

& proper effective performance

Objective: To create and/or maintain an environment where appropriate governance instruments, principles and standards are established, practised and achieved. Specific strategies have been developed to ensure the ILC meets this objective.

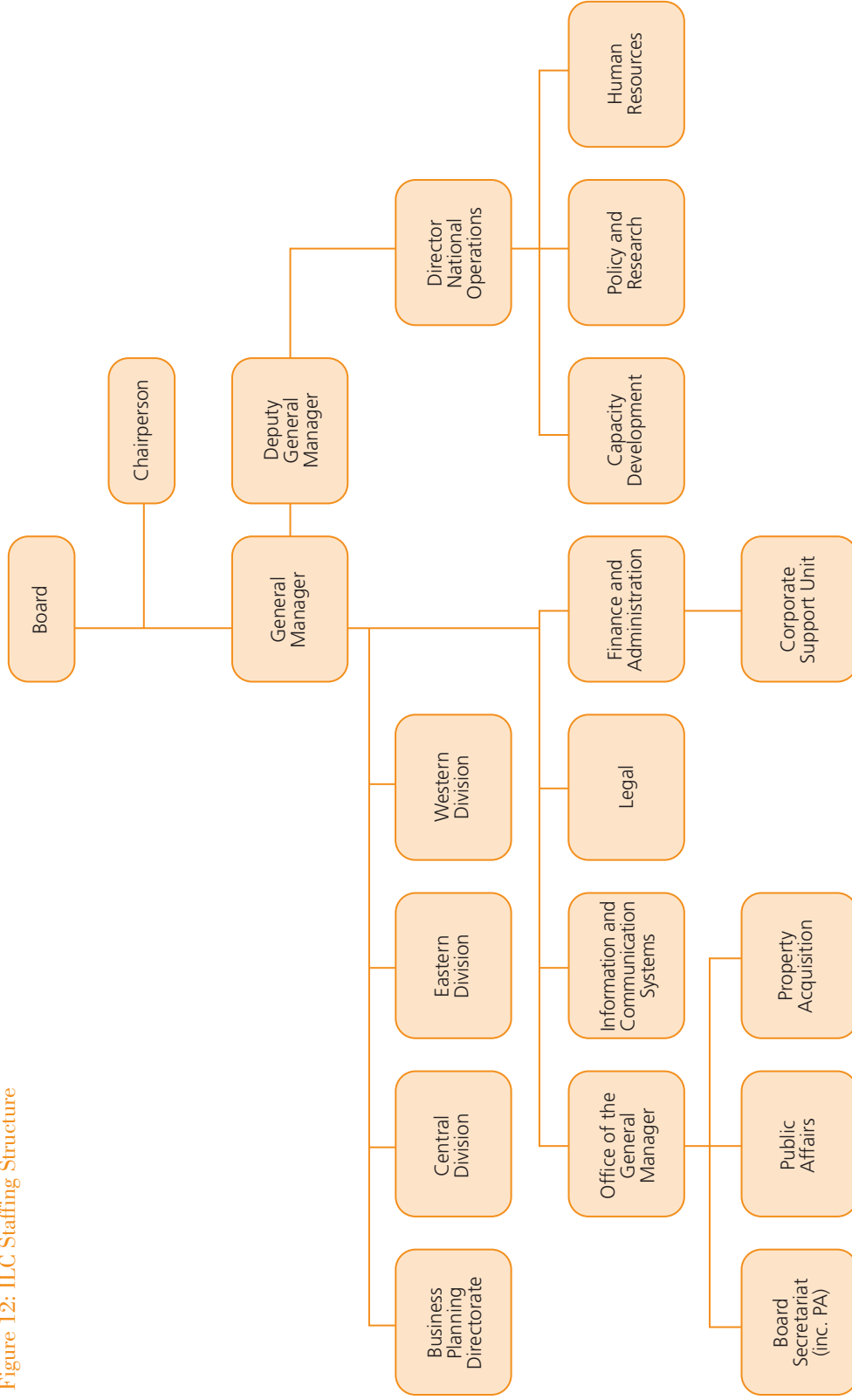
Corporate Strategies

1. Ensure the ILC performs its functions in an effective and nationally consistent manner by implementing and periodically revising policies and procedures covering all aspects of the ILC's operations, and by maintaining an internal audit function;
2. Manage external relationships by applying and periodically revising the ILC Service Charter and complaints-handling system;
3. Effective management of physical and financial resources;
4. Implementation and periodic revision of the investment strategy covering all aspects of the ILC's management of its funds;
5. Provision of a safe, rewarding and satisfying workplace where individual, team and organisational performance is recognised and professional aspirations are supported through a comprehensive human resource strategy; and
6. Maintenance of effective communication with and support to the ILC Board.

Organisational Structure

Figure 12 illustrates the organisational structure of the ILC's administration of approximately ninety staff. The General Manager, Mr David Galvin, heads the administration and is appointed by the ILC Board.

Figure 12: ILC Staffing Structure



The ILC has responsibilities across Australia and at 30 June 2005 maintained offices in Adelaide, Brisbane, Canberra and Perth as illustrated below.

Location	Function	Senior Executive	
Adelaide	Central Division (servicing SA, NT, VIC and TAS)	Mr Luke Bowen, Acting Divisional Manager	
	Head Office		
	National Operations	Mr Len Owen, Director	
	Capacity Development		
	Policy and Research		
	Finance and Administration	Mrs Jodie Lindsay, Chief Financial Officer	
	Information & Communication Systems		
	Human Resources		
	Public Affairs		
	Legal compliance	Mr Paul Hayes, Principal Legal Officer	
	Brisbane	General Manager	Mr David Galvin
		Eastern Division (servicing QLD and NSW)	Mr Ashley Martens, Divisional Manager
