	18	34
Bad & Doubtful Debts		2,497	210
Employee Expenses	22	7,335	7,241
Funding of Regional and Local Aboriginal Land	23	10,128	11,235
Grants		598	925
Legal Expenses		1,422	1,201
Loss on Disposal of Property Plant & Equipment	19	90	-
Motor Vehicle Expenses		302	293
Repairs and Maintenance		551	752
Other Expenses	24	2,935	2,608
<b>Total Expenses from ordinary activities</b>		<b>29,533</b>	<b>26,949</b>
<b>SURPLUS FOR THE YEAR</b>		<b>48,326</b>	<b>45,471</b>

The accompanying notes form part of these financial statements.

# BALANCE SHEET

AS AT 30 JUNE 2006

		2006	2005
	Note	\$'000	\$'000
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	2	1,401	6,205
Biological Assets	3	541	636
Receivables	4	8,628	6,454
Financial Assets	5	616,147	564,467
<b>Total Current Assets</b>		<b>626,717</b>	<b>577,762</b>
<b>NON-CURRENT ASSETS</b>			
Property, Plant and Equipment	6	18,438	18,667
Investment Property	7	10,695	10,350
Intangible Assets	8	131	34
Artefacts	9	217	228
Receivables	4	2,842	3,191
<b>Total Non-Current Assets</b>		<b>32,323</b>	<b>32,470</b>
<b>TOTAL ASSETS</b>		<b>659,040</b>	<b>610,232</b>
<b>CURRENT LIABILITIES</b>			
Payables	10	2,783	2,634
Provisions	11	793	754
<b>Total Current Liabilities</b>		<b>3,576</b>	<b>3,388</b>
<b>NON CURRENT LIABILITIES</b>			
Provisions	11	67	60
<b>Total Non-Current Liabilities</b>		<b>67</b>	<b>60</b>
<b>TOTAL LIABILITIES</b>		<b>3,643</b>	<b>3,448</b>
<b>NET ASSETS</b>		<b>655,397</b>	<b>606,784</b>
<b>EQUITY</b>			
Reserves	12	12,773	33,797
Accumulated Funds	12	642,624	572,987
<b>Total Equity</b>		<b>655,397</b>	<b>606,784</b>

The accompanying notes form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY**

FOR THE YEAR ENDED 30 JUNE 2006

		<b>2006</b>	<b>2005</b>
	<b>Note</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Total equity at the beginning of the financial year</b>	<b>12</b>	<b>606,784</b>	<b>552,046</b>
Net increase / (decrease) in property, plant and equipment asset			
revaluation reserve	<b>12</b>	287	(13)
Available for sale financial assets			
- Valuation gains / losses	<b>12</b>	-	9,280
Adjustment on the adoption of AASB 132 and AASB 139 to:			
Accumulated Funds		21,311	-
Reserves		(21,311)	-
<b>TOTAL INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY</b>		<b>287</b>	<b>9,267</b>
Surplus / (Deficit) for the Year		48,326	45,471
<b>TOTAL INCOME AND EXPENSE RECOGNISED FOR YEAR</b>		<b>48,613</b>	<b>54,738</b>
Accumulated Funds	<b>12</b>	642,624	572,987
Reserves	<b>12</b>	12,773	33,797
		<b>655,397</b>	<b>606,784</b>

The accompanying notes form part of these financial statements.



# CASH FLOWS STATEMENT

FOR THE YEAR ENDED 30 JUNE 2006

		2006	2005
	Note	\$'000	\$'000
<b>Cash flows from operating activities</b>			
Interest and Investment Income		72,538	64,355
Rent and Outgoings		839	541
Receipts from customers		4,650	3,836
Operating grants receipts		5	305
Payments to suppliers and employees		(31,077)	(30,144)
<b>Net cash provided by operating activities</b>	<b>25</b>	<b>46,955</b>	<b>38,893</b>
<b>Cash flows from investing activities</b>			
Purchase of Financial Assets		(68,349)	(72,324)
Purchases of Property, Plant and Equipment		(461)	(429)
Proceed from Disposals of Financial Assets		16,842	38,212
Sale Proceeds Property, Plant and Equipment		209	164
<b>Net cash used in investing activities</b>		<b>(51,759)</b>	<b>(34,377)</b>
<b>Net increase in cash held</b>		<b>(4,804)</b>	<b>4,516</b>
Cash at the beginning of the year		6,205	1,689
<b>Cash at end of year</b>	<b>25</b>	<b>1,401</b>	<b>6,205</b>

The accompanying notes form part of these financial statements.

## Notes to and forming Part of the Financial Statements

for the year ended 30 June 2006

### 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The Financial Statements are a general purpose financial report that have been prepared in accordance with applicable Australian Accounting Standards, Urgent Issues Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the requirements to the *Public Finance and Audit Act 1983*, *Public Finance and Audit Regulation 2005*, *Treasurer's Directions* and the *New South Wales Aboriginal Land Rights Act 1983*.

The financial report covers the New South Wales Aboriginal Land Council as an individual entity. New South Wales Aboriginal Land Council is a Statutory Body constituted by the *Aboriginal Land Rights Act 1983*.

The financial report of New South Wales Aboriginal Land Council as an individual entity complies with all applicable Australian equivalents to International Financial Reporting Standards (AIFRS).

The following is a summary of the material accounting policies adopted by the Council in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

#### BASIS OF PREPARATION

##### *First-time adoption of Australian Equivalents to International Financial Reporting Standards*

The Council has prepared financial statements in accordance with the Australian equivalents to International Financial Reporting Standards (AIFRS) from 1 July 2005.

In accordance with the requirements of AASB 1: First-Time Adoption of Australian equivalents to International Financial Reporting Standards, adjustments to the accounts resulting from the introduction of AIFRS have been applied retrospectively to 2005 comparative figures with the exception of AASB132 Financial Instruments: Disclosure and Presentation and AASB139 Financial Instruments Recognition and Measurement. As a result, comparative information for these two standards is presented under the previous Australian Accounting Standards which applied to the year ended 30 June 2005. The basis used to prepare the 2004-2005 comparative information for financial instruments under previous Australian Accounting Standards is disclosed in Note 1(c)(ii) and Note 1(c)(iii). The Financial Instrument accounting policies for 2005-2006 are specified in Note 1(c)(ii) and Note 1(c)(iii).

This is the first financial statements of New South Wales Aboriginal Land Council to be prepared in accordance with AEIFRS.

The accounting policies set out below have been consistently applied to all years presented.

Reconciliations of AEIFRS equity and operating results for 30 June 2005 to the balances reported in the audited 30 June 2005 financial report and at transition to AEIFRS are detailed in Note 27.

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency.

### **Reporting Basis and Conventions**

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which the fair value basis of accounting has been applied.

## **ACCOUNTING POLICIES**

### **(a) Revenue Recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

#### **(i) Income on Financial Assets**

Control of a right to receive consideration for the provision of, or investment in, assets has been recognised as income. Refer Note 1(c) (iii) for the basis of measurement and accounting.

#### **(ii) Interest income**

##### **Year ended 30 June 2006**

Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

##### **Year ended 30 June 2005**

Interest revenue is recognised when the right to receive payment is established. Interest is earned on the Financial Assets on the basis specified in Note 5.

