

The Year Ahead

The work of the Media and Marketing Unit continued to intensify as this reporting period ended, particularly with the growth of Tracker magazine.

The media landscape is changing rapidly, and the NSWALC's view is that it must also change not only how it deals with the media, but how it produces its own media.

Tracker magazine continues to expand, and shortly after this reporting period ended Tracker went online, at www.tracker.com.au.

News stories of interest to our members, and to the broader Australian public, are increasingly accompanied by online video stories and multimedia such as picture galleries.

Tracker has become the major media and marketing effort of a NSWALC, and as its circulation and revenue grows, it will continue to expand its operations.

The Media and Marketing Unit has also begun looking closely at the integration of social media into the internal and external communications of the organisation.

During the reporting period, a Facebook page for Tracker magazine was established.

As the year unfolds, the Media and Marketing Unit will also be designing and trialing a new intranet site which uses social media principles in its design and content.

The Unit will continue to expand its video capabilities, and there will be an increasing focus on positive news stories from the ALC network.

These will be reflected in the expanding pages of LALC Land, the dedicated section within Tracker which aims to promote the successes of land rights in NSW.

The Resource Centre's operations will also continue to expand, with an ever-increasing Library of material, and an expected steady increase in the Books Behind Bars program.

Investment

As noted earlier our Chief Investment Officer is Mr. Chadwick Pocock.

He has overall responsibility for the establishment, and oversight, of risk management and reviews of the NSWALC's investments within the goals set for growth of the fund.

Before reviewing the performance of the NSWALC's Statutory Investment Fund we consider it to be in the public interest to outline the goals for the Fund and the strategies, principles and management behind it.

Readers should also note the changes made to the Drawdown Rule during this reporting period. Its impact on future budgets is outlined later in the budgeting section of the Corporate Services report.

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 - from 1 January 1984 to 31 December 1998 - the Act provided for guaranteed funding through the payment of an amount equivalent to 7.5 per cent of NSW Land Tax (on non-residential land) to the NSWALC, as compensation for land lost by the Aboriginal people of NSW.

During this period, half of the funds were available for land acquisition and administration.

The remainder was deposited into a statutory account to build a capital fund to provide ongoing funding in the future.

The total funds allocated were \$537 million.

Of this amount \$268.5m was deposited in the Statutory Account.

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

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.

Current Management and Value

The value of the Statutory Investment Fund was \$563 million as at 30 June 2011, compared with a value of \$554 million at the end of the previous reporting period.

This represents an increase of \$9 million in the value of the Fund over the reporting period, a direct result of a share market rebound in local and international equities after the global financial crisis.

There is a view, in some quarters that this money simply sits in a bank account.

This is given periodic credence by ill-informed reports, particularly in the mainstream media.

It does a great disservice to all of those in the land rights system who are working for the benefit of their people.

Where Our Money Goes

A major impact on NSWALC's annual budget is the direct funding to Local Aboriginal Land Councils.

This funding is delivered in a direct grant allocation of \$130,000 to each funded Local Aboriginal Land Council to assist with its administrative costs.

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

A drawdown of \$34.8 million was made during the year to fund the operational expenditure of the land rights network, including the administrative costs of both the NSWALC and Local Aboriginal Land Councils.

The required draw down for the new financial year is expected to be \$33.9 million.

Many Local Aboriginal Land Councils face difficulty meeting their financial and reporting obligations.

NSWALC must support those who under perform.

This places additional burdens on our financial resources—and those we can share within the land rights network—through the cost of appointing investigators, administrators, and for legal expenses, intensive assistance projects and the cost of meeting LALC liabilities.

The transactional costs from the last round of reforms to the Act continue to have a major cost impost on the NSWALC's bottom line.

Growth of the Fund

There are those who believe the NSWALC should loosen the purse strings on the Statutory Fund to bolster the administrative funds it provides to the network of Local Aboriginal Land Councils, particularly as they shoulder more service delivery functions and inflationary pressures place added burden on their bottom line.

It is also suggested a more aggressive investment strategy be adopted to gain a better return on our 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 the NSWALC has a great deal of money invested it is not able to spend more than the realised income and interest from investment—less the allowance for inflation.

To do so would be a breach of the current provisions of the Aboriginal Land Rights Act.

The Investment Mission

The Investment Mission for the Fund is:

- To at least maintain the purchasing power of the Fund over the long term, having regard to the specific nature of the underlying funding responsibilities of the NSWALC;
- To provide a stable and growing level of distributions for funding the NSWALC's ongoing activities;
- To at least preserve the indexed book value of the assets.

The Council has transferred this Investment Mission into a set of measurable Real Return and Downside Risk Objectives.

These are:

- **Real Return Objective**
To invest so as to have a greater than 66% probability of achieving a return of the Consumer Price Index plus 4% over 5 year rolling periods.
- **Downside Risk Objective**
To limit the probability of a negative return in any year to be less than 20%.

These objectives sit alongside the investment beliefs of the Council.

They are as follows:

| NSWALC Investment Beliefs | |
|---|--|
| Mission and governance | |
| Investment belief | Implication |
| 1. Investing | <ul style="list-style-type: none"> • The Fund's assets should be invested according to the Fund's Statement of Investment Objectives Policy (SIOP) |
| 2. The Fund is a perpetual means of providing for future Aboriginal generations | <ul style="list-style-type: none"> • The Fund's investment strategy should seek to maximise returns over the long term subject to risk objectives outlined in the SIOP • Expenditure should be set to a sustainable level (formalised in expenditure policy) |
| 3. The principal time horizon of the Fund is relatively long term. | <ul style="list-style-type: none"> • The Fund is willing to accept short term losses for longer term gains. The primary performance assessment criteria should be long-term focused (5+years) |
| 4. Investing in a mixture of things will minimise the risk impact if one of them goes wrong | <ul style="list-style-type: none"> • The Fund should be well diversified in a variety of different asset classes (i.e. not have all its eggs in one basket) |
| 5. The Council is supported by the Investment Committee and Executive team in its decision making process | <ul style="list-style-type: none"> • The Executive should drive the investment agenda in conjunction with the Investment committee |
| 6. Beta is the principal driver of risk and return (rather than alpha) | <ul style="list-style-type: none"> • More time should be spent on strategies (including fund structure and strategic asset allocation) than manager selecting and monitoring |
| 7. Diversification into different risk premiums can increase the investment efficiency of the portfolio | <ul style="list-style-type: none"> • Consideration will be given to introducing appropriate diversity to the Fund, including liquidity and insurance premia |
| 8. Alpha exists, but the challenge is to find and successfully employ it | <ul style="list-style-type: none"> • The Fund should only utilise alpha in markets where it has great confidence in both the alpha opportunity and its skill to successfully hire and fire managers |

It is against these beliefs that all investment decisions are evaluated.

The technical aspects of the investment decisions are provided through the combined advice of the external asset consultant, the NSWALC's Executive, and the Investment Committee.

Additionally, the "Drawdown Rule" adopted by Council provides a formal process for managing the NSWALC's liabilities.

The Drawdown Rule is based on the following:

- Previous draw down
- Average asset value
- Long term spending rate

The annual future draw down is equal to 70% of the draw down in previous year and 30% of the average asset value in the previous year times the long term spending rate.

Therefore, the projected maximum draw down for expenditure in 2011-2012 is 5.57% of the investment balance.

This constraint on the draw down from NSWALC's investments will help to ensure it is able to fund its activities in perpetuity.

Investment Committee

The Investment Committee remains the primary source of all investment recommendations to the Council.

Former NSW Deputy Premier, Treasurer and Minister for Aboriginal Affairs, Dr Andrew Refshauge, continued as the Independent Chairperson of the Investment Committee during the reporting period.

He continued to perform this role in a pro bono capacity.

Chairwoman Manton and Councilor Ah-See represented Council.

The Investment Committee held five meetings during the reporting period.

They were held on:

25th August 2010
25th November 2010
3rd March 2011
14th April 2011
23rd June 2011

Investment Decisions

A number of important investment decisions were made during the reporting period.

The most significant was the adoption of a new Strategic Asset Allocation (SAA).

The new SAA was adopted as it provides a greater probability of meeting the Real Return and Downside Risk Objectives.

It is as follows

| Asset Class | Allocation % |
|----------------------------------|-----------------|
| Australian Equities | 12.0 |
| Overseas Equities (UH) | 14.0 |
| Overseas Equities (H) | 14.0 |
| Emerging Markets | 5.0 |
| Australian REITs | |
| Australian Inflation Linked Bond | 3.75 |
| Global Inflation Linked Bond | 3.75 |
| Diversified Fund of Hedge Funds | 17.0 |
| Absolute Return (Multi Strat) | 6.0 |
| International Fixed Interest (H) | 7.5 |
| Australian Fixed Interest | 10.0 |
| Cash | 2.0 |
| | <hr/> |
| | 100.00 |

This Strategic Asset Allocation replaces the one on the next page.

| ASSET CLASS | Allocation |
|-------------------------------------|-------------------|
| Australian Equities | 12.0% |
| International Equities | 18.0% |
| Property | 5.0% |
| Hedge Funds and Diversity | 23.0% |
| Credit | 25.0% |
| Australian Fixed Interest | 2.5% |
| Australian Inflation – Linked Bonds | 0.0% |
| Global Fixed Interest | 5.0% |
| Global Inflation – Linked Bonds | 7.5% |
| Cash | 2.0% |
| | 100.00 |

The significant differences between the two are the removal of the Investment Grade Credit and the increased allocation to overseas Equities and Australian Inflation Linked Bond

During the reporting period the following investment managers were appointed.

- Blackrock, QIC, Pimco, K2Advisors, Challenger-Merlon, Hyperion Asset Management, Northward Capital, Vontobel Asset Management, Rogge Partners.

During the period the following investment managers were terminated:

- Orion, State Street Global Advisors, Alliance Bernstein, Pimco, Colonial First State, QIC, MM&E Capital, Black Rock and FRM Absolute Alpha.

The resulting portfolio provided a return of 8.6% against a benchmark of 7.9% for the twelve months to June 30, 2011.

The table below details the investment in each asset class of the portfolio and its performance against the appropriate benchmark.

| | FUM | Quarter | Year | 3 Years | 5 Years |
|--|----------------|-------------|-------------|-------------|-------------|
| | \$000 | % | % pa | % pa | % pa |
| NSW ALC Fund | 546,445 | -0.3 | 8.6 | 5.8 | 5.2 |
| NSW ALC Fund Benchmark | | -0.1 | 7.9 | 4.9 | 4.6 |
| Consumer Price Index + 4% pa | | 1.9 | 7.8 | 6.8 | 7.0 |
| Australian Equities | 65,627 | -4.6 | 10.0 | 1.8 | 2.5 |
| S&P/ASX 300 (All Ords before 1/4/2000) | | -4.3 | 11.9 | 0.3 | 2.4 |
| Excess Return Over Benchmark | | -0.3 | -1.9 | 1.5 | 0.1 |
| International Equities | 153,222 | -3.3 | 11.4 | -4.1 | -4.3 |
| MSCI World ex-Aust (50% hedged, 50% unhedged) | | -1.1 | 14.4 | -0.7 | -1.3 |
| Excess Return Over Benchmark | | -2.2 | -3.0 | -3.4 | -3.0 |
| Emerging Markets | 31,268 | - | - | - | - |
| Australian Listed Property | 25,859 | -0.5 | 5.9 | -9.1 | -9.6 |
| S&P/ASX 300 Property Trusts | | -0.5 | 5.9 | -9.7 | -10.3 |
| Excess Return Over Benchmark | | 0.0 | 0.0 | 0.5 | 0.7 |
| Australian Fixed Interest* | 55,198 | 2.5 | 5.7 | 7.5 | 6.1 |
| UBS Composite Bond All Mats | | 2.3 | 5.5 | 8.1 | 6.5 |
| Excess Return Over Benchmark | | 0.2 | 0.2 | -0.5 | -0.4 |
| International Fixed Interest* | 41,382 | 2.7 | 5.2 | 8.5 | 7.9 |
| Citigroup WGBI HDG AUD | | 2.7 | 5.4 | 8.7 | 8.0 |
| Excess Return Over Benchmark | | 0.0 | -0.1 | -0.1 | -0.1 |
| Australian Inflation Linked Bonds | 20,832 | 0.9 | - | - | - |
| UBS Inflation Linked Bond Index | | 3.0 | 7.4 | 4.7 | 4.7 |
| Excess Return Over Benchmark | | -2.1 | | | |
| Global Inflation Linked Bonds | 22,639 | 4.1 | 11.3 | 7.9 | - |
| Barclays Capital World Government Inflation Linked Bond Index (Hedged) | | 4.3 | 11.4 | 8.2 | - |
| Excess Return Over Benchmark | | -0.2 | -0.1 | -0.3 | - |
| Absolute Return | 147,602 | 2.6 | 8.5 | 1.1 | 4.2 |
| UBS Bank Bill | | 1.2 | 5.0 | 4.8 | 5.6 |
| Excess Return Over Benchmark | | 1.3 | 3.5 | -3.7 | -1.4 |

Performance Against Peers

The following table compares the performance of the NSWALC portfolio against two Tcorp Investment portfolios with comparable investment objectives.

These are run by the New South Wales Treasury.

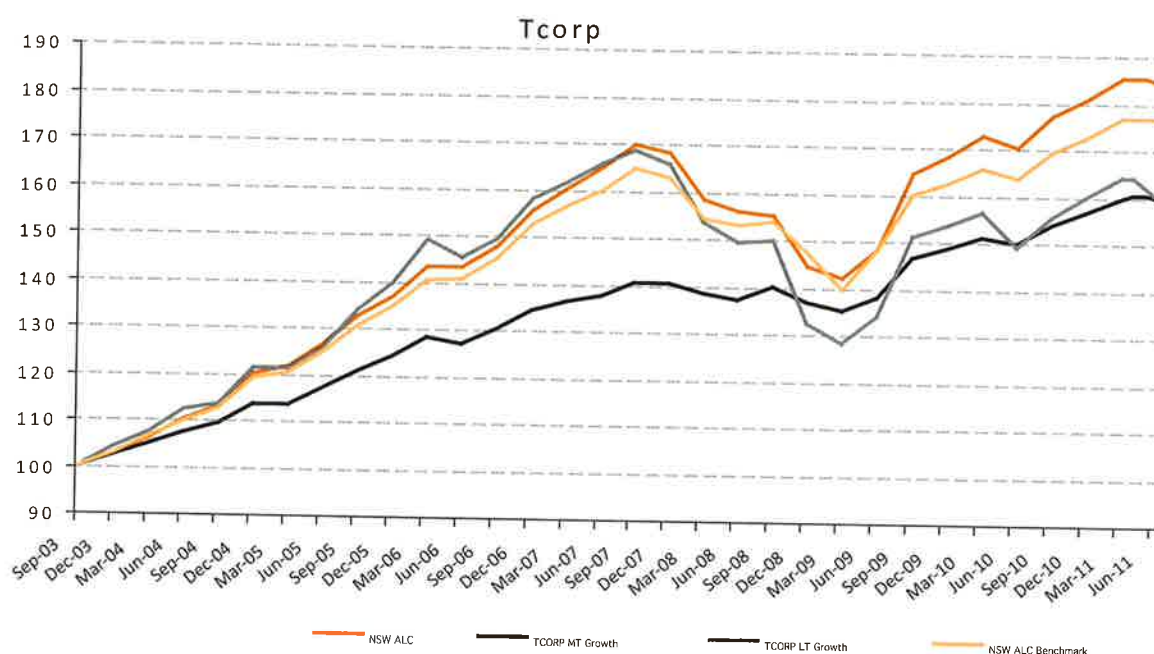
This is an important comparison.

There has been much speculation over the years as to whether, or not, the funds should be invested solely with the NSW Treasury.

NSWALC's argument against this has always been one of diversity, not only across asset class but also across fund managers.

This argument is validated by this performance. It clearly shows the NSWALC's performance to be less volatile and better performing over the different market cycles than the comparable Tcorp investments.

PERFORMANCE AGAINST PEERS

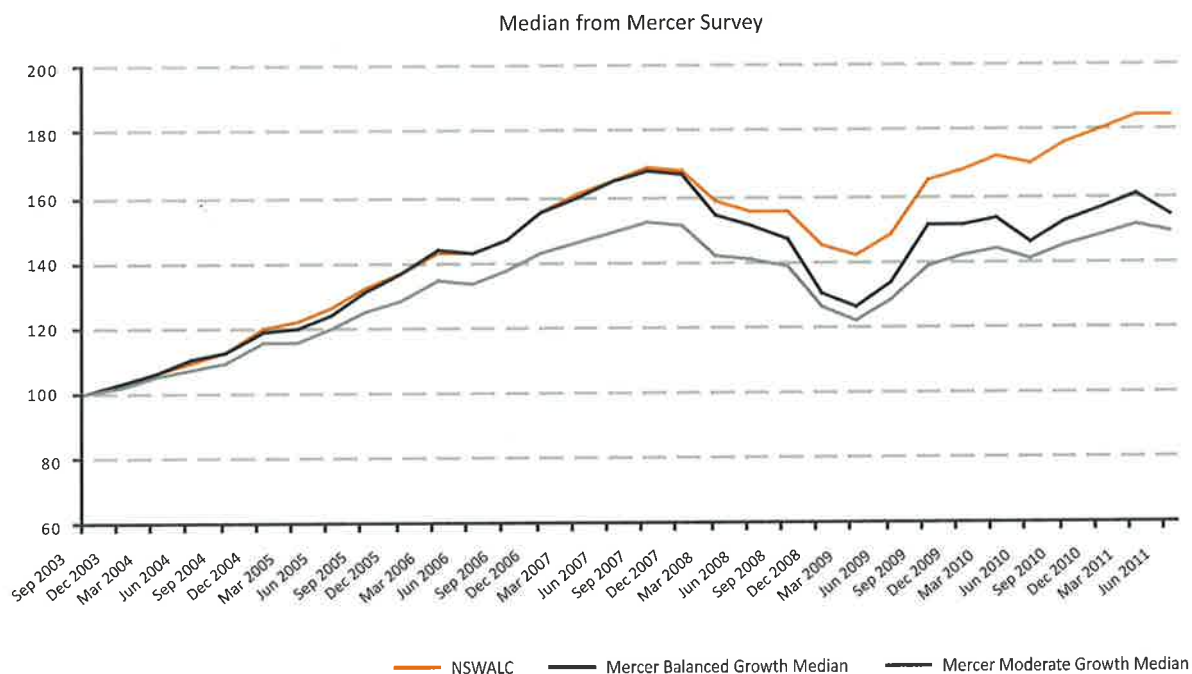


| | 1 Year (%) | 3 Years (% pa) | 5 Years (% pa) |
|---|---------------|-------------------|-------------------|
| T Corp Medium Term Growth (pre-tax)* | 7.9 | 6.1 | 5.3 |
| T Corp Long Term Growth (pre-tax)* | 9.3 | 2.9 | 2.2 |
| NSW ALC Fund Benchmark | 7.9 | 4.9 | 4.6 |
| NSW ALC Fund Actual | 8.6 | 5.8 | 5.2 |

* Effective tax rate assumed to be 11% for Medium Term Growth and 9% for Long Term Growth

Following is a table that compares the performance of the NSWALC portfolio against two Mercer median portfolios.

This is provided to compare the performance of NSWALC's portfolio against similar portfolios held by other institutions.



| | 1 Year (%) | 3 Years (% pa) | 5 Years (% pa) |
|---|---------------|-------------------|-------------------|
| Mercer Moderate Growth Median (pre-tax)* | 10.0 | -0.6 | 3.7 |
| Mercer Moderate Growth Upper Quartile (pre-tax)* | 11.2 | 0.4 | 4.7 |
| Mercer Balanced Growth Median (pre-tax)* | 10.3 | -3.0 | 4.4 |
| Mercer Balanced Growth Upper Quartile (pre-tax)* | 11.5 | -2.0 | 4.7 |
| NSW ALC Fund Actual | 8.6 | 5.8 | 5.2 |

* Effective tax rate assumed to be 9% for Moderate Growth Median and 11% for Balanced Growth

The NSWALC's portfolio has performed extremely well relative to its peers.

Where The Money Goes

The following table provides a snapshot of the major operational calls on NSWALC funds during the financial year.

| | \$'000 |
|--|---------------|
| Revenue | |
| Sale of Goods | 2,068 |
| Investment Revenue | 34,705 |
| Grants and Contributions | 1,336 |
| Gains on Disposal of Asset | 8 |
| Other Gains - Changes in Fair Value of Investments | 10,328 |
| Other Revenue | 3,042 |
| Total Revenue | 51,486 |
| Expenses excluding losses | |
| Audit Fees | 344 |
| Consultants Fees | 737 |
| Enterprise and Farm Expenses | 1,814 |
| Depreciation | 1,229 |
| Amortisation - Intangible Assets | 294 |
| Bad & Doubtful Debts | 1,650 |
| Employee Related Expenses | 12,746 |
| Funding of Local Aboriginal Land Councils | 13,957 |
| Grants | 2,217 |
| Legal Expenses | 1,752 |
| Motor Vehicle Expenses | 729 |
| Maintenance Expenses | 405 |
| Travel Expenses and Meal Allowances | 996 |
| Other Expenses | 4,174 |
| Program Expenses | 2,729 |
| Total expenses excluding losses | 45,772 |
| SURPLUS/(DEFICIT) FOR THE YEAR | 5,714 |
| Other comprehensive income | 5 |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | 5,719 |

We now turn to a review of operations from the Operational Division.

Corporate Services Division

This division again reported a hectic workload during the 2010-11 financial year.

The attainment of NSWALC's eighth successive unqualified audit from the NSW Audit Office was a highlight of the reporting period.

The NSWALC recorded a surplus of \$ 5.7 million in the 2010-11 financial year.

This compared to a surplus of \$ 34.5 million in the previous reporting period.

The surplus included a total gain (including unrealised gain) on the investment fund of \$ 45 million compared to \$63.6 million in the 2009/10 financial year.

The net equity of NSWALC increased by \$ 5.72 million in the 2010/11 financial year to \$ 598.2 million compared to \$40.4 million to \$592.5 million during the previous reporting period.

Budgeting

NSWALC submitted its Budget for the 2010-11 financial year for the consideration and approval of the Minister for Aboriginal Affairs by the statutory deadline in May, 2010. It is required to do so in accordance with s157 of the Aboriginal Land Rights Act (ALRA).

The package included projected budgets for the following two financial years 2011-12 and 2012-13.

In her transmittal letter, Chairwoman Manton noted it was the third budget to be submitted to the State Government on behalf of the current Council.

She advised the Minister the budgets had been framed in "difficult economic times."

"However, my fellow Councillors and I have worked closely with relevant staff and financial advisers to ensure this budget continues to provide a sound operational base for the NSWALC and the land rights network in the forthcoming financial years," she advised.

"We are confident it represents a sustainable and productive balance between the funding of new

initiatives and prudent financial planning to further improve the efficiency and effectiveness evident in the NSWALC and the Land Council network in recent years."

Ms Manton asked the Minister to note the NSWALC would be continuing with the allocations required to ensure it was able to work with significantly improved governance policies and procedures, more efficient management systems and structures, and to maintain the substantial support to the Local Aboriginal Land Council network.

"As you are aware from recent discussions with Council it has restructured its investment fund in order to reduce risk and to have a more balanced portfolio," she added.

Chairwoman Manton said the balance of the NSWALC equity was \$557.4 million at April 30, 2010.

Investment income was forecast to be \$40.5 million in the 2010/11 financial year, \$43.6 million in 2011/12 and \$44.9 million in the outlying year.

Forecast revenues for the 2010/11 financial year were expected to total \$46.017 million while total operational expenditure was budgeted to be \$ 44.451 million for the same period.

Chairwoman Manton said Council was conscious of the Minister's requests "that we seek to cap expenditure."

"I am pleased to advise that Council has introduced expenditure constraint in the form of its new 'Drawdown Rule,' which is based on the Yale Formula," she added.

Chairwoman Manton explained the formula is used by many annuities and perpetuities to manage their investments in a responsible and prudent manner relative to their assets, expected revenue and expenditure.

"The Drawdown Rule restricts how much cash NSWALC is able to draw from investment income in any given financial year," she added.

"The required drawdown from the Investment Fund is forecast to be \$34.8 million for the 2010/11 financial year.

"Council has had to make considerable cuts to its budget to comply with the constraints imposed by the introduction of the Drawdown Rule.

"As a result we are now able to advise that we have a liability management structure that provides for sustainable spending whilst allowing us to meet our core objectives in accordance with the provisions of the ALRA and to ensure the ongoing consolidation of our operations despite the current economic circumstances.

"We have taken a number of initiatives to hold expenditure as low as possible, including a freeze on all staff recruitment, and reining in the operating costs of the rural properties.

"There has been an adjustment to the management arrangements for the properties to agist Appin Station and Calooma/Nulty Springs and the leasing of Barooga Karrai.

"We will continue with the farming/livestock program at Kaituna Uno and have budgeted for an income of \$2.8 million in the new financial year from crop and cattle sales and agistment income with projected expenditure to be \$2.2 million."

Chairwoman Manton assured the Minister core funding to the land rights network would be maintained in the new financial year.

"Council," she advised, "has approved an allocation of \$130,000 for each Local Aboriginal Land Council. A total of \$13.75 million is budgeted for in the 2010/11 financial year based on average allocations over the past three years.

"It is estimated the payment of rates, legal fees and the cost of Administrators on behalf of LALCs in the 2010/11 financial year will be approximately \$1.2 million with LALC debt repayment anticipated to be about \$900,000."

Chairwoman Manton said the ongoing financial sustainability of the land rights network was the "crucial issue which NSWALC must address, particularly given the ongoing cost of administrations, and ensuring the regulatory obligations NSWALC has are met."

"However, NSWALC stands ready, within the limitations of the financial resources available to

it, to seek to continue with modest initiatives to deliver community benefits to our constituents and to enter into genuine partnership with stakeholders who share our determination to address the many issues facing Aboriginal people," she added.

"We are determined to continue to seek innovative ways to deliver community benefit schemes to our people, in partnership, if possible, with relevant stakeholders."

Chairwoman Manton said NSWALC had adopted a rigorous and disciplined process to develop the budget and commended the document to the Minister.

She thanked him for his ongoing support to the NSWALC and the land council network and looked forward to "continuing to work with you to improve the well being of all Aboriginal people in New South Wales."

We now turn to the achievements of the Units within Corporate Services.

Finance Unit

The main focus of the Finance Unit during this reporting period has been an emphasis on the interpretation of the NSWALC's financial data to improve its ability to forecast future results.

Tighter budget controls continued to be put in place to ensure the NSWALC's operating budget kept in line with the discipline imposed by the Drawdown Rule.

As foreshadowed in this space last year a Balanced Scorecard system was being introduced to give a clearer view of the rate of expenditure across the organisation.

The new system allows the organisation to bring financial, customer, human resources and internal policies into one reporting tool and match expenditure against key performance indicators.

Those indicators were identified for each business unit and mapped against four key elements of the Balanced Scorecard; human resources, stakeholders, internal processes and finance.

A trial of the new tool was being conducted as the reporting period ended.

Budgeting and asset control remained a key focus for the Unit.

Budget reviews are conducted four times each year to ensure fiscal discipline across the organisation.

An asset stock take was conducted across the NSWALC to ensure all assets were accounted for, while new procedures for their movement were implemented.

The Unit also completed an update of all finance and administration policies during the reporting period and all were placed on the NSWALC's Intranet.

Purchasing and procurement is a critical area of internal control for the Finance Unit. A Procurement Officer was appointed during the reporting period.

The Finance Unit also supervised the annual audit by the NSW Audit Office and provided a range of working papers and information to ensure its timely completion.

As noted earlier, the NSWALC again received an unqualified audit and met the statutory sign off date for its financial statements. The Unit also had key input into a number of internal audits.

A review of payroll processes was also underway as this reporting period ended.

A number of interns were again seconded to the Unit during the reporting period and all received training in return for their assistance.

Human Resources Unit

The Unit continued throughout the reporting period to provide the Councillors, management and staff of the NSWALC with an extensive range of services as well as providing advice and support to the Zone Offices in their dealings with Local Aboriginal Land Councils.

Recruitment Functions

The reporting period was, once again, a relatively stable period for staff turnover although a number of employees ceased in June 2011 as a result of the new organisation structure.

Formal recruitment action throughout the reporting period was limited to critical positions with a number of short term appointments required to cover temporary vacancies, largely due to maternity leave.

As noted elsewhere, key appointments included a new Deputy Chief Executive Officer, Director of Corporate Governance, Principal Legal Officer and Zone Director – Far West.

Other notable appointments included Senior Policy and Research Officers, a Senior Legal Officer, a Commercial Analyst, and an Indigenous Money Mentor.

The organisation structure is now relatively streamlined with minimal vacant positions.

Significant recruitment action is not anticipated in the new reporting period and will be limited to critical positions as determined by the Council and the Chief Executive Officer.

Learning and Development

The Human Resources Unit had continued responsibility in this period for coordinating the participation of staff in a range of external conferences, course and seminars.

Professional developmental opportunities were also made available to staff through the NSWALC's Professional Development and Training and Development Policy.

This included both financial assistance towards fee payment and leave to attend compulsory lectures.

The NSWALC considers the investment in staff through professional development opportunities delivers significant benefits to our organisation.

Those include the overall improvement and enhancement in the qualifications, expertise and performance of staff and in their retention and continued contribution towards meeting the NSWALC's objectives.

The Unit will continue to review, identify and provide cost effective strategies to assist in meeting these outcomes.

Industrial Relations

The reporting period saw a number of developments in the industrial relations area. Chief among them was the successful negotiation and implementation of a new staff employment agreement.

Federal Enterprise Agreement

As previously reported, the NSWALC began negotiating its first Enterprise Agreement with employees and/or their nominated bargaining representatives in late 2009.

The Bargaining Committee had reached consensus on the majority of matters raised during negotiations as that period ended.

The current reporting period saw the successful conclusion of negotiations.

A Draft Enterprise Agreement was finalised in September 2010 and reviewed to ensure it:

- Included all mandatory provisions related to the National Employment Standards.
- Excluded any prohibited content.
- Met specific requirements of Fair Work Australia to ensure that any new Agreements do not result in employees being worse off than they were under previous employment arrangements.

Mandatory voting on the Enterprise Agreement began in December 2010.

All eligible employees were provided with an information package which contained:

- A covering letter relating to the following documents.
- The final Enterprise Agreement.
- A detailed summary of the amendments and the potential implications to staff.
- An Information Sheet on the Voting Process.

The voting process for the Enterprise Agreement was finalised on 7 February.

A total of eighty four employees were eligible to vote, with a total sixty-four votes received.

All supported the draft Enterprise Agreement.

A formal application for Approval of the Enterprise Agreement was lodged with Fair Work Australia in February.

It notified the NSWALC of its approval of the Agreement on March 4, 2011.

The Agreement took effect from March 11, 2011.

It picks up the majority of employment conditions under the previous Staff Award along with a number of newly negotiated conditions and benefits.

It provides the NSWALC staff with a range of flexible working conditions and benefits.

It is expected to increase our ability to attract and retain quality employees.

Joint Consultative Committee

As previously reported the NSWALC established a Joint Consultative Committee to facilitate ongoing and effective communication, participation and consultation between the staff and management of the NSWALC.

The Committee comprised three management representatives and three elected staff representatives.

As a result of ongoing negotiations between management and staff representatives on a new Enterprise Agreement during the reporting period the role of the JCC became redundant.

It is anticipated the JCC will be re-established during the new reporting period to ensure a consultative work environment following the successful negotiation and implementation of the Enterprise Agreement.

KLALC (K2 Bush Enterprises)

As previously reported the dissolution of Koombahtoo LALC resulted in the NSWALC assuming the responsibility for a number of staff employed at the former LALC.

Their unique duties vary significantly from other staff of the NSWALC.

This raised a number of potential industrial issues and obligations.

The implementation of the Federal *Fair Work Act* 2009 and the modernisation of Federal Awards required many employers and their employees to transition to the Federal Industrial Relations system and an applicable Award or Enterprise Agreement.

This applied to all NSWALC employees including those previously employed through KLALC.

A review was undertaken to identify the most appropriate Award based on occupation and/or industry for these employees.

The review identified the Gardening & Landscaping Services Award 2010 as being the most relevant and suitable.

Arrangements were made during the reporting period for these employees to be transitioned to this Award with all employment conditions and entitlements determined by its provisions.

Traineeships

As previously reported arrangements were made for the appointment of an Aboriginal Certificate III Business Trainee working out of the office of Councillor Stephen Ryan.

Mr. Corbin Carney's one year traineeship was completed in June 2010.

During the reporting period NSWALC funded and participated in the Central Region LALC Traineeship Program.

As a result two trainees were placed at the Western Zone Office.

