

**Objective**

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

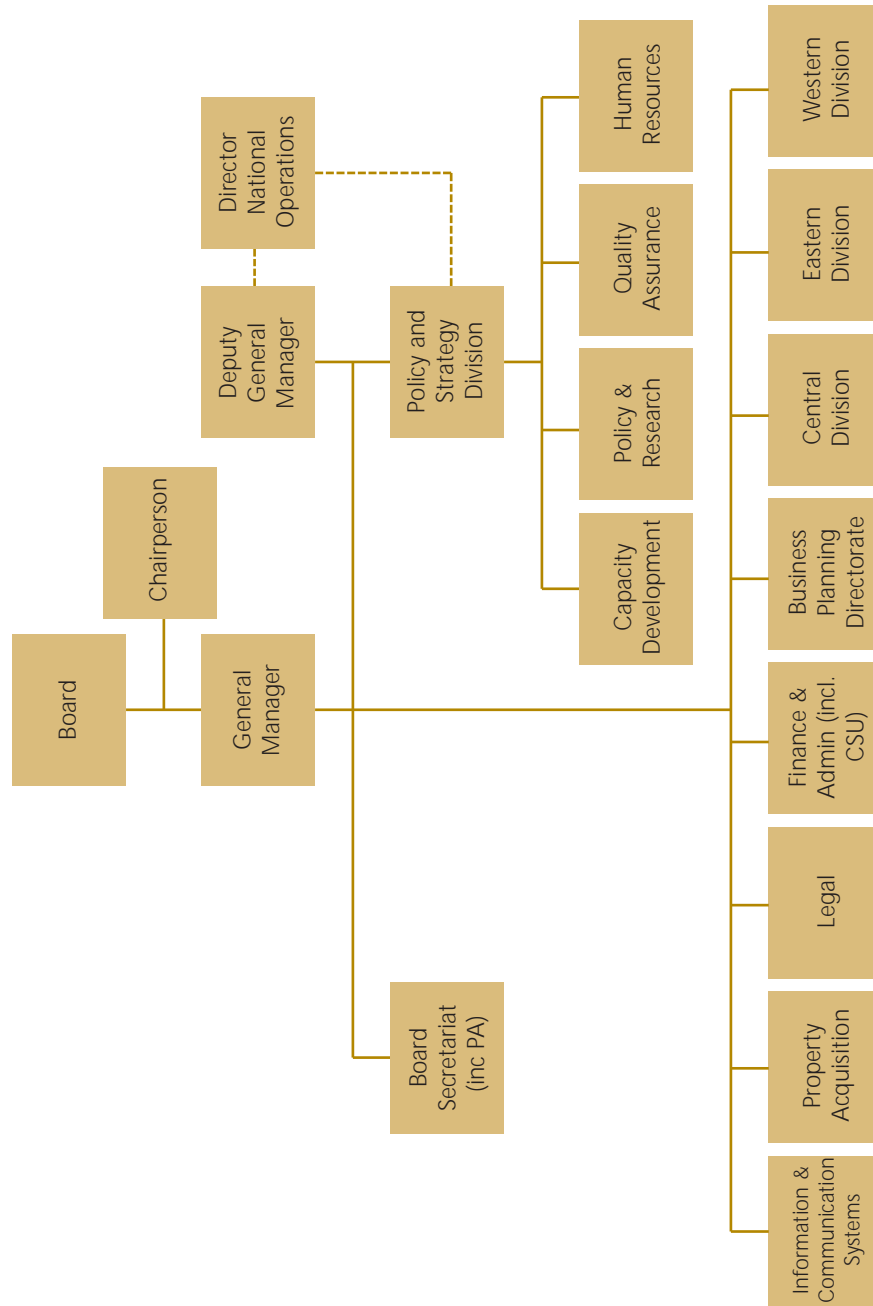
**Strategies**

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.
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 2004, maintained offices in Adelaide, Brisbane, Canberra and Perth as illustrated below.

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

## STAFFING ARRANGEMENTS

The remuneration and terms and conditions of employment of the ILC General Manager are governed by the Principal Executive Office Classification Structure, which is determined by the Remuneration Tribunal. The ILC General Manager negotiated Australian Workplace Agreements with six executive level staff, including Divisional Managers, Director National Operations, Chief Finance 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 Certified Agreement 2002-2005 governs the terms and conditions of employment of seventy seven 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 financial year. Indigenous staffing represented 23.5% of total staffing and females represented 42.4%. Table 3 illustrates salaries by EEO groups and Table 4 illustrates ILC staffing by EEO group.