#### **(iii) Rent**

Income from property rentals is recognised on a straight line basis over the lease term.

#### **(iv) Disposal of Non-Current Assets**

Control of the goods has passed to the buyer.

#### **(v) Grants and Subsidies**

Grants and subsidies from other bodies are recognised as revenue when the entity obtains control over the assets comprising the grant or subsidy. Control is normally obtained upon the receipt of cash.

**(b) Expenses**

All expenses incurred on an accrual basis are recognised as expenditure for the year to the extent that the entity has benefited by receiving goods or services and the expenditure can be reliably measured. The following specific recognition criteria must also be met before expenditure is recognised.

**(i) Employee Expenses**

Employee expenses includes salaries and wages incurred for the year, workers compensation insurance premium for the year and 9% defined contribution paid for employees under defined contribution scheme. In addition, the expenses under defined superannuation scheme, annual leave and long service leave expenses are charged as stated in Note 1(j).

**(ii) Depreciation and Amortisation Expenses**

Depreciation is provided for on a straight-line basis for all depreciable assets so as to write off the depreciable amount of each depreciable asset as it is consumed over its estimated useful life to the Council.

The depreciation rates used for each class of depreciable assets are:

<b>Class of Fixed Asset</b>	<b>Depreciation Rate</b>
Land is not depreciated.	
Buildings	3. 33%
Motor vehicles	20. 00%
Computer equipment	33. 33%
Other Equipment, Furniture and Fittings	20. 00%

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Intangible assets are amortised on a straight line basis over its estimated useful life to the Council.

**(iii) Funding of Regional and Local Aboriginal Land Councils**

Funding for Regional and Local Aboriginal Land Councils is charged to the Income Statement as per the agreed amount of allocation paid or payable for the year as per the funding agreement. If Regional and Local Aboriginal Land Councils are in breach of statutory requirements, only essential payments were made as per the *Aboriginal Lands Right Act 1983* and expensed in the Income Statement as Funding of Regional and Local Aboriginal Land Councils Expenses.

**(iv) Grants**

The Council pays grants as a voluntary transfer, not an in substance agreement. Therefore they are expensed when the payments are made.

**(c) Financial Instruments**

Financial Instruments give rise to positions that are financial assets or liabilities (or

equity instruments) of the Council. These include cash at bank, debtors, financial assets and payables.

Classes of instruments are recorded at cost and are carried at net fair value.

**(i) Cash and Cash Equivalents**

Cash and short-term deposits in the Balance Sheet comprise cash at bank and in hand and other short term deposits with an original maturity of three months or less.

For the purpose of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

The Council has a MasterCard facility with Westpac bank for \$100K. The MasterCard facility was not in used at 30 June 2006. The Council has a Leasing facility with Westpac bank for \$500K. The Leasing facility had an unused amount of \$355K at 30 June 2006.

**(ii) Loans and Receivables**

Loans and receivables include rates paid on behalf of Local Aboriginal Land Councils in accordance with Section 44A of the New South Wales Aboriginal Land Rights Act 1983 and approved loans. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Collectability of debtors is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off.

Term loans to Local Aboriginal Land Councils carry interest at an agreed rate, whilst other receivables earn no interest. Weighted average interest rate applicable was 5.72% (4.76% in 2004-2005).

**Year ended 30 June 2006**

Loans and receivables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables. Short-term receivables with no stated interest rate are measured at the original amount paid where the effect of discounting is immaterial. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

An allowance for impairment of receivables is established when there is objective evidence that the entity will not be able to collect all amounts due.

**Year ended 30 June 2005**

All loans and receivables are recognised as amounts receivable at balance date. An estimate for doubtful debts was made when collection of the full amount was no longer probable. All amounts due at 30 June 2005 have been reviewed and were considered to be collectable.

**• Provision for Loss on Mortgages**

Note 5 refers to a number of mortgage loans made by the Council as part of its

investment operations. Where settlement date has passed and the loan is considered to be in default, the Council provides for a loss on these mortgages on the basis of the difference between the mortgage balance owing and the advised likely realisable value obtained at a mortgagee sale.

- **Interest and Costs**

Once a mortgage loan has defaulted, the Council does not continue to accrue interest charges on the balance outstanding. Similarly, where the margin between recent valuations of the mortgaged property and the balance outstanding is narrow, or, in deficit, legal and other costs associated with investigating and negotiating settlement of balances owed to the Council are not accrued as part of the balance outstanding.

The credit risk is the carrying amount (net of any allowances for doubtful debts).

**(iii) Financial Assets**

Financial Assets comprise of short term commercial paper and units acquired in the Chifley Investment Fund an individually managed portfolio and a mortgage fund owned by the Council.

The credit risk of the Financial Assets is limited to the amount carried in the Balance Sheet at 30 June 2006.

**Financial Assets were measured on the following basis:**

**Year ended 30 June 2006**

Financial assets in the scope of AASB 139 "Financial Instruments: Recognition and Measurement" are classified as either financial assets held for trading, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Council determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end.

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Council commits to purchase the asset. Regular way purchase or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

- **Financial assets held for trading**

Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit and loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Gains or losses on investments held for trading are recognised in the profit or loss.

- **Held-to-maturity investments**

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Council has the positive



intention and ability to hold to maturity. Investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in the profit and loss when the investments are derecognised or impaired, as well as through the amortisation process.

- **Available-for-sale investments**

Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as any of the three preceding categories. After initial recognition available-for-sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the Balance Sheet date. For investments with no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models.

**Year ended 30 June 2005**

These financial assets were valued at fair value. Revenue and expenses arising from financial instruments were recognised on an accrual basis. All realised gains/losses (interest received) and unrealised gains/losses (revaluation to market value) were recognised in the Income Statement.

All revaluations to market value, including revaluation of unit prices were brought to account as a revaluation of non current assets in accordance with Australian Accounting Standard AASB 1041 "Accounting for the Revaluation of Non-Current Assets" and any change in values were recognised in the asset revaluation reserve.

Distribution by unit trust (net of management fee) received are recognised as income in accordance with industry practice.

In deriving Other Financial Assets income from the wholly owned fixed interest portion, coupon receipts subject to the amortisation of premium and accretion of discounts, were recognised as income.

**(iv) Trade and Other Payables**

**Year ended 30 June 2006**

Trade and other payables are carried at fair value and represent liabilities for goods and services provided to the Council prior to the end of the financial year that are unpaid and arise when the Council becomes obliged to make future payments in respect of the purchase of these goods and services.

**Year ended 30 June 2005**

Liabilities (other than for employee entitlements) are recognised for amounts due to be paid in the future for goods and services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in Treasurer's Direction 219. 01, which allows the Minister to award interest for late payment.

If trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice, or statement, is received.

**(d) Inventories**

Inventories are valued at the lower of cost or net realisable value. Biological assets are valued at its fair value less estimated point-of-sale costs.

**(e) Property, Plant and Equipment**

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and accumulated impairment losses.

Each item of plant and equipment costing or valued at \$500 and above is capitalised. Property, plant and equipment purchased during the year is capitalised at cost. Assets granted or transferred to the control of the Council were valued at fair value and capitalised as an asset.

