

In addition, Natural Heritage Trust funds became more accessible to Indigenous landholders in Western Australia through a devolved grants process. Previously, Indigenous organisations were not aware of the range of landcare activities that could be funded and when applications were made they were mostly unsuccessful for a range of reasons. The devolved grants process provided Indigenous organisations year round access to small amounts of funding. The three Western Australian Indigenous Land Management Facilitators, who reside and work in regional settings, were able to provide localised advice to the assessment panel on project feasibility and relationship to regional strategies. The assessment panel consisted of representatives from the Department of Indigenous Affairs (WA), Aboriginal Lands Trust, the ILC, community (Indigenous and non-Indigenous), Landcare and Bushcare programs.

The types of projects that were successful in receiving funds involved activities in maintenance of knowledge and education in natural resource management, community-based landcare projects, stock and/or feral animal management and restoration of degraded environments. Outcomes of the project are primarily environmental with significant, subsidiary social benefits.

FUTURE INITIATIVES

The need to develop relevant review and evaluation tools, including project, program and policy performance indicators, has been recognised by the ILC and establishment of these measures will be progressed in the 2003-2004 financial year.

CORPORATE GOVERNANCE

It is the responsibility of the ILC Board to ensure the proper and efficient performance of the ILC and to determine the policy of the ILC (s.191W). Of the seven Board members, six are appointed by the responsible Minister (including the Chair, Deputy Chair and an ATSIC Commissioner). The remaining director is the ATSIC Chairperson.

To ensure that the Board is equipped to discharge its responsibilities, the ILC Board has set up a number of committees. The committees are:

- Audit and Risk Management Committee
- Towns and Cities Land Needs Committee
- Business Enterprise Committee.

The membership and function of each committee is detailed below.

In addition, the Chairperson and one other director represent the ILC on the Consultative Forum of the Land Fund. Each of the committees has direct access to staff and specialist consultants as required. An independent member sits on the Audit and Risk Management Committee and Towns and Cities Land Needs Committee.

Under section 193T of the ATSI Act, the Board may delegate functions and powers to the ILC General Manager or staff. Additionally, the General Manager must manage the day-to-day operation of the ILC (s. 192K(2)).

The Board ensures that the General Manager and the executive team are appropriately qualified and experienced to discharge their responsibilities.

AUDIT AND RISK MANAGEMENT COMMITTEE

The ILC Board's Audit and Risk Management Committee was established in April 1997. The primary objective of the Audit and Risk Management Committee is to assist the ILC Board in ensuring that the ILC and its subsidiaries meet objectives and comply with legislative requirements. Specifically this involves:

- acting as an advisory body on the management of the ILC's administrative, operating and financial controls and those of its subsidiaries
- overseeing the audit function
- ensuring compliance with statutory and legislative requirements, including those under the ATSI Act and CAC Acts and the Corporations Act, particularly in the presentation of financial statements and their compliance with accounting standards

- ensuring reliable management and financial reporting to the Board
- ensuring that risks are identified and appropriately managed
- overseeing and monitoring investment policy and reporting to the Board
- monitoring the performance of the investment portfolio
- ensuring the appropriate induction of new Board members in relation to their legal and financial responsibilities.

The committee also maintains open lines of communication with internal auditors and external auditors to exchange views and information, as well as confirm their respective authorities and responsibilities. ILC Deputy Chairman, Mr Clem Riley, chairs the Audit and Risk Management Committee. Ordinary members are Director Baffsky and Mr Jim Grant (independent member).

The major activities of the committee during the reporting period were as follows:

- review the 2001-2002 consolidated financial statements, and recommend to the ILC Board for adoption
- appoint an internal audit service provider
- review the three-year internal audit plan, and recommend to the ILC Board for adoption
- finalise the *Statement of Investment Objectives and Policy*, and recommend to the ILC Board for adoption
- monitor the implementation of the new investment strategy and the performance of the investment portfolio
- consider and comment on the outcomes and recommendations of the ANAO audit of accounts payable and goods and services tax processes
- consider and comment on the outcomes and recommendations of the ANAO's Operations and Performance – Follow-up Audit
- complete the review of the ILC's insurance program
- revise the committee charter to ensure 'best practice' was being adopted, and recommend to the ILC Board for adoption
- consider the Corporate Risk Management Strategy, and recommend to the ILC Board for adoption
- revise the ILC's Power of Attorneys.

The Audit and Risk Management Committee met on three occasions during the reporting period:

- 2 September 2002 - Sydney (Baffsky, Grant)
- 3 December 2002 - Canberra (Riley, Baffsky, Grant)
- 7 May 2003 - Melbourne (Riley, Baffsky, Grant).