The ILC's Deputy General Manager was granted leave without pay to assume the position of Chief Executive Officer of the NSW Aboriginal Land Council. 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.

**TABLE 3:  
ILC SALARY BY WORKPLACE DIVERSITY GROUP 2003-2004**

Salary Range	Female	Male	Indigenous	Non-Indigenous	Total
\$20,000 – \$40,000	9	2	2	9	11
\$40,001 – \$60,000	21	26	15	32	47
\$60,001 – \$80,000	5	12	2	15	17
\$80,001 +	1	9	1	9	10
Totals	36	49	20	65	85

**TABLE 4:  
ILC STAFF BY WORKPLACE DIVERSITY GROUP 2003/2004**

	Indigenous		Non-Indigenous		Totals	
	03/04	02/03	03/04	02/03	03/04	02/03
<b>Eastern Divisional Office</b>						
Female	4	2	4	6	8	8
Male	2	2	8	7	10	9
<b>Western Divisional Office</b>						
Female	1	1	5	6	6	7
Male	2	3	7	4	9	7
<b>Central Divisional Office</b>						
Female	2	3	1	2	3	5
Male	3	3	7	8	10	11
<b>Head Office</b>						
Female	3	3	9	10	12	13
Male	2	3	12	14	14	17
<b>Business Planning</b>						
Female	0	0	2	2	2	2
Male	0	0	1	1	1	1
<b>Policy and Strategy</b>						
Female	1	1	4	3	5	4
Male	0	2	5	2	5	4
<b>Total</b>	<b>20</b>	<b>23</b>	<b>65</b>	<b>65</b>	<b>85</b>	<b>88</b>

## HUMAN RESOURCE MANAGEMENT

A continuous improvement review of the Human Resource (HR) function was conducted in February 2004. As a result, a more comprehensive human resource strategy is to be developed, accompanied by clearer PPNs on a range of HR issues. It also required that the ILC's HR management systems be analysed in the light of emerging practice in other Australian Government agencies. Work had commenced on these initiatives at the end of the reporting period, as had the development of an enhanced staff learning and development strategy more strategically linked to corporate objectives and values, job competencies and performance management. These initiatives are key priorities for 2004-2005.

The Indigenous Advisory Group and staff Consultative Committee, on behalf of ILC staff, continued their positive contribution to human resource management and development issues. Staff remained committed to delivering services fairly, effectively, impartially and courteously to Indigenous Australians in support of their land needs. 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, project assessment and corporate information systems.

The ILC's Performance Management and Evaluation Program commenced implementation during the reporting period following a comprehensive review of staff position profiles, and annual performance agreements (to be assessed in September 2004) were negotiated and implemented for all staff. No ILC employees, including the General Manager and Senior Executives, received performance pay bonuses.

### **OCCUPATIONAL HEALTH AND SAFETY**

The ILC maintained its commitment to providing and maintaining a safe and healthy working environment in a consultative, positive, practical and effective manner. 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
- Integrate occupational health and safety into everything it does.

The ILC's Consultative Committee endorsed an occupational health and safety agreement. Responsibility for overseeing OH&S practice was vested in the CMT and the Human Resources Manager. No accidents or dangerous occurrences arose during the year and there was no requirement for notices under section 68 of the *Occupational Health and Safety (Commonwealth Employment Act) 1991*.

The ILC demonstrated its commitment to supporting a safe and healthy workplace for its employees in a range of ways. Training was provided to staff required to operate four-wheel drive vehicles and undertake First Aid procedures. Ergonomic assessments of workstations were also conducted as an integral part of the ILC's induction processes for new employees and as required for current employees.

Staff utilised the Healthy Employee Scheme, 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. Most staff chose to be vaccinated for influenza and field staff for Tetanus, Hepatitis A and B and/or Japanese Encephalitis. During the financial year, eyesight testing was conducted in accordance with

Comcare Australia guidelines and access to an Employee Assistance Program was made available.

