

NEW SOUTH WALES ABORIGINAL LAND COUNCIL

**2017–18**

ANNUAL REPORT



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OUR LAND COUNCIL OUR MOB OUR FUTURE

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# CONTENTS

## FOREWORD

CHAIRPERSON'S WELCOME .....	1
FROM THE CHIEF EXECUTIVE OFFICER .....	3
40TH ANNIVERSARY TRIBUTE .....	5

## NSWALC STRUCTURE

<b>ABOUT US .....</b>	<b>6</b>
NSW Aboriginal Land Council .....	6
Our Clients .....	6
Council Structure .....	6
Our Councillors 2017–18 .....	7
Organisational Structure .....	9

## REPORT OF OPERATIONS

<b>NETWORK AND PROGRAM DELIVERY .....</b>	<b>10</b>
Program Implementation .....	10
Land and Property .....	14
Zone Offices .....	17
<b>BUSINESS IMPROVEMENT .....</b>	<b>34</b>
Governance .....	34
Strategy and Policy .....	47
Media and Communications .....	50
Land Initiatives .....	52
People and Workplace .....	53
<b>STRATEGIC RESOURCE MANAGEMENT .....</b>	<b>57</b>
Finance .....	57
Investment .....	58
Information and Communications Technology .....	64
Legal Services .....	66
Business Development .....	69
Resource Development .....	71

## FINANCIAL STATEMENTS

<b>INDEPENDENT AUDITORS REPORT .....</b>	<b>73</b>
<b>STATEMENT BY COUNCIL MEMBERS .....</b>	<b>76</b>
<b>CONSOLIDATED FINANCIAL REPORT .....</b>	<b>77</b>
Comprehensive Income Statement .....	77
Statement of Financial Position .....	78
Statement of Changes in Equity .....	79
Cash Flow Statement .....	80
Notes to the Financial Statements .....	81

## APPENDICES

<b>FURTHER INFORMATION .....</b>	<b>124</b>
Appendix 1 : Governance .....	124
Appendix 2 : People and Workplace .....	130
Appendix 3 : Disclosure Index .....	134



New South Wales  
Aboriginal Land Council

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22 October 2018

The Hon. Sarah Mitchell, MLC  
52 Martin Place  
SYDNEY NSW 2000

Dear Minister,

In accordance with the provisions of the *NSW Aboriginal Land Rights Act 1983*, the *Annual Reports (Statutory Bodies) Act 1984* and the *Audit Act 1983*, we are pleased to submit the 2017-2018 New South Wales Aboriginal Land Council Annual Report.

We commend this report to you.

Yours sincerely,

Roy Ah-See  
Chairperson  
NSW Aboriginal Land Council

Anne Dennis  
Deputy Chairperson  
NSW Aboriginal Land Council

**OUR LAND COUNCIL OUR MOB OUR FUTURE**

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## CHAIRPERSON'S WELCOME

It's been a huge year. In September 2017, we celebrated a significant milestone in self-determination and the Land Rights movement with NSWALC's 40th Anniversary Gala Dinner at Darling Harbour. Around 1,000 people came together, all united in the great success of the Land Rights network in NSW.

We paid tribute to the people who took the first steps on that path, and all of those who followed in their footsteps. We reflected on the distance we've travelled on the road to regain self-determination, and truly celebrated our culture at one of the best Aboriginal gatherings I've seen for a long time.

Sadly, we also farewelled two of our legends of Land Rights during the year, and the loss is greatly felt. Uncle Sol Bellear was a relentless advocate for Aboriginal people, who turned the Land Rights movement around in the 1970s. Heavily involved with the civil rights, human rights and social justice movements, he set a high standard for us to follow. More personally, Uncle Sol was a mentor and friend, and his guidance will be sorely missed. Likewise, Uncle Eddie Briggs. Both were intrinsic in developing and maintaining my ability to be a voice for Aboriginal people, and gave their knowledge and experience freely. Leadership is not an easy task. Our young people are only as good as the Elders that mentor them, and they can't do it alone.

A great deal of NSWALC's success is due to our structure. We are a place-based organisation with representation in most, if not all, Aboriginal communities across NSW. With the valued support of over 25,000 individual members and LALC staff, our network of Local Aboriginal Land Councils (LALCs) continue to go from strength to strength. While LALCs are autonomous, NSWALC provides a voice for those communities – at a regional level through forums, and at state and federal levels through Council.

We are an apolitical organisation but we need to maintain relationships with all parliamentarians and governments, and NSWALC continues to achieve that. We are self-governing, which is fundamental to our self-determination, and our recent selection by the Prime Minister as preferred partner for the Western Sydney Indigenous Business and Employment Hub is testament to NSWALC's track record, our agency to work with our people in a traditional cooperative structure, and the ability of our people to manage our own affairs, as they have done for millennia. At the end of the day, Aboriginal people are the experts on Aboriginal affairs.

There are two other major events that occurred after the close of this reporting period that must be mentioned.

The first was the Beyond Survival March on 9 August 2018, a cultural gathering where we asked people to walk with us under the banner of Makarrata – coming together after a struggle. It is needed because the Apology and successive reforms from both sides of politics have not delivered enough progress for Aboriginal people, or healing and unity for the nation. The gathering sent a clear message to all governments that our network is strong, united and, collectively, we're a very powerful organisation with a passionate membership. We are many voices but we have one message and one goal: Makarrata.

Every year, constitutional reform inches closer but, ultimately, the Australian people will decide on the Aboriginal Voice to Parliament, not politicians. We want a genuine partnership with non-Aboriginal Australians; one that moves beyond politics and survival, and puts the future in our own hands.

The second event was a recent meeting with Prime Minister Scott Morrison, where the Indigenous Advisory Council (on which I'm Co-chair) secured his commitment to the process of consultation on the proposed overhaul of Aboriginal education, or any proposals put forward that would have a substantial impact on the lives of Aboriginal children. This is a very welcome commitment.

Every Council of NSWALC has a responsibility to ensure we leave the organisation in a better position, and I'm happy to say we have achieved that and, with the new Strategic Plan (2018–22), set up an outline for the future.

We are in a strong position in terms of finance, representation, governance and management. Self-funded since 1998, and growing those resources, the Statutory Investment Fund is the lifeblood of our organisation and ensures that successive generations are able to benefit from the work of the Land Rights network – past, present and future.

And what does that future look like? While we still have a way to go I believe, this year, we reinforced our determination to move beyond survival and, through the network, reap our fair share of land, employment, and economic and social prosperity for Aboriginal people in NSW. The challenge is, how do we make it attractive for all Aboriginal people in those communities to come on board as members and reap the rewards? This is one of the issues we'll be addressing in the coming year.

Personally, my goals are to see more young people involved in the network, creation of a Federation of Land Councils, real Constitutional reform and, in NSW, a commitment to a training centre as part of the Hub in Western Sydney so we can capitalise on the opportunities that are out there for employment and economic development.

We have our own resources, the ability to claim land, obtain free title and deal with that land as we determine. By re-claiming our land and pursuing economic development we provide a way forward to fuller self-determination for successive generations of Aboriginal people, and ensure they participate in the economic growth of NSW and, ultimately, of Australia.

Last but certainly not least, I want to sincerely acknowledge the professionalism of my fellow Councillors and the unity within Council. It is key to the success of this Council's term, and has made my job so much easier. I'd also like to wholeheartedly thank all NSWALC staff, and LALC Board members, members and staff for their work and support in creating a better future for Aboriginal people.

As Chairperson, and on behalf of my fellow Councillors, I commend this report to you.

## FROM THE CHIEF EXECUTIVE OFFICER

My first full year as Chief Executive Officer (CEO) has been a remarkable one. Although it's tinged with sadness at the loss of two of our Land Rights' legends, Uncle Sol Bellair and Uncle Eddie Briggs, there have also been many positive outcomes that benefit Aboriginal people, now and in the future. And that's precisely what these two great leaders and mentors in the movement wanted to achieve.

It was their effective style of activism that engaged the hearts and minds of Aboriginal and non-Aboriginal peoples alike. They were charismatic and intellectual leaders, who were able to work with the people that were in a position to bring about change. The rest, as they say, is history and, without them, we wouldn't have the land or the opportunities we have today.

Early in the 2017–18 year, we were able to celebrate that history, and the achievements of the past 40 years that have led to the survival and growing strength of the Land Rights network. Our 40th Anniversary Gala Dinner brought everyone together under a united banner, even people who would fundamentally disagree on almost everything.

This year has also seen some substantial changes within the organisation and the network through recent amendments to the ALRA, and implementation of the new Strategic Plan (2018–22) in January this year.

We've made impressive progress on the Plan's implementation, which has stretched the organisation but seen our Council, Executive, staff and members step-up to meet those challenges. As a result, I'm proud to report that we've achieved around two year's work in the first six months of the Plan's operation.

Land claims are the core business of NSWALC and, internally, that's been our focus, as well as prudent and responsible management of the Statutory Investment Fund to ensure it provides for this and future generations of Aboriginal people, and also offers them greater opportunities.

I'm happy to say the Fund continues to outperform comparable TCorp and Mercer funds by a large margin, and is now valued at around \$676 million. In addition, this year, for the first time, we also met the drawdown 'spend rule' (a self-imposed Council provision). In fact, we exceeded it by around \$1.2 million. I believe these results validate Council's investment philosophy and, more broadly, our ability to manage our own affairs.

The Council has continued to set the benchmark for higher standards of compliance and reporting, and constant improvement in ways of working. We lead with, and train our people in, governance and management best practice. We do this because

we're a movement that is genuinely founded on community-based principles of self-determination. In order to achieve this we need to demonstrate, first and fundamentally to Aboriginal people, that we go above and beyond regulatory requirements because we have higher aims.

Recent amendments to the ALRA increase NSWALC's ability for early intervention and correction of LALC performance issues, with minimum regulatory involvement such as the costly, and more intrusive step of appointing an administrator. The amendments provide for issue of Performance Improvement Orders (with compulsory obligations) and/or the appointment of an advisor to assist the LALC with any identified issues. It's a carrot rather than a stick approach, and yet another step on the road to self-determination. At the end of this reporting period only one of our 120 LALCs was in administration.

With survival of the network achieved, we can begin to look outward and focus on building a better future for Aboriginal people by unlocking the full potential of our three greatest assets; the land we have reacquired, our culture and heritage, and our people. This takes us into the next wave of the Land Rights system in NSW and gives us the ability to grow our economic independence and prosperity. We want to change the narrative from welfare to self-sufficiency by securing our fair share of the growing NSW economy.

The Land Rights network in NSW is in an exceptional position. We are self-funded and, currently, the second or third largest landholder in NSW, not to mention, the envy of most other Australian state Aboriginal or overseas Indigenous organisations. The recent invitation to partner with the Australian Government in the first Indigenous Business and Employment Hub (the Yarpa) is confirmation of this.

Anchored in Western Sydney, the Hub will take advantage of planned infrastructure projects in the Greater Sydney area, valued at \$106 billion over the next 10 years, to create around 6,000 jobs for Aboriginal people. The Yarpa will be the first point-of-call to connect Aboriginal people with employment and business opportunities. Procurement and employment targets set by the federal government ensure the Hub has links with industry, business and employers to provide a seamless connection.

This year, we also completed the planning and strategy for NSWALC Employment and Enterprises, which will offer further employment and training opportunities for Aboriginal people across the state.

Land Councils currently own around 2,600 residential properties across the network, which constitutes around 60 per cent of the Aboriginal community-controlled housing stock. To some degree, our involvement until now has been passive. The establishment of a NSWALC housing subsidiary, and participation in Phase 2 of the NSW Government's Social and Affordable Housing Fund, moves us into active involvement in the sector, taking a leadership role in providing secure and affordable housing in Aboriginal communities across the state. If we want a better life for Aboriginal people we need to ensure they have the most basic of needs – shelter – to enable them to participate.

Other work during the year included advocating strongly with the NSW Government on stand-alone legislation and protection for Aboriginal culture and heritage to replace the current provisions in the *National Parks and Wildlife Act 1974*. Fundamental to any reform is Land Council involvement, and genuine Aboriginal community control and self determination – 'nothing about us, without us'.

NSWALC also made several submissions to the Joint Select Committee on Constitutional Recognition Relating to Aboriginal and Torres Strait Islander Peoples and appeared before the panel. We presented evidence on how the Land Rights system and structure works in NSW, and its potential usefulness as a representative format for how Constitutional recognition may work.

We signalled in the new Strategic Plan that one of our aims was to start the discussion on a Treaty in NSW. Talk about Treaty can be politically divisive, and it's often mistakenly conceived as getting something for ourselves at the expense of others. NSWALC has adopted a policy to support the Uluru Statement from the Heart, and particularly the Makarrata journey, because it's a unifying rather than divisive approach.

The long road to a Treaty-based agreement will require the support and involvement of all parliamentarians because it won't be achieved in one term of government. In addition, NSWALC needs to ensure that Aboriginal people have long-term security in deciding their own future, and how their needs will be addressed. Our aim is to codify that with government so that a change of minister or cabinet or government can't have it removed.

We also need to iron out any issues in the organisation before we grow it, so we don't grow problems. Moreover, we need to start the process of working out what we want. This may mean reaching out and seeking new ways to collaborate, perhaps with people or organisations we may not have previously considered. If we only seek to collaborate with the 'converted' then we may not see Constitutional reform.

In order to end the discussion of 'government benevolence' towards Aboriginal people, we need to engage in a conversation about a land in which, as science confirms, our people built a history and culture that existed for 60,000 years before European occupation. We, and all Australians, should be proud to acknowledge that Aboriginal people represent the longest-surviving human civilisation on the planet. If the desired outcome is inclusion, and a secure, healthy, long-term future for Aboriginal people, we need to acknowledge and celebrate Aboriginal culture and heritage over 60,000 years, and tell the true story of the past 230.

In closing, I want to assure members and LALCs of Council's continued commitment to nurture, protect and grow this great system, and unlock every opportunity we can for this and future generations of Aboriginal people.

The Land Council structure was built by the participation of Aboriginal people in the NSW Land Rights movement. Imagine what we could achieve with more participation and further economic growth.



## 40<sup>TH</sup> ANNIVERSARY TRIBUTE

IN CELEBRATING THE 40TH ANNIVERSARY OF THE NSW ABORIGINAL  
LAND RIGHTS MOVEMENT WE PAY TRIBUTE TO THE ORIGINAL WORKING  
COMMITTEE WHO TOOK THE FIRST STEPS ON THE PATH

*Joyce Clague   Kevin Cook   Kevin Gilbert*

*Alan Woods   Alice Briggs   Camela Potter*

*Linda (Trudy) Longbottom   Betty Tighe   Ray Kelly*

*Jack Campbell   Ted Thomas*

WE PAY TRIBUTE TO ALL THOSE WHO FOLLOWED IN THEIR FOOTSTEPS  
WE REFLECT ON THE DISTANCE WE'VE TRAVELLED  
ON THE SACRIFICES MADE, AND ON THE DETERMINATION  
TO REGAIN OUR RIGHTFUL POSITION ON OUR LAND.



## ABOUT US

### NSW ABORIGINAL LAND COUNCIL

The New South Wales Aboriginal Land Council (NSWALC) was formally constituted as a statutory corporation with the passage of the *NSW Aboriginal Land Rights Act 1983* (the ALRA). The Act was passed following a Parliamentary Inquiry into Land Rights by the Legislative Assembly Select Committee on Aborigines, and the release of a government Green Paper proposing a scheme for land claims.

The ALRA provides a mechanism to make claims on limited classes of Crown Land. It also provides a fund to support economic development, the purchase of land on the open market, and self-determination through a network of representative land councils.

The Statutory Investment Fund was established as part of the ALRA, and resourced for 15 years with an annual amount equal to 7.5 per cent of land tax on non-residential land. All government contributions to the Fund ceased in 1998. Since then, NSWALC has managed the Fund on behalf of Aboriginal peoples of NSW.

Over the past 30 years, capital growth has enabled NSWALC to cover its own operational costs, as well as a network of 120 Local Aboriginal Land Councils (LALCs), from a proportion of the Fund's earnings.

The specific functions of NSWALC, as set out in s106 of the ALRA are:

- land acquisition
- oversight of LALCs
- policy and advice
- administration of statutory accounts
- Aboriginal culture and heritage
- financial stewardship.

### OUR CLIENTS

NSWALC's principal clients are the network of 120 LALCs, and the 25,000 Aboriginal people who are their members. LALCs manage and deliver a range of support services to their communities at a local level including housing, legal affairs, employment, training, culture and heritage, property acquisition and management.

The aim of the LALC structure is to achieve a high degree of participation and involvement by every Aboriginal person in the affairs of their local community.

Each LALC elects its own Board and appoints staff, with members able to access advice, information and support from NSWALC in relation to all aspects of Land Rights. LALCs are supported financially, and through relevant training and development, to build capacity for strategic planning and management of community affairs at a local level.

### COUNCIL STRUCTURE

NSWALC Councillors are elected by registered voting members of LALCs to serve a four-year term. One Councillor is elected to represent each of the nine regions in NSW. The elected Council then appoints a Chairperson and Deputy Chairperson for a two-year term, after which, they are eligible for re-election.

The statutory positions of Councillor are established under the ALRA with salaries determined by the Statutory and other Offices Remuneration Tribunal for Public Office Holders. The role of each Councillor is to:

- direct and control the affairs of the Council in accordance with the ALRA
- participate in the allocation of the Council's resources for the benefit of Aboriginal people
- participate in the creation and review of the Council's policies and objectives
- review the performance of the Council in the exercise of its functions and the achievement of its objectives
- represent the interests of LALC members and respond to concerns
- facilitate communication between LALC members and NSWALC.

An election for the current nine Councillors was conducted by the NSW Electoral Commission on 31 October 2015. The statewide poll resulted in the re-election of six Councillors, together with one first-term Councillor, and two who had previously served on Council.

At the biennial elections for the Chairperson and Deputy Chairperson positions in 2017, Sydney–Newcastle Councillor Roy Ah-See was re-elected as Chairperson, and North West Councillor Anne Dennis as Deputy Chairperson. Both were re-elected unopposed.



## OUR COUNCILLORS 2017-18



### **Councillor Roy Ah-See (Chairperson)**

#### *Sydney/Newcastle Region*

Roy Ah-See is a Wiradjuri man born-and-raised on Nanima Reserve near Wellington. He is a voting member of the Darkinjung LALC. Cr Ah-See holds a Bachelor of Arts in Social Welfare. He has worked at the NSW Aboriginal Housing Office (AHO), as a Policy Officer in various government departments, and at NSWALC. He also has extensive experience working in the non-government sector. First elected to Council in 2007, Cr Ah-See was appointed Deputy Chairperson in November 2013 and Chairperson in November 2015. He is also a Co-Chair of the Prime Minister's Indigenous Advisory Council and a Board member of Indigenous Business Australia.



### **Councillor Anne Dennis (Deputy Chairperson)**

#### *North West Region*

Anne Dennis is a Gamilaraay woman from Walgett. She was a Board member of Walgett LALC for more than 10 years, and was appointed as Chief Executive Officer (CEO) in 2009. Cr Dennis is passionate about progressing LALCs towards independence and self-sufficiency through employment, better educational outcomes and social justice for Aboriginal people. She is one of two NSWALC Board members of Paradigm Resources.



### **Councillor Craig Cromelin**

#### *Wiradjuri Region*

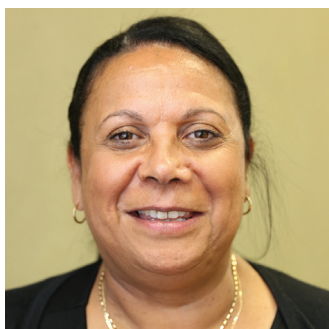
Craig Cromelin is a descendant of Ngiyampaa and Wiradjuri people. He is a long-standing member and former Chair of the Murrin Bridge LALC, and also chaired the former Wiradjuri Regional Aboriginal Land Council. Cr Cromelin has been a NSWALC Councillor since 2007, and was Chairperson from October 2013 to October 2015. He is one of two NSWALC Board Members of Paradigm Resources.



### **Councillor Peter Smith**

#### *Mid North Coast Region*

Dunghutti man Peter Smith has been based in the Taree area for nearly 30 years. He was Chairperson of the Purfleet-Taree LALC for 10 years and Chair of the Biripi Aboriginal Medical Service for 15 years. Cr Smith also worked for the NSW police service for 10 years, and the Hunter New England Area Health Service for 11 years. He currently sits on the NSWALC Audit and Risk, Investment, and Governance committees, is the NSWALC representative on the Police Aboriginal Strategic Advisory Council, the Aboriginal Fishing Advisory Committee and the Office of Environment and Heritage (OEH) Aboriginal Cultural Heritage Advisory Committee, as well as being a board member of Dunghutti Elders.



### **Councillor Tina Williams**

#### *North Coast Region*

Tina Williams is from Widjabul Wiabul country of the Bundjalung nation. She is a long-term member of Ngulingah LALC, where she was Executive Secretary and then Coordinator for a number of years. Cr Williams has been involved in the Land Rights network for more than 20 years. She also worked at various levels of NSWALC for 11 years. Cr Williams sits on the NSWALC Economic Development Advisory Committee and the Governance Committee. She has an Advanced Diploma in Community Management and a Certificate IV in Frontline Management.



### **Councillor Charles Lynch**

#### ***Northern Region***

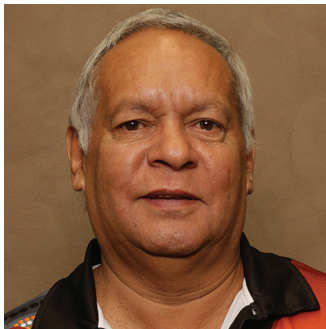
Cr Lynch is a Gomeroi man who was born in Tamworth and has lived between Tamworth, Barraba and Quirindi all his life. He has been involved in the Land Rights network for more than 25 years in various capacities, and is also a member of Nungaroo LALC, a Board member of the Tamworth Aboriginal Medical Service and an Independent Director of Walhallow Murri Aboriginal Enterprise Corporation. Cr Lynch holds a Diploma of Business, an Associate Diploma in Business (Accounting), a Graduate Certificate in Professional Accounting, and is a Fellow of the Institute of Public Accountants. He also has qualifications in community management and real estate. Cr Lynch was elected to Council in 2015 and is a member of NSWALC's Audit and Risk, and Finance committees.



### **Councillor Stephen Ryan**

#### ***Central Region***

Wiradjuri man Stephen Ryan is based in Dubbo. He has worked in a range of areas, dealing with issues such as family violence and land management, including five years with NSW Native Title Services. Cr Ryan is a member of the Dubbo LALC and former Chairperson of both NSWALC and Dubbo LALC. He also served as a Councillor with the Aboriginal and Torres Strait Islander Commission (ATSIC) for the Binaal Billa Region.



### **Councillor Danny Chapman**

#### ***South Coast Region***

Cr Chapman is a Walbunga man from the Yuin nation with experience and knowledge of Native Title and Aboriginal Fishing Rights. A major part of his education was learning how to fish and gather food from the sea and estuaries, and he has advised government as Chair of the NSW Aboriginal Fishing Advisory Council. Cr Chapman has also served as Manager of NSW Native Title Services and has been involved in Aboriginal affairs at state government level for the past five years. He has previously served as Treasurer on NSWALC Council from 1992 to 1994, and Councillor for the then Far South Coast region. He was elected in 2015.



### **Councillor William Murray**

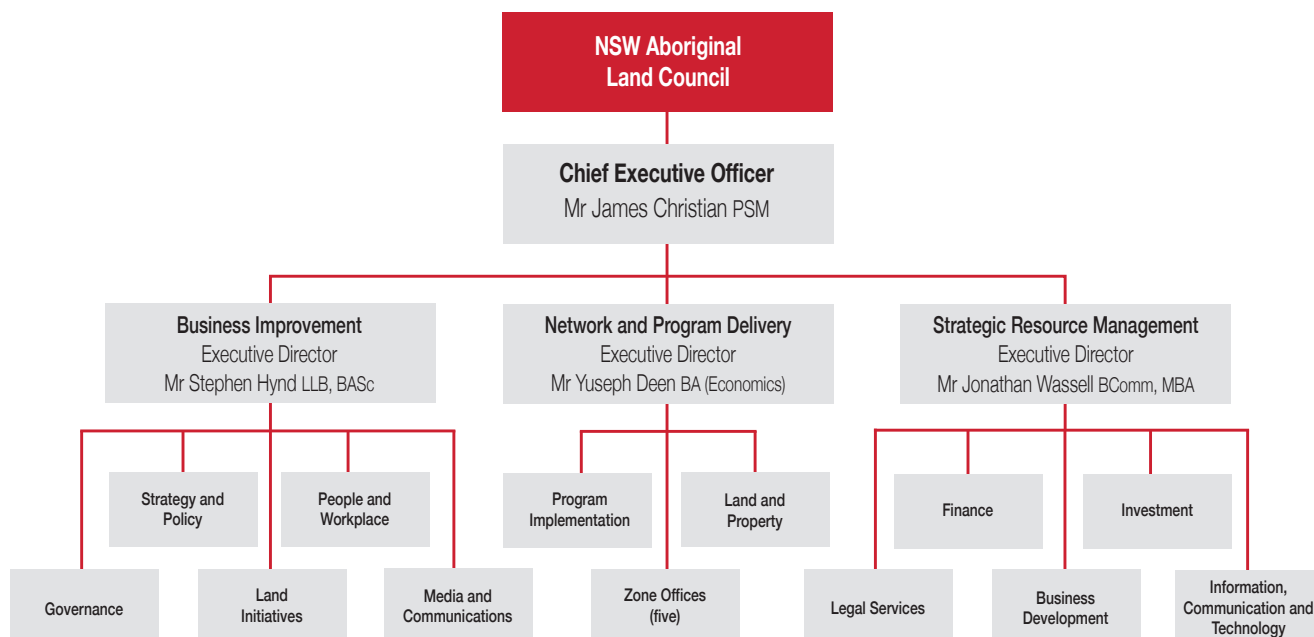
#### ***Western Region***

Cr Murray is a Nari Nari man with a long connection to the Land Rights movement. Originally from Balranald, Cr Murray now lives in Wilcannia. He was elected in 2015 after serving previous terms on Council, and has also served as a Councillor with ATSIC for the Murdi Paaki Region.



# ORGANISATIONAL STRUCTURE

Figure 1: NSWALC organisational structure, 2017–18.



## Senior Management

### CHIEF EXECUTIVE OFFICER

#### Mr James Christian, PSM

James Christian is a Wiradjuri man from the Riverina area. He was appointed CEO of NSWALC in May 2017.

Mr Christian has extensive experience in the public sector at Commonwealth and state level.

Before joining NSWALC, he served as National Group Manager, Disability, Employment and Carers at the Commonwealth Department of Social Services.

In NSW, Mr Christian led Aboriginal Affairs, was Deputy Director-General of the Department of Ageing, Disability and Home Care, and CEO of the AHO.

In 2011, Mr Christian received a Public Service Medal for outstanding service in improving opportunities for economic participation and employment of Aboriginal peoples.

## Head Office

NSWALC's head office is located in Parramatta. Contact details are listed below.

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## NETWORK AND PROGRAM DELIVERY

### PROGRAM IMPLEMENTATION UNIT

The Program Implementation Unit (PIU) is responsible for managing, designing and delivering key programs for the benefit of LALCs and Aboriginal people in NSW. PIU was created as part of an internal restructure in July 2017.

PIU administers the following NSWALC programs:

- NSWALC Community Fund (NCF) grants
- Freddy Fricke Scholarship
- Funeral Assistance Grants Scheme
- Aboriginal Communities Water and Sewerage Program
- Aboriginal Communities Waste Management Program
- Subdivision Program
- Discretionary Grants (statewide and small regional grants)
- LALC Enterprise Development Fund (EDF)
- Economic Development Capacity Building.

### NSWALC Community Fund

The 2009 amendment to the ALRA established the NCF and the Community Development Levy that funds it. The levy was devised as a mechanism to redistribute wealth from LALCs with more valuable land holdings to those with less valuable land and development opportunities.

The unit administers all elements of the NCF. Between 2015–2018 the following amounts were approved from the Fund:

- 2015: \$600,000, 13 LALC projects approved
- 2016: \$884,000, 21 LALC projects approved
- 2017: \$746,000, 18 LALC projects approved
- 2018: \$778,000, 31 applications received, 18 approved, and eight on the reserve list.

Table 1 outlines the LALC projects with successful applications to the NCF in 2017–18.

*Table 1: Successful LALC NSWALC Community Fund projects in 2017–18.*

LALC	PROJECT
Moama	Office renovations
Guyra	Upgrade office to meet safety standards
Cobar	Acquisition of two vacant residential allotments
Tamworth	Refurbishment of accommodation facilities at Trelawney
Merrimans	Young persons' Caring for Country volunteer projects
Walhallow	Continued maintenance and beautification of local community grounds and surrounds, and helping community during funerals
Jana Ngalee	Alice Land Management: Cropping
Coonamble	Office renovations
Nyngan	Titanic Drive rehabilitation
Grafton-Ngerrie	Upgrade to Grafton office
Walgett	Upgrade Community hubs on Gingie and Namoi Reserves
Ngambri	Mirabee River Cultural Camp upgrade and scope of works for land management
Mutawintji	Completion of Indigenous Land Corporation Renovation Project
Young	Disabled access and professional filing space
Tibooburra	Additional ablution block at TLALC historic reserve campground
Dareton	Community Hub Namatjira Reserve
Glenn Innes	Purchase of All Terrain (UTV) Vehicle, tractor mower, two portable shower units and water tanks
Wilcannia	Community Caring for Country Hub

## Freddy Fricke Scholarship

The Freddy Fricke Scholarship (the Scholarship) was set up by NSWALC in July 2002. The Scholarship offers financial assistance to Aboriginal students to undertake university study. It provides a one-off payment for recipients to purchase text books, pay enrolment fees and/or HECS fees, and other approved course-related expenses. So far, 49 Aboriginal students have been awarded the Scholarship.

Since its inception the Scholarship fund has been managed by Good2Give. At the May 2018 Council meeting, approval was granted for NSWALC to manage the Scholarship in-house to improve performance of the fund.

In 2018, the Scholarship was put on hold while PIU look at ways of improving its sustainability, and the scope of financial assistance to potential recipients. It is anticipated that an updated and improved version of the Scholarship will be launched in 2019.

## NSWALC Funeral Fund

NSWALC has provided funeral assistance grants to support bereaved Aboriginal families for over a decade. The scheme is uncapped, and is based on the demand for funeral assistance from year-to-year.

In May 2018, the Council agreed to amend the NSWALC Funeral Fund to allow GST as a claimable funeral expense under the terms of this Community Benefit Scheme (CBS).

In the 2017–18 financial year, a total of 402 grants were made (\$633,997.82). This included 59 grants to members of a Funeral Insurance Fund that NSWALC operated from 1991 to 1994, and 343 grants to Aboriginal people who were not members of the Fund. Five former members of the Fund also elected to transfer their membership entitlements to a deceased Aboriginal person.

## Aboriginal Communities Water and Sewerage Program

In 2008 the NSW Government and NSWALC entered into a 25-year agreement for the operation, maintenance and monitoring of water supply and sewerage services in approximately 60 discrete Aboriginal communities. The Aboriginal Communities Water and Sewerage Program (ACWSP) is managed by a Steering Committee and draws together a range of stakeholders. It is delivered by the Department of Industry – Water with the support of NSWALC. The 2017–18 reporting period represents the tenth year of the program's operation.

The aims of the program are to:

- improve the wellbeing of residents in Aboriginal communities
- provide safe drinking water and effective sewerage services in Aboriginal communities
- ensure that water and sewerage service standards in eligible Aboriginal communities are equivalent to the standards in existing, equivalent Australian non-Aboriginal communities.

The program achieves its aims through brokering and funding. Agreements are negotiated between LALCs and the local council or other service providers to deliver services for the operation, maintenance and monitoring of water supply and sewerage services.

Of the 62 eligible Aboriginal communities:

- full service is provided by a local water utility or local council at 21 communities
- a five-year, long-term service agreement is in place at 32 communities for local councils and/or local water utilities to provide full water and sewerage services, equivalent to that in similarly located communities
- services in five communities have been improved through interim service arrangements, backlog works, emergency works and new infrastructure.
- three of the eligible communities are very small and, because of their size, negotiation of long-term service agreements is unlikely, however, maintenance of water and sewerage service is provided on an 'as needs' basis by respective local councils and/or local water utilities, and the water and sewerage services at these communities are being satisfactorily operated and maintained, with results meeting the Australian Drinking Water Guidelines for the parameters tested.

As a result of the ACWSP, these communities (with a combined population of more than 6,000 people) are now receiving water and sewerage services at a higher level. In addition, since the program's inception, capital works, backlog maintenance, emergency repairs and special purpose works have been approved at 42 Aboriginal communities.

A capital (infrastructure) fund to upgrade and/or provide new infrastructure has been developed over the life of the program. The capital fund is resourced through unspent state government contributions. NSWALC does not contribute to the capital fund. As at 30 June 2018, 19 infrastructure projects have been completed.

Since July 2008, total expenditure for all programs was \$56.86 million to 30 June 2018. Expenditure for the 2017–18 program was \$4.11 million, with \$1.46 million (ex-GST) contributed by NSWALC.

## Aboriginal Communities Waste Management Program

The Aboriginal Communities Waste Management Program (ACWMP) is led by the NSW Environment Protection Authority (EPA) in collaboration with NSWALC. The EPA is responsible for working with, and delivering waste and resource recovery programs to, a variety of stakeholders including NSW government agencies.

The aims of the ACWMP are to:

- reduce bulky waste, litter and illegally-dumped waste
- develop effective waste management systems through service delivery agreements and improved infrastructure
- reduce safety and health risks by establishing a clean physical environment
- build and maintain effective partnerships between communities, LALCs, local government and waste service providers to enable ongoing improvement of waste management practices.

The program is being rolled out in three stages:

- Stage 1: Expression of Interest (EOI)
- Stage 2: Development of Community Rubbish Management (CRM) plans (6–12 months)
- Stage 3: Implementation of plans, which is likely to include improved waste-related infrastructure, delivery of improved waste management services, and a clean-up of rubbish in communities.

The ACWMP Steering Committee, which includes NSWALC and a number of government agencies, has assessed 24 EOI applications for the program to-date. Following assessment, 16 discrete Aboriginal communities were selected for Stage 2. These communities have been funded to develop their CRM plans over the next 6–12 months (Table 2).

## Subdivision Program

In June 2008, NSWALC entered into a partnership with the Australian Government to facilitate the survey and subdivision of former Aboriginal reserves and missions in NSW, also known as discrete Aboriginal communities. A total of \$6 million was allocated to the project with NSWALC and the Australian Government contributing 50 per cent each.

Subdivision enables local government to take responsibility for street lighting, guttering, drainage and roads. It also provides postal services to the door, and legal street addresses for each house. As part of the project, NSWALC engaged Arup Pty Ltd, a planning, engineering and technical specialist company, to survey former Aboriginal reserves. To date, 27 surveys have been completed.

Table 2: Communities selected for Stage 2 of ACWMP.

COMMUNITY	LALC
Moonacullah Mission	Deniliquin
Namoi	Walgett
Jubullum Village	Jubullum
Mallee	Wilcannia
Weilmoringle	Weilmoringle
Clara Hart Village/ Enngonia Reserve	Murrawari
Warrali	Wilcannia
Murrin Bridge	Murrin Bridge
Mehi Crescent	Moree
Gingie	Walgett
Green Hills Mission	Kempsey
Malabugilmah	Jana Ngalee
Cabarita Avenue	Forster
Stanley Village	Moree
Narwan Village	Armidale
Gulargambone Mission and Gulargambone Top	Weilwan

Six LALCs have made progress toward subdivision. Four have lodged Development Applications (DAs) with their local councils, and these have now been approved with conditions of consent that relate mainly to infrastructure upgrades. The remaining two LALCs are waiting on the outcome of land dealing meetings to progress their DAs.

As part of Stage 2 of the project, a further 10 LALCs have the opportunity to subdivide former reserves on their land, however, there are currently a number of barriers to subdivision. These include the planning process, and the need for infrastructure funding to meet any conditions of development consent.

The NSW Government has been working on a related project, the Aboriginal Communities Land and Infrastructure Project (ACLIP), since late 2015. One of the objectives of ACLIP is to secure development consents for the subdivision of approximately 60 discrete Aboriginal communities across the state. This will enable physical infrastructure upgrades and provision of services to these communities, including the transfer of municipal services to local authorities.

To progress the ACLIP project, NSW Department of Planning and Environment is seeking state government funding for infrastructure upgrades in a number of discrete Aboriginal communities.

## Discretionary Grants

In 2017–18 Council approved a CBS to provide support for statewide events (\$125,000) and small regional grants (\$90,000).

Grants for statewide events in 2017–18 were approved for:

- NSW Aboriginal Rugby League Knockout
- Tamworth Aboriginal Cultural Showcase
- Elders Olympics
- Yabun Festival
- the Ella 7's.

Regional discretionary grants are recommended by Councillors and approved by the Chief Executive Officer (CEO). The approved grants in 2017–18 helped to sponsor the participation of young people in major sporting events including overseas competition, assisted Aboriginal people with personal development and health and wellbeing, and supported several NAIDOC and other Aboriginal community activities.

## LALC Enterprise Development Fund

As part of the NSWALC Economic Development Policy (the Policy), the LALC EDF was established. The aim of the EDF is to deliver Strategic Priority One of the Policy:

- facilitation of LALC business enterprise including the provision of support, skills and resources necessary to drive local and regional knowledge, and initiatives that build successful and sustainable businesses
- access to Business Development Grants, Early Stage Investment Loans and Equity Investment funding.

The Economic Development Unit was established in 2014 to drive implementation of the Policy and, following an organisational restructure in 2017, it was moved to the newly-created PIU. PIU helps LALCs to progress their economic development initiatives and turn their ideas into reality. It also acts as a trusted key advisor.

Following a trial period of the EDF between 2015–17, the program was due to be rolled-out to the wider LALC network. However, at the 345th Council Meeting, Council requested a review of all NSWALC economic development initiatives under the Policy in light of recent sectoral changes. This review has been ongoing throughout 2017–18, and, as a result, PIU have not undertaken a broad roll-out of the EDF but adopted a business-as-usual approach, working with LALCs that have directly engaged with PIU.

Since commencement of the EDF to 30 June 2018, \$246,311 in Business Development Grants and \$161,000 in Early Stage Investment Loans (\$407,311 in total) has been disbursed. Additionally, throughout 2017–18, PIU has engaged with over 70 LALCs on economic development matters.

## Economic Development Capacity Building

In August 2016 the NSWALC Capacity Development Plan (CDP) was approved by Council to complement the Economic Development Policy. It includes the following elements.

- Skills development: Face-to-face training as a priority, including training modules of Introduction to Economic Development, and start-up business training and industry-specific profiles – initially across property development, agribusiness and cultural tourism.
- Connecting and sharing: Online multimedia case studies will be developed to facilitate sharing of knowledge in enterprise development, from initial idea generation and planning through to the establishment of the business. Case studies will examine the successes and lessons in start-up and in sustaining a successful business.
- Advice and mentoring: Mentoring is a key component of the CDP. This includes LALC network mentors, a discussion forum, pre-start-up and post-start-up mentoring.

PIU has begun implementation of the CDP. Preparation of the skills development training modules, LALC case studies, LALC videos, training videos and associated material has mostly been completed. Development of a LALC-only access web portal is well advanced, and is expected to go live in 2018–19.



## LAND AND PROPERTY UNIT

The Land and Property Unit (LPU) assists NSWALC in its core business and statutory functions of making land claims and determining land dealing applications by LALCs. It also advises the Council on land management and commercial matters.

LPU's major functions and responsibilities include:

- making land claims on behalf of NSWALC and LALCs
- assisting LALCs to lodge land claims
- responding to acquisition and other land claim enquiries
- assisting LALCs to deal with enquiries relating to land and property matters
- assessing land dealing applications and preparing submissions to the Council
- financial and operational management of NSWALC's property portfolio
- operational management of NSWALC's land portfolio including vacant land and rural holdings
- providing commercial advice and assistance to NSWALC
- establishment and management of leasing arrangements for multiple Councillor and zone offices.

### Land Claims

Land claims are the core business of NSWALC. They implement the objectives of the ALRA, which, under s36, provides for NSWALC and LALCs to make claims on land determined 'claimable Crown Land', and sets out the process for making claims. Importantly, land claims under the ALRA recognise the spiritual, social, cultural and economic importance of land to Aboriginal people, and that a viable land base is integral to Aboriginal self-determination and autonomy.