**Revaluations**

Following initial recognition at cost, land and buildings are carried at a revalued amount which is the fair value at the date of the revaluation less any subsequent accumulated depreciation on buildings and any subsequent accumulated impairment losses.

The fair value of land and building are determined in accordance with the "The Valuation of Physical Non-Current Assets at Fair value" (TPP 05-3), This policy adopts fair value in accordance with AASB 116 "Property, Plant and Equipment" for financial years beginning on or after 1 January 2005. There is no substantive difference between the fair value valuation methodology and the previous valuation methodology adopted in the NSW public sector.

The Australian Valuation Office valued all properties as at 30 June 2004.

Plant and Equipment (Furniture & Fittings, Computer Systems and Computer Equipment) are carried at cost less accumulated depreciation. The net book value represents fair market value as at the balance date.

Other Plant and Equipment and Motor Vehicles in relation to Rural Properties were independently revalued by Bowen Agricultural Machinery on 24 March 2004.

Any revaluation increment is credited to the asset revaluation reserve except to the extent that it reverses a revaluation decrease of the same class of assets previously recognised in the income statement, in which case the revaluation increment is recognised in the income statement.

Any revaluation decrease is recognised in the income statement, except to the extent that it reverses a revaluation increase of the same class of assets previously recognised in the asset revaluation reserve.

As a not-for-profit entity, the revaluation increments and decrements are offset against one another within a class of non-current assets.

Where assets are revalued, the Council restates the gross amount of the asset and the related accumulated depreciation of the class of the revalued assets.

Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

#### **Derecognition and disposal**

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognised.

#### **(f) Intangible Assets**

Intangible assets acquired are initially measured at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life of the intangible assets and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the amortisation line of the income statement.

#### **(g) Investment Properties**

Investment properties are measured initially at cost, including transaction costs. Where an investment property is acquired at no cost or for nominal cost, the investment property is measured initially at its fair value. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred, if the recognition criteria are met; and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial

recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are recognised in profit or loss in the year in which they arise.

Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of retirement or disposal.

Transfers are made to investment property when, and only when, there is a change in use evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale.

When an owner-occupied property becomes an investment property, the Council accounts for such property in accordance with the policy stated under Property, Plant and Equipment up to the date of change in use. The Council occupies 31% of the Argyle Street property and 69% of the property is leased out to tenants. In accordance with AASBI40, the Council accounts for 69% of the Argyle Street property as an investment property. For transfer from inventories to investment property, any difference between the fair value of the property at that date and its previous carrying amount is recognised in profit or loss. When the Council completes construction or development of a selfconstructed investment property, any difference between the fair value of the property at that date and its previous carrying amount is recognised in profit or loss.

**(h) Leased Assets**

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of the leased assets, and operating leases under which the lessor effectively retains all such risks and benefits.

Finance leases are recognised as assets and liabilities at the present value of the minimum lease payments. The lease asset is amortised on a straight-line basis over the term of the lease or, where it is likely that the entity will obtain ownership of the asset, the useful life of the asset to the entity. Lease payments are allocated between the principal component and the interest expense.

Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as rental income.

Operating lease payments are charged to the Income Statement on a straight-line basis over the lease term. Lease incentives are recognised directly to the Income Statement as an integral part of the total lease expense.

**(i) Tax Exemptions**

The Council has been approved as a Public Benevolent Institution (PBI) *under the Income Tax Assessment Act 1997*. Therefore the Council is exempt from income tax from 1 July 2000. The Council is also exempt from Payroll Tax under *Payroll Tax Act 1971*.

**(j) Employee Entitlements****(i) Superannuation**

The liability for accrued benefits represents the value of the present obligation to pay benefits to members and other beneficiaries and is determined as the present value of expected future payments which arise from membership of the fund to balance date. The present value is measured by reference to expected future wage and salary levels and by application of a market determined, risks adjusted discount and appropriate actuarial assumptions.

**(ii) Long Service Leave**

The long service leave liability has been provided for all employees who have five or more continuous years of service and has been calculated at the expected settlement rates. It is considered that this measurement technique produces results not materially different from the estimate determined by using the present value basis of measurement.

**(iii) Sick Leave**

No liability is recognised in the financial statements for non-vesting sick leave as the Council does not consider it probable that sick leave taken in the future will be greater than the entitlements accrued in the future.

**(iv) Wages, Salaries and Annual Leave**

Liabilities for Wages and Salaries are recognised and measured as the amount unpaid at the reporting date at the current pay rates in respect of employee services up to that date. Annual leave liabilities, expected to be settled within twelve months of the reporting date, are calculated at the expected settlement rates.

**(k) Funeral Fund Liability**

The Council collected fees from persons of Aboriginal descent with the intention of establishing a Funeral Fund in 1992. Since the Fund has not been approved by the Department of Fair Trading all fees collected have been included under payables.

**(l) Provisions**

Provisions are recognised when the Council has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Council expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense

relating to any provision is presented in the operating statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using commonwealth bond rate that reflects the risks specific to the liability.

When discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

**(m) Compliance with Aboriginal Land Rights Act 1983**

The Council complies with s150 of the Aboriginal Land Rights Act 1983 - Preservation of money in NSW Aboriginal Land Council Account by maintaining the capital value of \$485,340,000 as at 31 December 1998. In order to ensure that the capital value is maintained since that date, the Council has applied the annual rate of inflation on a compounding basis and compared with all funds held by the Council as at 30 June of each year as disclosed in Note 5. The previous statutory requirement to disclose Statutory and Administrative funds is no longer required by the Act and not disclosed in the Financial Report.

**(n) Comparative Figures**

Comparative figures have been restated based on AEIFRS with the exception of financial instruments information, which has been prepared under the previous AGAAP standard (AAS 33) as permitted by AASB 1 36A. The transition to AEIFRS for financial instruments information was 1 July 2005. The impact of adopting AASB 132 / 139 is further discussed in Note 27.



## 2. CASH AND CASH EQUIVALENTS

	2006	2005
	\$'000	\$'000
Cash at Bank and in Hand	452	1,455
11 AM Call Deposits	722	4,534
Funeral Fund - Cash at Bank	227	216
	1,401	6,205

The Funeral Fund collections have been maintained in a separate bank account and as a result of a judgment of the High Court of Australia are refundable to former members of the fund.

Interest rate at year end on cash at bank ranged from nil up to 5.64% (nil to 5.1% in 2004-2005).

## 3. BIOLOGICAL ASSETS

	2006	2005
	\$'000	\$'000
Livestock	516	596
Grain and Other Rural Stock	25	40
	541	636

## 4. RECEIVABLES

	2006	2005
	\$'000	\$'000
<b>Current</b>		
Council Members	-	3
Other Debtors	5,753	4,740
Other Debtors - Prepaid Superannuation - (Note 11)	46	39
Prepayments	-	1
Local Aboriginal Land Councils	2,910	1,961
	8,709	6,744
Less Allowance for Doubtful Debts	81	290
	8,628	6,454
<b>Non-Current</b>		
Loans and Advances to Local Aboriginal Land Councils	8,133	5,941
Less Allowance for Doubtful Debts	5,291	2,750
	2,842	3,191

Allowance for doubtful debts is raised when doubt as to collection exists. A review of amounts owing by Local Aboriginal Land Councils in respect of rates debtors is undertaken annually. Those councils that have not made a significant reduction in their rate debtor balance in recent years have been classified as doubtful. All other debtors have been reviewed objectively as to whether they are collectable and an allowance has been made accordingly.

