

Cape York Land Council Aboriginal Corporation



Annual Report 2005-2006

COVER ART:

Artist: Eric Norman © 2006
Title: "Dancing Jabiru"
Size: 91H x 60.5W cm
Medium: Acrylic on canvas board
Catalogue no: 166EN

Story (artist's own words): The artist is Wik Thaayorre from his father's side and Wik Mungkam from his mother's side. His traditional country is located to the North and South of Pormpuraaw. "My inspiration comes from my country and all life within. I have the stories from my father and my family as I was growing up".

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CAPE YORK LAND COUNCIL
ABORIGINAL CORPORATION
ANNUAL REPORT
2005 - 2006

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10th October 2006



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The Hon. Mal Brough MP
Minister for Families, Community Services and Indigenous Affairs
Minister Assisting the Prime Minister for Indigenous Affairs
Parliament House
Canberra ACT 2600

Dear Minister

It is with pleasure that I present you with the Annual Report of the Cape York Land Council (CYLC), in accordance with section 203DC of the Native Title Act 1993 (NTA) (Cth). This Annual Report covers the period from 1 July 2005 until 30 June 2006.

CYLC continues to strive to achieve the goals set down by the Aboriginal elders of Cape York at the time of its incorporation. We do this while adhering to the requirements of our funding agreement and the current legislation.

Yours sincerely



Michael Ross
Chairperson
Cape York Land Council

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Chairperson's Report

First of all it is important to acknowledge the dedication of the previous Governing and Executive Committee members who were faced with hard decisions relating to finances, employment and strategic planning of CYLC. The current Governing Committee was confirmed in November 2005 and at this time I was elected Chairperson.

For the past 2 years CYLC has undergone detailed independent reviews of its operations. This was partly due to criticisms of the way CYLC operated but also a part of OIPC's monitoring of indigenous organisations.

The past 12 months has been a time of reflection and change for CYLC. This has seen a change in the management and procedures governing the organisation. In September the previous Executive Director resigned from the position after 4 years in this role. At this time the Governing Committee with advice and guidance from Indigenous leadership and our funding body confirmed an acting Chief Executive Officer and Chief Financial Officer. The Executive Committee then confirmed the appointment of a Principal Legal Officer in March this year.

The new management structure, under the guidance of the Governing and Executive Committee has implemented many improvements in the way CYLC carries out its operations.

To enable the Executive Committee to understand completely the importance of its role in the future direction of the Land Council both Governance Training and Equity Training was undertaken in June of this year. This assisted the Committee to understand the laws which govern our operations and the responsibility of Directors in ensuring that these laws are adhered to.

The Governing Committee during the 2 meetings held this year have delegated a number of responsibilities to the Executive Committee. The Executive Committee have dealt with these during a total of 7 meetings for this financial year. CYLC has been criticised for the costs of these meetings, yet they have been a necessity during the past year when these Directors have been called upon to make decisions on management, funding and future direction of their NTRB.

Since my election as Chairperson I have been involved in representing CYLC at various meetings 'on country' in Cape York as well as attending various meetings locally and interstate. In December last year I led a team to meetings in Laura, Coen and Bamaga to discuss the engagement by Traditional Owner Groups of Carnegie Wylie & Company as exclusive commercial advisors and lead negotiators for the purposes of the PNG – QLD Gas Pipeline proposal. I led a similar team to Weipa in February.

I am pleased to report that from these beginnings CYLC has provided a significant assistance and facilitation role to the point where we are seeking authorisation of an ILUA (permitting the Cape York section of the pipeline to be built) and approval of a Commercial Process Agreement (dealing with how that ILUA can be traded for a proper commercial compensation and equity package for the affected Traditional Owner Groups).

Involvement in this process has enabled CYLC to promptly begin rebuilding bridges with many of our Traditional Owner Groups and a solid foundation for unity within the Cape.

In 2002 at the Annual Cape York Land and Health Summit I read the following to the gathering:

Water is my people's life

*Many of my people's stories are with the water
We do ceremonies with water
If our water is destroyed
Our life will have no being, no meaning
We will have nothing to pass on
Our culture will be destroyed*

The importance of these words was lost on the ears of the policy makers of this government when they proposed the Wild Rivers legislation. This proposal will greatly affect Aboriginal people of Cape York where our culture is strong and our connection with our water systems is part of our daily life. This proposed legislation has taken up a lot of resources and will continue to do so into the next year. It will do so without funding from the State and its policy makers while we consult our constituents to make them aware of what this will mean to our future generations.

We seek a commitment from the decision makers to return to the principles of the Cape York Heads of Agreement (CYHOA) signed in 1996 by Australian Conservation Foundation (ACF), the Wilderness Society (TWS), the Cattlemans Union, Balkanu and CYLC and the Queensland Government in 2001. The agreement represents a sensible balance between the interests of Cape York's three major factions: indigenous groups, the pastoralists and the environmental lobby. This framework land use agreement provides for land acquisitions and Native Title resolution for traditional owners, World Heritage Listing and environmental conservation for the environmental lobby and pastoral industry security and tenure upgrade for the cattlemen.

In short the CYHOA provides a precedent for a peaceful settlement of land use on the Cape York Peninsula that addresses the needs of all 3 groups. The Queensland Government recognised the value of this approach to land use and became a party to the agreement in 2001. Since that time, all factions (except indigenous groups) have walked away from the CYHOA by pursuing its agenda in the absence of consultation with the Traditional Owners of the Cape York Peninsula. CYLC believes that this is regrettable and urges those involved to consult with Aboriginal people of Cape York who these decisions directly affect.

Report by Chief Executive Officer

Summary of significant issues and developments

At the start of this year CYLC found itself in a difficult position with pressure from the funding provider following a number of reviews which criticised some of the previous practices used by the Land Council. Many of these practices were made in an environment very different to other NTRB's. Cape York is an area of strong culture where Aboriginal people are living on their traditional lands uninterrupted by the development seen in other areas. This underdevelopment creates an environment where meetings are not possible for parts of the year due to inaccessibility caused by heavy rains during the Wet Season. This in turn requires us to spend great amounts of money to travel using scheduled or chartered flights to take instructions from our clients. To not do this through meeting with clients in person would be an insult to their cultural practices.

This was the case in early 2006 when Cyclone Monica devastated Cape York. While it did not receive the media attention compared to Cyclone Larry that destroyed parts of North Qld, the damage sustained to the roads and some communities and outstations in the Cape placed further strain on CYLC resources with the main Development Road unable to be used for most of the year, leaving air travel as the only option. These factors and the remoteness of Cape York communities and our clients, coupled with the difficulties in contacting clients when road access is not available factor into our requirements for greater funding than some of our southern peers.

I was appointed as Acting Chief Executive Officer by the Governing Committee in December 2005 with this appointment made formal in June 2006. During this time it has been an honour to work with a dedicated Chairperson and Board who strive to improve the practices of CYLC allowing it to achieve its goals in the most effective manner.

On my appointment, CYLC's funds were managed by a Funds Controller and the reviews of the previous year left high volumes of work. I am pleased to report that this work has been carried out whilst following our budget and working with limited resources.

CYLC has worked on updating its Policy Manual, introducing review policies in line with the recommendations of the Review teams and both the previous and current Governing Committee's. This manual was also adapted to suit the amended management structure and procedures that CYLC now follow to ensure that it is focused on our goal to facilitate the return of traditional Aboriginal land to the Traditional Owners of Cape York. We have enlisted the services of Commerce Qld to ensure that we are working within the most up to date legislative requirements relating to Human Resources.

Following the appointment of the acting Principal Legal Officer in December 2005 and confirmed in March 2006, CYLC has proudly secured the services of a number of

professional staff, become the first NTRB to become involved in the student Anthropologist program, acquired the services of a number of legal students on internships and has also increased its staff training programs.

CYLC has implemented a high volume of training programs during the year with staff receiving training on various computer packages, participation in legal seminars, senior management workshops, cross-cultural awareness, accounting and business training, equity training of both staff and Executive Committee members, first aid and 4WD training along with the attendance at the NTRB national conference and Native Title and Cultural Heritage Conference.

The strength of the growing Native Title Unit and further training and development of staff has contributed to the success of the organisation over the past year.

From a financial perspective, the 2005-2006 year saw continued funding by the Commonwealth NTRB from the Department of Immigration and Multicultural and Indigenous Affairs (DIMIA) through the Office of Indigenous Policy Coordination (OIPC). There was a period at the commencement of the year when the position of Chief Financial Officer was vacant. In September 2005 this position was filled on a short term contract basis which subsequently became permanent. This enabled the finance department to stabilise and progress significantly in implementing appropriate policy and procedures, and address the problems of the past.

CYLC has strengthened its commitment to manage well its resources by meeting the funding guidelines and by the implementation of sound management practices.

CYLC has progressed its claims and is working towards settlement of a number of matters over the next 12 months. The past year has seen the Land Council manage 26 claimant applications. Most notable of our achievements has been the significant progression of the Yalanji, Kuuku Ya'u, and Strathgordon claims as outlined in this report. We have also progressed several other matters in accordance with the requirements of the Native Title Act with Connection Reports finalised and have continued our commitment of resources to the State Land Dealings project.

Overview of Performance and Financial Results

Performance during the year was in large part due to improved management practices and the increase in the numbers of professional staff.