LPU provides support and assistance in the land claims process. LPU's land rights officers research, lodge, monitor and manage land claims on behalf of NSWALC and LALCs.

The Crown Lands Minister is responsible for determining a land claim based on the status of the land at the time the claim is made, and whether the land fits the definition of claimable Crown Land. If it meets these criteria, the Minister must grant the claim. All refusals and part-refusals are referred to the Legal Services Unit for review and consideration of lodgment of an appeal.

### OVERVIEW OF LAND CLAIMS

Since the ALRA was enacted in 1983, 45,799 land claims have been lodged. At the end of the 2017–18 financial year, 33,452 land claims were still awaiting determination.

### Land claims in 2017–18

Comparative statistical information reported below is based on data from the NSW Department of Industry's Aboriginal Land Claim Investigations Unit, which covers 35 years of the ALRA's operation to 30 June 2018.

### Claims lodged with the Registrar

A total of 1,484 land claims were lodged by NSWALC and LALCs during the 2017–18 reporting period, a decrease from 2016–17, when 3,386 land claims were lodged.

### Outstanding land claims as at 30 June 2018

At the end of the 2017–18 reporting period, 33,452 land claims were awaiting determination by the Crown Lands Minister. Of this number:

- 175 are land claims lodged between 10 June 1983 and 30 June 2000, with the oldest outstanding land claim lodged on 20 September 1984
- 444 are land claims lodged between 1 July 2000 and 30 June 2005
- 14,996 are land claims lodged between 1 July 2005 and 30 June 2010
- 17,837 are land claims lodged between 1 July 2010 and 30 June 2018.

### Claims granted

In 2017–18 the Minister granted (in part or full) 105 land claims, an increase from 97 in 2016–17.

### Claims refused

The Crown Lands Minister refused (in part or full) 301 land claims during 2017–18.

### Claims withdrawn

The number of claims withdrawn (in part or full) during the reporting period was 86.

## CONTAMINATION ISSUES AND RISK MITIGATION

NSWALC recognises the potential risk of being granted contaminated land and, in particular, the potential financial burden on LALCs of monitoring, managing and remediating contaminated land.

To mitigate this risk LPU has:

- obtained details of land under claim and its potential contamination risk from NSW Crown Lands
- identified properties subject to an Aboriginal land claim (by NSWALC, NSWALC on behalf of a LALC or a LALC in its own right) that are potentially contaminated
- taken action to withdraw claims lodged by NSWALC for potentially contaminated land

- identified land where further information on potential contamination is necessary before a claim is lodged (requests for additional information are made pursuant to s36(14) of the ALRA for inspection of Crown files)
- established a Contaminated Lands Register so that land known to be potentially contaminated is not claimed in the future.

Other risk mitigation strategies to avoid claims on potentially contaminated land include a series of schedules and spatial images that identify potentially contaminated land that is under claim within a LALC boundary. LPU will continue to liaise with LALCs on claims for potentially contaminated land, and to advise withdrawal action where appropriate.

## 2017–2018 Property Register

LPU maintains a Property Register of all land held by NSWALC and LALCs, pursuant to NSWALC's obligations under s106(2)(g) of the ALRA. The register contains details of all land parcels within NSW that have NSWALC or a LALC recorded as the registered owner. Properties appear on the register regardless of how the land was acquired (i.e., Aboriginal land claim, purchase or other means).

As at 30 June 2018, there were 5,316 properties listed on the NSWALC Property Register. NSWALC receives data directly from the NSW Government's Land Registry Services and entries on the register are updated accordingly.

## Proposed Dealings with Claimed Land (Including Compulsory Acquisitions)

Land Councils are regularly approached by public authorities, companies or private individuals who may wish to acquire or otherwise deal with Crown Land that is the subject of an undetermined land claim. The acquiring authority may be a local government, a utility provider or a government agency.

NSWALC has seen a significant improvement in local and state government processes for acquiring or dealing with land under claim. Land claims are now factored-in during the early stages of the process. This enables the land claim to be determined within the timeframe of the proposed acquisition or for negotiations on withdrawal of the land claim to occur prior to any acquisition or dealing.

During 2017–18, NSWALC received approximately 144 enquiries from acquiring authorities and other third parties for compulsory acquisition or proposed dealings with land under claim.

NSWALC holds the view that, where a claim already exists over land, it should be determined before any proposed compulsory acquisition or dealing is allowed to proceed. LALCs generally seek to engage positively with acquiring authorities, particularly if the proposed acquisition has broader public benefit such as improved power supply or upgraded community facilities. LPU supports LALCs throughout the process and provides advice in relation to the options available.

## Land Dealings

### SCOPE AND APPROVAL OF LAND DEALINGS

LALCs continue to develop strategic plans for productive utilisation of their lands, with a focus on delivering commercial, social and cultural benefits to their communities.

During 2017–18, LALCs sought and were granted approval for a variety of activities (Tables 3 and 4). These included:

- lodging development applications
- sale of land
- granting easements
- leasing activities
- transfer of land and land swaps with local government and other parties
- head leasing of residential housing stock and funding agreements for upgrading existing facilities
- acquisition of land/mortgage.

Table 3: Number of land dealings approved by NSWALC during the current and previous four financial years.

LAND DEALINGS	1 JUL 2013 – 30 JUN 2014	1 JUL 2014 – 30 JUN 2015	1 JUL 2015 – 30 JUN 2016	1 JUL 2016 – 30 JUN 2017	1 JUL 2017 – 30 JUN 2018
LALC land dealing with Aboriginal Housing Office	18	7	3	0	1
LALC other land dealings	22	25	22	40	26
NSWALC land dealings and other approvals	11	13	6	8	2
LALC land dealings non-approvals	1	0	0	0	0
<b>Total</b>	<b>52</b>	<b>45</b>	<b>31</b>	<b>48</b>	<b>29</b>

Table 4: Number of Dealing Approval Certificates (DACs) and Registration Approval Certificates (RACs) issued by NSWALC during the current and previous four financial years.

CERTIFICATES ISSUED	1 JUL 2013 – 30 JUN 2014	1 JUL 2014 – 30 JUN 2015	1 JUL 2015 – 30 JUN 2016	1 JUL 2016 – 30 JUN 2017	1 JUL 2017 – 30 JUN 2018
DACs	58	51	34	54	31
RACs	73	101	65	51	41
Statement of non-requirement	5	4	2	2	0
<b>Total</b>	<b>136</b>	<b>156</b>	<b>101</b>	<b>107</b>	<b>72</b>

## CERTIFICATES OF TITLE

The ownership of land in NSW is normally evidenced by a Certificate of Title. Without a Certificate of Title, a property cannot be sold. In some cases, LALCs have been unable to finalise sale of their land because the Certificate(s) of Title could not be located and transferred.

LALC and NSWALC Certificates of Title need to be stored in a safe, fireproof location to ensure safekeeping. A register documenting where each certificate is kept, the date of any removal/return of a certificate, by whom and for what purpose, is also recommended.

This year NSWALC assisted four LALCs with locating Certificates of Title, as well as name changes and title issues.

## PROPERTY HOLDINGS AND MANAGEMENT

### 33 Argyle Street, Parramatta – NSWALC head office

The property at 33 Argyle Street is a NSWALC-owned, 10-storey commercial building in the Parramatta Central Business District in Western Sydney, and it is the main operational base for NSWALC. Office space in the building that is not required by NSWALC is leased to other tenants on commercial terms.

Knight Frank Pty Ltd continue to act as NSWALC's property managers for 33 Argyle Street, which has maintained a 100 per cent occupancy rate during the current reporting period.

A National Australian Built Environment Rating System (NABERS) assessment of 33 Argyle Street was carried out in June 2018 and this resulted in a 3-star NABERS energy rating and a 2-star NABERS water rating. In response, NSWALC began a complete upgrade of the building's air conditioning system in April 2018, which constituted a major repair and maintenance project. The project is due for completion in September 2018.

## PROPERTY PORTFOLIO

NSWALC currently has a property portfolio that consists of 105 properties. As at 30 June 2018 the total value of NSWALC-owned properties was \$38,232,380. The properties range from NSWALC's head office in Parramatta to multiple vacant land holdings, as well as a number of residential houses. NSWALC's portfolio is spread across NSW, with properties located in Armidale, Evans Head, Gosford, Kempsey, Ivanhoe, Nymagee, Parramatta, Quambone, Yamba and the Lake Macquarie region. The majority of these properties are vacant land holdings concentrated in the Lake Macquarie area and zoned Environmental Conservation.

During 2017–18 NSWALC approved the sale and/or transfer of the following properties in Yamba:

- 24 Boronia Crescent
- 5 Ardisia Close
- 113 Yamba Road
- 70 Melaleuca Drive
- 72 Melaleuca Drive
- 118 Melaleuca Drive
- 8 Waratah Avenue
- 16 Waratah Avenue
- 5 Wattle Drive
- 28 Willow Way
- 4 Roseland Avenue
- 4 Harwood Street.

These properties were all transferred on 27 March 2018.



## ZONE OFFICES

Five zone offices operate across NSW and report to Council. They represent the LALCs in their zone, and provide a range of different services and resources through NSWALC.

Staff at zone offices work closely with many NSWALC units including land and property, legal, economic development, and policy to provide a variety of general and specialist support, advice, and assistance to LALCs with:

- compliance with statutory responsibilities for funding under the ALRA and maintenance of the Risk Assessment System (RAS) for monitoring of compliance
- NSWALC's annual operational grants program and release of grants
- operational matters, governance, financial and Community Land and Business Plans (CLBPs)
- management of social housing and other CBSs
- legal advice on land dealings and Native Title matters
- training to build capacity
- preservation and protection of Aboriginal culture and heritage
- government and other stakeholder negotiations.

One of the key responsibilities of zone offices is completing annual RAS assessments for LALCs. The RAS is the primary risk assessment tool used by NSWALC to determine each LALC's funding risk category, eligibility for an operational funding

agreement, and the terms and conditions under which funding will be offered (Table 5). It uses existing data on LALC performance to measure compliance with:

- the ALRA
- NSWALC's funding policy
- individual funding agreements
- financial statutory obligations to third parties.

RAS assessments enable specific areas of operational weakness to be identified at an early stage. Early detection and intervention assists in LALC capacity building, mitigates poor operational performance, and enhances positive audit outcomes. Zone staff play a key role in assisting LALCs with ongoing performance improvement and capacity building.

Each zone office includes a Zone Director but staffing numbers in zones vary, depending on the number of LALCs they service and local staffing needs.

Zone offices work with Councillors to host a number of regional forums and workshops with their LALCs throughout the year. These forums provide an opportunity for LALCs to discuss issues of common concern, develop regional strategies and approaches, and receive information on NSWALC initiatives. Forums also provide the opportunity to engage with external stakeholders and service providers.

Zone office staff undertake regular internal and external training to ensure they are equipped to provide the services necessary to support the capacity development of LALCs for the wider benefit of their communities and Aboriginal peoples.

Table 5: Terms and conditions of LALC funding agreements based on NSWALC RAS criteria.

RAS SCORE	FUNDING CATEGORY	RISK CATEGORY	REPORTING REQUIREMENTS/ FUNDS RELEASE	ASSESSMENT FREQUENCY
<50%	Unfunded	None applied	NA	NA
50–69%	Funded	High risk	Bi-monthly financial reporting and bi-monthly funding releases	Quarterly
70–89%	Funded	Medium risk	Quarterly financial reporting and quarterly fund releases	Half-yearly
>90%	Funded	Low risk	Half-yearly financial reporting and quarterly fund releases	Annually

## Northern Zone

The Northern Zone consists of 38 LALCs within the following regions:

- North Coast Region (comprising 13 LALCs) represented by Councillor Tina Williams
- Mid North Coast Region (comprising 11 LALCs) represented by Councillor Peter Smith
- Northern Region (comprising 14 LALCs) represented by Councillor Charles Lynch.

The organisational structure is designed to separate responsibility for compliance and regulation from capacity and community development. Work to develop clear lines of separation between the functional areas, internally, is ongoing.

Table 6 outlines the core responsibilities of each area since the restructure including internal compliance requirements and external services that are available to LALCs.

### STAFFING AND ORGANISATIONAL STRUCTURE

The Northern Zone Director is supported by a staff of eight – an Operations Manager, four Senior Project Officers, a Project Officer, Senior Finance Officer and Business Support Officer. All vacant and temporary positions were filled during the year including the newly-created project officer positions. During 2017–18, zone offices operated from Coffs Harbour and Tamworth.

Table 6: Northern Zone business units and functional areas.

NETWORK DELIVERY	
COMPLIANCE AND REGULATION	CAPACITY AND COMMUNITY DEVELOPMENT
<ul style="list-style-type: none"> <li>• Mediation and conflict resolution</li> <li>• Risk assessments</li> <li>• Policy development and Implementation</li> <li>• Board member governance training</li> <li>• Election of Board members</li> <li>• Complaints handling</li> <li>• CLBP assessments</li> <li>• CBS assessments including residential accommodation</li> <li>• Native Title matters</li> <li>• LALC membership matters</li> <li>• Pecuniary interest and misconduct matters</li> </ul>	<ul style="list-style-type: none"> <li>• Land mapping</li> <li>• Community development planning</li> <li>• Aboriginal Land Agreements (ALAs)</li> <li>• Asset management plans</li> <li>• Grant applications and acquittals</li> <li>• CLBP development</li> <li>• Training need analysis</li> <li>• Capacity development plans</li> <li>• CBS development</li> <li>• Land acquisition and development</li> <li>• Employee recruitment and performance management</li> <li>• Culture and heritage protection and promotion</li> </ul>
FINANCE AND ADMINISTRATION	
<ul style="list-style-type: none"> <li>• Monitoring LALC compliance</li> <li>• Budget assessments</li> <li>• Financial report assessments</li> <li>• Audit assessments</li> <li>• Grant releases</li> <li>• Funding and assistance agreements</li> </ul>	<ul style="list-style-type: none"> <li>• Risk management plans</li> <li>• Debt management plans</li> <li>• Financial management training</li> <li>• Financial planning and reporting</li> <li>• Accounts processing</li> <li>• Internal controls and procedures</li> </ul>

## REPORT OF OPERATIONS

### *General support to LALCs*

Northern Zone staff attended a number of LALC Board and members' meetings throughout 2017–18.

The Network Delivery team is responsible for day-to-day dealings with LALCs on a broad range of issues including fulfilment of their responsibilities under the ALRA, and for advice and support.

Northern Zone Finance and Administration team provide support to LALCs on:

- budgeting, and financial management systems and controls
- release of NSWALC grant funds
- processing of essential payments
- financial performance assistance and monitoring.

Finance staff make frequent visits to LALCs to assist with financial management functions, and liaise directly with LALC bookkeepers, accountants and assurance practitioners. They also provide internal services to ensure the efficient and effective operations of the Northern Zone office, and participate in LALC risk assessment assessments together with Network Delivery staff.

### *Specialised support to LALCs*

During the reporting period, zone staff provided specialised support to LALCs, which required substantial zone resources. This included advice and assistance with:

- Aboriginality and membership issues
- legal and pecuniary interests
- Native Title
- complaints handling and referrals
- dispute resolution and mediation
- land dealings (also land claim withdrawals)
- employment.

The new NSWALC-funded, part-time legal position at Justice Connect has been a great asset to LALCs, which are now able to obtain free, general legal advice.

### *Compliance monitoring and funding*

Since its establishment, a major focus for the Northern Zone office has been assisting LALCs with compliance reporting. In 2017–18, for the eighth consecutive year, no administrators have been appointed to LALCs within the zone. This is a significant achievement that can be attributed to the hard work of LALC Boards, CEOs and Northern Zone staff.

During the period, however, five LALCs were on assistance agreements including one LALC that has been unfunded for several years. To address this issue, Northern Zone developed and implemented a new intensive assistance service plan, which combines risk assessment, audit, financial and governance requirements in one easy-to-follow action plan with assigned LALC and NSWALC tasks. The new process has resulted in three of the five LALCs returning to a funded position. This includes one LALC that had not been funded for the past six years.

### *LALC audit results*

NSWALC's new Financial Reporting Policy was implemented during the year. The policy outlines different reporting tiers based on average annual income over a rolling three-year period, and has resulted in an overall reduction in audit costs. There were still some issues with documentation identified during 2017–18 including a lack of supporting information and late lodgement of financial statements. Given this is the first year of the new policy, Northern Zone is anticipating that these issues will improve as LALCs and NSWALC become familiar with the policy.

At 30 June 2017, 35 of the 38 LALCs in the Northern Zone had unqualified audits. By the end of the 2017–18 financial year, two of the audit qualifications had been removed and one remained. This is a positive trend that demonstrates a reduction in LALC debt and an overall improvement in financial position.

### *Risk Assessment System and performance improvement planning*

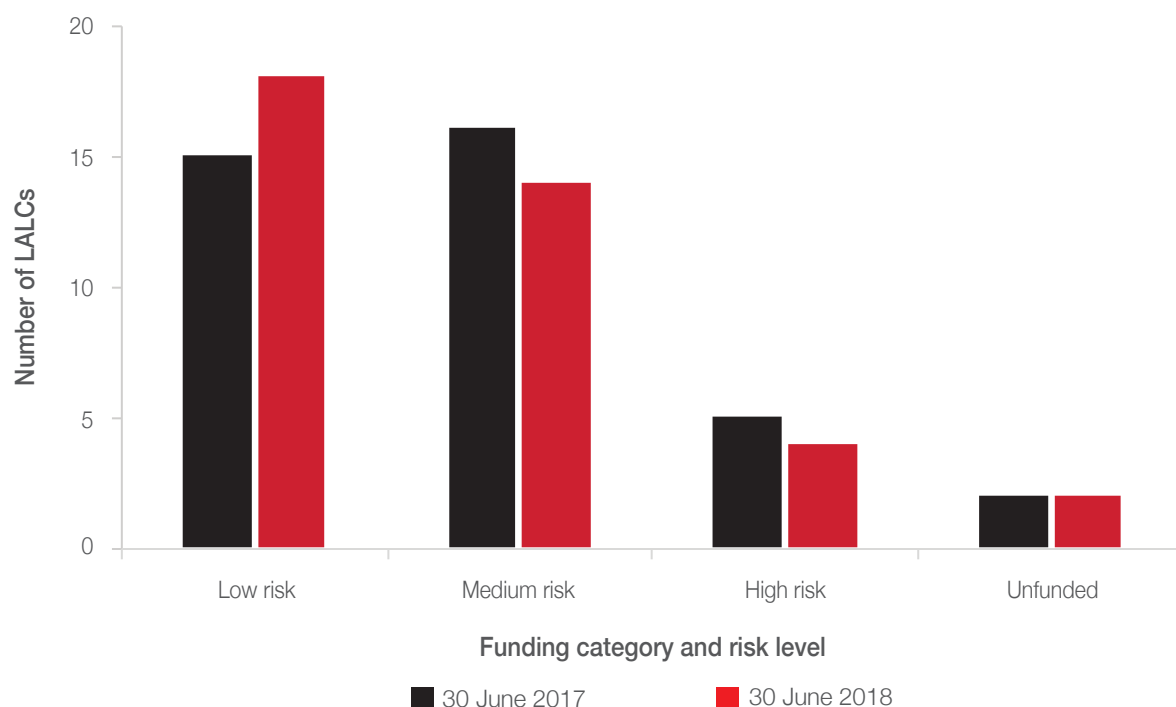
During the year, zone staff undertook 62 comprehensive risk assessments with the RAS, covering all LALCs. NSWALC head office and zone staff work closely with LALCs to address any areas the system identifies as unsatisfactory to the requirements of the RAS.

At 30 June 2018, the number and percentage of LALCs in the zone that were funded, and in each funding category were:

- 36 funded in total (94.7 per cent)
- 5 funded high risk (13.2 per cent, 23.7 in 2017)
- 16 funded medium risk (42.1 per cent, 57.9 in 2017)
- 15 funded low risk (39.5 per cent, 15.8 in 2017) (Figure 2).

The most notable achievements are the reduction in high-risk LALCs, and the increase in low-risk LALCs (from six in 2016–17 to 15 in 2017–18). Several LALCs recorded a 100 per cent score.

Figure 2: Northern Zone LALCs funding category and risk level comparison at 30 June 2017 and 30 June 2018.



#### ***LALC regional forums***

During 2017–18, zone staff worked with Councillors Smith, Williams and Lynch to host a joint regional forum in Coffs Harbour in December 2017, as well as forums in each of their regions.

#### ***LALC Board elections and support***

During the year, Northern Zone staff acted as Returning Officers at a number of LALC Board vacancy elections, filling 31 vacancies in total. In some cases, Board vacancies resulted in LALC Board numbers dropping below the minimum required for a quorum. A number of urgent Board elections were held to enable these LALCs to continue operating.

#### ***Training and workshops***

Northern Zone office conducted mandatory governance training for 50 newly-elected Board members, and facilitated several CLBP workshops. As a result, at the end of the financial year, there were only two LALCs without approved CLBPs. A Chairperson training package was also developed, and piloted in northern LALCs. The package is being refined and will be rolled out across the zone.

During the year, Northern Zone staff members attended training sessions on:

- Workplace Health and Safety (WH&S)
- senior management
- resilience
- community development planning.

Some staff members have also chosen to undertake accredited training courses (during and after work hours) including Certificate IV in Bookkeeping, Certificate IV in Project Management and a Masters in Business Administration.

#### ***LALC employee recruitment and workplace relations assistance***

An emerging issue for LALCs and NSWALC during 2017–18 was the changeover in CEOs. Northern Zone was directly involved in the recruitment of eight CEOs during the reporting period. Many LALCs had to advertise the positions multiple times and there are still some without a permanent CEO. Successful recruitment and retention of quality staff within the network continues to be an issue for many Northern Zone LALCs.

In addition to recruitment assistance, Northern Zone provided workplace relations advice to a number of LALC Boards.

#### ***LALC land mapping***

The aim of the land mapping project is to provide LALCs with a thorough understanding of their land assets so that potential land management, uses and development opportunities, and culture and heritage protection requirements can be identified.

Since the recruitment of Northern Zone project officers, land mapping for 18 LALCs has been completed and a draft land mapping manual has been developed. When all LALCs in the zone have been mapped, the Northern Zone office intends to offer individual workshops to LALCs to assist in developing asset (land) management plans.

### ***Aboriginal Land Agreements and Community Development Planning***

Northern Zone project management team facilitated the delivery of Community Development Planning (CDP) to Nungaroo and Tamworth LALCs participating in the Land Negotiation Program (LNP). The LNP seeks to ensure Crown Land in NSW is held by the most appropriate landholder. This involves a multi-party negotiation between LALCs, NSWALC, NSW Government and local councils.

The CDP is a strength-based approach that supports the community in identifying their own issues, needs and strengths. As a result, the LALC developed a plan with input from the whole community. The CDP process provided invaluable information to LALCs participating in the LNP, as a mechanism to address needs identified by the broader community.

### **Far Western Zone**

The Far Western Zone consists of 11 LALCs, represented by Mr William Murray as the duly-elected NSWALC Councillor for the zone. Its purpose, aims and objectives are consistent with all other zone offices, with services delivered in accordance with the key objectives of NSWALC's Strategic Plan.

#### **STAFFING AND ORGANISATIONAL STRUCTURE**

In 2017–18, Far Western Zone was staffed by a Zone Director and a Senior Project Officer. The office is located in Broken Hill to provide services to eight LALCs currently operating within the zone's boundary.

Zone staff meet regularly with Councillor Murray to provide briefings on operational and strategic issues from a NSWALC, LALC, and community perspective.

#### **REPORT OF OPERATIONS**

##### ***Support to LALCs***

Far Western Zone provides support, advice and assistance to LALCs on matters including:

- requirements under the ALRA and regulations
- operations
- planning
- land dealing
- residential accommodation management
- human resources
- non-government and government stakeholder meetings.

This year, Far Western Zone continued its focus on strengthening its working relationships with LALCs, with a particular emphasis on assistance and support with compliance issues that are regularly identified as concerns through the NSWALC RAS.

The development of social enterprise and business ideas, identified through each LALC's CLBP, also continues to be another key focus area.

Other assistance provided to LALCs by Far Western Zone office during the year supported LALCs and external stakeholders through:

- recruitment panels
- procurement panels
- leadership speeches
- engagement programs with Broken Hill High School.

##### ***Monitoring and compliance***

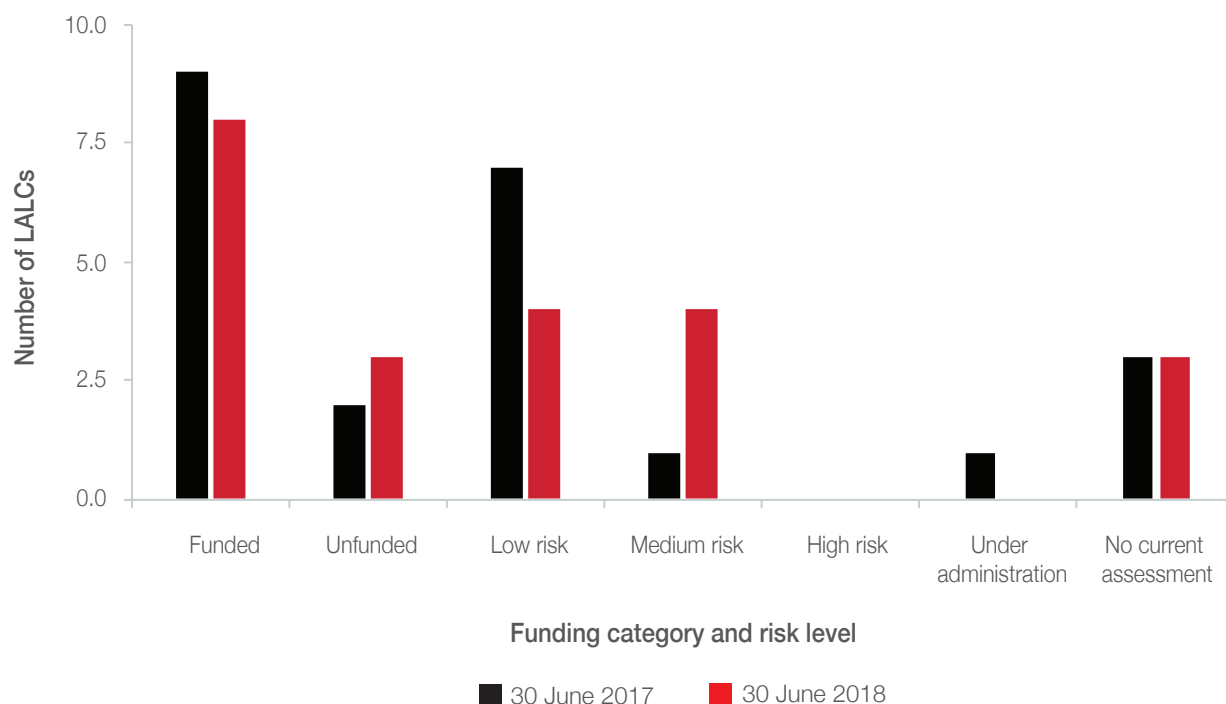
As in the previous financial year, at 30 June 2018, no LALCs were in the high-risk funding category, and the number of LALCs in administration decreased to zero (Figure 3).

##### ***Payments to LALCs***

In 2017–18, NSWALC approved a total grant of \$1,311,660 for the Far Western Zone, and nine LALCs were offered funding agreements. Ivanhoe LALC had an administrator appointed during the year and received funding while in administration for a period of three months. Administration costs for Ivanhoe were \$83,615.22 at 30 June 2018 (Figure 4). These costs are recorded as a debt to NSWALC, and payments are recovered under debt repayment agreements with the relevant LALCs.

No payment for essential expenses was recorded while a LALC was in an unfunded category.

Figure 3: Far Western Zone LALCs funding category and risk level comparison at 30 June, 2017 and 30 June 2018.



#### LALC Debt

At 30 June 2018, LALC debt to NSWALC within the zone was \$376,469.37. LALCs with a debt to NSWALC have entered into repayment agreements, and made repayments consistent with these agreements.

#### Community Land and Business Plans

During the year, all LALCs submitted CLBPs. The majority are currently in the process of being updated, with realignment of new projects for consistency with the requirements of impending amendments to the ALRA.

#### Land claims, dealings and management

In 2017–18, there were three successful land claims determined for LALCs in the Far Western Zone. The zone also had four land dealings approved. Advice and support was provided to LALCs on these and other land-related matters.

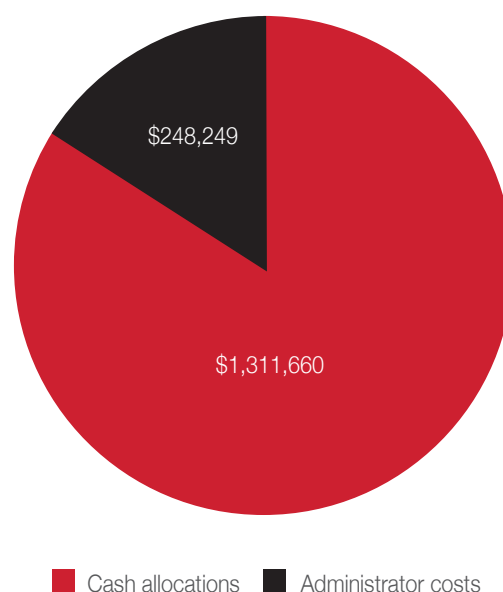
#### Social housing

LALCs with social housing in the zone are either managed under a head lease with the AHO or operate an approved social housing CBS under NSWALC approval (Table 7).

#### Water and sewerage program

The joint NSWALC–NSW Government-funded ACWSP aims to ensure water and sewerage services in Aboriginal communities are operated and maintained to the standard normally provided in the wider community. The program has directly benefited LALCs through new infrastructure on reserve areas, and had a direct impact on Wilcannia, Dareton and Balranald LALCs, with all three works' projects now being contracted for an additional year. More information about the program is detailed in the Program Implementation Unit report.

Figure 4: Far Western Zone allocations and administrator costs.



#### Regional forums and CEO meetings

Two regional forums were held in Far Western Zone during the year. One, in Broken Hill, covered the ALRA review and the other, in Dubbo, was a joint regional forum. Forums and CEO meetings continue to be an essential resource for NSWALC and LALCs to come together and share/provide information on important issues from a state, regional and local perspective.

The Far Western Zone office provides support and assistance to Councillor Murray to host regional forums.



Table 7: Status of Far Western Zone LALC social housing operations.

LALC	AHO	NSWALC-APPROVED SCHEME	NSWALC UNAPPROVED SCHEME
Balranald	Under head lease		
Broken Hill		SHAPE	
Cobar		CBS	
Dareton	Under head lease		
Ivanhoe	No housing		
Menindee	Under head lease		
Mutawintji	No housing		
Tibooburra		SHAPE	
Wanaaring			To be assessed
Wilcannia	Under head lease		
Winbar	No housing		

### LALC activities

During the year, LALCs have been very active in supporting and delivering community activities. Following is a snapshot of some of these within various LALCs.

#### Broken Hill

Broken Hill LALC, in partnership with Orange and Deniliquin LALCs, has continued to successfully roll out the Ability Links and Early Links Program, funded by the NSW Government. The program is responsible for employment of five Ability Links staff in the Broken Hill LALC office, who provide services in the Far West including Broken Hill, Menindee, Tibooburra, Wilcannia and Cobar.

Broken Hill also successfully applied to the 2017 NSWALC CDF for infrastructure upgrades to the LALC's meeting room and office facilities, which include installing a kitchenette in the meeting room, updating outside toilet facilities, and providing wheelchair access.

#### Wilcannia

Wilcannia LALC has been successful this year with funding from the EPA Waste Management Program, and received second-stage funding of \$28,000 for its project. The project has three major goals. The short-term focus is on health issues such as needles and dispensing, while the medium-term focus is on addressing issues with household waste and its health impacts. Long-term goals include education programs for children about Caring for Country, which focus on recycling and the impact of waste on Country. The project has been designed with a whole-of-community approach.

Wilcannia has also continued to engage in NSWALC's economic development trial. The trial is aimed at facilitating expansion of goat harvesting at Weinteriga Station.

#### Menindee

In 2017–18, Menindee LALC embarked on the Old Menindee Mission Conservation and Interpretation project, and successfully applied for funding of \$58,000 from the Office of Environment and Heritage's Aboriginal Heritage Places program stream. The project aims to maintain the values of the Old Mission and preserve them for the future. This includes fencing, and an oral history and signage to record the life of the Old Menindee Mission. The project was completed in May 2018.

#### Dareton

Dareton LALC is currently engaged in a land management project for Namatjira Reserve, in partnership with Max Employment, Mid Lachlan Aboriginal Housing Management Co-operative, NSW Health, NSWALC, and Local Land Services (Western Region). The project aims to improve the condition of the Reserve through a Max Employment work-for-the-dole scheme, using registered participants as a workforce. It's possible that the project may also ultimately lead to employment of land maintenance and housing maintenance teams for the Reserve. The project has a strong focus on health, with funding to update sporting facilities, create a playground area and install BBQ facilities for families.

#### Mutawintji

Mutawintji LALC successfully applied to the 2017 NSWALC CDF to create base infrastructure on a land parcel, in preparation for future development plans. The project involves establishing fencing works and installation of storage sheds. This is the first stage roll out of a five-stage project.

Mutawintji has also continued to engage with NSWALC's Economic Development trial, and is focused on restarting its tourism enterprise.

## Balranald

Balranald LALC continued to work on its cemetery precinct project, which encompasses a full restoration of the precinct, including an extension and upgrade to the historic Balranald Aboriginal Cemetery in Island Road. The cemetery has grown exponentially, with little planning and spasmodic record keeping. The only formal record of burials is detailed in a piecemeal 'mudmap', and the only published account of the cemetery's history (that we are aware of) is recorded by local Muthi Muthi elders, Alice and Alf Kelly.

The project has two distinct stages:

- Stage 1 – preliminary historical work
- Stage 2 – infrastructure, landscaping and land acquisition.

## Tibooburra

Tibooburra LALC successfully applied for funding from Ausgold (\$10,000) and from the Indigenous Advancement Strategy (\$62,000) to undertake refurbishment and expansion of the LALC Museum and Keeping Place. The Museum and Keeping Place directly addresses the community-identified need to preserve local heritage and, in a contemporary context, knowledge of Aboriginal customs, beliefs, practices and languages. The project also enhances business opportunities for the LALC and economic development for the wider community.

During the year, Tibooburra also began a staged project to maximise and increase exposure for the LALC camping grounds. Stage one has resulted in signage being developed with directions to the camp grounds. The signage is designed to increase public exposure to the camp grounds and to Aboriginal heritage, with each sign reflecting Aboriginal culture and the significance of native animals in the region.

## Cobar

During 2017–18, Cobar LALC sought ways to improve their social housing CBS. Cobar is working with members to identifying how the LALC can increase housing stock and provide more social housing assistance.

## Eastern Zone

Eastern Zone consists of 11 LALCs, represented by Councillor Roy Ah-See. It is geographically the smallest of the five zones but, in many respects, it deals with a range of more complex issues because of the size and strength of LALCs in the zone. The zone covers the Sydney–Newcastle region.

## STAFFING AND ORGANISATIONAL STRUCTURE

The Eastern Zone Director is supported by three staff – a Senior LALC Support Officer, a LALC Support Officer and a Business Support Officer. Eastern Zone office is located in Gosford.

## REVIEW OF OPERATIONS

### Support to LALCs

Eastern Zone office is responsible for monitoring LALC compliance with statutory responsibilities under the ALRA, and providing support and advice. The staff provide ongoing assistance to LALCs in relation to:

- requirements under the ALRA
- operational matters
- planning
- land dealings
- human resource functions
- negotiations with government and other stakeholders.

Throughout the year zone staff made frequent visits to LALCs to provide support with budgeting, release of grant funds, and financial performance monitoring and assistance, where required.

Zone staff also continued to work closely with NSWALC's Governance Unit in dealing with complaints made by LALC members in the zone.

### LALC compliance monitoring and funding

Eastern Zone staff continued to assist LALCs with capacity building in all aspects of their operations including:

- financial reporting
- asset management
- business planning
- compliance with the provisions of the ALRA.

In 2017–18, although the number of funded LALCs decreased by one, there was an increase in the number of low-risk funded LALCs and a decrease in high-risk funded LALCs (Figure 5). Some LALCs became unfunded for short periods, due to failure to report, and one LALC remains under administration with an exit strategy currently being negotiated.

### NSWALC Risk Assessment System

In 2017–18, all risk assessments in the zone were completed in the necessary time frame. The zone office maintains NSWALC's RAS for the 11 LALCs in the Sydney–Newcastle region. A number of LALCs also changed funding categories during the year with the support of the zone office.

### Payments to LALCs

The total approved grant budget for the zone was \$1,457,400. This was based on a full year's allocation for 10 LALCs, and one under administration. Total cash outgoings for the financial year were \$2,152,319 including full and part allocations to LALCs, administrator, and legal assistance costs. There were no essential payments made on behalf of LALCs during the year (Figure 6).



Figure 5: Eastern Zone LALCs funding category and risk level comparison at 30 June 2017 and 30 June 2018.

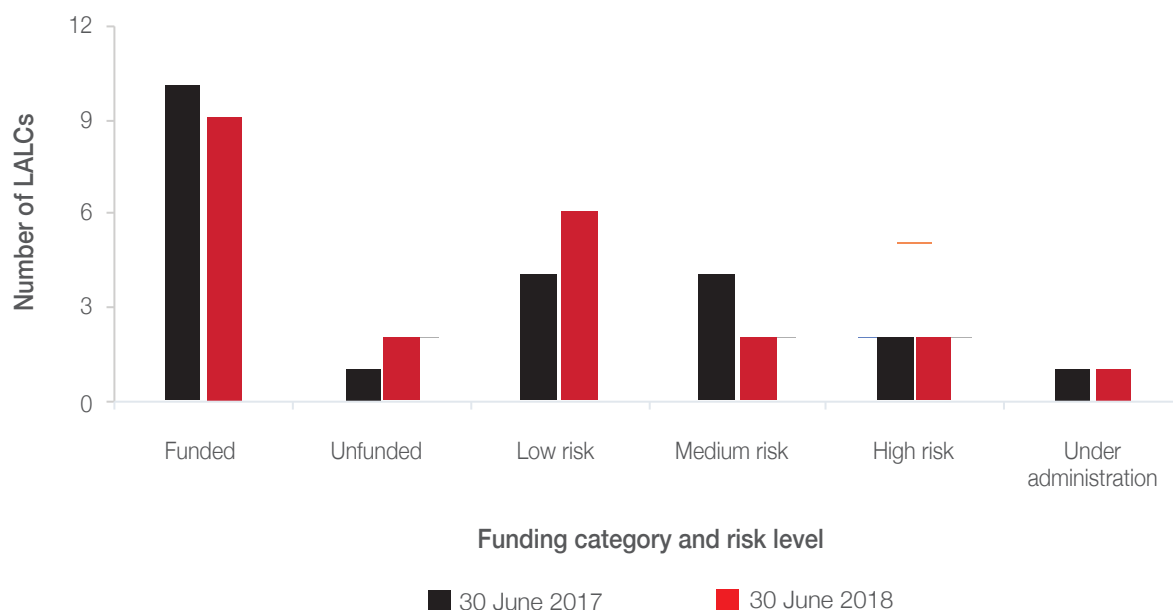
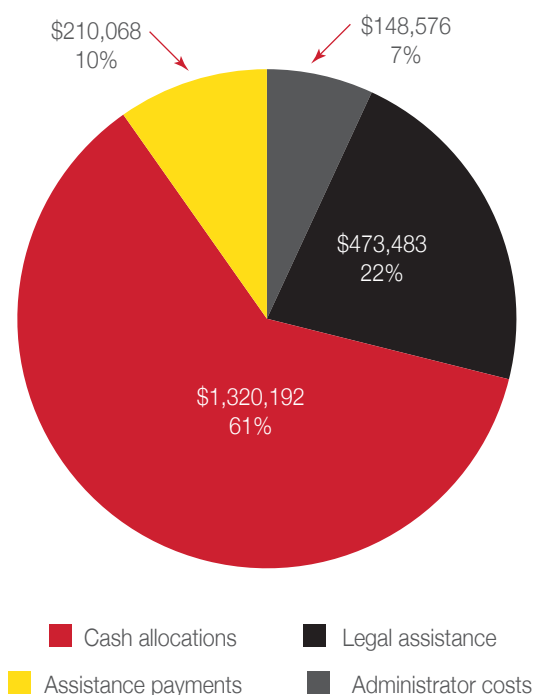


Figure 6: Eastern Zone funding allocations and expenses at 30 June 2018.