## 5. FINANCIAL ASSETS

	2006	2005
	\$'000	\$'000
<b>Financial Assets Held-for-Trading</b>		
Commercial Bills / Promissory Notes	-	9,937
Units in Australian Fixed Income	157,888	123,835
Units in Managed Australian Equities	182,718	192,682
Units in International Equities	63,256	61,121
Units in Australian Listed Property Trusts	48,286	45,564
Units in International Fixed Income	87,863	87,149
Absolute Return Funds	75,975	43,286
Mortgages	161	1,066
	616,147	564,640
Provision for Loss on Mortgages	-	(173)
	616,147	564,467

## 6. PROPERTY, PLANT & EQUIPMENT

2006	Land	Buildings	Plant and Equipment	Motor Vehicles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Fair Value at 30 June 2006</b>					
Opening balance	12,600	4,673	3,912	1,457	22,642
Revaluation change for the year	-	155	-	-	155
Adjustments	-	-	-	-	-
Additions	-		415		415
Disposals	-	-	(1,819)	(537)	(2,356)
<b>Closing Balance at Fair Value</b>	<b>12,600</b>	<b>4,828</b>	<b>2,508</b>	<b>920</b>	<b>20,856</b>

### Accumulated Depreciation

Opening Balance	-	(188)	(3,019)	(768)	(3,975)
Charge for the year	-	(163)	(298)	(181)	(642)
Adjustments	-	132	-	-	132
Disposals	-	-	1,726	341	2,067
	-	(219)	(1,591)	(608)	(2,418)

### Written Down Value

2006	12,600	4,609	917	312	18,438
2005	12,600	4,485	893	689	18,667

2005	Land	Buildings	Plant and Equipment	Motor Vehicles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Fair Value at 30 June 2005</b>					
Opening Balance	11,714	4,613	4,044	1,672	22,043
Revaluation change for the year	-	-	(13)	-	(13)
Adjustments	-	-	(92)	(103)	(195)
Additions	886	60	266	122	1,334
Disposals	-	-	(293)	(234)	(527)
<b>Closing Balance at Fair Value</b>	<b>12,600</b>	<b>4,673</b>	<b>3,912</b>	<b>1,457</b>	<b>22,642</b>

#### Accumulated Depreciation

Opening Balance	-	-	(3,270)	(745)	(4,015)
Charge for the Year	-	(188)	(103)	(210)	(501)
Adjustments	-	-	71	75	146
Disposals	-	-	283	112	395
	-	(188)	(3,019)	(768)	(3,975)

#### Written Down Value

2005	12600	4,485	893	689	18,667
2004	11,714	4,613	774	927	18,028

In terms of the Aboriginal Land Rights Act 1983, the NSW Aboriginal Land Council is able to lodge land claims with the Crown Lands Minister. The Minister may grant all or part of the claim.

Where it is the intention of the NSW Aboriginal Land Council to transfer property granted by the Minister to the Local Aboriginal Land Council in which the property is situated, the property is regarded as being held in trust. Since the title and the control of those properties are with the Council they are included as part of property plant and equipments from this financial year.

At 30 June 2006 the Council held title to 46 properties with a total value of \$954K (\$954K in 2004 / 2005) which were awaiting transfer to Local Aboriginal Land Councils.

## 7. INVESTMENT PROPERTY

	2006	2005
	\$'000	\$'000
Fair Value		
Opening balance as at 1 July	10,350	10,350
Net gain/(loss) from fair value adjustment	345	-
Closing balance as at 30 June	10,695	10,350

Investment properties are valued annually at fair value by an independent, professionally qualified valuer with recent experience in the location and category of investment property.

## 8. INTANGIBLE ASSETS

	2006	2005
	\$'000	\$'000
Cost at 1 July	274	234
Addition	116	41
Disposal	(194)	(1)
Closing Balance at 30 June	196	274
Opening Balance Accumulated Depreciation	(240)	(207)
Depreciation charged	(18)	(34)
Disposals	193	1
	(65)	(240)
Written Down Value at 30 June	131	34

## 9. ARTEFACTS

	2006	2005
	\$'000	\$'000
Cost	217	228
Book Value at 30 June	217	228

No depreciation is charged, as these assets are considered to maintain their value.

**10. PAYABLES**

	<b>2006</b>	<b>2005</b>
	<b>\$'000</b>	<b>\$'000</b>
Sundry Payables and Accruals	2,337	2,382
Other Debtors - Unfunded Super - (Note 11)	219	36
Funeral Fund - Contributions Refundable	227	216
	<b>2,783</b>	<b>2,634</b>

**11. PROVISIONS**

	<b>2006</b>	<b>2005</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>a) Current Employee Benefits</b>		
Provision for Annual Leave-Short Term	359	415
Provision for Long Service Leave - Short Term	14	339
Provision for Annual Leave-Long Term	170	-
Provision for Long Service Leave - Long Term	250	-
	<b>793</b>	<b>754</b>

**b) (i) Non-Current Employee Benefits**

Provision for Long Service Leave	41	60
	<b>41</b>	<b>60</b>

**b) (ii) Other Non-Current Liabilities**

Provisions for make goods	26	-
	<b>26</b>	<b>-</b>

**Total Non-Current Provisions**

	<b>67</b>	<b>-</b>
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**Aggregate Employee Benefits and Related On-Costs**

Provisions - Current	793	754
Provisions - Non Current	41	60
Accrued Salaries and Wages	44	28
	<b>878</b>	<b>842</b>

### c) Superannuation Plan

The Council's has both defined benefit and defined contribution superannuation plans. Defined benefit plan is closed for employees' who commenced employment from 1 July 1993. Only two employees are under defined benefit plans. Employees under defined benefit plan will be provided with lump sum benefits based on years of service and final average salary on retirement. Employees under defined contribution receive fixed contributions and the Council's legal or constructive obligation is limited to these contributions.

The Council has no legal obligation to settle this liability with an immediate contribution or additional one off contributions. The Council intends to contribute to the defined benefit plan at a rate specified by SAS Trustee Corporation.

### Accounting policy

Actuarial gains and losses are recognised immediately in profit and loss in the year in which they occur.

### Fund information.

The Pooled Fund holds in trust the investments of the closed NSW public sector superannuation schemes: State Authorities Superannuation Scheme (SASS)  
State Superannuation Scheme (SSS)  
State Authorities Non-contributory Superannuation Scheme (SANCS).

These schemes are all defined benefit schemes - at least a component of the final benefit is derived from a multiple of member salary and years of membership.

All the Schemes are closed to new members.