This focus yielded a range of outcomes, including:

- Settlement of work plans for the majority of Native Title claims and progress made in accordance with these
- Further development of the Yalanji ILUA and significant progress continues to be made to finalise this matter
- Policy submissions and continued lobbying on the State government's Wild Rivers policy
- Engagement of consultants to prepare connection material for Wuthathi #2, Mapoon People's, Ankamuthi, Weipa Peninsula People's, Batavia – Northern Kaanju & Yianh, Dingaal and Archer Point
- Connection Report provided to the State for Wuthathi, Kuuku Ya'u and Northern Kaanju People Native Title Determination Application
- Finalisation of 5 Agreements as outlined further in the NTRB overview
- Connection Report Summaries provided to respondent third parties who have requested them in the Strathgordon, Kuuku Ya'u and Kowanyama matters
- Continued support by CYLC of State Land Dealings Project
- Representation of Traditional Owners in the PNG Gas Pipeline Project
- Advising and engaging with Traditional Owners over Future Acts Notices
- Submissions made relating to matters that CYLC considers has, or will impact, on native title rights and interests existent in the Cape York region

Outlook for the following year

CYLC hopes to secure funding to complete office renovations to better manage its current offices with increased staff the need for better storage and access to private meeting rooms with our clients.

A quarterly Newsletter has been endorsed by the Executive Committee to ensure that we are providing regular reports to our clients. This communication will allow us to report on developments both in Cape York and provide a 'Plain English' version of developments in the Native Title operating environment (including legislative proposals and decisions).

The Cape York Land Council Policy Manual will be implemented with training provided to all staff on the amended operating procedures of the organisation. Further training and development of our staff will accompany this.

With CYLC's continued financial performance and the positive reports from our funding provider we look forward to the removal of the Funds Controller and to CYLC implementing its amended procedures in the finance department.

The status of up to 3 of our claims is likely to lead to finalisation of these matters in the next financial year. This will be welcomed by the Traditional Owners involved and CYLC hopes to continue to set precedents in the management of Native Title applications.

The continued dedication of the Governing Committee will further support the management and staff during the following year as we welcome further achievements in Native Title for Aboriginal people of Cape York.

NTRB Overview

Overview description of Cape York Land Council

Cape York Land Council (CYLC) was formed in 1990 by Aboriginal people representing the communities of Cape York. CYLC's original charter of aims was set down at an inaugural Land Summit in Lockhart River in that year. It is incorporated under the *Aboriginal Councils and Associations Act 1976* (Cth).

CYLC was first recognised as a NTRB for the Cooktown region by the Commonwealth Minister for Aboriginal and Torres Strait Islander Affairs in 1993. It was re-recognised as an NTRB under the 1998 amendments to the NTA on 15 January 2001.

It is CYLC's vision to be recognised as a key part of a network of specialist community-based organisations representing the interests of the Aboriginal peoples of Cape York, focussing on achieving timely and meaningful outcomes for constituents on land and Native Title matters within the region.

To this end, the CYLC's mission is to:

“consult with, and according to their directions, effectively represent, the Aboriginal peoples of Cape York to regain rights to land and sea so we can preserve our culture and make our own decisions to achieve a better future”.

The original charter of the CYLC, resolved at the inaugural land summit, identified a number of aims including:

- providing a vehicle for self-determination for the Aboriginal peoples of Cape York;
- providing a representative voice for Aboriginal peoples of Cape York in relation to land issues;
- respecting and recognising land rights and responsibilities of Traditional Owners of land in Cape York;
- respecting the culture of the Aboriginal peoples of Cape York Peninsula;
- transparency and accountability to government and Traditional Owners and partners; and
- providing opportunities to Cape York people to acquire management skills appropriate to their communities' needs.

Role and functions

As a Native Title Representative Body under the *Native Title Act 1993* (Cth) (NTA), CYLC undertakes a range of statutory functions in connection with Native Title. The statutory functions of CYLC are set out at s203B in Part 11, Division 3 NTA:

- facilitation and assistance functions (s203BB);

- certification functions (s203BE);
- dispute resolution functions (s203BF);
- notification functions (s203BG);
- agreement making functions (s203BH);
- internal review functions (s203BI); and
- other functions (s203BJ and s203AI).

Several general requirements exist in relation to the performance of these functions. Except in certain circumstances, the NTRB must perform its statutory functions personally (s203B(3)). A NTRB must use its best efforts to perform its functions in a timely manner, having particular regard to statutory timeframes (s203BA(1)). Finally, a NTRB must perform its functions in a manner that maintains organisational structures and administrative processes which promote satisfactory representation of Native Title holders and effective consultation with Aboriginal and Torres Strait Islanders within their region (s203BA(2)(a), (b)). These structures and processes must also operate in a fair manner (s203BA(2)(c)). The organisational structure of CYLC is represented at Figure 1.

Irrespective of any prioritisation of functions or allocation of resources that an NTRB may be required to determine, their ultimate priority must be the protection of Native Title holders interests (s203B(4)). CYLC's statutory functions determine CYLC's outcome and output structures, as set out at Figure 2.

Corporate Governance Policies

The Cape York Land Council, under its Rules of Incorporation, is guided by a Governing Committee consisting of 34 persons (2 representatives from each of the 17 communities it represents). The Executive Committee is made up of 8 members of the Governing Committee, Chairperson and Deputy Chairperson. The Executive Committee carry out its functions as a delegate of the Governing Committee. The Executive Committee meet on a regular basis and guide the policies and direction of the Land Council. At these meetings the Committee's accept reports from the Chief Executive Officer, Chief Financial Manager and Principal Legal Officer. They make decisions on the activities of the Land Council after consideration of these reports and other advice provided by the management team. The Corporate Governance of CYLC is discussed in more detail later in this report.

