

**INQUIRY INTO FOLLOW UP OF AUDITOR-GENERAL'S  
2010 FINANCIAL AUDIT REPORTS**

**Organisation:** NSW Aboriginal Land Council  
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**Theme:**

**Summary**



# NEW SOUTH WALES ABORIGINAL LAND COUNCIL

ABN 82 726 507 500

Mr Jonathan O'Dea MP  
Chair  
Legislative Assembly Public Accounts Committee  
Parliament of New South Wales  
Macquarie Street  
**SYDNEY NSW 2000**

Dear Mr O'Dea

## **Response to Auditor-General's Financial Audit Repeat Recommendations**

I am writing to outline the New South Wales Aboriginal Land Council (NSWALC) response to the Auditor-General's repeat recommendation that "the Council consider dissolving the remaining Aboriginal Land Councils that are underperforming, particularly those under administration", as requested in your letter of 7 September 2011.

### **Ministerial responsibility**

I would like to first make it clear that under Part 5 Division 7 Section 87 of the Aboriginal Land Rights Act 1983 (ALRA), the decision to dissolve an Aboriginal Land Council or amalgamate Local Aboriginal Land Councils (LALCs) is the responsibility of the Minister. In the past, some Ministers have been reluctant to accept advice to take this kind of action. In the forthcoming review of the ALRA, NSWALC plans to highlight the fact that the Act does not make it clear what the triggers for Ministerial action should be.

### **NSWALC actions to date**

Your letter of 7 September 2011 also asks for information on any action to date that NSWALC has taken in relation to this repeat recommendation.

The recommendation is not in fact a repeat recommendation the recommendation to dissolve underperforming Local Aboriginal land councils is the first time that this has been made.

Recommendation in the previous year 2010 was not to fund underperforming Local Aboriginal land councils.

NSWALC has undertaken a number of initiatives to improve the sustainability of the network and improve the governance and performance of LALCs.

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### *Risk-based management*

In 2008-09 NSWALC adopted a new LALC Funding and Financial Obligations Policy. The policy moved away from a strict compliance measuring to a more comprehensive process based on regular risk assessment of LALCs.

There are only two categories under this policy – funded and unfunded, with a number of risk categories established for funded LALCs. NSWALC has developed a risk assessment tool known as the LALC Management Support System. The new system requires regular site visits to LALCs and detailed questions are posed in five key operational areas (financial management, administration, property management, governance and human resources).

### *Compliance and funding database*

NSWALC is making better use of its quality assurance database which automatically creates compliance requirements for each LALC one month before the compliance date, automatically breaches LALC's for non compliance, automatically changes the funding category of a LALC, reminds Zone offices and LALCs of forthcoming requirements and provides information.

### *Debtor management system*

As referred to in the 2010 Auditor General's Report to Parliament Volume Six, NSWALC now has in place an approved Debt Management Policy.

### *Governance training*

LALC capacity building initiatives continue to be a focus for NSWALC, including mandatory governance training for all LALC Board members.

In February 2010 the NSWALC Board resolved to fund LALC CEOs to participate in a customised Graduate Certificate in Business Administration program, provided by the University of Newcastle. This is a new initiative and although there have been some initial hurdles; NSWALC is working with the University to continue to tailor the program to the needs of LALC staff.

### *Sustainability*

In response to the recommendations of the NSW Audit Office, NSWALC has recently circulated a Discussion Paper on the sustainability of the NSW Aboriginal Land Rights Network. Key recommendations include:

1. That a comprehensive review of funding allocations to LALCs be undertaken, including that a new funding formula takes account of the needs and rewards better performance by LALCs
2. That NSWALC dispose of non-performing assets to raise funds
3. That the network makes Government aware of and pays for the costs of extra demands it places on networks (such as resource-intensive statutory requirements)
4. That NSWALC encourages the sharing of resources between LALCs and explores a range of incentives that could be offered
5. That NSWALC provides incentives for voluntary amalgamations between LALCs

6. That NSWALC only approves benefit schemes that are supported by professionally prepared business plans and / or feasibility tested
7. NSWALC links benefits to membership such that it encourages eligible people to join their LALCs and become active members.

The Council has written to all the LALCs seeking feedback on the Discussion Paper.

If you or the Committee would like any further information, please do not hesitate to contact me on 02 9689 4412.

Yours sincerely,



**Geoff Scott**  
Chief Executive Officer  
New South Wales Aboriginal Land Council  
14 October 2011