The 2006 assessment of SANCS, SASS and SSS is based on the full requirements of AAS25 "Financial Reporting by Superannuation Plans." This requires that a market determined risk adjustment discount rate be applied as the valuation interest rate in the calculation of the value of accrued benefits. The financial assumptions that have been applied for the calculations for 2006 thereafter are:-

	2006	2005
	%	%
State Superannuation Scheme & State Authorities Non-Contributory Superannuation Scheme		
Rate of Investment return	7.6	7.3
Rate of salary escalation	4.0	4.0
Rate of CPI increase	2.5	2.5
Discount Rate	5.9	5.2
Employer contributions paid in relation to the defined contribution plan		
	2006	2005
	\$'000	\$'000
	5	15



## Defined Benefit Plans - Revenue/(Expense) Recognised in Income Statement

	Current service cost		Interest on obligation		Expected return on plan assets		Net actuarial losses/(gains) recognised in	
	2006	2005	2006	2005	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
State Authorities Superannuation Scheme	5	5	6	5	(8)	(7)	(5)	(1)
State Authorities Non-Contributory Superannuation Scheme	3	3	2	2	(6)	(5)	(1)	(1)
State Superannuation Scheme	16	13	30	26	(36)	(30)	174	42
	<b>24</b>	<b>21</b>	<b>38</b>	<b>33</b>	<b>(50)</b>	<b>(42)</b>	<b>168</b>	<b>40</b>

The following table shows the actual return on plan assets

	2006	2005
	\$'000	\$'000
State Authorities Superannuation Scheme	19	13
State Authorities Non-Contributory Superannuation Scheme	8	7
State Superannuation Scheme	89	53
	<b>116</b>	<b>73</b>

## Defined Benefit Plans - Movement in (Asset) / Liability During the Year

	Net (asset)/liability at start of year		Net expense recognised in the income statement		Contributions		Net (asset)/liability at end of year	
	2006	2005	2006	2005	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
State Authorities Superannuation Scheme	(10)	(8)	(3)	3	(3)	(5)	(15)	(10)
State Authorities Non-Contributory Superannuation Scheme	(29)	(25)	(1)	(1)	(1)	(3)	(31)	(29)
State Superannuation Scheme	36	(9)	184	51	(1)	(6)	219	36
	<b>(3)</b>	<b>(42)</b>	<b>180</b>	<b>53</b>	<b>(5)</b>	<b>(14)</b>	<b>173</b>	<b>(3)</b>

## Defined Benefit Plans - Superannuation (Surplus) / Deficit

	defined benefit		of plan assets		(asset)/liability	
	2006	2005	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
State Authorities Superannuation Scheme	134	114	(149)	(124)	(15)	(10)
State Authorities Non-Contributory Superannuation Scheme	20	48	(51)	(77)	(31)	(29)
State Superannuation Scheme	724	511	(505)	(475)	219	36
	<b>878</b>	<b>673</b>	<b>(705)</b>	<b>(676)</b>	<b>173</b>	<b>(3)</b>

The total amount of excess between the market values and accrued benefits of the plans, has been recognised as a receivable in the Balance Sheet (refer note 4). Where the plans accrued benefits exceed the market values, a liability has been recognised in the Balance Sheet (refer note 10).

The table below is a summary of the 2006 and 2005 financial position of the Fund calculated in accordance with AAS 25 - Financial Reporting by Superannuation Plans

## Defined Benefit Plans - Funding Arrangements for Employer Contributions

	Accrued Benefits		Net market value of fund assets		Net (surplus)/deficit	
	2006	2005	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
State Authorities Superannuation Scheme	132	111	(150)	(124)	(18)	(13)
State Authorities Non-Contributory Superannuation Scheme	20	44	(51)	(77)	(31)	(33)
State Superannuation Scheme	607	371	(505)	(475)	102	(104)
	<b>759</b>	<b>526</b>	<b>(706)</b>	<b>(676)</b>	<b>53</b>	<b>(150)</b>

Recommended contribution rates for the Defined Benefit Schemes are:

Fund	SASS	SANCS	SSS
Contribution Recommendations	multiple of member contributions	% member salary	multiple of member contributions
Rate	1.90%	2.50%	0.93%

The economic assumptions adopted to make funding recommendations are:

	2006	2005
<b>Weighted - Average Assumptions - SASS, SANCS, &amp; SSS</b>		
Expected rate of return on Fund Assets	7.30%	7.00%
Expected salary increase rate	4.00%	4.00%
Expected rate of CPI increase	2.50%	2.50%

The components of the amounts disclosed in the Income Statement are as follows:

	2006	2005
	\$'000	\$'000
Contribution valuation adjustment	173	(3)
	173	(3)

## 12. TOTAL EQUITY

	Accumulated Funds		Revaluation Reserve		Total Equity	
	2006	2005	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening Balance	572,987	527,516	33,797	24,530	606,784	552,046
AASB 139 first-time adoption	21,311	-	(21,311)	-	-	-
Restated opening balance	594,298	527,516	12,486	24,530	606,784	552,046
Changes in Equity - other than transactions with owners as owners						
Operating Surplus from Ordinary Activities	48,326	45,471	-	-	48,326	45,471
Increment on Revaluation of Financial Assets	-	-	-	9,280	-	9,280
Increment on Revaluation of Property, Plant and Equipment	-	-	287	(13)	287	(13)
Total	48,326	45,471	287	9,267	48,613	54,738
Closing Balance	642,624	572,987	12,773	33,797	655,397	606,784

### 13. COMMITMENTS

Commitments in relation to non cancellable operating leases are payable as follows :-

	<b>2006</b>	<b>2005</b>
	<b>\$'000</b>	<b>\$'000</b>
Not later than one year	429	451
Later than one year and not later than five years	396	809
<b>Total Operating Lease Commitments (including GST)</b>	<b>825</b>	<b>1,260</b>

GST of \$75K has been included in the total above.

These operating leases are not recognised in the financial statements as liabilities. The figure for operating lease does not include the residual value that may lead to a potential liability at the end of the lease term depending on the movement in the market value for motor vehicles. Commitments for goods and services of \$44K (115K 2004-2005) are not recognised in the financial statement as liabilities. The figures include goods and services tax (GST) of \$4K, which is recoverable from the Australian Taxation Office.

### 14. CONTINGENT ASSETS AND LIABILITIES

The Council is a party to a number of cases currently before the courts. The Council's solicitors have advised if successful the Council has the potential to receive amounts up to \$4.6 million (\$2M to \$5M 2004-2005) and the maximum possible legal claims and costs may amount to \$1 million as at 30 June 2006 (\$63K 2004-2005).

The Council is exempt from Fringe Benefit Tax (FBT) from 1 July 2005. It is estimated that any potential FBT liability for 2000-2005 would be \$240K. It is not practicable to estimate any potential liability for the years 1993-1999. Since the Council believes that it will obtain exemption for FBT prior to 30 June 2005 no liability for FBT has been recognised in the Financial Statements.