Figure 1 – **ORGANISATIONAL STRUCTURE**

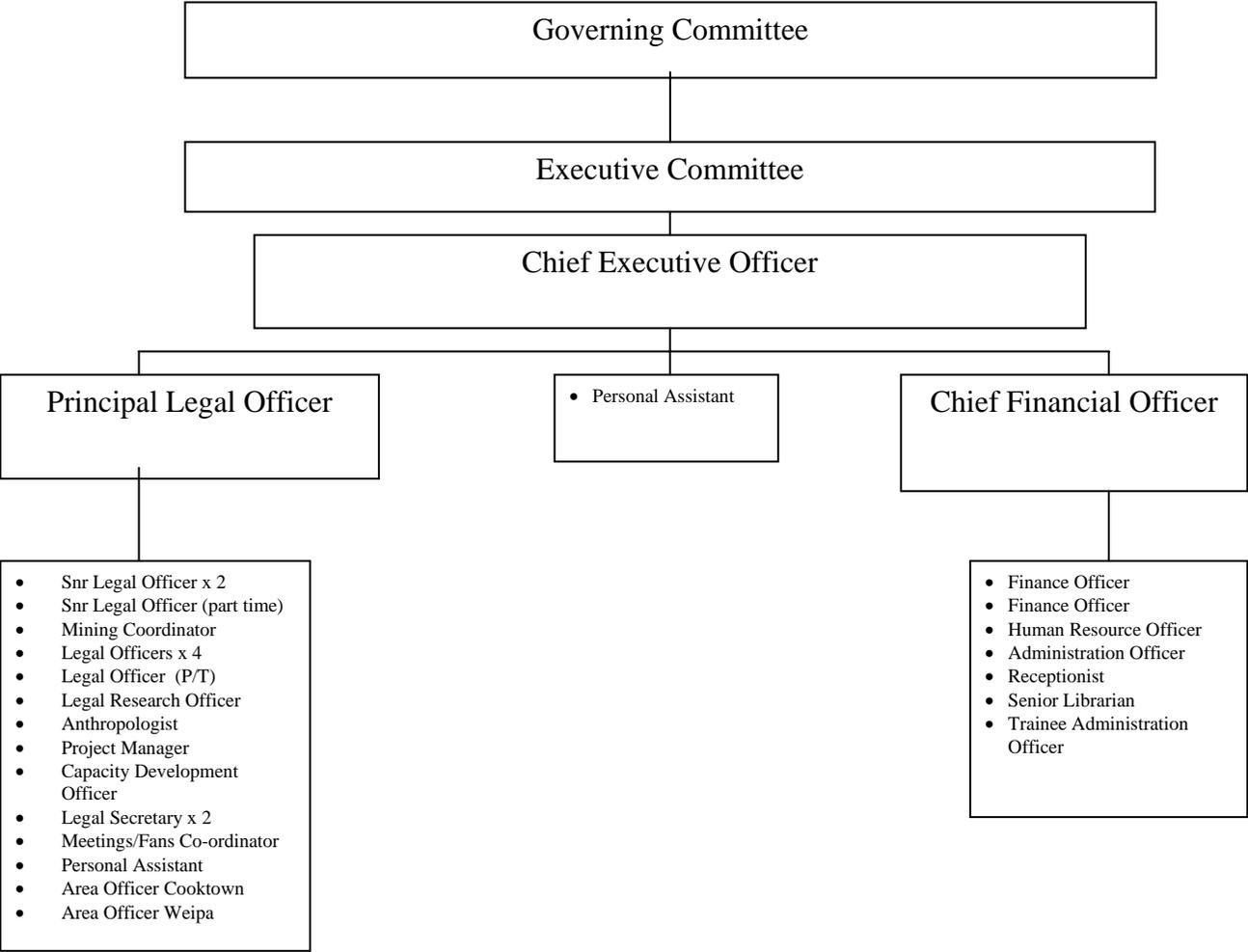
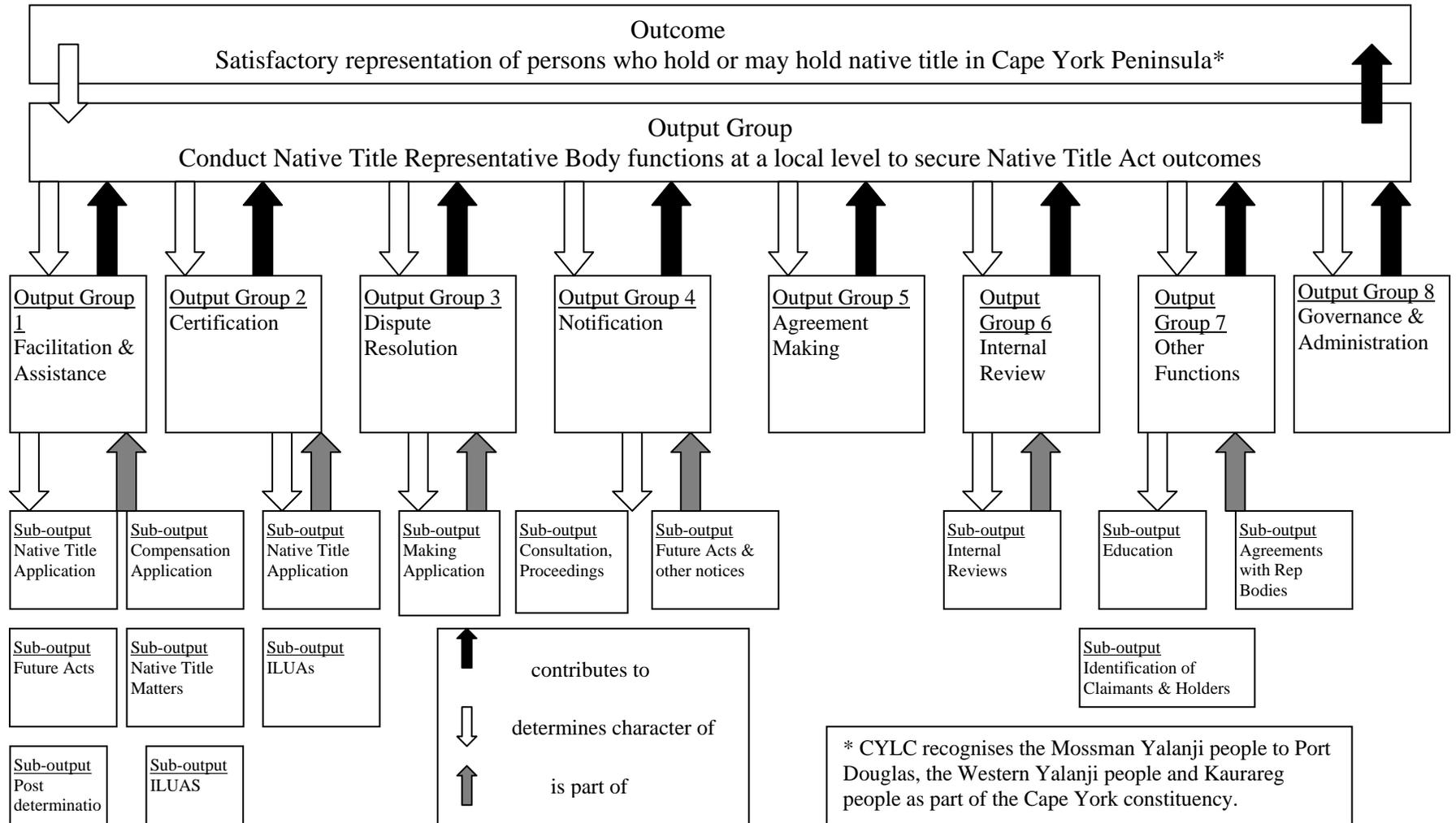


Figure 2 – OUTCOMES & OUTPUTS STRUCTURE



Strategic Plan and Operational Plan

In the 2005-2006 year CYLC operated under its Strategic Plan for 2004-2007. CYLC's mission is the return of land in Cape York to traditional owners. CYLC has worked within its strategic plan framework to achieve that end. Key elements underpinning the strategic plan are represented in the operational plan.

For example:

- engaging in substantive negotiation wherever possible;
- keeping claimants and other Traditional Owners informed;
- constant review of claims to identify progress;
- supporting claims with comprehensive research;
- facilitating self-determination by providing adequate and appropriate information;
- maintaining a future acts register;
- actively maintaining links with communities throughout the Cape; and
- providing responsible and accountable governance.

Report on Performance

It is clear from Figure 2 – Outcomes & Outputs Structure that CYLC undertakes a variety of activities. Many activities will not be completed within a single reporting period due to the nature of the activity and CYLC's dynamic operating environment. However it can be demonstrated that CYLC made important progress in achieving outcomes during the 2005/06 reporting period in accordance with its strategic and operational plans.

Actual Performance – progress of native title applications

CYLC provides the following examples of progress and outcomes achieved during the 2005/2006 reporting period:

- With the assistance of the NNTT, CYLC and respondent third parties settle work plans for the majority of Native Title claims in Cape York and associated progress made in accordance with the work plan requirements.

- State confirms cabinet's decision to approve proceeding to finalise the Yalanji Indigenous Land Use Agreement (ILUA) package in accordance with the principles and outcomes of the Agreement in Principle. Significant progress continues to be made towards (i) execution of 15 Indigenous Land Use Agreements, a Co-operative Management Agreement under the *Wet Tropics Management Plan 1998 (Qld)* and a Co-operative Management Agreement / Conservation Agreement under the *Nature Conservation Act 1992 (Qld)* and (ii) a consent determination.
- State accepts connection for the purpose of engaging in substantive mediation for particular areas in the Kuuku Ya'u, Wik #2 and Strathgordon Native Title claims.
- Significant progress made in resolving outstanding issues in the Strathgordon matter with a resolution of all issues anticipated by the end of this year.
- Engagement of anthropologists to prepare connection material in the following matters:
 - Wuthathi #2
 - Mapoon Peoples
 - Ankamuthi
 - Weipa Peninsula Peoples
 - Batavia – Northern Kaanju & Yianh
 - Dingaal
 - Archer Point Claim
 - Connection Reports provided to State in the Wuthathi, Kuuku Ya'u & Northern Kaanju People Native Title Determination Application..
 - Connection report summaries provided to respondent third parties who have requested them in the Strathgordon, Kuuku Ya'u and Kowanyama matters.

Actual Performance - Agreement Making

CYLC made the following agreements during the 05/06 financial year:

Udnat Ampungk ILUA – a use and access ILUA between the Kowanyama Native Title holders and the registered lessee of Koolatah Station Pastoral Holding, Elrose Enterprise Pty Ltd was executed on 23 February 2006 and was entered on the Register of Indigenous Land Use Agreements in September.

Minh Way Sewerage Works ILUA – made between the Minh Boro people, the Pormpuraaw Aboriginal Community and the State of Queensland, for the purpose of constructing sewerage works and associated infrastructure in the community of Pormpuraaw. This ILUA was entered on the Register of Indigenous Land Use Agreements on 5 October 2005.

Northern Peninsula Area Infrastructure ILUA – made between CYLC, Gudang Peoples, Angkamuthi People, Injinoo Aboriginal Council and the State. The ILUA provides consent for a range of acts relating to the construction and renovation of infrastructure, including housing units. This ILUA was entered on the Register of Indigenous Land Use Agreements on 12 December 2005.

Marina Plains – on 17 August 2005, the long standing negotiations with the State and the Lamalama people was concluded with the handover of Rindoparr on Marina Plains to the Yintjingga Land Trust and the inclusion of a significant proportion of the property into the adjacent Lakefield National Park. The Yintjingga Land Trust also entered into a Conservation Agreement with the Environmental Protection Agency for Rindoparr.

Kalpowar aggregation - State Land Dealings project, see below.

State Land Dealings Project

In 2005/06 CYLC continued its involvement with the State Land Dealings project. This is a State funded project involving the resolution of tenure on a number of properties in the region through negotiated ILUAs. CYLC and Balkanu Cape York Development Corporation negotiate regularly with the State's Cape York Tenure Resolution Task Force about these properties and hold regular meetings with Native Title holders. CYLC's client's seek land under secure tenure whilst the State seeks to protect high conservation areas by creating new National Parks or conservation agreements with Native Title holders under the *Nature Conservation Act, 1992 (Qld)*. Successful agreements were reached for the 05/06 period for the Kalpowar aggregation and at Marina Plains.

National Parks (Aboriginal Land)

Not one of the National Parks successfully claimed under the *Aboriginal Land Act, 1991 (Qld)* in the 1990's has been handed back to Native Title holders. This is a source of great ongoing concern to CYLC's members and clients and a source of embarrassment for the Queensland Government. In stark contrast to other States and Territories in Australia, the Queensland Government refuses to grant Aboriginal title to National Parks. CYLC

continues to advocate for change to policy and legislation to bring Queensland into step with the rest of Australia.

Mining and Exploration Activity

The workload of the CYLC Mining Unit has been dominated by the proposed PNG QLD Gas Pipeline where the affected Traditional Owners Groups engaged Carnegie, Wylie & Company as lead negotiators and commercial advisors with CYLC providing an extensive assistance and facilitation role. Progress towards the presentation of an ILUA and related arrangements will continue to dominate unit activities at least until October 2006.