Three LALCs were on assistance agreements during the year. Payments made to these LALCs were a substitute for direct grant funding for two, and the third, Tharawal, received only half of its budgeted allocation.

#### LALC debt

NSWALC funded the shortfall in cash outgoings for the year and, at 30 June 2018, total Eastern Zone LALC debt to NSWALC was \$891,337. Total debt of Awabakal LALC increased over the year due to an accumulation of administrator debt and funding of legal expenses (Figure 7). However, following legal

settlement in the Supreme Court, \$250,000 was repaid on 3 July 2018. Gandangara LALC also repaid its debt in full on 15 August 2017, and Tharawal made repayments of \$21,000 during the reporting period.

#### Community Benefit Scheme

Eastern Zone provided assistance this year with the CBS (other than social housing) to a number of LALCs in the region. Four LALCs in the zone (Darkinjung, Metropolitan, La Pouse and Worimi) have CBSs approved by NSWALC.

#### Board elections

Zone staff officiated as Returning Officers for a number of casual vacancy elections in LALCs across the region during the year.

#### Workshops and training

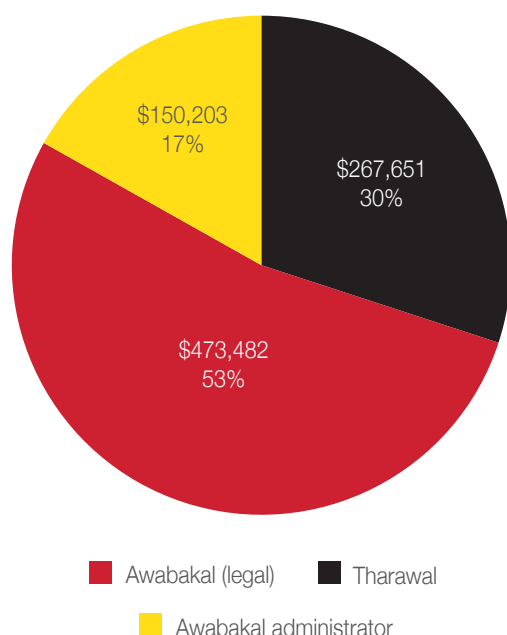
Eastern Zone organised a number of workshops throughout the year that were designed to build the capacity of LALCs. Governance training for all existing LALC Board members has been completed, with training for recently-elected Board members now being finalised. Other workshops for LALCs covered:

- Aboriginal culture and heritage
- land negotiations
- economic development.

Zone staff also took up a number of internal and external training opportunities during the year including:

- first aid
- governance
- building effective corporate partnerships
- enrolment in a Bachelor of Business (Management)
- enrolment in a Diploma in Leadership and Management.

Figure 7: Eastern Zone LALC debt at 30 June 2018.



In addition, Eastern Zone's Business Support Officer and LALC Support Officer visited Southern Zone for training to develop existing skills, and, in May 2018, staff had the opportunity to work with other zones at the NSWALC Zone Conference.

#### **Social housing**

Eastern Zone was the first to have all LALCs approved for social housing. LALCs within the zone have approval under Social Housing Approval and Provider Evaluation (SHAPE), CBS (Residential Accommodation), Provider Assessment and Registration System (PARS) or head leases with the Aboriginal Housing Office (AHO).

#### **Land dealings**

In conjunction with NSWALC's Land and Property and Legal units, Eastern Zone staff continued to advise LALCs on the land dealings regime under the ALRA, with an emphasis on LALC land dealing applications.

#### **Regional forums**

A number of regional forums were conducted by Councillor Ah-See during the year. These were attended by a chairperson from each LALC, and their CEOs or delegates.

This year's forums covered important updates on:

- culture and heritage law reform
- ALRA review and amendments
- Crown Lands review/ALAs
- Constitutional recognition and Treaty
- Sydney-Newcastle Alliance for Culture Rights and Economic Development (SACRED).

#### **Community Land and Business Plan**

The ALRA requires all LALCs to have their CLBP amended and approved within nine months of a Board election. During the year, Eastern Zone LALCs updated their CLBPs, and all were approved.

#### **NAIDOC**

The zone office received many invitations from LALCs to join celebrations for NAIDOC week. Zone staff celebrated NAIDOC at Newcastle, Eastlakes, Wyong, Maitland, Nelsons Bay and Gosford.

#### **Economic/community development**

A diverse range of LALC economic developments exist in the Sydney-Newcastle region including:

- sand extraction
- residential estates
- friable sandstone extraction
- sand dune adventure tours.

NSWALC's Program Implementation Unit works closely with LALCs to assist with any development opportunities.

#### **Native Title**

Eastern Zone has a number of outstanding Native Title claims, and information about the implications of these are provided to LALCs. The recent South Coast claim will have implications, to some degree, for a couple of Eastern Zone LALCs.

#### **Southern Zone**

The Southern Zone consists of 34 LALCs in two regions:

- South Coast – 13 LALCs
- Wiradjuri – 21 LALCs.

Councillor Danny Chapman and Councillor Craig Cromelin are the elected NSWALC Councillors for the South Coast and Wiradjuri regions, respectively.

The zone's purpose, aims and objectives are consistent with that of all zone offices, and are delivered in accordance with the key objectives of NSWALC's Corporate, Strategic and business plans.

#### **STAFFING AND ORGANISATIONAL STRUCTURE**

In 2017–18, Southern Zone office had eight staff, with the Zone Director supported by an Operations Manager, three Senior Project Officers, a Land and Strategic LALC Support Officer, a Senior Finance Officer and a Business Support Officer. The zone office operates from the Canberra suburb of Fyshwick.

During the year Southern Zone changed its staffing structure, reducing the number of Senior Project Officers from four to three and creating a new position for a Land and Strategic LALC Support Officer to assist LALCs with land management issues. Staff also adopted a more integrated approach to the office structure, working collaboratively to service and support the 34 LALCs in the zone.

Zone staff also meet regularly with Councillors to provide briefings on the operations of the zone office and LALCs, and to raise any issues that may require Councillors' attention.

## REPORT OF OPERATIONS

### Support to LALCs

Southern Zone office provides a range of support to LALCs, which includes:

- administering NSWALC's annual operational grants program
- guidance on the requirements of the ALRA and LALC responsibilities
- advice and support with governance, Board elections and Board casual vacancies
- delivery of NSWALC-initiated training to LALC including mandatory governance training for LALC Board members
- guidance in the preparation and implementation of LALC CLBPs
- assistance with LALC-related land and natural resource management and planning initiatives.

The zone office also provides assistance to LALCs in meeting, or working towards meeting, operational performance standards as set out in the LALC funding agreement.

### LALC compliance monitoring and funding

#### NSWALC Risk Assessment System

A total of 50 RAS assessments were conducted across the South Coast and Wiradjuri regions during 2017–18.

South Coast LALC funding risk categories remained relatively stable throughout the year with all but one LALC in the medium- to low-risk categories at 30 June 2018 (Table 8, Figure 8), while LALCs in the Wiradjuri region showed a significant increase in the low-risk category (Table 9, Figure 9).

Table 8: Percentage of South Coast LALCs in each funding risk category at 30 June 2018.

FUNDING RISK CATEGORY	PER CENT
High risk	50–69
Medium risk	70–89
Low risk	90–100
Unfunded	0
Administrator	0

Table 9: Percentage of Wiradjuri LALCs in each funding risk category at 30 June 2018.

FUNDING RISK CATEGORY	PER CENT
High risk	50–69
Medium risk	70–89
Low risk	90–100
Unfunded	19
Administrator	0

Figure 8: South Coast LALCs funding category and risk level comparison at 30 June 2017 and 30 June 2018.

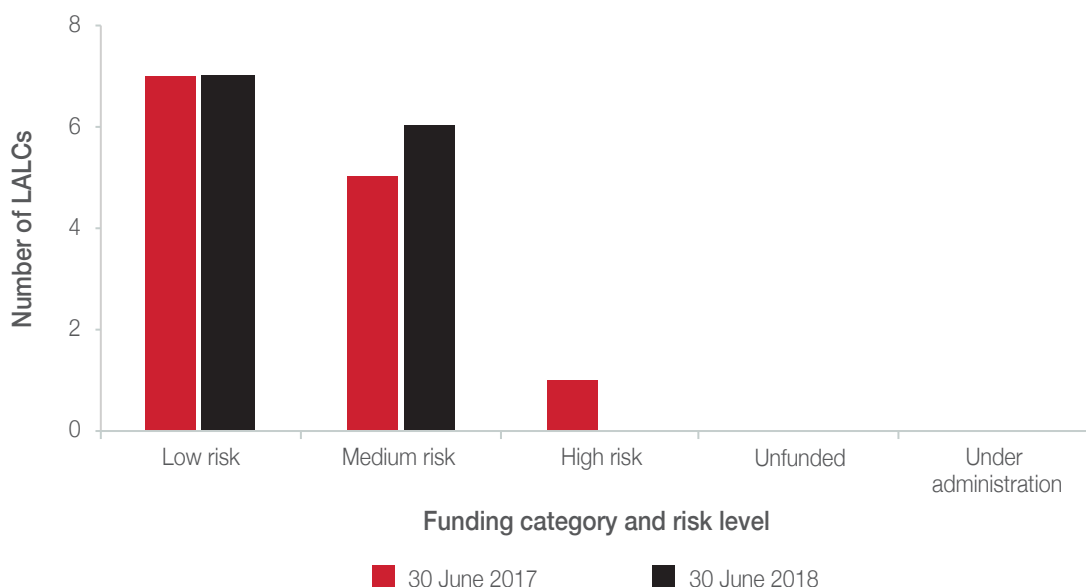
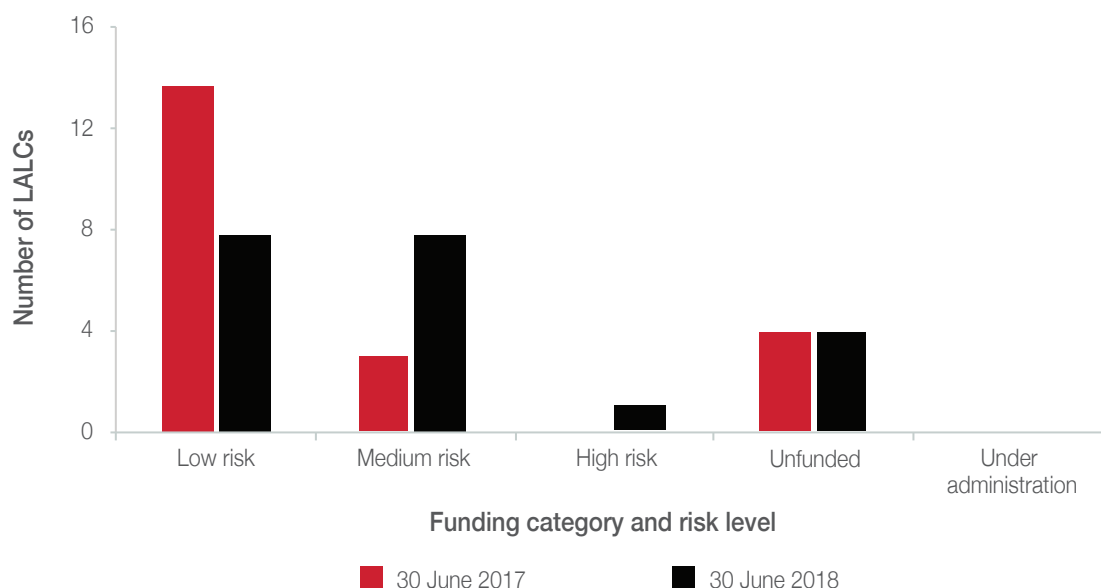


Figure 9: Wiradjuri LALCs funding category and risk level comparison at 30 June 2017 and 30 June 2018.



### LALC funding

In 2017–18, funding was released to the two Southern Zone regions under the following arrangements:

- funding agreements offered and executed (33 LALCs)
- two funding agreements offered and accepted, due to original agreements terminating (3 LALCs)
- assistance agreement offered and accepted (1 LALC).

Under s44A of the ALRA (outstanding rates and charges greater than 12 months old), essential payments assistance was provided to five LALCs for payment of outstanding rates (\$101,558.65).

A short-term administrator was also appointed in the Southern Zone during the year at a cost of \$61,430.50.

Allocations and expenses for South Coast and Wiradjuri regions are provided in Figures 10 and 11.

Southern Zone staff continue to devise and implement intensive support strategies for longer-term unfunded LALCs that have struggled to engage and/or retain the services of a CEO or have experienced governance issues.

### Regional forums

Six regional forums were convened in the Southern Zone during 2017–18, with three in each region. Forums focused on the statutory review of the ALRA, and government reforms to Aboriginal culture and heritage laws. The dates and locations for regional forums in 2017–18 were:

- Wiradjuri regional forums
  - 17–18 July 2017, Wagga Wagga
  - 27 November 2017, Albury
  - 26–27 February 2018, Bathurst

- South Coast regional forums
  - 29–30 August 2017, Batemans Bay
  - 16–17 November 2017, Ulladulla
  - 21–22 February 2018, Batemans Bay.

Presentations by zone staff at the forums included information on:

- NSWALC's Enterprise Strategy
- social and affordable housing fund
- Native Title
- Crown Lands review.

Presentations were also made by the Department of Primary Industries (Regional Forestry Agreements), and the Registrar of the ALRA, as required.

In addition, this year's forums provided an opportunity for Southern Zone LALCs to meet the new NSWALC CEO James Christian and the Chairperson Councillor Roy Ah-See, who outlined their vision for NSWALC through new opportunities identified in the new Strategic Plan (2018–2022).

### LALC Board elections

Southern Zone office officiated as the Returning Officer for one full LALC Board election and 11 casual vacancy elections. A total of 22 LALC Board members were elected (8 male and 14 female).

### Training and workshops

During the year, Southern Zone office delivered mandatory governance training for a total of 12 Board members from the Wiradjuri region and three from the South Coast (Table 10).

Figure 10: South Coast Region funding allocations and expenses at 30 June 2018.

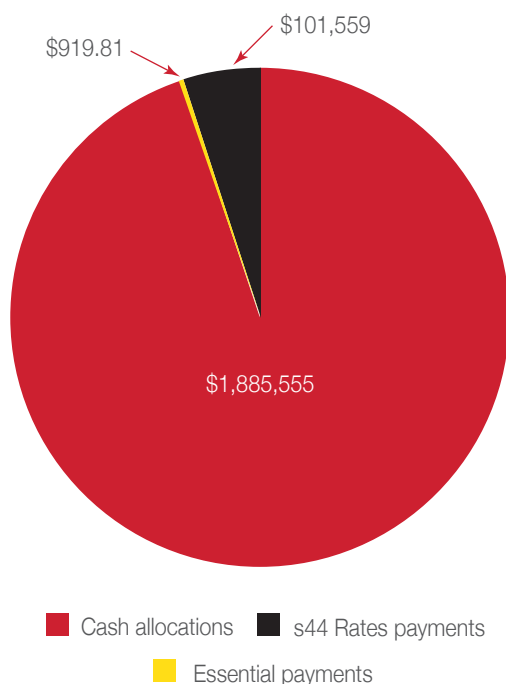


Figure 11: Wiradjuri Region funding allocations and expenses at 30 June 2018.

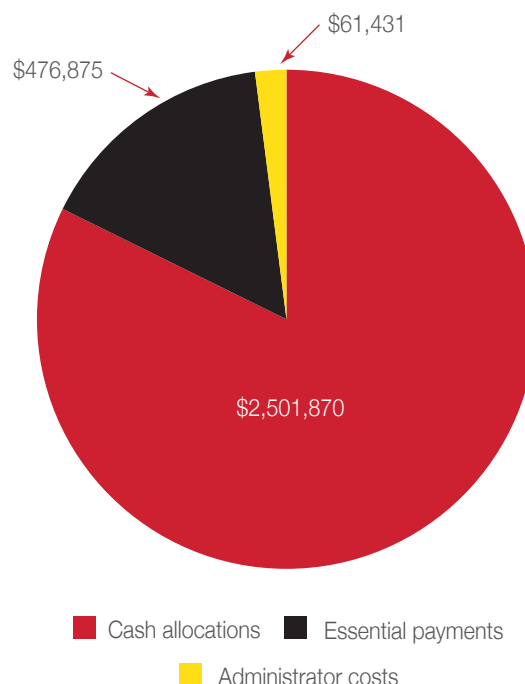


Table 10: Governance training completed in each Southern Zone region in 2017–18.

COMMUNITY	NO. BOARD MEMBERS TRAINED	DATE COMPLETED
<b>Wiradjuri</b>		
Cowra	2	1 August 2017
Young	1	20 October 2017
Deniliquin	1	30 January 2018
Condobolin	2	15 February 2018
Brungle/Tumut	2	20 February 2018
Albury & District	3	21 March 2018
Murrin Bridge	1	27 March 2018
<b>South Coast</b>		
Wagonga	1	14 February 2018
Nowra	1	28 April 2018
Jerrinja	1	18 June 2018

### LALC social housing activity

Under the ALRA, the provision of residential accommodation (including rental accommodation) is referred to as a CBS. LALCs may, in accordance with the approval of NSWALC, directly or indirectly, provide community benefits and provide, acquire, construct, upgrade or extend residential accommodation for Aboriginal people in its area. This is known as a CBS (Residential Accommodation, RA), which enables LALCs to manage their own housing.

Within the Southern Zone, 33 of the 34 LALCs provide social housing to members under the following schemes:

- SHAPE scheme (3 LALCs)
- Head Lease arrangements with the AHO (9 LALCs)
- CBS (RA) scheme (21 LALCs).

### Community Land and Business Plans

In 2017–18, LALCs in the Southern Zone made substantial progress on the objectives and strategies outlined in their CLBPs. At 30 June 2018, there were 30 funded LALCs with an approved CLBP. Plans were reviewed throughout the year, as required under the ALRA. Four unfunded LALCs did not have an approved CLBP during the reporting period but Southern Zone staff continue to work with them to finalise their plans for members' approval.

### Native Title

Southern Zone worked closely with NSWALC's Legal Services Unit to provide information to South Coast and Wiradjuri LALCs on the South Coast Peoples Native Title Claim and the Warrabinga-Wiradjuri Native Title Claim.

### ***NSWALC's Economic Development Program***

NSWALC's Economic Development Program has been under review since May 2017, however, Southern Zone office continued to facilitate dissemination of information and policy advocacy under the existing program. During 2017–18, West Wyalong LALC (Wiradjuri Region) successfully applied for a Business Development Grant (Property development, highest and best use report) from the NSWALC EDF.

### ***Land claims, dealings and management***

Southern Zone office provided advice and support to LALCs throughout the year regarding land claims, dealings and management. The following LALCs negotiated successful land dealing decisions:

- Wagga Wagga LALC – lodge DA for consent to develop Lots 1 and 2 Sec 30 DP 758277 and Lots 9 and 10 Sec 30 DP 758277
- Wagonga LALC – sale of Lot 769 DP 752155, Lot 819 DP 752155 and Lot 241 DP 821459
- Wagga Wagga LALC – revocation of previous approval and sale of Lots 1 and 2 Sec 30 DP 758277 and Lots 9 and 10 Sec 30 DP 758277
- Wagonga LALC – lodge DA with Eurobodalla Shire Council for Lots 228 and 229 DP 729250
- Wagonga LALC – lodge DA to refurbish, extend and improve accessibility of the building at Lot 1 DP 524752
- Eden LALC – sale Lot 77 DP 756708 and Lot 7300 DP 1210122
- Nowra LALC – sale Lots 425 and 426 DP 720906
- Murrin Bridge LALC – sale of Lot 215 Loughnan Street, Lake Cargelligo (Lot 215 DP 729576 and Lot 175 DP 752329).

## **Western Zone**

The Western Zone consists of 25 LALCs within two regions, and covers a large area of New South Wales from Toomelah and Boggabilla in the north, to Bourke in the west and Mudgee in the east.

There are nine LALCs in the Central Region, represented by Councillor Stephen Ryan, and 16 in the North West Region, represented by Councillor Anne Dennis.

### **STAFFING AND ORGANISATIONAL STRUCTURE**

The Zone Director is supported by six staff – a Business Support Officer, a Senior Finance Officer, two Senior LALC Support Officers, a Senior Project Officer and a Project Officer.

Zone office staff work closely with both Councillors in the Western Zone, providing regular and extended outreach services to LALCs.

### **REPORT OF OPERATIONS**

#### ***LALC support and capacity development***

Zone staff are responsible for delivering two primary services to LALCs, and to NSWALC:

- monitoring compliance with ALRA responsibilities
- providing support and capacity development.

#### ***Compliance monitoring and funding***

Compliance with the ALRA is critical to funding for LALCs, and NSWALC's compliance database is used to determine LALC compliance with responsibilities.

#### ***Risk Assessment System***

In 2017–18, the improvement in performance and mitigation of risk areas in the zone has been considerable.

LALCs in the Central Region have maintained a funded status over the past two financial years but there has been a noticeable increase in the number in the low-risk category, from five to seven in the 2017–18 financial year (Figure 12).

North West Region LALCs also clearly demonstrate an improvement in operational performance in the past 12 months with an increase in low- and medium-risk categories, and a decrease in the high-risk category (Figure 13).

Figure 12: Central Region LALCs funding category and risk level comparison at 30 June 2017 and 30 June 2018.

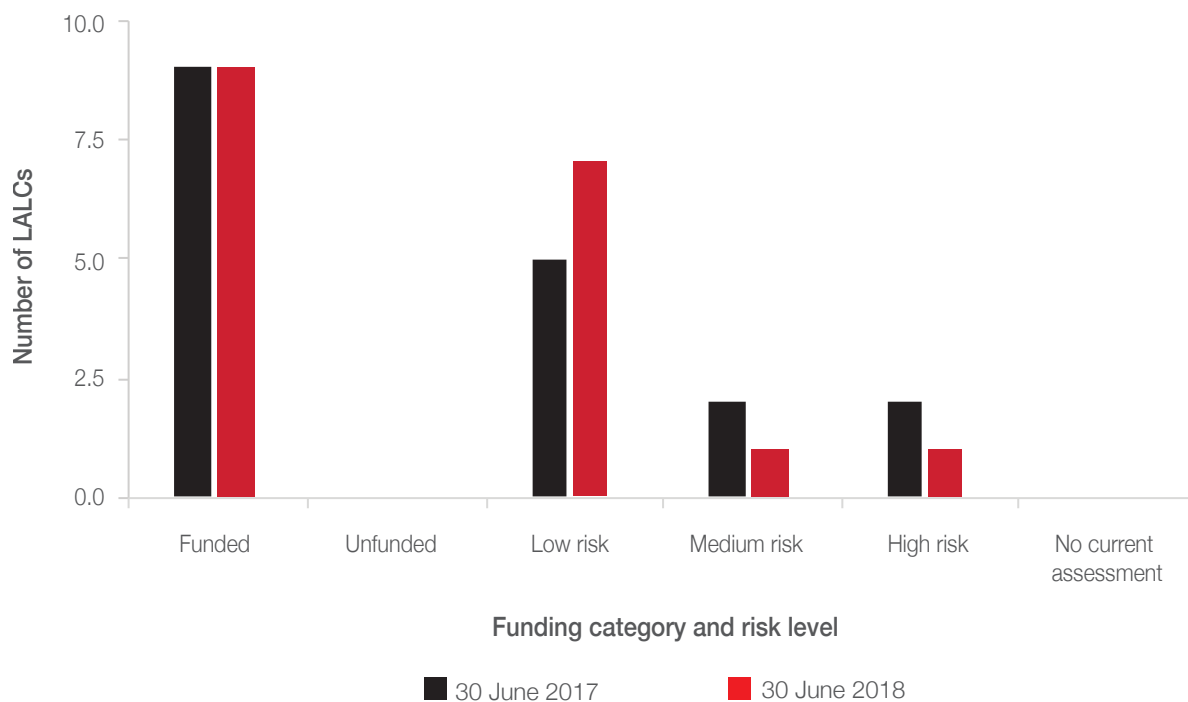
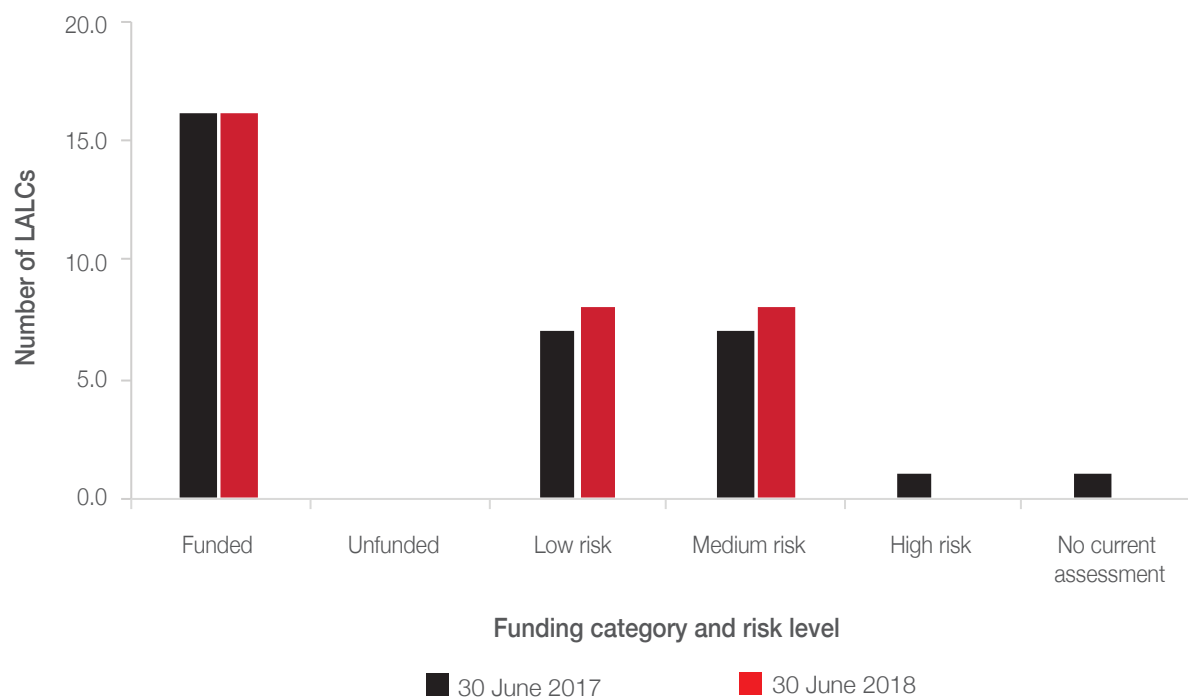


Figure 13: North West Region LALCs funding category and risk level comparison at 30 June 2017 and 30 June 2018.



### LALC funding

Figures for 2017–18 indicate that capacity development strategies implemented by zone staff have assisted LALCs to improve their performance to an unprecedented level of operations.

### Central Region allocation and expenses

LALCs in the Central Region met all ALRA compliance requirements and received 100 per cent of the approved grants in cash allocations through a funding agreement (Figure 14).

### North West Region allocation and expenses

In North West Region in 2017–18, 97 per cent of LALCs met all ALRA compliance requirements and received their cash allocations directly through a funding agreement. Investigation costs for one LALC constituted 1 per cent of payments, and 2 per cent was diverted to administrator costs (Figure 15).

Figure 16 provides allocations and expenses at 30 June 2017 for comparison.

### Training and workshops

During 2017–18, a number of capacity development initiatives were provided to LALCs. This included mandatory governance training to Board members and operational training to LALC CEOs.

Figure 14: Central Region funding allocations at 30 June 2018.

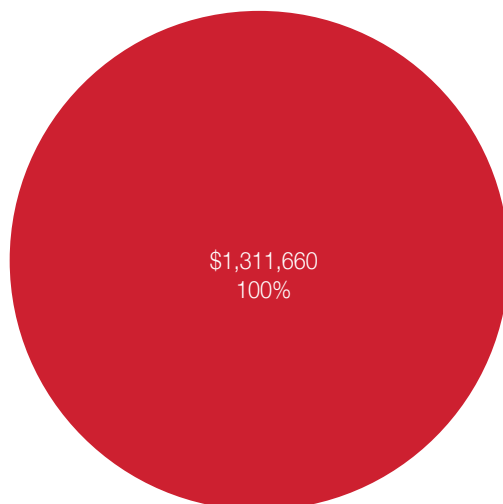


Figure 15: North West Region funding allocations and expenses at 30 June 2018.

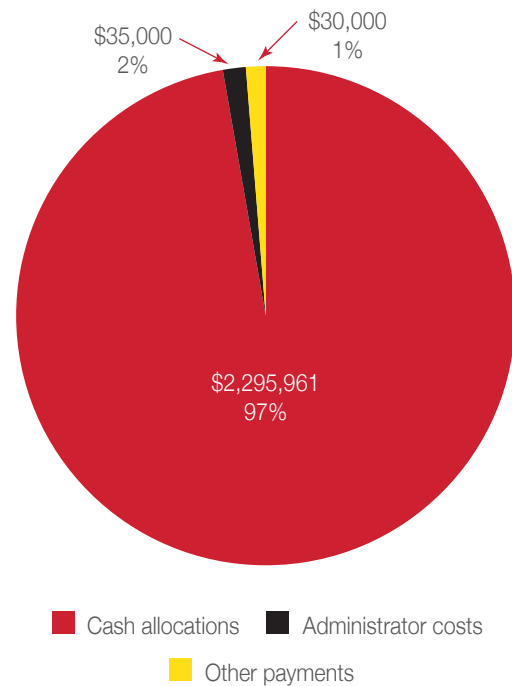
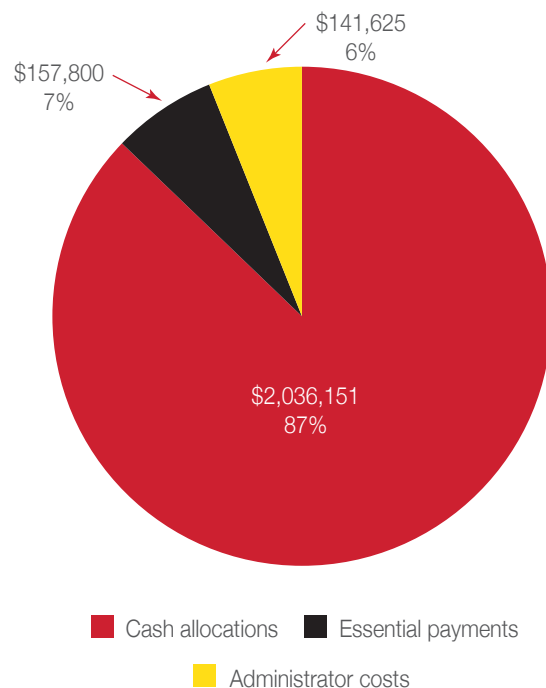


Figure 16: North West Region funding allocations and expenses at 30 June 2017.





### **Board governance training and elections**

Zone staff provided group or individual governance training to LALC Board members to ensure elected representatives have a better understanding of the role of the Board, and meet the compliance criteria in their important function. Together with NSWALC, Western Zone also provided training to new Board members through a number of workshops.

Zone staff officiated as Returning Officers at all LALC Board and casual vacancy elections held across the regions this year.

### **CEO training**

Zone staff provided substantial training to LALC CEOs this year in a number of operational areas. It was generally provided in conjunction with RAS assessments or, where more intensive assistance was needed, between assessments.

Training included:

- office administration
- financial management
- effective meetings
- corporate governance
- human resource management
- mandatory governance.

Zone staff participated in a number of internal and external training opportunities during the year such as:

- Work Health and Safety
- resilience
- governance
- modules towards achieving a Diploma of Management.

Staff also worked with other zone offices at conferences to review organisational plans and develop strategies to increase consistency across a number of service delivery areas.

### ***Regional forums***

A number of regional forums were held during the reporting period. The forums were attended by LALC representatives from each region.

Some of the issues covered were:

- ALRA amendments
- Crown Lands review
- ALAs
- culture and heritage reform
- constitutional recognition.

Forums continue to provide an invaluable opportunity to share information and to voice concerns on issues of specific interest to LALCs.

### ***Water and sewerage***

Zone staff continued to monitor roll out of the Water and Sewerage Program, a joint project funded by NSWALC and the NSW Government to ensure water and sewerage services in Aboriginal communities are operated and maintained to the standard normally provided in the wider community. Staff actively engaged with LALCs and NSW water authorities to resolve a variety of issues, as required.

### ***Community Land and Business Plans***

During the reporting period, Western Zone staff facilitated a number of CLBP reviews to assist LALCs with updates of their plans. LALCs continue to report to NSWALC on progress with implementing the strategies outlined in their CLBP.

# BUSINESS IMPROVEMENT

## GOVERNANCE UNIT

The Governance Unit (GU) provides support to the NSWALC Council and is responsible for:

- Board Governance
- Internal Audit
- Risk Management
- Complaints
- Compliance and Evaluation.

### Board Governance

The NSWALC Council is required by legislation to meet at least four times a year.

GU planned, prepared and facilitated a total of 15 meetings of the NSWALC Council during the reporting period. This comprised 10 scheduled, ordinary meetings and five extraordinary meetings.

Each meeting requires the preparation, compilation, and circulation (in consultation with the Chairperson, Deputy Chairperson and CEO) of meeting agendas, Board papers, and consequential minutes, resolutions and actions arising from Board members and senior staff.

The unit also provided support to eight Council workshops during the year. The workshops considered a range of major issues including strategic planning, Aboriginal culture and heritage, constitutional recognition, Native Title, treaty, policy, committees, economic development, budget planning, and NSWALC enterprises.

In addition to Council meetings and workshops, GU also provided support to a number of Council Committee meetings during the reporting period. The number and type of meetings are outlined in Table 11.

Table 11: Number and type of Council meetings held during 2017–18.

TYPE OF MEETING	NUMBER
Council meetings	15
Council workshops	8
Audit and Risk Committee	5
Finance Committee	6
Governance Committee	0
Investment Committee	4
Economic Development Advisory Committee	3

### Internal Audit

During the reporting period, an internal audit was completed on NSWALC's People and Workplace section. All internal audits are focused on identifying areas for improvement, and the means by which NSWALC can achieve and maintain best practice.

Internal audit findings are categorised as 'People Issues' and/or 'Process Issues' and/or 'Technology Issues' (Table 12).

Findings/issues are also given a risk ranking by the Internal Auditor to indicate the significance of the finding to NSWALC, and the attention required to reduce its probability and/or impact (Table 13).

The internal audit made a number of recommendations to improve the operation of the People and Workplace Unit.

Table 12: Overview of internal audit findings.

PRIMARY ISSUE	CRITERIA
People	Persons performing the control activities do not have appropriate training and knowledge to perform the control activities effectively, or defined policies and procedures are not being followed.
Process	Policies and procedures are outdated and do not reflect existing practice, or have not been defined in sufficient detail to address the risks to the business.
Technology	Technology is not appropriately implemented or configured to mitigate the risks identified.

Table 13: Residual risk rating.

RESIDUAL RISK RATING	DEFINITION
Significant	Level of residual risk is significant in that it threatens the objectives of the process/area.
High	Level of residual risk is important to the organisation and may threaten the objectives of the process/area.
Medium	Level of residual risk is of concern to the organisation.
Low	No issues or only minor opportunities for improvement to processes identified.
	<b>Business improvement opportunities</b> Business improvement opportunities arise where the internal audit considers that a recommendation, if implemented, would result in a benefit to NSWALC (for example, through more efficient and/or cost effective processes). These observations do not represent weaknesses in internal controls and are therefore allocated a low-risk rating.

## AUDIT AND RISK COMMITTEE

The Audit and Risk Committee met on four occasions during 2017–18.

Committee members comprised the independent Chair Mr Garry Dinnie, independent member Ms Carolyn Walsh (to 31 March 2018) and then Ms Marcia Doheny (1 April to 30 June 2018), and Council representative, Councillor Charles Lynch.

Councillor Peter Smith is an alternate Councillor.

The meetings of the Audit and Risk Committee were regularly attended by the NSWALC CEO, the Manager Governance (Chief Audit Executive), and representatives of the NSW Audit Office and internal auditors (Deloitte).

NSWALC publishes an annual Internal Audit and Risk Management Statement (Attestation Statement), which is shown on the following page (38).

## Risk Management

GU monitors the outstanding audit recommendations throughout the year. A strategic risk workshop was also conducted with the CEO and executive directors to identify areas of significant risk for NSWALC.

## Complaints

### NSWALC'S COMPLAINTS POLICY AND PROCEDURES

The complaints handled in 2017–18 were processed in accordance with NSWALC's Complaints Policy and Procedures, which aligns complaints' handling with NSWALC's resources and responsibilities.

NSWALC has no formal powers under the ALRA to investigate the conduct of a LALC, its Board members, staff or members. It is, however, committed to providing support and assistance to LALCs and LALC members to resolve local issues.

LALC boards are responsible for directing and controlling the affairs of LALCs, and any issue or complaint about a LALC should, in the first instance, be directed to the relevant LALC Chairperson for resolution.

This year, GU reviewed NSWALC's Complaints Policy and Procedures and a revised policy is expected to be released in late 2018.

## COMPLAINTS RECEIVED

NSWALC recorded 119 complaints during the reporting period. These were handled by either the central office or zone offices (Table 14). The majority of complaints related to the conduct or operation of LALCs. One complaint is currently in progress. The remainder of complaints were resolved to NSWALC's satisfaction.

Table 14: Complaints received in 2017–18.

RECEIVED BY	NUMBER
NSWALC head office	87
Eastern Zone Office	19
Far West Zone Office	0
Northern Zone Office	6
Southern Zone Office	5
Western Zone Office	2
<b>Total</b>	<b>119</b>

## INTERNAL AUDIT AND RISK MANAGEMENT ATTESTATION STATEMENT

I, am of the opinion that the New South Wales Aboriginal Land Council has internal audit and risk management processes in operation that are compliant with the eight (8) core requirements set out in the *Internal Audit and Risk Management Policy for the NSW Public Sector*, specifically:

<b>Core Requirements</b>	<b>For each requirement, please specify whether compliant, non-compliant, or in transition</b>
--------------------------	--

### Risk Management Framework

- |     |  |           |
|-----|--|-----------|
| 1.1 | The agency head is ultimately responsible and accountable for risk management in the agency  | Compliant |
| 1.2 | A risk management framework that is appropriate to the agency has been established and maintained and the framework is consistent with AS/NZS ISO 31000:2018 | Compliant |

### Internal Audit Function

- |     |  |           |
|-----|--|-----------|
| 2.1 | An internal audit function has been established and maintained   | Compliant |
| 2.2 | The operation of the internal audit function is consistent with the International Standards for the Professional Practice of Internal Auditing | Compliant |
| 2.3 | The agency has an Internal Audit Charter that is consistent with the content of the 'model charter'  | Compliant |

### Audit and Risk Committee

- |     |   |           |
|-----|---|-----------|
| 3.1 | An independent Audit and Risk Committee with <b>appropriate</b> expertise has been established  | Compliant |
| 3.2 | The Audit and Risk Committee is an advisory committee providing assistance to the agency head on the agency's governance processes, risk management and control frameworks, and its external accountability obligations | Compliant |
| 3.3 | The Audit and Risk Committee has a Charter that is consistent with the content of the 'model charter'   | Compliant |


### Membership

The chair and members of the Audit and Risk Committee are:

- Independent Chair, Mr Garry Dinnie, reappointed 1 April 2018 until 31 March 2019
- Independent Member, Ms Marcia Doherty, appointed 1 April 2018 until 31 March 2021
- Non-independent Member, Councillor Charles Lynch, appointed 18 November 2015 until October 2019
- Non-independent Member (Alternate), Councillor Peter Smith, appointed 18 November 2015 until October 2019

James Christian PSM

Chief Executive Officer



(Sign and Date)

31 AUGUST, 2018

## Compliance and Evaluation

Compliance and Evaluation is part of the Governance Unit. Its central function is to maintain and analyse comprehensive data on LALC's compliance with the regulations and funding policies of NSWALC.

Two major databases, Compliance and Funding (C&F) and the RAS, are maintained by Compliance and Evaluation.

The C&F database is the central database for LALC compliance with legislative requirements and NSWALC funding policies. It was upgraded in 2017 to accommodate records of elected LALC Board members.