The trainees, Ms Kristy-Lee McMillan and Ms Amy Rose Lee Hill, began one year Certificate II Business traineeships in June and April 2011 respectively.

NAVITAS Professional Internship Program

The NSWALC has an agreement with Navitas Workforce Solutions Pty Ltd to host a number of interns.

The agreement forms part of the Navitas Professional Year Program/Skilled Migration Internship Program-Accounting.

The programme is administered by the Department of Immigration and Citizenship.

Navitas provides Information Technology and/or Accounting Graduate Internships to the NSWALC at no cost.

NSWALC engaged a number of interns in the Finance Unit under the programme in the reporting period.

The ICT Unit has also identified an Intern who will begin a placement with the NSWALC from July 2011.

The interns are engaged for a period of 12 weeks to get exposure and mentoring in a broad range of accounting processes to complement their formal tertiary studies.

In addition to the professional assistance NSWALC receives by assisting the Interns we also benefit through the assistance they are able to provide to us in undertaking projects and other work related activities.

Given limited resources this provides a mutually beneficial arrangement.

Occupational Health and Safety

The term of the existing NSWALC Occupational Health & Safety Committee expired during the reporting period.

Expressions of interest were being sought from interested employees as this reporting period ended and a new Committee or alternative consultative body was under consideration.

PricewaterhouseCoopers (PwC) was engaged to conduct a comprehensive review of OH and S as part of an Internal Audit Program.

The review concluded that the NSWALC's OH and S framework contained sound policies and procedures and recommended a number of improvements.

It recommended major priority be given to an overarching risk assessment process.

The NSWALC began to address the recommendations during this reporting period with the development of an Occupational Health & Safety Strategic Plan.

The Strategic Plan and other strategies are scheduled to be delivered over the next reporting period.

The NSWALC maintained a sound Occupational Health and Safety record with only twelve reported incidents during the year, most of a minor nature.

Three resulted in a formal Workers Compensation Claim being lodged. Two remained active as the reporting period ended.

Full statistics are provided in the OH and S Table later in this report.

Records and Administration Unit

This Unit continued to provide assistance and ensured administrative compliance with travel, procurement, corporate cards, motor vehicle management and tender and contract management during this reporting period.

It also continued to improve the management of the organisation's official records.

Electronic Document Management

As noted in this place last year the NSWALC has been developing a system of electronic record management which allows the organisation to accurately sentence its official records in accordance with relevant legislation and its operational needs.

This has involved drawing up a draft Functional Disposal Authority (FDA) for submission to the State Records Authority.

A first draft was being developed as this reporting period began.

As flagged in last year's report this was developed and sent to the Authority and stakeholders for review and comment during this reporting period.

A second draft was then submitted to State Records and was awaiting approval when this reporting period ended.

The NSWALC looks forward to an approved FDA in the new financial year. It will provide an invaluable framework to manage the records of the unique land rights system.

General Disposal Authority legislation allows for sentencing or disposal of records not covered by the FDA.

The Records and Administration Unit are also active in the training of new staff regarding use of current software packages such as TRIM and the use of the web based Flexi Purchase which is utilised for the reconciliation of Corporate Card accounts.

General Recordkeeping and Archiving

The Unit continues to conduct regular audits of information stored at the NSWALC's Head Office and the Government Records Repository (GRR) to ensure accuracy and compliance. The evaluation, registration, storage and where appropriate, disposal of NSWALC records is a constant process.

A review on the disposal of NSWALC records was underway as this reporting period ended to ensure the organisation keeps pace with current standards.

Staff Development

To improve the efficiency and effectiveness of the NSWALC at all levels a focus on professional development for staff was undertaken resulting in the completion of Certificate 4 in Business and completion of Certificate 4 in Frontline Management.

The Administration and Procurement Manager also continued to undertake Government Accredited Training on Tendering and Procurement with another 5 levels to complete.

As the reporting period ended the Unit was gearing up for the NSWALC election in August given its responsibility for ensuring a seamless transition of

assets and administrative arrangements between potential new and outgoing Council members and Council Support Officers.

Training and Development Unit

The Unit reported another busy year working within the ALRA on mandatory training and capacity building within the NSWALC and for all Aboriginal Land Councils.

Capacity Development Plan

The NSWALC has a statutory requirement to train Councillors and staff of the NSWALC and LALCs to develop their capacity to exercise the functions set out in the ALRA and the regulations.

It is required under Section 107 of the Act to have a Capacity Development Plan in place to carry out these training functions.

A Plan was approved by the Council in April 2009 and the NSWALC again worked to it during this reporting period.

As previously reported the Plan was due to be in place for at least three years.

LALC Governance Training

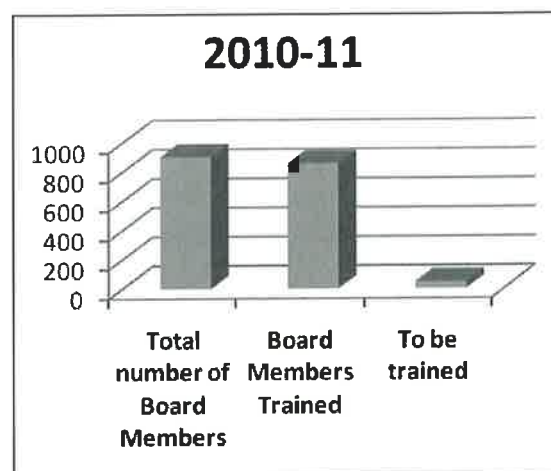
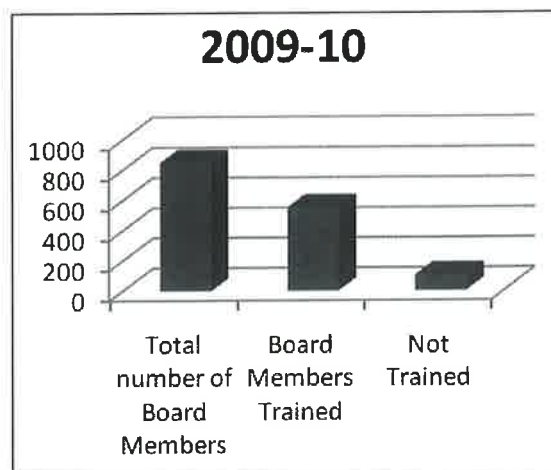
The NSWALC continued to provide mandatory governance training to LALC Board members and staff during the reporting period.

As reported last year an online governance training program was introduced in November 2009 and went live around the State.

More than eight hundred LALC Board members received online training during this reporting period and were able to access it individually or in groups.

Almost all participants achieved a Statement of Attainment in the Australian Quality Framework unit of competency: Roles and Responsibilities of a Board member.

The following graphs detail the statistics of Governance training to the previous and current reporting periods.



Other Training Initiatives for LALCs

As reported last year, the NSWALC established a partnership with the University of Newcastle to develop a customised course for LALC Chief Executive Officers.

The Graduate Certificate in Business Administration has been designed to address the skills and knowledge requirements of CEOs working in the unique Local Aboriginal Land Council environment.

The NSWALC provided scholarships to CEOs who began the course in March, 2010.

A total of 15 CEOs are expected to complete the course by early 2012.

NSWALC collaborated with the Australian Training Company to successfully win a Work Cover NSW grant to provide OH and S training and mentoring for LALCs.

The program is aimed at assisting LALCs to develop and implement OHandS policies and procedures at LALC sites in NSW.

Three rounds of workshops and wrap up sessions were completed during this reporting period.

The training covered:

- Awareness of OHandS issues and legislative requirements
- Development of OHandS policies and procedures for LALCs
- Conducting OHandS audits
- Developing and implementing OHandS risk management in LALCs

NSWALC Staff Training

A number of NSWALC staff took advantage of further training during the reporting period.

A Cultural Awareness program conducted in October and November 2010 provided an opportunity for NSWALC staff, from all cultural backgrounds, to experience aspects of Aboriginal culture and gain a greater understanding of cultural dynamics.

The training included a visit to Aboriginal sites at Wollombi.

Training was also provided to staff at various levels in several computer applications, including Microsoft Word, Excel and PowerPoint.

A new format of "tailor-made" sessions was piloted during the reporting period and proved successful.

A session on "Project Management Essentials" was also held in May 2011.

Topics covered included Project Initiation, Project Planning, Project Execution, Control and Monitoring and Project Finalisation.

A Certificate IV in Business course continued throughout the reporting period. Twelve NSWALC staff participated.

An Advanced Diploma of Management course also began.

A total of eleven NSWALC managers and supervisors participated.

A range of informal on-the-job training was also provided by NSWALC Business units to Staff during the reporting period.

NSWALC Board Induction

The Unit worked with the Corporate Governance Unit as this reporting period ended on a NSWALC Councillor Development Strategy.

This was in anticipation of the training and induction needs of potential new office holders following the election of a new Council in August 2011.

Commercial Unit

The Commercial Unit was established in recognition of the emerging value of the land estate now held by Local Aboriginal Land Councils and the NSWALC, the emerging commercial interest in it, and the need for the sustainable development and management of the land base.

The Unit performs a dual role for the network of Local Aboriginal Land Councils on land dealings.

It administers the NSWALC's statutory obligations on the approval of proposed land dealing transactions.

It also assists LALCs and the NSWALC in land and commercial matters.

New Land Dealings Policy

As reported last year, the *Aboriginal Land Rights Amendment Act 2009* came into effect on March 31, 2010 and represented significant changes to the land dealing provisions of the Aboriginal Land Rights Act.

A series of regional forums had been held across the state in the lead up to the changes to explain the new provisions to Local Aboriginal Land Councils and NSWALC policies on land dealings which had been developed in line with the new legislation.

A number of resource materials were also developed to assist LALCs understand the new provisions and the new processes required to lodge land dealing applications.

The Commercial Unit worked closely with a large number of LALCs during this transitional period.

Council has approved approximately twenty eight land dealing transactions across the state since the introduction of the legislation.

These transactions range from the sale and/or easement of land to large multi-lot residential subdivision and long term head leases.

The Commercial Unit was assisting LALCs with a further 80 proposed land dealing transactions as this reporting period ended.

Most were in the planning stage.

Certification Process

A new two-stage certification process is now required for land dealing approvals.

Once a LALC lodges an application it is reviewed by the Commercial Unit.

A recommendation is then prepared for the consideration of the NSWALC.

Once approved by the NSWALC a Dealing Approval Certificate (**DAC**) is issued to the LALC within fourteen days of the decision.

LALCs must apply to the NSWALC for the issue of a Registration Approval Certificate (**RAC**) as the land dealing is progressed and documents need to be registered with the Land and Property Management Authority.

The new system provides greater certainty for Local Aboriginal Land Councils and those people dealing with them.

Expert Advisory Panels

Another significant change requires the establishment of Expert Advisory Panels who may provide independent assessments of land dealing applications.

Clause 108 of the *Aboriginal Land Rights Regulation 2002 (ALRR)* requires NSWALC to *establish a register of persons who may be appointed to expert advisory panels* (the Register).

Section 42I(1) of the ALRA states the NSWALC may constitute expert advisory panels to assess applications for approval of land dealings by LALCs.

A public Register has been established in recognition of the increasingly diverse and complex land dealing applications the NSWALC receives and the need to outsource the analysis of some applications.

LALCs are now able to select professionals to assist them with land dealings should they choose to do so.

In order to fulfill these requirements, the NSWALC called for Expressions of Interest during the reporting period through the Department of Commerce E-Tendering website.

It received an overwhelming response.

With the assistance of a Tender Evaluation Committee it established a comprehensive Register with suitably experienced and qualified organisations across a wide range of disciplines and regional areas.

The Register was provided to the Minister for Aboriginal Affairs and is now publicly available, in accordance with the provisions of the ALRA.

It can be found in the land dealings section of the NSWALC website.

Community Development Levy

The new land dealings regime has also seen the introduction of a Community Development Levy.

The purpose of the levy is to redistribute wealth gained from land dealings among the network of Local Aboriginal Land Councils.

The levy is payable by LALCs for any dutiable transaction in dealings with their land.

The NSWALC is required to match this on a dollar for dollar basis.

All monies raised can be redistributed by the NSWALC through grants for Community Benefits Schemes, land acquisition and management and any other purpose authorised by the legislation.

Schedule 6A of the ALRR lists the amount of CDL payable in respect of dutiable transactions as follows:

| Dutiable Value of Land | Amount of community development levy |
|--|---|
| More than \$80,000 but not more than \$1,000,000 | 100% of amount of duty |
| More than \$1,000,000 | 150% of amount of duty |

Section 32 of the *Duties Act 1997* lists the general rate of duty as follows:

| Dutiable value of the dutiable property subject to the dutiable transaction | Rate of duty |
|--|--|
| More than \$80,000 but not more than \$300,000 | \$1,290 plus \$3.50 for every \$100, or part, by which the dutiable value exceeds \$80,000 |
| More than \$300,000 but not more than \$1,000,000 | \$8,990 plus \$4.50 for every \$100, or part, by which the dutiable value exceeds \$300,000 |
| More than \$1,000,000 | \$40,490 plus \$5.50 for every \$100, or part, by which the dutiable value exceeds \$1,000,000 |

For example, should a LALC sell a block of land worth \$200,000.00, the CDL payable would be \$5,490.00.

The Office of State Revenue has developed a CDL Calculator to assist LALCs with the calculation levies.

The CDL Calculator can be found on their website.

The NSWALC also developed a series of Fact Sheets to assist LALCs with the process.

These can also be found in the land dealings section of the NSWALC website.

One CDL payment had been made by a Local Aboriginal Land Council as a result of its land dealing activities at the end of this reporting period.

The closing balance of the account was more than \$370,000.

The NSWALC was working to develop a policy for the distribution of monies from the Community Development Fund as this reporting period ended.

A draft policy will be made available for discussion and comment within the network of Local Aboriginal Land Councils once developed, as is required under the legislation.

Property Development Assistance Program

In the previous reporting period the Commercial Unit established the pilot NSWALC Property Development Assistance Program.

It aimed to assist LALCs assess their land holdings and to develop strategic plans for specific properties.

Assistance had been provided to eight Local Aboriginal Land Councils in the first six months of the program.

During the current reporting period, fifteen LALCs were provided assistance.

They were provided with a range of assistance which included feasibility investigations for residential housing development, land subdivisions, oyster farming, retail development, mining contractor works, establishment of quarries, and motel and aged care development.

The feedback received from participating LALCs indicated the program was positioning them well to identify and analyse development options, how they might structure their land dealings, how they might finance ventures, and how the risks associated with property development could be appropriately managed.

Funding for the program has been provided until the end of December 2011.

Asset Management

The erosion of business confidence flowing from the recent global financial crisis had a negative impact on vacancy rates in the NSWALC's largest property asset, 33 Argyle Street, Parramatta.

Vacancy rates rose from 6.36% to 10.44% during the reporting period when two long term tenants decided to relocate from the building.

It is anticipated a third large tenant will vacate in the new financial year.

Feedback from the NSWALC's managing agents, Jones Lang La Salle (JLL), indicated these relocations are also a result of an increasingly competitive commercial property market.

Better rated buildings are now being offered for lease with large incentives and low gross rents.

This is attracting tenants away from buildings such as the NSWALC's Argyle Street headquarters

Given the need to retain existing tenants and attract new tenancies, NSWALC has been working with its managing agents to develop a comprehensive marketing strategy and upgrade common areas of the building where budgets permit.

Income for the reporting period was approximately \$1.4 million, including NSWALC tenancies.

This represented a 16.2% increase on the previous reporting period.

However, the increased vacancies will have a significant impact on anticipated income for the 2011/2012 financial year.

The uptake of vacant space is likely to take some time in the current market.

There was a further minor reduction of 2.2% in expenditure for the building during the 2010/2011 financial year, from \$534,090.00 to \$522,184.

This was the fifth consecutive year in which building costs reduced.

However costs are expected to rise in future.

Market factors are putting upward pressure on costs, particularly in key areas such as electricity and water supply.

Non-performing Property Assets

A comprehensive review of all NSWALC owned properties was completed during the reporting period.

Its focus was on possible rationalisation of non-performing property assets.

This included property assets purchased by now defunct Regional Aboriginal Land Councils transferred into NSWALC ownership through amendments to the ALRA in the 1990s.

Many of these properties have failed to achieve satisfactory financial returns on investment.

The NSWALC has been mindful of a number of factors in considering the future of these properties.

These include the manner in which the properties were originally acquired, its broad responsibilities to the land council network, and the negative financial impact retaining them has on the NSWALC's capacity to deliver outcomes for Aboriginal people in NSW.

The properties include a number of former Regional Aboriginal Land Council offices and the rural properties, Appin Station, Barooga Karrai, Calooma / Nulty Springs and Kaituna Uno.

As a result of the review Council passed "in principle" resolutions in March 2011 to dispose of a number following consultation with affected LALCs in accordance with section 42D of the ALRA.

Letters were sent to affected LALCs to offer them the opportunity to consider a range of options which had been identified for each property and to be involved in determining future ownership.

They were encouraged to consider all options, discuss those options with neighbouring LALCs, and, ideally, reach agreement on the future ownership of each property.

Given the complex history of many of the properties, the consultation process worked better in some areas, than others.

Council was provided with an information brief on feedback received from LALCs on a number of properties as this reporting period ended.

Council also discussed the capacity of LALCs to operate properties to ensure they did not become a financial burden.

It was decided the NSWALC would require a LALC to prepare a business plan for a property before any decision was made on transferring land.

Sufficient detail would be required to demonstrate a LALC could manage the property without it becoming a financial burden.

As a result, the NSWALC wrote to a number of land councils proposing they complete a business plan in support of requests for the transfer of property.

The NSWALC was awaiting receipt of these business plans as the reporting period ended.

Rural Properties

There was a fundamental change to the management of the NSWALC's rural properties during the reporting period with the withdrawal of specialist farm management services by Riverina F.A.R.M Services.

This took effect from September 2010.

The NSWALC continues to manage four rural properties which continue to suffer financial losses.

Two of the properties, Appin Station and Calooma / Nulty Springs, are inoperative.

Caretakers have been employed whilst the future ownership of each property is considered.

Barooga Karrai is sub-leased and used for cattle breeding and cropping.

The remaining property, Kaituna Uno, is fully operational.

It has an extensive broad acre cropping program, and is also used for cattle fattening, but the property delivered mixed results during this reporting period.

Ideal growing conditions were experienced throughout the winter but the property suffered extreme weather conditions during the harvest period.

Torrential rain and widespread flooding damaged much of the crops.

Crops harvested before the bad weather could not be delivered to silo due to local flooding.

The harvested grain was stored and protected on site until it could be transported.

More than 4,600 tonnes of wheat, about 80 tonnes of barley and approximately 600 tonnes of canola were sold.

An estimated 3000 head of cattle were reared and fattened on the property and sold to market at target weights.

The NSWALC plans to hold regional forums in the western region to consult with Local Aboriginal Land Councils as part of the strategy to determine the future ownership of the rural properties.

One forum had been held to discuss the future of Kaituna Uno, Calooma / Nulty Springs and a property at Wilga Street, Coonamble, as this reporting period ended.

A second forum was planned early in the new reporting period

Indigenous Money Mentor

Considerable progress was made during the reporting period in the pilot partnership between the NSWALC and the National Australia Bank to provide relevant, ongoing and culturally appropriate financial literacy advice to Aboriginal Land Council members.

The two year project began with an introductory letter to all Local Aboriginal Land Councils from the Indigenous Money Mentor, Ms. Narelle Hennessy.

These were followed up by visits to a significant number of rural, remote and urban Aboriginal communities across the state.

Information sessions were also held at the NSWALC Statewide Conference.

Information was provided on a range of no interest and low interest loans and financial management programs.

These include a No Interest Loans Scheme (NILS), Step Up Loans and the Adds Up Savings Program.

NILS Loans provide individuals and families on low incomes an opportunity to apply for an interest free loan.

They attract no fees, interest or charges with a borrowing limit up to \$1,000 without a credit check.

NILS programs are community based and managed programs.

They enable people living on low incomes to access affordable and equitable credit to purchase essential goods and services. More than 100 clients were referred for this type of assistance during the reporting period.

STEPUP Loans are designed for people who cannot access bank credit. The borrowing limit is set between \$800 and \$3,000 and applicants must undergo a credit check.

Interest is charged at a fixed low rate of 3.99%pa.

The loans can be repaid over 3 years and can be held in joint names.

No fees are charged but the loans cannot be used for cash, holidays, or bills or debt consolidation.

A total of eighteen clients were referred for these loans during the reporting period.

The ADDS UP Saving Plan is designed for clients who pay back STEP UP loans and at least one NILS Loan.

Clients can save \$300 to \$500 over twelve months.

The National Australia Bank will then deposit an equal amount into their account as a one off payment designed to encourage them to start saving.

No clients had been referred for the savings plan during the reporting period.

More than 1200 clients were spoken to regarding the low and no interest loans and savings plan during the reporting period.

Ms. Hennessy reported that 90 per cent of clients in remote areas had never heard of the micro lending programs before.

People in need of finance would use payday lenders or take out loans on their goods which would involve higher interest charges and payments.

Communities and individuals were now being well informed about their existence and how they could assist to better manage money and budgets.

One of the aims of the program is to build partnerships with other organisations providing NILS and Set Up loans.

Partnerships had been formed during the reporting period with the Good Shepherd Society, Baptist Community Services, Neighbourhood Centres, the Smith Family, Barnardos, the Salvation Army and Anglicare.

Advice was also being provided on making payment arrangements on arrears in credit card payments, rents, personal loans, water bills and State Debt recovery.

The payment of electricity bills, rental arrears, State Debt recovery, Centrelink arrears, credit card payments, personal loans and water bills triggered many of the financial problems combined with a lack of financial literacy.

Program Management Unit

As noted earlier the Operational Policy Unit has been restructured and renamed the Program Management Unit to reflect its increased responsibilities in the new structure.

The Unit now takes in much of the work of the former Network Services, which was a key operational arm of the organisation.

The Unit made significant progress in implementing or finalising a range of projects identified in the achievements section for the Operational Policy Unit which appeared in this space last year.

Chief among these was Council and Ministerial endorsement of a policy for the NSWALC approval of LALC social housing schemes.

The Practical Completion Period (PC) of the Walgett Repairs and Maintenance Project had been achieved as the previous reporting period ended and the project entered the Defect Liability Period (DLP).

The Subdivision of Former Reserve Lands project achieved master plans for lands at Gingie and Namoi (Walgett LALC) and Wongala and Corindi (Coffs Harbour LALC).

Planning to date uncovered many obstacles to subdividing lands owned by Local Aboriginal Land Councils.

The Unit also completed a pilot project to establish NSWALC-funded Elders and Youth Advisory Committees.

The NSWALC's involvement in the area of Commonwealth and State water policy was also increased during the reporting period.

The details are reported upon in the Policy and Research Unit Section of this report given the involvement of both Units in this area during the reporting period and the transfer of this policy work into this Unit as part of the restructure of the organisation.

Some important gains were also made in promoting local government support for Aboriginal people at the 2010 Local Government Association Conference held in Albury.

The cataloguing, insurance, preservation and protection of NSWALC's Tingha, Mindaribba and Wiradjuri artefacts collections were all finalised by the end of this reporting period.

Social Housing Schemes

The Aboriginal land council network has a major commitment to the provision of affordable, appropriate and healthy housing for its members and other Aboriginal people living in their area. Historically, a large number of Local Aboriginal Land Councils have provided community, or social housing.

In many cases they have done so since the commencement of the Aboriginal Land Rights Act in 1983 when former missions and reserves were transferred into their ownership.

This included the housing stock.

Local Aboriginal Land Councils are now responsible for nearly 60 per cent of the housing that is provided by Aboriginal community housing organisations and own about 30 per cent of the total housing stock.

LALC social housing accommodates well over 12,000 Aboriginal people, representing about 8.5 per cent of the Aboriginal population of NSW.

For many Local Aboriginal Land Councils, the management of this housing stock has proven to be problematic.

Some LALCs manage very well, others struggle, while others simply find the management, repair and maintenance to be an unsustainable burden.

Historic backlogs in maintenance, and chronic under-funding, in the years that followed the introduction of the Aboriginal Land Rights Act, has exacerbated the inequities between mainstream housing and LALC social housing.

The majority of the housing stock when first handed over was in very poor condition, and in very short supply, relative to demand

LALC housing, like all Aboriginal housing, is overcrowded to a point where the housing stock deteriorates very rapidly.

In the past, tenants have been justifiably reluctant to pay rent for sub-standard housing.

This has put many LALCs under the strain of limited rental income.

Local Aboriginal Land Councils that manage former reserves are also burdened with the additional costs of providing essential infrastructure and services such as:

- Water and sewerage;
- Street lighting and roads;
- Garbage collection; and
- The upkeep of large common areas that adjoin these lands.

In the past, LALCs have received very little financial assistance for housing from government, unlike the community, or public, housing sector, which receives significant financial subsidy.

In these circumstances, many LALCs do an extraordinary job of managing housing.

It is not easy to endorse the eviction of tenants or seek large sums in back rent when the tenant is a family member or friend.

Many also cope with a range of myths.

The myth that Aboriginal people don't pay rent;

that Local Aboriginal Land Councils are poor housing managers; that all Aboriginal housing is in a state of disrepair because of the tenants.

To cap this off LALCs are under increasing legislative pressure to be accountable for their management of housing.

Amendments to the Aboriginal Land Rights Act in 2008 have placed a statutory obligation upon the New South Wales Aboriginal Land Council to approve LALCs that wish to operate their existing social housing schemes beyond January 2013.

The NSWALC must be satisfied that a LALC complies with the statutory requirements prescribed in the legislation before its approval can be given.

The NSWALC's approval provides permission or licence for a LALC to continue to operate its existing social housing scheme beyond December next year.

It is important that all LALCs understand, however, that the NSWALC's approval does not provide access to funding or other benefits that might support the continued operation of a social housing scheme.

All LALC housing schemes in operation before the amendments were enacted must be approved by the NSWALC before the 31st of December, 2012 if a LALC is to be in compliance with the ALRA.

The NSWALC had worked to establish a joint assessment process with the Aboriginal Housing Office but this was frustrated during the reporting period.

It was decided the NSWALC should forge ahead and develop its own policy to establish an application and approval process for social housing schemes and guide LALCs in meeting their statutory requirements in this area.

A draft policy was presented at a series of Councillor regional forums held during August 2010.

The draft was also distributed to all LALCs.

The Boards of LALCs were subsequently offered

A number of defects had been identified by tenants, or reported by the WLALC, as a result of this process.

All parties worked together to ensure they were fixed. Works included:

- Total stripping and replacement of two bathrooms;
- Resurfacing and repainting of all external stair rails in Namoi;
- Repainting of two properties after inspection.

Faults in evaporative air cooling units also resulted in an inspection of all 70 installed units and their repair, if necessary.

A Defect Liability Period is not standard in all repair and maintenance contracts.

The NSWALC believes they are essential and all LALCs should take care to ensure a DLP is included in any contract for repairs and maintenance.

Aboriginal Employment

The funding agreement with the Commonwealth required the NSWALC to ensure the employment of 10 Aboriginal people on the project.

This was exceeded.

A total of 47 Aboriginal people and 16 non-Aboriginal persons were employed during the seven months of the Works Phase of the program, resulting in a 75% participation rate for Aboriginal employees.

They were employed as painters, carpenters, welders, glaziers, labourers and an electrician. The Director of the building company, Max Ryan, is an Aboriginal man.

A full report detailing the success of the DLP, the employment phase, and the active participation of the Walgett LALC board in the project will be available on the NSWALC website in the new reporting period.

Subdivision of Former Reserve Lands

The NSWALC entered into a partnership project with the Australian Government in June 2008 for the surveying and subdivision of former Aboriginal Reserves in NSW.

The \$6 million project is jointly funded.

At present virtually none of the Reserves has a formal town plan or easily accessible records on the layout of essential services and infrastructure.

The key element of this project is designed to enable individual grid plans to be produced. This would remove a major impediment to any future proposals to subdivide individual blocks on these communities to allow for home ownership.

Following a competitive tender process Arup were engaged by the NSWALC to develop pilot master subdivision plans for the former Aboriginal reserves known as Namoi and Gingie. Both are owned by the Walgett LALC.

As foreshadowed in last year's report the number of pilot plans were increased during this reporting period to include the former Wongala and Corindi reserves.

Both are owned by Coffs Harbour LALC.

This has provided a representative mix of sites, remote and coastal.

Some of the former reserves have on-site services such as water and sewerage and some have access to town services.

However the current standard of planning for infrastructure, housing and service delivery on former Reserves and Missions is poor.

It is a sad legacy of failed State and Federal government policy and past levels of ad hoc investment.

The commitments by the Commonwealth and all States and Territories to Closing the Gap in Aboriginal disadvantage include the standard of infrastructure, planning, housing and service delivery to Aboriginal communities meets the basic standards expected by the wider community.

These are achieved in the wider community through minimum statutory requirements in planning and construction approvals.

During the project initiation phase, the NSWALC established that a conventional subdivision process would not work in relation to the target communities.

Normal subdivision requirements assumed they would occur on undeveloped land.

None of the sites were undeveloped.

They also required compliance with current statutory requirements and many elements of existing developments would not comply.

The NSWALC agreed with the Department of Planning that an alternative process – a State Environmental Planning Policy (SEPP) – could be considered.

The Department advised that pilot master plans were required to inform their decision making around a SEPP.

It was also assumed sites, such as Wongala, which are located in a town centre, have access to town water and sewerage, and are zoned for residential purposes, would be able to be subdivided.

The pilot project has revealed this not to be the case.

Work to date has demonstrated the political impetus to achieve subdivision is increasing with in-principle support from the Local Government and Shires Association and Federal and State Governments.

But there are a number of significant barriers to achieving outcomes.

Some could be overcome solely through the investment of additional funds. These include the condition of road reserves, flood and bushfire risk mitigation, and the one-off and ongoing costs for home ownership.

Key barriers that would require more than just additional funds to overcome would include zoning issues, subdivision processes, dedication of road reserves, and insurance issues.

The project has also demonstrated the investment of additional funds in one location may overcome a key barrier but may not in another location.

This means there will be no 'quick wins' from this project.

The Walgett LALC has agreed to proceed with the formal subdivision of Namoi with support from the Local Shire Council.

Work on this project during the new reporting period is likely to assist in identifying strategies to overcome the barriers outlined above on other sites.

The O'Farrell Government has established a new agency, Infrastructure NSW, to ensure the efficient and timely planning, co-ordination, selection, funding implementation, delivery and management of economic and social infrastructure across the State.

The establishment of the agency as this reporting period ended included a plan to begin a Local Government audit of the local infrastructure backlog in NSW.

This will provide the NSWALC and the land rights network with an opportunity to seek much needed funding for the local infrastructure backlog on former Missions and Reserves, particularly that of local road reserves.

Aboriginal Lands Clean Up Program (ALCUP)

ALCUP is a small funding program conducted by the NSW Office of Environment and Heritage.

The aim of the program is to facilitate a partnership approach between LALCs and local government councils to address the social and environmental issues from illegal dumping on Aboriginal owned lands.

Grants up to \$50,000 are awarded each year for projects to remove illegally dumped materials, the development of deterrence measures, and to encourage the use of recycling and resource recovery initiatives.

Officers of the Program Management Unit participate in the ALCUP's steering and technical committees.

The results of the 2010-11 funding round were:

| Recipients | Grant amount | Project title |
|---|--------------|--|
| Bowraville LALC and Nambucca Shire Council | \$50,000 | Bowraville Mish Facelift |
| Brungle/Tumut LALC and Tumut Shire Council | \$50,000 | Brungle Aboriginal Reserve Clean-up |
| NSW Aboriginal Land Council and Lake Macquarie City Council | \$50,000 | Koompahtoo Morrisset Endangered Ecological Communities |
| Forster LALC and Great Lakes Council | \$50,000 | Worimi (Forster/Tuncurry) Clean-up campaign |
| Illawarra LALC and Wollongong City Council | \$50,000 | Coomaditchie Clean Up |
| Darkinjung LALC and Wyong Shire Council | \$50,000 | Darkinjung LALC Clean Up Project |
| Ngulingah LALC and Lismore City Council | \$44,514 | The Ngulingah Local Aboriginal Land Council Clean Up Project |
| Jali LALC and Ballina Shire Council | \$42,375 | Wardell Jali Multi-site Dumping Prevention Project |

Whole of Government Approach to Aboriginal Affairs

As reported last year NSWALC has consistently attended the State Government's Two Ways Together Coordinating Committee despite its concerns the former Labor Government had no real commitment to a true partnership with Aboriginal people and a lack of outcomes.

No meetings of the Committee were called by Aboriginal Affairs NSW during the reporting period.

Tingha Green Valley, Mindaribba and Southern Zone Artefacts Collections

The NSWALC owns three valuable collections of Aboriginal artefacts.