In the Minerals Exploration area it has become apparent that miners are increasingly aware of processes and reluctant to negotiate exploration arrangements which are more favourable to Traditional Owners than the Government imposed Native Title Protection Conditions (NTPCs). This has made it difficult to persuade mineral explorers to fund negotiated agreements.

The NTPCs are being reviewed by Government and CYLC is seeking substantial changes in that process. On the exploration front BHP Billiton in the Coen/Yambo area, Tinpitch in the Alice River area and Michael Curtain in the Palmerville area will be embarking an exploration activity on the ground early in the 2006/2007 year.

Future Act Notifications

The volume of incoming future act notifications has increased in the last financial year with an average monthly number of 37. In order to manage this high volume a Future Acts Register database has been developed that enables CYLC to monitor each future act and respond accordingly. CYLC has implemented a coordinated approach to dealing with future acts that includes direct consultation and advice from the Executive Committee and the development of concise, factual information papers for our clients.

This coordinated approach by CYLC to provide concise and relevant information will enable traditional owners to make informed decisions about future acts that impact on their native title claim areas. It is evident by the number of direct responses (both written and orally) from individual traditional owners that this process is an effective tool in raising the awareness of future acts and how they relate to native title claims in the Cape York area. We have also seen an increase in the numbers of traditional owners engaging directly with CYLC in relation to future acts and who are providing further information to the wider claimant groups as a result of this engagement.

We anticipate that there will be a significant increase in volumes of future acts in the near future and CYLC is confident that the procedures presently in place will ensure that the future acts notifications are managed effectively to ensure compliance with our operational and strategic plan and our statutory functions as a NTRB.

Submissions made by CYLC

CYLC made a number of submissions during the last financial year on proposed legislative amendments or government policies that will impact on native title rights and interests in the Cape York region. CYLC has used our best endeavours to ensure the voice of Cape York traditional owners is heard when governments have not been prepared to meaningfully engage with our clients in the consultation process. The submissions that CYLC has made in the 2005/2006 financial year include:

- Submission for a regulation to exclude Cape York Peninsula from the operation of the Fossicking Act 1994 (Qld);
- Submission of the Draft Code for the Wild Rivers Act 2005 (Qld);
- Submissions on the Draft Guidelines on the Provision of Financial Assistance by the Attorney-General under the Native Title Act 1993 (Cth);
- Submission on the Research priorities for Marine and Tropical Sciences Research Facility; and
- Submission to the Senate Environment, Communications Information Technology and the Arts Committee on the Inquiry into Australia's national parks, conservation reserves and marine protected areas.

Narrative discussion and analysis of performance

Court Operating Environment

As mentioned previously, CYLC and respondent third parties successfully negotiated work plans for the majority of native title claims that have been lodged with the Federal Court. The work plans were filed with the Federal Court prior to the regional directions hearing that was held on the 23 May 2006. The work plans have become an integral part of CYLC's operations and performance and they have formed the basis of our 2006/07 Operational Plan. More than a procedural requirement, the work plans have become a valuable tool in the planning, preparing and progression of claims. The work plans enable the Federal Court, CYLC and respondent parties to monitor the progression of claims by providing a 'road map' for each claim and they help ensure that all parties comply with their obligations in the work plans. If a respondent third party consistently fails to meet its work plan obligations, CYLC on behalf of the applicant can seek orders from the Court to ensure compliance. Therefore, while work plans demand significant time and attention from CYLC legal officers, CYLC considers the net benefit of the work plans greatly warrant this time and dedication of resources.

State Government's approach to Native Title claims

As mentioned above important progress has been made in CYLC's high priority claims including Yalanji, Strathgordon and Kuuku Ya'u during the financial year and this has been the result of the commitment of CYLC, the State and some third party respondents to progressing these matters. However CYLC remains concerned with the State's time frame of several months for assessment of connection reports. Connection reports form the basis of the mediation process between the parties. The State and other parties will not normally engage in substantive mediation unless and until connection has been favourably assessed by the State's anthropologists. Therefore it is vital that all connection reports are assessed in a timely fashion so that claims can progress at a reasonable rate. CYLC is also concerned that in some cases third parties have not been able to progress matters at the rate set out in work plans because of resource issues. CYLC considered the issue of funding for respondent parties in its submission on the Draft Guidelines on the Provision of Financial Assistance by the Attorney-General under the *Native Title Act 1993 (Cth)*.

New Legislation

Since the introduction of the *Wild Rivers Act 2005 (Qld)* in October 2005 CYLC has been proactive in responding to the impact this legislation will have on native title rights and interests and rights afforded under Indigenous Land Use Agreements. The Wild Rivers Act has the potential to affect all native title claims in the Cape York region and CYLC has spent significant time and resources to address traditional owner concerns with the legislation. CYLC considers that the Wild Rivers Act must be amended to protect native title rights and interests and to ensure that traditional owners and indigenous communities

can pursue economic development on the Cape York Peninsula including sustainable mud-crabbing, fish farming, market gardens and cattle grazing. CYLC also considers there must be proper meaningful consultation with communities and traditional owners before any Wild River Declarations are made in the Cape York Peninsula region.

Mining

In the mining future acts area there has been some new exploration activity fuelled by the continuing China driven resources boom but that activity appears to have been dampened to some extent by:

- (a) concern that the proposed declarations under the Wild Rivers legislation will prevent alluvial mining – thus slowing exploration activity; and
- (b) a number of EPM Applications having been held back in the hope – which has not eventuated – that a Small Miners Indigenous Land Use Agreement (ILUA) would be signed.

We anticipate that there will be a significant number of Applications in the near future now it is clear the Small Miners ILUA will not be signed.

National Parks (Aboriginal Land)

Not one of the National Parks successfully claimed under the *Aboriginal Land Act, 1991* (Qld) in the 1990's has been handed back to native title holders. This is a source of great ongoing concern to CYLC's members and clients and a source of embarrassment for the Queensland Government. In stark contrast to other States and Territories in Australia, the Queensland Government refuses to grant Aboriginal title to National Parks. CYLC continues to advocate for change to policy and legislation to bring Queensland into step with the rest of Australia.

Cyclone Larry and the Wet Season

CYLC cannot progress matters and achieve outcomes in the absence of instructions and the culturally appropriate manner to obtain instructions is to have face to face meetings with client groups. However during the 2005/06 year the impact of Cyclones Larry and Monica as well as the long wet season significantly impacted on CYLC's performance. The damage caused by the cyclones and associated flooding made it difficult to maintain communications with clients in remote communities. CYLC was not able to hold meetings for in remote communities for some months until access improved and this had the effect of delaying compliance with timeframes in some of the work plans.

Governing and Executive Committees

One of the important factors influencing the performance of CYLC has been the very effective working relationship that has developed between members of the Governing and Executive Committees and members of staff.

Chairman Michael Ross is a very widely known and respected traditional owner in the Cape and staff have been regularly inviting Chairman to attend meetings with our client groups in order to make the most of his experience and knowledge of indigenous Cape issues. Chairman Ross has proven to be very effective in assisting in the resolution of intra and inter indigenous issues but also in terms of ensuring CYLC gets its message across to the government on issues such as Wild Rivers. Other Governing and Executive members have also been very helpful in assisting staff to achieve positive outcomes for traditional owners.

Performance against Service Standards & Complaints Data

During the 2005/2006 financial year CYLC has compiled and implemented a new policy manual setting out the policies of CYLC including Human Resources, Finance and Native Title Unit procedures. Regular staff reviews are held to measure performance of staff against Position Descriptions and CYLC goals. CYLC has also undertaken regular staff training to ensure that staff are aware of current standards relating to their position including Equity Training, Cultural Awareness Training and attendance at the Annual Native Title Conference. Further, regular interaction between staff and the Executive Committee ensures that staff are familiar with community issues concerning CYLC's constituents.

CYLC aspires to provide a high level of service and representation to the people of Cape York. Consistent with this aim, CYLC has a comprehensive Feedback and Complaints Procedure. This procedure gives Traditional Owners a means to provide feedback to CYLC and for CYLC to provide a transparent and accountable method for dealing with complaints and improving the overall service that CYLC provides. There has only been one formal complaint made to CYLC in the period under review, brought by the partner of a claimant. This complaint is currently being resolved internally in accordance with the CYLC Feedback and Complaints Procedure.

Developments since the end of financial year

As mentioned above the State has a key role in the Native Title process in terms of its approach to the management of Native Title matters. CYLC is unclear about any possible changes to the State's approach since the re-election of the Beattie Labor government in September 2006. CYLC does note with concern that the Department of Aboriginal and Torres Strait Islander Policy will be moved into the revamped Department for Communities.

CYLC is not yet aware of the consequences of main-streaming indigenous services in this way nor how it will impact on the State's approach to dealing with Native Title matters.

Cook Shire Council Planning Scheme

The Cook Shire Council (CSC) has recently released its draft planning scheme for public comment. The planning scheme will apply to all native title claims and Aboriginal freehold (excluding DOGITs) on the Cape York Peninsula.

CYLC is concerned that the draft scheme will significantly interfere with Traditional Owners' native title rights and interests and their ability to construct outstations and pursue economic development on their traditional lands.

CYLC has made a submission to CSC expressing its concern with the planning scheme and seeking significant amendments.