		Corporate Support Unit	
	Canberra	Business Planning Directorate	Mr Garry Cook, Director
Office of the General Manager			
Board Secretariat			
Perth	Western Division (servicing WA)	Mr Allan Padgett, Divisional Manager	

Staffing Arrangements

The remuneration and terms and conditions of employment of the General Manager are governed by the Principal Executive Office Classification Structure, which is determined by the Remuneration Tribunal. The ILC has seven ongoing executive level staff, including Divisional Managers, Director National Operations, Chief Financial Officer and the Principal Legal Officer. These agreements are similar to those negotiated with Senior Executive staff of the Australian Public Service and include provision of private-plated motor vehicles, business class official travel, airline lounge membership, home-based computers and salary sacrificing.

The ILC's Deputy General Manager was granted two years' leave without pay to assume the position of Chief Executive Officer of the NSW Aboriginal Land Council in 2004. A position of Director National Operations was created to maintain a focus on strategic planning, capacity development and quality assurance activities, and to oversee the implementation of the Remediation Strategy.

The *ILC Certified Agreement 2002–2005* governs the terms and conditions of employment of eighty-six non-executive staff. The Agreement was made between the General Manager and ILC employees under section 170LK of the *Workplace Relations Act 1996* and is binding on the General Manager and ILC employees covered by the Agreement.

Staffing and diversity levels within the ILC remained broadly consistent with those from last reporting period. Indigenous staff represented 20.1% of total staff and females represented 42.9%. Table 3 illustrates staffing by EEO groups and Table 5 illustrates ILC salaries by EEO group.

Table 5: ILC Salary By EEO Group 2004–2005

Salary Range	Female	Male	Indigenous	Non-Indigenous	Total
\$0 – \$20,000	1	–	1	–	1
\$20,000 – \$40,000	5.6	3.4	5.6	3.4	9
\$40,001 – \$60,000	26	17.4	10	33.4	43.4
\$60001 – \$80,000	6	17	2	21	23
\$80,001 +	1	15	1	15	16
Totals	39.6	52.8	19.6	72.8	92.4