During the 2010/11 year the Program Management Unit worked to ensure that the collections were catalogued, valued, and insured and protected.

The negotiation of agreements for the storage and exhibition of the collections were near to finalisation as the reporting period ended.

Agreements are being negotiated with the Armidale and Region Aboriginal Cultural Centre and Keeping Place for the storage and display of the Tingha Green Valley Collection and with Mindaribba LALC for the Mindaribba Collection.

Work on cataloguing the Southern Zone collection was completed during the reporting period by Sam "Jupurulla" Wickman of Jupurulla Arts.

Mr Wickman supplied detailed reports including photographs, descriptions and advice about the origins and provenance of each item.

He has also co-ordinated the works required to ensure the long term protection of each collection, where necessary.

This has included the fumigation of all wooden items and incubation of some fragile bark paintings and some items of secret and sacred significance.

A number of items of a secret and sacred nature in the three collections come from outside of NSW.

The NSWALC will need to consider the development of a repatriation policy to provide guidance for the return of these items during the next reporting period.

Elders and Youth Advisory Committees

These two Advisory Committees were established by the NSWALC as a one year pilot project.

Their main purpose was to provide advice to the New South Wales Aboriginal Land Council on issues of interest or concern to Aboriginal elders and youth across NSW.

The Committees were first convened in June 2010. Two subsequent meetings were held before the concluding meeting at the NSWALC's State Conference in April 2011.

That meeting included a report to Conference from the Chairperson of each Committee.

The two groups provided a great deal of input to the NSWALC during their establishment.

Local Government and Shires Association Conference

The Unit made arrangements and provided support for the attendance of a NSWALC delegation to the Annual Conference of the Local Government and Shires Association in Albury in October 2010.

The delegation comprised the nine NSWALC Councillors and eighteen representatives from Local Aboriginal Land Councils.

The delegation used the Conference to network with counterparts from the local government system and to discuss a range of issues with State politicians.

They also succeeded in having a number of resolutions passed.

The Conference endorsed a motion calling on the Local Government and Shires Association, on behalf of local government, to make representation to the State and Commonwealth Governments to improve infrastructure provision in discrete Aboriginal communities (former missions and reserves) in NSW.

The motion also called on local government

to support the public dedication of such infrastructure, where appropriate investment is made, to improve it to a standard commensurate with adjoining town centres.

It also called on the LGSA to support, in principle, the notion of subdividing former Mission and Reserve lands to enable public road dedication, individual land and water rating, improved land management and infrastructure provision.

A second motion called on the Local Government and Shires Association to make representations to the NSW (Local Government) Grants Commission to seek an:

- Increase in the weighting for Aboriginal populations in the Financial Assistance Grants formula for the general purpose component of the grant; and
- Adjustment in the local road component of the financial assistance grants to Local Governments to include a component for access roads serving discrete Aboriginal communities (the former Aboriginal missions and reserves) in NSW.

A third motion called on the LGSA to commit to ensuring meaningful consultation with LALCs in the process of updating Council Local Environmental Plans to conform with the Principal Local Environmental Plan (Standard Instrument).

Such consultation should include face to face dialogue with the board of a LALC in the development of the LEP.

The motion also called on the LGSA to seek a review of the Department of Local Government's Guide: 'Engaging with Local Aboriginal Communities: A Resource Kit for Local Government in NSW' 2007.

The LGSA should work with the NSWALC and LALCs in any review to develop a process for engagement with the land council network on the development of, and changes to environmental plans.

A fourth motion called on the LGSA to agree to, the amendment of the Standard Instrument LEP so that sensitive Aboriginal cultural heritage was not placed on public maps, and that local councils consult with Local Aboriginal Land Councils, and

other relevant Aboriginal groups, on public access to, and use of, information concerning any place or object of significance in their area.

The motion also called on the LGSA to engage Local Aboriginal Land Councils to carry out Aboriginal cultural heritage assessments when making LEPs, and as part of a Local Councils planning framework.

A fifth motion saw the LGSA endorse the principles enshrined in the United Nations Declaration on the Rights of Indigenous Peoples.

The LGSA had referred a number of the motions to the State and Federal Governments for consideration as this reporting period ended.

A number of local councils also moved motions recognising their Aboriginal populations.

At the close of the reporting period the NSWALC was involved in discussions with the Presidents of the LGA and the Shires Association on the best way to incorporate the NSWALC into new arrangements arising from the proposed amalgamation of the two associations.

Compliance and Evaluation

As noted earlier NSWALC officers provide support to Councillors, Management and Zone Offices in their delivery of services to Local Aboriginal Land Councils on their compliance obligations under part 8 of the ALRA, relevant Regulations, and the NSWALC Policy on LALC Funding and Financial Obligations.

This is the compliance and evaluation hub of the land rights network.

State-wide LALC Funding Category Report

The funding categories of all LALCs were determined by the NSWALC policy on "Local Aboriginal Land Council Funding and Financial Obligations" during the reporting period.

The funding categories are based on each of the LALCs compliance with its obligations under the Aboriginal Land Rights Acts, Regulations and

risk level assessed under the LALC Management Support System (LMSS).

The Policy has the following categories:

FLR: Funded Low Risk – the LALC is in compliance with regulations and has an LMSS assessment score of 90% or above.

The cash allocations are paid in quarterly instalments in advance in July, October, January and April, under an executed funding agreement, and the LALC is under an obligation to provide half yearly financial reports which are due by 28 January (first-half report) and 28 July (second-half report).

FMR: Funded Medium Risk – the LALC is in compliance with regulations and has an LMSS assessment score between 70% and 90%.

The cash allocations are paid in quarterly installments in advance in July, October, January and April under an executed funding agreement. The LALC is under obligation to provide quarterly financial reports which are due by 28 October, 28 January, 28 April and 28 July.

FHR: Funded High Risk – the LALC is in compliance with regulations and has an LMSS assessment score between 50% and less than 70%.

The cash allocations are paid in monthly instalments in advance, under an executed funding agreement, and the LALC is under obligation to provide monthly financial reports which are due by the 28 day of the following month.

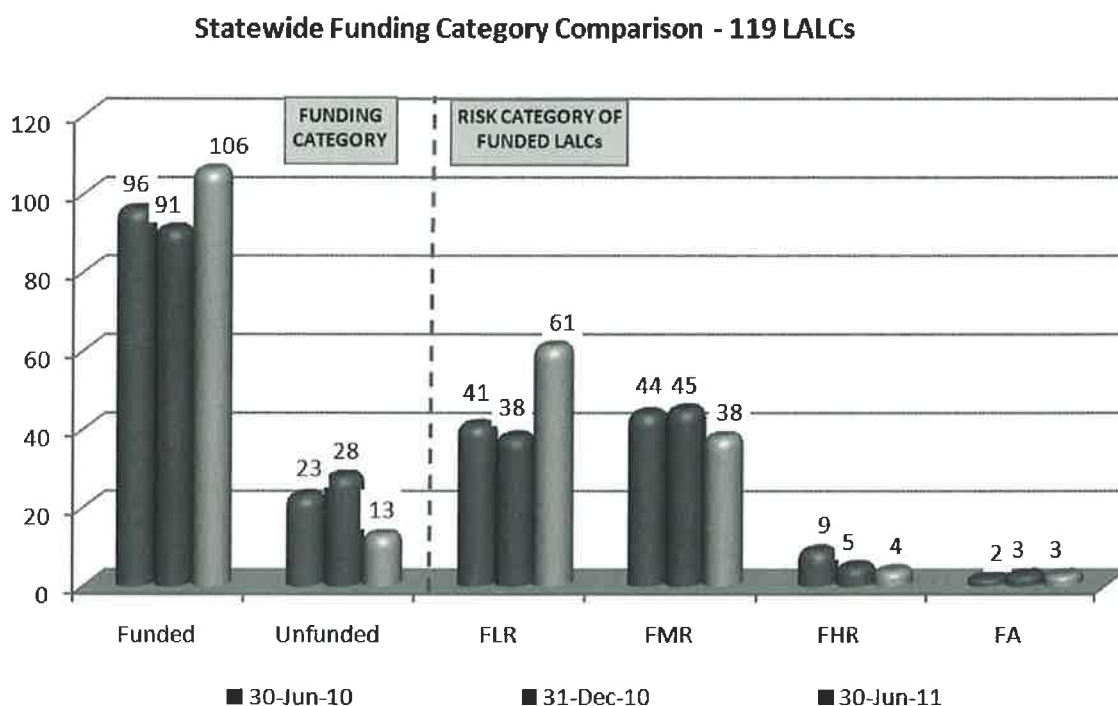
FA: Funded Under Administrator – the LALC is under administration and LMSS assessment is not required.

The cash allocations are paid in quarterly instalments in advance in July, October, January and April. The administrator reports under the terms of appointment from the Minister.

UF: Unfunded – the LALC is in regulatory breach that prevents NSWALC from providing direct funding to the LALC, irrespective of its LMSS assessment score, or the LALC is in regulatory compliance but has a LMSS assessment score of less than 50%.

If the LALC enters into an Assistance Agreement, then NSWALC pays the expenses for the LALC to perform its essential functions. However, essential payments can be made for a LALC that does not have an assistance agreement, if the payment is to preserve the LALCs valuable assets or to prevent any substantial liability occurring.

The following column graph compares the number of LALCs in each funding category at the end of this financial year compared with their category at the same point last year and at the end of December 2010.



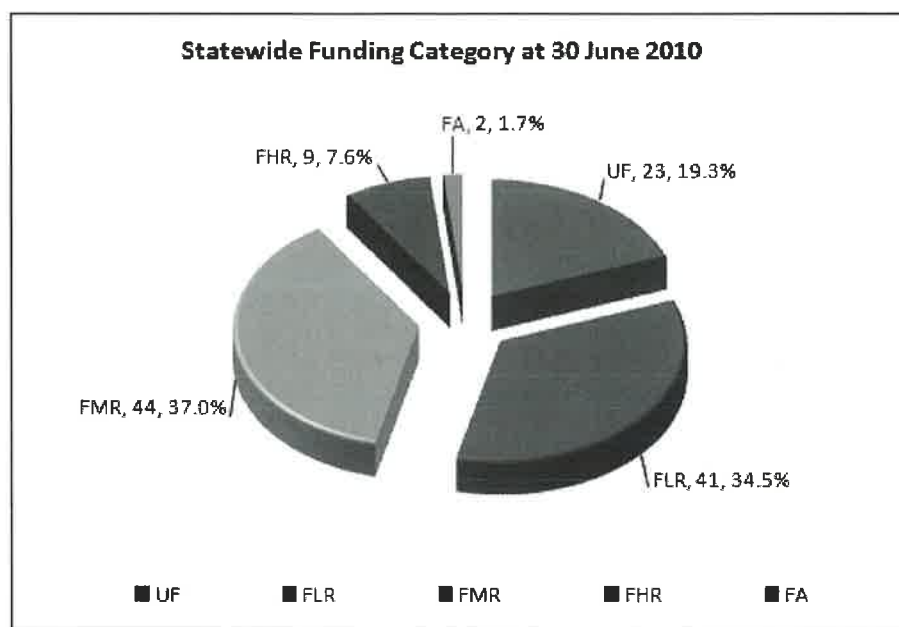
Graph 1

(Funding Category Section - at each report point; Funded + Unfunded = 119 LALCs. Risk Category for funded LALCs shows the risk level at each report point; each risk category plus FA = Funded LALCs at that point in time)

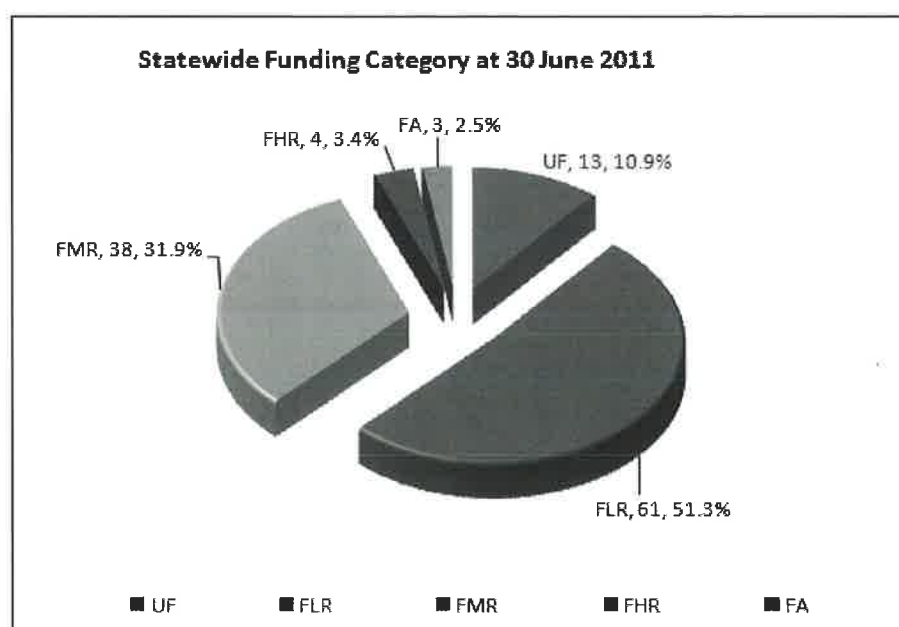
The number of LALCs in the funded category had increased by ten at the end of this financial year. A total of 106 LALCs were in the funded category at this report date, compared with 96 at the end of last report date.

Two LALCs were under administration at the end of last financial year. This had increased to three at the end of this financial year.

The following graphs compare the number of LALCs in individual funding (risk) categories at the end of the last financial year with the end of this reporting period.



Graph 2 (State-wide Funding Category at the end of Last Financial Year – 30 June 2010)



Graph 3 (State-wide Funding Category at the end of this Financial Year – 30 June 2011)

The current funding policy introduced the LALC Management Support System (LMSS), which assesses the performance of each LALC to determine the services to be provided by the NSWALC Zone Offices and the reporting requirement of the LALCs.

The LMSS assessment also decides the risk category of each LALC, which in addition to current compliance status of the LALC, determines the funding category of each LALC, i.e. Funded Low Risk (FLR), Funded Medium Risk (FMR), Funded High Risk (FHR) and Unfunded (UF).

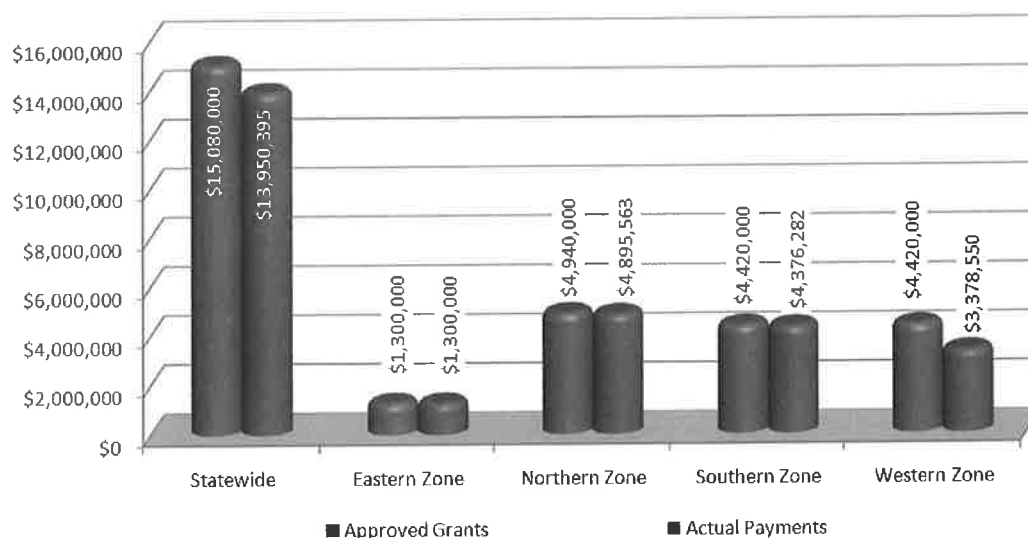
Statewide Grant Allocations Report

Section 106(8) (e) of the ALRA requires the NSWALC to grant funds for the payment of the costs and expenses of LALCs, whether under funding agreements or otherwise.

The NSWALC approved allocation grants to 116 Local Aboriginal Land Councils of \$130,000 each during the 2010-11 financial year.

This amounted to a total grant allocation of \$15,080,000.

Actual Cash Outgoings (Allocations and Essential Expenses) against Approved Grant



This graph shows that 92.5% of the approved grant of \$15,080,000 had been paid to the LALCs, either in cash allocations or essential payments during this reporting period. These payments amounted to a total of \$13,950,395

The graph measures the actual outgoings, comprising of cash allocations and the essential payments, against the approved grant for the LALCs in each Zone and the total for all LALCs state-wide.

It should be pointed out that cash allocations are paid in instalments to compliant LALCs in accordance with their funding categories.

The essential payments are granted to unfunded LALCs under assistance agreement for the operations of their essential functions. However, essential payments may also be granted to unfunded LALCs without assistance agreement, if the payment is for protection or preservation of LALC assets or to avoid significant liabilities.

A total of \$557,401.20 had been paid for essential functions of 13 LALCs state-wide, while they were unfunded.

Breakdown of the essential payments on Zone and Region basis

| | NO. OF LALCS | | TOTAL ESSENTIAL PAYMENTS | |
|------------------|--------------|------|--------------------------|--------------|
| | Region | Zone | Region | Zone |
| Eastern Zone | | 0 | | 0 |
| Sydney/Newcastle | 0 | | 0 | |
| Northern Zone | | 3 | | \$193,896.04 |
| Mid North Coast | 1 | | \$54,166.13 | |
| North Coast | 1 | | \$101,977.23 | |
| Northern | 1 | | \$37,752.68 | |
| Southern Zone | | 4 | | \$229,000.16 |
| South Coast | 1 | | \$64,615.60 | |
| Wiradjuri | 3 | | \$164,384.56 | |
| Western Zone | | 6 | | \$134,505.00 |
| Central | 0 | | \$0 | |
| North West | 4 | | \$99,298.36 | |
| Western | 2 | | \$35,206.64 | |
| Total | 13 | 13 | \$557,401.20 | \$557,401.20 |

The table above shows essential payments to thirteen LALCs during the financial year.

By comparison a total of \$1,637,959.64 was paid out in essential payments for 28 LALCs during the previous financial year.

NSWALC is obliged under section 161 of the ALRA to publish the total funds granted to each Local Aboriginal Land Council in its Annual Report.

DETAILS OF FUNDS GRANTED AND PAYMENTS TO EACH LALC
Financial Year Ending 30 June 2011

| No. | Region | LALC | Approved Grant | Cash Payment | Essential Payments | Forfeited Grant |
|-----|------------------|--------------------------|----------------|--------------|--------------------|-----------------|
| 1 | Sydney Newcastle | Awabakal | \$130,000.00 | \$130,000.00 | | |
| 2 | Sydney Newcastle | Bahtabah | \$130,000.00 | \$130,000.00 | | |
| 3 | Sydney Newcastle | Darkinjung | \$130,000.00 | \$130,000.00 | | |
| 4 | Sydney Newcastle | Deerubbin | \$130,000.00 | \$130,000.00 | | |
| 5 | Sydney Newcastle | Gandangara | \$130,000.00 | \$130,000.00 | | |
| 6 | Sydney Newcastle | La Perouse | \$130,000.00 | \$130,000.00 | | |
| 7 | Sydney Newcastle | Metropolitan | \$130,000.00 | \$130,000.00 | | |
| 8 | Sydney Newcastle | Mindaribba | \$130,000.00 | \$130,000.00 | | |
| 9 | Sydney Newcastle | Tharawal | \$130,000.00 | \$130,000.00 | | |
| 10 | Sydney Newcastle | Worimi | \$130,000.00 | \$130,000.00 | | |
| 11 | Central Coast | Birpai | \$130,000.00 | \$130,000.00 | | |
| 12 | Central Coast | Bowraville | \$130,000.00 | \$130,000.00 | | |
| 13 | Central Coast | Bunyah | \$130,000.00 | \$130,000.00 | | |
| 14 | Central Coast | Coffs Harbour & District | \$130,000.00 | \$130,000.00 | | |
| 15 | Central Coast | Forster | \$130,000.00 | \$130,000.00 | | |
| 16 | Central Coast | Karuah | \$130,000.00 | \$130,000.00 | | |
| 17 | Central Coast | Kempsey | \$130,000.00 | \$130,000.00 | | |
| 18 | Central Coast | Nambucca Heads | \$130,000.00 | \$130,000.00 | | |
| 19 | Central Coast | Purfleet/Taree | \$130,000.00 | \$130,000.00 | | |
| 20 | Central Coast | Stuart Island | \$0.00 | | | |
| 21 | Central Coast | Thungutti | \$130,000.00 | \$65,000.00 | \$54,166.13 | \$10,833.87 |
| 22 | Central Coast | Unkya | \$130,000.00 | \$130,000.00 | | |
| 23 | North Coast | Baryulgil Square | \$130,000.00 | \$130,000.00 | | |
| 24 | North Coast | Birrigan Gargle | \$130,000.00 | \$130,000.00 | | |
| 25 | North Coast | Bogal | \$130,000.00 | \$130,000.00 | | |
| 26 | North Coast | Casino Boolangle | \$130,000.00 | \$130,000.00 | | |
| 27 | North Coast | Grafton Ngerrie | \$130,000.00 | \$130,000.00 | | |
| 28 | North Coast | Gugin Gudduba | \$130,000.00 | \$130,000.00 | | |
| 29 | North Coast | Jali | \$130,000.00 | \$130,000.00 | | |
| 30 | North Coast | Jana Ngalee | \$130,000.00 | \$130,000.00 | | |
| 31 | North Coast | Jubullum | \$130,000.00 | \$130,000.00 | | |
| 32 | North Coast | Muli Muli | \$130,000.00 | \$21,666.66 | \$101,977.23 | \$6,356.11 |
| 33 | North Coast | Ngulingah | \$130,000.00 | \$130,000.00 | | |
| 34 | North Coast | Tweed Byron | \$130,000.00 | \$130,000.00 | | |
| 35 | North Coast | Yaegl | \$130,000.00 | \$130,000.00 | | |
| 36 | Northern | Amaroo | \$130,000.00 | \$130,000.00 | | |
| 37 | Northern | Anaiwan | \$130,000.00 | \$130,000.00 | | |
| 38 | Northern | Armidale | \$130,000.00 | \$65,000.00 | \$37,752.68 | \$27,247.32 |
| 39 | Northern | Ashford | \$130,000.00 | \$130,000.00 | | |
| 40 | Northern | Coonabarabran | \$130,000.00 | \$130,000.00 | | |
| 41 | Northern | Dorrigo Plateau | \$130,000.00 | \$130,000.00 | | |
| 42 | Northern | Glen Innes | \$130,000.00 | \$130,000.00 | | |
| 43 | Northern | Guyra | \$130,000.00 | \$130,000.00 | | |

| | | | | | | |
|----|-------------|-------------------|--------------|--------------|--------------|-------------|
| 44 | Northern | Moombahlene | \$130,000.00 | \$130,000.00 | | |
| 45 | Northern | Nungaroo | \$130,000.00 | \$130,000.00 | | |
| 46 | Northern | Red Chief | \$130,000.00 | \$130,000.00 | | |
| 47 | Northern | Tamworth | \$130,000.00 | \$130,000.00 | | |
| 48 | Northern | Walhallow | \$130,000.00 | \$130,000.00 | | |
| 49 | Northern | Wanaruah | \$130,000.00 | \$130,000.00 | | |
| 50 | South Coast | Bateman's Bay | \$130,000.00 | \$130,000.00 | | |
| 51 | South Coast | Bega | \$130,000.00 | \$130,000.00 | | |
| 52 | South Coast | Bodalla | \$130,000.00 | \$130,000.00 | | |
| 53 | South Coast | Cobowra | \$130,000.00 | \$108,333.34 | | \$21,666.66 |
| 54 | South Coast | Eden | \$130,000.00 | \$130,000.00 | | |
| 55 | South Coast | Illawarra | \$130,000.00 | \$130,000.00 | | |
| 56 | South Coast | Jerringa | \$130,000.00 | \$130,000.00 | | |
| 57 | South Coast | Merrimans | \$130,000.00 | \$130,000.00 | | |
| 58 | South Coast | Mogo | \$130,000.00 | \$130,000.00 | | |
| 59 | South Coast | Ngambri | \$130,000.00 | \$130,000.00 | | |
| 60 | South Coast | Nowra | \$130,000.00 | \$130,000.00 | | |
| 61 | South Coast | Ulladulla | \$130,000.00 | \$130,000.00 | | |
| 62 | South Coast | Wagonga | \$130,000.00 | \$43,333.32 | \$64,615.60 | \$22,382.08 |
| 63 | Wiradjuri | Albury & District | \$130,000.00 | \$130,000.00 | | |
| 64 | Wiradjuri | Condobolin | \$130,000.00 | \$130,000.00 | | |
| 65 | Wiradjuri | Cowra | \$130,000.00 | \$129,252.50 | | \$747.50 |
| 66 | Wiradjuri | Cummeragunja | \$130,000.00 | \$130,000.00 | | |
| 67 | Wiradjuri | Deniliquin | \$130,000.00 | \$130,000.00 | | |
| 68 | Wiradjuri | Griffith | \$130,000.00 | \$96,362.94 | | \$33,637.06 |
| 69 | Wiradjuri | Hay | \$130,000.00 | \$130,000.00 | | |
| 70 | Wiradjuri | Leeton & District | \$130,000.00 | \$130,000.00 | | |
| 71 | Wiradjuri | Moama | \$130,000.00 | \$130,000.00 | | |
| 72 | Wiradjuri | Murrin Bridge | \$130,000.00 | \$130,000.00 | | |
| 73 | Wiradjuri | Narrandera | \$130,000.00 | \$130,000.00 | | |
| 74 | Wiradjuri | Onerwal | \$130,000.00 | | \$130,000.00 | |
| 75 | Wiradjuri | Orange | \$130,000.00 | \$130,000.00 | | |
| 76 | Wiradjuri | Peak Hill | \$130,000.00 | \$130,000.00 | | |
| 77 | Wiradjuri | Pejar | \$130,000.00 | \$130,000.00 | | |
| 78 | Wiradjuri | Tumut Brungle | \$130,000.00 | \$130,000.00 | | |
| 79 | Wiradjuri | Wagga Wagga | \$130,000.00 | \$130,000.00 | | |
| 80 | Wiradjuri | Wamba Wamba | \$130,000.00 | \$130,000.00 | | |
| 81 | Wiradjuri | West Wyalong | \$130,000.00 | \$130,000.00 | | |
| 82 | Wiradjuri | Bathurst | \$130,000.00 | \$130,000.00 | | |
| 83 | Wiradjuri | Young | \$130,000.00 | \$130,000.00 | | |
| 84 | Central | Dubbo | \$130,000.00 | \$130,000.00 | | |
| 85 | Central | Gilgandra | \$130,000.00 | \$130,000.00 | | |
| 86 | Central | Mudgee | \$130,000.00 | \$130,000.00 | | |
| 87 | Central | Narromine | \$130,000.00 | \$130,000.00 | | |
| 88 | Central | Nyngan | \$130,000.00 | \$130,000.00 | | |
| 89 | Central | Trangie | \$130,000.00 | \$130,000.00 | | |
| 90 | Central | Warren Macquarie | \$130,000.00 | \$130,000.00 | | |
| 91 | Central | Weilwan | \$130,000.00 | \$130,000.00 | | |

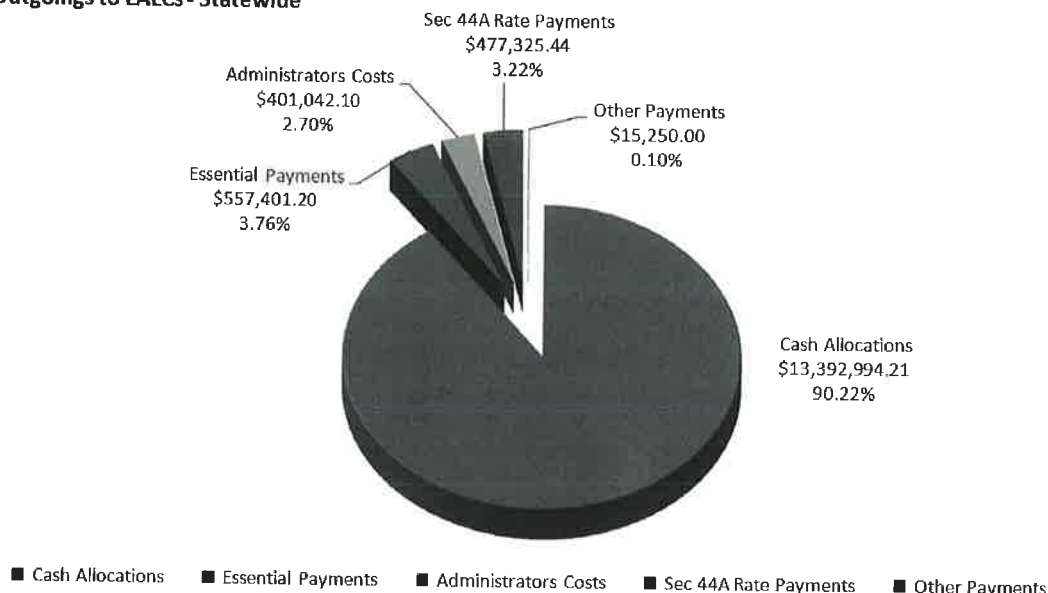
| | | | | | | |
|-----|------------|-----------------|------------------------|------------------------|---------------------|-----------------------|
| 92 | Central | Wellington | \$130,000.00 | \$65,000.00 | | \$65,000.00 |
| 93 | North West | Baradine | \$130,000.00 | \$130,000.00 | | |
| 94 | North West | Brewarrina | \$130,000.00 | | \$58,407.15 | \$71,592.85 |
| 95 | North West | Collarenebri | \$130,000.00 | \$130,000.00 | | |
| 96 | North West | Coonamble | \$130,000.00 | \$130,000.00 | | |
| 97 | North West | Goodooga | \$130,000.00 | \$31,801.00 | \$1,236.75 | \$96,962.25 |
| 98 | North West | Lightning Ridge | \$130,000.00 | \$130,000.00 | | |
| 99 | North West | Moree | \$130,000.00 | \$35,994.60 | | \$94,005.40 |
| 100 | North West | Mungindi | \$130,000.00 | | | \$130,000.00 |
| 101 | North West | Murrawari | \$130,000.00 | \$73,723.00 | \$11,788.02 | \$44,488.98 |
| 102 | North West | Narrabri | \$130,000.00 | \$130,000.00 | | |
| 103 | North West | Nulla Nulla | \$130,000.00 | \$130,000.00 | | |
| 104 | North West | Pilliga | \$130,000.00 | | | \$130,000.00 |
| 105 | North West | Toomelah | \$130,000.00 | | \$27,866.44 | \$102,133.56 |
| 106 | North West | Walgett | \$130,000.00 | \$130,000.00 | | |
| 107 | North West | Wee Waa | \$130,000.00 | \$130,000.00 | | |
| 108 | North West | Weilmoringle | \$130,000.00 | \$130,000.00 | | |
| 109 | Western | Balranald | \$130,000.00 | \$130,000.00 | | |
| 110 | Western | Broken Hill | \$130,000.00 | \$130,000.00 | | |
| 111 | Western | Cobar | \$130,000.00 | \$130,000.00 | | |
| 112 | Western | Dareton | \$130,000.00 | \$47,526.85 | | \$82,473.15 |
| 113 | Western | Ivanhoe | \$130,000.00 | | \$11,368.18 | \$118,631.82 |
| 114 | Western | Menindee | \$130,000.00 | \$130,000.00 | | |
| 115 | Western | Mutawintji | \$130,000.00 | | \$23,838.46 | \$106,161.54 |
| 116 | Western | Tibooburra | \$130,000.00 | \$130,000.00 | | |
| 117 | Western | Wanaaring | \$0.00 | | | |
| 118 | Western | Wilcannia | \$130,000.00 | \$130,000.00 | | |
| 119 | Western | Winbar | \$0.00 | | | |
| | | | \$15,080,000.00 | \$13,392,994.21 | \$557,401.20 | \$1,129,935.59 |

This table below shows a summary of the payments against approved grants.

| Payment Category | Amount | Percentage |
|------------------------|------------------------|----------------|
| Cash Allocations | \$13,392,994.21 | 88.81% |
| Essential Payments | \$557,401.20 | 3.69% |
| Forfeited Grants | \$1,129,604.59 | 7.49% |
| Approved Grants | \$15,080,000.00 | 100.00% |

Total Outgoings for LALCs

Total Outgoings to LALCs - Statewide



This graph shows the total outgoings of \$14,844,012.95 to LALCs for the financial year ending 30 June 2011.

In addition to cash allocations and essential payments against the approved grant, the total payments include administration costs, payments of rates and other payments for the cost of Investigator's fees.