<b>15. INTEREST AND OTHER FINANCIAL ASSETS INCOME</b>	<b>2006</b>	<b>2005</b>
	<b>\$'000</b>	<b>\$'000</b>
Interest Income	677	628
Investment Income	69,606	65,877
	<b>70,283</b>	<b>66,505</b>

## 16. OTHER FINANCIAL ASSETS AND PROPERTY REVALUATIONS

For the year ended 30 June 2005 revaluation of Non Current Financial Assets were treated in accordance with Australian Accounting Standard AASB 1041. Non Current Financial Assets that result in increments are credited to an asset revaluation reserve, except to the extent that the increment reverses a revaluation decrement previously expensed. In these circumstances the increment must be recognised as income. During 30 June 2006 treated as per accounting policy note Note 1 (c)(iii).

	<b>3,868</b>	<b>14</b>
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<b>17. RENT</b>	<b>2006</b>	<b>2005</b>
	<b>\$'000</b>	<b>\$'000</b>
Regional Offices	65	19
Head Office	774	522
	<b>839</b>	<b>541</b>

<b>18. OTHER INCOME</b>	<b>2006</b>	<b>2005</b>
	<b>\$'000</b>	<b>\$'000</b>
Enterprise Gross Income	1,334	1,025
Investment Managers Fees Rebates	550	446
Other	980	3,551
	<b>2,864</b>	<b>5,022</b>

## 19. PROFIT (LOSS) ON DISPOSAL OF PROPERTY, PLANT & EQUIPMENT

	<b>2006</b>	<b>2005</b>
	<b>\$'000</b>	<b>\$'000</b>
Proceeds from sale	209	164
Written down value of assets disposed	(299)	(131)
Net profit( loss) on disposal of property, plant and equipment	<b>(90)</b>	<b>33</b>

**20. REVENUES FROM GOVERNMENT**

	<b>2006</b>	<b>2005</b>
	<b>\$'000</b>	<b>\$'000</b>
Commonwealth Government Grants & Subsidies	-	-
New South Wales Government Grants & Subsidies	5	305
<b>Total Revenues from Government</b>	<b>5</b>	<b>305</b>

**21. AUDIT FEES**

	<b>2006</b>	<b>2005</b>
	<b>\$'000</b>	<b>\$'000</b>
Fees paid to Audit Office of New South Wales	201	203
Internal Audit Fee paid to Walter Turnbull	47	-
	<b>248</b>	<b>203</b>

The auditors received no other benefit.

**22. EMPLOYEE EXPENSES**

	<b>2006</b>	<b>2005</b>
	<b>\$'000</b>	<b>\$'000</b>
Salaries & Wages	5,894	5,545
Superannuation	624	383
Annual and Long Service Leave	407	557
Workers Compensation Insurance	410	756
	<b>7,335</b>	<b>7,241</b>

**23. FUNDING OF REGIONAL AND LOCAL ABORIGINAL LAND COUNCILS**

	<b>2006</b>	<b>2005</b>
	<b>\$'000</b>	<b>\$'000</b>
Regional Aboriginal Land Councils	335	217
Local Aboriginal Land Councils	9,793	11,018
Capital Allocations - Local Aboriginal Land Councils		
	<b>10,128</b>	<b>11,235</b>

## 24. OTHER EXPENSES

	2006	2005
	\$'000	\$'000
Staff Training, Development and Recruitment	128	59
Telephone	225	212
Insurance	189	95
Rates	24	21
Rent and Outgoings	475	509
Advertising	105	48
Public Relations and Publicity etc	26	16
Travel Expenses and Allowances	476	406
Postage, Printing and Stationery	88	145
Office and Administration Expenses	226	160
Equipment Hire and Lease	135	93
Meeting Costs	22	28
Workshop and Conference Costs	34	63
Accounting	-	34
World Indigeneous Expenses	57	-
Other Expenses	725	719
	2,935	2,608



**25. Note to Cash Flows Statement**

	<b>2006</b>	<b>2005</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>(a) Cash at Bank and in hand</b>		
For the purposes of the Cash Flows Statement the Council considers the following as cash :-		
Cash at Bank and Hand	452	1,455
11 AM Call Deposits	722	4,534
Funeral Fund - Cash at Bank	227	216
	<b>1,401</b>	<b>6,205</b>
<b>(b) Reconciliation of net cash flows from Operating Activities to Operating Surplus from Ordinary Activities</b>	<b>2006</b>	<b>2005</b>
	<b>\$'000</b>	<b>\$'000</b>
Operating Surplus from Ordinary Activities	48,326	45,471
Depreciation & Amortisation	660	535
Net (Increment)/Decrement on Other Financial Assets Revaluation	(345)	(14)
Bad & Doubtful Debts	2,497	210
Less: Receivables written off	(164)	-
Less: Non-Cash Revenue	(242)	(1,271)
Loss (Profit) on disposal of non Property, Plant & Equipment	90	(33)
<b>Other Changes in assets and liabilities in respect of ordinary activities.</b>		
Receivables decrease/(increase)	(4,157)	(4,305)
Inventories decrease/(increase)	95	(96)
Payables (decrease)/increase	149	(1,660)
Employee Benefits (decrease)/increase	46	56
<b>Net cash inflows from ordinary activities</b>	<b>46,955</b>	<b>38,893</b>

## 26. LIABILITY AS TRUSTEE

The New South Wales Aboriginal Land Council acts as trustee for various Trusts. The assets of the Trusts which lie behind the rights of indemnity are not directly available to meet any liabilities of the New South Wales Aboriginal Land Council acting in its own right. The assets of the Trusts were sufficient to discharge all the liabilities of the Trusts at 30 June 2006.

The positions of the Trusts are :-	2006 \$'000	2005 \$'000
<b>CURRENT ASSETS</b>		
Gumbaynggir Tribal Aboriginal Elders Co. Cash at Bank	50	40
<b>TOTAL TRUST FUNDS HELD</b>	50	40

## 27. RECONCILIATION OF EQUITY UNDER EXISTING STANDARDS (AGAAP) TO EQUITY UNDER AEIFRS

		<b>Reported Cumulative to 30 June 2005</b>	<b>Revised Cumulative to 30 June 2005</b>	<b>Reported As at 1 July 2004</b>	<b>Revised As at 1 July 2004</b>
	<b>note</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Total Equity under AGAAP</b>		606,795	606,795	552,225	552,225
<b>Adjustment to Accumulated Funds</b>					
Write-back Asset Revaluation Reserve for Investment Properties	(i)	3,530	3,530	3,530	-
Point of sale expenses for biological assets	(ii)	-	-	(46)	(46)
Defined Benefit Superannuation Adjustment for Change in Discount Rate	(iii)	( 147)	( 147)	(74)	(74)
Effect of discounting employees entitlements	(iv)	( 190)	(32)	( 131)	( 59)
Depreciation of Investment property written back	(v)	-	168	-	-
		3,193	3,519	3,279	(179)

### Adjustment to Other Reserves: Transfers to Accumulated Funds

Write-back Asset Revaluation Reserve for Investment Property	(i)	( 3,530)	( 3,530)	( 3,530)	-
		( 3,530)	( 3,530)	( 3,530)	-
<b>Total Equity under AEIFRS</b>		606,458	606,784	551,974	552,046