The C&F database design is flexible enough to accommodate any changes in policy, legislation or regulation, and its built-in intelligence has many automatic functions that can:

- create the compliance requirements of each LALC
- permit and control extended compliance requirements, if requested by a LALC and approved by a NSWALC delegate
- record breaches for non-compliance of a LALC
- change the funding category of a LALC
- create a funding or assistance agreement for offer and execution by zone offices
- create the dates for mandatory governance training for elected LALC Board members, and generate:
  - email reminders for training due date
  - show-cause letters for not attending training
  - letters advising possible suspension or suspension and disqualification from the LALC board
- communicate daily with the RAS database to activate funding category changes in accordance with new risk assessments that may have been synchronised in RAS
- generate timely automated e-mails, and LALC contact and database user authorisation details.

The C&F database also has a Global Help function to assist users with updating information, and creating a range of reports including compliance, breach and funding reports. These can be tailored to the LALC's needs, and their choice of software program (e.g., Acrobat, Microsoft Excel or Word, online).

Compliance and breach records of all LALCs are stored in the database, and this information is used to generate timely and accurate breach and allocation reports for the Minister for Aboriginal Affairs, as required under s159 of the ALRA. LALC status/profile reports for meetings of NSWALC's Council can also be generated.

The information maintained by the database supports additional functions including:

- NSWALC Council's approval of grants to fund LALC operations, and compliance with regulations and funding policies for approved grants
- control of the regulatory compliance that needs to be maintained by zone offices
- control requirements of the LALC Board members to complete their mandatory governance training as necessitated by the regulations
- assessment of risk level of each LALC to its operation and to the network
- delivering risk management plans that must be accepted by the LALCs to improve on any existing adverse operational condition
- the appointment of investigators and administrators, if eventually required to correct any inappropriate operational existence.
- the preparation of comprehensive s159 reports to the Minister for Aboriginal Affairs as required by the ALRA
- the preparation of breach and allocations reports to the NSWALC Council and NSWALC executives.

### RISK ASSESSMENT SYSTEM

The NSWALC RAS has been developed to assess the risk level of LALCs in the network, and to implement risk management plans to eliminate or minimise the identified risks.

By using a series of standard, objective questions the RAS ensures a fair and consistent assessment of all LALCs across the nine NSWALC regions. The assessment score is also used to categorise the funding and risk level of LALCs.

The RAS has 47 questions with three different risk ranks, and weightings of moderate risk (0.985), high risk (0.94) and extreme risk (0.89). There are 13 moderate-risk questions, 25 high-risk questions and 9 extreme-risk questions. Extreme risks such as non-compliance with ATO liabilities or superannuation guarantee payments can impose an excessive burden on the whole network.

The risk score is calculated on a multiplicative calculation as illustrated in Table 15. At the beginning of each risk assessment, the RAS assumes a LALC is 100 per cent risk free. When a question receives a negative response, the LALC's assessment score drops to the risk weighting assigned to that question, i.e., 98.5 per cent if the question has a moderate risk, 94 per cent if the question has high risk or 89 per cent if the question has an extreme risk.

Table 15: Risk score calculations.

NEGATIVE RESPONSES/ RISK LEVELS	MULTIPLICATIVE WEIGHTINGS	CALCULATED SCORE (%)	DETERMINED RISK LEVEL
1 moderate and 1 high risk	0.985 x 0.94	92.59	Low risk
1 extreme risk	0.89	89.00	Medium risk
2 extreme risks and 1 high risk	0.89 x 0.89 x 0.94	74.45	Medium risk
2 extreme, 1 high and 1 moderate risk	0.89 x 0.89 x 0.94 x 0.985	73.34	Medium risk
2 extreme and 2 high risks	0.89 x 0.89 x 0.94 x 0.94	69.99	High risk

The final score determines the risk level of the LALC within one of the three risk levels in accordance with LALC funding procedures:

- low risk  $\geq 90\%$
- medium risk  $\geq 70\%$  and  $< 90\%$
- high risk  $< 70\%$ .

This system is used by the zone offices to assess operational risk areas and identify any weaknesses that need to be improved and/or eliminated by the LALC.

In addition, Compliance and Evaluation administers a number of other databases that:

- monitor the operations of the LALC CBS (RA), either as operated by LALCs or assisted by external real estate management, and monitor the conditions that may have been attached to a LALC's conditional approval for independent operation of CBS (RA)
- monitor the current list of NSWALC Accepted Auditors for LALCs in accordance with relevant regulations (the ALRA requires each LALC to appoint its auditor from the list of auditors maintained by NSWALC)
- maintain a list of LALC administrators and investigators as approved by the Minister, and Aboriginal Affairs New South Wales (AANSW), respectively.

Compliance and Evaluation also actively supports Councillors, management and zone offices in delivery of services to LALCs to ensure compliance with Part 8 of the ALRA, relevant regulations, and NSWALC's policy on LALC funding and financial obligations.

### COMMUNITY BENEFIT SCHEME (RESIDENTIAL ACCOMMODATION)

The ALRA requires NSWALC to provide approval to LALCs for operation of their housing schemes under the CBS (RA). Compliance and Evaluation has been involved in the development of the evaluation processes of LALC housing scheme applications, in accordance with the ALRA and NSWALC policy and procedures. In particular, the section has:

- developed comprehensive electronic and printed application forms for LALCs
- developed an all-inclusive CBS (RA) budget template that can electronically collect/populate responses from information provided in the data input sheet
- developed a broad evaluation file to analyse the information provided in the LALC's application form and the budget package
- provided quality assurance on the evaluation of the applications conducted by the zone offices
- monitored, and provided reports on the conditions of the approved CBS (RA).



## STATEWIDE LALC FUNDING CATEGORIES

The funding category of LALCs is based on their compliance with the ALRA, regulations and the NSWALC policy on LALC funding and financial obligations.

In response to the removal of s163 from the ALRA, a new funding policy was developed by NSWALC and approved by the Minister for Aboriginal Affairs. The existing RAS was also updated to focus on risk factors currently used to determine the frequency of cash allocations to LALCs and their financial reporting obligations.

A LALC in compliance with all regulatory requirements and a RAS score equal to or above 50 per cent is fully funded. LALCs in breach of a compliance requirement or with a RAS score below 50 per cent are in the unfunded category.

The entitlements and responsibilities attached to each funding category are listed in Table 5 in the Zone Office report (page 18).

Regardless of RAS ratings, LALCs must comply with relevant regulatory requirements and the funding policy to receive grants in cash allocations. If a LALC experiences difficulty with clearing a regulatory breach or achieving a required RAS score, it can be offered an assistance agreement, under which it can have essential operational expenses paid by NSWALC.

LALCs that have an administrator appointed by the Minister are treated in the same way as LALCs that are either funded or unfunded. They are offered funding or an assistance agreement, with grant releases made bi-monthly or quarterly. The administrator reports in accordance with the terms of appointment issued by the Minister.

Section 106(8)(e) of the ALRA prescribes that one of the functions of NSWALC's Council is to grant funds for the payment of LALC operational costs and expenses, regardless of funding agreements. However, NSWALC's funding policy for LALCs requires a funding agreement with funded LALCs for remittance of approved grants in cash allocations, and assistance agreements with unfunded LALCs for payment of operational expenses and essential services. If payments are required to protect or preserve LALC assets or to avoid significant liabilities, they are made at the sole discretion of NSWALC without an assistance agreement.

The number of LALCs in the funded category, as at 30 June 2018, decreased by one from the previous financial year (Figure 17), however, the number of LALCs in the low-risk funding category increased (Figure 18).

Statewide LALC risk levels showed similar movement in the 2017–18 financial year (Figure 19) to the previous financial year (Figure 20). Movements (±) in LALC risk levels between financial years are shown in Table 16.

Figure 17: Funding and funding categories for 120 LALCs at 30 June and 31 December 2017, and 30 June 2018.

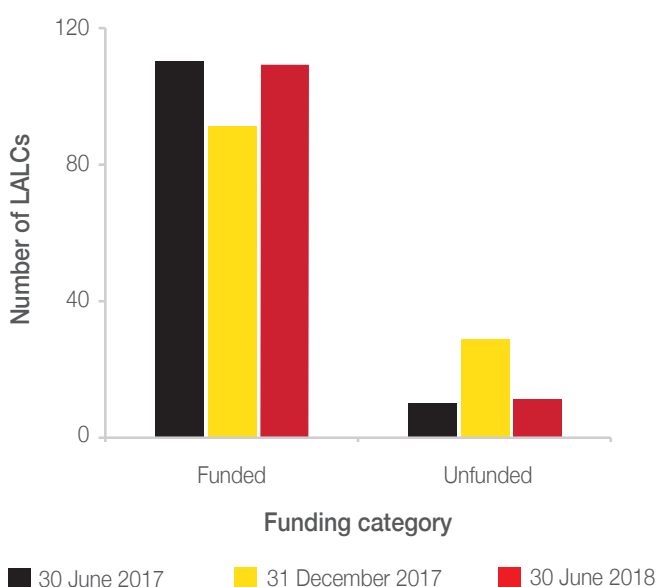


Figure 18: Statewide risk levels for 120 LALCs at 30 June and 31 December 2017, and 30 June 2018.

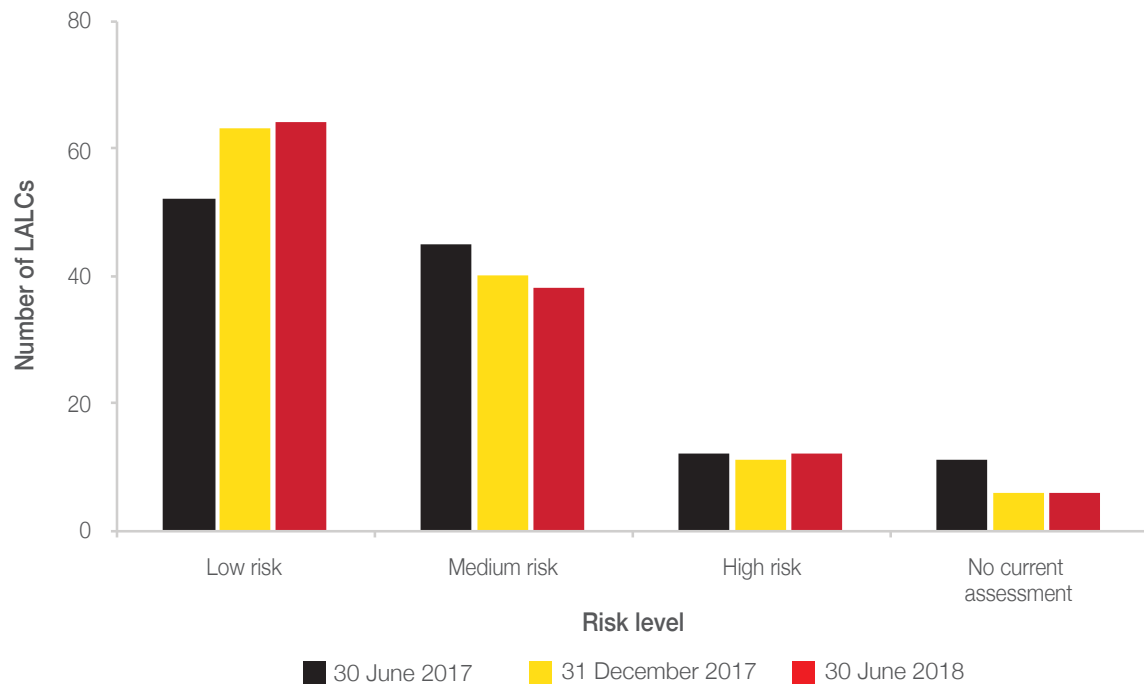


Figure 19: Statewide LALC risk level at 30 June 2018.

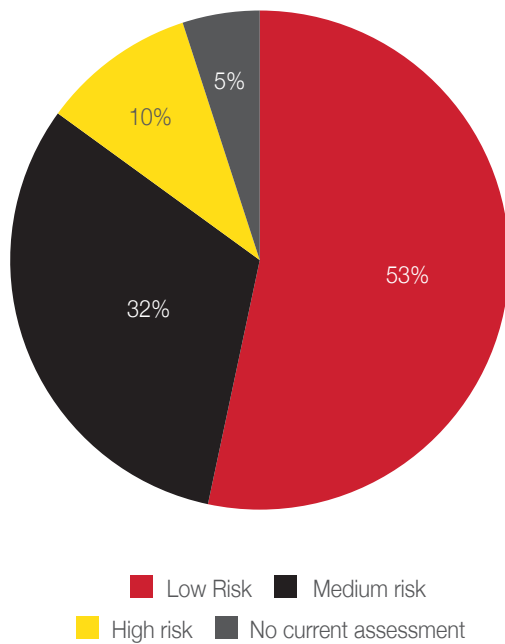


Figure 20: Statewide LALC risk level at 30 June 2017.

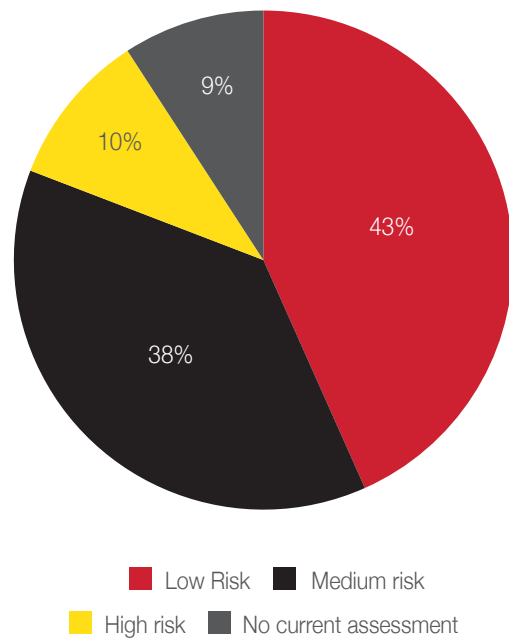


Table 16: Movements in LALC risk level at 30 June 2017 and 30 June 2018.

CATEGORY/LEVEL	30 JUNE 2018	30 JUNE 2017	MOVEMENT
Low risk	64	52	+12
Medium risk	38	45	-7
High risk	12	12	No change
No current assessment	6	11	-5
<b>Total LALCs</b>	<b>120</b>	<b>120</b>	<b>0</b>

### STATEWIDE GRANT ALLOCATIONS

Payments under s106(8)(e) of the ALRA are made against grants approved by the NSWALC Council for each functional LALC. Approved grants are remitted to compliant LALCs in cash allocations in accordance with their funding categories.

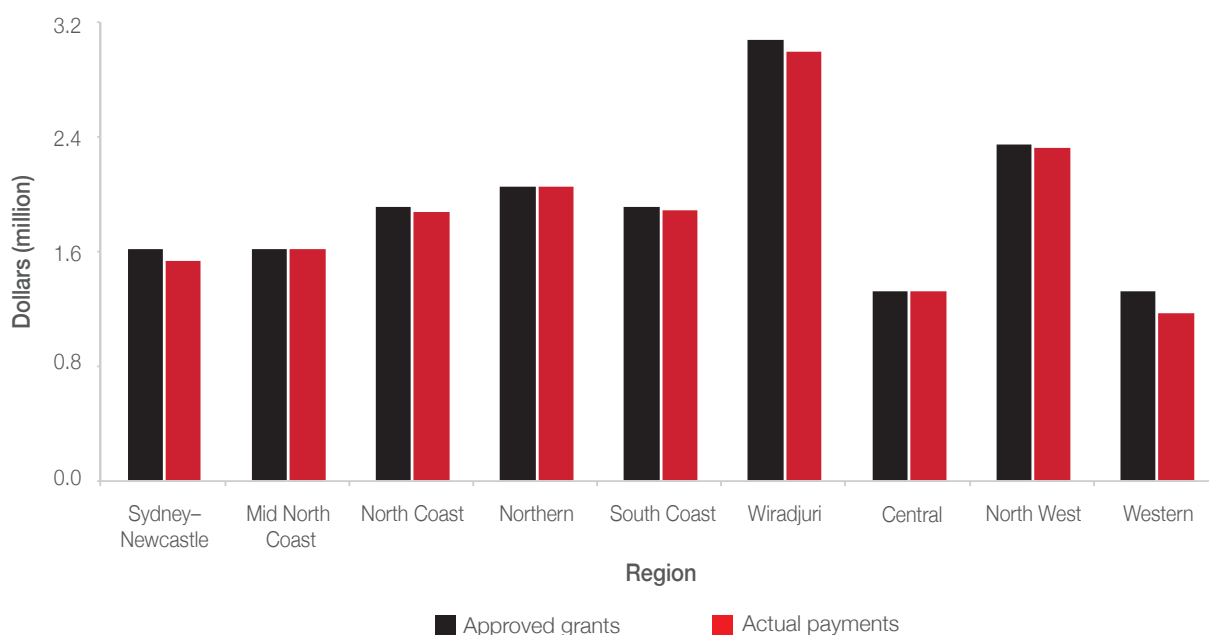
LALC funding is granted on an annual basis, and any unpaid grant funds allocated to LALCs are forfeited at the end of each financial year.

Total approved grants to LALCs for the financial year ending 30 June 2018 was \$17,051,580, dispersed as cash allocations and/or essential payments, or held as forfeited grants. A total of \$980,183.88 has been paid in expenses for operation of essential functions of 12 LALCs, statewide (Table 17). These LALCs were unfunded for non-compliance with regulations. Cash allocations and essential expenses against approved grants, by LALC area, are shown in Figure 21.

Table 17: Type, amount and percentage of payments to LALCs from total funds allocated in the 2017–18 financial year.

PAYMENT CATEGORY	AMOUNT (\$)	PER CENT
Cash allocations	15,709,699	92.13
Essential payments	980,184	5.75
Forfeited grants	361,697	2.12
<b>Approved grants</b>	<b>17,051,580</b>	<b>100.00</b>

Figure 21: Cash allocations and essential expenses against approved grants by LALC area at 30 June 2018.



Council approved a grant of \$145,740 to each of the 117 LALCs including Ivanhoe LALC, which was expected to become operational for the financial year ending 30 June 2018 (Table 18).

Table 18: Grants and payments to LALCs, by region and LALC area, for the financial year ending 30 June 2018.

NO.	REGION	LALC	APPROVED GRANT (\$)	CASH PAYMENT (\$)	ESSENTIAL PAYMENTS (\$)	FORFEITED GRANT (\$)
1	Sydney–Newcastle	Awabakal	145,740	81,412	64,328	–
2	Sydney–Newcastle	Bahtabah	145,740	145,740		–
3	Sydney–Newcastle	Biraban	145,740	72,860	72,870	10
4	Sydney–Newcastle	Darkinjung	145,740	145,740		–
5	Sydney–Newcastle	Deerubbin	145,740	145,740		–
6	Sydney–Newcastle	Gandangara	145,740	145,740		–
7	Sydney–Newcastle	La Perouse	145,740	145,740		–
8	Sydney–Newcastle	Metropolitan	145,740	145,740		–
9	Sydney–Newcastle	Mindaribba	145,740	145,740		–
10	Sydney–Newcastle	Tharawal	145,740		72,870	72,870
11	Sydney–Newcastle	Worimi	145,740	145,740		–
12	Mid North Coast	Birpai	145,740	145,740		–
13	Mid North Coast	Bowraville	145,740	145,740		–
14	Mid North Coast	Bunyah	145,740	145,740		–
15	Mid North Coast	Coffs Harbour and District	145,740	145,740		–
16	Mid North Coast	Forster	145,740	145,740		–
17	Mid North Coast	Karuah	145,740	145,740		–
18	Mid North Coast	Kempsey	145,740	145,740		–
19	Mid North Coast	Nambucca Heads	145,740	145,740		–
20	Mid North Coast	Purfleet/Taree	145,740	145,740		–
21	Mid North Coast	Stuart Island	–			–
22	Mid North Coast	Thungutti	145,740	145,740		–
23	Mid North Coast	Unkya	145,740	145,740		–
24	North Coast	Baryulgil Square	145,740	145,740		–
25	North Coast	Birrigan Gargle	145,740	145,740		–
26	North Coast	Bogal	145,740	145,740		–
27	North Coast	Casino Boolangle	145,740	145,740		–
28	North Coast	Grafton Ngerrie	145,740	145,740		–
29	North Coast	Gugin Gudduba	145,740	137,810	7,930	–
30	North Coast	Jali	145,740	145,740		–
31	North Coast	Jana Ngalee	145,740	145,740		–
32	North Coast	Jubullum	145,740	36,435	109,305	>1
33	North Coast	Muli Muli	145,740		113,952	31,788
34	North Coast	Ngulingah	145,740	145,740		–
35	North Coast	Tweed Byron	145,740	145,740		–
36	North Coast	Yaegl	145,740	145,740		–
37	Northern	Amaroo	145,740	145,740		–

Table 18: Grants and payments to LALCs, by LALC area, for the financial year ending 30 June 2018 (cont.).

NO.	REGION	LALC	APPROVED GRANT (\$)	CASH PAYMENT (\$)	ESSENTIAL PAYMENTS (\$)	FORFEITED GRANT (\$)
38	Northern	Anaiwan	145,740	145,740		–
39	Northern	Armidale	145,740	145,740		–
40	Northern	Ashford	145,740	145,740		–
41	Northern	Coonabarabran	145,740	145,740		–
42	Northern	Dorrigo Plateau	145,740	145,740		–
43	Northern	Glen Innes	145,740	145,740		–
44	Northern	Guyra	145,740	145,740		–
45	Northern	Moombahlene	145,740	145,740		–
46	Northern	Nungaroo	145,740	145,740		–
47	Northern	Red Chief	145,740	84,607	61,133	–
48	Northern	Tamworth	145,740	145,740		–
49	Northern	Walhallow	145,740	145,740		–
50	Northern	Wanaruah	145,740	145,740		–
51	South Coast	Batemans Bay	145,740	145,740		–
52	South Coast	Bega	145,740	145,740		–
53	South Coast	Bodalla	145,740	145,740		–
54	South Coast	Cobowra	145,740	145,740		–
55	South Coast	Eden	145,740	145,740		–
56	South Coast	Illawarra	145,740	145,740		–
57	South Coast	Jerringa	145,740	144,820	920	–
58	South Coast	Merrimans	145,740	145,740		–
59	South Coast	Mogo	145,740	145,740		–
60	South Coast	Ngambri	145,740	145,740		–
61	South Coast	Nowra	145,740	133,595		12,145
62	South Coast	Ulladulla	145,740	145,740		–
63	South Coast	Wagonga	145,740	145,740		–
64	Wiradjuri	Albury and District	145,740	36,435	109,235	70
65	Wiradjuri	Bathurst	145,740	145,740		–
66	Wiradjuri	Condobolin	145,740		92,084	53,656
67	Wiradjuri	Cowra	145,740		129,816	15,924
68	Wiradjuri	Cummeragunja	145,740	145,740		–
69	Wiradjuri	Deniliquin	145,740	145,740		–
70	Wiradjuri	Griffith	145,740	145,740		–
71	Wiradjuri	Hay	145,740	145,740		–
72	Wiradjuri	Leeton and District	145,740	145,740		–
73	Wiradjuri	Moama	145,740	145,740		–
74	Wiradjuri	Murrin Bridge	145,740	145,740		–
75	Wiradjuri	Narrandera	145,740	133,595		12,145
76	Wiradjuri	Onerwal	145,740	145,740		–

Table 18: Grants and payments to LALCs, by LALC area, for the financial year ending 30 June 2018 (cont.).

NO.	REGION	LALC	APPROVED GRANT (\$)	CASH PAYMENT (\$)	ESSENTIAL PAYMENTS (\$)	FORFEITED GRANT (\$)
77	Wiradjuri	Orange	145,740	145,740		–
78	Wiradjuri	Peak Hill	145,740	145,740		–
79	Wiradjuri	Pejar	145,740	145,740		–
80	Wiradjuri	Tumut Brungle	145,740	145,740		–
81	Wiradjuri	Wagga Wagga	145,740	145,740		–
82	Wiradjuri	Wamba Wamba	145,740		145,740	–
83	Wiradjuri	West Wyalong	145,740	145,740		–
84	Wiradjuri	Young	145,740	145,740		–
85	Central	Dubbo	145,740	145,740		–
86	Central	Gilgandra	145,740	145,740		–
87	Central	Mudgee	145,740	145,740		–
88	Central	Narromine	145,740	145,740		–
89	Central	Nyngan	145,740	145,740		–
90	Central	Trangie	145,740	145,740		–
91	Central	Warren Macquarie	145,740	145,740		–
92	Central	Weilwan	145,740	145,740		–
93	Central	Wellington	145,740	145,740		–
94	North West	Baradine	145,740	145,740		–
95	North West	Brewarrina	145,740	145,740		–
96	North West	Collarenebri	145,740	145,740		–
97	North West	Coonamble	145,740	145,740		–
98	North West	Goodooga	145,740	145,740		–
99	North West	Lightning Ridge	145,740	145,740		–
100	North West	Moree	145,740	145,740		–
101	North West	Mungindi	145,740	145,740		–
102	North West	Murrawari	145,740	145,740		–
103	North West	Narrabri	145,740	145,740		–
104	North West	Nulla Nulla	145,740	128,390		17,350
105	North West	Pilliga	145,740	145,740		–
106	North West	Toomelah	145,740	145,740		–
107	North West	Walgett	145,740	145,740		–
108	North West	Wee Waa	145,740	145,740		–
109	North West	Weilmoringle	145,740	145,740		–
110	Western	Balranald	145,740	145,740		–
111	Western	Broken Hill	145,740	145,740		–
112	Western	Cobar	145,740	145,740		–
113	Western	Dareton	145,740	145,740		–
114	Western	Ivanhoe	145,740			145,740
115	Western	Menindee	145,740	145,740		–

Table 18: Grants and payments to LALCs, by LALC area, for the financial year ending 30 June 2018 (cont.).

NO.	REGION	LALC	APPROVED GRANT (\$)	CASH PAYMENT (\$)	ESSENTIAL PAYMENTS (\$)	FORFEITED GRANT (\$)
116	Western	Mutawintji	145,740	145,740		–
117	Western	Tibooburra	145,740	145,740		–
118	Western	Wanaaring	–			–
119	Western	Wilcannia	145,740	145,740		–
120	Western	Winbar	–			–
<b>Total</b>			<b>17,051,580</b>	<b>15,709,699</b>	<b>980,184</b>	<b>361,697</b>

### TOTAL OUTGOINGS FOR LALCS

Total outgoings for LALCs for the financial year ended 30 June 2018 were \$17,066,447.90.

In addition to cash allocations and essential payments against approved grants, total outgoings included administration costs, payment of rates, investigator's fees and any other costs (Figure 22). NSWALC is also entitled to recover administrators' costs, rates and other payments from the relevant LALCs under debt recovery agreements.

### INVESTIGATION AND ADMINISTRATION OF LALCS

The state government and NSWALC are, intermittently, required to intervene in the affairs of a LALC that has demonstrated a failure to comply with the provisions of the ALRA. This is seen by NSWALC as a last-resort measure.

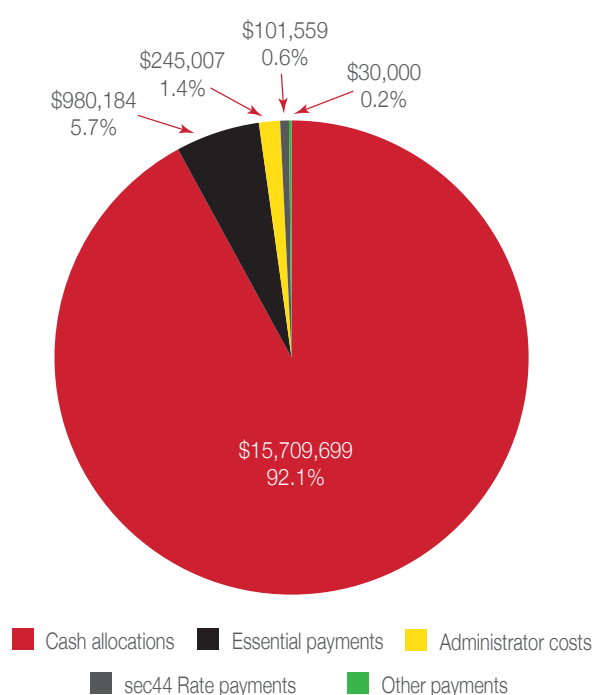
The roles and responsibilities of NSWALC, the Minister, AANSW, and the Registrar on interventions are set out in Part 11 of the ALRA. In cases where a LALC is non-compliant, the Minister may appoint an investigator pursuant to s216(1) or an administrator under s222(1) of the ALRA.

The primary concern is to ensure that such interventions are not used when other more cost-effective and efficient mechanisms are available. NSWALC will use new provisions in the ALRA, for the appointment of advisors and the use of Performance Improvement Orders (PIOs), as the frontline intervention mechanisms, which will reduce administrator costs and aims to provide an early intervention mechanism.

Out of the 120 LALCs in NSW, 2 LALCs (Awabakal and Mungindi LALCs) were under administration at the beginning of the financial year. Albury and District LALC was placed under administration for a three-month period during the financial year. Mungindi LALC completed its administration period in October 2017, with only Awabakal LALC remaining under administration at the end of the financial year 30 June 2018.

An Investigator was appointed for a three-month period to investigate the financial affairs of Moree LALC.

Figure 22: Statewide payments of grants and expenses.



### Awabakal LALC: on-going administration from 13 October 2016

In accordance with s222 (1) of the ALRA, the Minister appointed Mr Terry Lawler as administrator of Awabakal LALC in October 2016. The Administrator was appointed after completion of two investigations into the affairs of Awabakal LALC.

Administration of the LALC has been extended to October 2018. While the administrator has a few legal challenges and management issues, he is expected to conclude administration of the LALC at the end of the current extended period.

A total of \$148,576 has been recorded for Awabakal LALC administration costs as at 30 June 2018.



***Mungindi LALC: under administration from 24 April 2015 to 23 October 2017***

In accordance with S222(1) of the ALRA, the Minister appointed Mr Andrew Hoholt (Hoholt Consulting) as administrator of Mungindi LALC in April 2015. The appointment was made following an extensive breach history with office bearers failing to keep proper accounts and records, furnish satisfactory audited financial statements or protect the LALC's farm asset.

The administration period was extended several times until its successful completion on 23 October 2017.

A total of \$35,000 has been recorded for Mungindi LALC administration costs as at 30 June 2018.

***Albury and District LALC: under administration from 24 August to 23 November 2017***

In accordance with s222 (1) of the ALRA, the Minister appointed Mr Henry Kazar (Ernst & Young) as administrator of Albury and District LALC for a period of three months from 24 August to 23 November 2017.

The appointment was made following a recommendation by the Registrar with regard to certain financial transactions. The administration was completed in three months at a cost of \$61,430.50.

***Moree LALC: under investigation from 20 July 2017 to 19 October 2017***

In accordance with S216(1) of the ALRA, the Minister appointed Mr Jeff Shanks (Luka Group) as investigator of Moree LALC for a period of three months from 20 July to 19 October 2017.

The investigation followed a Registrar's inquiry into certain financial expenditures at the LALC, and was satisfactorily completed within the appointed period at a cost of \$30,000.

## STRATEGY AND POLICY UNIT

The Strategy and Policy Unit (SPU) delivers information, campaign, and management advisory services across the Network. It has core functions to identify the opportunities, and find and communicate the information that is needed to support the major decisions made by Council and the Executive.

In this way, the unit is responsible for supporting NSWALC and the network navigate and operate in a rapidly changing environment. SPU supports NSWALC to fulfil its responsibility as NSW's peak Aboriginal organisation, and supports its stakeholder engagement and political relationships.

During the reporting period the unit worked for:

- self determination and economic development
  - sovereignty and free, prior and informed consent
  - prosperity and economic development
- land and water rights
  - ALAs
  - Crown Lands reform
  - water management and the Murray-Darling Basin Plan
  - NSW Government's biodiversity reforms
  - forest management
- Aboriginal culture and heritage
  - Aboriginal culture and heritage law reform
  - Aboriginal Languages Bill 2018
  - Aboriginal cultural fishing.

The unit also focused on a range of other issues, including human rights, international engagement, local government engagement, marine parks, regional development and commercial fishing.

SPU is staffed by a Manager, three Senior Policy Officers and two Policy Officers. The unit also regularly hosts interns and works with a wide range of partners and stakeholders to promote NSWALC's agenda.

### SELF DETERMINATION AND ECONOMIC DEVELOPMENT

#### *Sovereignty and free, prior and informed consent*

The unit supports NSWALC's political advocacy at all levels. The past year has seen significant lobbying activity at state, federal and international levels, by NSWALC and the network.

NSWALC has advocated strongly to the state and federal governments for Aboriginal peoples' right to determine their own political, social, economic and cultural development. The Chair was a key participant in the Uluru Statement from the Heart.

SPU also supports NSWALC's participation in international processes including the United Nations

Permanent Forum on Indigenous Issues (UNPFII), the Expert Mechanisms on the Rights of Indigenous peoples (EMRIP), and the Special Rapporteur on the Rights of Indigenous Peoples.

NSWALC holds special consultative status with the United Nations Economic and Social Council.

#### *Strategies for Aboriginal economic development*

Economic development is a core focus of NSWALC's Strategic Plan 2018–22 and has been a central thread throughout the history of the ALRA. Goal 3 of NSWALC's Strategic Plan aims to build on the gains Aboriginal people have made from the Land Rights movement by creating further opportunities to grow the economic prosperity and independence of Aboriginal people.

To inform the economic development work of NSWALC, a strategic review was undertaken of NSWALC's economic development initiatives. A key recommendation following the review was to update NSWALC's Economic Development Policy to better align with NSWALC's new Strategic Plan and to incorporate the new priorities under NSWALC's Employment and Enterprises program.

In addition to reviewing NSWALC's Economic Development Policy, the unit has continued to advocate for the proper resourcing of the ever-expanding role of the network, and to recognise the network as key vehicle for Aboriginal economic development.

In 2017–18 NSWALC also campaigned strongly for Aboriginal commercial fishing opportunities. NSWALC was successful in securing a large grant from the Department of Prime Minister and Cabinet to develop a Fishing Fund to support Aboriginal people to enter the commercial fishing sector.

### LAND AND WATER RIGHTS

#### *Aboriginal Land Rights Act 1983*

Consultations on the five-yearly statutory review of the ALRA occurred during the reporting period. NSWALC participated in the consultations, prepared a submission and coordinated communication between the NSW Government, the LALC network and other stakeholders. NSWALC also continued to work with LALCs and the NSW Government to implement amendments to the ALRA passed in 2014 and 2017.

#### *Crown Lands*

The principal objective of the ALRA is the return of unused Crown Lands to Aboriginal ownership. As such, NSWALC has a key interest in the Crown Land estate and how it is managed.

In June 2012, the NSW Government began a review into the management of Crown Land. The aim of the review was to address the overall management including legislation, financial management and governance. This review process culminated in the passage of the *Crown Land Management Act 2016*, which took effect on 1 July 2018.

Throughout the review process, NSWALC worked to ensure that Aboriginal people, specifically LALC interests, were front and centre. In particular, NSWALC made strong representations on behalf of Aboriginal people on the Crown Land Community Engagement Strategy, and secured amendments to the Strategy that better reflect Aboriginal interests in Crown Land.

NSWALC will continue to push for further reform including:

- mechanisms for better notification of proposed Crown Land dealings
- joint management arrangements
- improved access to Crown Land
- greater involvement by Aboriginal people in Crown Land decision making.

### **Water**

Water is Australia's most important shared natural resource, and significant reform efforts are underway to improve how its scarce water resources are managed in the future. Access to clean, safe water is a human right, and one that is not universally enjoyed, particularly in many of the state's First Nations communities in the west and far-west. This is why Goal 1 of NSWALC's Strategic Plan is to 'secure our full land and water rights'.

NSWALC has campaigned for Aboriginal water rights for 20 years. But the unmet needs of Aboriginal peoples and communities are the unfinished business of water reform, so NSWALC has renewed its commitment to advocating for greater Aboriginal water rights in 2018.

## **CULTURE AND HERITAGE**

### **Aboriginal culture and heritage law reform**

NSWALC continued to focus significant advocacy on seeking reforms to improve protections for Aboriginal cultural heritage. NSW remains the only jurisdiction in Australia without stand-alone Aboriginal cultural heritage legislation.

Recognising that current laws under the *National Parks and Wildlife Act 1974* are outdated, the government released a draft model for new Aboriginal cultural heritage laws in September 2017. A Draft Aboriginal Cultural Heritage Bill was released for consultation in February 2018.

SPU coordinated and supported NSWALC's response to the Bill including:

- participation in government consultations
- providing advice to the Land Rights network
- development of a detailed submission.

Additionally, the unit worked to prevent forestry reforms from neglecting to protect Aboriginal cultural heritage on the once-iconic NSW forest estate.

### **Aboriginal Languages Bill 2018**

In November 2018, the NSW Aboriginal Languages Bill 2018 was tabled in NSW Parliament. SPU provided advice to support advocacy and lobbying for improvements to the Bill by NSWALC, which resulted in the Bill being amended in Parliament. The unit continues to monitor the implementation of the reforms.

### **Aboriginal cultural fishing reforms**

NSWALC has continued to work with Native Title Service Provider (NTSCORP) to support progressive reform for Aboriginal cultural fishing.

Together, they continue to campaign against the unfair prosecution of Aboriginal people for practicing cultural fishing activities, like the collection of abalone for family and community use.

The unit continues to support NSWALC's advice to government in response to key fisheries reforms including:

- NSW Government's Local Management Plan pilots for cultural fishing
- NSW Government's Aboriginal Fishing Trust Fund, established under the *Fisheries Management Act 1994* (NSW).

## **OTHER ADVOCACY AND ADVICE**

Other activities of SPU throughout the year included:

- formal submissions on legislative and policy reform (Table 19)
- meeting with government agencies
- conducting and attending presentations and workshops with LALCs and stakeholders
- planning and attending events.

### **Workshops, events, policy advice, assistance and monitoring**

In the last financial year, SPU presented on issues related to Aboriginal culture and heritage, the ALRA review and the Crown Lands review at regional forums. The unit also coordinated a seminar for NSW Parliamentarians to celebrate the 40th Anniversary of Land Rights in NSW.

SPU continued to respond to requests for policy advice and assistance from the LALC network and community members. As part of its support and monitoring role the unit keeps a watching brief on key government policies and legislation.

Table 19: Submissions made by SPU in 2017–18.

CATEGORY	TOPIC	NUMBER
ALRA reform	Aboriginal Land Rights Act Review 2018	1
Aboriginal culture and heritage	Butterfly Caves	4
	Aboriginal Cultural Heritage Bill 2018	
	Aboriginal Languages Bill 2018	
	Fisheries Amendment Bill 2017	
Self determination and economic development	Referendum Council on Constitutional Recognition	3
	NSW Parliamentary Inquiry into Regional Development and a Global Sydney	
	Closing the Gap refresh	
Land and water rights	Draft Marine Estate Management Strategy	7
	Australia's Strategy for Nature, 2018–2030	
	NSW Water Reform Action Plan	
	Draft Coastal Integrated Forestry Operations Approvals	
	Draft Marine Estate Management Regulation 2017	
	Travelling Stock Reserves Review	
	Environmental Impact Assessment for State Significant Projects	
	Environmental and Planning Assessment Act Amendment Bill 2017	
Other	<i>Aboriginal and Torres Strait Islander Act 2005</i>	2
	Consultation Discussion Paper	
	Cemeteries and Crematoria Regulation	
Total		17

## MEDIA AND COMMUNICATIONS UNIT

The Media and Communications Unit (MCU) is responsible for protecting and enhancing NSWALC's reputation, and promoting the organisation's objectives and those of the broader Land Rights network.

It aims to raise the profile of NSWALC, and to facilitate improved communication within the LALC network and the broader community about matters of significance to Aboriginal peoples in NSW.

It does so by increasing awareness of the importance of Land Rights, culture and heritage matters, and social and economic objectives. This underpins the advocacy work of NSWALC, its staff, and LALCs.

MCU is staffed by a Manager, Senior Communications Officer, Communications Officer, Social Media Officer, Information Officer, Receptionist and part-time Communications Adviser.

Its formal functions and responsibilities include:

- strategic advice and briefings on media and communications issues to Councillors, the CEO, LALCs and senior staff
- development and implementation of communications strategies in support of major NSWALC initiatives
- communications support to regional forums hosted by NSWALC Councillors
- media management and monitoring
- media and communications skills training for Councillors and senior staff
- production of OurMob newsletter, video stories about Land Rights, media releases, network messages, social media posts and speeches
- organising public and internal events, and promotional activities
- production of NSWALC publications, posters, flyers and online services
- receptionist services for NSWALC's head office.

Activities by MCU during the reporting period included the following.