Table 6: ILC Staff by EEO Group 2004–2005

	Indigenous		Non-Indigenous		Totals	
	2004–2005	2003–2004	2004–2005	2003–2004	2004–2005	2003–2004
Eastern Divisional Office						
Female	6	4	3	4	9	8
Male	1	2	10.4	8	11.4	10
Western Divisional Office						
Female	1	1	6	5	7	6
Male	1	2	9	7	10	9
Central Divisional Office						
Female	1.6	2	2.4	1	4	3
Male	2	3	6	7	8	10
Business Planning						
Female	-	-	3	2	3	2
Male	-	-	1	1	1	1
Head Office						
Female	4	4	13	13	17	17
Male	3	2	19	17	22	19
Total	19.6	20	72.8	65	92.4	85

These figures include the following:

EDO – 1 Female Indigenous Cadet – 2004/2005

CDO – 1 Female Indigenous Trainee – 2004/2005

Policy and Strategy – 1 Female Cadet – 2004/2005

2004/2005 Figures do not include Board Members

The figures include employees of the ILC only; not employees of the ILC's subsidiary companies.

In addition to the above, the ILC engaged one Indigenous trainee (female) and one Indigenous work experience person (female) in WDO; and one Indigenous trainee (male) in EDO. All are paid through a group training provider and not included in the above table.

Human Resource Management

During the reporting period, a wide range of PPNs were developed and implemented that support ILC human resource management. Recruitment practices have been enhanced and a comprehensive Indigenous Employment and Career Development Strategy was introduced to further develop the skills of existing Indigenous employees and create opportunities to increase the employment of Indigenous people in the organisation. Two Indigenous cadets and three Indigenous trainees commenced employment with the ILC in 2004–2005 and an ILC Learning and Development Strategy was implemented.

The staff Indigenous Advisory Group and staff Consultative Committee continued their positive contribution to human resource management and development issues. Staff remained committed to delivering services fairly, effectively, impartially and courteously to Indigenous people. Consistent with this commitment, all ILC staff attended cultural awareness training during the financial year. Ongoing training to meet the individual needs of staff was provided and study leave was available to all staff. There was a continuing corporate focus on training to develop skills in financial and project management, contract management, project assessment and corporate information systems.

No ILC employee, including the General Manager and senior executives, received performance pay bonuses.

Occupational Health & Safety

The ILC maintained its commitment to providing and maintaining a safe and healthy working environment in a consultative, positive, practical and effective manner. During the reporting period, the ILC negotiated and implemented an Occupational Health and Safety (OH&S) Agreement, consistent with the requirements of Commonwealth legislation¹⁴. The ILC's policy is, in consultation with employees and their representatives, to take all reasonably practical steps to:

- Provide and maintain a safe and healthy working environment for employees, contractors and visitors;
- Prevent workplace injury and disease;
- Encourage and promote occupational health and safety awareness and responsibilities at all levels;
- Monitor, evaluate and strive for continual improvement in its occupational health and safety performance; and
- Integrate occupational health and safety into everything it does.

Responsibility for overseeing OH&S practice was vested in the CMT and the Human Resources Manager. The ILC experienced two accidents during the year resulting in minor injuries¹⁵. One occurred during a field visit and the other after work during the journey from the office to home. There was no requirement for notices under section 68 of the *Occupational Health and Safety (Commonwealth Employment Act) 1991*.

¹⁴ *Occupational Health and Safety (Commonwealth Employment) Act 1991*

¹⁵ Does not include ILC subsidiaries

The following activities were undertaken during the reporting period:

- Training was provided to all OH&S Health & Safety Representatives and managers regarding their role and responsibilities;
- Staff required to operate four-wheel drive vehicles and undertake First Aid procedures received appropriate training;
- Professional ergonomic assessments and rectification of workstations were conducted as an integral part of the ILC's induction processes for new employees and as part of the office relocation and fitout in Adelaide;
- A number of staff chose to be vaccinated for influenza and field staff for Tetanus, Hepatitis A and B and/or Japanese Encephalitis and Q Fever;
- Eyesight testing was conducted in accordance with Comcare Australia guidelines; and
- Access to an Employee Assistance Program was made available to all staff.