## ACCOUNTABILITY FOR FINANCIAL AND PHYSICAL RESOURCES

**TABLE 5:  
HIGHLIGHTS OF THE FINANCIAL STATEMENTS FOR  
YEAR ENDED 30 JUNE 2004**

<b>Land Fund Revenue</b>	
2003 - 2004	\$54.7m
2002 - 2003	\$53.6m
<b>Funds spent on Land Acquisition</b>	
2003 - 2004	\$5.3m
2002 - 2003	\$12.4m
<b>Funds spent on Land Management</b>	
2003 - 2004	\$8.3m
2002 - 2003	\$9.1m
<b>Land Acquisition assets held pending transfer</b>	
2003 - 2004	\$45.7m
2002 - 2003	\$49.5m
<b>Value of Land Acquisition assets granted</b>	
2003 - 2004	\$6.3m
2002 - 2003	\$3.5m
<b>Market value of investments</b>	
2003 - 2004	\$236m
2002 - 2003	\$236m

The ILC received an annual allocation from the Aboriginal and Torres Strait Islander Land Fund Account according to a formula set out in the ATSIC Act until 2003-2004. The final allocation under this arrangement was received in July 2003. From 2004-2005 onwards the ILC will only receive the realised real return from the Land Fund. The distribution to the ILC for 2004-2005 will be the return on the Land Fund for the 2003-2004 financial year, net of inflation and will be received on 30 June 2005. Therefore the ILC will not receive funding for twenty four months from the Land Fund.

The ILC has \$236 million invested as at 30 June 2004. These funds will be utilised to cover the gap created by the twenty four month period between allocations. Under section 191H of the ATSIC Act the ILC has the specific power to invest monies of the ILC. In addition section 193K of the ATSIC Act specifically exempts the ILC from Section 18(3) of the *Commonwealth Authorities and Companies Act 1997* (CAC Act). This section of the CAC Act 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. The ILC capitalises the land on purchase and makes an immediate provision for grant equivalent to the purchase price. In the Statement of Financial Performance the expenses associated with the purchase and grant of the land is recognised in the period in which the land is purchased.

The ILC also holds properties for granting that have significant livestock on them. 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. The total price of outputs represents the funds available to the ILC to carry out its legislated functions.

### Management of Surplus Funds

The ILC maintained its investment portfolio in accordance with the Statement of Investment Objectives and Policy during 2003-2004.

The strategy was revised in April 2004 in accordance with the annual revision schedule and 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% (increased from original 50%) growth weighting strategy for the ILC's longer-term portfolio
  - Utilising a minimum of two specialised active managers for both Australian and international equities
  - 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 investment strategy in order to protect the financial resources required to fulfil its functions, and are monitored by the Audit and Risk Management Committee and the Board.

### **Investment Restrictions and Legislative Requirements**

The ILC is required to adhere to the following legislative requirements when developing its investment strategy in relation to surplus funds. The Land Fund is administered separately (see page 14).

#### *Land Fund and Indigenous Land Corporation (ATSIC Amendment) Act 1995*

The ILC has power to invest its money so long as the investment is 'necessary or convenient' for the purpose of the performance of the functions of the ILC (s.191H(1)).

Section 191F of the ATSIC Act sets out general criteria relating to the ILC's performance of its functions, which are relevant to how it invests its funds. This section provides that the ILC must act in accordance with sound business principles whenever it performs its functions on a commercial basis.

#### *Commonwealth Authorities and Companies Act 1997 (CAC Act)*

Section 18(3) relates to the banking and investment functions of the Government. Under this section the ILC would be restricted to investing money:

- On deposit with a bank
- In securities of the Commonwealth or a State or Territory
- In securities guaranteed by the Commonwealth, a State or a Territory
- In any other manner approved by the Treasurer.

However, S193K of the *Audit (Transitional and Miscellaneous) Amendment Act 1997* and section 193K(1) of the *Land Fund and Indigenous Land Corporation (ATSIC Amendment) Act 1995* states that subsection 18(3) of the CAC Act does not apply to the ILC.

### **Financial Budgets**

Financial budgets for 2003-2004 were completed and approved by the ILC Board in accordance with ILC practice.

### **GST Compliance**

In May 2004, the Australian Taxation Office (ATO) conducted a review of the ILC's Business Activity Statements and significant Goods and Service Tax transactions. The final report is yet to be received from the ATO, however no significant issues arose in the exit interview.

### **Asset Management**

Registers are maintained for all ILC assets and other portable and attractive items. Adequate insurance is maintained on all assets and a stocktake 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 review is completed bi-annually 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.

### **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
- Open and effective competition
- Ethics and fair dealing
- Accountability and reporting
- National competitive and industry development.

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 value of the goods or service.