It should be noted that the NSWALC is entitled to recover administrator's costs, rates and other payments from the relevant LALCs from their future allocations.

Compliance and Funding Database

This is the central database on LALC compliance with legislative requirements and NSWALC funding policies.

The database:

- Automatically creates the compliance requirements of each LALC, one month before the compliance date.
- Automatically breaches a LALC for non compliance at midnight on the compliance date.
- Automatically changes the Funding Category of a LALC at midnight;
 - Compliance date if a funded LALC has failed to comply
 - The date a user records any observation breach for a funded LALC
 - The date a user updates the database with a final compliance requirement for a LALC.
- Timely automated e-mails, which include;
 - Reminder to Zones offices and the LALCs regarding the upcoming compliance requirements and dates.
 - Information regarding automatic funding category change and issue of Non Compliance Notice to the LALCs.
 - Acknowledgements of compliances by the LALCs.
 - Offer, execution and termination of Funding or Assistance agreements.
- LALC Contact and Database User authorisation details
- A Global Help function is built within the database to assist users in updating information and creating a range of reports. The Global Help is user friendly and is easy to navigate to find any required help with the operation of the database or interpretation of relevant regulations that have an effect on the database process
- Automatically activates to change the funding category of a LALC based on any change in the risk score of that LALC, as a result of a new

synchronised LMSS assessment.

- Recording of executed Funding Agreements and or Assistance Agreements.
- Automatically terminates funding or assistance agreements in accordance with the clauses of the funding and financial obligation policy
- Has SAP (General Ledger) connectivity to download the payments against the approved grants.

The database contains the compliance and breach records of all LALCs. This information is used to generate timely and accurate Breach and Allocation Reports for the Minister for Aboriginal Affairs as required under section 159 of the Aboriginal Land Rights Act and LALC Status Reports for the NSWALCs.

The users have flexibility to create Compliance, Breach and Funding Reports tailored to their need in any one of four formats – Online, Adobe Acrobat, Microsoft Excel and Microsoft Word.

The database has been designed to be flexible enough to accommodate any change in policy, legislation or regulation.

LALC Management Support System (LMSS)

The Local Aboriginal Land Council Management Support System (LMSS) is a tool used to assess performance and operational risk level of each LALC.

The system was developed and deployed on 1 July 2009.

A major review of the system was conducted during the reporting period with a view to enhance it to assess the risk level a LALC may pose to NSWALC.

PricewaterhouseCoopers conducted the review and were engaged to develop a risk scoring model based on their report.

The Compliance and Evaluation Unit was working with the IT Consulting Firm, Antares Solutions, on this project as the reporting period ended.

LALC Social Housing Scheme

As the reporting period ended the NSWALC was actively engaged in the development of;

- LALC Social Housing Scheme Guidelines
- LALC Social Housing Budget and Planned Maintenance Model
- LALC Social Housing Application Form
- LALC Social Housing Pre- Application Assessment Instrument that will create Social Housing Improvement Plan (SHIP) which will identify social housing standards that need to be improved by LALCs prior to submission of their final application to continue operation of social housing schemes beyond 1 January 2013.

Investigation and Administration of Aboriginal Land Councils

As outlined earlier, the State Government and the NSWALC are intermittently required to intervene into the affairs of a LALC which has demonstrated a failure to comply with the provisions of the ALRA.

This is seen by the NSWALC as a measure of last resort.

The NSWALC's primary strategy is to ensure such interventions are not used as an alternative to other more cost effective and efficient mechanisms that are available to achieve the same result.

The financial cost of Investigators and Administrators is prohibitive. Such interventions are a financial and administrative drain on the entire land rights network.

External intervention also has a significant operational and political cost on affected LALCs, and their members.

Part 11 of the *Aboriginal Land Rights Act 1983* sets out the roles and responsibilities of the NSWALC, the Minister, AANSW, and the Registrar on interventions.

In cases where a LALC is not compliant the Minister may appoint an investigator pursuant to s 216(1) of the ALRA or an administrator pursuant to s 222(1) of the ALRA.

Of the 119 Local Aboriginal Land Councils across NSW four were subject to an Investigator or Administrator during this reporting period.

Three of these interventions had continued from the previous reporting period.

One new Administration was approved during the period.

Following are details of those investigations and administrations.

Cowra Local Aboriginal Land Council

Mr. William Murphy, from Steel Walsh and Murphy, was appointed by the Minister as investigator at Cowra LALC for a two month period from 7 June 2010.

This appointment was made because the LALC had no governing board in place despite three attempts to hold an election. The LALC also had a number of breach issues and property management problems.

Reported conflict and dysfunction between LALC members had also led to an inability to maintain quorums during meetings.

Mr. Murphy completed this appointment on 6 August 2010.

He was subsequently appointed by the Minister for Aboriginal Affairs as Administrator of the LALC for a six month period from 30 August 2010 to 28 February 2011.

The Minister then extended his appointment until 31 August 2011.

Mr. Murphy has reported good progress with the administration.

He had prepared a set of audited financial statements to be presented at an annual general meeting to coincide with a Board election before the completion of his current term and was working with LALC members to more effectively manage the housing portfolio.

Balranald Local Aboriginal Land Council

Mr. Andrew Bowcher was appointed as an Administrator at Balranald LALC for a total of twenty one months.

The appointment, which was completed on 21 July 2010, had followed an extensive breach history.

LALC Office bearers had failed to keep proper financial accounts and records and to furnish satisfactory audited financial statements and documents to the NSWALC in accordance with the ALRA.

A number of outcomes were achieved during the administration.

These included:

- Resumed funding;
- Compliance with the relevant sections of the ALRA;
- Reconciled rental ledgers;
- Increased rental collections;
- An agreement with Compass Housing to manage LALC properties;
- Recruitment and training of an Acting CEO;
- A newly elected Board;
- Funds secured to assist with repairs and maintenance of properties and to pay off LALC debts.

At the conclusion of the Administrator's term the LALC was in a position to run its operations with improved systems to provide benefits to its members.

Wilcannia Local Aboriginal Land Council

Mr. Bowcher was appointed administrator to the Wilcannia LALC from 26 May 2009 to 25 November 2009.

The term has been extended on four occasions and was due to end on 25 August 2011.

The LALC had failed to keep proper accounts and furnish satisfactory audited financial statements and documents as required under the ALRA.

Mr. Bowcher was developing policies and procedures during the administration and planned to schedule an Annual General Meeting and election of a new Board as this reporting period ended.

Wellington Local Aboriginal Council

The Minister appointed Mr. Bowcher as Administrator at Wellington LALC for a six month term from 2 December 2010 to 1 June 2011.

The Minister approved a further extension for six months to 1 December 2011.

The LALC had failed to keep proper accounts and records on all of its operations and had failed to furnish satisfactory financial statements and documents to its Auditor in accordance the ALRA.

As this reporting period ended Mr. Bowcher had engaged an accountant for the preparation of the 2010/2011 financial statements to rectify the compliance issues.

Mr. Bowcher was also in the process of seeking members approval to enter into a head lease with the Aboriginal Housing Office to manage the Council's housing portfolio.

A Board election was expected to be held just before the completion of the administration along with the recruitment of a Chief Executive Officer.

Zone Offices

The Zone offices have become an integral part of the NSWALC's interface with the land rights network.

This is particularly so with the elected Boards and staff of Local Aboriginal Land Councils, key stakeholders, and with the wider Aboriginal community and the general public.

The activities of each Zone office are set out below.

All Zone offices reported that many of their normal activities were again augmented in this reporting period by the need to assist the land council network implement ongoing changes to their structure and operations and NSWALC funding policies.

The legislative changes arose, as noted in this space last year, from the significant amendments to ALRA which came into effect on July 1, 2007, and subsequently, which were primarily designed to improve the structure, representation, and governance of LALCs.

Section 61 of the ALRA requires each LALC to have a Board consisting of not less than five, and not more than 10 members.

Section 64 of the ALRA states a Chairperson and Deputy Chairperson of the Board are to be elected from among the Board members at the first meeting of the Board after its election.

These provisions replaced the previous LALC Office Bearer structure, which provided for LALC members to elect a Chairperson, Secretary and Treasurer.

The LALC Board structure is designed provide even greater transparency and accountability for members, and improve opportunities for representation on the Board.

Section 78A of the ALRA also requires a LALC to employ a member of staff to exercise the functions of the Chief Executive Officer.

Section 80 requires appointments to the staff of a LALC, and promotions for members of staff, to be merit based.

These provisions are coupled with mandatory training requirements, the legislative requirement upon Local Aboriginal Land Councils to develop Community Land and Business Plans and Community Benefit schemes, including Social Housing Schemes, and new land dealing provisions.

The amendments also made significant consequential changes to LALC membership rights. Much of the work in effectively communicating these changes to the land rights network has continued to fall to Zone office staff in this reporting period.

Northern Zone

PURPOSE, AIMS AND FUNCTIONS OF THE ZONE

The general purpose, aims and functions of the Northern Zone are primarily focused on the key objectives documented in the Northern Zone Operational Plan 2010-2012.

This is linked to the NSWALC Community Land and Business Plan which, in turn, is linked to the NSWALC Corporate Plan 2008-2012.

The following Corporate Priorities, as identified in both the NSWALC Corporate Plan and Community Land and Business Plan, have the greatest impact on Zone activities:

- 1 Advocacy and Rights
- 2 Strong Leadership and Governance
- 3 Productive and Meaningful Partnerships
- 4 Community Health and Well-Being
- 5 Land, Cultural Heritage and Environmental Management
- 6 Community Development and Planning.

ORGANISATIONAL STRUCTURE

Local Aboriginal Land Councils in the Zone

During the reporting period, the Northern Zone comprised 38 LALCs within the following regions:

North Coast Region (comprising 13 Local Aboriginal Land Councils) represented by NSWALC Councillor Dallas Donnelly until August 2011 and by Councillor Patricia Laurie prior to December 2010. Councillor Tina Williams succeeded Councillor Donnelly.

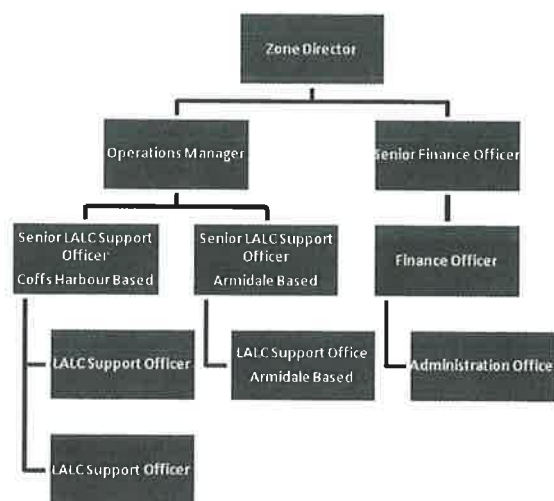
Mid North Coast Region¹ (comprising 11 Local Aboriginal Land Councils) represented by NSWALC Councillor and Chairwoman Bev Manton until August 2011. She was succeeded as Regional Councillor by Peter Smith.

Northern Region (comprising 14 Local Aboriginal Land Councils) represented by NSWALC Councillor and Deputy Chairperson Tom Briggs.

¹The Mid North Coast Region was formerly known as the Central Coast Region.

HUMAN RESOURCES

The staffing structure of the Northern Zone in place for the 2010-2011 reporting period is depicted below:



The Northern Zone office of the NSWALC operated from offices in Coffs Harbour and Armidale during the 2010-2011 financial year.

The Armidale office is staffed by a Senior LALC Support and a LALC Support Officer who work exclusively with LALC's located in the Northern Region (Northern Tablelands and New England area).

The Armidale office was relocated to Tamworth at the end of the reporting.

The Northern Zone office Administration Officer position was abolished due to financial constraints at the end of the reporting period.



During the 2009/2010 period, five staff from the Northern Zone successfully completed a Certificate IV Frontline Management course which was delivered onsite by a local registered training organisation.

Two staff from the Northern Zone office also commenced an Advanced Diploma of Management course during the reporting period. It is anticipated that both participants will complete this development activity during the 2011-2012 period.

All staff report to Northern Zone Director, Mr. Andrew Riley.

ZONE SUPPORT TO LALCS

Zone staff undertook comprehensive risk assessments of all LALCs in the Zone during the reporting period using the NSWALC LALC Management Support System (LMSS).

The LMSS is a diagnostic tool that assesses LALC performance across five operational areas.

The LMSS assessment gives the LALC a score out of a possible 100% which in turn gives the LALC a risk rating.

The LMSS also produces a management support plan by extracting data from the LMSS assessment where it is identified the LALC is not reaching a level of minimum performance.

This information forms the basis of a support plan and identifies actions required by NSWALC to assist the LALC and actions required to be undertaken by the LALC to address the identified areas of deficiency.

Land Council Support Unit (LCSU) staff have primary responsibility for day to day dealings with LALCs on a broad range of issues including assisting LALCs to fulfil their responsibilities under the Act.

LCSU staff provided significant amounts of advice and support to LALCs in relation to the requirements of the Act and Regulations, 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.

They also provide significant ongoing advice and assistance to LALCs in relation to housing management and work collaboratively with NSW Aboriginal Housing Office staff in staging rent setting and housing policy workshops with many LALCs.

During the second half of the reporting period, Zone staff attended many LALC Board and members meetings with staff from the NSW Aboriginal Housing Office.

These meetings provided an opportunity for LALC members to obtain information in relation to the AHO "Build and Grow" strategy, along with NSWALC's Social Housing Policy and related guidelines.

The Finance Unit staff provided support to LALCs on budgeting, release of NSWALC grant funds, processing of "essential payments", and LALC financial performance monitoring and assistance.

They make frequent visits to LALCs to assist them in their financial management functions.

During the period staff from the Finance and LALC Support Units directly assisted a number of LALCs in a complete review of their internal administrative and financial management systems.

This direct support led to improved LMSS assessment scores for each of those LALCs.

The Finance Unit also provided internal services to ensure the efficient and effective operations of the Northern Zone office. Finance Unit staff also participate in LMSS assessments, along with LCSU staff.

Review of Operations

MANY RIVERS REGIONAL PARTNERSHIP AGREEMENT

NSWALC is a formal signatory to this Regional Partnership Agreement.

The Implementation of phase one of the agreement, which is focused on developing sustainable Green Team units across the region, has been slower than anticipated.

The Green Team Development Unit established under the RPA embarked on a strategy to secure a number of large commercial contracts for land regeneration activities, particularly related to several stages of the ongoing Pacific Highway upgrade.

Having stimulated demand for Green Team services, difficulties were encountered in ensuring that the supply of services was in line with contractual requirements.

As a result of the imbalance between supply and demand the GTDU has secured funding to deliver a range of capacity building activities to the various Green Teams established within the Many Rivers region.

Work on this continued as the reporting period ended.

NORTHERN REGION LALC REGIONAL PARTNERSHIP AGREEMENT

Councillor Briggs and the fourteen Northern Region LALCs were also engaged in ongoing and complex negotiations with representatives of the Australian and NSW Governments during this reporting period on the establishment of a Regional Partnership Agreement.

Zone staff, along with the NSWALC CEO, supported and assisted the negotiations.

As a result, an RPA was agreed and executed by Councillor Briggs and the Northern Region LALCs.

It was signed off by the NSW Minister for Aboriginal Affairs and the Federal Minister for Families, Housing, Community Services and Indigenous Affairs.

The RPA will initially focus on increasing Aboriginal employment outcomes within the Northern Region by seeking to reduce barriers to employment for Aboriginal people in that region.

Funding has been negotiated from both governments to facilitate implementation of Schedule One of the formal agreement.

Further schedules will be negotiated with government.

FOUNDATIONS FOR OUR FUTURE STRATEGY AND SALTWATER FRESHWATER ARTS STRATEGY

The Saltwater Freshwater Alliance is made up of 10 LALCs from the Mid North Coast Region and Arts Mid North Coast.

As reported last year, the Alliance was established in 2009 to undertake a range of arts based cultural activities as documented in a regional arts and culture strategy, Foundations For Our Future.

The strategy is known as Saltwater Freshwater Arts.

The reporting period was one of significant activity for the Alliance.

The Saltwater Freshwater Arts Strategy secured triennial funding of \$110,000 a year from July 1, 2010, through the Office of the Arts to implement a three year Strategic Business Plan.

The 10 LALC members of the Alliance had separately incorporated the alliance as an Aboriginal Corporation which resulted in a new governance structure and administrative procedures and policies.

A sustainability plan, which is being actioned over

the next three years, will involve the creation of a Cultural Programs Unit to undertake arts and skills activities and arts projects, a commercial Event Management arm, and a National Aboriginal Design Agency to broker partnerships between artists and manufacturers to develop Aboriginal design products.

A Memorandum of Understanding was signed with the North Coast Institute of TAFE to work in partnership to create event management courses and Aboriginal design courses.

The Design Program contains many elements, including a National Design Brokering Service, a Design and Licensing Program and a newly created and nationally accredited Certificate IV Courses in Aboriginal Design established through the partnership with TAFE.

The courses target those art groups which previously functioned under the CDEP scheme.

Participants are trained in specific areas of graphic design, fashion design, interior design and industrial design.

Twelve students from the courses in 2010 studied manufacturing processes during a study tour in Vietnam.

The Saltwater Freshwater Strategy is developing into a significant arts and cultural employer in the region and incorporates weaving master classes

SALTWATER FRESHWATER CULTURAL FESTIVAL

In August the new entity employed a producer for its major project, the Saltwater Freshwater Cultural Festival, which is held at a different location on the Mid North Coast on Australia Day.

The inaugural event was held in Coffs Harbour on January 26, 2010.

The Alliance selected Port Macquarie as the host town for 2011.

The NSWALC was one of a large number of sponsors for the event which featured more than 100 Aboriginal artists, presenters and performers with more than 30 Aboriginal stall holders selling bush tucker, clothing arts and crafts.

More than 90 volunteers registered to assist with the staging of the Festival and more than 90 per cent of all suppliers were based in Port Macquarie, injecting an estimated \$100,000 directly into the local economy, in addition to the general increase in trade from Festival attendees.

More than 170 emerging artists were identified from Forster to Coffs Harbour during a Visual Arts Mapping Project in 2009.

Thirty-nine of the artists were featured in a Saltwater Freshwater publication which aims to market the established and emerging artists to both national and international audiences.

The publication was launched at the Port Macquarie Festival.

LALC COMMUNITY LAND AND BUSINESS PLANS

All LALCs in the Zone had received the approval of members, and the NSWALC, for their Community Land and Business Plans by the end of this reporting period.

Many had also commenced an evaluation and review of their plans.

In its discussions with LALCs, the NSWALC has recommended careful consideration be given to the number of goals contained in each plan.

The first tranche of plans were aspirational. Many did not reconcile with the human, and other resources, available to LALCs to allow their full implementation.

COMPLIANCE MONITORING AND ASSISTANCE

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

A major focus for the Northern Zone Office since its establishment has been to assist LALCs with their compliance reporting as required by the ALRA.

It is pleasing to report there have been no Administrators appointed to LALCs within the Zone for the second consecutive year.

This is a significant achievement which can be attributed to the hard work of LALC Boards, CEO's and Northern Zone staff.

The training also sought to assist them manage conflict between Executive Board members and within the membership.

The second workshop was an introduction to financial management for LALC Board members and CEO's.

This training provided a basic understanding of financial management with information on profit and loss statements, balance sheets, debtors, creditors and asset ratios.

The training, which was well received by participants was held on the following dates at the following locations:

- Mid North Coast Region LALCs
17/18 November 2010 at Port Macquarie;
- Northern Region LALCs
23/24 November 2010 at Armidale;
- North Coast Region LALCs
25/26 November 2010 at Lismore.

The Northern Zone had several subsequent requests to deliver the two training modules to full LALC boards.

Zone staff attended numerous LALC Board and members meetings to provide ongoing information, guidance and support for Board and LALC members on the requirements of the ALRA.

LOCAL HOUSING WORKSHOPS

During the second half of the reporting period, Northern Zone staff attended approximately 20 LALC Board and members meetings to discuss the NSWALC Policy on the Approval of LALC Social Housing Schemes, and the draft guidelines associated with this policy.

NSWALC staff also coordinated the attendance of regional staff from the NSW Aboriginal Housing Office so that LALC Boards and members were provided with information in relation to the AHO's "Build and Grow" Strategy.

These meetings provided opportunities for members to obtain information about the changed housing management arrangements required by the 2007 amendments to the NSW Aboriginal Land Rights Act and the changes to funding arrangements being managed by the AHO under

the Commonwealth and State Governments National Partnership Agreement on Remote Indigenous Housing.

These meetings were designed to assist LALCs in determining whether they will seek NSWALC approval to continue to manage their social housing functions, whether the LALC will undertake the AHO Provider Assessment Registration System, or will enter into headlease arrangements with the AHO.

INTERAGENCY ENGAGEMENT:

Senior Zone staff engaged with the Regional Engagement Groups established by the NSW Department of Aboriginal Affairs under Two Ways Together.

Two REG's operated within the Zone, the North Coast, North West and Hunter.

Few meetings were convened by either during the reporting period.

Under the TWT Plan, AANSW has identified 40 communities across NSW. The Department plans to establish local "community governance groups" to develop a plan around the needs of their community.

According to AANSW they will have a mandate to negotiate and consult with government agencies in relation to service delivery and programs to address the needs identified in the plan.

The following have been identified as target communities in the Northern Zone:

- Ballina/Cabbage Tree Island;
- Tabulam;
- Bowraville;
- Purfleet/Taree
- Gloucester;
- Tamworth.

At the time of reporting, NSWALC was of the understanding that there were only two functioning "community governance groups" operating within the zone, at Taree and Bowraville.

INPUT INTO NSWALC POLICIES AND PROCEDURES:

A number of Northern Zone staff were heavily involved in the development of a number of NSWALC policies and procedures during the reporting period.

The Operations Manager had a high level of involvement in the development and implementation of the NSWALC Debtor Management Policy and procedures.

Finance staff were involved in a review of the NSWALC LALC Funding and Financial Obligations Procedures and a part-completed Review of the LALC Management Support System.

The Zone Director assisted in the development of the NSWALC Policy on the Approval of LALC Social Housing Schemes and the Social Housing Approval and Provider Assessment guidelines.

Southern Zone

The Southern Zone Office operates from Queanbeyan.

It services a total of 34 Local Aboriginal Land Councils within its boundaries and its purpose, aims and objectives are consistent with all other Zone offices.

Those services are delivered in accordance with the key objectives of NSWALC's Community Land and Business Plan and its Corporate Plan.

The Zone boundaries encompass two NSWALC regions:

- South Coast Region – comprising 13 LALCs
- Wiradjuri Region – comprising 21 LALCs

The NSWALC Councillor for the South Coast Region during the reporting period was Mr. Neville "Jack" Hampton.

The NSWALC Councillor for the Wiradjuri Region was Mr. Craig Cromelin.

Both were re-elected in August 2011.

The Southern Zone office meets six monthly with each Councillor to provide briefings on operational aspects of the Zone office and LALCs and when required on any issue which may require the attention of Councillors.

HUMAN RESOURCES

The staffing structure of the Southern Zone office is similar to that of other Zone offices.

However a number of key staffing changes were required during the reporting period following the promotion of Zone Director, Mr. Lesley Turner, to the position of Deputy Chief Executive Officer of NSWALC.

Zone Operations Manager, Ms Jenny Bedford, was also seconded to the position of NSWALC's Director of Governance.

Those positions were filled through the interim promotion of other experienced Zone staff under higher duties arrangements.

The Zone Director's position was being filled by Mr. Yuseph Deen.

Ms Catherine Wright and Ms Hazel Hudson performed the duties of Operations Manager on an alternate basis.

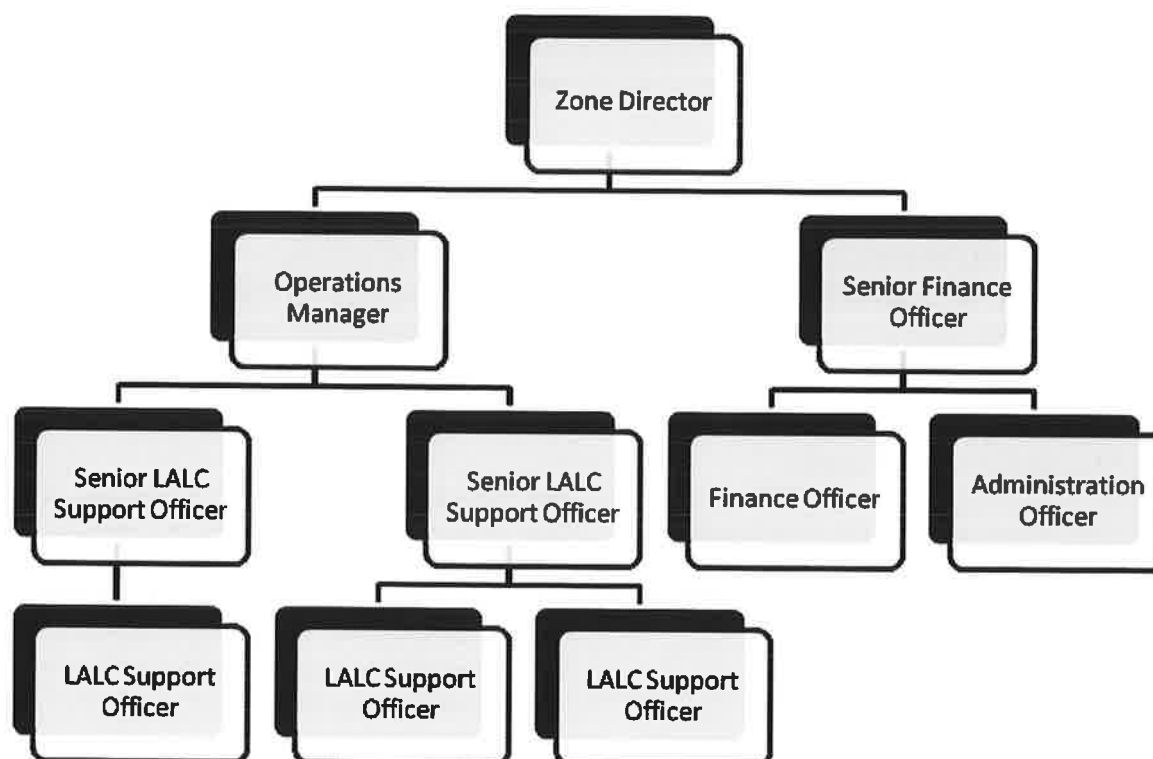
The Zone office recruited, Ms Tracey Thompson, to the position of Finance Officer.

Recruitment action had yet to be completed for two LALC Support Officer positions, and the Zone Director's position, as the reporting period ended

These positions were being filled by Ms. Pam O'Brien and Mr. Rowan Lisson at June 30.

The skill and dedication of staff enabled the Zone to continue to provide efficient and effective service and support to the Councillors and LALCs within the Zone despite the turnover in key personnel.

The staffing structure for the reporting period was as follows:-



SUPPORT TO LALCS

The prime responsibility of all staff in the Southern Zone office is the provision of support and advice to LALCs.

This includes providing advice and assistance on general operational matters, the preservation and protection of Aboriginal culture and heritage, land dealings, human resources, and negotiations with government on a range of issues.

In addition, the Finance Unit provides support, assistance and training to LALCs on the development of budgets, financial reporting, essential payments, the release of grants funds and LALC financial performance monitoring.

All staff are required to deliver accurate and timely advice to assist LALCs meet their statutory responsibilities under the Aboriginal Land Rights Act, and NSWALC Policies.

REGIONAL ADVISORY COMMITTEE FORUMS

Three Councillor Regional Forums were held during the reporting period.

- Wiradjuri Regional Social Housing Policy Forum, 31st August 2010, Narrandera
- South Coast Regional Social Housing Policy Forum, 7th September 2010, Batemans Bay
- Wiradjuri Regional Advisory Committee Forum, 23rd November 2010, Moama

The Regional Advisory Committees mainly discussed the new NSWALC Policy on Social Housing Approval and Provider Evaluation (SHAPE) which was developed to address the NSWALC's obligations in approving LALC Social Housing Schemes.

They also discussed significant changes to culture and heritage as a result of the new *National Parks and Wildlife Amendment Act 2010* and their impact on LALC activities such as sites work.

The Forums also provided the opportunity for Councillors and Southern Zone staff to promote networking within the Wiradjuri and South Coast regions.

CASUAL VACANCY ELECTIONS

Southern Zone staff officiated as returning officers at 16 of the 17 casual vacancy elections which were held across the Zone during the reporting period.

26 vacancies were filled across the Wiradjuri and South Coast regions as a result of the casual vacancies elections.

LALC TRAINING

Zone Staff completed eighteen online governance training workshops to individual LALC Board members during the reporting period.

The following table provides a breakdown of the online training sessions.

| Wiradjuri | No of Attendees | Delivery Date |
|-------------------|-----------------|------------------|
| Albury | 1 | 10 February 2011 |
| Leeton & District | 4 | 16 December 2010 |
| Moama | 1 | 26 October 2010 |
| Griffith | 2 | 6 August 2010 |
| Moama | 2 | 25 August 2010 |
| Wamba Wamba | 2 | 7 November 2010 |
| Peak Hill | 3 | 16 November 2010 |
| Orange | 4 | 7 December 2010 |
| Orange | 2 | 2 February 2011 |
| Griffith | 3 | 22 June 2011 |
| MurrinBridge | 1 | 14 December 2010 |
| MurrinBridge | 2 | 6 August 2010 |

| SouthCoast | No Attendees | Delivery Date |
|-------------------|--------------|-------------------|
| Nowra | 6 | 14 August 2010 |
| Bodalla & Wagonga | 2 | 14 September 2010 |
| Wagonga | 5 | 16 June 2011 |
| Ngambri | 1 | November 2010 |
| Jerrinja | 3 | 14 June 2011 |
| Merrimans | 2 | 16 June 2011 |

Zone staff also coordinated the delivery of TAFE-based MYOB training to nine LALCs from across both Regions and budget workshops attended by representatives from fifteen LALCs.

A number of LALC CEO's participated in an online graduate certificate program.

As reported earlier, this is a joint initiative offered by NSWALC and the University of Newcastle to provide training & development directly to LALC staff.

CEOs from Cummeragunja, Deniliquin, Eden and Moama LALC's participated in the program.

NSWALC WATER AND SEWERAGE INITIATIVE

As reported earlier, the NSWALC and the NSW Government jointly fund the Aboriginal Communities Water and Sewerage Program to ensure these basic services in Aboriginal communities are operated and maintained to the standard normally provided in the wider community.

During the last reporting period site visits were made to the Cummeragunja, Deniliquin, Cowra, Peak Hill, Condobolin, Murrin Bridge, Wamba Wamba, Merrimans, Tumut-Brungle, Griffith, Jerrinja, Illawarra, Narrandera and Bodalla LALCs.

A Community Water and Sewerage Management Plan for each of these communities was developed during this reporting period.

The Management Plans set out a range of measures to ensure implementation of a program to provide each community with decent water quality and sewerage services.

The plans assign roles and responsibilities for urgent works, backlog works and on-going operation, maintenance, management and incident response.

They consider the needs of consumers, regulators and employees and document local policies and procedures.

They also document activities to ensure their effectiveness can be monitored and reviewed by the Local Water Utility, Local Aboriginal Land Council, NOW's Water & Sewerage Inspector and NSW Health.

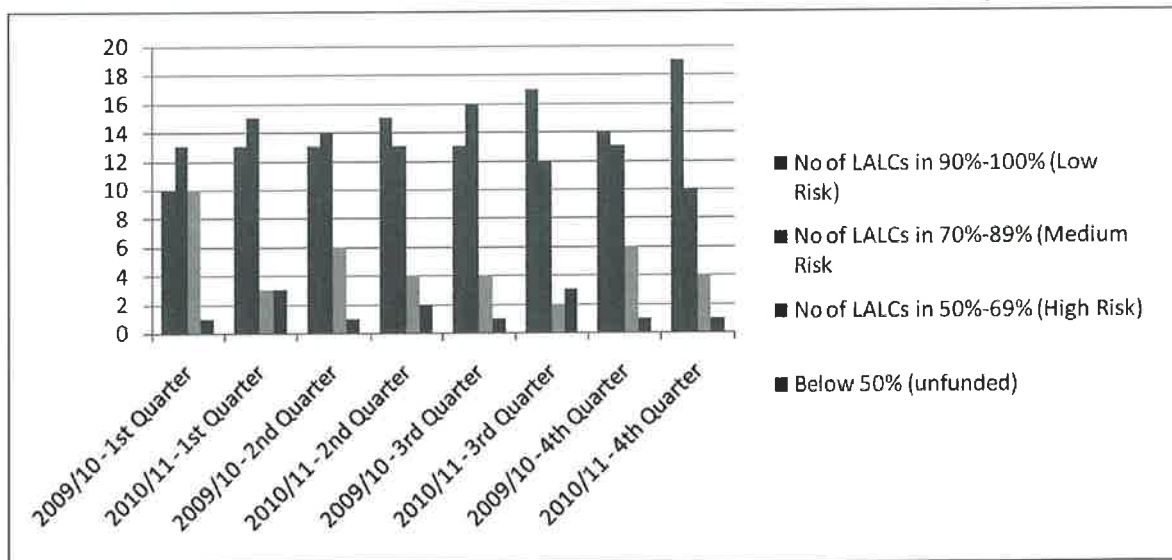
LALC MANAGEMENT SUPPORT SYSTEM

Southern Zone conducts four LMSS assessments with each LALC at three month intervals over the financial year.