Staff utilised the Healthy Employee Scheme contained in the 2003–2005 Certified Agreement, which recognises that physical wellbeing is a key factor in employees being able to fully perform their duties. Staff were reimbursed limited expenses incurred in participating in a range of activities such as quit-smoking courses, gym and sports club membership and weight-loss programs.

Accountability for Financial & Physical Resources

OVERVIEW OF FINANCIAL RESULTS

As discussed in *Chapter 1*, the ILC is not funded by a direct appropriation from the Australian Government. Its main source of funding is from the Land Fund. Until 2003–2004 this was a percentage of a direct appropriation to the Land Fund. From 2004–2005 the ILC receives the realised real return from the investments of the Land Fund.

The ILC received \$4.0m on 30 June 2005, which equated to the realised real return from the investments from the Land Fund for the 2003–2004 financial year.

The results of the Land Fund for 2003–2004 were affected by the following:

- Investment strategy for the Land Fund included a short duration in order to reach and protect the target value of the fund at 30 June 2004;
- Interest rates were low;
- Repayment of excess appropriations from the Land Fund to the Official Public Account were made;
- Investments of the Land Fund considered not to be authorised investments were sold; and
- The indexation factor¹⁶ used to determine the realised real return was significantly higher than inflation.

The ILC has \$251 million invested as at the 30 June 2005.

Under section 191H of the ATSI Act, the ILC has the specific power to invest monies of the ILC. In addition, section 193K of the ATSI Act specifically exempts the ILC from Section 18(3) of the CAC Act which deals with allowable investments.

In accordance with Australian Accounting Standards, the ILC values its investments on a market-to-market basis. Accordingly, the change in the market value of the ILC's investments in any given period is recognised in the Statement of Financial Performance.

Under its legislation, the ILC acquires land for the specific purpose of granting an interest in that land to an Aboriginal or Torres Strait Islander corporation. As at 30 June 2005, the ILC held seventy-five properties, (including the fifteen properties transferred from ATSIC), at a value of \$71m. Whilst the ILC holds these properties, it is responsible for their maintenance and for statutory costs. Some of these properties are included in the ILC's Remediation Program.

The ILC also holds properties for granting that hold significant livestock. As at 30 June 2005, the ILC held 65,540 head of livestock at a value of \$18.6m. In accordance with Australian Accounting Standards, the ILC values the livestock on a market-to-market basis. Accordingly, the change in the market value of the livestock in any given period is recognised in the Statement of Financial Performance.

In addition to direct spend on Land Acquisition and Land Management functions, the ILC incurs travel and staff resource costs to:

- Conduct community consultation and workshops;
- Manage the land held, pending grant;
- Monitor activities occurring under Land Acquisition and Land Management functions; and
- Provide management and administrative support to commercial businesses run on ILC-held property.

Table 7: Highlights of the Financial Statements for Year ended 30 June 2005

	2004–2005	2003–2004
Land Fund Revenue	\$4m	\$54.7m
Funds spent on Land Acquisition*	\$8.1m	\$7.1m
Funds spent on Land Management	\$11.4m	\$9.3m
Land Acquisition assets held pending transfer	\$70.9m	\$48.9m
Value of Land Acquisition assets granted	\$0.6m	\$6.3m
Market value of investments	\$251m [^]	\$236m

*Includes improvement to infrastructure on ILC-held land.

[^]Includes \$7.5m former Regional Land Fund Monies transferred from ATSIC on 24 March 2005.

In accordance with the Australian Government's budget estimates framework, the ILC prepares budget estimates in May of each year for the coming financial year and three future years. The ILC will experience variances between budget estimates and actual performance due to all of the ILC's funding being Revenue from Other Sources, which includes:

- *Real return from the investments of the Land Fund.* The return on the Land Fund is dependent on interest rate movements and an indexation factor defined in the ATSI Act¹⁷;
- *The change in market value of investments.* The ILC's investments are valued on a market-to-market basis and therefore subject to interest rate and equity market movements from one reporting period to another; and
- *The change in market value of livestock.* The ILC's livestock are valued on a market-to-market basis and therefore subject to livestock market movements from one reporting period to another.