### Reconciliation of Surplus under AGAAP to Surplus under AEIFRS

<b>Net Surplus under AGAAP</b>		45,303	45,303		
Point of sale expenses for biological assets	(ii)	46	-		
Write-back Depreciation 2005 due to Reclassification of Land and Buildings as Investment Property at 1 July 2004					
Defined Benefit Superannuation Discount Rate Adjustment	(iii)	(74)	-		
Effect of discounting employees entitlements	(iv)	(59)	-		
Depreciation of Investment property written back	(v)	-	168		
<b>Net Surplus under AEIFRS</b>		45,216	45,471		

### Adjustment for AASB 139

Reversal of revaluation reserve for the financial assets	21,311
Reversal of revaluation reserve for the financial assets	(21,311)

## Note 27 (cont)

- (i) AASB 140 Investment Property recognised at fair value will not be depreciated and changes in fair values will be recognised in the operating statement rather than the asset revaluation reserve.
- (ii) AASB 119 Employee Benefits requires defined benefit obligations to be discounted using the government bond rate as at each reporting date rather than long-term expected rate of return on plan assets. In 2004-2005 this would have decreased the amount of the superannuation asset and changed the amount of employee benefit expenses.
- (iii) AASB 119 requires present value measurement for long-term employee benefits. These benefits were measured at nominal value under the current AGAAP. The effect of the change in measurement has increased the employee expenses.
- (iv) Financial Instruments- Investments at fair value:  
In accordance with NSW Treasury's indicative mandates, the Council will apply the exemption provided in AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards not to apply the requirements of AASB 132 Financial Instruments: Presentation and Disclosures and AASB 139 Financial Instruments: Recognition and Measurement for the financial year ended 30 June 2006. These Standards will apply from 1 July 2005. None of the information provided above includes any impacts for financial instruments of the comparative balances. These Standards are applied as at 1 July 2005 therefore the increase in value of investment at fair values is transferred from revaluation reserve to retained earnings.
- (v) The Council will apply the requirements in AASB 1004 Contributions regarding contributions of assets (including grants) and forgiveness of liabilities. There are no differences in the recognition requirements between the new AASB 1004 and the previous AASB 1004. However, the new AASB 1004 may be amended by proposals in Exposure Draft (ED) 125 Financial Reporting by Local Governments and ED 147 Revenue from Non-Exchange Transactions (including Taxes and Transfers). If the ED 125 and ED 147 approach is applied, revenue and/or expense recognition will not occur until either the Council supplies the related goods and services (where grants are in-substance agreements for the provision of goods and services) or until conditions are satisfied. ED 125 and ED 147 may therefore delay revenue recognition compared with AASB 1004, where grants are recognised when controlled. However, at this stage, the timing and dollar impact of these amendments is uncertain.

## 28. FINANCIAL INSTRUMENTS

### (a) Interest Rate Risk

Interest rate risk is due to changes in market interest rate fluctuations of the financial instrument. The Council's exposure to interest rate risks and effective interest rates of financial assets and liabilities recognised and unrecognised at the (aggregated) Balance date are:

### (b) Credit Risk

Credit risk is the financial loss arising from another party to a contract/financial position failing to discharge a financial obligation. The Council's maximum exposure to credit risk is the carrying amount of the financial assets in the Balance Sheet.

Despite the size of the credit risk exposure, the actual risk of financial loss is minimal as the majority of debtors are public sector entities.

### (c) Net Fair Value

The net fair value of cash and cash equivalents and non-interest bearing financial assets and liabilities of the Council approximates their carrying value.

The net fair value of financial assets and liabilities is based upon market prices where a market exists or by discounting the expected future cash flows by the current interest rates for assets and liabilities with similar risk profiles.

The net fair value of the interest rate swaps contracts and interest rate futures contract quoted by Chiefly Fund Manager to realise or settle the contracts, were determined at 30 June 2006.

#### (i) Commercial Bills/ Promissory Notes

These are short dated instruments issued by a Corporation, which is responsible for repayment at due date, having a short term credit rating of A1 or better.

These instruments at balance date were earning an average interest rate of 5.58% (5.64% 2004 - 2005), whilst over the period the sum of monthly weighted average interest rates was 5.59% (5.64% 2004 - 2005). The Reserve Bank of Australia increased the official overnight cash rate to 5.75% during the year under review (5.50% 2004 - 2005).

#### (ii) Units Australian Fixed Income Composite

Chifley Investment Fund manages Australian Fixed Income on behalf of the Council which earns income and produces capital gains or losses, both realised and unrealised, in accordance with market conditions.

These instruments over the year under review resulted in a return of 3.45% (7.165% 2004 - 2005) per annum after taking net capital profits both realised and unrealised into account.

#### (iii) Units in Managed Australian Equities

The Council has units in the Chifley Investment Fund. Equities (Shares) earn income (dividends) and produce capital gains or losses, both realised and unrealised, in accordance with market conditions.

These Other Financial Assets over the year under review resulted in a return of 22.94% (26.84% 2004 - 2005) per annum after taking net capital profits and losses both realised and unrealised into account.

#### (iv) Units in International Equities

The Council has units in the Chifley Investment Fund International Equities Trust which earn income (dividends) and produce capital gains or losses, both realised and unrealised, in accordance with market conditions.

These Other Financial Assets over the year under review resulted in a return of 23.12% (8.06% 2004 - 2005) per annum after taking net capital profits and losses, both realised and unrealised into account.

**(v) Units in Australian Listed Property Trusts**

The Council has units in the Chifley Investment Fund which earn income (dividends) and produce capital gains or losses, both realised and unrealised, in accordance with market conditions.

These Other Financial Assets over the year under review resulted in a return of 17.83% (17.73% 2004 - 2005) per annum after taking net capital profits both realised and unrealised into account.

**(vi) Units in International Fixed Income**

Chifley Investment Fund manages International Fixed Interest Securities on behalf of the Council which earn income and produce capital gains or losses, both realised and unrealised, in accordance with market conditions.

These instruments over the year under review resulted in a return of 1.36% (12.07% 2004 - 2005) per annum after taking net capital profits both realised and unrealised into account.

**(vii) Absolute Return Funds**

The Council has units in the Chifley Investment Fund. With the current market situation the return for the twelve months under review resulted in a return of 10.29% (8.27% 2004 - 2005).

**(viii) Mortgages**

The Council lent funds on first mortgage on real property up to a maximum of two-thirds of independent market valuation. These mortgages have been introduced mainly by mortgage brokers and to a lesser extent have been advanced to Local Aboriginal Land Councils.

Weighted average return on mortgages advanced at 30 June 2006 was 1.65% (2.12% 2004 - 2005) per annum, including amounts written off as bad. Where delinquent mortgages have been placed in the hands of solicitors for collection, these mortgages are regarded as non performing loans and interest is no longer accrued, but all effort is made to collect this interest as well as the principal.

At 30 June 2006, the balance outstanding amounted to \$18K (\$1.1M 2004 - 2005). The Council assessed these mortgages, comparing each balance outstanding to a current valuation of the mortgaged property, in order to provide for possible losses.

Of advances totalling \$25.6M made since the inception of the scheme, the Council has advanced \$11.7M to eight mortgagors without obtaining independent valuations of the properties. This action does not comply with Section 18(2) of the Trustee Act 1925 which requires the value of the property used as security for the mortgage loan to be subject to a valuation by a registered valuer instructed and employed by the mortgagee.