### Major Publications

#### 2017–18 ANNUAL REPORT

NSWALC's 2017–18 Annual Report was produced by MCU. This required sourcing and editing entries from business units, drafting other components of the report, proofreading, liaising with printers and distributing the final product.

The 2016–17 Annual Report was provided to the Minister for Aboriginal Affairs within the statutory timeframe. The report is publicly available on NSWALC's website at [www.alc.org.au](http://www.alc.org.au).

### Online and Social Media

The [ourmob.org.au](http://ourmob.org.au) website and online newsletter, *Our Mob*, *Our Land Council*, *Our Future*, remained core components of NSWALC's communications strategy. Over 2017–18, 349 new subscribers were added to the newsletter, bringing the total to 9,340.

Over the same period, NSWALC's social media presence also continued to increase. Likes to NSWALC's Facebook page increased by 1,728 to 14,463.

The most popular Facebook post from 2017–18 was in response to Senator Pauline Hanson's negative comments about Aboriginal and Torres Strait Islander cultures, which featured in the opening ceremony of the 2018 Commonwealth Games. This reached 36,862 people, with 567 reactions, 295 comments and 209 shares.

Regular, professional-quality video news stories continued to be a feature of the OurMob online newsletter this year. Video stories produced included:

- profile on Trangie LALC
- videos for NSWALC's 40th Anniversary Gala Dinner including
  - a history of Land Rights
  - background video for NAISDA Dance
  - history of the NSWALC Logo, Diyan Coe
  - messages from the Chair/Deputy Chair
  - Emma Donovan on the meaning behind her Land Rights song
  - the Warriors of Land Rights
  - a tribute to the 70s
  - a compilation of 200 photos of Land Rights-related memories
  - a gala night wrap-up
- National Indigenous Football Championships youth clinics
- 2017 year in review with Chairperson Councillor Roy Ah-See
- 2018 Tamworth Aboriginal Showcase
- Aboriginal culture and heritage workshops
  - promotional video
  - staff information video
- Olympus Solutions Partnership Launch
- NSWALC promotional video for the visit to the United Nations by Councillors and Senior staff.

## **MEDIA RELEASES AND NETWORK MESSAGES**

A total of 27 media releases and 39 network messages were drafted and distributed throughout the year.

## **Events**

### **BLACK PARLIAMENT**

MCU documented the Black Parliament held on 27 September at NSW Parliament House.

The event featured a NSWALC Council meeting in the Legislative Assembly of the NSW Parliament. It provided an opportunity for Councillors to engage with Ministers and other parliamentarians, as well as presenting important issues in Parliament.

The unit provided photographic services, and followed with online coverage. It also coordinated external television media coverage of the event.

### **40TH ANNIVERSARY GALA DINNER**

MCU was responsible for organising the NSWALC 40th Anniversary Gala Dinner, held at the International Convention Centre, Darling Harbour on 29 September 2017. The dinner paid tribute to past Land Rights' legends and celebrated the network's achievements since it was established in October 1977.

Around 1,000 people attended the dinner, which featured performances from legendary rock act Coloured Stone, X Factor winner Isaiah Firebrace, and Emma Donovan. The NAISDA Dance College also performed a special Land Rights dance.

### **NATIONAL INDIGENOUS FOOTBALL CHAMPIONSHIPS**

The unit supported NSWALC's sponsorship of the 2017 National Indigenous Football Championships, held in Nowra from 2 to 4 November.

NSWALC had an information stand at the event, and team members also interviewed organisers and players, and videoed junior teams to focus on the new wave of Aboriginal youth engaging in the World Game.

The championships were organised by the Wreck Bay Sharks Football Club, and featured open age men's and women's teams from around Australia. The men's and women's finals, and a Johnny Warren Celebrity match were broadcast by NITV.

### **INDIGENOUS BUSINESS AND EMPLOYMENT HUB**

MCU assisted with video, photographic and social media coverage of a partnership announcement between NSWALC and the Australian Government to design and deliver the first Indigenous Business and Employment Hub in Western Sydney.

The Hub is a major plank of the Australian and NSW Governments' Western Sydney City Deal, which builds on infrastructure investment in the region including the new airport. As at 30 June 2018, the unit remained involved with communications assistance as required.

### **FESTIVALS**

MCU hosted stalls and distributed information about Land Rights at the NAIDOC 'In the City' event at Hyde Park Sydney, Yabun Festival in Sydney on 26 January, and the Aboriginal Cultural Showcase at Tamworth during the Country Music Festival from 23 to 26 January.



## LAND INITIATIVES

### Aboriginal Land Agreements Unit

During the year the Aboriginal Land Agreements Unit (ALAU) continued to support LALCs participating in voluntary negotiation of comprehensive, and limited and unique ALAs.

ALAU continues to support the delivery of the Land Negotiation Program through:

- developing and delivering capacity building resources and training
- attending monthly face to face negotiation meetings and fortnightly project management teleconferences for each ALA negotiation
- participating in regular program management meetings including Program Governance Committee meetings
- reporting to Council and NSW Department of Industry – Lands.

### COMPREHENSIVE ALAS

Comprehensive ALAs are being negotiated as part of the NSW Government's Land Negotiation Program. The state government, NSWALC and relevant LALCs and local governments are parties. The program is a continuation of the state government's Crown Land management reforms. NSWALC and LALCs advocated strongly for involvement in the reform process and the Land Negotiation Program is the result of that advocacy.

Comprehensive negotiations consider all Crown Land and Land Claims within a negotiation area. They are guided by the NSW Government ALA Negotiation Framework, developed jointly with NSWALC, and are supported by capacity building initiatives funded by the NSW Government.

This support is aimed at providing capacity and confidence to address the concerns of the network, and provide the best chance for negotiations to be fair and successful. Support is also focused on delivering outcomes from the return of land that are beyond its transactional return.

As a result, while negotiations will consider the potential settlement of land claims and transfer of agreed land to a LALC, they may also consider matters relating to the subsequent use and management of that land by a LALC. This may include, but not be limited to, matters such as:

- employment opportunities and business enterprises
- training and capacity building
- recognition and protection of cultural rights including access and management rights
- land remediation and land management
- ongoing relationships and dialogue.

### LALC participation

The following LALCs participated in negotiating comprehensive ALAs under the Land Negotiation Program, and were at varying stages of the process during the year.

- Ngulingah LALC – with Lismore Regional Council, NSW Government and NSWALC in the boundary of the Lismore Regional Council.
- Tweed/Byron LALC – with Tweed Heads Shire Council, NSW Government and NSWALC in the boundary of the Tweed Heads Shire Council.
- Tamworth LALC – with Tamworth Regional Council, NSW Government and NSWALC in the boundary of the Tamworth Regional Council.
- Nungaroo LALC (Quirindi) LALC – with Tamworth Regional Council, NSW Government and NSWALC in the boundary of the Tamworth Regional Council.
- Metro LALC – with Northern Beaches Council, NSW Government and NSWALC in the boundary of the Northern Beaches Council.
- Young LALC – with Hilltops Council, NSW Government and NSWALC in the boundary of the Hilltops Council.
- La Perouse LALC – with Randwick City Council, NSW Government and NSWALC in the boundary of the Randwick City Council.
- Orange LALC – with Orange City Council, Cabonne Shire Council and Blayney Shire Council, NSW Government and NSWALC in the boundary of the Orange City Council, Cabonne Shire Council and Blayney Shire Council.
- Darkinjung LALC – with Central Coast Council, NSW Government and NSWALC in the boundary of the Central Coast Council.

### LIMITED AND UNIQUE ALAS

Limited and unique ALAs use the mechanism of s36A of the ALRA to address discrete land claim issues and opportunities. The following LALCs were negotiating limited and unique ALAs during the year.

- Eden LALC – with the NSW Government and NSWALC in relation to a number of land issues arising from the previous regional forestry process.
- Griffith LALC – with the NSW Government, Griffith City Council and NSWALC in relation to a single parcel of Crown Land needed for residential release.
- Darkinjung LALC – with the NSW Government, Griffith City Council and NSWALC in relation to parcels of land needed for a development project.
- Brewarrina LALC – with the NSW Government, Brewarrina Shire Council and NSWALC in relation to the oldest outstanding land claim in the state.



## PEOPLE AND WORKPLACE UNIT

The People and Workplace Unit (P&W) provides generalist human resources, payroll, work health and safety, and learning and development expertise to NSWALC. The Manager P&W is supported by five staff members with the following functions and responsibilities:

- payroll
- generalist human resources
- learning and development
- records and fleet.

The Operational Business Plan of P&W is linked to the strategic goals of NSWALC. Objectives relevant to the work of P&W during the year are summarised below:

- continue corporate governance/professional development training for NSWALC staff, including strategic decision-making
- review the organisational structure to ensure staffing resources are aligned to deliver the strategic priorities
- identify strategies to improve service delivery of P&W functions
- review employee benefits, remuneration levels, conditions of employment and implement approved employment actions.

### Recruitment

During the reporting period 32 recruiting assignments were filled, 10 had no selection, three were cancelled and two are still in progress. In all, a total of 47 recruitment actions.

### Organisation and Establishment Structure

In 2017–18, the organisational structure was realigned to focus on delivery channels, and this was endorsed by Council on 5 June 2017. During the year, the structure was also reviewed to ensure there were adequate resources to deliver the strategic priorities.

NSWALC's structure at 30 June 2018 consisted of three business service groups:

- Network and Program Delivery
- Business Improvement
- Strategic Resource Management.

All business service groups report to the CEO.

Network and Program Delivery consisted of three units:

- Program Implementation
- Land and Property
- Zone Offices (five).

Recruitment for the remaining zones to finalise their reviews of the zone structure was completed at the beginning of the 2017–18 financial year.

Business Improvement consisted of five units:

- Governance
- Strategy and Policy
- Media and Communications
- Land Initiatives
- People and Workplace.

Strategic Resource Management consisted of five units:

- Finance
- Investment
- Information, Communication and Technology
- Legal Services
- Business Development.

The members of the Executive comprised:

- CEO
- Executive Director of Network and Program Delivery
- Executive Director of Business Improvement
- Executive Director of Strategic Resource Management.

### Employment

#### CONDITIONS

NSWALC has an Enterprise Agreement (EA, 2016–2020) in place for 69 per cent of its workforce. All managers, executive and other senior staff are employed under common law contracts.

#### PAYROLL AND SALARIES

Throughout 2017–18, NSWALC continued its phased roll out of the PayGlobal payroll, and upgrades to the Electronic Self-Service Kiosk. The kiosk enables employees to update personal information, view their pay history and payslips, career progress, and training and development. Staff receive additional kiosk training as upgrades are added, and new staff receive training when they commence. The kiosk also enables managers and employees to electronically submit and approve leave applications, track enquiries and view employee attendance.

During 2017–18, NSWALC passed on salary entitlement increases as determined under the NSWALC Enterprise Agreement, Senior Manager Salary Framework (SMSF) and the Statutory and Other Officers Remuneration Tribunal (SOORT). Comparative forecasts and actual staff salary projection schedules were also prepared this year for inclusion in the 2018–19 Budget and future years.

## WORKPLACE HEALTH AND SAFETY

The main focus of NSWALC's WH&S activities in 2017–18 were:

- completing and updating hazard reporting and inspections for all zone offices and head office
- inspection training for Councillor Support officers or Councillor offices
- a revision of WH&S policies and procedures.

The WH&S Committee meets quarterly along with additional meetings, as required, for inspections and repairs. Nominations for a new WH&S Committee will be called for early in 2019 because the current committee will have served their statutory two-year term.

## Policy Review

P&W regularly reviews its policies, with priority given to those concerning governance and risk. This year, the focus was on the Performance Planning Framework, and a soft launch of the policy was delivered to all employees in November 2017.

## Traineeships/Internships/Work Experience

NSWALC continues to engage interns in the Strategy and Policy, Programs Implementation and Legal Services units. A number of work experience opportunities were also offered during the year.

## Records and Fleet Management

Records and Fleet Management's primary clients are the NSWALC business units at head office. It also regularly assists zone offices, Councillors and their support staff. The services provided by Records and Fleet Management include:

- best practice acquisition of goods and services for all business units of NSWALC
- compliance with the relevant organisational policies and procedures regarding
  - provision and maintenance of the NSWALC fleet
  - record keeping.

Relevant legislation that Records and Fleet Management monitor NSWALC's compliance with are:

- *Aboriginal Land Rights Act 1983*
- *NSW State Records Act 1998*
- *Privacy and Personal Information Protection Act 1988*
- *Government Information (Public Access) Act 2009 (GIPAA)*.

Table 20 details record management activity in 2017–18.

Table 20: Record management statistics for 2017–18.

RECEIVED BY	NUMBER
Individual documents registered in the TRIM system	11,826
Files created for specific records	1,881
Boxes archived	192

## FLEET MANAGEMENT

Fleet management maintains fleet vehicles provided to Councillors, executive staff and zone offices. This includes monitoring usage and associated costs, and ensuring vehicles are replaced in a timely and cost-effective manner.

## MAIL

The records management team supports the functions of collection and processing of incoming mail to NSWALC. All items, incoming and outgoing, are processed on the same day as their lodgement.

## Training and Development

P&W provides learning and development opportunities relevant to NSWALC's corporate priorities, as identified in the NSWALC Strategic Plan 2018–2022.

The focus of learning and development activities is based on:

- aligning outcomes with NSWALC's strategic objectives
- adopting the right blend of training delivery options
- increasing the capacity to adopt new technology
- increasing efficiencies in processes that result in higher productivity
- providing essential training to all staff (e.g., WH&S, First Aid/CPR, Cultural Awareness).

## PROGRAMS AND ACHIEVEMENTS IN 2017–18

A number of learning and development initiatives were successfully implemented during 2017–18.

### NSWALC staff training

NSWALC staff members were provided with a wide range of short-course training during 2017–18 (Table 21). Attendance at courses is shown in Table 22.

Table 21: Short-course training provided for staff in 2017–18.

DATE	TYPE OF COURSE
July 2017	Presentation Skills
August	WH&S – Health and Safety Representative Indigenous Women's Summit
November	Project Management Acquiring and Building Corporate Partnerships
December	Finance for Non-Finance Managers
April 2018	Finance for Non-Finance Managers
May	Risk Management and Corporate Governance HPE Content Manager Level 1 HPE Content Manager Administrator Enterprise Agreements
June	Finance for Non-Finance Managers Effective Minute Taking Management Skills for the New Manager

Table 22: Attendance by staff at short courses in 2017–18.

TRAINING	TOTAL NUMBER	ABORIGINAL NUMBER	%	NON-ABORIGINAL NUMBER	%
Presentation Skills	4	2	50	2	50
WH&S – HSR	1	0	0	1	100
Indigenous Women's Summit	3	3	100	0	0
Project Management	1	0	0	1	100
Acquiring and Building Corporate Partnership	3	2	67	1	33
Finance for Non-Finance Managers	1	0	0	1	100
Finance for Non-Finance Managers	3	1	33	2	67
Risk Management and Corporate Governance	1	1	100	0	0
HPE Content Manager Level 1	1	0	0	1	100
HPE Content Manager Administrator	1	0	0	1	100
Enterprise Agreements	13	7	54	6	46
Finance for Non-Finance Managers	1	1	100	0	0
Effective Minute Taking	1	0	0	1	100
Management Skills for the New Manager	8	8	100	0	0

### ***NSWALC's Ways of Working Initiative***

In May 2018 NSWALC engaged an external consultant, Ms Therese Fuller, to help deliver the Ways of Working Initiative (WoW Initiative). The WoW Initiative is designed to assess how we operate and work together, what we should keep doing, and what needs to change to position NSWALC to deliver on the 2018–2022 Strategic Plan.

The current operating model, organisational culture and dedicated teams have served NSWALC well, however, there is a need for organisational renewal to realise the aspirations and goals envisioned in the new Strategic Plan. The new ways of working will reflect NSWALC's independence and unique position, and align the operating environment and culture with the expanded strategic direction.

The WoW Initiative is divided into two phases, with Phase 1 focusing on developing a current state snapshot of the organisation and Phase 2 on human resources and capabilities.

The findings from the current state snapshot included:

- a document review
- structured interviews with staff
- a confidential staff survey.

These provide a good platform from which NSWALC can take a strengths-based approach to any improvement initiatives recommended by the WoW assessment. With 87 per cent of employees indicating they were proud to work at NSWALC, the foundations of the organisation are certainly solid.

The recommended initiatives arising out of Phase 1 focus on:

- ensuring the right functional structure is supported by effective processes and systems
- articulating desired cultural characteristics and behaviours, aligning them with values and ensuring our operating model and people practices support NSWALC in embedding those behaviours
- identifying the capabilities needed for success and adopting HR processes and people practices that build NSWALC's capabilities and engage staff.

Phase 2 will commence in October 2018. NSWALC staff are already working to implement the findings from Phase 1.

### ***Accredited training***

During the year, some staff members enrolled in the following Certificate and Diploma courses:

- Diploma in Human Resource Management
- Diploma Leadership and Management
- Diploma in Business
- Cert IV in Human Resources.

Western and Northern Zone staff have also undertaken an accredited training program in management skills.

### ***Public courses***

Staff members attended public courses and conferences, as identified by their manager.

# STRATEGIC RESOURCE MANAGEMENT

## FINANCE UNIT

The Finance Unit (FU) provides professional financial and management accounting services for NSWALC at strategic and operational levels. It ensures that the available financial resources are used economically, efficiently and effectively, and in a manner that aligns with NSWALC's strategy.

To enable NSWALC to continue to adopt best practice and meet its legislative and business requirements, FU undertakes ongoing reviews of Treasury Circulars and Guidelines, Australian Accounting Standards and Interpretations, and NSWALC financial management policies and procedures to ensure any amendments are implemented in a timely manner.

The key activities of the FU include, but are not limited to:

- maintaining accurate and accountable records of all transactions
- administering the NSWALC Corporate Card and overseeing the transactions
- developing or updating financial policies and procedures to implement and maintain internal controls
- developing the annual budget to ensure that financial resources are allocated effectively and efficiently
- monitoring the annual budget through a monthly management reporting process, and providing financial and non-financial information to explain the financial outcome or resources deployed
- managing NSWALC's cash flow to ensure enough funds are available to meet operational needs
- preparing statutory reports in accordance with legislative requirements
- facilitating internal and external audits to ensure that established internal controls are implemented and effective
- providing financial and management accounting services, and information to the Council, Executive, and business units in a professional and efficient manner.

## Finance Unit Achievements

### FINANCIAL STATEMENTS

The FU continued to improve the quality of NSWALC's Financial Statements. The Financial Statements are prepared within a tight timeframe, however, a reduction in mis-statements (from 11 in 2011–2012 to zero in financial years 2014–17) has resulted in the issue of an unqualified audit opinion from the NSW Auditor General for the past four years.

### ANNUAL BUDGET

Following an in-depth analysis of the organisation's operating activities and the annual budget as it applies to the NSWALC Strategic Plan 2018–2022, the FU prepared the NSWALC 2018–19 Annual Budget. The Minister for Aboriginal Affairs approved the budget without amendments.

### MONTHLY MANAGEMENT REPORTS

Monthly management reports were prepared throughout the 2017–18 financial year to provide information to the Council for monitoring of financial resources, and to provide guidance in decision-making.

### CASH FLOW MANAGEMENT

The FU has successfully managed cash flow throughout the year using planned withdrawal of excess cash balances in a low-interest-rate bank account.

### EXPENDITURE CONTROL

During the year, NSWALC's expenditure was monitored by the FU on a monthly basis to ensure that allocated financial resources were used in a cost-efficient and cost-effective manner.

# INVESTMENT

The management of the investments of NSWALC is a non-delegable function of the Council. It receives advice from the Investment Committee, which evaluates specialist advice from appropriate sources before advising Council. This process is managed by the Chief Investment Officer, who reports directly to Council through the Executive Director Strategic Resource Management.

## Statutory Investment Fund

The NSWALC Statutory Investment Fund (the Fund) was established under the ALRA. For 15 years (1984–1998) the ALRA provided guaranteed funding, equivalent to 7.5 per cent of NSW Land Tax on non-residential land. Payments were made to NSWALC as compensation for land lost by the Aboriginal peoples of NSW. During this period, half of the funds were available for land acquisition and administration. The remainder was held in a statutory account to build a capital fund that would provide future and ongoing resources.

The total funds allocated were \$537 million. Of this amount \$268.5 million was deposited in the Fund. Over the first 15 years of the Council's existence the capital accumulated and, in December 1998 when the land tax payments stopped, it was valued at \$281 million. Since then, NSWALC and the LALC network have been self-funded.

## CURRENT MANAGEMENT AND VALUE

The Fund was valued at \$669 million at 30 June 2018, compared with \$653 million at 30 June 2017. This represents an increase of \$16 million in the value of the Fund for this financial year.

### Where our money goes

A major proportion of NSWALC's annual budget is directed to funding LALCs. This funding is delivered in grant allocations of \$145,740 to each funded LALC, for assistance with administrative costs.

Indirect funding to the Land Rights network accounts for a considerable amount of the balance. A drawdown of \$37.6 million was made during the year to fund the operational expenditure of the network including the administrative costs of NSWALC and LALCs. The required drawdown for 2018–19 is expected to be \$58.61 million.

## Investment and growth of the Fund

The Fund provides compensation for future generations, and prudent financial management is essential to maintain its growth. While NSWALC has substantial sums invested, the current provisions of the ALRA limit spending to the realised income and interest from investment, less the allowance for inflation.

The Investment Mission for the Fund is to:

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

Council has defined this Investment Mission as a set of measurable real return and downside risk objectives (Table 23). These objectives sit alongside Council's investment philosophy for the fund (Table 24).

These philosophies are used in evaluating all investment decisions. As a result, NSWALC continues to divest all holdings in alcohol and tobacco.

The technical aspects of investment decisions are provided through the combined advice of the external asset consultant, NSWALC's Executive, and the Investment Committee. In addition, the drawdown rule adopted by Council provides a formal process for managing NSWALC's liabilities.

In calculating the projected drawdown, the drawdown rule factors in the previous drawdown, average asset value and long-term spending rate. The annual future drawdown is equal to 70 per cent of the drawdown in the previous year, and 30 per cent of the average asset value in the previous year multiplied by the long-term spending rate. Therefore, the projected maximum drawdown for expenditure in 2018–2019 is 9.23 per cent of the investment balance. This constraint on the drawdown from NSWALC's investments will ensure that it is able to fund its activities in perpetuity.

Table 23: Measurable real-return and downside risk objectives.

REAL RETURN	DOWNSIDE
Invest to have a greater than 66 per cent probability of achieving a return objective of CPI plus 4 per cent over five-year rolling periods	Limit the probability of a negative return in any given year to less than 20 per cent



Table 24: NSWALC investment philosophy for the Fund.

MISSION AND GOVERNANCE	IMPLICATION
1. Investing	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	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	The Fund is willing to accept short-term losses for longer-term gains. The primary performance assessment criteria should be long-term focused (five plus years).
4. Investing in a mixture of things will minimise the risk impact if one of them goes wrong	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	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)	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	Consideration will be given to introducing appropriate diversity to the Fund, including liquidity and insurance premiums.
8. Alpha exists, but the challenge is to find and successfully employ it	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.
9. Environmental, social and governance (ESG) factors can impact investment risk and return, as well as the long-term sustainability of Aboriginal land, culture and communities	We require investment managers to identify and manage ESG risks and opportunities, and will incorporate this into manager selections and monitoring.
10. Active ownership is important to creating sustainable investment returns, and providing for current and future generations of Aboriginal people	The Council is the ultimate owner of its invested assets. We require investment managers to exercise good stewardship, voting our shares, and engaging with investee companies to drive sustainable value creation.
11. The impact of the Council's investments on Aboriginal people is important, and the Council will balance expected risk-adjusted return against the positive or negative impacts on Aboriginal people	The Council's investment strategy is primarily focused on maximising risk adjusted investment returns over the long term. It may, on occasion, allocate capital to investments with a lesser expected financial return, where there is strong evidence of substantial benefits for Aboriginal people. It may also exclude investments where there is strong evidence of substantial negative impacts on Aboriginal people, provided the overall investment objective is not compromised.
12. Transparency is important to sustainable investing and is a pillar of good governance	The Council is committed to acting transparently ourselves and expects transparency on EGS issues from the managers we invest with and the companies we invest in. We will request regular ESG reporting from our investment managers, and encourage them to request such reporting from underlying companies.

## INVESTMENT COMMITTEE

The Investment Committee remains the primary source of all investment recommendations to the Council. In 2017–18, Mr John Wilson was the Independent Chairperson of the Investment Committee until his resignation in February 2018, when Mr Joshua Bloom, the other independent member of the Committee, assumed the Chair. He continues in this capacity. Both have provided their services on a pro bono basis. Council representatives on the committee during the period were Councillors William Murray and Peter Smith.

The Investment Committee held four meetings during the reporting period: 24 August 2017, 1 December 2017, 24 April 2018 and 21 June 2018.

## INVESTMENT DECISIONS

Significant investment decisions during the year included the appointment of Fund Managers Aviva and Somerset, the removal of Vontobel and K2, and the adoption of a new strategic asset allocation (SAA).

The position of the SAA remained unchanged, as did the dynamic asset allocation (DAA) (Table 25).

### Modelling outcomes

NSWALC commissioned testing of the current SAA against the return and risk tolerance statements, using our asset consultants' capital market assumptions as at June 2017 (Table 26).

### Investment performance

The investment portfolio provided a return of 7.7 per cent against a benchmark of 7.9 per cent for the 12 months to 30 June 2018. The fund remains above its CPI + 4.0% objective over all time periods. Table 27 details the investment in each asset class of the portfolio and its performance against the appropriate benchmark.

Table 25: Position of the SAA and DAA as at 30 June 2018.

ASSET CLASS	SAA (%)	DAA (%)	SAA AFTER DAA POSITIONING (%)
Australian shares	12.0	–	11.0
Overseas shares (large cap)	24.2	+4	28.2
Overseas shares (small cap)	2.8	–	2.8
Emerging markets	5.0	+1.0	6.0
Unlisted property	10.0	–	10.0
Unlisted infrastructure	10.0	–	10.0
Australian Inflation Linked Bonds	5.0	-2	3.0
Diversified Fund of Hedge Funds /Multi Asset Fund	7.5	–	7.5
Absolute return (multi strat)	5.0	–	5.0
International fixed interest	7.5	-1.0	6.5
Australian fixed interest	8.0	-2.0	8.0
Cash	2.0	–	2.0
<b>Total</b>	<b>100</b>		<b>100</b>

Table 26: Current SAA against the return and risk tolerance statements, based on capital market assumptions.

STRATEGIC OBJECTIVE	CURRENT STRATEGY (%)
Invest to have a greater than 66 per cent probability of achieving a return objective of CPI plus 4 per cent over five-year rolling periods	66.5
Limit the probability of a negative return in any given year to less than 20 per cent	16.4
PORTFOLIO EXPECTED OUTCOMES	20 YEARS (% PA)
Return	7.5
Risk	8.6

Table 27: Portfolio investment in each asset class and its performance against the appropriate benchmark.

LONG-TERM PERFORMANCE RETURNS TO 30 JUNE 2018	QUARTERLY (%)	1 YEAR (%)	3 YEARS (% PA)	5 YEARS (% PA)	10 YEARS (% PA)
NSW ALC Fund	2.3	7.7	6.0	8.4	8.0
NSW ALC Fund benchmark	2.8	7.9	6.2	8.0	7.1
Consumer Price Index + 4% pa	1.3	6.2	5.7	6.0	6.2
Australian Equities	8.5	12.0	10.0	10.6	7.3
S&P/ASX 300 (All Ords before 1/4/2000)	8.4	13.2	9.1	10.0	6.3
<b>Excess return over benchmark</b>	<b>0.1</b>	<b>-1.2</b>	<b>0.9</b>	<b>0.6</b>	<b>1.0</b>
International Developed Equities (unhedged)	4.0	12.1	7.3	12.9	7.7
MSCI World ex Aust (unhedged)	5.5	15.4	10.0	14.9	9.2
<b>Excess return over benchmark</b>	<b>-1.5</b>	<b>-3.3</b>	<b>-2.7</b>	<b>-2.0</b>	<b>-1.5</b>
Emerging markets	-6.1	8.8	7.3	8.9	–
MSCI EM (Free) NET WHT	-4.4	12.3	7.0	9.6	–
<b>Excess return over benchmark</b>	<b>-1.7</b>	<b>-3.5</b>	<b>0.3</b>	<b>-0.7</b>	<b>–</b>
Global listed property	6.0	10.8	7.9	10.3	–
FTSE EPRA/NAREIT Dev (HDG)	7.6	7.5	7.9	9.7	–
<b>Excess return over benchmark</b>	<b>-1.6</b>	<b>3.3</b>	<b>0.0</b>	<b>0.6</b>	<b>–</b>
Australian fixed interest	0.8	3.3	3.4	3.8	5.4
International fixed interest	0.1	1.7	2.5	3.4	5.8
Aggregate fixed interest	0.4	2.4	2.9	3.6	–
50% UBS Composite Bond All Mats, 50% Citigroup WGBI HDG AUD	0.4	2.3	3.7	4.7	–
<b>Excess return over benchmark</b>	<b>0.0</b>	<b>0.1</b>	<b>-0.8</b>	<b>-1.1</b>	<b>–</b>
Australian Inflation Linked Bonds	0.8	2.8	1.9	2.3	–
UBS Inflation Linked Bond Index	1.4	4.2	3.0	4.9	–
<b>Excess return over benchmark</b>	<b>-0.6</b>	<b>-1.4</b>	<b>-1.1</b>	<b>-2.6</b>	<b>–</b>
Absolute return	1.0	7.0	5.0	6.4	5.7
UBS Bank Bill	0.5	1.8	1.9	2.2	3.3
<b>Excess return over benchmark</b>	<b>0.5</b>	<b>5.5</b>	<b>3.1</b>	<b>4.2</b>	<b>2.4</b>
Diversified Fund of Hedge Funds	0.6	2.6	2.6	4.3	–
UBS Bank Bill	0.5	1.8	1.9	2.2	–
<b>Excess return over benchmark</b>	<b>0.1</b>	<b>0.8</b>	<b>0.7</b>	<b>2.1</b>	<b>–</b>

### Performance against peers

NSWALC's investment rationale is to promote diversity across asset classes and fund managers, however, this is contrary to the belief that the funds should be invested solely with NSW Treasury Corporation. To ensure NSWALC's investment rationale is sound, the performance of its portfolio is compared to similar investment portfolios with comparable investment objectives.

When compared with two TCorp investment portfolios held by NSW Treasury Corporation (Figure 23, Table 28) and two Mercer median portfolios held by other institutions (Figure 24, Table 29), NSWALC's investment position is validated by its portfolio's extremely good performance relative to that of its peers. The comparison clearly shows the NSWALC portfolio's performance to be less volatile, and better performing over the different market cycles than either the TCorp or Mercer investments.

Figure 23: Performance of the NSWALC portfolio compared with TCorp investment portfolios, 30 November 2003 to 30 June 2018, based on growth of a dollar.

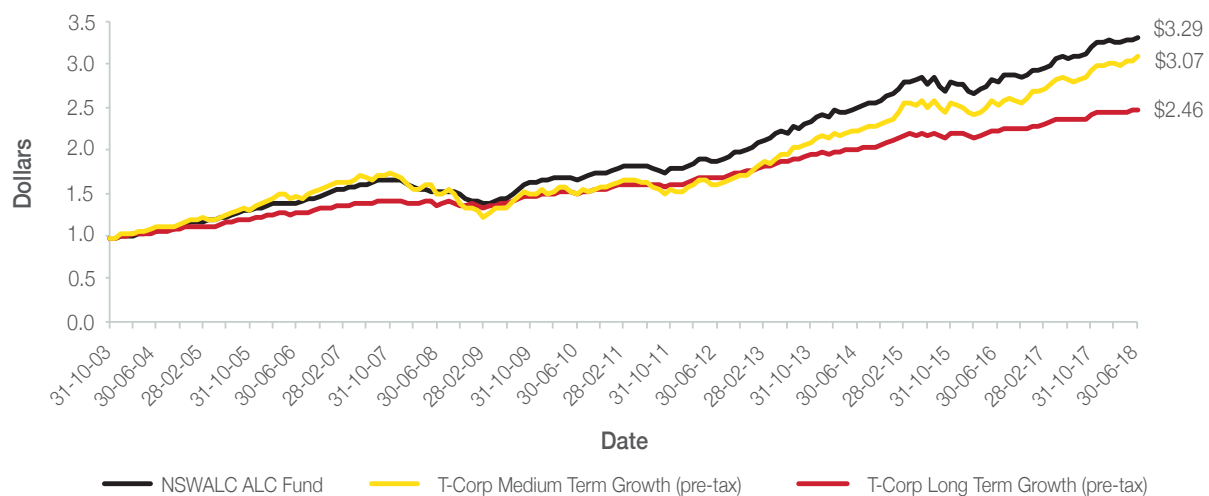


Table 28: Long-term return on investment (%), compared with TCorp investment over 1–10 years.

LONG-TERM PERFORMANCE RETURNS TO 30 JUNE 2018	QUARTERLY (%)	1 YEAR (%)	3 YEARS (% PA)	5 YEARS (% PA)	10 YEARS (% PA)
Total Fund	2.3	7.7	6.0	8.4	8.0
Fund benchmark	2.8	7.9	6.2	8.0	7.1
T Corp Medium Term Growth (pre-tax)	1.5	5.1	4.4	5.7	6.0
T Corp Long Term Growth (pre-tax)	3.6	9.8	7.2	9.6	7.4

Figure 24: Performance of the NSWALC portfolio compared with Mercer investment portfolios, 30 November 2003 to 30 June 2018, based on growth of a dollar.

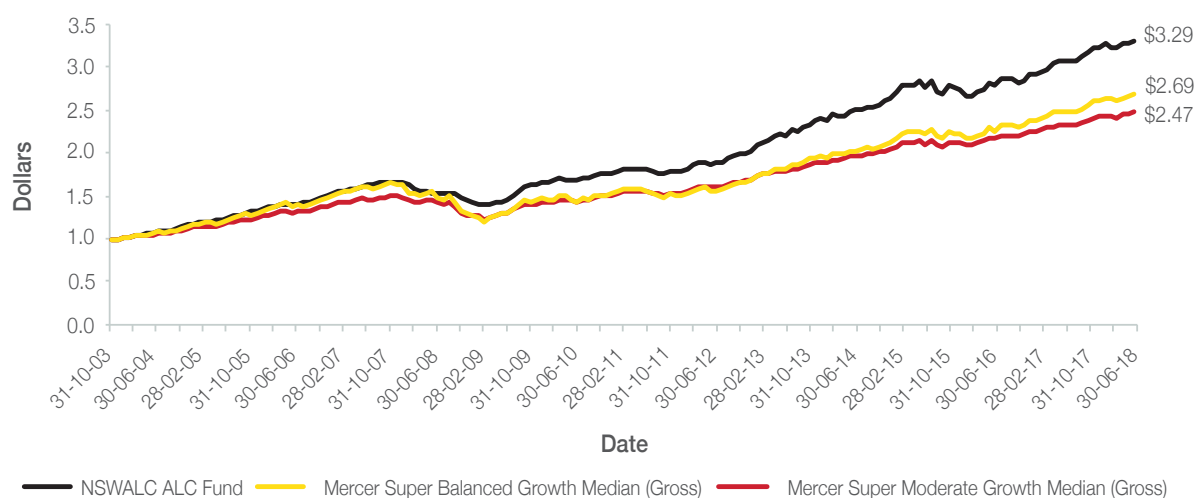


Table 29: Long-term return on investment (%), compared with Mercer investment over 1–10 years.

LONG-TERM PERFORMANCE RETURNS TO 30 JUNE 2018	QUARTERLY (%)	1 YEAR (%)	3 YEARS (% PA)	5 YEARS (% PA)	10 YEARS (% PA)
Total Fund	2.3	7.7	6.0	8.4	8.0
Fund benchmark	2.8	7.9	6.2	8.0	7.1
Mercer Moderate Growth – median (pre-tax)	2.2	6.3	5.5	6.8	5.7
Mercer Moderate Growth – upper quartile (pre-tax)	2.8	8.6	8.0	9.2	9.0
Mercer Balanced Growth – median (pre-tax)	3.2	8.3	6.6	8.3	6.1
Mercer Balanced Growth – upper quartile (pre-tax)	3.8	10.9	10.1	11.7	10.2

## INFORMATION AND COMMUNICATIONS TECHNOLOGY UNIT

The Information and Communications Technology Unit (ICTU) provides the people, technology governance, working environment, capabilities, processes, data management and collaboration to enable NSWALC to achieve its strategic goals. The ICTU is supported by four staff.

The unit is responsible for developing the ICT Strategic Plan (ICT Plan) to achieve the goals set out in the NSWALC Strategic Plan (2018–2022) and the NSWALC Strategic Plan Supplement (2018–2019), and delivering the ICT Plan via an approved program of work.

The ICT Plan is based on ICTU analysis and a world-standard strategic management process that will enable delivery of the following upgrades in 2018–19:

- infrastructure environment refresh
  - the current working environment is not stable and requires an immediate refresh
- GIS mapping service
  - to enable more instinctive, exhaustive and prolific Land Claims identification and management
- process re-engineering (BPR)
  - for grants, governance and risk assessment, and human resources processes
- mobile working capabilities
  - an enterprise video conferencing service, and wireless capability
- customer relationship management
  - servicing LALCs at present, and housing and development units in 2019
- information management system
  - delivered with adequate training that everyone uses to enable organisational growth and learning
- overhaul of the NSWALC intranet and website
  - to improve employee/LALC network community engagement.

The transformation deliverable value (the value delivered from the transformation) is illustrated in Figure 25.

In the meantime, ICTU also needs to keep NSWALC's technology viable. The unit has operational goals and commitments in place to ensure it can service the needs of all NSWALC stakeholders while the ICT Plan is being delivered. These include:

- management and maintenance of infrastructure (data centre, power, cooling, servers, and storage network) and telecommunications (data and voice) to ensure infrastructure is optimised to support geographically-dispersed services and resources
- development, implementation and regular reviews of the ICT Disaster Recovery and Business Continuity Plan to support core business processes and manage related risks
- management and maintenance of bespoke applications, software and associated data for continuity of business processes
- providing technical support to Councillors, executives and staff via a centralised service desk, which receives diverse ICT requests and incidents that include but are not limited to desktop/laptop computers, mobile devices, printers, network access, telephony and IT procurement
- monitoring and maintenance of network and information security to safeguard NSWALC systems and information assets from potential threats and data loss
- contributing to and/or management of projects for cost-effective application of technology that delivers benefits for efficient and effective operations.

Figure 25: Transformation deliverable value.





## Operations Support

ICTU continues to support NSWALC operations, maintaining a high availability to systems and applications. A key function of the unit is providing technical support. During the year, the unit responded to 2,660 requests and incidents from Councillors, executives and staff.

Performance reports with information on key support activities are produced by ICTU using the following performance metrics:

- number and type of requests compared to previous month
- preventative maintenance compared to previous month
- completed requests by location
- number of requests resolved per capita
- number of requests received versus resolved
- average resolution time per request type
- number and type of outages compared to the previous month
- security metrics compared to the previous month.

## ICT Steering Committee

This committee has been temporarily discontinued. A Steering Committee will be re-established when the delivery roadmap program is officially initiated. Committee membership will be relevant to the program deliverables and link clearly to business ownership.

## ICT Project Deliverables

Projects completed by ICTU during 2017–18 included:

- initiating a project to refresh the entire Dell server infrastructure environment, which is a key component of our core infrastructure
- completing a Risk Assessment and Management Plan for the current ICT environment
- conducting review and evaluation support for the CRM service provider selection process for the NSW Indigenous Business Development and Employment Hub project
- providing technical workspace, network and infrastructure support to the NSW Indigenous Business Development and Employment Hub project
- completing the build phase of the GIS Mapping Solution Project, which is due to go live on 27 August 2018
- refreshing the power and back-up power supply for the data centre.

## LEGAL SERVICES UNIT

The Legal Services Unit (LSU) contributes to all core areas of NSWALC's business. It provides legal advice, representation and assistance to the Council and NSWALC staff, and general assistance to LALCs on a wide range of statutory, administrative and commercial issues, particularly their obligations under the ALRA.

During the 2017–18 financial year, the LSU comprised a principal legal officer, originally three (then two) senior legal officers, two legal officers and one administrative assistant. The LSU also hosted four volunteer legal interns from the Aurora Project.