Review of Native Title Act

The Commonwealth Government has recently released the Native Title Claims Resolution Review. This Review considers how Native Title claims can be more efficiently and effectively resolved through agreement making and examining the role of the National Native Title Tribunal and the Federal Court.

The Government has responded to the Review and will seek to change the *Native Title Act 1993* (Cth) (NTA) to implement its recommendations. However, before doing this the Government will consider the submissions of Native Title Representative Bodies and interested parties.

CYLC is currently preparing its submission on the Review and the Government's recommendations. It is expected that the Government will consider CYLC's comments before making changes to the NTA.

Summary of Facilitation and Assistance

Claimant Applications

No additional claimant applications were filed this financial year as CYLC focussed on progressing existing claims.

There are currently 27 claimant applications (26 for the 2005/06 period). CYLC is the legal representative for all but five applications.

The number of claimant applications registered with the NNTT is 24.

Non-claimant Applications

There were no non-claimant applications lodged in CYLC's region during the 2005/06 period.

Agreements

See paragraph on Agreements.

Compensations Claims

No compensation claims were lodged.

Responses to Future Acts

See section on Future Acts. CYLC has implemented a system for dealing with Future Act Notifications in an efficient, systematic way.

Determination of Native Title

There were no Native Title determinations in CYLC's region however significant progress has been made in relation to 3 applications and CYLC anticipates that there will be 2 determinations in the next financial year.

ILUAs registered

No ILUAs were registered however CYLC has applied for registration of 3 ILUA's and we expect a number of ILUAs will be lodged for registration in the 2006/07 period.

Disputes relating to Native Title Applications, ILUAs etc

CYLC has taken positive steps to resolve intra and inter indigenous disputes during the 2005/06 period with positive outcomes to report for the 2006/07 period.

Reviews pending/completed

The Independent reports undertaken in the previous year have been followed up during this period. The Governing Committee have adapted the recommendations of the Reports with Governing Committee input. The Policies Manual incorporates these recommendations.

The Land Council has seen the continuation of the Fund Controller and monitoring of CYLC's Financial and Operational position has continued during this reporting period.

Discussion and Analysis of Financial Performance

As indicated in this section of last year's Annual Report, the duties & responsibilities of the position of Finance Manager were outsourced to an accountancy consulting firm commencing September 2005. The consultancy firm selected for this role was Cape York Financial Management Services Pty Ltd. This arrangement continued through to September 2006 when a permanent appointment to the position of Chief Financial Officer was made.

Financial performance for the 2005/06 year amounted to a deficit of \$233,714 a further increase on the 2004/05 deficit of \$65,920.

Contributing factors to this increased deficit included the following: A further increase to the provision for doubtful debts, non recovery of debts older than one year and a write down in the value of certain non-financial assets.

In addition, accrual accounting is used as the basis for preparation of the accounts. Amongst other things, this translates into the fact that depreciation & amortisation costs amounting to \$68,768 were incorporated into the result. This amount cannot be allocated to expenditure against grant funds for the financial year; however its inclusion adversely affects the overall result.

The unexpended grant balance was again up on that of the previous year, offsetting this is the fact that at year end there was a higher than usual number of professional consultancy contracts still active. It is anticipated that once these costs have flowed through the accounts during the course of the current financial year that this trend will reverse.

As referred to in Note 13 of the Notes to the Financial Statements, the Australian Tax Office (ATO) has recognised the CYLC as being a Public Benevolent Institution. This status, although modified in July 2006 carries tax concessions & exemptions that may date back to July 2005. Every effort will be made to recover any refunds due to the CYLC from the ATO in the months ahead.

On the subject of performance management, the Finance Dept have endeavoured to provide consistent and timely reporting to the Native Title Unit with the use of Grant Movement Summaries and continues to do so. This tool provides a measure of expenditure costed by claim against budget on a monthly basis. The degree of labour cost apportionment achieved in this exercise has been made possible by a method of time sheet costing by activity hitherto not utilised by this or any other NTRB.

Combined with effective cost control by adherence to strict expenditure authorisation procedures we provide the means for more active management of claims by the organisation as a whole.

Purchasing

CYLC purchases according to the provisions of its funding agreement. In particular it applies the principle of value for money.

During the year expenditure was incurred on a number of Information Technology related items. The centralised computer system was upgraded from an overloaded Apple server to a larger IBM server with new workstations which necessitated the conversion and migration of all files to the new network. One of the benefits of this equipment upgrade was that it enabled the standardisation of operating systems and other software on all CYLC computers. Additionally all the professional staff were provided with IBM laptop computers with remote access capability for more effective access to databases, and more efficient communication when in the field. All of this equipment was acquired under an operating lease with the approval of the OIPC.

However, as is customary the primary area of purchasing cost for 2005/06 was on consultants (refer Figure 3 Legal & Anthropological Consultancy Expense).

CYLC continues to procure consultancy services in accordance with the procurement process reviewed and summarised in this report last year.

Figure 3 – Legal & Anthropological Consultancy Expense

Legal & Anthropological Consultancy Expense	
July 2005 - June 2006	
Consultant	Expense
Akito - Bruce Rigsby	16,709.11
Allan Creek	-
Anu Enterprise Pty Ltd	59,467.42
Robert Blowes Sc	30,694.02
Bryan Keon-Cohen	4,800.00
Bushwork Consultants - Ross & Luana Johnston	4,227.27

Cape York Partnerships Projects	97,860.82
Carla Klease	-
Christopher Athanasiou	4,000.00
Claire Hill	-
Duncan List - Angus Frith	1,818.18
Ebsworth & Ebsworth	84,992.55
Frances Claffey	4,379.16
Gerhardt Pearson	-
Graham Hiley Qc	7,000.00
Jim Brooks	33,288.34
John Taylor	45,214.50
Kate Eastman	-
Kate Waters	6,300.00
Kirstin Isaacs	6,545.45
Michael O'donnell	3,200.00
Micheal Neal Lawyers	38,251.79
Peter Blackwood	33,865.18
R.J.Howell - Edward De Zilwa	29,754.44
Stephen Keim	-
Susan Phillips	33,003.50
Terwiel - Powell - Fiona Powell	42,004.43
Tracy Fantin	2,700.00
Wontulip - Athol Chase	-
Wontulip - David Thompson	66,422.24
Total	656,498.40

Competitive Tendering and Contracting practices

CYLC utilised the services of a wide range of consultants in the legal, anthropological and land management planning fields during the 2005-2006 financial year. CYLC maintains records of consultants and their particular expertise. The principal legal officer approves the engagement of all consultants for native title work to ensure the appropriate level of standards are maintained and that the consultant's service costs are within budget. Professional consultants engaged are shown in Figure 4 below. The consultants engaged, particularly anthropologists, often have particular knowledge and expertise in an area or in relation to a claimant group. Where this is the case, CYLC tends not to call for tenders but seeks OIPC consent to dispense with tendering requirements in the interests of value for money.

Figure 4 - Professional Consultants 2005-2006

Kirstin Isaacs	Graham Hiley QC
Angus Frith	Susan Phillips
Michael O'Donnell	Tracy Fantin
Ross and Luana Johnston	Kate Eastman
Christopher Athanasiou	Edward de Zilwa
Cape York Partnerships Projects	Robert Blowes SC
Bryan Keon-Cohen	Jim Brooks
Ebsworth & Ebsworth	Carla Klease
Stephen Keim	Michael Neal
Alan Creek	Gerhardt Pearson
Bruce Rigsby	Fiona Powell
David Thompson	Frances Claffey
Athol Chase	Peter Blackwood
John Taylor	Benjamin Smith
Clair Hill	

Corporate Governance

Corporate Governance Practices

The Governing Committee is responsible for governance of CYLC setting the broad strategic direction for the organisation – as set out in the Strategic Plan 2004 - 2007 – and is supported by the operational plan that details activities and associated resource and performance information. The Native Title unit produces work plans for all matters, in line with the operational plan. All activities are related to an output within the outcomes and outputs framework.

In accordance with the constitution of the CYLC the Executive Committee (made up of eight members of the Governing Committee as well as the Chairperson and Deputy Chairperson) has delegated responsibility for:

- receiving and considering reports from the Chief Executive Officer and other senior staff regarding the work of the CYLC
- monitoring the financial position of the CYLC
- deciding on allocation of resources to particular projects
- being informed of changes to proposed changes to the way the CYLC conducts its work
- dealing with complaints, and
- other functions as delegated from time to time.

CYLC undertakes a 12 monthly performance review of all staff. The review process links individual performance with the strategic and operational plan. During the year under review this process saw a marked improvement in capacity for overall performance management and resulted in improved performance. It has also assisted to highlight CYLC's standing as a reputable employer in the field of Native Title.

During the year under review both the current and previous members of the Executive Committee confirmed their commitment to the development of amended policies in line with the recommendations of the previous Governing Committee members and incorporating further amendments made by the current Committee members.

Senior Executives & Responsibilities

A number of Senior Management appointments were made during the year in review. In September 2005, the previous Executive Director resigned and Peter Callaghan was appointed Acting Chief Executive Officer with this appointment confirmed in June 2006. The Chief Financial Officer (CFO) appointment was made (acting) in November 2005, with this appointment also confirmed in June 2006. The Principal Legal Officer was appointed in March 2006.