**End of Audited Financial Statement**

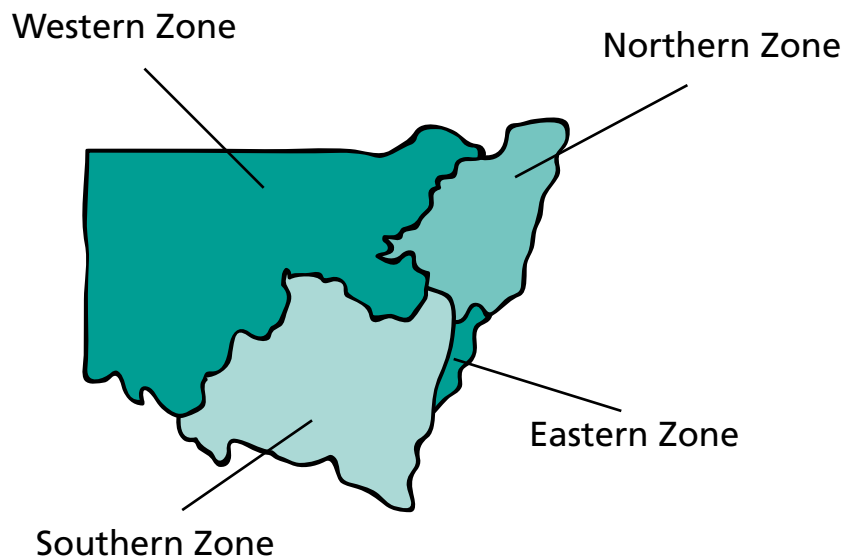
NOTES



## List of Local Aboriginal Land Councils

Zone	RALC	LALC	Zone	RALC	LALC
East	South Coast	Illawarra	South	Far South Coast	Ngunnawal
East	South Coast	Jerrinja	South	Far South Coast	Ulladulla
East	South Coast	Nowra	South	Far South Coast	Wagonga
East	Sydney Newcastle	Awabakal	South	Murray River	Albury & District
East	Sydney Newcastle	Bahtabah	South	Murray River	Cummeragunja
East	Sydney Newcastle	Darkinjung	South	Murray River	Deniliquin
East	Sydney Newcastle	Koompahtoo	South	Murray River	Moama
East	Sydney Newcastle	La Perouse	South	Murray River	Wamba Wamba
East	Sydney Newcastle	Metropolitan	South	Wiradjuri	Condobolin
East	Sydney Newcastle	Mindaribba	South	Wiradjuri	Cowra
East	Sydney Newcastle	Worimi	South	Wiradjuri	Griffith
East	Western Metropolitan	Deerubbin	South	Wiradjuri	Hay
East	Western Metropolitan	Gandangarra	South	Wiradjuri	Leeton & District
East	Western Metropolitan	Tharawal	South	Wiradjuri	Murrin Bridge
North	Central Coast	Birpai	South	Wiradjuri	Narrandera
North	Central Coast	Bowraville	South	Wiradjuri	Onerwal
North	Central Coast	Bunyah	South	Wiradjuri	Orange
North	Central Coast	C. Harbour & District	South	Wiradjuri	Peak Hill
North	Central Coast	Forster	South	Wiradjuri	Pejar
North	Central Coast	Karuah	South	Wiradjuri	Tumut-Brungle
North	Central Coast	Kempsey	South	Wiradjuri	Wagga Wagga
North	Central Coast	Nambucca Heads	South	Wiradjuri	West Wyalong
North	Central Coast	Purfleet-Taree	South	Wiradjuri	Windradyne
North	Central Coast	Stuart Island	South	Wiradjuri	Young
North	Central Coast	Thungutti	West	Central	Dubbo
North	Central Coast	Unkya	West	Central	Gilgandra
North	Far North Coast	Baryulgil	West	Central	Mudgee
North	Far North Coast	Birrigan Gargle	West	Central	Narromine
North	Far North Coast	Bogal	West	Central	Nyngan
North	Far North Coast	Casino Boolangle	West	Central	Quambone
North	Far North Coast	Grafton-Ngerrie	West	Central	Trangie
North	Far North Coast	Gugin Gudduba	West	Central	Warren Macquarie
North	Far North Coast	Jali	West	Central	Weilwan
North	Far North Coast	Jana-Ngalee	West	Central	Wellington
North	Far North Coast	Jubullum	West	North West	Baradine
North	Far North Coast	Muli Muli	West	North West	Brewarrina
North	Far North Coast	Ngulingah	West	North West	Cobar
North	Far North Coast	Tweed-Byron	West	North West	Collarenebri
North	Far North Coast	Yaegl	West	North West	Coonamble
North	Northern	Amaroo	West	North West	Goodooga
North	Northern	Coonabarabran	West	North West	Lightning Ridge
North	Northern	Nungaroo	West	North West	Moree
North	Northern	Red Chief	West	North West	Mungindi
North	Northern	Tamworth	West	North West	Murrawari
North	Northern	Walhallow	West	North West	Narrabri
North	Northern	Wanaruah	West	North West	Nulla Nulla
North	Northern Tablelands	Anaiwan	West	North West	Pilliga
North	Northern Tablelands	Armidale	West	North West	Toomelah
North	Northern Tablelands	Ashford	West	North West	Walgett
North	Northern Tablelands	Dorrigo Plateau	West	North West	Wee Waa
North	Northern Tablelands	Glenn Innes	West	North West	Weilmoringle
North	Northern Tablelands	Guyra	West	Western	Balranald
North	Northern Tablelands	Moombahlene	West	Western	Broken Hill
South	Far South Coast	Batemans Bay	West	Western	Dareton
South	Far South Coast	Bega	West	Western	Ivanhoe
South	Far South Coast	Bodalla	West	Western	Menindee
South	Far South Coast	Cobowra	West	Western	Mutawintji
South	Far South Coast	Eden	West	Western	Tibooburra
South	Far South Coast	Merrimans	West	Western	Wanaaring
South	Far South Coast	Mogo	West	Western	Wilcannia
			West	Western	Winbar

## Addresses of Zone Offices



### Head Office

Level 4  
33 Argle Street  
Parramatta NSW 2150  
PO Box 1125  
Parramatta NSW 2124

Tel: 02 9689 4444  
Fax: 02 9687 1234

### Eastern Zone

Level 5  
33 Argle Street  
Parramatta NSW 2150  
PO Box 987  
Parramatta NSW 2124

Tel: 02 8836 6000  
Fax: 02 8836 6006

### Western Zone

62 Bultje Street  
Dubbo NSW 2830  
PO Box 1196  
Dubbo NSW 2830

Tel: 02 6885 7000  
Fax: 02 6881 6268

### Southern Zone

Suite 100  
Corporate level  
Riverside Plaza  
Monaro Street  
Queanbeyan NSW 2620

PO Box 619  
Queanbeyan NSW 2620

### Northern Zone

8 Dalley Street  
Coffs Harbour NSW 2450  
PO Box 1912  
Coffs Harbour NSW 2450

Tel: 02 6659 1200  
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Designed by: Sheridan Kent and Cindy Heyhoe



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