Comprehensive risk assessments were conducted by Zone staff on all but one LALC within the Zone LALC network during the reporting period.

The LALC at which LMSS assessments were not conducted was the subject of an Administrator appointment during the reporting period.

The following table provides comparative data of the general outcomes of LMSS across the Zone for the current and previous reporting period:



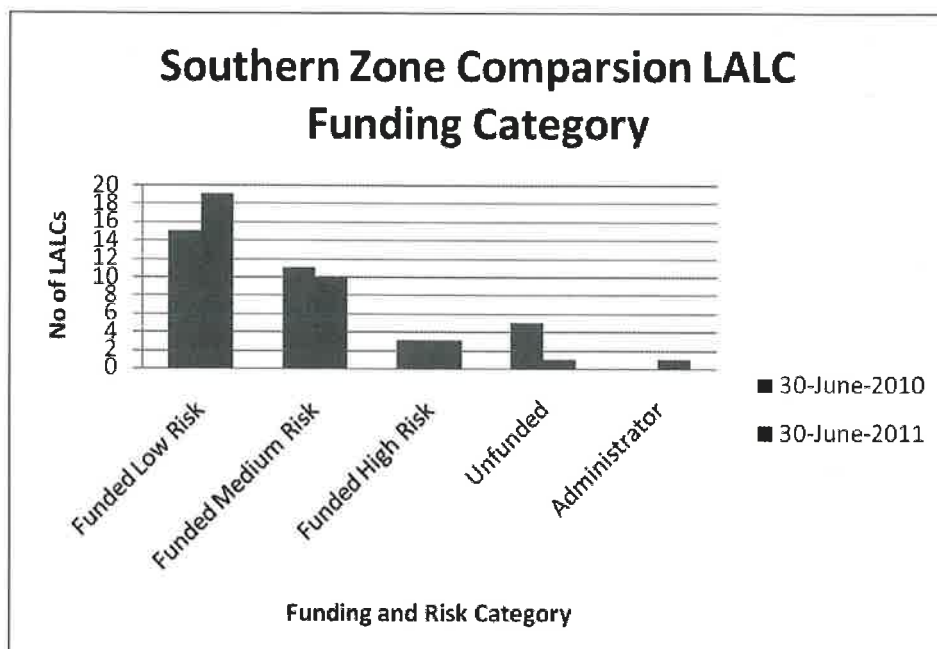
Southern Zone LALCs LMSS Outcomes Comparative Data: 2009/10 to 2010/11

| Performance Score (Risk Level) | 1st Quarter | | 2nd Quarter | | 3rd Quarter | | 4th Quarter | |
|-----------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2009/ 2010 | 2010/ 2011 | 2009/ 2010 | 2010/ 2011 | 2009/ 2010 | 2010/ 2011 | 2009/ 2010 | 2010/ 2011 |
| | No of LALCs | No of LALCs | No of LALCs | No of LALCs | No of LALCs | No of LALCs | No of LALCs | No of LALCs |
| 90%-100% (Low Risk) | 10 | 13 | 13 | 15 | 13 | 17 | 14 | 19 |
| 70%-89% (Medium Risk) | 13 | 15 | 14 | 13 | 16 | 12 | 13 | 10 |
| 50%-69% (High Risk) | 10 | 3 | 6 | 4 | 4 | 2 | 6 | 4 |
| Below 50% | 1 | 3 | 1 | 2 | 1 | 3 | 1 | 1 |

MONITORING & COMPLIANCE

Southern Zone staff offered a total of 32 Funding Agreements and three Assistance Agreements to Local Aboriginal Land Councils during the reporting period.

The status of LALC funding categories are outlined in the following tables.



| Southern Zone Comparison LALC Funding Category | | | | | |
|--|-----------------|--------------------|------------------|----------|---------------|
| | Funded Low Risk | Funded Medium Risk | Funded High Risk | Unfunded | Administrator |
| 30-June-2010 | 15 | 11 | 3 | 5 | 0 |
| 30-June-2011 | 19 | 10 | 3 | 1 | 1 |

This graph provides comparative funding figures between the 2010/11 financial year and the previous reporting period.

It demonstrates a significant improvement in the funding status of the LALC's in the Southern Zone.

As noted earlier, it reflects the impact of amendments to the *Policy on Local Aboriginal Land Council Financial and Funding Obligations Funding Policy*, gazetted in May 2009, and implemented in the previous financial year.

This includes a mandatory requirement for LMSS assessments to be conducted.

The Southern Zone office developed and implemented a strategy during the current reporting period to make operational payments

to three LALCs with long term audit qualification problems and one LALC under the discretionary power of the delegate under the Funding Policy.

This involved providing assistance agreements to each LALC to enable payments of operational expenditure.

This assisted each LALC to recruit Chief Executive Officers and/or elect Board members to assist with the resolution of outstanding compliance issues.

Southern Zone staff worked intensively with the affected LALCs during the reporting period to resolve those issues.

As a result two of the LALCs returned to a funded position.

Western Zone

The Western Zone office covers the largest area of the NSWALC Zone offices.

Its administrative reach extends from Balranald in the south, to Toomelah and Boggabilla in the north, Broken Hill and Bourke in the west and to Mudgee in the east.

The area covers about seventy five percent of the state. There are thirty six Local Aboriginal Land Councils within the Zone's three regions.

There are nine Local Aboriginal Land Councils in the Central region, sixteen in the North West and eleven in the Western region. The Zone office provides assistance and support to three Regional Councillors.

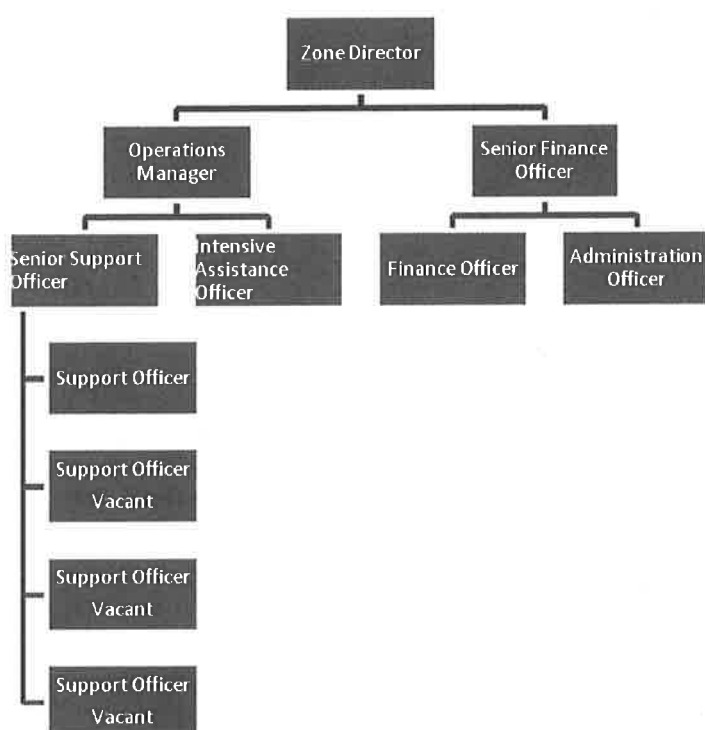
Councillor Stephen Ryan represented the Central Region; Councillor William Murray, the Western Region; and Councillor Stephen Gordon, the North Western Region during the reporting period.

Councillor Gordon was succeeded by Councillor Anne Dennis and Councillor Murray was succeeded by Councillor Des Jones in August 2011.

The Zone Office Staff, under the leadership of Director, Mr. Tony Sutherland, worked closely with all three NSWALC Councillors during the reporting period and provided regular and extended outreach services to all LALCs.

HUMAN RESOURCES

The staffing structure of the Western Zone during the reporting period was comparable to the other Zone offices and is depicted below:



The NSWALC underwent an organisational review during this reporting period which saw the establishment of a Far West Zone office region with the consequent transfer of some Western Zone staff to the new office and responsibility for a number of Local Aboriginal Land Councils.

SUPPORT TO LALCS

Zone staff deliver two primary, and, at times, competing services to LALCs.

They must monitor LALC compliance with their statutory responsibilities under the ALRA. At the same time they must provide support and advice.

MONITORING AND COMPLIANCE

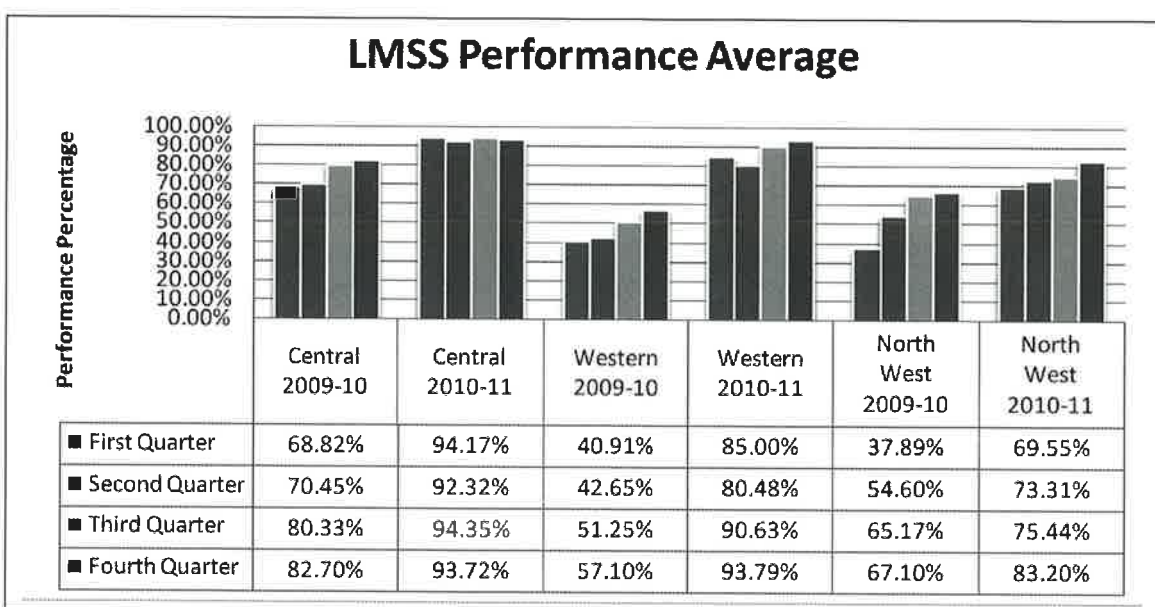
The NSWALC utilises two key monitoring and compliance processes: the LALC Compliance database and the LALC Management Support System.

These tools enable the NSWALC to determine whether a LALC has met their ARLA compliance responsibilities; and, have a performance / risk rating that allows the NSWALC to provide funds to LALCs.

LALC MANAGEMENT SUPPORT SYSTEM

As noted earlier, the LALC Management Support System is used to assess LALC operations in five critical areas; Administration; Property; Finance; Human Resources; and, Governance on a quarterly basis. The LMSS ratings are directly linked to the level of funding a LALC receives from the NSWALC.

The use of LMSS, and other capacity building initiatives, has resulted in significant improvements in LALC operations in the Western Zone, particularly among LALCs with a long term record of poor performance and non-compliance with the ALRA.



The table above provides a breakdown of average LMSS performance over the past two reporting years. It shows significant improvement in the operational performance of the majority of LALCs in this reporting period. In the Central Region the average performance improvement from the first quarter of the previous reporting period to the final quarter of this period has increased from 68.82% to 93.72%. This represents an increase during the reporting period of approximately 25%.

In the Western Region the average performance improvement for LALCS over the same period increased from 40.91% to 93.79%--- a dramatic

increase during the reporting period of approximately 53%. In the North West Region over the same period the operational performance of LALCs increased from 37.89% to 83.20%. This represents a significant increase during the reporting period of approximately 45%.

The improvement is the result of the early identification of LALCs operational weaknesses, excellent work within LALCs, and the delivery of targeted support by Western Zone staff.

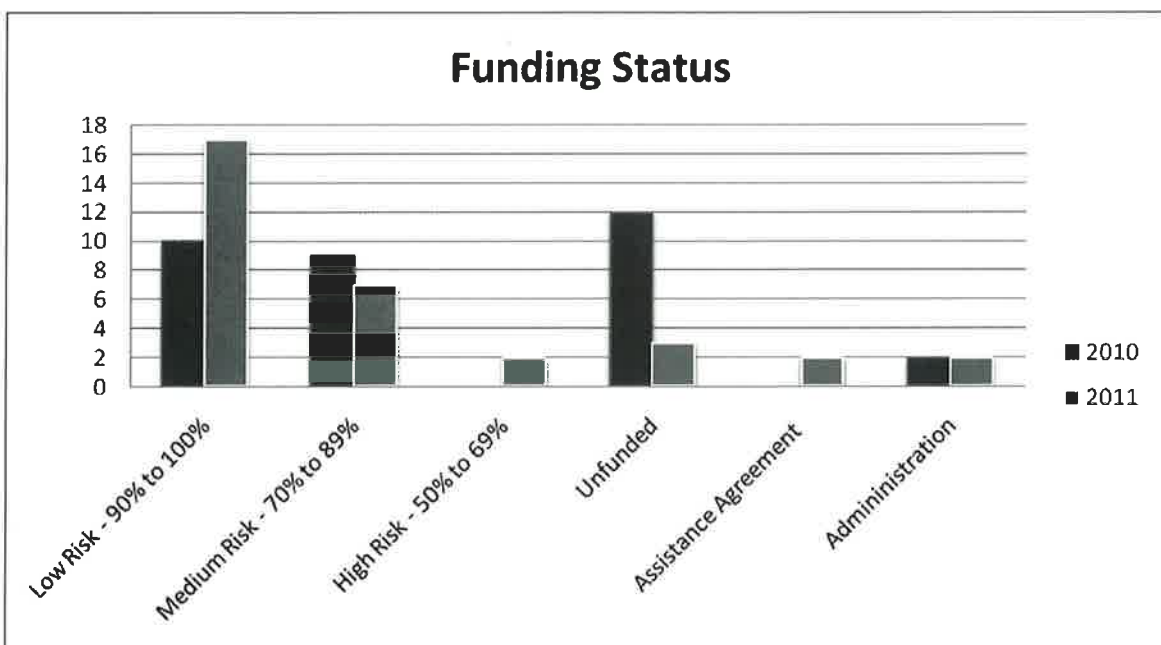
CEO TRAINING

Zone staff provides training to LALC CEO's and other staff in all of the 5 operational areas that encompass LMSS assessment. For example; training is provided in:

| | |
|------------------------|--|
| Administration | Asset Management; Reporting: AEIFRS; Motor Vehicle; Filing |
| Property | Property Management; Policy Implementation |
| Finance | Accounts; Banking; Budgets; Debtors / Creditors; Payments; Wages |
| Human Resources | Recruitment; Personnel |
| Governance | Meetings; Audit; Planning |

COMPLIANCE AND FUNDING STATUS

The success of the capacity building initiatives at Zone and LALC level are reflected in the funding status of Local Aboriginal Land Councils within the Zone during this reporting period.



As this graph demonstrates a total of twenty six funding agreements and two assistance agreements were offered to LALCs during the period. This represents a marked increase of 57% in the number of funded LALCs when compared to the previous financial year.

This result is outstanding, having been achieved in one year. It is a credit to the efforts and cooperation of Zone and LALC staff in bedding down these capacity building initiatives. A further increase in compliance and performance is expected to be achieved during the next financial year.

TRAINING

A number of training initiatives were provided to LALCs during the reporting period, including mandatory governance training to LALC Boards and operational training to LALC CEO's.

BOARD GOVERNANCE

Western Zone staff implemented a strategy in October 2010 to increase the completion rate of the mandatory Board governance training within the Zone.

Approximately fifty per cent of LALC Board Members had completed this training when this strategy was launched

The completion rate had increased to 98% of Board members by the end of this reporting period.

LALC CEO TRAINING

Zone staff also provided significant training to LALC CEO's in many operational areas during the reporting period.

The training was provided in conjunction with LMSS assessments, or if necessary, in between assessments for LALCs that required more intensive assistance.

Training was provided in office administration, property management; financial management; human resource management; and governance

As noted above, the provision of training and other capacity building initiatives has resulted in significant improvement in LALC operational performance and ALRA compliance.

A number of LALC Chief Executive Officer's also participated in the online graduate certificate program, the joint initiative of the NSWALC and the University of Newcastle.

REGIONAL FORUMS

A number of Regional Forums were conducted during the reporting period.

The forums are attended by representatives from Local Aboriginal Land Councils in each Region. They provided information about NSWALC's Social Housing application and assessment processes.

They also provided LALCs with an opportunity to voice concerns on issues of particular interest to them. They are also valuable opportunity to share information.

WATER AND SEWERAGE

As reported earlier, the NSWALC and the NSW Government have combined to fund the Aboriginal Communities Water and Sewerage Program.

As a result of an extensive consultation and infrastructure / service review during this reporting period, fourteen Water and Sewerage Management Plans were developed.

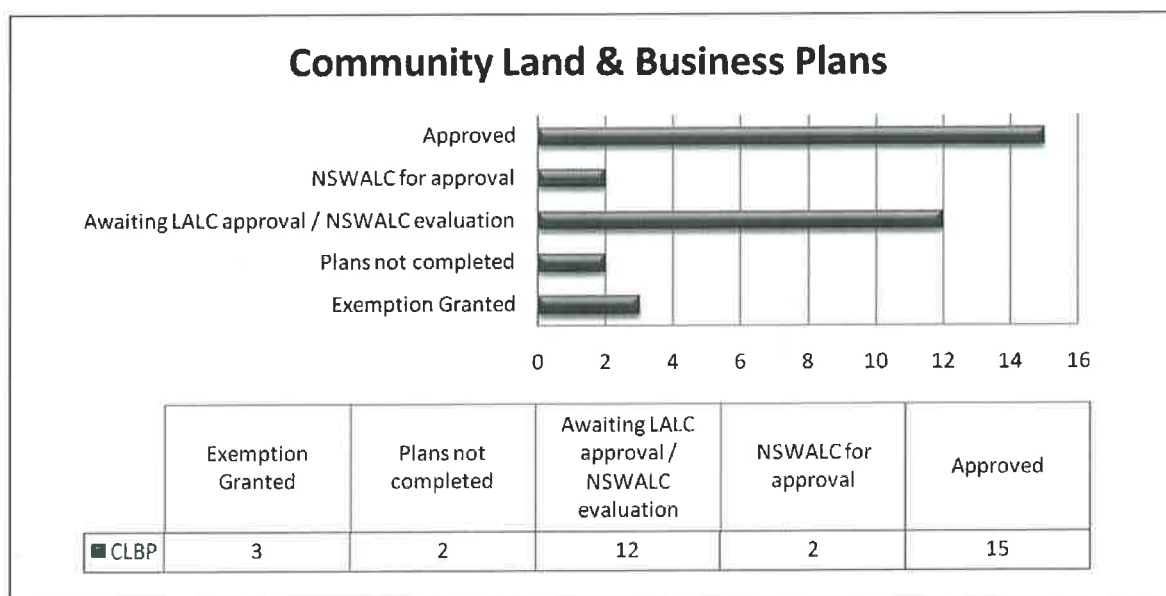
These plans provide direction on what is needed to provide water and sewerage infrastructure to local communities at an equivalent standard to the wider community.

Zone staff monitor the roll out of the Water and Sewerage Program and actively engage with LALCs and NSWoW to resolve a variety of issues as required.

COMMUNITY LAND AND BUSINESS PLANS

All LALCs are required to have an approved Community Land and Business Plan in place.

The plans are required to incorporate the views of members, and set the strategic direction for the LALC over the next 2 - 5 years.



Most LALCs across the Zone have developed their CLBPs and are now focused on the implementation and review of the plans.

CASUAL VACANCY ELECTIONS

Western Zone staff acted as returning officers at number casual vacancy elections held within the Zone during this reporting period.

Twelve vacancies on LALC Boards were filled as a result of these elections.

Eastern Zone

The Eastern Zone is the smallest of Zone offices in its geographic size and staff numbers.

Its purpose, aims and functions are similar to those outlined for all other Zone Offices.

However, it is responsible for overseeing some of the most complex property portfolios and largest LALCs in the land rights network.

The Zone office relocated from Sydney to Gosford during the reporting period, a move well received by the ten Local Aboriginal Land Councils which it services in the Sydney-Newcastle region.

The office is now centrally located within the Zone.

This makes it more accessible to the Local Aboriginal Land Councils and has reduced NSWALC's travel costs in servicing them.

During the reporting period staff from the Eastern Zone, under the leadership of Director, Steve Merritt, provided guidance and assistance to all LALCS in the region.

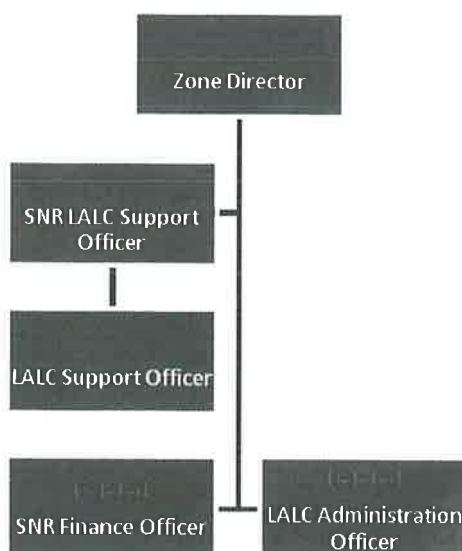
In doing so, they worked closely with the elected Councillor for the region, Mr. Roy-Ah See.

HUMAN RESOURCES

The staffing structure is outlined in the graph below.

As shown the positions of Senior Finance Officer and Administration Officer were lost from NSWALC's organisational restructure just as the reporting period ended.

Organisational Structure



ACHIEVEMENTS

LALC CAPACITY BUILDING INITIATIVES

Zone staff acted as Returning Officers and assistants in conducting casual vacancy elections for LALC Board members throughout the year.

Mandatory governance training was also delivered to all new LALC Board Members.

Zone staff also attended a range of meetings throughout the year designed to further build the capacity within LALCs.

These meetings ranged from sessions on the roles and responsibilities of LALC Chairpersons and Deputy Chairperson's, Debt Management and information sessions on Social Housing.

Staff also attended workshops held by the NSW Aboriginal Housing Office on its "Build and Grow" strategy.

Zone staff also visited a number of LALCs to deliver information on NSWALC's new Social Housing Policy and Guidelines.

The meetings were designed to assist them to understand their policy obligations ahead of the application and assessment phase of the policy which will begin in the in the next reporting period.

The ongoing management of LALC social housing will be a major issue in the 2011/12 financial year.

ZONE AND STATEWIDE CONFERENCE

A Zone Conference for all Zone staff was held over three days in February 2011.

Much discussion centred on NSWALC's new Social Housing Policy and Guidelines, the new NSWALC Debt Management Policy and Guidelines, a review of LMSS, and changes to NSWALC's LALC Funding Policy and Procedures.

This was followed by a NSWALC Statewide Conference in April which was held at Cessnock, which is located within the Eastern Zone.

As reported earlier, representatives from each Local Aboriginal Land Councils within the network attended the three day Conference.

A particular highlight was the presentation of awards to LALCs for improved performance.

Two from the Eastern Zone were recognised: the Metropolitan Local Aboriginal Land Council and the Worimi Local Aboriginal Land Council.

Their awards were accepted by the Chairperson of the Metropolitan LALC, Mr. Ricky Lyons and the CEO of Worimi LALC, Mr. Andrew Smith.

POLICIES AND PROCEDURES

Eastern Zone staff worked with other Zone staff throughout the reporting period to assist in producing a more comprehensive set of NSWALC Policies and Procedures in their dealings with LALCs.

This included the participation of Zone staff in working groups to both update and amend LMSS and debt management policy and procedures

LAND DEALING WORKSHOPS

Eastern Zone staff also worked with NSWALC's Commercial and Legal Units to fully inform LALCs of the land dealings regime within the ALRA, with particular emphasis on LALC land dealing applications.

Eastern Zone staff also attended rent setting and housing policy workshops for LALCs which were convened by the NSW Aboriginal Housing Office in Penrith and Charlestown.

SCHOLARSHIP INFORMATION SESSIONS

Zone staff also attended workshops throughout the Region with Councillor Ah-See to encourage and assist Aboriginal people to apply to receive financial assistance for their studies through NSWALC's Education Scholarship Fund. A total of ten workshops were held during the reporting period, as listed below.

| DATE | TIME | VENUE |
|--------|------------------|--------------------------|
| 3 Feb | 9am – 1pm | Tharawal AMS, Airds |
| 4 Feb | 9am – 12.30pm | Worimi LALC |
| 4 Feb | 1.30pm – 5pm | Mindaribba LALC |
| 7 Feb | 9am – 1pm | Oasis Centre, Wyong |
| 15 Feb | 1pm – 4pm | Metropolitan LALC |
| 23 Feb | 9am – 11am | Yamuloong, Garden Suburb |
| 23 Feb | 12pm – 1.30pm | Bahtabah LALC |
| 23 Feb | 3.30pm – 4.30pm | Oasis Centre, Wyong |
| 24 Feb | 8.30am – 11.30am | Liverpool TAFE |
| 24 Feb | 1pm – 2.30pm | La Perouse LALC |

The workshops, initiated by Councillor Ah-See, again generated unprecedented interest from LALC members.

As a result the Sydney Newcastle region received the largest amount of Scholarships awarded across the state.

A total of \$261,493.76 was received by received by LALC members in the region to begin or continue studies.

Disbursement details to the members of each LALC are listed below.

| LALC | TOTAL # | TOTAL \$\$\$ |
|--------------|------------|---------------------|
| AWABAKAL | 63 | \$45,475.00 |
| BAHTABAH | 13 | \$8,718.90 |
| DARKINJUNG | 51 | \$54,989.47 |
| DEERUBBIN | 9 | \$7,788.50 |
| GANDANGARA | 26 | \$21,550.00 |
| LA PEROUSE | 31 | \$28,898.89 |
| METROPOLITAN | 44 | \$46,470.00 |
| MINDARIBBA | 32 | \$20,498.00 |
| THARAWAL | 4 | \$2,800.00 |
| WORIMI | 33 | \$24,305 |
| TOTAL | 306 | \$261,493.76 |

REGIONAL FORUMS

Zone staff assisted Councillor Ah-See conduct a number of Regional Forums during the reporting period.

The Forums brought together representatives from each of the Local Aboriginal Land Councils in the Region.

In the first half of the reporting period the forums were attended by a LALC Chairperson and Chief Executive Officer.

In the second the Forums were attended by elected Board members with CEO's invited as well.

They have become important forums for NSWALC Councillors to report on their activities and provide LALCs an opportunity to voice concerns and issues across the Zone, particularly since the abolition of Regional Aboriginal Land Councils.

The Forums were attended by all LALCs in the Zone.

LALC MANAGEMENT SUPPORT SYSTEM

The Zone office maintained the LALC Management Support System for all LALCs in the Sydney/ Newcastle region.

An LMSS assessment had been completed with all LALCs in the Zone at the end of this reporting period.

All were assessed as Low Risk.

They averaged a risk rating of 80% and above.

The assessment process provides an excellent vehicle for Zone Staff and LALCs to work together to ensure full compliance with the ALRA.

COMMUNITY LAND AND BUSINESS PLANS

As reported earlier all LALCs are required to produce and implement Community Land and Business Plans.

One LALC in the Zone had to request an extension of time to allow them to develop a new Community Land and Business Plan in this reporting period.

There will be a number of others due for renewal during the reporting period.

All extensions and newly developed CLBP's are required to obtain the approval of LALC members and the NSWALC.

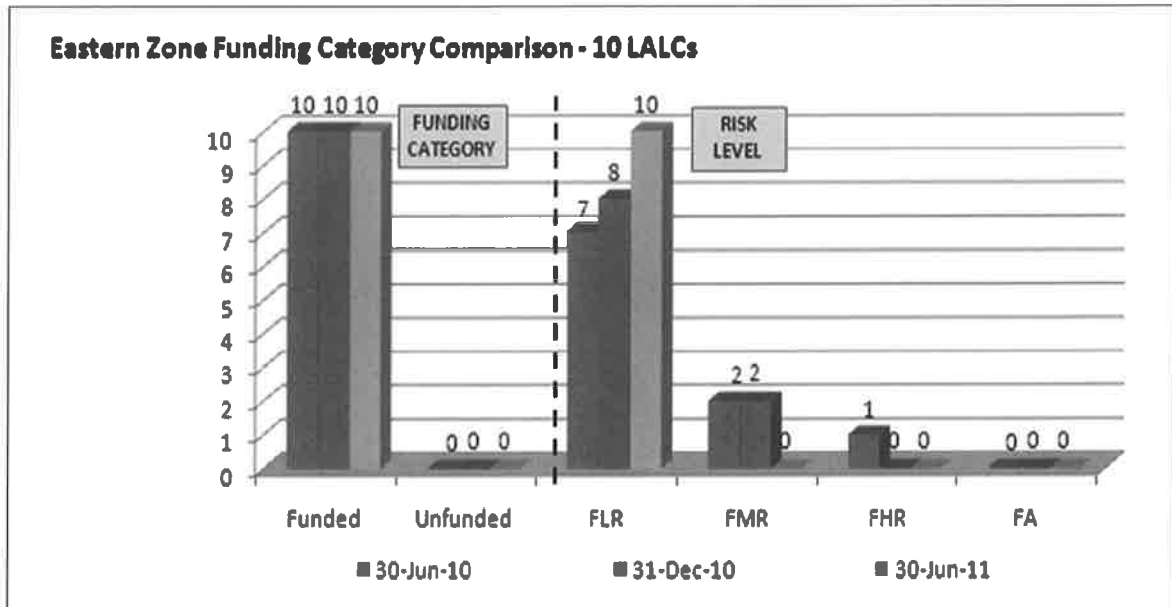
Zone Office staff coordinated a number of CLBP workshops with the Worimi and Darkinjung LALCs during the reporting period to assist them in preparing to update their CLBP's.

The workshops were well received.

LALC FUNDING

Eastern Zone LALCs progressed through a range of funding categories during the reporting period.

The graph below shows the number of LALCs in each funding category at the end of this reporting period, compared with the end of last financial year, and at the end of December 2010.



At all three points in time all 10 LALCs in the Eastern Zone were in compliance and in a funded category.

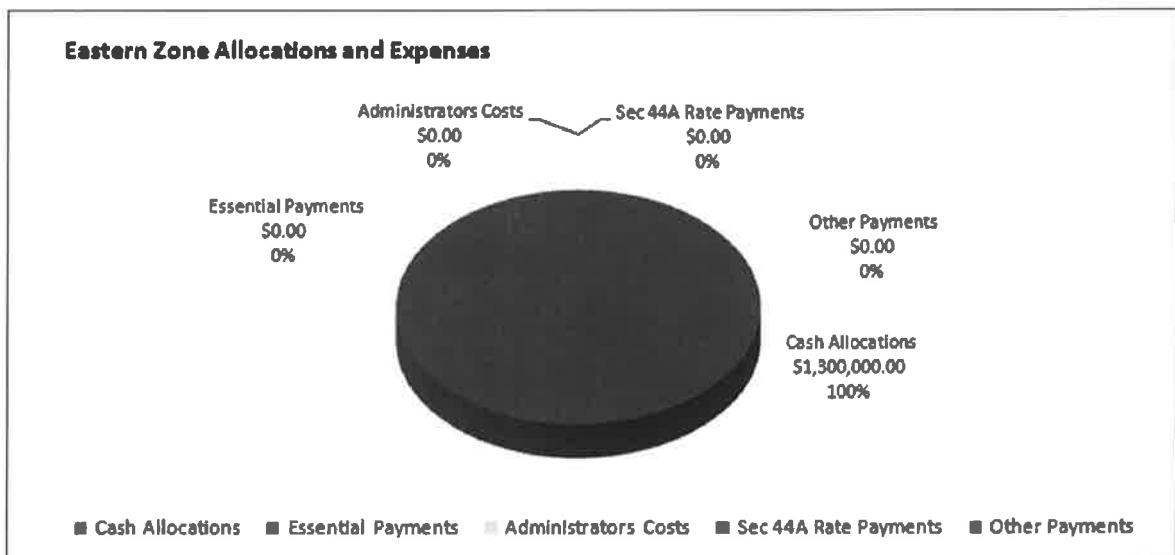
The number of LALCs assessed as being low risk increased from seven at 30 June 2010 to ten at the end of this reporting period.