The Chief Executive Officer (CEO) is responsible for the daily management of CYLC and oversees the day-to-day functions of the organisation. The CEO is responsible for personnel, financial and operational matters, and for achieving Native Title outcomes. The CEO provides regular reports to each Executive and Governing Committee meeting on the operations and details of the CYLC operating environment.

The Principal Legal Officer and the Chief Financial Officer report to the Chief Executive Officer.

The Principal Legal Officer is responsible for the effective running of the Native Title unit. The Principal Legal Officer also manages the staff in the 2 Regional offices of Cooktown and Weipa and reports the activities of these offices to the CEO.

The Chief Financial Officer is responsible for the effective running of the finance and administration Department. This Department includes the Accounts, Human Resources and Administrative staff.

Governing and Executive Committees Roles

Members of the Governing and Executive Committees are shown below. During 2005/06 the Governing Committee met twice and the Executive Committee met an additional seven times. Attendance was high at all meetings demonstrating a clear commitment of the members of CYLC.

Listed below are the Governing Committee members for the year 2005/2006. Figure 5 shows the members who held office for the period 2003-2005.

Following the elections held at the start of the 2005/2006 year, the Governing Committee members were confirmed at the AGM on 30 November 2005 and are listed in Figure 6.

Figure 5- Governing & Executive Committee Members (from July 1 2003 – 30 November 2005)

Community	Representatives	Alternates/reserves
Aurukun	Doug Ahlers	Dawn Koondunbin
	Phyllis Yunkaporta	Dereck Walpo
Coen	<i>Allan Creek</i>	Phillip Port
	Ann Creek	Doris Harold
Cooktown	Conrad Michael	Erica Deeral
	Paddy Bassini	Margaret Bassini
Hopevale	<i>Gerhardt Pearson</i>	Esmae Bowen
	Des Bowen	Clayton Bowen
Injinoo	Gina Nona	Sandra Woosup
	<i>Danny Salee</i>	Roy McDonnell
Kaurareg	Tom Bowie	Geiza Wigness
	<i>Jeffrey Bosuen</i>	Ella Miskin
Kowanyama	John Clarke	Judy Brumby
	Darby Horace	Lavinia Inkerman
Laura	Freddie Coleman	Aileen Gale (George)
	<i>Cliff Grogan</i>	Lexie George
Lockhart River	<i>Toby Accoom</i>	Greg Pascoe
	Rodney Accoom	Cecil Macumboy
Mapoon	<i>William Busch</i>	Delores Nixon
	Gina Blanco	Ailsa Ling
Mossman	Karen Gibson	Emma Burchill
	Raymond Buchanan	Christine Solomon
Napranum	Colin Savo	Annie Bandicootcha
	<i>Sarina Adams</i>	Lena Wapau
New Mapoon	<i>Edna Mark</i>	Elfredda Ware
	Michael Savo	Allan Bond
Port Stewart	Sunlight Bassini	Karen Liddy
	Chantel Liddy	Alison Liddy
Pormpuraaw	Freddie Tyroe	Robert Holroyd
	Jackson Shortjoe	Simon Norman
Umagico	Smithy Wilson	Phillip Wallis
	Charles Woosup	Gwen Toby
Wujal Wujal	<i>Marilyn Wallace</i>	Cedric Friday
	Carol Toby	Rachel Friday

NB Executive Committee members are listed in italics

Figure 6 – Current Governing & Executive Committee Members (confirmed on 30 November 2005)

Community	Representatives	Alternates/Reserves
Aurukun	Alison Woolla Lyle Kawangka	Jonathan Korkoktain Lionel Ngakyunkwokka
Coen	Trish Claremont James Claremont	No reserves as no other reps were nominated
Cooktown	<i>Michael Ross</i> Ron Harrigan	Warren Kulka Erica Deeral
Hopevale	Gerhardt Pearson <i>Graham Woibo</i>	Tim McGreen Phillip Dick
Kaurareg	<i>Jeffrey Bosuen</i> Tom Bowie	Geiza Wigness Kema Aitken
Injinoo	Meun Lifu Marcia Ropeyarn	Danny Salee Sandra Woosup
Kowanyama	Priscilla Major Judith Brumby	Arthur Luke Colin Lawrence
Laura	Thomas George Jnr <i>Fred Coleman</i>	Aileen Gale Marie Henry
Lockhart River	<i>Toby Accoom</i> Mengui (Coco) Nomoa	Greta Accoom Norman Bally
Mapoon	<i>William Busch</i> Neomi Roseblade	Linda McLachlan David Grego
Mossman	Karen Gibson <i>Donna Henning</i>	Cecelia Barry Jason Port
Napranum	<i>Priscilla Blanco</i> Annie Bandicootcha	Sarina Adams Priscilla Billy
New Mapoon	<i>Edna Mark</i> Ruth Motlop	Geraldine York
Porpuraaw	Robert Holroyd Fred Tyroe	Jackson Shortjoe Alfred Charles
Port Stewart	Sunlight Bassini Chantel Liddy	No reserves as no other reps were nominated
Umagico	No representatives	
Wujal Wujal	<i>Doreen Jones</i> Elizabeth Tayley	Veronica Friday Eileen Walker

NB Executive Committee members are listed in italics

The current Chairperson of the Governing Committee is Mr Michael Ross, and Mrs Edna Mark is Deputy Chairperson.

Figures 7 and 8 show the number of meetings held and the attendance by members at the Governing and Executive Committee meetings held this year.

Figure 7 – Attendance by members at Executive Committee meetings 1 July 2005 – 30 June 2006

Attendance of Executive Committee meetings 1 July 2005 – 30 June 2006						
EXECUTIVE COMMITTEE MEMBERS (2003-2005 ELECTED MEMBERS)						
NAME	POSITION	MEETING DATES (ATTENDANCE – YES/NO)				
		27 JULY 2005	9-10 AUGUST 2005			
Allan Creek	CHAIRPERSON	YES	YES			
Edna Mark	DEPUTY CHAIRPERSON	YES	YES			
Gerhardt Pearson	Committee member	NO	NO			
Danny Salee	Committee member	YES	YES			
Jeffrey Bosuen	Committee member	YES	YES			
Cliff Grogan	Committee member	NO	YES			
Toby Accoom	Committee member	YES	YES			
William Busch	Committee member	NO	YES			
Sarina Adams	Committee member	NO	YES			
Marilyn Wallace	Committee member	YES	YES			
EXECUTIVE COMMITTEE MEMBERS (2005-2007 ELECTED MEMBERS)						
NAME	POSITION	MEETING DATES (ATTENDANCE – YES/NO)				
		10-12 JAN 06	7-8 MARCH 06	4-6 APRIL 06	12 MAY 06	28-29 JUNE 06
Michael Ross	CHAIRPERSON	YES	YES	YES	YES	YES
Edna Mark	DEPUTY CHAIRPERSON	YES	YES	YES	NO	YES
Fred Coleman	Committee member	YES	YES	YES	YES	YES
Doreen Jones	Committee member	YES	YES	YES	YES	YES
Jeffrey Bosuen	Committee member	YES	NO	YES	NO	YES
Donna Henning	Committee member	YES	YES	YES	YES	YES
Toby Accoom	Committee member	YES	YES	YES	YES	YES
William Busch	Committee member	YES	YES	YES	YES	NO
Graham Woibo	Committee member	YES	YES	YES	YES	YES
Priscilla Blanco	Committee member	YES	YES	YES	NO	YES

Figure 8 – Attendance by members at Governing Committee meetings 1 July 2005 – 30 June 2006

Attendance of Governing Committee meetings
1 July 2005 – 30 June 2006

During this period no meetings were held of the 2003-2005 elected Governing Committee representatives (the previous Governing Committee)

GOVERNING COMMITTEE REPRESENTATIVES (2005-2007)

COMMUNITY	GOVERNING COMMITTEE REPRESENTATIVES	MEETING DATES (ATTENDANCE – YES/NO)	
		30 NOVEMBER 2005	8 MARCH 2006
Aurukun	Alison Woolla	YES	YES
	Lyle Kawangka	NO	NO
Coen	Trish Claremont	YES	YES
	James Claremont	YES	YES
Cooktown	Michael Ross	YES	YES
	Ron Harrigan	NO	YES
Hopevale	Gerhardt Pearson	NO	NO
	Graham Woibo	YES	YES
Kaurareg	Jeffrey Bosuen	YES	YES
	Tom Bowie	NO	YES
Injinoo	Meun Lifu	YES	YES (MEUN LIFU)
	Marcia Ropeyarn	YES	SANDRA WOOSUP ATTENDED IN MARCIA ROPEYARN'S PLACE
Kowanyama	Priscilla Major	YES	YES
	Judith Brumby	YES	YES
Laura	Thomas George Jnr	YES	MARIE HENRY ATTENDED IN THOMAS GEORGES' PLACE
	Fred Coleman	YES	YES (F. COLEMAN)
Lockhart River	Toby Accoom	YES	YES
	Coco Mengui	YES	YES
Mapoon	William Busch	YES	YES
	Neomi Roseblade	NO	YES

(Figure 8 continued)

COMMUNITY	GOVERNING COMMITTEE REPRESENTATIVES	MEETING DATES (ATTENDANCE – YES/NO)	
		30 NOVEMBER 2005	8 MARCH 2006
Mossman	Karen Gibson Donna Henning	YES YES	YES YES
Napranum	Priscilla Blanco Annie Bandicootcha	NO NO	NO YES
New Mapoon	Edna Mark Ruth Motlop	YES YES	YES YES
Pormpuraaw	Robert Holroyd Fred Tyroe	YES NO	YES YES
Port Stewart	Sunlight Bassini Chantel Liddy	YES YES	YES NO
Umagico	No representatives	-	-
Wujal Wujal	Doreen Jones Elizabeth Tayley	YES YES	YES NO

Training and Development of Board Members

Governing Committee members are made aware of the responsibilities that accompany their positions on the board as part of the election process and further training and workshops is a part of ongoing development. Equity Training was provided to the Executive Committee and 7 members of the Executive Committee also participated in Governance Training by the Office of the Registrar of Aboriginal Corporations.