Some of the important work undertaken by LSU during the year included:

- reviewing all land claim refusals by the Minister for Crown Lands, and recommending if appeals should be made to the Land and Environment Court (LEC)
- supervising all appeals, Native Title proceedings and other matters briefed to external lawyers
- legal advice
  - to Council and NSWALC staff about new NSWALC enterprises such as the Social and Affordable Housing Fund bid, operation of the Western Sydney Indigenous Business and Employment Hub, and the NSW Aboriginal Controlled Fishing Trust
  - on the draft Aboriginal Cultural Heritage Bill 2018
  - on the Crown Lands Management Act Regulations 2018 and the Crown Lands Community Engagement Strategy 2018
  - to NSWALC staff on a wide range of commercial, contractual property, policy and employment matters
- assistance, training and information to LALCs on matters of importance to the Land Rights network including Native Title determinations and non-claimant applications
- referring LALC legal matters to external law firms on a pro bono basis through Justice Connect
- ongoing legal advice in relation to all ALAs.

### External Legal Costs

Expenditure for external legal service providers is broken down into the following categories, with costs shown as a percentage of LSU's budget (excluding salaries and administrative expenses):

- NSWALC general advice – 14 per cent
- land claims litigation (appeals where land claims have been refused) – 18 per cent

- legal advice relating to Native Title (including Network Native Title) – 48 per cent
- NSWALC general litigation – 15 per cent
- legal advice relating to mining – 2 per cent
- network-related legal expenses – 3 per cent.

### Land Claims

The LSU continued to fulfil its core function of managing the legal aspects of land claims, particularly appeals to the LEC and the Court of Appeal. This work is vital to the viability and continued growth of a land base for Aboriginal people in NSW, and essential to the achievement of Goal 1 of the Strategic Plan – Secure Our Land and Water Rights.

#### LAND CLAIM REVIEWS

The LSU conducts reviews of most land claim refusals. Reviews determine if the Minister's refusal is lawful and if there are any potential grounds for appeal to the LEC. The process sometimes requires LSU to inspect the Minister's departmental files. Where a refusal is appealed to the LEC, LSU manages and pays for all associated legal costs.

In 2017–18, the Minister refused or part-refused 301 claims. LSU conducted 295 reviews in the same period, and 275 file inspections. This is a significant increase from the previous financial year, during which, 184 reviews and 175 file inspections were conducted.

In total, 369 land claims were determined by the Minister in 2017–18, with 108 claims granted (in part or full). Overall, there are less instances of incorrect application of the law by the Minister and, as a result, the number of appeals conducted this year is down from previous years.

#### LAND CLAIM APPEALS

NSWALC provides support to the LALC network by managing and funding appeals against certain refusals.

There were four land claim appeals commenced in the LEC during the year:

- Helensburgh
- Gulgong
- South West Rocks
- Matraville.

One of these appeals was discontinued, two were settled, and one is ongoing. There was also an appeal commenced in 2016–17 (Nyngan) and discontinued during 2017–18. Both appeals discontinued in this reporting period were due to prospects of success and after evidence produced under subpoena was deemed to be of no assistance to the appellant case.

### **Helensburgh**

The Helensburgh appeal was refused on the grounds that the land was needed for inclusion in Heathcote National Park for 'nature conservation and access'. However, it was also known that the land was being used to compensate National Parks and Wildlife Service for land acquired from Kuringai-Chase National Park to facilitate expansion of the St Ives Pistol Club. The appeal was discontinued on 28 June 2018, under advice from Senior Counsel and external lawyers, after evidence produced to the Court appeared to support the Minister's case.

### **Gulgong**

This case related to land in Gulgong, in the Mudgee LALC area. Following lodgement of a land claim, the land was transferred to a buyer, however, no notice of intention to revoke the reserve over the land was published by the state prior to the sale. The matter was settled on 4 July 2017 after NSWALC successfully challenged the legality of the sale of the land without revocation of the reserve.

### **South West Rocks**

This appeal concerned land at South West Rocks claimed by Kempsey LALC, and was settled by Consent Orders dated 15 September 2017.

The appeal was upheld with respect to the land actually claimed, which was part of a lot adjacent to the Macleay River.

### **Matraville**

A number of appeals were filed on 29 March 2018 in relation to refusal of land claims lodged by La Perouse LALC in Matraville. These appeals are ongoing.

### **OTHER LAND CLAIM-RELATED LITIGATION – THE SOUTH COAST CLAIM**

LSU managed an important piece of litigation in 2017–18, which was initiated by the Minister for Crown Lands. In April 2017, the Minister filed a summons seeking a declaration that a 'blanket' claim lodged by NSWALC in December 2016 was invalid. The land claim covered an area from South Sydney to the Victorian border.

The Minister submitted that the claim was invalid because:

- (a) it did not 'describe or specify' the land accurately enough
- (b) NSWALC had no reasonable basis for believing that the area of claimed land was 'claimable' within the meaning of s.36 of the ALRA.

On 8 March 2018, the Court dismissed the Minister's summons finding that there was nothing in the ALRA that required NSWALC to describe the land more specifically or for there to be a reasonable basis for NSWALC's belief that the land was claimable.

### **Native Title**

Native Title continues to be an area of increasing significance for the LALC network and claims are increasingly being progressed to determination by the Federal Court in NSW. LSU's work in this area is done to further Goals 1, 3 and 4 of NSWALC's Strategic Plan; Secure Our Land and Water Rights, Pursue Economic Independence and Prosperity for our People, and Support Our People.

## **NSWALC COUNCIL'S GUIDING PRINCIPLES ON NATIVE TITLE**

1. NSWALC recognises that Native Title and Land Rights are both important systems that provide positive rights for, and advance the interests of, Aboriginal peoples.
2. NSWALC seeks to demonstrate leadership by being proactive in its approach to dealing with the interaction of Land Rights and Native Title in NSW.
3. NSWALC seeks to work respectfully, constructively and collaboratively with all Native Title claimants, Native Title holders, and NTSCORP and others to deliver the best of both systems to Aboriginal peoples, and to negotiate agreed positions wherever possible.
4. NSWALC recognises that LALCs are autonomous bodies corporate that exist for the benefit of all Aboriginal people in their area and their members, and that LALCs must make decisions about their land and resources in accordance with the interests of their members.
5. NSWALC seeks to promote community cohesion, equitable outcomes, and to minimise conflict wherever possible.
6. Recognising and respecting that LALCs are land owners with property interests, NSWALC seeks to provide information and assistance to LALCs about Native Title claims in their boundary area to ensure that each LALC can make informed decisions about how it engages with Native Title.

Land Rights under the ALRA and Native Title are two very different systems. Native Title offers recognition of rights and interests held under traditional laws and customs. In most cases, a Native Title determination in NSW is likely to recognise non-exclusive rights, such as the right to hunt and gather. In contrast, the grant of land under the ALRA is a form of compensation for dispossession, and does not require any traditional connection to land. A land claim, if granted, will generally result in the LALC having a freehold interest in the land.

Council has resolved to provide support and assistance to LALCs that are affected by Native Title claims so they can make informed decisions about their involvement in Native Title matters.

NSWALC provides assistance to LALCs that join as respondent parties to Native Title proceedings. The aim is to ensure LALCs understand the potential impacts of Native Title on lands under claim or land already owned by them. LSU also assists LALCs by funding external legal advice, and by delivering general training on Native Title issues.

During the reporting period LSU played a pivotal role assisting LALCs to finalise the following Native Title claims.

### **BARKANDJI**

The Barkandji Native Title claim was lodged in 1997 over the Far West of NSW, a region that overlaps with the Broken Hill, Wilcannia, Dareton, Menindee and Mutawintji LALC areas, as well as parts of Wanaaring, Winbar, Ivanhoe and Balranald LALCs.

NSWALC became actively involved in this claim in March 2014 and the matter was part-determined by the Federal Court on 16 June 2015. Part B of the claim was resolved by consent determination on 22 August 2017, which affected land held by Wilcannia and Menindee LALCs. To ensure that LALC interests would be protected into the future, Menindee and Wilcannia LALCs signed Indigenous Land Use Agreements (ILUAs) with respect to land where s47A of the *Native Title Act 1994* (NSW) was recognised.

### **NGEMBA**

Ngemba is another large Native Title claim in the West of NSW, which affects LALCs in the Central, Wiradjuri, Western, and North Western regions. LSU believes the matter is likely to result in a consent determination within the next couple of years. During this year, NSWALC completed visits to all LALCs affected by the claim to provide information on the interaction between Native Title and Land Rights.

### **WESTERN BUNDJALUNG**

Western Bundjalung Native Title claim covers an area in the Northern Rivers region of NSW. It was filed on 19 December 2011. NSWALC, Jana Ngalee, Baryulgil Square, Jubullum, Moombahlene, Grafton Ngerrie and Casino Boolangle LALCs were respondents to the claim. Part A was determined in August 2017 and Part B in June 2018.

### **GUMBAYNGGIRR PEOPLE #2**

This 1998 Native Title claim over land surrounding the area of Wenonah Head on the North Coast of New South Wales. Coffs Harbour District LALC and NSWALC played a key role during the claim, and in shaping the consent determination made by the Court on 8 December 2017. As part of this process, LSU was required to negotiate highly-complex agreements with multiple parties including a determination of Native Title signed by all parties, an ALA under s.36AA of the ALRA with the Minister for Crown Lands, and two ILUAs with the claimants, their Prescribed Body Corporate and various state government agencies.

### **NEW NATIVE TITLE CLAIMS AND GENERAL NATIVE TITLE WORK**

LSU continued to provide training to LALCs affected by Native Title claims, and to NSWALC staff and Councillors. The unit delivered approximately 25 Native Title training sessions to LALCs, and five to NSWALC staff and Councillors.

LSU also continues to play an active role in building relationships with stakeholders that work in Native Title in NSW including NTSCORP, the state government, the National Native Title Tribunal and the Federal Court.

## BUSINESS DEVELOPMENT UNIT

NSWALC has a clear goal to pursue economic independence and prosperity for Aboriginal people through its Strategic Plan 2018–2022.

During 2017–18, the Council approved an additional strategy, NSWALC Employment and Enterprises, which will enable it to develop new capabilities and assume a lead role in three key areas:

- employment services, training and employment brokerage
- Aboriginal housing
- land development and construction.

The aim of NSWALC Employment and Enterprises is to dramatically improve economic and social outcomes for Aboriginal people in NSW, and ensure Aboriginal people can claim a fair share of the state's economic growth.

During the course of the year, a dedicated taskforce was established within the Business Development Unit (BDU) to design and drive implementation of the Employment and Enterprises strategy. The taskforce is focused on building partnerships with established and high-performing organisations, employers, industry groups and service providers as a pathway to building capacity and capability, and achieving its vision in three new enterprise areas.

### Employment Services Partnership

In late 2017, NSWALC and Olympus Solutions formalised an employment services partnership, with the shared vision of increasing employment opportunities for Aboriginal people. A Heads of Agreement underpins the alliance, with provision for additional licensing and consortia agreements that detail specific program arrangements.

Together, NSWALC and Olympus Solutions successfully tendered for expansion of Olympus Solutions' contracts in Disability Employment Services (DES), Vocational Training and Employment Centres (VTECs), and ParentsNext employment support. Services cover the Greater Sydney, Blue Mountains, Illawarra and Southern Highlands regions, and future plans include strategies to expand the service coverage area.

The partnership is working to remove the barriers that prevent Aboriginal people from getting the jobs they want. Through the alliance, more creative and appropriate support for Aboriginal job seekers can be developed to enable their access to employment, and successful employment outcomes.

Currently, NSWALC and Olympus Solutions are exploring the potential for establishing a jointly-owned entity that will work towards greater Aboriginal control and self-determination in the provision of employment services. Greater employment opportunities for Aboriginal job seekers also has wider benefits for their families and the broader Aboriginal community.

### Yarpa – The First Australians' Business and Employment Hub of NSW

NSWALC partnered with the Australian Government to design and deliver Yarpa, the Western Sydney Indigenous Business and Employment Hub (the Hub). It is the first of its kind to be established under the government's Indigenous Business Sector Strategy. Yarpa is a one-stop-shop for Aboriginal entrepreneurs and job seekers, where they can discuss their business or employment needs and be guided to the most appropriate service or advice.

The Hub will focus on maximising the opportunities from a once-in-a-generation infrastructure investment, through the Western Sydney City Deal, the Western Sydney Infrastructure Plan, and the new Western Sydney Airport and broader Aerotropolis development. It is, however, a statewide asset for the LALC network and, over time, will extend its focus to broader sector and geographical coverage.

The Hub will engage service providers with extensive experience of Aboriginal business, employment and training to:

- deliver business development advice and support to Aboriginal businesses at all stages of development
- deliver employment support services and advice to Aboriginal job seekers
- focus on understanding and meeting the needs of employers, and help them fulfil their Aboriginal procurement aspirations and obligations.

Service providers such as Indigenous Business Australia, Supply Nation, the NSW Indigenous Chamber of Commerce, Austrade, the Indigenous Land Corporation, registered training organisations and NSW Government agencies will be facilitated through the Hub.



## Aboriginal Housing Capability

The decision to establish housing capability under the Strategic Plan 2018–22 reflects Council's determination that NSWALC and the LALC network should claim their fair share of the current, significant opportunities for growth in housing. These include the:

- NSW Government's social housing growth initiatives under its Future Directions strategy, including the Social and Affordable Housing Fund
- likelihood that the NSW Government will transfer more mainstream public housing stock to the community housing sector over time
- NSW Government's goal of transferring management of AHO stock to the Aboriginal community housing sector
- demand for additional housing driven by population increases and economic development in the greater Sydney region and in regional centres.

Council believes the best way to take advantage of the growth opportunities is to establish a NSWALC housing subsidiary that is able to rapidly acquire the full range of capabilities needed for Tier 1 providers, and work respectfully with existing Aboriginal housing organisations. Moreover, establishment of a housing subsidiary would prove a valuable asset for the entire LALC network and, more broadly, for Aboriginal peoples of NSW.

## REGISTRATION OF A TIER 1 ABORIGINAL COMMUNITY HOUSING PROVIDER

As a key step in developing housing capability, NSWALC began discussions with the Registrar of Community Housing about establishment of a NSWALC subsidiary with Tier 1 registration under the National Regulatory System for Community Housing. The proposal involves partnerships with a number of existing, mainstream, Tier 1 Community Housing Providers.

NSWALC has also outlined its proposal with the NSW Minister for Social Housing, the Hon Pru Goward MP, and commenced discussions with regional Aboriginal housing organisations to develop a common vision for the future of the sector. A significant, early step towards this vision was taken with strategic 'roundtable' discussions convened by NSWALC in December 2017, which included a wide range of stakeholders such as Ministerial and government agency representatives, and external experts. Discussions with the AHO have also continued through CEO-level meetings held regularly since the December 2017 roundtable.

## SOCIAL AND AFFORDABLE HOUSING FUND PHASE 2

Following the NSW Government's announcement of Phase 2 of the Social and Affordable Housing Fund (SAHF), Council determined to focus its efforts on establishing a NSWALC led consortium to lodge EOI.

Staff from BDU carried out extensive consultation with the LALC network to identify LALCs interested in participating in the SAHF bid. This included presentations at regional forums in all NSWALC regions. NSWALC made preliminary assessments of potential development sites and held further discussions with a large number of LALCs to gain their in-principle agreement to participating in the bid.

The taskforce also continued to develop relationships with NSWALC's partners among existing Tier 1 providers. As a result, it secured their commitment to delivering services in the early stages of a potential SAHF contract while the NSWALC Tier 1 provider develops its capabilities. Substantial effort was required to identify and engage with other partners, and provide support for the SAHF consortium, including establishing relationships with a commercial adviser, finance partners, and a development and construction partner.

NSWALC lodged its EOI on 21 March 2018, and received notification on 24 May 2018 that the proposal had been shortlisted to proceed to the next stage of the procurement process; a Request for Proposal.



## RESOURCE DEVELOPMENT

### Resources Development Project

NSWALC's Resources Development Project is a key component of the organisation's Economic Development Policy.

The key priorities for NSWALC in this project are to:

- create employment and economic opportunities for Aboriginal people
- ensure that Aboriginal peoples' responsibilities to protect and manage their cultural heritage can be fulfilled
- minimise the financial and political risks to the network through agreements with key industry partners.

The primary vehicles for achieving the priorities of the project are:

- NSWALC Resources Pty Ltd (NSWALC Resources), a holding company wholly owned by NSWALC that holds NSWALC's interest in Paradigm Resources
- Paradigm Resources Pty Ltd (Paradigm Resources), a joint venture between NSWALC Resources and the Indigenous Energy Group (IEG).

The Directors of NSWALC Resources are:

- Craig Cromelin (Wiradjuri Region Councillor)
- Anne Dennis (North West Councillor)
- Danny Chapman (South Coast Councillor).

The Directors of Paradigm Resources are:

- Aden Ridgeway (Independent Chair)
- Craig Cromelin (NSWALC Councillor and director of NSWALC Resources)
- Anne Dennis (NSWALC Councillor and director of NSWALC Resources)
- Andrew Mayo (nominee director of IEG)
- Jason Needham (nominee director of IEG).

Paradigm Resources has adopted the following governance principles to guide its operations:

- a. In assessing the economic benefits of potential resource development projects, Paradigm Resources will weigh up the social and environmental benefits and risks of each project to make an informed decision.
- b. Paradigm Resources aims, among other objectives, to create economic benefits for local communities through resource development projects.
- c. Paradigm Resources will consult with LALCs, traditional owner groups and wider stakeholders before any material project developments, and respond to any concerns, as and when they arise.

- d. Paradigm Resources will use current best practices to ensure that its operations protect the health and safety of its staff, contractors, communities and local environment.
- e. Paradigm Resources will minimise, wherever possible, the impact of resource development on the natural environment and Aboriginal culture and heritage.
- f. Paradigm Resources will be a good neighbour, operating transparently and responsibly.

NSWALC retains oversight of and involvement in the operations of Paradigm through a shareholders' agreement. Significant decisions including, for example, the adoption of an annual plan and budget, acceptance of tenements, bringing in new investors, changing the constitution, and the appointment of additional directors all require shareholder approval. Paradigm reports regularly to NSWALC on significant financial and operational matters.

In the last reporting period, NSWALC approved the establishment of the Resource Development Advisory Committee (RDAC), pursuant to s118 of the ALRA, to advise NSWALC of current and future business enterprises and economic development opportunities in the resource sector.

In this reporting period NSWALC consulted with RDAC regarding the project generally, and to seek recommendations on key decisions.

### THE POLICY LANDSCAPE

The government has progressed its Strategic Release Framework for Coal and Petroleum Exploration, and the NSW Gas Plan. While no areas have been assessed as suitable to be released for petroleum exploration to date, the government has established a Strategic Release Advisory Body to consider potential release areas, with geologists identifying two areas in Far Western NSW that demonstrate good potential for conventional gas resources.

In this reporting period the government undertook a Preliminary Regional Issues Assessment, relevant to the potential release areas. The assessment considered the social, environmental and economic impacts of exploration, and consulted with local communities (including LALCs in the area) to determine the area's suitability for exploration.

With respect to areas covered by NSWALC's prior tenements expunged in 2014, before the Minister can grant a petroleum title under the Framework, the Minister must invite NSWALC to make an application, and that application must be refused.

## MINERALS EXPLORATION

The delay in implementing the NSW Government's Gas Plan and Strategic Release Framework for Coal and Petroleum Exploration led Paradigm Resources to pursue other resource development opportunities. In the last reporting period Paradigm held three exploration licenses under the *Minerals Act 1992*:

- EL8380 for graphite near Nyngan
- EL8381 for diamonds near Wilcannia
- EL8436 for rare metals near Temora.

Due to sub-economic mineral grades, EL 8380 for graphite near Nyngan has been relinquished by the company.

To date Paradigm Resources has completed significant desktop studies and data compilation across each licence area in addition to:

- a large, ground magnetic survey and reconnaissance fieldwork targeting diamond-bearing intrusions west of Wilcannia
- two drilling programs targeting rare metals and rare earth elements north of Temora.

## INVOLVEMENT OF ABORIGINAL BUSINESSES

A key objective of NSWALC's Resources Development Project is to create employment and economic opportunities for Aboriginal people. The exploration process is likely to provide a wide range of potential opportunities and activities for LALCs and local Aboriginal businesses.

During the financial year, Paradigm Resources engaged a number of local Aboriginal businesses in relation to its exploration projects. At Nyngan, the Bogan Aboriginal Corporation was engaged for cultural clearance work, and storage space is leased from Nyngan LALC on an ongoing basis. Colling Exploration, a small Aboriginal drilling company based in Cobar, was also contracted to undertake auger and aircore drilling programs near Temora.

## INDEPENDENT AUDITOR'S REPORT



## INDEPENDENT AUDITOR'S REPORT

## New South Wales Aboriginal Land Council

To Members of the New South Wales Parliament

### Opinion

I have audited the accompanying financial statements of New South Wales Aboriginal Land Council (NSWALC), which comprise the Statement of Comprehensive Income for the year ended 30 June 2018, the Statement of Financial Position as at 30 June 2018, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, notes comprising a Statement of Significant Accounting Policies and other explanatory information of NSWALC and the consolidated entity. The consolidated entity comprises NSWALC and the entities it controlled at the year's end or from time to time during the financial year.

In my opinion, the financial statements:

- give a true and fair view of the financial position of NSWALC and the consolidated entity as at 30 June 2018, and of their financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

My opinion should be read in conjunction with the rest of this report.

### Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of NSWALC and the consolidated entity in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles 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
- precluding the Auditor-General from providing non-audit services.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

## Other Information

Other information comprises the information included in the annual report of NSWALC and the consolidated entity for the year ended 30 June 2018, other than the financial statements and my Independent Auditor's Report thereon. The Councillors of NSWALC are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the Statement by the Councillors.

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

## The Councillors' Responsibilities for the Financial Statements

The Councillors 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 Councillors determine is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Councillors are responsible for assessing the ability of NSWALC and the consolidated entity to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting except where operations will be dissolved by an Act of Parliament or otherwise cease.

## Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: [www.auasb.gov.au/auditors\\_responsibilities/ar3.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf). The description forms part of my auditor's report.

My opinion does *not* provide assurance:

- that NSWALC or the consolidated entity carried out their activities effectively, efficiently and economically
- 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.



Chris Harper  
Director, Financial Audit Services

18 October 2018  
SYDNEY

## STATEMENT BY COUNCILLORS – YEAR ENDED 30 JUNE 2018

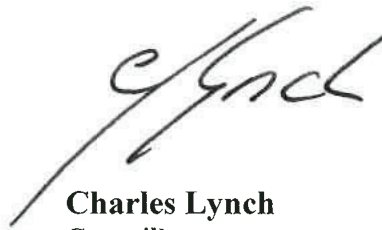
Pursuant to Section 41C of the Public Finance and Audit Act 1983, we state that in our opinion:

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 2018 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 2015* and the Treasurer's Directions.
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.



**Roy Ah-See**  
Chairperson



**Charles Lynch**  
Councillor

**Date: 16/ 10/ 2018**



## FINANCIAL REPORT

### Consolidated Statement of Comprehensive Income for the Year Ended 30 June 2018

		2018	2017
			Restated*
	Notes	\$'000	\$'000
<b>REVENUE</b>			
Investment Revenue	7	24,939	41,541
Grants and Contributions	8	18,199	746
Rental Income		1,892	1,669
Other Revenue	9	8,806	1,079
<b>Total Revenue</b>		<b>53,836</b>	<b>45,035</b>
<b>EXPENSES EXCLUDING LOSSES</b>			
Employee Related Expenses	12	14,771	15,116
Depreciation	24	956	670
Amortisation	25	118	109
Doubtful Debts and Debt Write Off	19(c)	387	536
Funding to LALCs	13	16,671	16,186
Grants	14	1,892	2,324
Share of Net (Profit)/Loss of Associates and Joint Ventures Accounted for Using the Equity Method	36	231	158
Legal Expenses		830	815
Other Operating Expenses	15	7,312	6,112
Program Expenses	16	1,464	2,096
<b>Total Expenses Excluding Losses</b>		<b>44,632</b>	<b>44,122</b>
<b>Gain / (Loss) on Disposal of Property, Plant and Equipment</b>	10	33	57
<b>Other Gains / (Losses)</b>	11	21,476	17,144
<b>NET RESULT</b>		<b>30,713</b>	<b>18,114</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Items that will not be reclassified to Net Result</b>			
Actuarial Gain/(Loss) on Defined Benefit Superannuation		57	237
Net Increment on Revaluation	24 & 26	3,010	4,180
<b>Total Other Comprehensive Income</b>		<b>3,067</b>	<b>4,417</b>
<b>TOTAL COMPREHENSIVE INCOME/(EXPENSES) FOR THE YEAR</b>		<b>33,780</b>	<b>22,531</b>

\*See Note 2 (f) for details regarding the restatement as a result of an error.

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

## Consolidated Statement of Financial Position as at 30 June 2018

		2018	2017	1 July 2016
			Restated*	Restated*
ASSETS	Notes	\$'000	\$'000	\$'000
<b>Current Assets</b>				
Cash and Cash Equivalents	17 & 18	34,474	11,465	12,907
Receivables	19 (a)	4,258	2,105	2,044
Financial Assets at Fair Value	20	634,764	621,788	604,227
Derivatives	21	-	2,529	-
Other Assets	22	22	20	18
Other Financial Assets	23(c)	-	71	70
Assets Held for Sale/Transfer to LALCs		443	342	342
<b>Total Current Assets</b>		<b>673,961</b>	<b>638,320</b>	<b>619,608</b>
<b>Non-Current Assets</b>				
Receivables	19 (b)	192	408	389
Other Financial Assets	23(a)	-	466	450
Property, Plant and Equipment	24	38,583	35,912	32,716
Intangible Assets	25	66	131	224
Artefacts	26	445	445	445
<b>Total Non-Current Assets</b>		<b>39,286</b>	<b>37,362</b>	<b>34,224</b>
<b>TOTAL ASSETS</b>		<b>713,247</b>	<b>675,682</b>	<b>653,832</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Payables	28	3,815	1,825	1,775
Derivatives	21	2,020	-	797
Provisions	29	2,891	3,100	2,838
<b>Total Current Liabilities</b>		<b>8,726</b>	<b>4,925</b>	<b>5,410</b>
<b>Non-Current Liabilities</b>				
Provisions	29	491	507	703
<b>Total Non-Current Liabilities</b>		<b>491</b>	<b>507</b>	<b>703</b>
<b>TOTAL LIABILITIES</b>		<b>9,217</b>	<b>5,432</b>	<b>6,113</b>
<b>NET ASSETS</b>		<b>704,030</b>	<b>670,250</b>	<b>647,719</b>
<b>EQUITY</b>				
Reserves		33,403	30,393	27,018
Accumulated Funds		670,627	639,857	620,701
<b>TOTAL EQUITY</b>		<b>704,030</b>	<b>670,250</b>	<b>647,719</b>

\*See Note 2 (f) for details regarding the restatement as a result of an error.

The above statement of financial position should be read in conjunction with the accompanying notes.

## Consolidated Statement of Changes in Equity for the Year Ended 30 June 2018

	Accumulated Funds \$'000	Revaluation Reserve \$'000	Total \$'000
<b>Balance at 1 July 2017</b>	<b>639,857</b>	<b>30,393</b>	<b>670,250</b>
<b>Net Result for the year</b>	<b>30,713</b>	<b>-</b>	<b>30,713</b>
<b>Other Comprehensive Income:</b>			
Actuarial Gain/(Loss) on Defined Benefit Superannuation	57	-	57
Net Increment on Revaluation of Properties (Note 24)	-	3,010	3,010
Net Increment on Revaluation of Artefacts (Note 26)	-	-	-
Assets Disposed	-	-	-
<b>Total Comprehensive Income for the year</b>	<b>30,770</b>	<b>3,010</b>	<b>33,780</b>
<b>Balance at 30 June 2018</b>	<b>670,627</b>	<b>33,403</b>	<b>704,030</b>
<b>Balance at 1 July 2016 as Previously Reported</b>	<b>617,433</b>	<b>27,018</b>	<b>644,451</b>
<b>Impact of Restatement</b>	<b>3,268</b>	<b>-</b>	<b>3,268</b>
<b>Restated Balance at 1 July 2016*</b>	<b>620,701</b>	<b>27,018</b>	<b>647,719</b>
<b>Net Result for the year</b>	<b>18,114</b>	<b>-</b>	<b>18,114</b>
<b>Other Comprehensive Income:</b>			
Actuarial Gain/(Loss) on Defined Benefit Superannuation	237	-	237
Net Increment on Revaluation of Properties (Note 24)	-	4,180	4,180
Assets Disposed	805	(805)	-
<b>Total Comprehensive Income for the year</b>	<b>19,156</b>	<b>3,375</b>	<b>22,531</b>
<b>Balance at 30 June 2017</b>	<b>639,857</b>	<b>30,393</b>	<b>670,250</b>

\* See Note 2 (f) for details regarding the restatement as a result of an error.

The above statement of changes in equity should be read in conjunction with the accompanying notes.

## Consolidated Statement of Cash Flows for the Year Ended 30 June 2018

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>2018</b>	<b>2017</b>
	<b>Notes</b>	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>
<b>Receipts</b>			
Sales and Rental Income		1,893	1,670
Interest and Investment Income		594	122
Community Development Levy Received		4,796	306
Grants and Contributions		18,199	747
Recovery of Debts from LALCs		2,015	316
GST Received from ATO		2,381	2,364
Other		2,457	262
<b>Total Receipts</b>		<b><u>32,335</u></b>	<b><u>5,787</u></b>
<b>Payments</b>			
Employee Related Expenses		(14,958)	(14,888)
Community Development Levy Grants Paid		(482)	(760)
Grants and Subsidies		(1,892)	(1,749)
Funding to LALCs		(16,671)	(16,192)
Expenses Paid on behalf of LALCs		(858)	(673)
Payment for Goods and Services		(11,445)	(11,648)
<b>Total Payments</b>		<b><u>(46,306)</u></b>	<b><u>(45,910)</u></b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>32</b>	<b><u>(13,971)</u></b>	<b><u>(40,123)</u></b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from Sale of Land and Buildings, Plant and Equipment	<b>10</b>	41	678
Proceeds from Sale of Financial Assets		37,596	38,324
Purchases of Property, Plant, Equipment and Intangible Assets		(657)	(62)
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b><u>36,980</u></b>	<b><u>38,940</u></b>
<b>NET INCREASE/(DECREASE) IN CASH</b>		<b>23,009</b>	<b>(1,183)</b>
Opening Cash and Cash Equivalents		11,465	12,648
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	<b>17&amp;18</b>	<b><u>34,474</u></b>	<b><u>11,465</u></b>

The above statement of cash flows should be read in conjunction with the accompanying notes.

## Notes to and Forming Part of the Consolidated Financial Statements for the Year Ended 30 June 2018

### 1. REPORTING ENTITY

New South Wales Aboriginal Land Council (the Council) is a Statutory Body constituted by the *Aboriginal Land Rights Act 1983*. The Council is a not-for-profit entity (as profit is not its principal objective).

The Council, as a reporting entity, comprises the entity under its control that is NSWALC Resources Pty Ltd (Resources P/L). Resources P/L was incorporated on 26 September 2014 and is a wholly-owned subsidiary of the Council (Refer to Note 36 for more information).

The consolidated financial statements for the year ended 30 June 2018 have been authorised for issue by the Council on 16<sup>th</sup> October 2018.

### 2. BASIS OF PREPARATION

#### (a) *Basis of preparation of accounts*

The consolidated financial statements of the Council are general purpose financial statements which have been prepared on an accrual basis in accordance with:

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations);
- the requirements of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2015* and Treasurer's Directions; and
- the *New South Wales Aboriginal Land Rights Act 1983* and its Regulation.

The consolidated financial statements incorporate the financial information of the Council and Resources P/L. The financial information of the Council as a parent entity has been stated in Note 35.

#### (b) *Statement of compliance*

The Council complied with the legislative requirements and other authoritative pronouncements stated under the 'Basis of preparation of accounts' throughout the year in the preparation and the final presentation of the Consolidated Financial Statements.

In accordance with the interpretation of the Crown Solicitor regarding S150 of the *Aboriginal Land Rights Act 1983*, the Council has maintained the minimum required capital value of \$485,340,000 throughout the year.

#### (c) *Profit status of the Council*

The Council has assessed and formally noted its profit status for the financial year ended 30 June 2018 and determined its status as not-for-profit for financial reporting purposes, which is consistent with the prior year.

#### (d) *Basis of measurement*

The consolidated financial statements have been prepared on the historical cost basis except for the following material items:

- Financial instruments that are classified as 'at fair value through profit and loss' and 'available for sale investment' are measured at fair value
- Property, plant and equipment are measured at fair value
- The defined benefit asset is measured as the net total of the defined benefit plan assets, plus unrecognised past service cost and unrecognised actuarial losses, less unrecognised actuarial gains and the present value of the defined benefit obligation

## Notes to and Forming Part of the Consolidated Financial Statements for the Year Ended 30 June 2018 (cont.)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

### *(e) Functional and presentation currency*

These consolidated financial statements are presented in Australian dollars, which is the Council's functional currency.

All amounts are rounded to the nearest one thousand dollars unless otherwise stated.

### *(f) Critical estimates, judgements and errors*

#### **Critical Estimates and Judgements**

The preparation of consolidated financial statements requires management to make judgements, estimates and assumptions that effect the application of accounting policies and reported amounts of assets, liabilities, income and expenses.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision of accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are included in the following notes:

- Note 3(a)(iii), 3(c)(iii), 3(c)(iv) & 3(c)(vii)
- Note 7 – Investment Revenue
- Note 19 – Receivables
- Note 24 – Property, Plant and Equipment
- Note 25 – Intangible Assets

Information about assumptions and estimations that may result in adjustments in the future financial year is included in the following notes:

- Note 2(b), 3(c)(iv), 3(c)(vii) & 3(d)(ii)
- Note 20 – Financial Assets at Fair Value
- Note 21 – Derivatives
- Note 23 – Other Financial Assets
- Note 29 – Provisions
- Note 34 – Financial Instruments

#### **Correction of error in the treatment of the Community Development Levy**

In 2018 NSWALC undertook a detailed review of the accounting treatment of the Community Development Levy (CDL) and discovered that in accordance with the Aboriginal Land Rights Act 1983 (ALRA), the treatment of the CDL had been misinterpreted. As a consequence, the CDL had been incorrectly accounted for as a liability rather than as Revenue.

The CDL received from the Office of State Revenue NSW (OSR) will now be recognised as "Other Revenue – Levy Received from Government" under Note 9 "Other Revenue" in the 2017-18 Financial Statements.

As the error was material it must be accounted for retrospectively by adjusting the opening balance of accumulated funds at 1 July 2016. The error has been corrected by restating each of the affected financial statement line items for the prior periods as follows:



	Previous 2017 \$'000	Adjusted Increase/ (Decrease) \$'000	Restated 2017 Restated \$'000
Payables	4,640	(2,815)	1,825
<b>TOTAL LIABILITIES</b>	<b>8,247</b>	<b>2,815</b>	<b>5,432</b>
Accumulated Funds	637,042	2,815	639,857
<b>TOTAL EQUITY</b>	<b>667,435</b>	<b>2,815</b>	<b>670,250</b>
Other Revenue	957	122	1,079
<b>TOTAL REVENUE</b>	<b>44,913</b>	<b>122</b>	<b>45,035</b>
Grants	1,749	575	2,324
<b>TOTAL EXPENSES EXCLUDING LOSSES</b>	<b>43,547</b>	<b>575</b>	<b>44,122</b>
<b>NET RESULT</b>	<b>18,567</b>	<b>(453)</b>	<b>18,114</b>
<b>TOTAL COMPREHENSIVE INCOME/(EXPENSES) FOR THE YEAR</b>	<b>22,984</b>	<b>(453)</b>	<b>22,531</b>

(g) *Changes in accounting policy*

In the current year, the Council has reviewed all the new and revised Accounting Standards and Interpretations that are relevant to its operations and effective for the annual reporting period beginning on 1 July 2017. As a result, the Council has determined that its accounting policies and disclosures in relation to the presentation of these consolidated financial statements are appropriate.

(h) *Principles of consolidation*

(i) *Controlled entities*

NSWALC Resources Pty Ltd is a wholly owned subsidiary of the Council and was incorporated on 26 September 2014. NSWALC Resources Pty Ltd was fully consolidated from the date of incorporation. Accounting policies of the company are consistent with that of the Council. Consolidated financial statements were prepared after eliminating all inter entity transactions. The financial year of Resources P/L is the same as the Council's.

(ii) *Joint Venture*

NSWALC Resources Pty Ltd has a joint venture in Paradigm Resources Pty Ltd with Indigenous Energy Resources Pty Ltd each having equal shareholding. The investment in Paradigm Resources Pty Ltd is accounted for in the NSWALC Resources Pty Ltd using the equity method of accounting which is then consolidated with the financial statements of the Council.

(iii) *Equity Method*

Equity method of accounting is one where the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the investor's share of the investee's net assets. The investor's profit or loss includes its share of the investee's profit or loss and the investor's other comprehensive income includes its share of the investee's other comprehensive income. After

## Notes to and Forming Part of the Consolidated Financial Statements for the Year Ended 30 June 2018 (cont.)

application of equity method accounting, the Council determines the fair value of the investment by applying the principles stated in the AASB 139 *Financial Instruments: Recognition and Measurement*. Any reduction in values is recognised as impairment loss in the consolidated financial statements of the Council.

### 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently by the Council to all periods presented in these consolidated financial statements.

#### (a) *Revenue recognition*

The Council recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Council, and specific criteria have been met for each of the Council's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Council bases its estimates on historical results, taking into consideration the type of customer, the type of transaction, and the specifics of each arrangement. Revenue is measured at the fair value of the consideration or contribution received or receivable. Additional comments regarding the accounting policies for the recognition of revenue are discussed below.

##### (i) Contributions

Contributions received (including grants and donations) are recognised as revenue when the Council obtains control over the assets comprising the contributions unless proved otherwise as per the agreement. Control over contributions is normally obtained upon the receipt of cash.

##### (ii) Sale of goods and services

Revenue from the sale of goods and services 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 of:

- interest income on funds invested;
- dividend income; and
- changes in the fair value of financial assets at fair value through the profit and loss account.

Interest income is 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. Changes in the fair value of financial assets at fair value through the profit and loss account refer to Note 3 (c) (iv) for details.

##### (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 converted to the functional currency at the exchange rate at balance date. Foreign currency differences arising on conversion are recognised in the Consolidated 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 Consolidated 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*. 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 in the Consolidated Statement of Comprehensive Income 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.

(i) Employee expenses

Employee expenses include salaries and wages for the year, workers compensation insurance premium for the year, 9.50% 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 Note 3 (c) (vii)

(iii) Maintenance expenses

Maintenance expenses are charged as stated in Note 3 (c) (vii)

(iv) Insurance expenses

The Council holds insurance policies covering property, public liability, workers compensation, Councillors' liability and other contingencies. After analysing the insurable risks, the Council has taken necessary insurance cover against these risks. The premium is determined by the Insurer.

(v) Funding for Local Aboriginal Land Councils

Funding for Local Aboriginal Land Councils (LALCs) is charged to the Consolidated Statement of Comprehensive Income as per the agreed amount of allocation for the year in accordance with the funding agreement. If a LALC is in breach of the statutory requirements, only essential payments are made under an assistance agreement. Essential payments are also paid to protect LALC assets or to avoid increasing higher liabilities.

(vi) Expenditure for community benefits

Pursuant to Section 108 of the *Aboriginal Land Rights Act 1983*, the Council incurs expenses for the benefits of the Aboriginal community. These expenses may be incurred in the form of assets such as shares or loans. In 2012, NSWALC purchased one million shares in Social Enterprise Finance Australia Ltd (SEFA).

## Notes to and Forming Part of the Consolidated Financial Statements for the Year Ended 30 June 2018 (cont.)

NSWALC does not have significant influence on SEFA. Hence, the Equity Accounting was not adopted and shares are impaired as at 30 June 2018.

### (c) Assets

#### (i) Cash and cash equivalents

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 which are subject to an insignificant risk of changes in value. The Council has no bank overdrafts.

#### (ii) Restricted assets

Restricted assets include cash and cash equivalents and property held by the Council for special projects or as a trustee. These assets cannot be used for operating purposes (Refer to Note 18).

#### (iii) Receivables

Receivables include other receivables and statutory debts (Refer to Note 5 (a) (ii)).

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 Consolidated Statement of Comprehensive Income 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 receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off.

The Council has a debtor 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 and the amounts to be written-off or waived. The policy has been implemented since the financial year 2010-11 and the movement in the allowance for impairment with the outstanding debt is disclosed in Note 19.