TOWNS AND CITIES LAND NEEDS COMMITTEE

This committee, formerly referred to as the Social and Urban Issues Committee, adopted the name Towns and Cities Land Needs Committee to better reflect its focus on Indigenous land needs in metropolitan and regional urban settings.

The committee's primary objective is to provide a focus for the ILC in ensuring that equitable consideration is given to the needs of urban Indigenous peoples and that those needs are adequately addressed. The committee comprises the following Board members: Norma Ingram (Committee Chair), Clem Riley and Steve Gordon. Mr Robert Carroll, ATSIC Binaal Billa Regional Councillor, has been appointed as an additional member, focussing on regional Indigenous youth issues. His appointment is for 12 months. The committee has met three times since its inception.

The ILC Board approved the committee's charter. The committee looked into issues faced by urban Indigenous peoples, options for meeting Indigenous urban needs and issues regarding Indigenous youth at risk and aged care programs.

The committee instigated a consultancy to develop a regional profile and identify social needs of the Murdi Paaki region (western NSW).

BUSINESS ENTERPRISE COMMITTEE

The Business Enterprise Committee is a committee of the ILC Board.

This committee has responsibility for:

- overseeing the operation and administration of ILC-owned businesses and ILC subsidiaries
- monitoring the financial performance of ILC-owned businesses and ILC subsidiaries

- endorsing budgets for the ILC-owned businesses and ILC subsidiaries
- advising the ILC Board on business related matters.

Committee membership during 2002-2003 consisted of Kevin Driscoll (Committee Chair), David Baffsky and Clem Riley. The committee met on five occasions during the reporting period:

- 3 September 2002 Brisbane (Driscoll, Baffsky)
- 19 November 2002 Brisbane (Driscoll)
- 28 January 2003 Brisbane (Driscoll, Riley)
- 15 April 2003 Melbourne (Driscoll)
- 13 June 2003 Melbourne (Driscoll, Riley).

In addition to these meetings, during August 2003 the Chair of the Business Enterprise Committee conducted an inspection with the ILC General Manager and Director of Business Planning of the ILC-owned properties Roebuck Plains and Myroodah/Luluigui.

CONSULTATIVE FORUM

The Consultative Forum is a forum in which the nominated ILC Directors and other Ministerial appointees can express views and provide advice about the investment policy of the Land Fund to the Delegate of the Minister for Finance, in order to assist in increasing the investment returns from the Fund. The Minister for Immigration and Multicultural and Indigenous Affairs appoints the Consultative Forum under section 193G of the ATSIC Act.

The Consultative Forum consists of the Delegate, at least two nominated ILC Directors and such other persons as the Minister considers appropriate. The Fund is controlled by statute and the Consultative Forum has no powers in relation to the Fund.

The Consultative Forum met on two occasions during the reporting period. Its nominated Directors, ILC Chairperson Shirley McPherson and Director David Baffsky, represented the ILC at the meetings. The ILC's General Manager and Chief Financial Officer also attended both meetings.

In October 2002, the Delegate and the Consultative Forum sent submissions to the Minister for Finance and the Minister for Immigration and

Multicultural and Indigenous Affairs respectively regarding the administrative arrangements of the Land Fund. The submission sought consideration and clarification of the following issues (in brief):

- lack of reserving policy for the Land Fund
- clarification of the basis of minimum category B year payments to the ILC
- clarification of interpretation of the term 'realised real return'
- widening of delegation of investment powers
- widening of allowable investments
- retention of surplus funds in the Land Fund as at 30 June 2004
- clarification of valuation methodology for 30 June 2004 balance.

It is expected that a response will be received from the Minister of Finance early in the 2003-04 financial year. The Minister for Immigration and Multicultural and Indigenous Affairs indicated that he is waiting on a response from the Minister for Finance before considering the submission.

REPRESENTATION AT PARLIAMENTARY COMMITTEES

The Joint Statutory Committee on Native Title and the Aboriginal and Torres Strait Islander Land Fund conducts an inquiry each year into the annual report of a number of Commonwealth agencies with responsibilities relating to Indigenous Affairs. One of those agencies is the ILC.

On 18 March 2003, the ILC's Chairperson, Shirley McPherson, and the then Acting General Manager, William Johnstone, appeared as witnesses before this committee to examine the ILC's 2001-2002 annual report. The committee was particularly interested in the ILC's new Programs Guide, launched in December 2002 by the Minister for Immigration and Multicultural and Indigenous Affairs, the Hon. Philip Ruddock MP.

In addition, the ILC's General Manager, David Galvin, and the ILC's Chief Financial Officer, Jodie Lindsay, appeared as witnesses before the Senate Legal and Constitutional Legislation Committee in November 2002 and May 2003 with regard to the committee's consideration of budget estimates.