Corporate & Operational Planning

CYLC continues to work under the 2004-2007 Strategic Plan. During the year in review the relevant Operational Plan provided the means of directing work, reporting to the Governing Committee, measuring performance and of managing finance.

An Operational Plan for the following year was drawn up during the year in review and all project staff were involved in the drafting of this and its use as a guide to expenditure and to direct workflow towards prioritised outcomes.

Risk Management

The financial affairs of the CYLC come under the scrutiny of the Chief Financial Officer, the Chief Executive Officer and the current appointed Grant Controller. Regular reports are provided and matters of concern are taken to the Executive Committee.

The increased use of the improved financial data recording as identified at the close of the previous year has been fundamental to the management of exposure as well as progress towards identified outcomes.

The extent to which this approach has been sufficient to manage risks to date is illustrated by the positive outcomes in the year under review. It is expected that the work undertaken during this year will ensure that the Grant Controller is removed from CYLC operations.

Regular external audits also assist in risk management, and highlight the control features in place.

Ethical Standards

In addition to the CYLC Code of Conduct implemented during the previous year, employees and Executive Committee members have undertaken Governance training, Equity training and Cross-Cultural Awareness training which formed an important part of reinforcement of high ethical standards. There is a high level of awareness amongst staff of ethical issues and good practical application of that knowledge. CYLC management have taken further action to increase awareness of these standards by placing informative material on the notice boards and common areas of the office. These included Anti-Discrimination awareness posters and brochures.

In relation to lawyers employed by CYLC, rules made to the Queensland Law Society under authority of the *Legal Profession Act 2004* (Qld) which recently came into force, require all legal practitioners to undertake compulsory professional development in ethics every second year. This is a means to institutionalise ongoing ethical training not only for lawyers but also for other employees and the Executive.

CYLC seeks ways to have the topic commonly arise in the workplace and to provide the opportunity for non-lawyer employees and the Executive to attend courses. In addition, lawyers with up-to-date knowledge can provide in-house training for staff and Executive.

Remuneration of Senior Management

In the absence of a collective agreement CYLC negotiates executive salaries on an individual basis with reference to the market and other NTRB pay scales as reviewed by an independent assessor. Prior to appointment all executive staff positions and salaries are approved by the OIPC.

External Scrutiny

During the 2005/06 financial year, there have been no decisions of Administrative Tribunals, nor any reports by the Auditor General or the Parliamentary Committee of the Ombudsman on the performance of CYLC.

The two external reports undertaken in the previous financial year were finalised and recommendations carried out by CYLC management.

CYLC is committed to working with OIPC to implement an amended Policy Manual including the recommendations of the Independent Reports.

Management of Human Resources

Workforce Planning

Since the appointment of a Principal Legal Officer at the end of 2005 the numbers of professional staff have increased considerably.

The high reputation of senior CYLC staff has contributed to the success of the CYLC recruitment program.

CYLC has also drawn on some key former staff to broaden the pool of committed and experienced staff available to deliver outcomes. In particular this additional pool helps to consolidate corporate knowledge. Through this strategy CYLC aims to supplement the skills and knowledge of permanent staff.

CYLC is engaged in a student internship program via the University of New South Wales which places law students within Native Title Representative Bodies during the winter and summer university breaks. The internship program optimises the potential for recruitment of high quality staff in the future.

CYLC is committed to negotiating a workplace agreement with staff and is currently drafting an Employee Collective Agreement. A Joint Consultative Committee was formed to consult staff and drive the process. All staff have the opportunity to participate in the process.

Training & Development

Cape York Land Council spent \$110,757 on training and professional development in the 2005/06 year.

Skills development focussed on:

- Native Title Representative Bodies national conference
- Native Title & Cultural Heritage conference
- Legalwise Seminars, including Advocacy and Litigation
- Senior Management Workshops
- Cross-Cultural Awareness training
- Accounting and Business Practices including tax updates and software use;
- Computer Training
- Workplace Health and Safety and Human Resources issues; and
- Workchoices seminars
- Four Wheel Drive and Senior First Aid training
- Equity Training

In addition, CYLC supported two staff in working towards a Master of Laws degree.

In addition to external training, during 2006 CYLC provided ongoing in-house training sessions for administrative staff, and training on new policies and the new strategic plan for all staff.

Induction on commencement of employment and on the introduction of new equipment is mandatory, and forms part of the training and development program.

Impact and Features of Certified Agreements and AWA's

Cape York Land Council has contracted the services of Commerce Queensland and a Human Resources Consultant to assist with the development of a Workplace Agreement. To date a Committee has been formed comprising management, staff and the consultant representatives. The Executive Committee supports the development of a Workplace Agreement.

It is expected that this will be finalised prior to the end of 2006 after the required consultation with management and staff.

Occupational Health & Safety

CYLC is committed to providing a safe and friendly working environment for its staff and visitors to the organisation. CYLC manages safety risks through its overall risk management strategy. The Work Place Health and Safety Officer is responsible for the implementation of this system. All employees are responsible for taking reasonable care at work and ensuring that their workstation and work environment is free of hazards to avoid causing accidents to themselves or others.

There was no lost time due to injury during the 2005/2006 reporting period.

Statistics on Staffing

CYLC employs staff with a wide range of skill levels and backgrounds. This reflects its core business as a service organisation.

Figure 6: Total Staff by Category as at 30 June

	Indigenous		Male		Female		F/time or P/time		Total	
	'05	'06	'05	'06	'05	'06	'05	'06	'05	'06
<i>Executive</i>	1		1	1			F/T	F/T	1	1
<i>Professional/ Managerial</i>	2	0	5	8	10	6	12F/T 3P/T	12F/T 2P/T	15	14
<i>Administrative/ Clerical</i>	10	10	0	2	10	12	9F/T 1P/T	12F/T 2P/T	10	14
<i>Field</i>	3	2	0	0	3	2	3F/T	F/T	3	2
<i>Trainee</i>	2	1	0	0	2	1	2 F/T	F/T	2	1
<i>Total</i>	18	13	6	11	25	21	-	-	31	32

Indemnities

Since the end of the previous Financial Year the Corporation has not indemnified or made a relevant offer to indemnify against a liability any person who is or has been an officer or auditor of the company.

Insurance Premiums for Officers

Association Liability insurance cover was held with QBE Insurance at a total premium of \$21,440. The cover was in the amount of \$5,000,000 for any one claim and \$10,000,000 in the aggregate.

FINANCIAL STATEMENTS

**CAPE YORK LAND COUNCIL ABORIGINAL CORPORATION
ABN 22 965 382 705**

ANNUAL FINANCIAL REPORT

30 JUNE 2006

CAPE YORK LAND COUNCIL ABORIGINAL CORPORATION

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Abbreviations

ATSILAB	Aboriginal and Torres Strait Islander Land Acts Branch
DFCSIA	Dept of Families, Community Services and Indigenous Affairs
DIMIA	Dept of Immigration and Multicultural and Indigenous Affairs
DNRM	Dept of Natural Resources, Mines and Water
OIPC	Office of Indigenous Policy Coordination in DIMIA/DFCSIA
NNTCPBC	National Native Title Commission Prescribed Body Corporates

**CAPE YORK LAND COUNCIL ABORIGINAL CORPORATION
CHIEF EXECUTIVE OFFICER'S CERTIFICATION**

Pursuant to the Finance Minister's Orders (2005-2006) made under clause 1(b) of Schedule 1 to the Commonwealth Authorities and Companies Act 1997 and as required under clause IC.3 of the Requirements and Guidance for the Preparation of Financial Statements of Australian Government Entities ("the Schedule"), in my opinion, the financial report of Cape York Land Council Aboriginal Corporation for the year ended 30 June 2006 comprising the income statement, balance sheet, statement of cash flows, statement of changes in equity, schedule of commitments and accompanying notes has been prepared:

- (a) so as to give a true and fair view of the matters required by the Schedule; and
- (b) based on properly maintained financial records.