Short-term receivables with no stated interest rate are measured at the original invoice amount as the effect of discounting is immaterial.

#### (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. 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 Consolidated 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 Consolidated 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 of or impaired, at which time the cumulative gain or loss previously recognised in equity is recognised in the Consolidated Statement of Comprehensive Income. However, interest calculated using the effective interest method and dividends are recognised in the Consolidated 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. 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 Consolidated Statement of Financial Position date.

- *Fair value hedges*

The Council faces foreign currency exposure from investing in international equities. The Council enters into derivatives to mitigate this exposure. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. Any changes in the fair value are recognised in the Consolidated Statement of Comprehensive Income.

The financial assets and liabilities resulting from the hedging arrangement of the Council are offset with the net amount being reported in the Consolidated Statement of Financial Position. The Council has a current enforceable legal obligation to offset the recognised amounts with the counterparty and settle on a net basis realising the assets and the liabilities simultaneously (Refer to Note 21 for values).

- *Impairment of financial assets*

All financial assets, except those measured at fair value through the profit and loss, 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.

- *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 received money in a trustee capacity for the Gumbaynggir Tribal Aboriginal Elders Corporation as set out in Note 33. 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 a custodial role in respect of these funds. Therefore, these funds are not recognised in the Consolidated Statement of Comprehensive Income.



## Notes to and Forming Part of the Consolidated Financial Statements for the Year Ended 30 June 2018 (cont.)

### (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 recognises this amount as superannuation asset and takes advantage of it in the form of a reduction in the required contribution rate 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. The Council recognises this amount as a liability.

### (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.

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 2016-2017) 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 AASB 13 *Fair Value Measurement* and AASB 116 *Property, Plant and Equipment*.

Property, plant and equipment is measured at the highest and best use by market participants that is physically possible, legally permissible and financially feasible. The highest and best use must be available at a period that is not remote and take into account the characteristics of the asset being measured, including any social-political restrictions imposed by government. In most cases after taking into account these considerations, the highest and best use is the existing use. In limited circumstances, the highest and best use may be a feasible alternative use, where there are no restrictions on use or where there is a feasible higher restricted alternative use.

Fair value of property, plant and equipment is based on a market participants' perspective, using valuation techniques (market approach, cost approach, income approach) that maximise relevant observable inputs and minimise unobservable inputs. Also refer Note 27 for further information regarding fair value.

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 full revaluation of properties was completed on 30 June 2018 by independent registered valuers who are experienced in the respective regions of properties located. All significant properties are valued on an annual basis by the independent valuer.



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 decrement for the same asset class previously recognised as an expense in the Statement of Profit or Loss and Other Comprehensive Income, in which case the increment is credited to the Statement of Profit or Loss and Other Comprehensive Income to the extent of the decrement previously charged. A decrement in carrying amount arising on the revaluation of property, plant and equipment 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 property, plant and equipment is carried at fair value, impairment can only arise in the rare circumstances where the costs of disposal are material. Specifically, impairment is unlikely for not-for-profit entities given that AASB 136 modifies the recoverable amount test for non-cash generating assets of not-for-profit entities to the higher of fair value less costs of disposal and depreciated replacement cost, where depreciated replacement cost is also fair value.

- **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 respective useful lives.

Land is not a depreciable asset. Certain original artwork and collections have a long useful life. 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.

\* Fittings classified as buildings may have varying depreciation rates and useful lives (i.e. 20% Depreciation Rate and 5 years Useful Life).

## Notes to and Forming Part of the Consolidated Financial Statements for the Year Ended 30 June 2018 (cont.)

- Maintenance

Day-to-day servicing costs or maintenance are charged as expenses 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 include aboriginal artwork, sculptures, carvings and painted rocks. These assets are not depreciated but are revalued on a regular basis by an independent expert valuer. The valuation of these assets was completed on 30 June 2016. Any change in value is accounted for as explained in Note 26.

(ix) Leased assets

A distinction is made between finance leases which substantially transfer from the lessor to the lessee all the risks and rewards incidental to ownership of the leased assets and operating leases under which the lessor effectively retains all such risks and rewards.

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 Consolidated Statement of Comprehensive Income on a straight-line basis over the lease term.

(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 fair value as at the date of acquisition is capitalised in the fixed asset register.

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.

(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 are expected to be due wholly within twelve months of the reporting date are recognised and measured in respect of employees'

services up to the reporting date at nominal amount based on the amounts expected to be paid when the liabilities are settled.

Annual leave is not wholly expected to be settled within twelve months and is measured at present value in accordance with AASB 119 *Employee Benefits*. A market yield on 10 year government bonds of 2.63% (2.51% in 2016-2017) 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 17-07 *Accounting for Superannuation* and NSWTC 15-09 *Accounting for Long Service Leave and Annual Leave*) to all employees using current rates of pay. These factors were determined based on 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 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 and Councillor Offices is discounted at 2.0%, 2.07% and 2.29% (2, 3 and 5 years Government Bond Rates), which reflects the current market assessment of the time value of money and the risk specific to the liability.

(e) *Incorporation of Local Aboriginal Land Council*

There were no new Local Aboriginal Land Councils incorporated during the financial year (none in 2016-17).

(f) *Transfer of property to Local Aboriginal Land Councils*

During the year ended 30 June 2018, there was no property transferred by NSWALC to Local Aboriginal Land Councils.

Expected sale and transfer of properties within the next twelve months are classified as Properties Held for Sale and Transfer to LALCs under current assets.

(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 which 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

## Notes to and Forming Part of the Consolidated Financial Statements for the Year Ended 30 June 2018 (cont.)

- 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 Consolidated Statement of Financial Position.

Cash flows are included in the Consolidated 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 balances were restated to improve clarity and effective presentation of financial statements.

### (j) *New Australian Accounting Standards effective for the first time in the current financial year*

There is no new accounting standard effective for the first time in the current financial year.

### (k) *New Australian Accounting Standards issued but not yet effective*

At the date of authorisation of the consolidated financial statements, the Standards and Interpretations listed in Note 38 were issued but not yet effective. NSW Treasury has mandated not to early adopt any of the new Standards / Interpretations through Treasury Circular NSWTC18-01 *Mandates of Options and Major Policy Decisions under Australian Accounting Standards*.

## 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. When measuring fair value, the valuation technique used maximises the use of relevant observable inputs and minimises the use of unobservable inputs. The Council categorises, for disclosure purposes, the valuation techniques based on the inputs grouped into three levels of fair value hierarchy as follows:

- Level 1 – quoted prices in active markets for identical assets/liabilities that the Council can access at the measurement date.
- Level 2 – inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly.
- Level 3 – inputs that are not based on observable market data (unobservable inputs).

The Council recognises transfers between levels of the fair value hierarchy at the end the reporting period during which the change has occurred.

Refer Note 20 and Note 27 for financial assets and non-financial assets at fair value.

### (i) *Property, plant and equipment*

The fair value of property, plant and equipment is based on a market participants' perspective, using valuation techniques (market approach, cost approach, income approach) that maximise relevant observable inputs and minimise unobservable inputs.

(ii) Other receivables

The fair value of other receivables is based on the net realisable value after considering any possible risks of impairment. All other receivables, after impairment, are expected to be received within a short period of time and considered as fair values.

(iii) Trade and other payables

Trade and other payables are expected to be paid within a short period of time and considered as fair values.

When applicable, further information about the assumptions made in determining fair values are disclosed in the notes specific to the asset or 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 financial statements.

### *Risk Management Framework*

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 the 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 credit risk, liquidity risk and interest rate risk. The Council 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 provided a Bank Guarantee for the Southern Zone leased office since May 2015.

(i) Cash

Cash comprises cash on hand and bank balances. Interest is earned on daily bank balances at the monthly average cash rate. It is the Council's practice to deal with banks with the highest ratings. The Council monitors the financial stability of the banks that hold its funds, by reviewing the credit rating of the banks and compliance with the Council's policies.

(ii) Receivables

The Council's exposure to credit risks is influenced mainly by the individual characteristics of each debtor. The Council has statutory debts and other debts.



## Notes to and Forming Part of the Consolidated Financial Statements for the Year Ended 30 June 2018 (cont.)

- *Statutory debts*

The Council incurred significant expenses as a result of the application of legislation, which are recoverable from 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 *Accounting Policy: Accounting for financial instruments*. The Council assess the collectability of such debts on a case by case basis in accordance with Debtor Management Policy.

- *Other debts*

The Council is exposed to various concentrations of credit risk through other debts receivable from Local Aboriginal Land Councils. These debts were incurred as a result of the payment of minor loans and advances repayable within a short period of time. Credit risk exposure is reported in the monthly aged analysis report. The Senior Financial Accountant, in conjunction with Zone Directors, is responsible for the collection of debts due from Local Aboriginal Land Councils. The counter party risk that arises from mortgage loans is considered to be not significant. The amounts due were reviewed on an individual basis and provision made for any impairment.

(iii) Investments

The Council 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 are within the risk limits disclosed by the fund managers in the offer documents of their trusts. This risk is monitored by the Council's investment consultant. The selection of asset classes into which the Council invests is researched and recommended by the 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 20, are managed by the Council in conjunction with the investment consultant and are not guaranteed from credit risk.

The Council has placed funds on deposit with a commercial bank with the highest rate 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 \$500,000 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 set out in NSW Treasury Circular (NSWTC11-12 *Payment of Accounts*). 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. NSWTC11-12 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 status, 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 a 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 has adopted a policy to hedge the risk on currency exposures for its international equity investments by entering into foreign exchange contracts. The Council's Banker, the National Australia Bank, reviews the funds where the Council has international equity investments. They are then benchmarked against the MSCI World ex Australia weightings to determine the currency composition. A decision was endorsed by the Council's Investment Consultant along with the Chief Investment Officer. The Council track its exposure on a daily basis, making the hedge results more transparent.

(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 accounts for any fixed rate financial instruments at fair value through profit or loss. Therefore, for these financial instruments, a change in interest rates would affect the profit and loss 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 within the investment framework approved by the Council 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 the profit and loss because their performance is actively monitored and they are managed on a fair value basis.

## Notes to and Forming Part of the Consolidated Financial Statements for the Year Ended 30 June 2018 (cont.)

### (d) Operational Risk

The Council manages its operational risk which mainly affects the Aboriginal community as part of the risk management strategy which includes political, culture and heritage, social, environmental and economic risks. 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 to comply with legislative requirements.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management and managers 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 the Council
- Training and professional development
- Risk mitigation, including insurance where this is effective.

Compliance with established standards, policies and procedures is supported by a program 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 and Risk Committee and the Council.

## 6. CAPITAL MANAGEMENT

As per the legislative requirement, the Council has to maintain its capital value to a minimum 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 for its capital management:

- a) Strategic Asset Allocation (SAA) - to generate revenue and mitigate risks relating to investments.
- b) Drawdown Rule – as a guide to control operating expenditure.

SAA has been implemented and is closely monitored by the Investment Committee and the Council.

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 former 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, drawdown for expenditure was 9.23% of the investment balance in 2017-18 (6.69% of the investment balance in 2016-17). The annual spending rate per the draw down rule is 4%.

	2018	2017
	<u>\$'000</u>	<u>Restated*</u> <u>\$'000</u>
<b>7. INVESTMENT REVENUE</b>		
Interest	136	140
Dividends	20,188	33,896
Realised Gains/(Losses)	4,615	7,505
	<u>24,939</u>	<u>41,541</u>
<b>8. GRANTS AND CONTRIBUTIONS</b>		
Grants from Government and Non-Government Agencies	18,199	746
	<u>18,199</u>	<u>746</u>
<b>9. OTHER REVENUE</b>		
Investment Managers Fees Rebates	884	668
Movement in Impairment (Note 19 (c) and 23 (b))	2,309	74
Legal Expenses Recovered	90	19
Levy Received from Government*	4,796	122
Other	727	196
	<u>8,806</u>	<u>1,079</u>

\*See Note 2 (f) for details regarding the restatement as a result of an error.

#### 10. GAIN/(LOSS) ON DISPOSAL/WRITE OFF OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

	Intangible Assets	Plant and Equipment	Land and Building	Total
2018	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Proceeds from Disposal	-	-	41	41
Written Down Value of Assets Disposed	-	-	(8)	(8)
<b>Net Gain/(Loss) on Disposal and Write Off</b>	<u>-</u>	<u>-</u>	<u>33</u>	<u>33</u>
2017	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Proceeds from Disposal	-	1	677	678
Written Down Value of Assets Disposed	-	(1)	(620)	(621)
<b>Net Gain/(Loss) on Disposal and Write Off</b>	<u>-</u>	<u>-</u>	<u>57</u>	<u>57</u>

	2018	2017
	<u>\$'000</u>	<u>\$'000</u>
<b>11. OTHER GAINS/(LOSSES)</b>		
<b>CHANGES IN FAIR VALUE OF INVESTMENTS</b>		
Net change in fair value of Hedge Instrument	(2,020)	2,529
Net change in fair value of Financial Assets classified as held for trading	23,496	14,615
	<u>21,476</u>	<u>17,144</u>

Notes to and Forming Part of the Consolidated Financial Statements  
for the Year Ended 30 June 2018 (cont.)

	2018	2017
	<u>\$'000</u>	<u>Restated*</u> <u>\$'000</u>
<b>12. EMPLOYEE RELATED EXPENSES</b>		
Salaries and Wages (Including Recreation Leave)	12,337	12,706
Superannuation Expenses	1,196	1,193
Leave Expenses	1,019	1,036
Workers' Compensation Insurance	219	181
	<b>14,771</b>	<b>15,116</b>
<b>13. FUNDING TO LOCAL ABORIGINAL LAND COUNCILS</b>		
Fully Funded	14,574	13,497
Partly Funded	1,117	1,386
Essential Expenses Paid for LALCs	980	1,303
	<b>16,671</b>	<b>16,186</b>
<b>14. GRANTS</b>		
Funeral Assistance	639	647
Community Development Levy	482	697
Culture and Heritage Grants	-	228
Community Activity Grants	-	212
Sold Property Proceeds Distributed to LALCs	354	326
Others	417	214
	<b>1,892</b>	<b>2,324</b>

\*See Note 2 (f) for details regarding the restatement as a result of an error.

	<b>2018</b>	<b>2017</b>
	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>
<b>15. OTHER OPERATING EXPENSES</b>		
Audit Fees - The Audit Office of NSW	180	175
Internal Audit and Investigation	53	57
Consultants Fees	1,750	611
Motor Vehicle Expenses	670	549
Maintenance Expenses*	204	186
Travel Expenses and Meal Allowances	934	1,126
Insurance	240	289
Rent and Outgoings	787	701
Postage, Printing and Stationery	34	30
Contractor Fees	69	32
Electricity, Gas & Power	203	197
Telephone & Communications	270	297
Leased Property Other Expenses	31	139
IT Related Expenses	175	179
Photocopying Expenses	85	223
Staff Training, Development and Recruitment	94	233
40th Anniversary Celebration	392	-
Public Relation	144	144
Workshop and Conference Costs	23	22
Rates	39	47
Meeting Costs	128	60
Community Consultations	73	95
Capacity Building	149	7
Relocation Expenses	131	36
Committee Member Fees	68	78
Storage Rental	46	43
HR Initiatives	43	12
Cleaning, Gardening & Waste Removal	37	40
Valuer's Fee	34	15
Advertising	31	19
Office Supplies	29	6
Sundry Expenses	21	11
Business Development Grants	20	62
Miscellaneous Expenses	125	391
	<b><u>7,312</u></b>	<b><u>6,112</u></b>

\* All maintenance work carried out by the external contractors and there are no employee related expenses included.

**Notes to and Forming Part of the Consolidated Financial Statements  
for the Year Ended 30 June 2018 (cont.)**

	<b>2018</b>	<b>2017</b>
	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>
<b>16. PROGRAM EXPENSES</b>		
Share of Contribution to Water and Sewerage Infrastructure Program*	1,464	1,985
Subdivision Project**	-	111
	<u><b>1,464</b></u>	<u><b>2,096</b></u>

Note:

\*The Council paid its contribution (50% of the program) 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, which manages the project as per the agreement between New South Wales State Government and the Council.

\*\*In 2008, NSWALC and the Commonwealth entered into a partnership agreement to facilitate subdivision of former Aboriginal reserves in NSW. The pilot and research phases were completed in 2010. After obtaining agreement with LALCs in the area, Stage 2 of the project, which includes 13 ex-reserve sites, will be subdivided using a standard Development Application (DA) process.

	<b>2018</b>	<b>2017</b>
	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>
<b>17. CASH AND CASH EQUIVALENTS</b>		
Cash at Bank and in Hand	4,746	8,309
Funeral Fund - Cash at Bank	346	341
	<u><b>5,092</b></u>	<u><b>8,650</b></u>

For the purposes of the statement of cash flows, cash and cash equivalents include cash at bank, cash on hand and short-term deposits. Also, include cash and cash equivalents under Restricted Assets (Refer to Note 18).

Cash and cash equivalent assets recognised in the statement of financial position is reconciled at the end of the financial year to the statement of cash flows.

Details regarding Credit Risk, Liquidity Risk and Market Risk including financial assets that are either past due or impaired are disclosed in Note 34.



	2018	2017
	<u>\$'000</u>	<u>\$'000</u>
<b>18. RESTRICTED ASSETS</b>		
Community Development Levy - Cash at Bank	11,882	2,815
Indigenous Business and Employment Hub - Cash at Bank*	12,500	-
NSW Aboriginal Controlled Fishing Fund - Cash at Bank**	5,000	-
<b>TOTAL RESTRICTED ASSETS</b>	<b><u>29,382</u></b>	<b><u>2,815</u></b>

\* NSWALC is partnering with the Australian Government, under the Indigenous Business Sector Strategy (IBSS), to design and deliver the Western Sydney Indigenous Business and Employment Hub. As part of this partnership, in 2017-18 financial year, the Australian Government provided \$12.5 million (excluding GST) in funding to support the establishment and ongoing operation of the Hub until 30 June 2022.

\*\* In 2017-18 financial year, the Australian Government provided \$5.0 million (excluding GST) fishing fund to support NSW Aboriginal people to enter the commercial fishing sector and to achieve long term economic outcomes for coastal and riverine communities, through employment and business development opportunities until 30 November 2022. The Potential functions of the fund could include:

- Purchase of shares in the NSW fishing industry, to be held by the NSWALC Entity
- Business grants and loans to support Aboriginal fishing businesses
- Support for the mentoring and training of young Aboriginal fishers
- Development of a seafood brand to market and promote Aboriginal caught and processed fish

	2018	2017
	<u>\$'000</u>	<u>\$'000</u>
<b>19. RECEIVABLES</b>		
<b>a) Current</b>		
Debtors	1,905	574
Statutory Debts from LALCs	472	117
Short Term Loan to LALCs	473	-
Prepayments	376	313
Franking Credit Rebates	1,032	1,101
	<b><u>4,258</u></b>	<b><u>2,105</u></b>
<b>b) Non-Current</b>		
Statutory Debts from LALCs	1,959	5,075
Less: Allowance for Impairment	(1,767)	(4,667)
	<b><u>192</u></b>	<b><u>408</u></b>
<b>c) Movement in the allowance for impairment</b>		
Balance at 1 July	4,667	4,472
Amounts written off during the year	(1,129)	(285)
Increase/(Decrease) of provision during the year	387	536
Decrease in allowance due to repayment of debt	(2,158)	(56)
Balance at 30 June	<b><u>1,767</u></b>	<b><u>4,667</u></b>
<b>Represented by:</b>		
Non-Current	1,767	4,667
	<b><u>1,767</u></b>	<b><u>4,667</u></b>

Notes to and Forming Part of the Consolidated Financial Statements  
for the Year Ended 30 June 2018 (cont.)

	<b>2018</b>	<b>2017</b>
	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>
<b>20. FINANCIAL ASSETS AT FAIR VALUE</b>		
Australian Fixed Income	30,879	33,418
Australian Equities	82,538	74,578
International Equities	209,449	207,255
Emerging Markets	41,940	44,620
Global Listed Property Trusts	-	31,816
Hedge Fund	93,941	96,696
International Fixed Income	41,759	41,941
Absolute Return Funds	41,719	38,877
Inflation - Linked Bond	34,062	33,142
Unlisted Property	15,604	11,967
Cash Fund	42,873	7,478
	<b><u>634,764</u></b>	<b><u>621,788</u></b>

Refer to Note 34 for further information regarding fair value measurements, credit risk, liquidity risk and market risk arising from financial instruments.

	<b>2018</b>	<b>2017</b>
	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>
<b>21. DERIVATIVES</b>		
Foreign Currency Forward Contracts - Financial Asset	94,617	94,918
Foreign Currency Forward Contracts - Financial Liability	<u>(96,637)</u>	<u>(92,389)</u>
	<b><u>(2,020)</u></b>	<b><u>2,529</u></b>

Refer to Note 3 (c)(iv) Investments and Note 34 Financial Instrument for further information regarding financial assets and liabilities offsetting, fair value measurements, credit risk, liquidity risk and market risk arising from financial instruments.

	<b>2018</b>	<b>2017</b>
	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>
<b>22. OTHER ASSETS</b>		
Superannuation Assets	<u>22</u>	<u>20</u>
	<b><u>22</u></b>	<b><u>20</u></b>

**23. OTHER FINANCIAL ASSETS**

(a) Mortgages/Loans to LALC	-	466
(b) Other Incidental Asset		
Shares in Paradigm	780	700
- Increase/(Decrease) in Value using Equity Accounting	(632)	(401)
- Provision for Impairment of Shares	<u>(148)</u>	<u>(299)</u>
	<b><u>-</u></b>	<b><u>-</u></b>

	<b>2018</b>	<b>2017</b>
	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>
<b>Movement of Other Incidental Asset</b>		
<b>Balance at 1 July</b>	-	-
Additional Investments	80	140
Increase/(Decrease) in Value using Equity Accounting (Note 36 (b))	(231)	(158)
Movement in Provision for Impairment of Shares (Note 36 (a))	151	18
<b>Balance at 30 June</b>	-	-
(c) Investment Term Deposits	-	71
<b>Total Other Financial Assets</b>	-	<b>537</b>

Refer to Note 34 for further information regarding fair value measurements, credit risk, liquidity risk and market risk arising from financial instruments.

## 24. PROPERTY, PLANT AND EQUIPMENT

	<b>Land &amp; Building</b>	<b>Plant and Equipment</b>	<b>Motor Vehicle</b>	<b>Work in Progress</b>	<b>Total</b>
	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>
<b>At 30 June 2017 - fair value</b>					
Gross carrying amount	35,810	1,844	6	2	37,662
Accumulated depreciation and impairment	(75)	(1,669)	(6)	-	(1,750)
<b>Net Carrying Amount</b>	<b>35,735</b>	<b>175</b>	<b>-</b>	<b>2</b>	<b>35,912</b>
<b>At 30 June 2018 - fair value</b>					
Gross carrying amount	37,808	1,826	6	670	40,310
Accumulated depreciation and impairment	-	(1,721)	(6)	-	(1,727)
<b>Net Carrying Amount</b>	<b>37,808</b>	<b>105</b>	<b>-</b>	<b>670</b>	<b>38,583</b>

### 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:

	<b>Land &amp; Building</b>	<b>Plant and Equipment</b>	<b>Motor Vehicle</b>	<b>Work in Progress</b>	<b>Total</b>
	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>
<b>Year ended 30 June 2018</b>					
Net carrying amount at 1 July 2017	35,735	175	-	2	35,912
Additions	33	25	-	668	726
Disposal	(8)	-	-	-	(8)
Properties Held for Sale and Transfer to LALCs	(101)	-	-	-	(101)
Revaluation Movement	3,010	-	-	-	3,010
Depreciation expense	(861)	(95)	-	-	(956)
<b>Net Carrying Amount at 30 June 2018</b>	<b>37,808</b>	<b>105</b>	<b>-</b>	<b>670</b>	<b>38,583</b>

Notes to and Forming Part of the Consolidated Financial Statements  
for the Year Ended 30 June 2018 (cont.)

24. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Land & Building	Plant and Equipment	Motor Vehicle	Work in Progress	Total
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
<b>At 30 June 2016 - fair value</b>					
Gross carrying amount	32,469	1,922	6	20	34,417
Accumulated depreciation and impairment	(36)	(1,659)	(6)	-	(1,701)
<b>Net Carrying Amount</b>	<b>32,433</b>	<b>263</b>	<b>-</b>	<b>20</b>	<b>32,716</b>
<b>At 30 June 2017 - fair value</b>					
Gross carrying amount	35,810	1,844	6	2	37,662
Accumulated depreciation and impairment	(75)	(1,669)	(6)	-	(1,750)
<b>Net Carrying Amount</b>	<b>35,735</b>	<b>175</b>	<b>-</b>	<b>2</b>	<b>35,912</b>

**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 & Building	Plant and Equipment	Motor Vehicle	Work in Progress	Total
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
<b>Year ended 30 June 2017</b>					
Net carrying amount at 1 July 2016	32,433	263	-	20	32,716
Additions	36	28	-	2	66
Capitalised/Reclassified	-	-	-	(20)	(20)
Disposal	(360)	-	-	-	(360)
Revaluation Movement	4,180	-	-	-	4,180
Depreciation expense	(554)	(116)	-	-	(670)
<b>Net Carrying Amount at 30 June 2017</b>	<b>35,735</b>	<b>175</b>	<b>-</b>	<b>2</b>	<b>35,912</b>

	2018 \$'000	2017 \$'000
<b>25. INTANGIBLE ASSETS</b>		
Gross carrying amount	1,764	1,710
Accumulated amortisation and impairment	(1,698)	(1,579)
<b>Carrying amount</b>	<b>66</b>	<b>131</b>

#### Reconciliation

Net carrying amount at 1 July	131	224
Additions	53	16
Amortisation	(118)	(109)
<b>Carrying amount at 30 June</b>	<b>66</b>	<b>131</b>

#### 26. ARTEFACTS

Carrying value at 1 July	445	445
Revaluation Increment/(Decrement)	-	-
<b>Carrying value at 30 June</b>	<b>445</b>	<b>445</b>

Artefacts were revalued in June 2016 by an independent specialised valuer. There are no additions and write off during the year.

#### 27. FAIR VALUE MEASUREMENT OF NON-FINANCIAL ASSETS

##### (a) Fair value hierarchy

	Level 1	Level 2	Level 3	Total
2018	\$'000	\$'000	\$'000	Fair Value \$'000
<b>Property, plant and equipment</b>				
Land and buildings (Note 24)	-	37,808	-	37,808
Artefacts (Note 26)	-	445	-	445
	-	<b>38,253</b>	-	<b>38,253</b>
<b>2017</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	\$'000	\$'000	\$'000	Fair Value \$'000
<b>Property, plant and equipment</b>				
Land and buildings (Note 24)	-	35,735	-	35,735
Artefacts (Note 26)	-	445	-	445
	-	<b>36,180</b>	-	<b>36,180</b>

There were no transfers between the three levels during the periods.

## Notes to and Forming Part of the Consolidated Financial Statements for the Year Ended 30 June 2018 (cont.)

### (b) Valuation techniques, inputs and processes

#### *Land and buildings*

The valuation techniques used to value land and buildings are:

1. Market Approach – this approach uses prices generated by market transactions involving identical or similar assets; and
2. Income Approach – this approach converts future amounts (e.g. cash flows or income and expenses) to a single current (i.e. discounted) amount. When the income approach is used, the fair value measurement reflects current market expectations about those future amounts.

The majority of land and building assets are valued using market evidence with adjustment for condition, location, comparability, etc and therefore are categorised as Level 2.

The property at 33 Argyle Street Parramatta is valued using income approach (capitalising rental income) and therefore is categorised as Level 2 as well.

#### *Artefacts*

The valuation technique used to value art and artefacts is the market approach, this approach uses prices generated by market transactions involving identical or similar assets.

	2018	2017
	<u>\$'000</u>	<u>Restated*</u> <u>\$'000</u>
<b>28. PAYABLES</b>		
Accrued Salaries, Wages and On-Costs	270	405
Creditors	1,737	1,079
GST Payable to ATO	1,462	-
Funeral Fund - Refundable Contributions	346	341
	<u><b>3,815</b></u>	<u><b>1,825</b></u>

Details regarding credit risk, liquidity risk and market risk including maturity analysis of the above payables are disclosed in Note 34.

\*See Note 2 (f) for details regarding the restatement as a result of an error.



	2018 <u>\$'000</u>	2017 <u>\$'000</u>
<b>29. PROVISIONS</b>		
<b>Current Employee benefits and related on-costs</b>		
Provision for Annual Leave-Long Term	1,277	1,315
Provision for Long Service Leave - Long Term	807	908
Provision for Unfunded Superannuation (refer to Note 29(a))	556	596
	<u>2,640</u>	<u>2,819</u>
<b>Other Current Provisions</b>		
Provision for Make-Good	6	36
Provision for Legal Costs	245	245
	<u>251</u>	<u>281</u>
	<u>2,891</u>	<u>3,100</u>
<b>Non-Current Employee Benefits</b>		
Provision for Long Service Leave	387	435
	<u>387</u>	<u>435</u>
<b>Other Non-Current Provisions</b>		
Provision for Make-Good	104	72
	<u>104</u>	<u>72</u>
	<u>491</u>	<u>507</u>
<b>Aggregate Employee Benefits and Related On-Costs</b>		
Provisions - Current	2,640	2,819
Provisions - Non Current	387	435
Accrued Salaries and Wages (refer to Note 28)	270	405
	<u>3,297</u>	<u>3,659</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**

Carrying amount at 1 July	108	109
Additional/(Reduced) Provisions	2	(1)
<b>Carrying amount at 30 June</b>	<u>110</u>	<u>108</u>

Make-good has been provided for the offices leased by the Council at the end of the lease terms.

**Provision for Legal Appeal**

Carrying amount at 1 July	245	75
Additional/(Reduced) Provisions	-	170
<b>Carrying amount at 30 June</b>	<u>245</u>	<u>245</u>

NSWALC has cost orders against it in the Limbri Court of Appeal proceedings (\$75K) and the Berrima High Court of Appeal proceedings and the High Court costs (The estimated amount would be in the range of \$140k to \$170k).

## Notes to and Forming Part of the Consolidated Financial Statements for the Year Ended 30 June 2018 (cont.)

### (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)  
State Authorities Non-contributory Superannuation Scheme (SANCS)

These schemes are all defined benefit schemes – at least a component of the final benefit is derived from a multiple of member salary and years of membership. All the Schemes are closed to new members. The disclosure on Defined Benefit Superannuation is minimised as the number of employees is not significant.

All Pooled Fund assets are invested by SAS Trustee Corporation (STC) at arm's length through independent fund managers, assets are not separately invested for each entity and it is not possible or appropriate to disaggregate and attribute fund assets to individual entities. As such, the disclosures below relate to total assets of the Pooled Fund.

As at 30 June 2018

Asset category	Total (A\$'000)	Quoted prices in active markets for identical assets	Significant observable inputs	Unobservable inputs
		Level 1 (A\$'000)	Level 2 (A\$'000)	Level 3 (A\$'000)
Short Term Securities	4,401,164	2,185,469	2,215,695	0
Australian Fixed Interest	2,234,922	41,854	2,193,068	0
International Fixed Interest	1,396,107	8,116	1,387,991	0
Australian Equities	9,271,405	8,719,442	548,908	3,055
International Equities	10,891,350	8,499,476	2,391,501	373
Property	3,711,287	788,018	608,934	2,314,335
Alternatives	9,894,829	420,898	5,332,818	4,141,113
<b>Total</b>	<b>41,801,064</b>	<b>20,663,273</b>	<b>14,678,915</b>	<b>6,458,876</b>

The percentage invested in each asset class at the reporting date is:

As at	30-Jun-18
Short Term Securities	10.5%
Australian Fixed Interest	5.3%
International Fixed Interest	3.3%
Australian Equities	22.2%
International Equities	26.1%
Property	8.9%
Alternatives	23.7%
<b>Total</b>	<b>100.0%</b>

Level 1 - quoted prices in active markets for identical assets or liabilities. The assets in this level are listed shares; listed unit trusts.

Level 2 - inputs other than quoted prices observable for the asset or liability either directly or indirectly. The assets in this level are cash; notes; government, semi-government and corporate bonds; unlisted trusts where quoted prices are available in active markets for identical assets or liabilities.

Level 3 - inputs for the asset or liability that are not based on observable market data. The assets in this level are unlisted property; unlisted shares; unlisted infrastructure; distressed debt; hedge funds.

Derivatives, including futures and options, can be used by investment managers. However, each manager's investment mandate clearly states that derivatives may only be used to facilitate efficient cashflow management or to hedge the portfolio against market movements and cannot be used for speculative purposes or gearing of the investment portfolio. As such managers make limited use of derivatives.

The fair value of the Pooled Fund assets as at 30 June 2018 includes \$97.7 million in NSW government bonds.

Of the direct properties owned by the Pooled Fund:

SAS Trustee Corporation occupies part of a property 100% owned by the Pooled Fund with a fair value of \$280 million (30 June 2017: \$250 million).

Health Administration Corporation occupies part of a property 50% owned by the Pooled Fund with a fair value (100% interest) of \$287 million (30 June 2017: \$261 million).

#### **Significant Actuarial Assumptions at the Reporting Date**

##### **As at 30/06/2018**

Discount rate	2.65% pa
Salary increase rate (excluding promotional increases)	2.70% pa for 2018/2019; 3.20% pa thereafter.
Rate of CPI increase	2.25% pa for 2018/2019 and 2019/20; 2.50% pa thereafter.
Pensioner mortality	The pensioner mortality assumptions are those to be used for the 2018 actuarial investigation of the Pooled Fund. These assumptions will be disclosed in the actuarial investigation report which will be available on the Trustee's website when the investigation is complete. The report will show the pension mortality rates for each age. Alternatively, the assumptions are available on request from the Trustee.

Notes to and Forming Part of the Consolidated Financial Statements  
for the Year Ended 30 June 2018 (cont.)

**Reconciliation of the present value of the defined benefit obligation - 2018**

	SANCS 30-Jun-18 \$'000	SSS 30-Jun-18 \$'000	Total 30-Jun-18 \$'000
Present value of defined benefit obligation at beginning of the year	(3)	1,464	1,461
Interest cost	-	37	37
Actuarial (gains)/losses	-	(5)	(5)
Benefits paid	-	(57)	(57)
Taxes, premiums & expenses paid	-	9	9
Present value of partly funded defined benefit obligation at end of the year	(3)	1,448	1,445

**Reconciliation of the fair value of Fund assets - 2018**

	SANCS 30-Jun-18 \$'000	SSS 30-Jun-18 \$'000	Total 30-Jun-18 \$'000
Fair value of Fund assets at beginning of the year	19	868	887
Interest income	1	22	23
Actual return on Fund assets less interest income	2	50	52
Benefits paid	-	(57)	(57)
Taxes, premiums & expenses paid	-	9	9
Fair value of Fund assets at end of the year	22	892	914

**Reconciliation of the assets and liabilities recognised in Statement of Financial Position - 2018**

	SANCS 30-Jun-18 \$'000	SSS 30-Jun-18 \$'000	Total 30-Jun-18 \$'000
Present value of defined benefit obligation at end of year	(3)	1,448	1,445
Fair value of Fund assets at end of year	(22)	(892)	(914)
<b>Subtotal</b>	<b>(25)</b>	<b>556</b>	<b>531</b>
Net liability/(Asset) recognised in balance sheet at end of year	(25)	556	531

**Expense recognised in Statement of Comprehensive Income - 2018**

	SANCS 30-Jun-18 \$'000	SSS 30-Jun-18 \$'000	Total 30-Jun-18 \$'000
<b>Components Recognised in Income Statement</b>			
Net Interest	-	16	16
<b>Defined benefit cost</b>	<b>-</b>	<b>16</b>	<b>16</b>

**Amounts recognised in other comprehensive income - 2018**

	SANCS 30-Jun-18 \$'000	SSS 30-Jun-18 \$'000	Total 30-Jun-18 \$'000
Actuarial (gains)/losses on liabilities	-	(5)	(5)
Actual return on Fund assets less Interest income	(1)	(50)	(51)
	(1)	(55)	(56)

**Reconciliation of the present value of the defined benefit obligation - 2017**

	SANCS 30-Jun-17 \$'000	SSS 30-Jun-17 \$'000	Total 30-Jun-17 \$'000
Present value of partly funded defined benefit obligation at beginning of the year	(3)	1,653	1,650
Interest cost	-	32	32
Actuarial (gains)/losses	-	(175)	(175)
Benefits paid	-	(56)	(56)
Taxes, premiums & expenses paid	-	10	10
Present value of partly funded defined benefit obligation at end of the year	(3)	1,464	1,461

**Reconciliation of the fair value of Fund assets - 2017**

	SANCS 30-Jun-17 \$'000	SSS 30-Jun-17 \$'000	Total 30-Jun-17 \$'000
Fair value of Fund assets at beginning of the year	18	837	855
Interest income	-	16	16
Actual return on Fund assets less interest income	2	60	62
Benefits paid	-	(56)	(56)
Taxes, premiums & expenses paid	-	10	10
Fair value of Fund assets at end of the year	20	867	887

**Reconciliation of the assets and liabilities recognised in Statement of Financial Position - 2017**

	SANCS 30-Jun-17 \$'000	SSS 30-Jun-17 \$'000	Total 30-Jun-17 \$'000
Present value of partly funded defined benefit obligation at end of year	(3)	1,464	1,461
Fair value of Fund assets at end of year	(20)	(867)	(887)
<b>Subtotal</b>	<b>(23)</b>	<b>597</b>	<b>574</b>
Net liability/(Asset) recognised in balance sheet at end of year	(23)	597	574

**Expense recognised in Statement of Comprehensive Income - 2017**

	SANCS 30-Jun-17 \$'000	SSS 30-Jun-17 \$'000	Total 30-Jun-17 \$'000
<b>Components Recognised in Income Statement</b>			
Net Interest	-	16	16
<b>Defined benefit cost</b>	-	16	16

**Amounts recognised in other comprehensive income - 2017**

	SANCS 30-Jun-17 \$'000	SSS 30-Jun-17 \$'000	Total 30-Jun-17 \$'000
Actuarial (gains)/losses on liabilities	-	(176)	(176)
Actual return on Fund assets less Interest income	(1)	(60)	(61)
	(1)	(236)	(237)

Notes to and Forming Part of the Consolidated Financial Statements  
for the Year Ended 30 June 2018 (cont.)

**30. COMMITMENTS**

	<b>2018</b>	<b>2017</b>
	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>
<b>Operating Leases Payable</b>		
Future Non-Cancellable Operating Lease Rentals not Provided for and Payable:		
Not later than one year	947	820
Later than one year and not later than five years	1,207	1,137
Total (Including GST)	<b><u>2,154</u></b>	<b><u>1,957</u></b>

Operating leases payable relate to properties, printers and motor vehicles. These leases are not recognised in the financial statements as liabilities. GST of \$196K (\$178K in 2016-2017) has been included in the total above.

	<b>2018</b>	<b>2017</b>
	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>
<b>Operating Leases Receivable</b>		
Future Non-Cancellable Operating Lease Payments not Received and Receivable:		
Not later than one year	836	1,279
Later than one year and not later than five years	1,617	1,916
Total (Including GST)	<b><u>2,453</u></b>	<b><u>3,195</u></b>

Operating leases receivable relate to rental properties. These are entered into at market rates and on commercial terms. Regular market valuations and tendering processes are carried out to ensure commercial arrangements are maintained. GST of \$223K (\$290K in 2016-2017) has been included in the total above.

**31. CONTINGENT ASSET/LIABILITY**

	<b>2018</b>	<b>2017</b>
	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>
<b>(a) Contingent Assets</b>		
Legal Claims	16	16
	<b><u>16</u></b>	<b><u>16</u></b>
<b>(b) Contingent Liabilities</b>		
Legal Claims	236	236
	<b><u>236</u></b>	<b><u>236</u></b>

**Note:**

**Contingent Assets :**

Bankruptcy Proceedings: A creditor's petition will be filed for judgement debt in favour of NSWALC in the amount of \$16k.

**Contingent Liability :**

NSWALC has a contractual dispute with its printer supplier SE Rentals. A negotiated settlement of the matter is being pursued. It is expected that NSWALC and SE Rentals will negotiate a settlement of the contract for an amount between \$0 and \$236k.