The Zone was able to assist those LALCs build their capacity in all aspects of their operations, including financial reporting, asset management, business planning and compliance with the provisions of the ALRA.

PAYMENTS TO LALCS

The following graph shows the type of allocations, and expenses, paid to, or on behalf of, LALCs in the Eastern Zone during the reporting period.

The total approved grant for the Zone was \$1,300,000.00.



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 Local Aboriginal Land Councils as outlined earlier.

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, totaling \$2.2m during this reporting period, compared to \$945k in the 2009/2010 financial year.

These included a total of \$732,856 in grants to assist with funerals.

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.

| Grants Paid - 2010/2011 | | |
|--|--|------------------|
| Major Grants (> \$5000) | | |
| Payee | Purpose | Amount |
| CAF Australia | Education Scholarship Grant | 1,276,320 |
| University of Newcastle | Education Scholarship Grant | 58,050 |
| Tamworth Local Aboriginal Land Council | Funding for Northern Regional Partnership Agreement Negotiations | 50,000 |
| Tribal Warrior Association Incorporated | Funding for the Chicka Story Book | 13,636 |
| Gadigal Information Service Aboriginal Corporation | Sponsorship for the Yabun Festival 2011 | 10,000 |
| Saltwater Freshwater Arts Alliance | Saltwater Freshwater Festival Sponsorship | 10,000 |
| NSW Aboriginal Golf Incorporated | Sponsorship for NSW Aboriginal Golf Championships | 10,000 |
| Total Major Grants | 7 | 1,428,006 |
| Minor Grants (<= \$5000) | | |
| Category | Number | Amount |
| Discretionary | 47 | 56,037 |
| Funeral | 432 | 732,856 |
| Total Minor Grants | 479 | 788,893 |
| Summary Total of Grants | | |
| Category | Number | Amount |
| Education Scholarship Grant | 2 | 1,334,370 |
| Discretionary | 52 | 149,673 |
| Funeral | 432 | 732,856 |
| Total All Grants Paid | 486 | 2,216,898 |

Economic Factors

Modest gains on world stock markets during the reporting period continued to assist the recovery from the decline in global markets which had eroded the base value of the NSWALC Statutory Investment Fund.

Council and the Executive continued to exercise expenditure restraint and seek to reduce operational expenditure, where possible.

It sought to do so without sacrificing its level of service to the land rights network.

Like many other organisations with a diversified portfolio, the NSWALC managed to trim costs and rein in spending, where possible, in order to keep trading successfully while seeking to increase its capacity and cope with the transactional costs to the land rights network flowing from amendments to the ALRA.

Remuneration of Councillors

Under Section 161 of the ALRA, the NSWALC is obliged to publish the total remuneration (including travelling expenses) paid to each Councillor by the organisation during the reporting period.

Councillor salaries are determined by the Statutory and Other Offices Remuneration Tribunal as part of its Public Office Holders Group.

The rate of travelling allowances is determined by the Minister for Aboriginal Affairs.

The base salaries of Councillors were first determined by the Statutory and Other Offices Remuneration Tribunal on August 3, 2007.

The Tribunal determined Councillors should receive an annual salary of \$106,365, effective from July 1, 2007.

The Tribunal also determined, as submitted by the NSWALC, that an additional loading of ten per cent be paid to the Chairperson and a loading of five per cent to the Deputy Chairperson.

It determined that these levels would provide appropriate differentiation from other Councillors

in recognition of the additional responsibilities they would carry following amendments to the ALRA which abolished the previous positions of Chairperson, Secretary and Treasurer.

The loadings provided for an annual salary for the Chairperson of \$117,000 per annum and \$111,685 for the Deputy Chairperson.

Section 13 of the Statutory and Other Offices Remuneration Act 1975 requires the Tribunal to make a determination of the remuneration paid to office holders on and from October 1 each year.

The Tribunal's Report and Determination in September 2008 provided for an automatic salary increase of 3.9 per cent for the Public Office Holders Group, effective from October 1 of that year.

The determination increased the base annual salary of a NSWALC Councillor to \$113,275, with consequential increases for the Chairperson and Deputy Chairperson.

The Tribunal's Report and Determination for October, 2009 provided for a 3 per cent salary increase to be paid on, or from the beginning of that month.

The determination, which was published in November 2009, set the base salary of Councillors at \$116,675 with consequential increases for the Chairperson and the Deputy Chairperson.

The Tribunal's Report and Determination for October 2010 provided for a four per cent salary increase to be paid from the beginning of that month.

This determination set the base annual salary of a member of the NSWALC at \$121,340 with consequential increases for the Chairperson and Deputy Chairperson.

The following table sets out particulars of travelling expenses paid to each NSWALC Councillor during the 2010/11 financial year.

| Councillor Name | Direct Travel Exp | Travel Acco. & Meals Allowance | Total |
|-----------------|-------------------|--------------------------------|----------------|
| Bev Manton | 6,040 | 34,206 | 40,247 |
| S Ryan | 12,331 | 19,695 | 32,026 |
| Pat Laurie | 4,398 | 5,502 | 9,900 |
| S Gordon | 1,780 | 9,871 | 11,651 |
| Tom Briggs | 4,839 | 10,738 | 15,577 |
| N Hampton | 169 | 24,713 | 24,882 |
| Roy Ah-see | 1,314 | 30,341 | 31,655 |
| W Murray | 6,183 | 31,832 | 38,015 |
| C Cromelin | 6,056 | 41,701 | 47,757 |
| D Donnelly | 2,053 | 11,103 | 13,157 |
| Total | 45,162 | 219,703 | 264,865 |

List of Consultants

During the reporting period the NSWALC engaged a total of thirty three consultants on projects at a total value of \$736,984.

This compared with a total of fourteen consultants during the previous reporting period who were engaged on projects at a total value of \$1,224,414.

The major areas of work were on the NSWALC Investment Fund, the Asset Consulting Review and the Organisation Review.

The following breakdown is supplied in accordance with the requirements of the Annual Reports (Statutory Bodies) Act 1984, as amended

CONSULTANTS FEES, 2010-11

| NAME OF CONSULTANTS | PROJECTS (\$30,000 & ABOVE) | \$ |
|---|--------------------------------------|----------------|
| Towers Watson | Investment Consulting Services | 296,263 |
| Mercer (Australia) Pty Ltd | Investment Consulting Services | 116,667 |
| Chant West Pty Ltd | Managing the Asset Consulting Review | 40,000 |
| Matrix On Board Pty Ltd | Organisation Review | 31,080 |
| TOTAL AMOUNTS PAID > \$30,000 | 4 | 484,010 |

| CONSULTANTS < \$30,000 | NUMBER OF CONSULTANTS | TOTAL PAID \$ |
|------------------------|-----------------------|----------------|
| | 29 | 252,974 |

| | | |
|------------------------------|-----------|----------------|
| TOTAL ALL CONSULTANTS | 33 | 736,984 |
|------------------------------|-----------|----------------|

EEO

The NSWALC continued to seek to promote the participation of women and Aboriginal people in senior management positions and more generally within the organisation during 2010/2011.

While the NSWALC follows merit based employment practices, it is pleasing to note the level of Aboriginal employment and in the senior management ranks within the organisation during this reporting period.

| Year | 2003/ 2004 | 2004/ 2005 | 2005/ 2006 | 2006/ 2007 | 2007/ 2008 | 2008/ 2009 | 2009/ 2010 | 2010/ 2011 |
|----------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Councillors | | | | | | | | |
| Male | 0 | 0 | 0 | 7 | 7 | 7 | 7 | 8 |
| Female | 0 | 0 | 0 | 2 | 2 | 2 | 2 | 1 |
| Total Council | 0 | 0 | 0 | 9 | 9 | 9 | 9 | 9 |

| | | | | | | | | |
|--------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Executive & Senior Management | | | | | | | | |
| Male | 12 | 11 | 12 | 11 | 10 | 15 | 15 | 15 |
| Female | 5 | 4 | 3 | 5 | 6 | 5 | 5 | 5 |
| Total Senior Management | 17 | 15 | 15 | 16 | 16 | 20 | 20 | 20 |
| Aboriginal | 9 | 4 | 7 | 7 | 8 | 9 | 7 | 9 |

| | | | | | | | | |
|-----------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Administrative Staff | | | | | | | | |
| Male | 22 | 27 | 30 | 31 | 33 | 34 | 43 | 38 |
| Female | 33 | 28 | 29 | 34 | 46 | 51 | 47 | 49 |
| Total Administrative | 55 | 55 | 59 | 65 | 79 | 85 | 90 | 87 |
| Aboriginal | 29 | 22 | 26 | 32 | 42 | 44 | 44 | 45 |

| | | | | | | | | |
|----------------------------|-----------|-----------|-----------|-----------|------------|------------|------------|------------|
| All Staff Plus Councillors | | | | | | | | |
| Male | 34 | 38 | 42 | 49 | 50 | 56 | 65 | 61 |
| Female | 38 | 32 | 32 | 41 | 54 | 58 | 54 | 55 |
| Total Staff | 72 | 70 | 74 | 90 | 104 | 114 | 119 | 116 |
| Aboriginal | 38 | 26 | 33 | 48 | 59 | 62 | 60 | 63 |
| NESB | 4 | 3 | 7 | 5 | 3 | 11 | 8 | 7 |
| Disability | 1 | 2 | 2 | 1 | 1 | 10 | 10 | 9 |

- Previous editions of the NSWALC Annual Report 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 sacked by former Minister of Aboriginal Affairs Refshauge in November 2003 were replaced by nine Councillors elected on May 19, 2007 for a four year term.

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 the NSWALC's effort during this reporting period has again been directed toward improving service delivery to its major client group, the network of 119 Local Aboriginal Land Councils, particularly in relation to capacity building following fundamental changes to their structure and operations flowing from major amendments to the Aboriginal Land Rights Act.

While improved accountability and reporting standards are now mandated under the amended ALRA, the 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 and staff to meet the demands of their position.

Accounts Payment Policy & Practice

The 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 |
|-----------------------|---|---|
| QBE | Umbrella (anything not covered below) | 20,000 |
| QBE | Industrial Special Risks | 49,990 |
| Allianz | Motor Vehicles | Market Value |
| Allianz | Public /Products liability | 50,000 |
| ACC Health | Personal Accident/Sickness - Councillors | 250 / 1.5 |
| Allianz | Machinery Breakdown | 100 |
| LondonAustralia | Professional Indemnity | 10,000 |
| Liberty International | Professional Indemnity, Commercial & Legal Services | 10,000 |
| Liberty International | Directors Officers | 10,000 |
| LondonAustralia | Directors Officers | 10,000 |
| ACC Health | Travel | 1,000 |
| AFA | Group Personal Accident | 500 |
| QBE/CGU | Homes | 7,678 |
| AFA | Voluntary Workers | 50 |
| ACC Health | Personal Accident | 200 |
| ING Life Limited | Salary Continuance | 0.84% of salary. Max benefit available \$30,000 per month |
| LondonAustralia | Media Professional Indemnity | 5,000 |

**WORK RELATED INJURY
WORKERS COMPENSATION
AND REHABILITATION 2010/2011**

WORK RELATED INJURY & ILLNESS

Number reported 12

Nature of Accidents

| | |
|---------------------------------|-----------|
| Slips, Trips & Falls | 2 |
| Mental Health (anxiety, stress) | 0 |
| Cuts/Scratches | 3 |
| Motor Vehicle Accident | 0 |
| Ergonomics/Overuse | 0 |
| Sprain/Strain | 7 |
| Manual Handling | |
| Total | 12 |

Where Injuries Occurred

| | |
|--|-----------|
| At the Workplace | 12 |
| On the journey to/from work | 0 |
| At work away from the normal workplace | 0 |
| Total | 12 |

WORKERS COMPENSATION CLAIMS

| | |
|---------------------------------------|----------|
| Claims brought forward from 2009/2010 | 4 |
| New claims this period | 3 |
| Total | 7 |

Claims status at 30.6.11

| | |
|--------------------------------------|----------|
| Claims finalised | 5 |
| Claims declined/under investigation | 0 |
| Liability accepted& claim continuing | 1 |
| Provisional Liability | 1 |
| Total | 7 |

Open claims carried forward to 2011/2012 2

REHABILITATION

| | |
|--------------------------------------|----------|
| Cases brought forward from 2009/2010 | 2 |
| New cases this period | 1 |
| Total | 3 |

| | |
|---|----------|
| Cases completed | 2 |
| Cases continuing & carried forward to 2011/2012 | 1 |
| Total | 3 |

**Internal Audit and Risk Management
Statement for the 2010-2011 Financial
Year for the NSW Aboriginal Land
Council**

I am of the opinion that the New South Wales Aboriginal Land Council has internal audit and risk management processes in place that are, in all material respects, compliant with the core requirements set out in Treasury Circular NSW TC 09/08 *Internal Audit and Risk Management Policy*.

I am of the opinion that the Audit and Risk Committee for the New South Wales Aboriginal Land Council is constituted and operates in accordance with the independence and governance requirements of Treasury Circular NSW TC 09/08. The Chair and Members of the Audit and Risk Committee are:

- Ms. Carolyn Walsh (Independent Chair) appointed 1 April 2011 until 31 March 2014.
- Mr Garry Dinnie (Independent Member) appointed 1 April 2011 until 31 March 2013.
- Cr. Craig Cromelin (Non-independent Member) appointed 31 May 2007 until 6 August 2011.

These processes provide a level of assurance that enables the senior management of the New South Wales Aboriginal Land Council to understand, manage and satisfactorily control risk exposures.



Mr. Geoff Scott
Chief Executive Officer

**NEW SOUTH WALES ABORIGINAL LAND COUNCIL
ANNUAL REPORT 2010-2011**

FINANCIAL STATEMENTS



GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDITOR'S REPORT

New South Wales Aboriginal Land Council

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of The New South Wales Aboriginal Land Council (the Council), which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

Auditor's Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Council as at 30 June 2011, and of its financial performance for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010.

My opinion should be read in conjunction with the rest of this report.

The Councillors' Responsibility for the Financial Statements

The members of the Council are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the PF&A Act and for such internal control as the members of the Council determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with Australian Auditing Standards. Those standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the members of the Council, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.


My opinion does not provide assurance:

- about the future viability of the Council
- that it has carried out its activities effectively, efficiently and economically
- about the effectiveness of its internal control
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.

Independence

In conducting my audit, I have complied with the independence requirements of the Australian Auditing Standards and other relevant ethical pronouncements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- 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 of New South Wales are not compromised in their role by the possibility of losing clients or income.



Steven Martin
Director, Financial Audit Services

19 October 2011
SYDNEY

NEW SOUTH WALES ABORIGINAL LAND COUNCIL

YEAR ENDED 30 JUNE 2011 STATEMENT BY THE COUNCIL MEMBERS

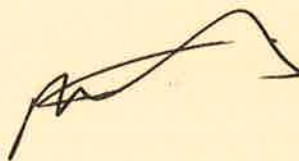
Pursuant to Section 41C of the Public Finance and Audit Act, 1983, we state that in our opinion:

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 2011 and its performance for the year ended on that date in accordance with Australian Accounting Standards and interpretations and the provisions of the *Public Finance and Audit Act 1983*, The Public Finance and Audit Regulation 2010 and the Treasurer's Direction.
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, we are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.



Jack Hampton
Councillor



Peter Smith
Councillor

Dated: 17 October 2011

NEW SOUTH WALES ABORIGINAL LAND COUNCIL

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2011

| | Notes | Accumulated Funds \$'000 | Revaluation Reserve \$'000 | Total \$'000 |
|---|-------|--------------------------------|----------------------------------|-----------------|
| Balance at 1 July 2009 | | 531,458 | 20,637 | 552,095 |
| Surplus/(Deficit) for the Year | | 34,518 | | 34,518 |
| Other comprehensive income | 38 | 6,252 | (401) | 5,851 |
| Total comprehensive income for the year | | 40,770 | (401) | 40,369 |
| Balance at 30 June 2010 | | 572,228 | 20,236 | 592,464 |
| Balance at 1 July 2010 | | 572,228 | 20,236 | 592,464 |
| Surplus/(Deficit) for the Year | | 5,714 | | 5,714 |
| Other comprehensive income | 38 | 5 | - | 5 |
| Total comprehensive income for the year | | 5,719 | - | 5,719 |
| Balance at 30 June 2011 | | 577,947 | 20,236 | 598,183 |

NEW SOUTH WALES ABORIGINAL LAND COUNCIL

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2011

| CASH FLOWS FROM OPERATING ACTIVITIES | | 2011 | 2010 |
|---|--------------|-----------------------|------------------------|
| | Notes | <u>\$'000</u> | <u>\$'000</u> |
| Receipts | | | |
| Sale of Goods | | 3,250 | 3,549 |
| Interest and Investment Income | | 45,585 | 65,298 |
| Grants and Subsidies | | 1,336 | 4,328 |
| Other | | 3,102 | 4,175 |
| Total Receipts | | <u>53,273</u> | <u>77,350</u> |
| Payments | | | |
| Employee related | | 12,666 | 11,397 |
| Grants and subsidies | | 2,217 | 944 |
| Other | | 30,196 | 33,803 |
| Total Payments | | <u>45,079</u> | <u>46,144</u> |
| NET CASH FLOWS FROM OPERATING ACTIVITIES | 35 | <u>8,195</u> | <u>31,206</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Proceeds from sale of Land and Buildings, Plant and Equipment | 11 | 18 | 5 |
| Proceeds from sale of Financial Assets | | 35,777 | 35,887 |
| Purchases of Property, Plant and Equipment | 27 | (417) | (925) |
| Purchases of Financial Assets | | (44,801) | (65,370) |
| NET CASH FLOWS FROM INVESTING ACTIVITIES | | <u>(9,423)</u> | <u>(30,403)</u> |
| NET INCREASE/(DECREASE) IN CASH | | (1,228) | 803 |
| Opening Cash and Cash Equivalents | | 7,213 | 6,395 |
| Cash received from dissolved LALCs | | - | 15 |
| CLOSING CASH AND CASH EQUIVALENTS | 21 | <u>5,985</u> | <u>7,213</u> |

NEW SOUTH WALES ABORIGINAL LAND COUNCIL

Notes to and forming part of the Financial Statements for the year ended 30 June 2011

(i) Contributions

An unconditional contribution received (including grants and donations) is recognised as revenue when the Council obtains control over the assets comprising the contribution. Control over contributions is normally obtained upon the receipt of cash.

An exception to the above is when contributions received which compensate the Council for expenses incurred are recognised in Statement of Comprehensive Income as grants and contribution on a systematic basis in the same period in which the expenses are recognised. Any unspent contributions at year end and repayable to the funding bodies in the following financial year, therefore the unspent contributions are accounted for as liabilities rather than revenue.

(ii) Sale of Goods

Revenue from the sale of goods is recognised as revenue when the Council transfers the significant risks and rewards of ownership of the assets. It is measured at the fair value of consideration received or receivable, net of returns, trade discounts and volume rebates.

(iii) Investment Revenue

Investment revenue comprises interest income on funds invested, dividend income, changes in fair value of financial assets at fair value through profit and loss account are recognised using the effective interest method as set out in AASB 139 *Financial Instruments: Recognition and Measurement*. Dividend revenue is recognised in accordance with AASB 118 *Revenue* when the Council's right to receive payment is established.

(iv) Foreign currency gain and losses

During the year the Council held investments denominated in foreign currencies and transitional funds held in foreign currency as a result of moving funds between fund managers. Transactions in foreign currencies are translated to Australian dollar at exchange rates at the dates of the transactions. Monetary assets denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at balance date. Foreign currency differences arising on translation are recognised in the Statement of Comprehensive Income. Foreign currency gains and losses are reported on a net basis.

(v) Rental income

Rental income is included in other income in the Statement of Comprehensive Income. Rental income is recognised with AASB 117 *Leases* on a straight line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

(vi) Land Claims

The Council claims land under the *Aboriginal Land Rights Act 1983* or under *Commonwealth Native Title Act 1993*. Land claimed from State or Commonwealth government is valued at fair value recognised as income and capitalised as land asset.

(vii) Other revenue

Other revenue is recognised when the right to receive the revenue has been established.

(b) Expenses

All expenses incurred on an accrual basis are recognised as expenditure for the year to the extent that the Council has benefited by receiving goods or services and the expenditure can be reliably measured.

NEW SOUTH WALES ABORIGINAL LAND COUNCIL
Notes to and forming part of the Financial Statements for the year ended 30 June 2011

(i) Employee expenses

Employee expenses includes salaries and wages for the year, workers compensation insurance premium for the year, 9% defined contribution incurred for employees under defined contribution scheme and amounts nominated by the fund managers in respect of defined benefit schemes. Annual leave and long service leave expenses are charged as stated in Note 3 (d) (ii).

(ii) Depreciation expenses

Depreciation expenses are charged as stated in 3 (c) (vii)

(iii) Maintenance expenses

Maintenance expenses are charged as stated in 3 (c) (vii)

(iv) Insurance expenses

The Council holds insurance policies covering property, public liability, workers compensation, Councillors' liability and other contingencies. These insurance covers are conducted through the Omega Insurance Brokers Pty Ltd. The premium is determined by the Insurer based on past claim experience.

(v) Funding expenses for Local Aboriginal Land Councils

Funding for Local Aboriginal Land Councils is charged to the Statement of Comprehensive Income as per the agreed amount of allocation paid or payable for the year as per the funding agreement. If a Local Aboriginal Land Council is in breach of the statutory requirements, only essential payments are made as per the *Aboriginal Land Rights Act 1983* and expensed in the Statement of Comprehensive Income as funding of Local Aboriginal Land Councils.

(c) Assets

(i) Cash and cash equivalent

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. The Council has no bank overdrafts.

(ii) Receivables

Receivables include trade and other receivables, and statutory debts.

Trade and other receivables (including loans) are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets 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. Any changes are recognised in the surplus/ (deficit) for the year when impaired, derecognised or through the amortisation process. An allowance for impairment of receivables is established when there is objective evidence that the Council will not be able to collect all amounts due. Collectability of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off.

During the year the Council implemented a debt management policy and guidelines to manage and recover statutory debts incurred by the Council on behalf of LALCS. The policy and guidelines established how to assess the recoverability of debts, the amounts to be written-off or waived and the recoverability of outstanding debts. The policy is being implemented during the year and the movement in the allowance for impairment with the outstanding debt is disclosed in note 22.

NEW SOUTH WALES ABORIGINAL LAND COUNCIL

Notes to and forming part of the Financial Statements for the year ended 30 June 2011

Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

(iii) Biological Assets and Agricultural Produce

NSW Aboriginal Land Council owns and operates rural properties throughout the Western region of NSW. Crops are planted, grown and harvested on an annual basis and used for a combination of profit making purposes including: marketed and sold for food; used for future plantings; and fodder for livestock.

Livestock asset cycle from acquisition to disposal is dependent on seasonal conditions including quality of feed. Livestock is valued at fair value less estimated point-of-sale costs. Gains or losses arising on initial recognition of biological assets at fair value less estimated point-of-sale costs and from changes in fair value less estimated point-of-sale costs are included in the Statement of Comprehensive Income.

Fair value of livestock is determined as the best available estimate for livestock with similar attributes such as weight and condition.

Where the fair value of biological assets cannot be obtained, the biological assets are measured at their cost less any accumulated depreciation and any accumulated impairment losses.

Cropping asset cycle from planting to harvest is dependent on seasonal conditions and disease including annual rainfall, temperature and ground preparation. Cropping input costs are measured on initial recognition and capitalised at each reporting date at cost of production.

Fair value of grain on hand is determined as the best available estimate for grain with similar attributes such as quality, size and variety less any point-of sale costs.

Grain on hand includes all grain stored in silos on Council's properties or at the point nominated by the funding company at reporting date.

(iv) Investments

Investments are initially recognised at fair value plus transaction costs for those investments that are not at fair value through profit or loss. The Council determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this at each financial year end.

- *Fair value through profit or loss* - The Council subsequently measures investments classified as "held for trading" or designated upon initial recognition "at fair value through profit or loss" at fair value. 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 these assets are recognised in the Statement of Comprehensive Income.
- *Held to maturity investments* - Non-derivative financial assets with fixed or determinable payments and fixed maturity that the Council has the positive intention and ability to hold to maturity are classified as "held to maturity". These investments are measured at amortised cost using the effective interest method. Changes are recognised in the Statement of Comprehensive Income when impaired, derecognised or through the amortisation process.
- *Available for sale investments* - Any residual investments that do not fall into any other category are accounted for as available for sale investments and measured at fair value directly in equity until disposed or impaired, at which time the cumulative gain or loss previously recognised in equity is recognised in the Statement of Comprehensive Income. However, interest calculated using the effective interest method and dividends are recognised in the Statement of Comprehensive Income.

Purchases or sales of investments under contract that require delivery of the asset within the timeframe established by convention or regulation are recognised on the trade date i.e. the date the entity commits itself to purchase or sell the asset.

NEW SOUTH WALES ABORIGINAL LAND COUNCIL

Notes to and forming part of the Financial Statements for the year ended 30 June 2011

The fair value of investments that are traded at fair value in an active market is determined by reference to quoted current bid prices at the close of business on the Statement of Financial Position date.

- *Impairment of financial assets*

All financial assets, except those measured at fair value through Statement of Comprehensive Income, are subject to an annual review for impairment. An allowance for impairment is established when there is objective evidence that the entity will not be able to collect all amounts due.

For financial assets carried at amortised cost, the amount of the allowance is the difference between the assets carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the impairment loss is recognised in the Statement of Comprehensive Income.

When an available for sale financial asset is impaired, the amount of the cumulative loss is removed from equity and recognised in the Statement of Comprehensive Income, based on the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss previously recognised in the Statement of Comprehensive Income.

Any reversals of impairment losses are reversed through the Statement of Comprehensive Income, where there is objective evidence, the only exception being reversals of impairment losses on an investment in an equity instrument classified as "available for sale" must be made through the reserve. Reversals of impairment losses of financial assets carried at amortised cost cannot result in a carrying amount that exceeds what the carrying amount would have been had there not been an impairment loss.

- *De-recognition of financial assets and financial liabilities*

A financial asset is derecognised when the contractual rights to the cash flows from the financial assets expire; or if the Council transfers the financial asset:

- Where substantially all the risks and rewards have been transferred or;
- Where the Council has not transferred substantially all the risks and rewards, if the entity has not retained control.

Where the Council has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of the Council's continuing involvement in the asset.

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires.

(v) Trust Funds

The Council receives monies in a trustee capacity for the Gumbaynggir Tribal Aboriginal Elders Corporation as set out in Note 36. The Council has no control of the funds and the funds cannot be used for the achievement of the Council's own objectives. The Council performs as a custodial role in respect of these funds. Therefore, these funds are not recognised in the financial statements.

(vi) Other Assets

Other assets include superannuation assets and prepayments. Other assets are recognised on a cost basis.

If a surplus exists in the employer's interest in the defined benefit fund, the Council recognised the amount as superannuation asset and take advantage of it in the form of a reduction in the required contribution rate, depending on the advice of the Fund's actuary. Where a deficiency exists, the employer is responsible for any difference between the employer's share of Fund assets and the defined benefit obligation and recognised as liability.

NEW SOUTH WALES ABORIGINAL LAND COUNCIL

Notes to and forming part of the Financial Statements for the year ended 30 June 2011

(vii) Property, Plant & Equipment

- Acquisitions of Assets

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by the Council. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the requirements of other Australian Accounting Standards.

Assets acquired at no cost, or for nominal consideration, are initially recognised at their fair value at the date of acquisition.

Fair value is the amount for which an asset could be exchanged between knowledgeable and willing parties in an arm's length transaction.

Where payment for an asset is deferred beyond normal credit terms, its cost is the cash price equivalent, i.e. deferred payment amount is effectively discounted at an asset-specific rate.

- Capitalisation Thresholds

Property, plant and equipment and intangible assets costing \$1,000 (\$1,000 in 2009-2010) and above individually (or forming part of a network costing more than \$1,000) are capitalised.

- Revaluation of Property, Plant and Equipment

Physical non-current assets are valued in accordance with the "Valuation of Physical Non-Current Assets at Fair Value" Policy and Guidelines Paper (TPP 07-1). This policy adopts fair value in accordance with AASB 116 *Property, Plant and Equipment*.

Property, plant and equipment is measured on an existing use basis, where there are no feasible alternative uses in the existing natural, legal, financial and socio-political environment. However, in the limited circumstances where there are feasible alternative uses, assets are valued at their highest and best use.

Fair value of property, plant and equipment is determined based on the best available market evidence, including current market selling prices for the same or similar assets. Where there is no available market evidence, the asset's fair value is measured at its market buying price, the best indicator of which is depreciated replacement cost.

Non-specialised assets with short useful lives are measured at depreciated historical cost, as a surrogate for the fair value. The Council reviews the estimated useful lives for major plant and equipment at the end of each annual reporting period. Property is revalued at least every five years or with sufficient regularity to ensure that the carrying amount does not differ materially from its fair value at reporting date. The revaluation of property was completed on 30 June 2009 based on an independent assessment and management considered that there is no significant movement in relation to the current market value.

When revaluing non-current assets by reference to current prices for assets newer than those being revalued (adjusted to reflect the present condition of the assets), the gross amount and the related accumulated depreciation are separately restated.

For other assets, any balances of accumulated depreciation at the revaluation date in respect of those assets are credited to the asset accounts to which they relate. The net asset accounts are then increased or decreased by the revaluation increments or decrements.

Revaluation increments are credited directly to the asset revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset class previously recognised as an expense in Statement of Comprehensive Income, in which case the increase is credited to the Statement of Comprehensive Income to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of

NEW SOUTH WALES ABORIGINAL LAND COUNCIL

Notes to and forming part of the Financial Statements for the year ended 30 June 2011

land and buildings is charged as an expense in profit or loss to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation of that asset.

As a not-for-profit entity, the Council's revaluation increments and decrements are offset against one another within a class of non-current assets, but not otherwise.

Where an asset that has previously been revalued is disposed of, any balance remaining in the asset revaluation reserve in respect of that asset is transferred to accumulated funds.

- **Impairment of Property, Plant and Equipment**

As a not-for-profit entity, the Council is effectively exempt from AASB 136 *Impairment of Assets* and impairment testing. This is because AASB 136 modifies the recoverable amount test to the higher of fair value less costs to sell and depreciated replacement cost. This means that, for an asset already measured at fair value, impairment can only arise if selling costs are material. Selling costs are regarded as immaterial.

- **Depreciation of Property, Plant and Equipment**

Depreciation is provided on a straight-line basis for all depreciable assets so as to write off the depreciable amount of each asset as it is consumed over its useful life to the Council.

All material separately identifiable components of assets are depreciated over their shorter useful lives.

Land is not a depreciable asset. Certain original artwork and collections have a long useful life and depreciation for these items cannot be reliably measured because the useful life and the net amount to be recovered at the end of the useful life cannot be reliably measured. In these cases, depreciation is not recognised. The decision not to recognise depreciation for these assets is reviewed annually.

The depreciation rates used for each class of depreciable assets for the estimated useful lives are:

| <i>Class of Fixed Assets</i> | <i>Depreciation Rate</i> | <i>Useful Life</i> |
|---|--------------------------|--------------------|
| Land is not depreciated | | |
| Buildings | 3.33% – 5.00% | 20 – 30 years |
| Motor Vehicles | 20.00% | 5 years |
| Computer equipment | 33.33% | 3 years |
| Other Equipment, Furniture and Fittings | 20.00% | 5 years |

Useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

- **Maintenance**

Day-to-day servicing costs or maintenance are charged as expenses as incurred, except where they relate to the replacement of a part or component of an asset, in which case the costs are capitalised and depreciated.

(viii) **Artefacts**

Artefacts includes aboriginal artwork, sculptures carved and painted rocks. These assets are not depreciated and revalued on a regular basis by an expert valuer. Any change in value is accounted as explained in Note 29.

(ix) **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.

NEW SOUTH WALES ABORIGINAL LAND COUNCIL

Notes to and forming part of the Financial Statements for the year ended 30 June 2011

Where a non-current asset is acquired by means of a finance lease, the asset is recognised at its fair value at the commencement of the lease term. The corresponding liability is established at the same amount. Lease payments are allocated between the principal component and the interest expense.

Operating lease payments are charged to the Statement of Comprehensive Income in the periods in which they are incurred.

(x) Intangible Assets

The Council recognises intangible assets only if it is probable that future economic benefits will flow to the Council and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. Where an asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition.