The total price of outputs represents the funds available to the ILC to carry out its legislated functions.

¹⁶ S.193D(1) ATSI Act

¹⁷ Implicit price deflator for gross non-farm product (trend) published by the Australian Statistician (s193D(1)).

Table 8: Summary Resource Table by Outcome

	(1) Budget* 2004–2005 \$'000	(2) Actual** 2004–2005 \$'000	Variation (col 2 minus col 1) \$'000	Budget*** 2005–2006 \$'000
Administered appropriations	-	-	-	-
Departmental appropriations	-	-	-	-
Total revenue from Government	-	-	-	-
Revenue from other sources				
Revenue from the Land Fund	63,124	4,038	(59,086)	75,689
Interest	319	529	210	651
Movement – Market Value of Investments	10,233	31,864	21,631	13,695
Movement – Market Value of Livestock	3,245	7,808	4,563	1,920
Other	840	2,173	1,343	688
Total revenue from other sources	77,761	46,412	(31,349)	92,643
Total price from departmental outputs (Total revenue from government and other sources)	77,761	46,412	(31,349)	92,643
Total resourcing for Outcome 1 (Total price of outputs and administered appropriations)	77,761	46,412	(31,349)	92,643
* Full year budget, including additional estimates				
**Refer note 27A of Financial Statements				
*** Budget prior to additional estimates				
Average Staffing Levels (consolidated)		2004–2005 130.3		2005–2006 130

MANAGEMENT OF SURPLUS FUNDS

The ILC maintained its investment portfolio in accordance with the Statement of Investment Objectives and Policy during 2004–2005.

The statement covers all aspects of the ILC's management of its investment funds. It sets out a number of key principles, including:

- Outsourcing the management of funds;
- For longer-term investment portfolio;
- A 52% growth weighting strategy for the ILC's longer-term portfolio;
- Utilising a minimum of two specialised active managers for both Australian and international equities; and
- Utilising a passive manager for listed property trusts, Australian and international fixed interest.

For shorter-term investment portfolio:

- Utilising a passive manager for the shorter-term cash portfolio;
- Maintaining a balance of \$5m in-house to ensure sufficient liquid funds are available to meet organisational costs.

Objectives for the longer-term investment portfolio are:

- To achieve returns (net of investment fees) that at least exceed the average rate of inflation (as measured by CPI) by 4% over five years;
- To limit the probability of the portfolio achieving negative returns.

Surplus funds are managed in accordance with the Statement of Investment Objectives and Policy to protect the financial resources required to fulfil the ILC's functions. The Audit and Risk Management Committee and the Board monitor the investment portfolio.

ASSET MANAGEMENT

Registers are maintained for all ILC assets and other portable and attractive items, including plant and equipment of land held for grant. Adequate insurance is maintained on all assets and a stock take of all assets is undertaken at least annually.

INSURANCE

Comcover is the Australian Government's self managed fund for insurable risks. The fund covers agencies within the general government sector, including those covered by the CAC Act and the FMA Act.

Accordingly, all ILC general liabilities, property, plant and equipment, including that of its subsidiaries, are insured through Comcover. A biennial review is completed to ensure that the ILC maintains sufficient cover for its assets and liabilities.

The Legal Unit ensures ILC contractual arrangements build in appropriate provision to protect physical and financial resources.

INDEMNITIES AND INSURANCE PREMIUMS FOR OFFICERS

The ILC maintains Directors and Officers insurance coverage through Comcover. The 2004-2005 premium was \$60,894 (2003–2004: \$55,358).

During the reporting period, the ILC has not given any indemnity to a current or former Director or Officer against a liability.

PURCHASING

Purchasing policy is consistent with the principles of *Australian Government Procurement Guidelines: Core Policies and Principles*.

The principles underpinning the ILC's procurement activities include:

- Value for money;
- Efficient and effective use of resources;
- Ethical use of resources;
- Accountability and transparency; and
- Support for other commonwealth policies.