### 32. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES TO NET SURPLUS

	2018	2017
		Restated*
	<u>\$'000</u>	<u>\$'000</u>
<b>Operating Surplus/(Deficit) from Ordinary Activities</b>	30,713	18,114
Investment earnings	(25,695)	(42,068)
Unrealised (gains)/losses	(21,476)	(17,144)
Depreciation & amortisation	1,074	780
Allowance for impairment	-	(105)
Superannuation actuarial (gain)/loss directly charged to accumulated funds	15	16
Net Movement in CDL account	4,314	-
Non cash items adjustment	64	(7)
Reversal of prior years impairment	(2,158)	(56)
(Gain)/ loss on sale of non-current assets	(33)	(57)
<b>Other Changes in Assets and Liabilities in respect of Ordinary Activities</b>		
Increase/ (decrease) in leave and other provisions	(186)	286
Increase/ (decrease) in provisions for doubtful debts	387	641
Decrease/ (increase) in receivables	870	(535)
Decrease/ (increase) in other financial assets	466	(16)
Decrease/ (increase) in prepayment	(42)	(21)
Increase/ (decrease) in creditors	530	49
Prior year adjustment in CDL liability account	(2,814)	-
<b>Net Cash Inflows/(Outflows) from Ordinary Activities</b>	<u>(13,971)</u>	<u>(40,123)</u>

\* See Note 2 (f) for details regarding the restatement as a result of an error.

### 33. LIABILITY AS TRUSTEE

The Council acts as trustee for the Gumbaynggir Tribal Aboriginal Elders Corporation.

The movement in the Trust bank account is:

	2018	2017
	<u>\$'000</u>	<u>\$'000</u>
Opening balance at 1 July	192	177
Add: Receipts	20	15
<b>Closing balance at 30 June</b>	<u>212</u>	<u>192</u>

Notes to and Forming Part of the Consolidated Financial Statements  
for the Year Ended 30 June 2018 (cont.)

**34. 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 the Council invested through a number of fund managers as recommended by the Investment Consultant.

**(a) Financial instrument categories**

<b>Financial Assets</b>	<b>Note</b>	<b>Category</b>	<b>Carrying Amount</b>	<b>Carrying Amount</b>
			<b>2018</b>	<b>2017</b>
<b>Class:</b>			<b>\$'000</b>	<b>\$'000</b>
Cash and cash equivalents	17,23 (c)	N/A	5,092	8,721
Restricted cash and cash equivalents	18	N/A	29,382	2,815
Receivables <sup>1</sup>	19	Loans and receivables	2,379	390
Financial assets at fair value	20,21	Investment at fair value through profit or loss – classified at held for trading	729,381	716,706
Other financial assets	23 (a)	Loans and investments not for trading	-	466

<b>Financial Liabilities</b>	<b>Note</b>	<b>Category</b>	<b>Carrying Amount</b>	<b>Carrying Amount</b>
			<b>2018</b>	<b>2017</b>
<b>Class:</b>			<b>\$'000</b>	<b>\$'000</b>
Payables <sup>2</sup>	28	Financial liabilities measured at amortised cost	2,354	1,825
Financial liabilities at fair value	21	Hedged instruments at fair value through profit or loss – classified at held for trading	96,637	92,389

\*See Note 2 (f) for details regarding the restatement as a result of an error.

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).

## Fair Value Recognised in the Statement of Financial Position

The Council uses the following hierarchy for disclosing the fair value of financial instruments.

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)

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>2018 Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Financial assets at fair value				
Managed funds	474,418	160,346	-	634,764
Derivatives - Assets	-	94,617	-	94,617
	<b>474,418</b>	<b>254,963</b>	<b>-</b>	<b>729,381</b>
Financial liabilities at fair value				
Derivatives - Liabilities	-	96,637	-	96,637
	<b>-</b>	<b>96,637</b>	<b>-</b>	<b>96,637</b>
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>2017 Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Financial assets at fair value				
Managed funds	504,862	116,926	-	621,788
Derivatives - Assets	-	94,918	-	94,918
	<b>504,862</b>	<b>211,844</b>	<b>-</b>	<b>716,706</b>
Financial liabilities at fair value				
Derivatives - Liabilities	-	92,389	-	92,389
	<b>-</b>	<b>92,389</b>	<b>-</b>	<b>92,389</b>

## (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 the highest 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 0.94% (1.74% in 2016-17), while over the year the weighted average interest rate was 1.83% (1.86% in 2016-17) on a weighted average balance during the year of \$7.55M (\$7.49M in 2016-17). None of these assets are past due or impaired.

### (ii) Receivables – Debtors

The Council does not have significant receivable balances from debtors. All debtors are recognised as amounts receivable at balance date. Collectability of debtors is reviewed on an ongoing basis. Procedures were established to recover outstanding amounts, including letters of demand. Debts which are known to be uncollectible are written off. An allowance for impairment is raised when there is objective evidence that the Council will not be able to collect all amounts due. The evidence includes past experience, and current and expected changes in economic conditions. No interest is earned on debtors.

Notes to and Forming Part of the Consolidated Financial Statements  
for the Year Ended 30 June 2018 (cont.)

The only financial assets that are past due or impaired are listed below:

	Total <sup>1,2</sup> \$'000	Past due but not impaired <sup>1,2</sup> \$'000	Considered impaired <sup>1,2</sup> \$'000
<b>2018</b>			
< 3 months overdue	65	65	-
> 3 months overdue	348	348	-
<b>2017</b>			
< 3 months overdue	102	102	-
> 3 months overdue	160	160	-

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.

(iii) Other Financial Assets

The only financial assets that are past due or impaired are listed below:

	Total <sup>1,2</sup> \$'000	Past due but not impaired <sup>1,2</sup> \$'000	Considered impaired <sup>1,2</sup> \$'000
<b>2018</b>			
< 3 months overdue	302	302	-
> 3 months overdue	-	-	-
<b>2017</b>			
< 3 months overdue	-	-	-
> 3 months overdue	466	466	-

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>					
	<b>Interest Rate Exposure</b>		<b>Maturity Dates</b>		
	<b>Nominal Amount \$'000</b>	<b>Non-interest Bearing \$'000</b>	<b>&lt; 1 yr \$'000</b>	<b>1-5 yrs \$'000</b>	<b>&gt; 5 yrs \$'000</b>
<b>2018</b>					
Payables	2,007	2,007	2,007	-	-
Funeral Fund-Contributions Refundable	346	346	-	-	346
Financial Liabilities at fair value	96,637	96,637	96,637	-	-
	<b>98,990</b>	<b>98,990</b>	<b>98,644</b>	<b>-</b>	<b>346</b>
<b>2017 Restated*</b>					
Payables*	1,484	1,484	1,484	-	-
Funeral Fund-Contributions Refundable	341	341	-	-	341
Financial Liabilities at fair value	92,389	92,389	92,389	-	-
	<b>94,214</b>	<b>94,214</b>	<b>93,873</b>	<b>-</b>	<b>341</b>

\*See Note 2 (f) for details regarding the restatement as a result of an error.

Notes to and Forming Part of the Consolidated Financial Statements  
for the Year Ended 30 June 2018 (cont.)

(d) Market risk

(i) Currency risk

The Council has direct exposure to foreign currency by investing in International Equities. To mitigate this risk, the Council has entered into forward foreign exchange contracts with National Australia Bank. The carrying value of foreign currency exposure is AU\$142.89M as at 30 June 2018. (\$141.83M as at 30 June 2017).

(ii) Interest rate risk

	Carrying Amount \$'000	-1% Profit \$'000	Equity \$'000	+1% Profit \$'000	Equity \$'000
<b>2018</b>					
<b>Financial assets</b>					
Cash and cash equivalents	5,092	(51)	5,041	51	5,143
Restricted cash and cash equivalents	29,382	(294)	29,088	294	29,676
Financial assets at fair value	729,381	(7,294)	722,087	7,294	736,674
Other financial assets	-	-	-	-	-
<b>Financial liabilities</b>					
Financial liabilities at fair value	96,637	(966)	95,671	966	97,603
<b>2017</b>					
<b>Financial assets</b>					
Cash and cash equivalents	8,721	(87)	8,634	87	8,808
Restricted cash and cash equivalents	2,815	(28)	2,787	28	2,843
Financial assets at fair value	716,706	(7,167)	709,539	7,167	723,873
Other financial assets	466	(5)	461	5	471
<b>Financial liabilities</b>					
Financial liabilities at fair value	92,389	(924)	91,465	924	93,313

(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	2018 \$'000	2017 \$'000
Short-term facility	Cash, money market instruments	Up to 1.5 years	99,709	103,639
Strategic cash facility	Cash, money market and other interest rate instruments	Up to 3 years	634,764	621,788

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 consultant. The performance of investment fund managers is continually monitored by investment consultant who reports on a regular and exceptional basis to Chief Investment Officer, the Investment Committee and the Council.



The various types of investments held by the Council with the actual rate of return are provided in the following table:

Analysis of Price Risks	Carrying value as at 30 June 2018 \$'000	Percentage Spread %	Actual rate return 30 June 2018 %	Carrying value as at 30 June 2017 \$'000	Percentage Spread %	Actual rate return 30 June 2017 %
Australian Equities	83,570	13.19	12.05	75,679	12.10	12.97
International Equities	207,429	32.73	10.48	209,784	33.54	16.19
Global Listed Property	-	-	10.84	31,816	5.09	3.36
Australian Fixed Income	30,879	4.87	3.34	33,418	5.34	3.64
International Fixed Income	41,759	6.59	1.65	41,941	6.71	3.88
Inflation-linked Bond Fund	34,062	5.37	2.78	33,142	5.30	2.91
Absolute Returns	41,719	6.58	7.31	38,877	6.22	5.89
Hedge Fund	93,941	14.82	2.65	96,696	15.46	4.97
Emerging Markets	41,940	6.62	8.81	44,620	7.13	18.69
Unlisted Property	15,604	2.46	10.27	11,967	1.91	0.49
Cash Fund	42,873	6.77	1.87	7,478	1.20	1.82
Term Deposit	-	-	0.01	71	0.01	1.66
	<b>633,776</b>	<b>100.00</b>	<b>7.71</b>	<b>625,489</b>	<b>100.00</b>	<b>10.07</b>

Funds other than direct deposits in banks do not have direct holdings in underlying assets. Hence, 'interest rate risk' or 'currency risk' are not applicable 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 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 2018	633,776	0.00%	40,181	673,957	(40,181)	593,595
Total Portfolio of Investments as at 30 June 2017	625,489	0.00%	40,547	666,036	(40,547)	584,942

(a) Interest rate risk will only affect the short term deposits.

(b) Estimated risk is based on Mercer's Capital Market Assumptions as at 30 June 2018.

Notes to and Forming Part of the Consolidated Financial Statements  
for the Year Ended 30 June 2018 (cont.)

35. PARENT ENTITY FINANCIAL INFORMATION

	2018	2017
		Restated*
	<u>\$'000</u>	<u>\$'000</u>
Current Assets	673,961	638,320
Non-Current Assets	39,286	37,362
<b>Total Assets</b>	<b>713,247</b>	<b>675,682</b>
Current Liabilities	8,726	4,925
Non-Current Liabilities	491	507
<b>Total Liabilities</b>	<b>9,217</b>	<b>5,432</b>
Reserves	33,403	30,393
Retained Earnings	670,631	639,857
<b>Profit/(Loss) for The Period</b>	<b>30,717</b>	<b>18,119</b>
<b>Other Comprehensive Income</b>	<b>3,067</b>	<b>4,417</b>

\*See Note 2 (f) for details regarding the restatement as a result of an error.

36. SUBSIDIARIES AND JOINT VENTURES

	Percentage of interest 2018	Percentage of interest 2017	Principal Place of Business	Relationship	Balance Date
NSWALC Resources Pty Ltd	100.00%	100.00%	Australia	Subsidiary	30-Jun
Paradigm Resources Pty Ltd	50.00%	50.00%	Australia	Joint Venture	30-Jun

(a) Investments in Subsidiary

NSWALC Resources Pty Ltd	2018	2017
	<u>\$'000</u>	<u>\$'000</u>
Total Assets	780	700
Share Losses due to Equity Accounting	(632)	(401)
Impairment for value of shares	(148)	(299)
Total Liabilities	(9)	(5)
<b>Net Assets</b>	<b>(9)</b>	<b>(5)</b>
 Total Revenue	 80	 140
Total Expense	(4)	(5)
Movement in Impairment	151	18
Share of Loss due to Equity Accounting	(231)	(158)
<b>Total Comprehensive gain/(Loss)</b>	<b>(4)</b>	<b>(5)</b>

NSWALC Resources Pty Ltd (Resources P/L) started to invest in the joint venture company Paradigm Resources Pty Ltd (Paradigm) for mining exploration in 2014-15 financial year. The exploration and development of resources such as natural gas is a speculative activity that involves a degree of financial risk.

The inter entity transactions between the Council and Resources P/L were eliminated during consolidation which resulted in creation of incidental assets in the consolidated financial statements of the Council as at 30 June 2018. In 2017-18, NSWALC paid Audit, Bank and ASIC fees of \$4,304 (Excl GST) on behalf of Resources P/L (\$4,879 in 2016-17).

The carrying value of shares in the accounts of Resources P/L and the consolidated financial statements of the Council were reduced to \$148,000 by applying the equity accounting as per the accounting standards. Due to the uncertainty of the revenue stream from this investment and lack of marketability, the carrying value of the investment was impaired to one dollar which represents the fair value as at 30 June 2018 in both Resources P/L and the consolidated financial statements of the Council.

(b) Investments in Joint Ventures

<b>Paradigm Resources Pty Ltd</b>	<b>2018</b>	<b>2017</b>
	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>
Total Assets	407	642
Total Liabilities	111	44
<b>Net Assets</b>	<b>296</b>	<b>598</b>
<b>Investments accounted for using equity method</b>	<b>148</b>	<b>299</b>
 Total Revenue	 2	 4
Total Expense	464	320
<b>Total Comprehensive gain/(Loss)</b>	<b>(462)</b>	<b>(316)</b>
<b>Share of Joint Ventures' net profit/(loss) recognised</b>	<b>(231)</b>	<b>(158)</b>

Paradigm was established in November 2014 as a joint venture company between Resources P/L and Indigenous Energy Group Pty Ltd (ACN 167 002 404). There is no other business partner in Paradigm. The Council granted \$700,000 in the last three financial years to invest in Resources P/L so as to acquire 50% of share capital of Paradigm being 700,000 fully paid ordinary shares at \$1.00 each. The Council has also granted \$80,000 in the 2017-18 financial year to Resources P/L to invest in Paradigm as 50% of equity holding. There being 1,560,000 ordinary shares issued by Paradigm as at 30 June 2018 at \$1 each.

### 37. RELATED PARTY DISCLOSURES

The Council's key management personnel (KMP) compensation are as follows:

	<b>2018</b>	<b>2017</b>
	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>
Short-term employee benefits:		
Salaries & Superannuation	2,521	2,787
Non-monetary benefits*	235	217
Termination benefits	329	495
<b>Total remuneration</b>	<b>3,085</b>	<b>3,499</b>

\* In 2017-18, NSWALC provided Motor Vehicles to KMPs and \$235k is the Total Reportable Car Fringe Benefits provided to KMPs (\$217k in 2016-17).

During the year, the Council did not enter into transactions on arm's length terms and conditions with KMP, their close family members and controlled or jointly controlled entities thereof.

## Notes to and Forming Part of the Consolidated Financial Statements for the Year Ended 30 June 2018 (cont.)

### 38. CHANGES TO ACCOUNTING STANDARDS

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2018 reporting period. The Council did not early adopt these Accounting Standards and Interpretations that are not yet effective.

Standard/Interpretation /Interpretation	Issue Date	Operative Date
AASB 9 <i>Financial Instruments</i>	Dec-2014	01-Jan-2018
AASB 15 <i>Revenue from Contracts with Customers</i>	Dec-2016	01-Jan-2018
AASB 16 <i>Leases</i>	Feb-2016	01-Jan-2019
AASB 17 <i>Insurance Contracts</i>	Jul-2017	01-Jan-2021
AASB 1058 <i>Income of Not-for-profit Entities</i>	Dec-2016	01-Jan-2019
AASB 1059 <i>Service Concession Arrangements: Grantors</i>	Jul-2017	01-Jan-2019
AASB 2016-6 <i>Amendments to Australian Accounting Standards – Applying AASB 9 with AASB 4 Insurance Contracts</i>	Oct-2016	01-Jan-2018
AASB 2016-7 <i>Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities</i>	Dec-2016	01-Jan-2018
AASB 2016-8 <i>Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities</i>	Dec-2016	01-Jan-2019
AASB 2017-1 <i>Amendments to Australian Accounting Standards – Transfer of Investment Property, Annual Improvements 2014-2016 Cycle and Other Amendments</i>	Feb-2017	01-Jan-2019
AASB 2017-3 <i>Amendments to Australian Accounting Standards – Clarifications to AASB 4</i>	Jul-2017	01-Jan-2018
AASB 2017-5 <i>Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections</i>	Dec-2017	01-Jan-2018
AASB 2017-6 <i>Amendments to Australian Accounting Standards – Prepayment Features with Negative Compensation</i>	Dec-2017	01-Jan-2019
AASB 2017-7 <i>Amendments to Australian Accounting Standards – Long-term Interests in Associates and Joint Ventures</i>	Dec-2017	01-Jan-2019
Interpretation 22 <i>Foreign Currency Transactions and Advance Consideration</i>	Feb-2017	01-Jan-2018

The Council has initially assessed the impact of some new accounting standards as listed below:

- **AASB 9 *Financial Instruments***

AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets. The Council has assessed the impact of these changes and determined to implement this standard after 1 July 2018.

- **AASB 15 *Revenue from Contracts with Customers***

AASB 15 will affect all entities providing goods or services under contract arrangements, especially those offering bundled products and services. The Council has initially assessed the impact of AASB 15 and determined that they are not material to the Council. This standard is not mandatory before 1 January 2019.

- **AASB 16 *Leases***

AASB 16 replaces current Leases standard AASB 117 *Leases* for annual reporting periods beginning on or after 1 January 2019. The new standard introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Lessors continue to classify leases as operating or finance leases, and to account for those two types of leases differently. The amended standard also requires enhanced disclosures to be provided by lessors. The Council has initially assessed the impact of AASB 16 and will implement this standard after 1 July 2019.

- **AASB 2017-7 Amendments to Australian Accounting Standards – Long-term Interests in Associates and Joint Ventures**

AASB 2017-7 makes amendments to AASB 128 *Investments in Associates and Joint Ventures* to clarify that an entity is required to account for long-term interest in an associate or joint venture. The Council has initially assessed the impact of AASB 2017-7 and determined to implement this standard after 1 July 2019.

### **39. EVENT AFTER THE BALANCE DATE**

There is no known event after the balance date.

**End of Audited Financial Statement**

## APPENDIX 1 : GOVERNANCE

Further information relating to requirements under the *Annual Reports (Statutory Bodies) Act 1984* and *Annual Reports (Statutory Bodies) Regulation 2010* is contained in this section.

### Independent Commission Against Corruption

One formal referral was made by NSWALC to the Independent Commission Against Corruption (ICAC), pursuant to s11 of the *Independent Commission Against Corruption Act 1988* (ICAC Act).

### Obligations Under the *Public Interest Disclosures Act 1994*

The *Public Interest Disclosures Act 1994* (PID Act) outlines the procedures by which people working in the NSW public sector (including individuals engaged as contractors) can make complaints about the functioning of the public sector with minimum risk of reprisal.

NSWALC received no PID Act complaints during the year.

Discussions with the NSW Ombudsman's Office on methods of improving and enhancing reporting on PID complaints by LALCs continued in 2017–18. As a result, rates of reporting by LALCs have improved considerably.

### Obligations Under the *Government Information (Public Access) Act 2009*

#### REVIEW OF PROACTIVE RELEASE PROGRAM – CLAUSE 7(A)

NSWALC recently undertook an assessment of current policies and procedures, which are publicly available. The NSWALC Right to Information Policy and the Agency Information Guide have also been reviewed and updated, and are available on the NSWALC website.

#### NUMBER OF ACCESS APPLICATIONS RECEIVED – CLAUSE 7(B)

NSWALC received one formal request during the reporting period.

#### NUMBER OF REFUSED APPLICATIONS FOR SCHEDULE 1 INFORMATION – CLAUSE 7(C)

NSWALC received and finalised one formal request during the reporting period.

#### STATISTICAL INFORMATION ABOUT ACCESS APPLICATIONS – CLAUSE 7(D) AND SCHEDULE 2

One access application was received in 2017–18. Information about the application, and the outcome is provided in Tables A1 and A2. The total number of decisions should be the same in both tables.

No invalid applications were made in 2017–18, and no public interest considerations against disclosure (normal or other, under s14 of the Act) were used in reviewing access applications. Likewise, no applications were reviewed under Part 5 of the Act (type of review and outcome).

The application received was decided within the statutory timeframe (20 days plus any extensions). It was also reviewed under Part 5 of the Act (by type of applicant).

Table A1: Number, type and outcome of access applications received in 2017–18.

TYPE OF APPLICANT	ACCESS			INFORMATION		OUTCOME*		
	GRANTED IN FULL	GRANTED IN PART	REFUSED IN FULL	NOT HELD	ALREADY AVAILABLE	REFUSE TO DEAL WITH	REFUSE TO CONFIRM /DENY IF HELD	WITHDRAWN
Media	0	0	0	0	0	0	0	0
Members of Parliament	0	0	0	0	0	0	0	0
Private sector business	0	0	0	0	0	0	0	0
Not-for-profit organisations or community groups	0	0	0	0	0	0	0	0
Members of the public (application by legal representative)	0	0	0	0	0	0	0	0
Members of the public (other)	0	1	0	0	0	0	0	0

\* More than one decision can be made regarding a particular access application. If so, a recording must be made in relation to each such decision. This also applies to Table A2.

Table A2: Number of access applications by type and outcome in 2017–18.

TYPE OF APPLICANT	ACCESS			INFORMATION		OUTCOME		
	GRANTED IN FULL	GRANTED IN PART	REFUSED IN FULL	NOT HELD	ALREADY AVAILABLE	REFUSE TO DEAL WITH	REFUSE TO CONFIRM /DENY IF HELD	WITHDRAWN
Personal information applications*	0	0	0	0	0	0	0	0
Access applications (other than personal)	0	1	0	1	0	0	0	0
Access applications partly personal/partly other information	0	0	0	0	0	0	0	0

\* A personal information application is an access application for personal information (as defined in clause 4 of Schedule 4 to the Act) about the applicant (the applicant being an individual).



## Councillor Attendance at Meetings and Training

There were 15 Council meetings held during 2017–18. Table A3 details each Councillor's attendance at meetings for the year. In addition, a total of eight workshops/training days were held in 2017–18. Table A4 details each Councillor's attendance at these during the year.

Table A3: Summary of Councillors' attendance at Council meetings in 2017–18.

COUNCILLOR	MEETINGS ATTENDED	COMMENTS
Cr Ah-See	15	
Cr Lynch	15	
Cr Cromelin	14	LOA* (1)
Cr Dennis	14	
Cr Chapman	14	LOA (1)
Cr Murray	13	Teleconference unable to connect (2)
Cr Ryan	11	LOA (2)
Cr Smith	15	
Cr Williams	15	

\* LOA – Leave of absence.

Table A4: Summary of Councillors' attendance at workshops/training in 2017–18.

COUNCILLOR	WORKSHOPS/TRAINING ATTENDED	COMMENTS
Cr Ah-See	7	LOA* overseas (1)
Cr Lynch	7	LOA (1)
Cr Cromelin	8	
Cr Dennis	7	LOA overseas (1)
Cr Chapman	8	
Cr Murray	8	
Cr Ryan	7	LOA (1)
Cr Smith	7	LOA (1)
Cr Williams	8	

\* LOA – Leave of absence.

## Councillor Travel Expenses

NSWALC travel is undertaken by a Councillor in relation to his or her role as a member of the governing body of NSWALC (Table A5). This can include travel for:

- Council meetings
- Advisory Committee meetings
- other meetings to represent the organisation.

Regional travel is undertaken by a Councillor in relation to his or her zone representation.

Direct travel includes flights, car parking and taxi fees.

## OVERSEAS TRAVEL

Overseas travel for study purposes or to attend important forums was undertaken by some Councillors and staff in 2017-2018:

- 10 – 18 September 2017, CEO James Christian attended the Global Equities Research Study Tour in Boston, USA
- 9 – 27 April 2018, CEO James Christian, Chairperson Roy Ah-See, Deputy Chairperson Anne Dennis, and Cassandra Marshall participated in a Treaty Study Tour in Ottawa and Vancouver, Canada, and attended the United Nations Permanent Forum on Indigenous Issues in New York, USA.

Table A5: Councillor travel expenses, 2017–18.

COUNCILLOR	DIRECT TRAVEL EXPENSES			ACCOMMODATION AND MEALS ALLOWANCE			TOTAL
	REGIONAL (\$)	NSWALC (\$)	SUBTOTAL (\$)	REGIONAL (\$)	NSWALC (\$)	SUBTOTAL (\$)	
S Ryan	10.81	410.44	421.25	0.00	14,524.55	14,524.55	14,945.80
P Smith	241.55	2,327.23	2,568.78	15,179.19	34,460.95	49,640.14	52,208.92
A Dennis	135.06	1,369.52	1,504.58	3,176.74	29,104.98	32,281.72	33,786.30
C Lynch	29.11	1,949.45	1,978.56	4,346.52	19,254.78	23,601.30	25,579.86
D Chapman	1,174.46	3,101.62	4,276.08	12,004.13	28,120.32	40,124.45	44,400.53
R Ah-See	996.46	7,356.26	8,352.72	1,144.93	28,621.63	29,766.56	38,119.28
W Murray	929.22	2,918.80	3,848.02	18,647.66	22,380.81	41,028.47	44,876.49
C Cromelin	1,092.94	59.09	1,152.03	15,833.36	27,679.81	43,513.17	44,665.20
T Williams	1,062.42	1,588.71	2,651.13	1,376.79	22,033.27	23,410.06	26,061.19
<b>Total</b>	<b>5,672.03</b>	<b>21,081.12</b>	<b>26,753.15</b>	<b>71,709.32</b>	<b>226,181.10</b>	<b>297,890.42</b>	<b>324,643.57</b>

## Consultants Fees

NSWALC engaged a number of consultants for specific projects throughout the year. Total consultant fees were \$1,748,644. Details of these engagements are shown in Tables A6 and A7.

Table A6: Consultants fees ≥ \$50,000 in 2017–18.

CONSULTANT	PROJECT	AMOUNT (\$)
Ernst and Young	SAHF Project	497,177
Mercer Investment (Aust) Limited	NSWALC Investments	341,253
Lend Leasing Building Pty Ltd	SAHF Project	261,103
HKA Global Pty Ltd	NSWALC Enterprises	115,508
Houston Kemp Pty Ltd	Home Ownership Program	77,000
Price Waterhouse Coopers	33 Argyle Street – Building Investment Analysis Report	55,527
<b>Total ≥ \$50,000</b>		<b>1,347,569</b>

Table A7: Type and number of projects, and total cost of consultants' fees for projects < \$50,000, in 2017–18.

TYPE OF PROJECT	NO. OF PROJECTS	AMOUNT (\$)
Business Development	8	
Land Initiative	7	
Property Management and Services	5	
Recruitment Services	3	
Resource Development	2	
Business Improvements	1	
Management Services	1	
<b>Total projects &lt; \$50,000</b>	<b>27</b>	<b>401,075</b>

## Compliance and Evaluation

### GRANTS

Details of major and minor grants paid in 2017–18 are provided in Tables A8 and A9.

Table A8: Major and minor grants paid in 2017–18.

RECIPIENT	DESCRIPTION	AMOUNT (\$)
<b>Major grants (&gt; \$5,000 each)</b>		
NSWALC Community Fund Account	NSWALC share to ComFund account for levies received from Revenue NSW	482,150
Discretionary ( Bogal,Ngulingah,Jali LALCs)	Distribution of net proceeds of Sale, 39 Heath Street Evans Head (\$118,126.91 each LALC and total three payments)	354,381
Redfern All Blacks (RAB) Rugby League Football Club Incorporated	RAB Aboriginal Rugby League Knockout 2017	80,000
Tweed Byron LALC	Engagement of ALA Project Officer for one-year contract position	65,552
Land Negotiation Program Grant (Tweed Byron,Nhulingah,Darkinjung, La Perouse ,Orange ,Young LALCs)	Land Negotiation Program – ALA start-up funds	63,636
J Ullman	Assessments and administration work for Tawmorth and Nungaroo LALCs Land Negotiation Project	26,880
Tamworth LALC	Supporting the 2018 Tamworth Aboriginal Cultural Showcase	20,000
Mark Matchett	Grant for ALA Capacity Building Initiative and Land Initiative	16,020
Debra Green Case for Wamba Wamba LALC (Paid to Shiff & Company, Indovino's Lawyers and Victorian Transcript Services Pty Ltd)	Grant for Wamba Wamba LALC for covering legal costs	14,173
The University of Sydney	Planning workshop for Land Negotiation Program participants	11,250
South Inverell Bear Eaters Elders Support	Supporting the 2018 Elders Olympics – Inverell	10,000
Gadigal Information Service Aboriginal Corporation	Supporting the 2018 Yabun Festival	10,000
<b>Total major grants</b>		<b>1,154,043</b>
<b>Minor grants (≤ \$5,000 each)</b>		
Funeral Grants	Funeral payment for Members and Non-members	639,323
Discretionary (Councillors)	Various – 178 grants	92,570
Lloyd McDermott Rugby Development Team	Grant to support the 2018 Ella 7's in Coffs Harbour	5,000
Ngulingah LALC	Grant for Land Negotiation Program induction meeting	1,195
<b>Total minor grants</b>		<b>738,088</b>

Table A9: Summary of total grants paid.

RECIPIENT	NUMBER OF GRANTS	AMOUNT (\$)
Funeral grants	409	639,323
NSWALC Community Fund Account	1	482,150
Discretionary grants	184	461,124
Land Initiative Program	19	184,533
Redfern All Blacks Rugby League Football Club Incorporated	1	80,000
Community sponsorships	4	45,000
<b>Total all grants paid</b>	<b>618</b>	<b>1,892,130</b>

## APPENDIX 2 : PEOPLE AND WORKPLACE

### Workforce Data

Table A10: Five-year trend in category of staff and percentage of total staff, 2014–18.

CATEGORY	2013–14	2014–15	2015–16	2016–17	2017–18
Senior Managers Framework	20.5	24.0	22.5	25.2	22.0
Salary Group 8 Year 1 to Group 13 Year 3	53.0	51.5	54.0	53.0	57.0
Salary Group 1 Year 1 to Group 7 Year 3	19.0	16.5	15.5	14.3	13.0
Councillors	7.5	8.0	8.0	7.5	8.0

There was no exceptional expenditure in wages, salaries or allowances. Any increase was in accordance with established mechanisms such as the Enterprise Agreement, Senior Manager Salary Framework, and yearly review of allowances as determined by the Taxation Office.

### EQUAL EMPLOYMENT OPPORTUNITY (EEO)

#### EEO target groups

Table A11: Five-year trend in the representation of EEO target groups (per cent of total staff).

EEO TARGET GROUP	BENCHMARK OR TARGET	2013–14	2014–15	2015–16	2016–17	2017–18
Women	50.0	51.5	52.0	52.0	50.0	48.0
Aboriginal people and Torres Strait Islanders	26.0	46.5	48.0	45.0	48.0	48.0
People whose first language was not English	19.0	27.0	28.5	24.0	23.5	20.0
People with a disability	N/A	14.0	14.0	13.5	12.0	12.0
People with a disability requiring work-related adjustment*	*1.1 #1.3 ^1.5	2.5	3.0	3.0	2.5	2.6

\* 2011; # 2012; ^ 2013.

Table A12: Five-year trend in the distribution of EEO target groups (distribution index)..

EEO TARGET GROUP	BENCHMARK OR TARGET	DISTRIBUTION INDEX				
		2013–14	2014–15	2015–16	2016–17	2017–18
Women	100.0	73.0	74.0	78.0	78.0	80.0
Aboriginal people and Torres Strait Islanders	100.0	77.0	79.0	80.0	78.9	82.0
People whose first language was not English	100.0	79.0	84.0	85.0	78.5	74.0
People with a disability	100.0	88.0	87.0	87.0	86.0	86.0
People with a disability requiring work-related adjustment*	100.0	100.0	100.0	100.0	100.0	100.0

(a) A distribution index of 100 indicates that the centre of distribution of the EEO groups across salary levels is equivalent to that of other staff members. Values less than 100 mean that the EEO group tends to be more concentrated at lower salary levels when compared to other staff members. The more pronounced this tendency, the lower the index will be. In some cases, the index may be more than 100, indicating that the EEO group is less concentrated at lower salary levels. A distribution index based on an EEO-based survey response rate of less than 80 per cent may not be completely accurate.

## WORKERS COMPENSATION AND REHABILITATION

Table A13: Work-related illness and injury in 2017–18.

ILLNESS/INJURY	NUMBER
<b>Nature of accident</b>	
Slips, trips and falls	2
Mental health (anxiety, stress)	2
Cuts/scratches	1
Motor vehicle accident	0
Ergonomics/overuse	0
Sprain/strain	0
Manual handling	0
Bites	0
Illness	0
<b>Total number reported</b>	<b>5</b>
<b>Location of injuries</b>	
Workplace	1
Journey to/from work	3
At work, away from usual workplace	1
<b>Total locations</b>	<b>5</b>

No open claims were brought forward from 2016–17, and no new claims were recorded in 2017–18. Claims status at 30 June 2018 was zero. Likewise, there were no rehabilitation cases brought forward from 2016–17, and no new cases in 2017–18.

## REMUNERATION OF COUNCILLORS

Under s161 of the ALRA, NSWALC is obliged to publish the total remuneration (including travel expenses) paid to each Councillor during the year. Councillor salaries are determined by the Statutory and Other Offices Remuneration Tribunal as part of its Public Office Holders Group. Travel allowances are determined by the Minister for Aboriginal Affairs.

Under s13 of the *Statutory and Other Offices Remuneration Act 1975* the Tribunal must make a determination on remuneration of office holders on 1 July each year. In 2017–18, the annual base salary of a NSWALC Councillor was \$139,310 with loadings of 10 per cent for the Chairperson and 5 per cent for the Deputy Chairperson as a result of the additional responsibilities inherent in both positions. The Tribunal determination on 1 July 2018 increased the base salary to \$142,795 with loadings remaining unchanged.

## SENIOR STAFF AND EXECUTIVE OFFICERS

Level, number, gender and remuneration of Executive Officers is provided in Tables A14 and A15. Percentage of total employee-related expenditure on senior staff and executives is listed in Table A16.

Table A14: Level, number and gender of senior and executive staff in financial years 2017 and 2018.

EXECUTIVE POSITIONS	2017-18		2016-17	
	NUMBER	GENDER	NUMBER	GENDER
Band 2 (SES 5)*	1	Male	1	Male
Band 1 (SES 3)			1	Male
Band 1 (SES 3 equivalent)	1	Male	1	Male
Band 1 (SES 2 equivalent)			2	1 Female 1 Male
Band 1 (SES 1 equivalent)	4	Male		

\* Bands refer to 2017-18 reporting requirements, SES levels refer to previous reporting periods.

Table A15: Senior staff and executive remuneration, 2014-18.

EXECUTIVE POSITIONS	2013-14 (\$)	2014-15 (\$)	2015-16 (\$)	2016-17 (\$)	2017-18 (\$)
Band 2 (SES 5 or equivalent)*			312,268	320,075	328,077
Bands 1 and 2 (SES 4 or equivalent)	258,000	286,100			
Band 1 (SES 3 or equivalent)	208,500	241,372	248,256	248,749	248,637
Band 1 (SES 2 or equivalent)	194,467	210,527	224,892	213,377	
Band 1 (SES 1 or equivalent)		180,486	174,299		191,509

\* Bands refer to 2017-18 reporting requirements, SES levels refer to previous reporting periods.

Table A16: Percentage of total employee-related expenditure on senior staff and executives, 2014-18.

2013-14	2014-15	PER CENT		
		2015-16	2016-17	2017-18
5.89	9.90	9.50	7.10	7.20



## Major Policy/Program Outcomes in 2017–18 Against Planned Outcomes

NSWALC adheres to anti-discrimination, EEO and diversity legislation, which require employers to provide a workplace free from discrimination. This is central to the development of equitable employment practices.

Council's recruitment policy demonstrates its commitment to and incorporation of EEO principles. Staff are employed, trained, promoted and paid according to merit, and without bias based on gender, race, ethnicity, disability, marital status, age or sexual preference.

Training and development initiatives by NSWALC and external organisations are widely advertised across head office and zone offices, where appropriate. This ensures that participants from all EEO target groups are actively encouraged to attend.

A number of diversity networks and groups exist within and outside NSWALC. These include the Spokeswomen's Network, Aboriginal Employees Network and women's action groups. Information about these is communicated to all EEO target groups within NSWALC.

NSWALC provides resources and services across NSW through its zone offices, and from its Parramatta head office. Our clients and stakeholders have fair and equitable opportunity to access our services, and our offices are designed to enhance this. We also provide access to our publications online.

## WORKFORCE DIVERSITY STRATEGIES

NSWALC continues to update its Human Resources Information System (HRIS) to provide better information for developing policy and programs covering areas such as:

- EEO and diversity
- transition to retirement
- more flexible work practices
- management training on motivating the different generations working at NSWALC.

## ABORIGINAL EMPLOYMENT PLAN

NSWALC's Aboriginal Employment Plan (AEP) was implemented in 2014. An Aboriginal Employment Committee was established and the senior roles of three executive directors and five zone directors were made Aboriginal-identified positions.

The AEP is being reviewed. During the full staff conference in November 2017, Aboriginal staff participated in a fact-finding exercise on the review of the AEP and a report was produced to assist with the review.

## INSURANCE

A summary of NSWALC's insurance cover is provided in Table A17.

Table A17: Summary of NSWALC's insurance and coverage.

COMPANY	POLICY	SUM INSURED (\$000)
Allianz	Industrial special risks	40,000
Allianz	Special risks	35,000
Allianz	Motor vehicle	Market value
Allianz	Public/Products liability	50,000
QBE	Umbrella liability	50,000
Lloyds	Directors and officers	20,000
Accident and Health	Personal accident	1,000
AFA	Journey accident	500
Accident and Health	Corporate travel	4,000
AFA	Voluntary workers	500
Lloyds	Media liability	5,000

## APPENDIX 3 : DISCLOSURE INDEX

### Compliance with Statutory Disclosure Requirements

Table A18: Disclosure index.

REQUIREMENT	PAGE	REQUIREMENT	PAGE
ARSBA s9A; ARSBA s10; PM2013-09; ARSBA s11		ARSBA s7(1)(a) (i)–(iia)	
– Submission to Minister/Parliament	ii	– Financial statements	73–123
ARSBR Sch.1		ARSBR c5	
– Charter	6	– Audited financial statements	77–123
– Aims and objectives	6	ARSBR c8	
– Access	9	– Additional matters	54, 124–125, 135
– Management and structure	6–9, 34, 126	for inclusion	
– Summary review of operations	10–72	ARSBR c10; TC 17/02	
– Management and activities	10–72	– Investment performance	58–63
– Research and development	69–72	ARSBR c12 PSC Circular 2014-09; SOORT determination	
– Human resources	53–56	– Number and remuneration	131–132
– Land disposal	15–16	of executives	
– Promotion	50–51	GIPAA s125(4), (6); GIPAAR c7, Sch 2; c12, Sch 3	
– Complaints	35	– Compliance with GIPAA Act	54, 125
– Risk management and insurance activities	17, 36–41, 93–96, 133	DISP 2.0	
– Disclosure of controlled entities	71–72, 83, 120–121	– Digital information security	64–65
PM 91-34; ARSBR Sch.1		PIDA s31, PIDR c4, PM2013-13	
– Funds granted	10–13, 41–45, 128–129	– Public interest disclosures	124
ARSBR Sch.1; ARSBA s9(1)(f)		ARSBR c14; ARSBR c15((1); PC 00-68; PM 00-15; PM 2013-09	
– Legal changes	66–68	– Form of annual reports	i–134
PM 2002-07; ARSBR Sch.1		ARSBA s12; ARSBR c16; TC15-19; PM 2013-09	
– Consultants	127	– Availability of annual report	50
PSC Circular 2014-09; ARSBR Sch.1			
– Workforce diversity	130–131, 133		
TPP 15-03			
– Internal audit and risk management policy attestation	36		
PM 06-02			
– Disclosure of subsidiaries	70		
ARSBR Sch.1; ARSBR c18; TC15-18			
– Work Health and Safety	131		
ARSBA s7(1)(a)(iii); ARSBR c7(1)			
– Budget	57–58		





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