All research costs are expensed. Development costs are only capitalised when certain criteria are met.

The useful lives of intangible assets are assessed to be finite. Intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for the Council's intangible assets, the assets are carried at cost less any accumulated amortisation.

The Council's intangible assets are amortised using the straight line method over a period of three years.

In general, intangible assets are tested for impairment where an indicator of impairment exists. However, as a not-for-profit entity, the Council is effectively exempted from impairment testing (refer paragraph (m)).

(d) Liabilities

(i) Payables

These amounts represent liabilities for goods and services provided to the Council. Payables 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. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

(ii) Employee Benefits and Other Provisions

• Salaries and Wages, Annual Leave and On-Costs

Liabilities for salaries and wages (including non-monetary benefits) and annual leave that fall due wholly within twelve months of the reporting date are recognised and measured in respect of employees' services up to the reporting date at undiscounted amounts based on the amounts expected to be paid when the liabilities are settled.

Long-term annual leave that is not expected to be taken within twelve months is measured at present value in accordance with AASB 119 *Employee Benefits*. Market yields on government bonds of 5.21% (2009-2010 5.33%) was applied to discount long-term annual leave.

The outstanding amounts of workers' compensation insurance premiums and fringe benefits tax, which are consequential to employment, are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised.

• Long Service Leave and Superannuation

Long service leave is measured at present value in accordance with AASB 119 *Employee Benefits*. This is based on the application of certain factors (specified in NSWTC 11-06) to all employees using current rates of pay. These factors were determined based on an actuarial review to approximate present value.

In respect of defined contribution schemes (i.e. Basic Benefit and First State Super), expense is calculated as percentage of the employees' salary. For the defined benefit schemes (i.e. State Superannuation Scheme and

NEW SOUTH WALES ABORIGINAL LAND COUNCIL

Notes to and forming part of the Financial Statements for the year ended 30 June 2011

State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employees' superannuation contributions.

- Other Provisions

Other provisions exist when the Council has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

A make good provision for the lease of the Zone Offices is discounted at 4.74% and 4.76%, which reflects the current market assessment of the time value of money and the risk specific to the liability.

(iii) Grants received in advance

Grants received in advance are recognised as explained in Note 3 (a) (i)

(e) *Dissolution of Local Aboriginal Land Councils*

Pursuant to sections 87(1) (e) and 89 (1) of the *Aboriginal Land Rights Act 1983*, the Minister of Aboriginal Affairs has dissolved Quambone Local Aboriginal Land Council on 29 January 2010 and Koompahtoo Local Aboriginal Land Council on 12 March 2010 and has transferred all assets, rights and liabilities of both Local Aboriginal Land Councils to the NSW Aboriginal Land Council. As a result of the transfer any net asset or liability at the date of dissolution is recognised in the Statement of Changes in Equity.

(f) *Transfer of property to Local Aboriginal Land Councils*

During the year ended 30 June 2010, the Council transferred properties to Wilcannia Local Aboriginal Land Council at fair value. The net amount transferred after adjusting for the revaluation reserve is disclosed in the Statement of Changes in Equity.

(g) *Accounting for the Goods and Services Tax (GST)*

Revenues, expenses and assets are recognised net of the amount of GST, except when:

- the amount of GST incurred by the Council as a purchaser is not recoverable from the Australian Taxation Office is recognised as part of the cost of acquisition of an asset or as part of an item of expense, and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included as a current asset or liability in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis. However, the GST components of cash flows arising from investing and financing activities which is recoverable from or payable to the Australian Taxation Office are classified as operating cash flows.

(h) *Tax Exemptions*

The Council is 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 the Payroll Tax under *Payroll Tax Act 2007*.

(i) *Comparative information*

Except when an Australian Accounting Standard permits or requires otherwise, comparative information is disclosed in respect of the previous year for all amounts reported in the financial statements.

NEW SOUTH WALES ABORIGINAL LAND COUNCIL

Notes to and forming part of the Financial Statements for the year ended 30 June 2011

(j) *New Australian Accounting Standards issued but not yet effective*

i. Standards and Interpretations affecting amounts reported in the current period (and/or prior periods)

There are no Standards and Interpretations affecting amounts reported in the current period (and /or prior periods)

Standards affecting presentation and disclosure

- Amendments to AASB 7 'Financial Instruments - Disclosure' (adopted in advance of effective date of 1 January 2011)
The amendments (part of AASB 2010-4 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project') clarify the required level of disclosures about credit risk and collateral held and provide relief from disclosures previously required regarding renegotiated loans.
- Amendments to AASB 5 'Non-current Assets Held for Sale and Discontinued Operations'
Disclosures in these financial statements have been modified to reflect the clarification in AASB 2009-5 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project' that the disclosure requirements in Standards other than AASB 5 do not generally apply to noncurrent assets classified as held for sale and discontinued operations.
- Amendments to AASB 101 'Presentation of Financial Statements' (adopted in advance of effective date of 1 January 2011)
The amendments (part of AASB 2010-4 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project') clarify that an entity may choose to present the required analysis of items of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements. All material items are adequately disclosed by way of notes to the financial statements.
- Amendments to AASB 107 'Statement of Cash Flows'
The amendments (part of AASB 2009-5 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project') specify that only expenditures that result in a recognised asset in the statement of financial position can be classified as investing activities in the statement of cash flows. Consequently, cash flows in respect of development costs that do not meet the criteria in AASB 138 'Intangible Assets' for capitalisation as part of an internally generated intangible asset (and, therefore, are recognised in profit or loss as incurred) have been reclassified from investing to operating activities in the statement of cash flows.

ii. Standards and Interpretations reviewed for adoption but have no effect on financial statements

The following new and revised Standards and Interpretations have also been reviewed for its adoption in these financial statements. Their adoption has not had any significant impact on the amounts reported in these financial statements but may affect the accounting for future transactions or arrangements.

| | |
|---|---|
| AASB 2009-5 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project' | Except for the amendments to AASB 5 and AASB 107 described earlier this section, the application of AASB 2009-5 has not had any material effect on amounts reported in the financial statements. |
| AASB 2009-8 'Amendments to Australian Accounting Standards – Group Cash-Settled Share based Payment Transactions' | The application of AASB 2009-8 makes amendments to AASB 2 'Share-based Payment' to clarify the scope of AASB 2, as well as the accounting for group cash-settled share-based payment transactions in the separate (or individual) financial statements of an entity receiving the goods or services when another group entity or shareholder has the obligation to settle the award. The Council's financial statements are not impacted by these amendments. |

NEW SOUTH WALES ABORIGINAL LAND COUNCIL
Notes to and forming part of the Financial Statements for the year ended 30 June 2011

| | |
|--|--|
| AASB 2009-10 'Amendments to Australian Accounting Standards – Classification of Rights Issues' | The application of AASB 2009-10 makes amendments to AASB 132 'Financial Instruments: Presentation' to address the classification of certain rights issues denominated in a foreign currency as either an equity instrument or as a financial liability. To date, the Council has not entered and it has no legal right to enter into any arrangements that would fall within the scope of the amendments. |
| AASB 2010-3 'Amendments to Australian Accounting Standards arising from the Annual Improvements Project' | The application of AASB 2010-3 makes amendments to AASB 3(2008) 'Business Combinations' to clarify that the measurement choice regarding non-controlling interests at the date of acquisition is only available in respect of noncontrolling interests that are present ownership interests and that entitle their holders to a proportionate share of the entity's net assets in the event of liquidation. All other types of noncontrolling interests are measured at their acquisition-date fair value, unless another measurement basis is required by other Standards. In addition, the application of AASB 2010-3 makes amendments to AASB 3(2008) to give more guidance regarding the accounting for share-based payment awards held by the acquiree's employees. Specifically, the amendments specify that share-based payment transactions of the acquiree that are not replaced should be measured in accordance with AASB 2 'Share-based Payment' at the acquisition date ('market-based measure'). This amendment is not applicable to the Council. |
| AASB 2010-4 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project' | Except for the amendments to AASB 7 and AASB 101 described earlier this section, the application of AASB 2010-4 has not had any material effect on amounts reported in the financial statements. |
| Interpretation 19 'Extinguishing Financial Liabilities with Equity Instruments' | This Interpretation provides guidance regarding the accounting for the extinguishment of a financial liability by the issue of equity instruments. In particular, the equity instruments issued under such arrangements will be measured at their fair value, and any difference between the carrying amount of the financial liability extinguished and the fair value of equity instruments issued will be recognised in profit or loss. This amendment is not applicable to the Council |

iii. Standards and Interpretations in issue not yet adopted

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

| Standard/Interpretation | Effective for annual reporting periods beginning on or after | Expected to be initially applied in the financial year ending |
|---|---|--|
| AASB 124 'Related Party Disclosures' (revised December 2009), AASB 2009-12 -Amendments to Australian Accounting Standards | 1 January 2011 | 30 June 2012 |

NEW SOUTH WALES ABORIGINAL LAND COUNCIL

Notes to and forming part of the Financial Statements for the year ended 30 June 2011

| | | |
|---|----------------|--------------|
| AASB 9 'Financial Instruments', AASB 2009- 11 'Amendments to Australian Accounting Standards arising from AASB 9' and AASB 2010-7 'Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)' | 1 January 2013 | 30 June 2014 |
| AASB 2009-14 'Amendments to Australian Interpretation -- Prepayments of a Minimum Funding Requirement' | 1 January 2011 | 30 June 2012 |
| AASB 2010-5 'Amendments to Australian Accounting Standards' | 1 January 2011 | 30 June 2012 |
| AASB 2010-6 'Amendments to Australian Accounting Standards -- Disclosures on Transfers of Financial Assets' | 1 July 2011 | 30 June 2012 |
| AASB 2010-8 'Amendments to Australian Accounting Standards -- Deferred Tax: Recovery of Underlying Assets' | 1 January 2012 | 30 June 2013 |

4. DETERMINATION OF FAIR VALUES

A number of accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods:

(i) Property, plant and equipment

The fair value of property, plant and equipment recognised as a result of the dissolution of Local Aboriginal Land Councils was based on market values. The market value of property was the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction. The market value of items of furniture and fittings is based on the market approach for similar items when available and replacement cost when appropriate.

(ii) Trade and other receivables

The fair value of trade and other receivables is based on the net realisable value after considering any possible risks of impairment. All trade and other receivables, after impairment, are expected to be received within a short period of time and considered as fair values at the date of dissolution.

(iii) Trade and other payables

Trade and other payables are expected to be paid within a short period of time and were considered as fair values at the date of dissolution.

When applicable, further information about the assumptions made in determining fair values are disclosed in the notes specific to the assets or the liability.

5. FINANCIAL RISK MANAGEMENT

The Council has exposure to the following risks from the use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

This note presents information about the Council's exposure to each of the above risks, their objectives, policies, and processes for measuring and managing risk, and their management of capital. Further quantitative disclosures are included through these consolidated financial statements.

NEW SOUTH WALES ABORIGINAL LAND COUNCIL

Notes to and forming part of the Financial Statements for the year ended 30 June 2011

Risk Management framework

The Councillors have the overall responsibility for the establishment and oversight of the risk management framework. The Director for Corporate Governance is responsible for developing and monitoring the overall risk management strategy and policies for the Council. The Chief Investment Officer is responsible for the establishment and oversight of risk management and reviews of Council's investments. The Director for Corporate Governance reports to the Audit Committee in the capacity of the Chief Audit Executive, which in turn reports regularly to the Councillors on its activities. The Chief Investment Officer reports to the Investment Committee, which in turn reports regularly to the Councillors on its activities.

Risk management policies are established to identify and analyse the risks faced by the Council in setting appropriate risk limits and controls, and to monitor risk and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Council's activities. The Council through the training in and implementation of policies and procedures has developed a disciplined and constructive control environment in which all employees understand their roles and obligations. The Audit Committee oversees how management monitors compliance with the risk management policies and procedures and reviews the adequacy of the risk management framework in relation to risks faced by the Council. The Director for Corporate Governance in the capacity of the Chief Audit Executive manages the internal audit function by conducting scheduled and ad hoc reviews of risk management control procedures, the results of which are reported to the Audit Committee.

The Council's principal financial instruments comprise cash, short term deposits and portfolio of investments. The main purpose of these financial instruments is to fund Council's operations and its future sustainability. The Council has various other financial instruments such as debtors and trade creditors, which arise directly from its operations. The main risks arising from the Council's financial instruments are interest rate risk, liquidity risk and credit risk. The executive reviews and agrees policies for managing each of these risks and they are summarised below.

(a) Credit Risk

Credit risk is the risk of financial loss to the Council if a Council's debtor or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises from the financial assets of the Council, including cash, receivables, term deposits and investment in unit trust deposits. In regards to investments in unit trusts, this credit risk is reflected in the unit prices when the underlying securities are marked to market. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment). The Council has not granted any financial guarantees.

(i) Cash

Cash comprises cash on hand and bank balances with the National Australia Bank, Westpac Banking Corporation and the Commonwealth Bank of Australia. Interest is earned on daily bank balances at the monthly average cash rate. It is the Council's practice to deal with banks of "AAA" ratings. The Council monitors the financial stability of the banks that hold its funds, by reviewing their Annual Reports.

(ii) Receivables

The Council's exposure to credit risks is influenced mainly by the individual characteristics of each debtor. The Council has statutory debts, trade debts and other debts.

- *Statutory debts*

The Council incurred significant amounts of debt as a result of the application of legislation for Local Aboriginal Land Councils. These debts are grouped as statutory debts and not categorised as financial instruments as per the NSW Treasury Policy and Guideline TPP08-1. The Council assess the collectability of such debts on a case by case basis as a clear debt recovery policy cannot be established.

NEW SOUTH WALES ABORIGINAL LAND COUNCIL

Notes to and forming part of the Financial Statements for the year ended 30 June 2011

- *Trade debts*

All trade debtors are recognised as amounts receivable at balance date. Collectability of trade debtors is reviewed on an ongoing basis from the monthly aged analysis report. The Chief Finance Officer is responsible for the credit control function of all outstanding trade debtors. Debts which are known to be uncollectible are written off. An allowance for impairment is raised when there is objective evidence that the entity will not be able to collect all amounts due. This evidence includes past experience, and current and expected changes in economic conditions. The credit risk is the carrying amount (net of any allowance for impairment). No interest is earned on trade debtors. Sales are made on 30 day terms.

- *Other debts*

The Council is exposed to various concentrations of credit risk to other debts (other than statutory debts) receivable from Local Aboriginal Land Councils. These debts were incurred as a result of the payment of minor loans and advances repayable within in a short period of time. The credit risk is exposed in the monthly aged analysis report. The Chief Finance Officer, in conjunction with Zone Directors, is responsible for the collectability of debts due from Local Aboriginal Land Councils. The counter party risk that arises from mortgage loans is considered to be not material. The amounts due were reviewed on an individual basis and provision made for any impairment.

(iii) *Investments*

The Council's limits its exposure to credit risks by investing in banks by direct deposits, equities and in unit trusts with fund managers whose portfolio of investments is within the risk limits disclosed by the fund managers in the offer documents of their trusts. This risk is monitored by our investment consultants. The selection of asset classes is researched and recommended by the Council's investment consultant. The investment consultant provides a periodic review of all credit risks relating to different asset classes of investment and monitors the value of investments held as per the benchmark stated in the Investment Policy. This research takes into account such matters as counterparty and credit risk. The Council's investments, as disclosed in note 23, are managed by the Council in conjunction with its approved investment consultant and are not guaranteed from credit risk.

The Council has placed funds on deposit with a commercial bank with a "AAA" rating for a fixed term. It monitors the financial stability of the bank to determine any credit risk that might affect the Council by reviewing its Annual Reports and other financial publications. For fixed term deposits, the interest rate payable by the bank is negotiated initially and is fixed for the term of the deposit.

(b) *Liquidity Risk*

Liquidity risk is the risk that the Council will be unable to meet its payment obligations when they fall due. The Council continuously manages the risk through monitoring and planning future cash flows and (maturities planning) to ensure adequate holding of liquid assets. The objective is to maintain a balance between continuity of funding and flexibility through the use of appropriate investment strategies.

The liquidity risk that might arise from various classes of financial assets held by the Council and its management is explained under the credit risk of each class of financial asset.

The only line of credit the Council has is a corporate card facility of \$300K with the National Australia Bank.

During current and prior years, there were no defaults or breaches on any amounts payable to creditors. No assets have been pledged as collateral. The Council's exposure to liquidity risk is deemed insignificant based on prior periods' data and a current assessment of risk.

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy

NEW SOUTH WALES ABORIGINAL LAND COUNCIL

Notes to and forming part of the Financial Statements for the year ended 30 June 2011

set out in Treasurer's Direction 219.01. 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 a statement is received. Treasurer's Direction 219.01 allows the Minister to award interest for late payment. No interest was paid during the year.

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the income or value of the holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Council's exposures to market risk are as follows:

- Growth: the depth and length of the global economic downturn, and its impact on the investments held by the Council
- Systematic risk: liquidity and counterparty risks in financial markets
- Lack of Corporate Governance: Universal lack of corporate governance leads to fraud and bankruptcies.

The Council manages its market risk exposure by construction of risk framework that quantifies the risks in the portfolio and the probable outcomes from the portfolio given different events.

(i) Currency risk

The Council has direct exposure to foreign currency risk by investing into funds denominated in foreign currencies. In addition, the Council is also exposed to indirect foreign currency risk by the depositing of its funds in international investments by its fund managers. It also has some foreign currency exposure when foreign currency funds are held by the transitional custodian. Investment in foreign currency and foreign currency funds held by the transitional custodian are comprehensively monitored. The Council expects to minimise the direct risk by redeeming its funds in non Australian dollar denominated investments in the near future.

(ii) Interest rate risk

Exposure to interest rate risk arises primarily through the Council's term deposits and fixed income unit trust investment that have marked to market exposure. The Council account for any fixed rate financial instruments at fair value through profit or loss or as being available-for-sale. Therefore, for these financial instruments, a change in interest rates would affect the Statement of Comprehensive Income and equity. A reasonable possible change of rate provided by investment advisors is used, consistent with current trends in interest rates. This is reviewed quarterly and amended where there is a structural change in the level of interest rate volatility.

The interest rate risk in respect of corporate card facility is considered to be negligible.

(iii) Other price risk

Exposure to 'other price risk' primarily arises through investments with fund managers that are held for strategic rather than trading purposes. Investments within the portfolio are managed on an individual basis and all buy and sell decisions are recommended by the Investment Committee for the approval of the Council. The primary goal of the Council's investment strategy is to maximise investment returns in order to meet Council's operating expenses and preserve the funds. Management is assisted by external advisors in this regard. In accordance with this strategy, investments are designated at fair value through Statement of Comprehensive Income because their performance is actively monitored and they are managed on a fair value basis.

In 2009, the Council entered into a Grower Co-Production (GCP) contract to maximise their agricultural production and seek options to mitigate production risks. Any reduction in prices for agricultural produce is mitigated by this contract.

NEW SOUTH WALES ABORIGINAL LAND COUNCIL

Notes to and forming part of the Financial Statements for the year ended 30 June 2011

(d) Operational risk

The Council manage its operational risk as part of the risk management strategy. Operational risk is the direct and indirect losses arising from a wide variety of causes associated with the Council's processes, personnel, technology, legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risk arises from all of the Council's operations.

The Council's objective is to manage operational risk so as to balance the avoidance of financial losses and damages to the Council's reputation with overall cost effectiveness and to avoid control procedures that restricts initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. The responsibility is supported by the development of standards, policies and procedures in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorisation of transactions
- Requirements for the reconciliation and monitoring of transactions
- Compliance with regulatory and legal requirements
- Documentation of controls and procedures
- Requirements for the periodic reporting to senior management, relevant committees and Councillors.
- Training and professional development
- Risk mitigation, including insurance where this is effective.

Compliance with established standards, policies and procedures is supported by a programme of periodic review undertaken by Internal Audit. The results of the internal audit reviews are discussed with management of the business unit to which they relate, with reports submitted to Senior Management, the Audit Committee and the Council.

6. Capital Management

As per the legislative requirement, the Council has to maintain its capital value of \$485,340,000. The Council monitors its return on investments and operating expenditure to maintain its capital value. It has developed two key strategies – a Strategic Asset Allocation and Drawdown Rule for its capital management. The Minister for Aboriginal Affairs supports the Drawdown Rule developed by the Council. These strategies have been implemented and are closely monitored by the Council to maintain the capital value.

The Drawdown Rule is based on the following key elements:

- Previous drawdown
- Average asset value
- Long term spending rate

This rule was adopted on advice from the Council's investment advisor, Towers Watson Australia Pty Ltd. The annual expected future draw down is equal to 70% draw down in previous year and 30% of the average asset value in previous year times the long-term spending rate. Therefore, the projected maximum drawdown for expenditure is 5.57% of the investment balance in 2011-12 (5.93% of the investment balance in 2010-11). The draw down is projected to be reduced progressively from 4.8% to 4% over the next 5 years.

NEW SOUTH WALES ABORIGINAL LAND COUNCIL
Notes to and forming part of the Financial Statements for the year ended 30 June 2011

REVENUE

7. SALE OF GOODS

| | 2011 | 2010 |
|-----------------------------------|----------------------|----------------------|
| | <u>\$'000</u> | <u>\$'000</u> |
| Enterprise Income - Sale of Goods | 2,068 | 2,255 |
| | <u>2,068</u> | <u>2,255</u> |

8. INVESTMENT REVENUE

| | | |
|-----------------------------------|----------------------|----------------------|
| Interest | 1,570 | 2,474 |
| Dividends | 13,285 | 36,101 |
| Realised Gains | 22,835 | 8,760 |
| Realised foreign exchanges losses | (2,984) | - |
| | <u>34,705</u> | <u>47,335</u> |

9. GRANTS AND CONTRIBUTIONS

| | | |
|-------------------------------|---------------------|---------------------|
| Government Grants & Subsidies | 1,336 | 4,328 |
| | <u>1,336</u> | <u>4,328</u> |

10. OTHER REVENUE

| | | |
|--|---------------------|---------------------|
| Rent Received | 1,036 | 1,137 |
| Enterprise Income - Other | 145 | 156 |
| Investment Managers Fees Rebates | 540 | 528 |
| Reversal of Prior Year's Bad Debts Provision | 1 | 6,665 |
| Legal Expenses Recovered | 41 | 583 |
| Tracker Income | 48 | - |
| Assets Received at NIL Consideration | 535 | 147 |
| Other | 695 | 232 |
| | <u>3,042</u> | <u>9,448</u> |

11. GAIN/(LOSS) ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT

| | Motor Vehicles | Computer | Plant and Equipment | Artefacts | Land | Total |
|---------------------------------------|---------------------------|----------------------|--------------------------------|----------------------|----------------------|----------------------|
| 2011 | <u>\$'000</u> | <u>\$'000</u> | <u>\$'000</u> | <u>\$'000</u> | <u>\$'000</u> | <u>\$'000</u> |
| Proceeds from Disposal | 13 | - | 5 | - | - | 18 |
| Written Down Value of Assets Disposed | - | (2) | (8) | - | - | (10) |
| Net Gain/(Loss) on Disposal | <u>13</u> | <u>(2)</u> | <u>(3)</u> | <u>-</u> | <u>-</u> | <u>8</u> |
| | Motor Vehicles | Computer | Plant and Equipment | Artefacts | Land | Total |
| 2010 | <u>\$'000</u> | <u>\$'000</u> | <u>\$'000</u> | <u>\$'000</u> | <u>\$'000</u> | <u>\$'000</u> |
| Proceeds from Disposal | 5 | - | - | - | - | 5 |
| Written Down Value of Assets Disposed | (1) | (3) | (15) | (2) | - | (21) |
| Net Gain/(Loss) on Disposal | <u>4</u> | <u>(3)</u> | <u>(15)</u> | <u>(2)</u> | <u>-</u> | <u>(16)</u> |

NEW SOUTH WALES ABORIGINAL LAND COUNCIL
Notes to and forming part of the Financial Statements for the year ended 30 June 2011

12. OTHER GAINS/(LOSSES)

| | 2011 | 2010 |
|---|---------------|---------------|
| | <u>\$'000</u> | <u>\$'000</u> |
| CHANGES IN FAIR VALUE OF INVESTMENTS | | |
| Unrealised foreign exchanges losses | - | (300) |
| Change in fair value of financial assets classified as held for trading | 10,328 | 16,571 |
| | <u>10,328</u> | <u>16,271</u> |

EXPENSES EXCLUDING LOSSES

13. AUDIT FEES

| | 2011 | 2010 |
|--|---------------|---------------|
| | <u>\$'000</u> | <u>\$'000</u> |
| Fees paid to The Audit Office of New South Wales | 206 | 207 |
| Internal and Other Audit Fee | 138 | 98 |
| | <u>344</u> | <u>305</u> |

14. EMPLOYEE RELATED EXPENSES

| | 2011 | 2010 |
|---|---------------|---------------|
| | <u>\$'000</u> | <u>\$'000</u> |
| Salaries and wages (including recreation leave) | 10,777 | 9,650 |
| Superannuation - defined contribution plans | 905 | 842 |
| Leave expenses | 863 | 909 |
| Workers' compensation insurance | 200 | 242 |
| | <u>12,746</u> | <u>11,643</u> |

15. FUNDING OF LOCAL ABORIGINAL LAND COUNCILS

| | 2011 | 2010 |
|--------------------------------|---------------|---------------|
| | <u>\$'000</u> | <u>\$'000</u> |
| Local Aboriginal Land Councils | 13,957 | 13,690 |
| | <u>13,957</u> | <u>13,690</u> |

16. GRANTS

| | 2011 | 2010 |
|-------------------------|---------------|---------------|
| | <u>\$'000</u> | <u>\$'000</u> |
| Funeral Assistance | 733 | 727 |
| Grants - Endowment Fund | 1,334 | 182 |
| Others | 150 | 36 |
| | <u>2,217</u> | <u>945</u> |

17. MOTOR VEHICLE EXPENSES

| | 2011 | 2010 |
|--|---------------|---------------|
| | <u>\$'000</u> | <u>\$'000</u> |
| Motor vehicle operating lease payments | 510 | 419 |
| Other motor vehicle related expenses | 220 | 197 |
| | <u>729</u> | <u>616</u> |

NEW SOUTH WALES ABORIGINAL LAND COUNCIL
Notes to and forming part of the Financial Statements for the year ended 30 June 2011

| 18. MAINTENANCE EXPENSES | 2011 | 2010 |
|---|----------------------|----------------------|
| | <u>\$'000</u> | <u>\$'000</u> |
| Maintenance expense - contracted labour and other (non-employee related) | 405 | 268 |
| | <u>405</u> | <u>268</u> |

| 19. OTHER EXPENSES | 2011 | 2010 |
|---|----------------------|----------------------|
| | <u>\$'000</u> | <u>\$'000</u> |
| Staff Training, Development and Recruitment | 178 | 275 |
| Telephone & Communications | 250 | 216 |
| Insurance | 387 | 351 |
| Rates | 74 | 64 |
| Rent and Outgoings | 547 | 433 |
| Advertising | 29 | 35 |
| Public Relations and Publicity etc | 114 | 64 |
| Postage, Printing and Stationery | 259 | 109 |
| Meeting Costs | 41 | 30 |
| Workshop and Conference Costs | 136 | 83 |
| Electricity, Gas & Power | 171 | 216 |
| Election costs | 69 | - |
| 25th Anniversary Celebration | - | 8 |
| State-wide Conference | 401 | 22 |
| Valuation Fees | 6 | 3 |
| Office Equipment under \$1,000 | 34 | 11 |
| Office Supplies under \$500 | 11 | 14 |
| Contractor fees | 354 | 48 |
| Community Consultations | 75 | 70 |
| Other Expenses | 1,041 | 949 |
| | <u>4,174</u> | <u>3,001</u> |

| 20. PROGRAM EXPENSES | 2011 | 2010 |
|---|----------------------|----------------------|
| | <u>\$'000</u> | <u>\$'000</u> |
| Share of Contribution to Water and Sewerage Infrastructure Program* | 1,733 | 1,002 |
| Repair and Maintenance Project** | 691 | 3,782 |
| Other Program Expenses | 305 | 47 |
| | <u>2,729</u> | <u>4,831</u> |

Note:

*The Council paid 50% share of its contribution in relation to operation, maintenance and monitoring of water and sewerage services for Aboriginal Communities. The payment was made to the New South Wales Office of Water who manages the project as per the agreement between New South Wales State Government and the Council.

**The Council received grants from the Commonwealth Government by entering into a Program Funding Agreement with the Department of Families, Housing, Community Services and Indigenous Affairs to undertake a repairs and maintenance project on seventy homes owned by the Walgett Local Aboriginal Land Council. The Council manages this through appointing Arup Pty Ltd as the project consultant and Max Ryan Buildings Pty Ltd as a contractor. The project was completed in 2010-2011.

NEW SOUTH WALES ABORIGINAL LAND COUNCIL
Notes to and forming part of the Financial Statements for the year ended 30 June 2011

21. CASH AND CASH EQUIVALENTS

| | 2011 | 2010 |
|-----------------------------|---------------|---------------|
| | <u>\$'000</u> | <u>\$'000</u> |
| Cash at Bank and in Hand | 5,693 | 6,934 |
| Funeral Fund - Cash at Bank | 292 | 279 |
| | <u>5,985</u> | <u>7,213</u> |

22. RECEIVABLES

| | 2011 | 2010 |
|---|---------------|---------------|
| | <u>\$'000</u> | <u>\$'000</u> |
| a) Current | | |
| Trade Debtors | 1,346 | 798 |
| Statutory Debts (Local Aboriginal Land Council) | 951 | 835 |
| Loans on Demand (Local Aboriginal Land Council) | | |
| | 2,297 | 1,633 |
| Less: Allowance for Impairment | (24) | (60) |
| | <u>2,273</u> | <u>1,573</u> |

b) Non-Current

| | | |
|---|------------|--------------|
| Statutory Debts (Local Aboriginal Land Council) | 5,272 | 11,600 |
| Loans on Demand (Local Aboriginal Land Council) | 226 | 1,390 |
| | 5,498 | 12,990 |
| Less: Allowance for Impairment | (5,058) | (10,674) |
| | <u>440</u> | <u>2,316</u> |

Movement in the allowance for impairment

| | 2011 | 2010 |
|---|---------------|---------------|
| | <u>\$'000</u> | <u>\$'000</u> |
| Balance at 1 July | 10,734 | 17,583 |
| Amounts written off during the year | (6,934) | (2,261) |
| Increase in allowance recognised in Statement of Comprehensive Income | 1,283 | 2,036 |
| Decrease in allowance recognised in Other Revenue | (1) | (6,665) |
| Provision transferred from dissolved Local Aboriginal Land Council | - | 41 |
| Balance at 30 June | <u>5,082</u> | <u>10,734</u> |

Represented by:

| | | |
|-------------|----------------|-----------------|
| Current | (24) | (60) |
| Non-Current | (5,058) | (10,674) |
| | <u>(5,082)</u> | <u>(10,734)</u> |

23. BIOLOGICAL ASSETS

| | 2011 | 2010 |
|-----------------------------|---------------|---------------|
| | <u>\$'000</u> | <u>\$'000</u> |
| Livestock | 574 | 1,174 |
| Grain and Other Rural Stock | 109 | 306 |
| | <u>683</u> | <u>1,480</u> |

NEW SOUTH WALES ABORIGINAL LAND COUNCIL
Notes to and forming part of the Financial Statements for the year ended 30 June 2011

| Reconciliation of carrying amounts of livestock | 2011 | 2010 |
|--|----------------------|----------------------|
| | <u>\$'000</u> | <u>\$'000</u> |
| Carrying Amount at 1 July | 1,174 | 1,280 |
| Increases due to Purchases | - | 1,004 |
| Decrease due to Sales | (806) | (1,500) |
| Gain arising from changes in fair value less estimated point-of-sales costs attributable to price and physical changes | 206 | 390 |
| Carrying amount at 30 June | <u>574</u> | <u>1,174</u> |

| 24. FINANCIAL ASSETS AT FAIR VALUE | 2011 | 2010 |
|---|-----------------------|-----------------------|
| Financial Assets Held-for-Trading | <u>\$'000</u> | <u>\$'000</u> |
| Units in Australian Fixed Income | 18,104 | 24,772 |
| Units in Managed Australian Equities | 65,627 | 60,350 |
| Units in International Equities | 153,222 | 94,477 |
| Units in Australian Listed Property Trusts | 25,859 | 24,446 |
| Units in International Fixed Income | 21,408 | 147,023 |
| Units in Fixed Income - Target Return Fund | 57,067 | - |
| Absolute Return Funds | 147,580 | 97,138 |
| Indexed Global Inflation - Linked Bond Fund | 22,639 | 42,797 |
| Cash Fund | 36,490 | 9,091 |
| Term Deposits | 216 | 39,413 |
| Other | 1,660 | 1,377 |
| | <u>549,873</u> | <u>540,884</u> |

| 25. OTHER FINANCIAL ASSETS | 2011 | 2010 |
|-----------------------------------|----------------------|----------------------|
| | <u>\$'000</u> | <u>\$'000</u> |
| Mortgages* | 354 | 332 |
| | <u>354</u> | <u>332</u> |

| 26. OTHER | 2011 | 2010 |
|-----------------------|----------------------|----------------------|
| | <u>\$'000</u> | <u>\$'000</u> |
| Superannuation Assets | 20 | 19 |
| Prepayments | 152 | 321 |
| | <u>172</u> | <u>340</u> |

Note:

*The Council advanced a loan of \$350,000 in May 2009 to Yarramba Aboriginal Corporation (The Corporation) at the market rate of interest. Yarramba transferred the properties valued at \$3.5 million to the Council but continued to collect rent and manage the properties. The Council gave a deed of agreement to transfer the properties back to the Corporation once it repays the loan, outstanding interest and charges within a period of five years. Even though the properties have been registered in the name of the Council, the nature of the transaction is in the form of a loan and the properties are not included in the property plant and equipment of the Council and amount of money paid by the Council is treated as a loan receivable from the Corporation.