AUSTRALIAN NATIONAL AUDIT OFFICE (ANAO) OPERATIONS AND PERFORMANCE – FOLLOW-UP AUDIT

In 2000, the ANAO tabled Audit Report No 49 1999-2000 *Indigenous Land Corporation - operations and performance*. The audit made nine recommendations for improvement.

In 2002-03 the ANAO conducted a follow-up audit of the ILC and advised that it found the ILC had fully implemented four of the original recommendations and partially implemented the remaining five.

The ANAO made four new recommendations to encapsulate issues that were not fully implemented at the time of the follow-up audit.

1. The ANAO recommended that, to enhance performance measurement and reporting, the ILC:
 - ensure its final operational plan performance measures take into account its new four stream approach; are relevant, accurate, timely, accessible, interpretable, coherent, clear and specific; and are aligned with its outcome and outputs framework performance measures
 - develop a structured approach to implementing the new performance measurement framework.
2. The ANAO recommended that the ILC develop an appropriate evaluation regime including stakeholder feedback to:
 - evaluate its assistance to Indigenous people in acquiring and managing Indigenous-held land so as to provide economic, environmental, social and cultural benefits
 - use the evaluation to inform the ILC Board, the Parliament and other stakeholders about ILC programs and outcomes achieved.
3. The ANAO recommended that the ILC complement its new guidelines relating to land acquisition and land management programs by introducing a systematic quality assurance program to ensure compliance with its land acquisition and land management procedures and relevant provisions of the *Aboriginal and Torres Strait Islander Commission Act 1989*.
4. The ANAO recommended that to enhance transparency to stakeholders, the ILC systematically analyse and publicly report its stakeholder feedback, including trend analysis of stakeholder perceptions of the ILC over time.

The ILC made substantial progress in implementing the recommendations of the ANAO's Audit Report No 49 delivered in 2000. Consequently, the ILC is well on the way to fully completing the partially implemented recommendations as is evidenced below.

CORPORATE PLAN

At its June 2003 Board meeting, the ILC Board adopted the Corporate Plan 2003-2006. The plan has very clear and strong linkages with the objectives and strategies set out in the NILS. Each division and section of the ILC has developed operational plans that link to the objectives and strategies set out in the Corporate Plan 2003-2006 resulting in a cascading effect for strategic planning and performance evaluation. The ILC's corporate plan and operational plans include an extensive set of performance measures to reflect the revised benchmarks for the ILC's outcomes and outputs set out in the 2003-2004 Portfolio Budget Statement.

The corporate plan and operational plans take effect at the commencement of the 2003-2004 financial year. The implementation of the corporate plan will be reviewed annually to determine progress against performance measures and operational plans will be reviewed biannually.

INTERNAL AUDIT PROGRAM

Until the recent appointment of an internal audit provider the ILC did not have formal internal audit coverage. The Office of Evaluation and Audit had notional responsibility under the ATSI Act for the provision of this service, but has never conducted an audit of the ILC. The ILC appointed Deloitte Touche Tohmatsu for a period of one year, renewable at the ILC's discretion for a further two years.

In June 2003, the Board adopted a three-year internal audit program. The program was developed by Deloitte Touche Tohmatsu, through the Audit and Risk Management Committee, using a global risk assessment methodology and is closely aligned with the ILC's Corporate Risk Management Plan. Work was commenced on audits rated as having a high priority.

CORPORATE RISK MANAGEMENT PLAN

A Risk Management Steering Committee was appointed to oversee the implementation of risk management policies and practices and to engender

a culture of risk management in the ILC. The Risk Management Steering Committee members include a member of the Audit and Risk Management Committee (as chair), the Manager Corporate Support Unit and three members of the ILC's Corporate Management Team who represent both operational and corporate functions. This committee reports to the Audit and Risk Management Committee.

The Risk Management Steering Committee co-ordinated the development of the ILC Corporate Risk Management Plan, which was adopted by the Board in June 2003. The plan was developed with the input of a wide-ranging group of contributors within and outside the ILC.

QUALITY ASSURANCE

The ILC took steps toward the creation of a Quality Assurance Unit within the organisation. Major functions proposed for the unit are to:

- finalise and implement a performance evaluation system that measures the effectiveness of the ILC's policies and programs in achieving its objectives
- as part of the performance evaluation system, develop and implement formal client surveys that measure satisfaction with the ILC's policies, programs, guidelines, advice and support
- oversee national implementation of the Remediation Program to ensure effectiveness, quality and consistency across the ILC.

OBJECTIVES OF THE ILC AND PERFORMANCE OVERVIEW

In this reporting period the ILC continued to progress towards achieving its objective to:

Provide economic, environmental, social and cultural benefits for Aboriginal persons and Torres Strait Islanders by assisting in the acquisition and management of an Indigenous land base.