### **Internal Audit**

This reporting period marked the first full year in which the ILC's internal audit function operated, by way of a contract with Deloitte. Details of internal audits conducted in 2003-2004 are outlined in Chapter 2, Corporate Governance.

### **Records Management**

A major project has been initiated to overhaul the ILC's Records Management system, involving the procurement of a new Records Management Information System. Work commenced on transferring data from the old system to the new and providing training to all relevant staff on Australian Government record keeping. The project will be completed in the next reporting period.

**TABLE 6:  
SUMMARY RESOURCE TABLE BY OUTCOME**

	Budget Estimate 2003-2004 \$'000	Actual* 2003-2004 \$'000
Administered appropriations	-	-
Departmental appropriations	-	-
Total revenue from Government	-	-
Revenue from other sources		
Revenue from the Land Fund	54,463	54,713
Interest	214	378
Movement - Market Value of Investments	9,075	22,923
Movement - Market Value of Livestock	2,145	4,973
other	837	1,467
Total revenue from other sources	66,734	84,454
Total price from departmental outputs (Total revenue from Government and other sources)	66,734	84,454
Total resourcing for Outcome 1 (Total price of outputs and administered appropriations)	66,734	84,454

\*Refer note 27A of Financial Statements

### **CUSTOMER SERVICE AND COMPLAINTS HANDLING**

The administration of the Customer Service System is by the ILC Divisional Offices and the Corporate Support Unit. The ILC 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
- Provide a means for monitoring and improving service delivery.

The Complaints Handling System and Service Charter are major components of the ILC's Customer Service System and are utilised to report the status and resolution of complaints and compliance. No formal complaints were registered in 2003-2004

## FREEDOM OF INFORMATION AND EXTERNAL SCRUTINY

During the reporting period, there were no reports into, nor enquiries made of, the ILC's operations by the Ombudsman or Privacy Commissioner.

During the reporting period, there were no applications made to the ILC pursuant to the *Freedom of Information Act 1982 (Cth)*.

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 Chapters 2 and 6.

The principal means of external participation is for Indigenous groups to make application for assistance in either land acquisition or land management programs. The ILC is required to have both a NILS and RILS and is required to consult with both ATSIC and such other persons or bodies, as the ILC considers appropriate regarding the content of the strategies. As a matter of practice ILC frequently consults with stakeholders in Indigenous land acquisition and management issues including ATSIC regional councils, NTRBs and non-Indigenous stakeholders.

The ILC maintains both Divisional files and Head Office files. The Head Office files will be divided between the various ILC units including Finance and Administration, Policy and Research, Directorate-National Operations, Human Resources and Legal. The ILC also maintains a considerable amount of documentation principally made up of its files, which are not generally available for distribution to the public. Some of that documentation may be protected by obligations of confidentiality arising at common law or pursuant to statute (eg: Privacy Act or the secrecy provisions applicable to the ILC under the ATSIC Act).

The ILC produces a broad range of documentation available to the public. These include the ILC Service Charter, the ILC Corporate Plan, the ILC Annual Reports and a Commission Report entitled *Improving Outcomes from Indigenous Land Purchasers*. Copies of these reports can be obtained either by contacting the ILC directly or through the ILC website at [www.ilc.gov.au](http://www.ilc.gov.au).

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

## **NETWORK COMMUNICATIONS SYSTEMS**

The ILC has implemented various information systems, such as the Property Acquisition and Management System (PAMS) to efficiently manage and monitor its activities. They include property, financial and recordkeeping systems. This year several of these systems were improved with the development of more extensive features, including PAMS, which was expanded to record land management activity and monitor the ILC's Remediation Program.

Modern computer systems are maintained both for internal efficiency and to ensure effective communication with other organisations and client groups. A Geographical Information System (GIS) facility assists staff and the ILC Board in their land management, acquisition and strategic planning operations.

## **MAINTAINING EFFECTIVE COMMUNICATION WITH AND SUPPORT TO THE ILC BOARD**

All strategies, policies, submissions, reports and proposals are coordinated by the Board Secretariat, which gives direct administrative support to the ILC Board. Board submissions must follow corporate processes and formats and require endorsement by the General Manager. Details of Board decisions are communicated to senior managers via videoconference on the day following Board meetings.

The Audit and Risk Management Committee commissioned a working group to prepare a draft code of conduct for the ILC Board during the year. This document has been considered by the Audit and Risk Management Committee and was subject to final amendment at the close of the reporting period.