NEW SOUTH WALES ABORIGINAL LAND COUNCIL
Notes to and forming part of the Financial Statements for the year ended 30 June 2011

27. PROPERTY, PLANT AND EQUIPMENT

| | Land \$'000 | Building \$'000 | Plant and Equipment \$'000 | Motor Vehicle \$'000 | Work In Progress \$'000 | Total \$'000 |
|---|----------------|--------------------|----------------------------------|----------------------------|-------------------------------|-----------------|
| At 1 July 2010 - fair value | | | | | | |
| Gross carrying amount | 30,865 | 14,596 | 3,606 | 294 | 4 | 49,365 |
| Accumulated depreciation and impairment | - | (746) | (2,632) | (242) | - | (3,620) |
| Net Carrying Amount | 30,865 | 13,850 | 974 | 52 | 4 | 45,745 |

At 30 June 2011 - fair value

| | | | | | | |
|---|---------------|---------------|------------|-----------|----------|---------------|
| Gross carrying amount | 31,490 | 14,506 | 3,691 | 215 | - | 49,902 |
| Accumulated depreciation and impairment | - | (1,506) | (2,866) | (182) | - | (4,553) |
| Net Carrying Amount | 31,490 | 13,000 | 825 | 33 | - | 45,348 |

Reconciliation

A reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the current reporting period is set out below:

| | Land \$'000 | Building \$'000 | Plant and Equipment \$'000 | Motor Vehicle \$'000 | Work In Progress \$'000 | Total \$'000 |
|--|----------------|--------------------|----------------------------------|----------------------------|-------------------------------|-----------------|
| Year ended 30 June 2011 | | | | | | |
| Net carrying amount at 1 July 2010 | 30,865 | 13,850 | 974 | 52 | 4 | 45,745 |
| Additions: | | | | | | |
| Non-Cash Acquisition | 625 | 30 | | | | 655 |
| Transfer from WIP | | | 4 | | | 4 |
| Cash Acquisition | | | 311 | | | 311 |
| Disposals: | | | | | | |
| Disposal | | | (9) | - | | (9) |
| Transfer to LALC | - | | | | | - |
| Write Off | | (120) | (5) | | | (125) |
| Capitalisation | | | | | (4) | (4) |
| Depreciation expense | - | (760) | (450) | (19) | - | (1,229) |
| Net Carrying Amount at 30 June 2011 | 31,490 | 13,000 | 825 | 33 | - | 45,348 |

| | Land \$'000 | Building \$'000 | Plant and Equipment \$'000 | Motor Vehicle \$'000 | Work In Progress \$'000 | Total \$'000 |
|---|----------------|--------------------|----------------------------------|----------------------------|-------------------------------|-----------------|
| At 1 July 2009 - fair value | | | | | | |
| Gross carrying amount | 16,429 | 13,998 | 3,385 | 317 | 371 | 34,500 |
| Accumulated depreciation and impairment | - | (670) | (2,289) | (248) | - | (3,207) |
| Net Carrying Amount | 16,429 | 13,328 | 1,096 | 69 | 371 | 31,293 |

At 30 June 2010 - fair value

| | | | | | | |
|---|---------------|---------------|------------|-----------|----------|---------------|
| Gross Carrying amount | 30,865 | 14,596 | 3,606 | 294 | 4 | 49,365 |
| Accumulated depreciation and impairment | - | (746) | (2,632) | (242) | - | (3,620) |
| Net Carrying Amount | 30,865 | 13,850 | 974 | 52 | 4 | 45,745 |

NEW SOUTH WALES ABORIGINAL LAND COUNCIL

Notes to and forming part of the Financial Statements for the year ended 30 June 2011

Reconciliation

A reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the current reporting period is set out below:

| | Land \$'000 | Building \$'000 | Plant and Equipment \$'000 | Motor Vehicle \$'000 | Work In Progress \$'000 | Total \$'000 |
|--|----------------|--------------------|----------------------------------|----------------------------|-------------------------------|-----------------|
| Year ended 30 June 2010 | | | | | | |
| Net carrying amount at 1 July 2009 | 16,429 | 13,328 | 1,096 | 69 | 371 | 31,293 |
| Additions | 14,455 | 1,455 | 354 | 7 | 4 | 16,275 |
| Disposals | | | | (1) | | (1) |
| Transfer to LALCs | (19) | (197) | | | | (216) |
| Write Off | | | (18) | | | (18) |
| Capitalisation | | | | | (371) | (371) |
| Depreciation expense | | (736) | (458) | (23) | | (1,217) |
| Net Carrying Amount at 30 June 2010 | 30,865 | 13,850 | 974 | 52 | 4 | 45,745 |

28. INTANGIBLE ASSETS

| | 2011 \$'000 | 2010 \$'000 |
|--|----------------|----------------|
| Gross carrying amount | 1,253 | 1,289 |
| Accumulated amortisation and impairment | (722) | (481) |
| Work In Progress of Software Development | 186 | 96 |
| Carrying amount | 717 | 904 |

Reconciliation

| | 2011 \$'000 | 2010 \$'000 |
|--|----------------|----------------|
| Net carrying amount at 1 July | 808 | 539 |
| Additions | 17 | 474 |
| Amortisation | (294) | (205) |
| Disposals | - | - |
| Net carrying amount at 30 June | 531 | 808 |
| Work In Progress of Software Development | 186 | 96 |
| Carrying amount at 30 June | 717 | 904 |

29. ARTEFACTS

| | 2011 \$'000 | 2010 \$'000 |
|----------------------------------|----------------|----------------|
| Carrying value at 1 July | 634 | 383 |
| Additions | | 17 |
| Write Off | | (2) |
| Revaluation increment | | 236 |
| Carrying value at 30 June | 634 | 634 |

Artefacts were revalued on the 7th of November 2009 by an independent specialised valuer.

NEW SOUTH WALES ABORIGINAL LAND COUNCIL
Notes to and forming part of the Financial Statements for the year ended 30 June 2011

| 30. PAYABLES | 2011 | 2010 |
|---|----------------------|----------------------|
| | <u>\$'000</u> | <u>\$'000</u> |
| Accrued Salaries, Wages and On-Costs | 406 | 208 |
| Creditors | 2,003 | 1,931 |
| Funeral Fund - Refundable Contributions | 291 | 278 |
| | <u>2,701</u> | <u>2,417</u> |

| 31. PROVISIONS | 2011 | 2010 |
|---|----------------------|----------------------|
| Current | <u>\$'000</u> | <u>\$'000</u> |
| Current Employee benefits and related on-costs | | |
| Provision for Annual Leave-Short Term | 601 | 546 |
| Provision for Long Service Leave - Short Term | 112 | 95 |
| Provision for Annual Leave-Long Term | 304 | 279 |
| Provision for Long Service Leave - Long Term | 194 | 239 |
| Provision for Unfunded Superannuation (refer to Note 31(a)) | 188 | 207 |
| | <u>1,399</u> | <u>1,366</u> |

Non-Current

Non-Current Employee Benefits

| | | |
|----------------------------------|-------------------|-------------------|
| Provision for Long Service Leave | 268 | 257 |
| | <u>268</u> | <u>257</u> |

Other Non-Current Provisions

| | | |
|-------------------------|-------------------|-------------------|
| Provision for Make-Good | 56 | 52 |
| | <u>56</u> | <u>52</u> |
| | <u>324</u> | <u>309</u> |

Aggregate Employee Benefits and Related On-Costs

| | | |
|---|---------------------|---------------------|
| Provisions - Current | 1,399 | 1,366 |
| Provisions - Non Current | 268 | 257 |
| Accrued Salaries and Wages (refer to Note 30) | 406 | 208 |
| | <u>2,073</u> | <u>1,831</u> |

Movements in provisions (other than employee benefits)

Movements in each class of provision during the financial year, other than employee benefits are set out below:

| Provision for Make-Good | 2011 | 2010 |
|----------------------------------|----------------------|----------------------|
| | <u>\$'000</u> | <u>\$'000</u> |
| Carrying amount at 1 July | 52 | 28 |
| Additional Provisions Recognised | 4 | 24 |
| Carrying amount at 30 June | <u>56</u> | <u>52</u> |

Provision for make-good have been provided for the leased offices by the Council at the end of the lease terms

NEW SOUTH WALES ABORIGINAL LAND COUNCIL
Notes to and forming part of the Financial Statements for the year ended 30 June 2011

(a) Defined Benefit Superannuation

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)
 Police Superannuation Scheme (PSS)
 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.

Reconciliation of the present value of the defined benefit obligation

| | SASS 30-Jun-11 \$'000 | SANCS 30-Jun-11 \$'000 | SSS 30-Jun-11 \$'000 |
|--|-----------------------------|------------------------------|----------------------------|
| Present value of partly funded defined benefit obligation at beginning of the year | 217 | 34 | 941 |
| Current service cost | 7 | 1 | - |
| Interest cost | 9 | 1 | 47 |
| Contributions by Fund participants | 4 | - | - |
| Actuarial (gains)/losses | 32 | 2 | (16) |
| Benefits paid | (22) | - | (38) |
| Present value of partly funded defined benefit obligation at end of the year | 247 | 39 | 935 |

Reconciliation of the fair value of Fund assets

| | SASS 30-Jun-11 \$'000 | SANCS 30-Jun-11 \$'000 | SSS 30-Jun-11 \$'000 |
|--|-----------------------------|------------------------------|----------------------------|
| Fair value of Fund assets at beginning of the year | 171 | 54 | 779 |
| Expected return on Fund assets | 12 | 4 | 65 |
| Actuarial gains/(losses) | 23 | - | - |
| Contributions by Fund participants | 4 | - | - |
| Benefits paid | (22) | - | (38) |
| Fair value of Fund assets at end of the year | 188 | 58 | 806 |

Reconciliation of the assets and liabilities recognised in Statement of Financial Position

| | SASS 30-Jun-11 \$'000 | SANCS 30-Jun-11 \$'000 | SSS 30-Jun-11 \$'000 | Total 30-Jun-11 \$'000 |
|--|-----------------------------|------------------------------|----------------------------|------------------------------|
| Present value of partly funded defined benefit obligation at end of year | 247 | 39 | 935 | 1,221 |
| Fair value of Fund assets at end of year | (188) | (59) | (806) | (1,053) |
| Subtotal | 59 | (20) | 129 | 168 |
| Net liability recognised in balance sheet at end of year | 59 | - | 129 | 188 |
| Net asset recognised in balance sheet at end of year | - | (20) | - | (20) |

NEW SOUTH WALES ABORIGINAL LAND COUNCIL
Notes to and forming part of the Financial Statements for the year ended 30 June 2011

Expense recognised in Statement of Comprehensive Income

| | SASS | SANCS | SSS | Total |
|--|-----------|-----------|-----------|-----------|
| | 30-Jun-11 | 30-Jun-11 | 30-Jun-11 | 30-Jun-11 |
| Components Recognised in Income Statement | \$'000 | \$'000 | \$'000 | \$'000 |
| Current service cost | 7 | 1 | 0 | 8 |
| Interest cost | 9 | 1 | 47 | 58 |
| Expected return on Fund assets (net of expenses) | (12) | (4) | (65) | (81) |
| Expense/(income) recognised | 5 | (1) | (18) | (14) |

Amounts recognised in other comprehensive income

| | SASS | SANCS | SSS | Total |
|-----------------------------------|-----------|-----------|-----------|-----------|
| | 30-Jun-11 | 30-Jun-11 | 30-Jun-11 | 30-Jun-11 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Actuarial (gains)/losses | 9 | 1 | (15) | (5) |
| Adjustment for limit on net asset | - | - | - | - |

32. GRANTS RECEIVED IN ADVANCE

| | 2011 | 2010 |
|-------------------|--------------|--------------|
| | \$'000 | \$'000 |
| Unexpended Grants | 3,872 | 4,865 |
| | <u>3,872</u> | <u>4,865</u> |

33. COMMITMENTS FOR EXPENDITURE

Operating Lease Commitments

| | 2011 | 2010 |
|--|------------|--------------|
| | \$'000 | \$'000 |
| Future Non-Cancellable Operating Lease Rentals not Provided for and Payable: | | |
| Not Later Than One Year | 4 | 571 |
| Later Than One Year and Not Later Than Five Years | 596 | 451 |
| Over Five Years | - | - |
| Total (Including GST) | <u>600</u> | <u>1,022</u> |

Purchase Orders and Contractual Commitments

| | 2011 | 2010 |
|---|--------------|--------------|
| | \$'000 | \$'000 |
| Purchase Orders and Contractual Commitments | 2,711 | 1,493 |
| Total (Including GST) | <u>2,711</u> | <u>1,493</u> |
| | <u>3,311</u> | <u>2,515</u> |

GST of \$301K (\$227K 2009-2010) 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.

The Council has entered into an agreement with the State Government of New South Wales to contribute 50% of annual project expenditure in relation to operation, maintenance and monitoring of water and sewerage services in Aboriginal Communities. The actual commitment for the expenditure is only known when the New South Wales Office of Water provides a formal letter of advice to the Council.

NEW SOUTH WALES ABORIGINAL LAND COUNCIL

Notes to and forming part of the Financial Statements for the year ended 30 June 2011

| 34. CONTINGENT LIABILITIES | 2011 | 2010 |
|----------------------------|---------------|---------------|
| | <u>\$'000</u> | <u>\$'000</u> |

(a) Contingent liabilities

| | | |
|--------------|------------|----------|
| Legal Claims | 400 | - |
| | <u>400</u> | <u>-</u> |

The above legal claims in respect of various outstanding court cases may not result in actual liabilities to NSWALC. There are no known contingent assets as at the balance date.

35. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES TO NET SURPLUS

| | 2011 | 2010 |
|--|---------------|---------------|
| | <u>\$'000</u> | <u>\$'000</u> |
| Operating surplus from ordinary activities | 5,714 | 34,518 |
| Depreciation & amortisation | 1,523 | 1,422 |
| Allowance for impairment | 1,650 | 2,036 |
| Land claims at fair value | (535) | (147) |
| Receivable offset against dissolved LALC's liabilities | - | (9,082) |
| Superannuation actuarial gain/(loss) directly charged to accumulated funds | 5 | (26) |
| Non cash expense | 4 | |
| Less: reversal of prior years impairment | (1) | (6,665) |
| Less: bad debts written off | (7,301) | (2,261) |
| Less: (gain)/ loss on sale of non-current assets | (8) | 16 |

Other changes in assets and liabilities in respect of ordinary activities

| | | |
|---|---------------------|----------------------|
| Increase/ (decrease) in provisions | 48 | 253 |
| Decrease/ (increase) in receivables | 6,828 | 9,356 |
| Decrease/ (increase) in imputation tax receivable | 36 | 1,896 |
| Decrease/ (increase) in other financial assets | (23) | - |
| Decrease/ (increase) in other assets | 168 | - |
| Increase/ (decrease) in creditors | (709) | (352) |
| Decrease/ (increase) in inventories | 796 | 241 |
| Net cash inflows from ordinary activities | <u>8,195</u> | <u>31,206</u> |

36. LIABILITY AS TRUSTEE

The Council acts as trustee for the Gumbaynggir Tribal Aboriginal Elders Corporation.
The movement in the Trust bank account is:

| | 2011 | 2010 |
|-----------------------------------|-------------------|-------------------|
| | <u>\$'000</u> | <u>\$'000</u> |
| Opening balance at 1 July | 103 | 89 |
| Add: Receipts | 4 | 14 |
| Closing balance at 30 June | <u>107</u> | <u>103</u> |

Manager for a reserve trust (R52164)

As per the NSW Government gazette notice dated 27 January 2006 at Folio 504, the former Koornpathoo Local Aboriginal Land Council (KLALC) was appointed to manage the Awaba Community Hall (R52164) Reserve Trust

NEW SOUTH WALES ABORIGINAL LAND COUNCIL

Notes to and forming part of the Financial Statements for the year ended 30 June 2011

by the Minister for Lands as the Minister administering the Crown Lands Act 1989. There is no evidence available to determine whether any records including financial records were maintained for the Reserve Trust by the former KLALC. No known claims were placed against the Manager by any third parties. NSWALC, as the deemed Manager from 12 March 2010, has taken necessary insurance cover to avoid any future risk from this reserve. In addition, NSWALC is negotiating with the Land and Property Management Authority in relation to the future management of the Reserve Trust.

37. FINANCIAL INSTRUMENTS

The carrying amounts of the Council's principal financial instruments are outlined below. The Council does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. During the year Council invested through a number of fund managers as recommended by the Investment Consultant.

(a) Financial instrument categories

| Financial Assets | Note | Category | Carrying Amount 2011 \$'000 | Carrying Amount 2010 \$'000 |
|--------------------------------|------|--|-----------------------------------|-----------------------------------|
| Class: | | | | |
| Cash and cash equivalents | 21 | N/A | 5,985 | 7,213 |
| Receivables ¹ | 22 | Loans and receivables | 1,401 | 1,950 |
| Financial assets at fair value | 24 | At fair value through profit or loss – classified at held for trading | 549,144 | 540,884 |
| Other financial assets | 25 | Loans and receivables | 354 | 332 |

| Financial Liabilities | Note | Category | Carrying Amount 2011 \$'000 | Carrying Amount 2010 \$'000 |
|-----------------------|------|---|-----------------------------------|-----------------------------------|
| Class: | | | | |
| Payables ² | 30 | Financial liabilities measured at amortised cost | 6,085 | 7,050 |

Notes

1. Excludes statutory receivables and prepayments (i.e. not within the scope of AASB 7).

2. Excludes statutory payables and unearned revenue (i.e. not within the scope of AASB 7).

NEW SOUTH WALES ABORIGINAL LAND COUNCIL
Notes to and forming part of the Financial Statements for the year ended 30 June 2011

Fair value recognised in the Statement of Financial Position

The Council uses the following hierarchy for disclosing the fair value of financial instruments by valuation techniques:

- Level 1 - Derived from quoted prices in active markets for identical assets
- Level 2 - Derived from inputs other than quoted prices that are observable directly or indirectly
- Level 3 - Derived from valuation techniques that include inputs for the asset not based on observable market data (unobservable inputs)

| | Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 | 2011 Total \$'000 |
|--------------------------------|-------------------|-------------------|-------------------|----------------------|
| Financial assets at fair value | | | | |
| Managed funds | 547,997 | | - | 547,997 |
| Term deposits | - | 216 | - | 216 |
| Other cash facilities | - | 931 | - | 931 |
| | 547,997 | 1,147 | - | 549,144 |

(b) Credit Risk

The Council's maximum exposure to credit risk at the reporting date was:

(i) Cash

The Council has placed funds on deposit with commercial bank with "AAA" rating for a fixed term. For fixed term deposits, the interest rate payable by the bank is negotiated initially and is fixed for the term of the deposit. The deposits at balance date were earning an average interest rate of 5.20% (2009-2010- 5.33%), while over the year the weighted average interest rate was 5.41% (2009-2010-4.37%) on a weighted average balance during the year of \$4.8M (2009-2010- \$38.6M). None of these assets are past due or impaired.

(ii) Receivables – trade debtors

The only financial assets that are past due are listed below:

| | Total ^{1,2} \$'000 | Past due but not impaired ^{1,2} \$'000 | Considered impaired ^{1,2} \$'000 |
|--------------------|--------------------------------|---|---|
| 2011 | | | |
| < 3 months overdue | 948 | 948 | - |
| > 3 months overdue | 227 | 203 | 24 |
| 2010 | | | |
| < 3 months overdue | 334 | 334 | - |
| > 3 months overdue | 226 | 163 | 63 |

Notes

1. Each column in the table reports 'gross receivables'.

2. The ageing analysis excludes statutory receivables, as these are not within the scope of AASB 7 and excludes receivables that are not past due and not impaired. Therefore, the 'total' will not reconcile to the receivables total recognised in the statement of financial position.

NEW SOUTH WALES ABORIGINAL LAND COUNCIL
Notes to and forming part of the Financial Statements for the year ended 30 June 2011

(iii) Other Financial Assets

The only financial assets that are past due or impaired are listed below:

| | Total ^{1,2} \$'000 | Past due but not impaired ^{1,2} \$'000 | Considered impaired ^{1,2} \$'000 |
|--------------------|--------------------------------|---|---|
| 2011 | | | |
| < 3 months overdue | - | - | - |
| > 3 months overdue | 580 | 354 | 226 |
| 2010 | | | |
| < 3 months overdue | - | - | - |
| > 3 months overdue | 1,722 | 332 | 1,390 |

Notes

1. Each column in the table reports 'gross receivables'.

2. The ageing analysis excludes statutory receivables, as these are not within the scope of AASB 7 and excludes receivables that are not past due and not impaired. Therefore, the 'total' will not reconcile to the receivables total recognised in the statement of financial position.

(c) Liquidity risk

The table below summarises the maturity profile of the Council's financial liabilities, together with the interest rate exposure.

| <i>Maturity analysis and interest rate exposure of financial liabilities</i> | | | | | | |
|--|---|--|------------------------------|------------------|-------------------|-------------------|
| | Interest Rate Exposure | | | Maturity Dates | | |
| | Weighted Average Effective Int. Rate | Nominal Amount ¹ \$'000 | Nominal bearing \$'000 | < 1 yr \$'000 | 1-5 yrs \$'000 | > 5 yrs \$'000 |
| 2011 | | | | | | |
| Payables | | 1,922 | 1,922 | 1,922 | - | - |
| Funeral Fund-Contributions | | | | | | |
| Refundable | | 291 | 291 | - | - | 291 |
| Unexpended Grants | | 3,872 | 3,872 | 3,872 | - | - |
| | | 6,085 | 6,085 | 5,794 | - | 291 |
| 2010 | | | | | | |
| Payables | | 1,907 | 1,907 | 1,907 | - | - |
| Funeral Fund-Contributions | | | | | | |
| Refundable | | 278 | 278 | - | - | 278 |
| Unexpended Grants | | 4,865 | 4,865 | 4,865 | - | - |
| | | 7,050 | 7,050 | 6,772 | - | 278 |

NEW SOUTH WALES ABORIGINAL LAND COUNCIL
Notes to and forming part of the Financial Statements for the year ended 30 June 2011

(d) Market risk

(i) Currency risk

The Council has a direct exposure to foreign currency by investing in an Absolute Return Fund. The carrying value of foreign currency exposure is AU\$730K as at 30 June 2011. (30 June 2010 - \$17.1 million). The Council also exposed to indirect foreign currency risk by investing in various foreign currency investment as disclosed in Note 24.

(ii) Interest rate risk

| | Carrying Amount \$'000 | -1% Profit \$'000 | Equity \$'000 | 1% Profit \$'000 | Equity \$'000 |
|--------------------------------|------------------------------|-------------------------|------------------|------------------------|------------------|
| 2011 | | | | | |
| Financial assets | | | | | |
| Cash and cash equivalents | 5,985 | (60) | 5,925 | 60 | 6,045 |
| Receivables | 1,401 | (14) | 1,387 | 14 | 1,415 |
| Financial assets at fair value | 549,144 | (5,491) | 543,652 | 5,491 | 554,635 |
| Other financial assets | 354 | (4) | 351 | 4 | 358 |
| Financial liabilities | | | | | |
| Payables | 6,085 | (61) | 6,024 | 61 | 6,146 |
| 2010 | | | | | |
| Financial assets | | | | | |
| Cash and cash equivalents | 7,213 | (72) | 7,141 | 72 | 7,285 |
| Receivables | 1,950 | (20) | 1,931 | 20 | 1,970 |
| Financial assets at fair value | 540,884 | (5,409) | 535,475 | 5,409 | 546,293 |
| Other financial assets | 332 | (3) | 329 | 3 | 335 |
| Financial liabilities | | | | | |
| Payables | 7,050 | (71) | 6,980 | 71 | 7,121 |

NEW SOUTH WALES ABORIGINAL LAND COUNCIL

Notes to and forming part of the Financial Statements for the year ended 30 June 2011

(iii) Other price risk

Exposure to 'other price risk' primarily arises through the investment with fund managers which are held for strategic rather than trading purposes. The Council has the following investments:

| Facility | Investment Sectors | Investment Horizon | 2011 \$'000 | 2010 \$'000 |
|---------------------------|--|----------------------|----------------|----------------|
| Cash facility | Cash, money market instruments | Up to 1.5 years | 5,985 | 7,213 |
| Strategic cash facility | Cash, money market and other interest rate instruments | 1.5 years to 3 years | 216 | 39,413 |
| Long-term growth facility | Cash, money market instruments, Australian, International Bonds and Shares | 3 years and over | 548,928 | 500,705 |

The selection of funds for investment is based on the research carried out on various critical success factors of each fund manager by the Council's investment consultants. Only positively rated fund managers with Future Return Expectation (FREX) are recommended to the Council.

The portfolio construction of investments of the Council is aimed to generate portfolios that have no significant style, sector or size biases. The interaction of qualitative and quantitative research resulted in recommended allocation funds to various investments by the investment consultants. Performances of investments are continuously monitored using various tools including FREX Ratings, SWISS Tables and Traffic Lights etc, by the investment consultants. The various types of investments held by the Council with the actual rate of return is provided in the following table:

| | Carrying value as at 30 June 2011 \$'000 | Percentage Spread % | Actual rate return 30 June 2011 % | Carrying value as at 30 June 2010 \$'000 | Percentage Spread % | Actual rate return 30 June 2010 % |
|---|---|---------------------------|--|---|---------------------------|--|
| Australian Equities | 65,627 | 11.95% | 10.88% | 60,350 | 11.17% | 15.5% |
| International Equities | 153,222 | 27.90% | 10.42% | 94,477 | 17.49% | 7.4% |
| Listed Property | 25,859 | 4.71% | 7.44% | 24,446 | 4.53% | 20.0% |
| Australian Fixed Income(composite) | 18,104 | 3.30% | 5.33% | 24,772 | 4.59% | 8.3% |
| International Fixed Income (composite) | 21,408 | 3.90% | 3.07% | 40,591 | 7.52% | 8.6% |
| International Fixed Income (credit) | - | - | 7.70% | 106,432 | 19.71% | 14.7% |
| Fixed Income - Target Return Fund | 57,067 | 10.39% | - | - | - | - |
| Absolute Returns | 147,580 | 26.87% | 7.04% | 97,138 | 17.98% | 16.8% |
| Index Global Inflation-Linked Bond Fund | 22,639 | 4.12% | 11.25% | 42,797 | 7.92% | 5.5% |
| Cash Fund | 36,490 | 6.64% | 5.56% | 9,091 | 1.68% | 4.0% |
| Term Deposits | 216 | 0.04% | 6.53% | - | - | - |
| Other cash facilities | 931 | 0.17% | - | 40,025 | 7.41% | 4.7% |
| | 549,144 | 100% | | 540,119 | 100% | |

NEW SOUTH WALES ABORIGINAL LAND COUNCIL

Notes to and forming part of the Financial Statements for the year ended 30 June 2011

Funds other than direct deposits in banks do not have direct holdings in underlying assets, 'interest rate risk' or 'currency risk' and are therefore not individually analysed other than 'other price risk'. The sensitivity analysis in relation to 'other price risk' is determined using standard deviation based on stochastic Global Asset Model provided by the investment consultants, and the percentage allocation of funds of the portfolio of investments held by the Council as at the year end. The following table provides the overall other price risk of the Council with the sensitivity analysis.

| Analysis of Price Risks | Carrying value | Estimated Risk | Profit Impact | Equity Impact | Profit Impact | Equity Impact |
|---|----------------|----------------|---------------|---------------|---------------|---------------|
| Total Portfolio of Investments as at 30 June 2011 | 549,144 | +or-5.55% | 34,293 | 583,436 | (34,293) | 514,850 |
| Total Portfolio of Investments as at 30 June 2010 | 540,119 | +or-5.55% | 30,001 | 570,120 | (30,001) | 510,118 |

(a) Interest rate risk will only affect the short term deposits

(b) Estimated risk is based on Mercer's Capital Market A assumptions as at 30 June 2011.

38. OTHER COMPREHENSIVE INCOME

| | Accumulated Funds \$'000 | Revaluation Reserve \$'000 | Total \$'000 |
|--|-----------------------------|-------------------------------|-----------------|
| 2011 | | | |
| Actuarial gain on defined super | 5 | | 5 |
| Net increment on revaluation | | - | - |
| Transfer to accumulated funds for disposed plant, equipment and motor vehicles | - | - | - |
| Properties transferred to Local Aboriginal Land Council | - | - | - |
| Net assets transferred from dissolved Local Aboriginal Land Councils | - | - | - |
| | 5 | - | 5 |

| | Accumulated Funds \$'000 | Revaluation Reserve \$'000 | Total \$'000 |
|--|-----------------------------|-------------------------------|-----------------|
| 2010 | | | |
| Actuarial loss on defined super | (26) | | (26) |
| Net increment on revaluation | | 236 | 236 |
| Transfer to accumulated funds for disposed plant, equipment and motor vehicles | 528 | (528) | |
| Properties transferred to Local Aboriginal Land Council | (106) | (109) | (215) |
| Net assets transferred from dissolved Local Aboriginal Land Councils | 5,856 | | 5,856 |
| | 6,252 | (401) | 5,851 |

NEW SOUTH WALES ABORIGINAL LAND COUNCIL
Notes to and forming part of the Financial Statements for the year ended 30 June 2011

39. EVENT AFTER THE BALANCE DATE

The election of the new Councillors was held on the 6th of August 2011. The outcome of the election and changes to the governing body will be known on 11 August 2011.

On 26 July 2011, the Council invested \$1million with Social Enterprise Finance Australia Ltd to purchase ordinary shares. The company is expected to finance various community projects.

End of Audited Financial Statement

NEW SOUTH WALES ABORIGINAL LAND COUNCILS

North Western

Brewarrina
Collanrenebri
Coonamble
Goodooga
Lightning Ridge
Moree
Mungindi
Murrawari
Narrabri
Nulla Nulla
Pilliga
Toomelah
Walgett
Wee Waa
Weilmoringle

Northern

Amaroo
Anaiwan
Armidale
Ashford
Coonabarabran
Dorrigo Plateau
Glen Innes
Guyra
Moombahlene
Nungaroo
Red Chief
Tamworth
Walhallow
Wanaruah

South Coast

Batemans Bay
Bega
Bodalla
Cobowra
Eden
Illawarra
Jerrinja
Merrimans
Mogo
Ngambri
Nowra
Ulladulla
Wagonga

North Coast

Baryulgil Square Birrigan
Gargle
Bogal
Casino-Boolangle
Grafton-Ngerrie
Gugin Gudduba
Jali
Jana Ngalee
Jubullum
Muli Muli
Ngulingah
Tweed/Byron
Yaegl

Western

Balranald
Broken Hill
Cobar
Dareton
Ivanhoe
Menindee
Mutawintji
Tibooburra
Wannaaring
Wilcannia
Winbar

Wiradjuri

Albury & District
Bathurst
Brungle - Tumut
Condobolin
Cowra
Cummeragunja
Deniliquin
Griffith
Hay
Leeton & District
Moama
Murrin Bridge
Narranderra
Onerwal
Orange
Peak Hill
Pejar
Wagga Wagga
Wamba Wamba
West Wyalong
Young

Central

Dubbo
Gilgandra
Mudgee
Narromine
Nyngan
Trangie
Warren-Macquarie
Weilwan
Wellington

Sydney/Newcastle

Awabakal
Bahtabah
Darkinjung
Deerubbin
Gandangara
La Perouse
Metropolitan
Mindaribba
Tharawal
Worimi

Central Coast

Birpai
Bowraville
Bunyah
Coffs Harbour
Forster
Karuah
Kempsey
Nambucca Heads
Purfleet/Taree
Stuart Island
Thungutti
Unkya