The ILC purchasing system sets out requirements for competitive tendering and contracting and ensures that these principles are followed. Contractors, suppliers and consultants are procured either through contracts or through standard purchase orders, depending on the nature and value of the good or service.

Customer Service & Complaints Handling

The administration of the Customer Service System is a responsibility of the ILC Divisional Offices and the Corporate Support Unit.

The Customer Service System aims to:

- Provide an accessible, fair and equitable system for clients when lodging complaints to the ILC;
- Provide guidance to staff on action to be taken when a complaint is lodged;
- Ensure all complaints are investigated and resolved in a timely and cost-effective manner; and
- Provide a means for monitoring and improving service delivery.

The Complaints Handling System and Service Charter encourages the resolution of complaints at the local office level, but provides for the escalation of complaints to the Head Office's Corporate Support Unit if they are not satisfactorily resolved by the local office. No complaints were escalated and consequently registered in 2004–2005.

External Scrutiny

During the reporting period, there were no reports into, nor enquiries made of, the ILC's operations by the Ombudsman, Privacy Commissioner, Auditor General or Parliamentary Committee other than as provided at *Chapter 4*.

Freedom of Information

During the reporting period, there were two applications made to the ILC, pursuant to the Freedom of Information Act 1982 (Cth). Both applications were dealt with in accordance with the relevant provisions of the Act.

As required by the *Freedom of Information Act 1982* the functions and powers of the ILC are set out in *Chapter 1* of this report. Its governance and organisational arrangements are set out in *Chapter 2*.

The ILC maintains both Divisional files and Head Office files. The Head Office files are maintained by the various business units. The ILC also maintains a considerable amount of documentation that may be protected by obligations of confidentiality arising at common law or pursuant to statute (e.g., *Privacy Act 1988* or the secrecy provisions applicable to the ILC under the ATSI Act).

The ILC produces a broad range of documentation available to the public (see Appendix 7). Copies can be obtained either by contacting the ILC directly or through the ILC website at www.ilc.gov.au.

Information may be available on application should people choose to make an application pursuant to the FOI Act. Each application will be responded to on a case-by-case basis. Applications under the FOI Act at first instance are to be referred to the Freedom of Information Officer, ILC, GPO Box 652, Adelaide SA 5001.

Fraud Control & Awareness Program

The ILC maintains an ongoing Fraud Control and Awareness Program.

During the reporting period, an internal audit of the program was undertaken which made a number of recommendations to further enhance the effectiveness of the Program. These recommendations were implemented and included a revision of the relevant PPN including updated procedures for reporting fraud allegations. Further, extensive employee fraud awareness workshops were undertaken for all staff.

Also during the reporting period, the Audit and Risk Management Committee initiated a Biennial Fraud Risk Assessment, which will be completed in early 2005–2006.

The ILC is satisfied that it has up-to-date and appropriate fraud control mechanisms in place that meet the needs of the ILC and comply with relevant guidelines.

Litigation

The ILC has instituted proceedings against its former external investment advisor seeking recovery of \$5m (plus interest) lost on an investment in the WISDOM FAI Trust No.2 that failed with the collapse of the HIH group of companies. The ILC's main allegations are that the investment advisor breached its contract with the ILC; its duty of care; and that it engaged in misleading and deceptive conduct by withholding relevant information concerning the investment. The investment advisor has denied the ILC's allegations and claims that the ILC was negligent in making its investments. The proceeding is before the New South Wales Supreme Court and is expected to be heard next year.

Network Communication Systems

The ILC has developed several information management tools to assist the Board and staff with administration; property acquisition and management; financial and other record keeping; and a Geographic Information System.

A complaints-handling system and compliance database provide the means to monitor and report the resolution and status of complaints and compliance.

The ILC's website was in the process of being redesigned to include a content-management system to better facilitate update of information. The redesigned site will be live from early 2005–2006. The website provides access to electronic copies of all ILC publications, including policy documents, land acquisition and land management application forms, newsletters and other publications. Members of the public can also add themselves to a mailing list. The ILC's web site can be accessed at the Internet address, <http://www.ilc.gov.au>