Dated at Cairns this 10th day of October 2006



Chief Executive Officer

CAPE YORK LAND COUNCIL ABORIGINAL CORPORATION

**INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2006**

	Note	2006 \$	2005 \$
INCOME			
Revenues			
Revenue from government sources	2	3,540,517	3,058,864
Revenue from non-government sources	2	268,489	153,144
Interest		<u>30,771</u>	<u>3,950</u>
		3,839,777	3,215,958
Other income			
Net gain on disposal of property, plant and equipment		<u>-</u>	<u>28,749</u>
		<u>3,839,777</u>	<u>3,244,707</u>
EXPENSES			
Employee expenses	3	1,486,665	1,499,976
Supplier expenses	3	2,080,344	1,569,386
Depreciation and amortisation expenses	3	68,768	183,052
Write down and impairment of assets	3	116,859	148,251
Return of grant funds		311,619	-
Interest		<u>9,236</u>	<u>11,836</u>
		<u>4,073,491</u>	<u>3,412,501</u>
Net (deficit) before tax		(233,714)	(167,794)
Income tax expense	1(n)	<u>-</u>	<u>-</u>
Net (deficit) for the year		<u>(233,714)</u>	<u>(167,794)</u>

*The income statement is to be read in conjunction with the
accompanying notes to the financial statements.*

CAPE YORK LAND COUNCIL ABORIGINAL CORPORATION

**BALANCE SHEET
AS AT 30 JUNE 2006**

	Note	2006 \$	2005 \$
ASSETS			
Financial assets			
Cash and cash equivalents	5	709,810	617,357
Receivables	6	65,198	268,203
Other financial assets	7	<u>-</u>	<u>19,766</u>
		<u>775,008</u>	<u>905,326</u>
Non-financial assets			
Property, plant and equipment	8	<u>155,619</u>	<u>215,570</u>
		<u>155,619</u>	<u>215,570</u>
Total assets		<u>930,627</u>	<u>1,120,896</u>
LIABILITIES			
Payables			
Suppliers	9	384,911	339,694
Grants	9	<u>735,482</u>	<u>657,186</u>
		<u>1,120,393</u>	<u>996,880</u>
Interest bearing liabilities			
Hire purchase	10	<u>95,929</u>	<u>145,970</u>
Provisions			
Employee benefits	10	<u>84,604</u>	<u>97,861</u>
Total liabilities		<u>1,300,926</u>	<u>1,240,711</u>
Net assets/(liabilities)		<u>(370,299)</u>	<u>(119,815)</u>
EQUITY			
Accumulated deficit		(524,731)	(291,017)
Reserves		<u>154,432</u>	<u>171,202</u>
Total equity/(deficit)		<u>(370,299)</u>	<u>(119,815)</u>
Current assets		775,008	905,326
Non-current assets		155,619	215,570
Current liabilities		1,245,465	1,126,528
Non-current liabilities		<u>55,461</u>	<u>114,183</u>

The balance sheet is to be read in conjunction with the accompanying notes to the financial statements.

CAPE YORK LAND COUNCIL ABORIGINAL CORPORATION

**STATEMENT OF CASH FLOWS
AS AT 30 JUNE 2006**

	Note	2006 \$	2005 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received			
Services provided and grants		3,958,827	3,977,569
Interest		<u>30,771</u>	<u>3,950</u>
		<u>3,989,598</u>	<u>3,981,519</u>
Cash used			
Employees		(1,499,922)	(1,552,594)
Suppliers		<u>(2,312,359)</u>	<u>(1,974,965)</u>
		<u>(3,812,281)</u>	<u>(3,527,559)</u>
Net operating cash flows	15	<u>177,317</u>	<u>453,960</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash used			
Purchase of property, plant and equipment		(25,587)	(8,666)
Proceeds from sale of property, plant and equipment		<u>-</u>	<u>67,848</u>
Net investing cash flows		<u>(25,587)</u>	<u>59,182</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash used			
Hire purchase expenditure		(50,041)	(74,774)
Interest		<u>(9,236)</u>	<u>(11,836)</u>
Net financing cash flows		<u>(59,277)</u>	<u>(86,610)</u>
Net increase in cash and cash equivalents		92,453	426,532
Cash and cash equivalents at 1 July		<u>617,357</u>	<u>190,825</u>
Cash and cash equivalents at 30 June	5	<u>709,810</u>	<u>617,357</u>

*The statement of cash flows is to be read in conjunction
with the accompanying notes to the financial statements.*

CAPE YORK LAND COUNCIL ABORIGINAL CORPORATION

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2006**

	Note	2006 \$	2005 \$
ACCUMULATED DEFICIT			
Opening balance at 1 July		(291,017)	(123,223)
Net deficit for the year		<u>(233,714)</u>	<u>(167,794)</u>
Closing balance at 30 June		<u>(524,731)</u>	<u>(291,017)</u>
 RESERVES			
Asset revaluation reserve			
Opening balance at 1 July		171,202	99,428
Revaluation of property, plant and equipment		-	71,774
Impairment of property, plant and equipment	8	<u>(16,770)</u>	<u>-</u>
Closing balance at 30 June		<u>154,432</u>	<u>171,202</u>

The statement of changes in equity is to be read in conjunction with the accompanying notes to the financial statements.

CAPE YORK LAND COUNCIL ABORIGINAL CORPORATION

**SCHEDULE OF COMMITMENTS
AS AT 30 JUNE 2006**

	Note	2006 \$	2005 \$
CAPITAL COMMITMENTS			
Total capital commitments		<u>-</u>	<u>-</u>
OTHER COMMITMENTS			
Non-cancellable operating lease expense commitments	14	<u>54,436</u>	<u>10,350</u>
Net commitments		<u>54,436</u>	<u>10,350</u>

The schedule of commitments is to be read in conjunction with the accompanying notes to the financial statements.

CAPE YORK LAND COUNCIL ABORIGINAL CORPORATION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

1. SIGNIFICANT ACCOUNTING POLICIES

Cape York Land Council Aboriginal Corporation (“the corporation”) is an aboriginal corporation domiciled in Australia.

The financial report was authorised for issue by the governing committee on 10 October 2006.

(a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, the Aboriginal Councils and Associations Act 1976, the Native Title Act 1993, the Finance Minister’s Orders made under clause 1(b) of Schedule 1 of the Commonwealth Authorities and Companies Act 1997 and having regard to the Explanatory Notes to Commonwealth Accounting Policies and Finance Briefs issued by the Department of Finance and Administration.

The financial report has been prepared in accordance with Australian Accounting Standards (“AASBs”) adopted by the Australian Accounting Standards Board (“AASB”). International Financial Reporting Standards (“IFRSs”) form the basis of Australian Accounting Standards (“AASBs”) adopted by the AASB, and for the purpose of this report are called Australian equivalents to IFRS (“AIFRS”) to distinguish from previous Australian GAAP.

This is the corporation’s first financial report prepared in accordance with AIFRSs and AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* has been applied. An explanation of how the transition to AIFRSs has affected the reported financial position and financial performance of the corporation is provided in Note 18.

(b) Basis of preparation

The financial report is presented in Australian dollars.

The following new accounting standards and amendments were available for early adoption but have not been applied in these financial statements:

- AASB 7 *Financial Instruments: Disclosure* (August 2005) replacing the presentation requirements of financial instruments in AASB 132
- AASB 119 *Employee Benefits* (December 2004)
- AASB 2004-3 *Amendments to Australian Accounting Standards* (December 2004) amending AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* (July 2004), AASB 101 *Presentation of Financial Statements* and AASB 124 *Related Party Disclosures*

CAPE YORK LAND COUNCIL ABORIGINAL CORPORATION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Basis of preparation (continued)

- AASB 2005-1 *Amendments to Australian Accounting Standards* (May 2005) amending AASB 139 *Financial Instruments: Recognition and Measurement*
- AASB 2005-3 *Amendments to Australian Accounting Standards* (June 2005) amending AASB 119 *Employee Benefits* (either July or December 2004)
- AASB 2005-4 *Amendments to Australian Accounting Standards* (June 2005) amending AASB 139 *Financial Instruments: Recognition and Measurement*, AASB 132 *Financial Instruments: Disclosure and Presentation*, AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* (July 2004), AASB 1023 *General Insurance Contracts* and AASB 1038 *Life Insurance Contracts*
- AASB 2005-5 *Amendments to Australian Accounting Standards* (June 2005) amending AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* (July 2004), and AASB 139 *Financial Instruments: Recognition and Measurement*
- AASB 2005-6 *Amendments to Australian Accounting Standards* (June 2005) amending AASB 3 *Business Combinations*
- AASB 2005-9 *Amendments to Australian Accounting Standards* (September 2005) requires that liabilities arising from the issue of financial guarantee contracts are recognised in the balance sheet
- AASB 2005-10 *Amendments to Australian Accounting Standards* (September 2005) makes consequential amendments to AASB 132 *Financial Instruments: Disclosures and Presentation*, AASB 101 *Presentation of Financial Statements*, AASB 114 *Segment Reporting*, AASB 17 *Leases*, AASB 133 *Earnings per Share*, AASB 139 *Financial Instruments: Recognition and Measurement*, AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards*, AASB 4 *Insurance Contracts*, AASB 1023 *General Insurance Contracts* and AASB 1038 *Life Insurance Contracts*, arising from the release of AASB 7
- UIG 4 *Determining whether an Arrangement contains a Lease*
- UIG 5 *Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds*
- UIG 8 *Scope of AASB 2*

The initial application of the above standards and amendments is not expected to have a material impact on the financial results of the corporation.

The financial report is prepared on the historical costs basis except that property, plant and equipment is stated at its fair value.

The financial report has been prepared on a going concern basis, although the continued operation of the corporation is dependent upon continued grant funding (Note 17).

CAPE YORK LAND COUNCIL ABORIGINAL CORPORATION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Basis of preparation (continued)

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. These accounting policies have been consistently applied by the corporation.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The accounting policies set out below have been consistently applied to all periods presented in the financial report and in preparing an opening AIFRSs balance sheet at 1 July 2004 for the purposes of the transition to Australian Accounting Standards - AIFRSs.

(c) Property, plant and equipment

Owned assets

Items of property, plant and equipment are stated at fair value as required by the Finance Minister's Orders. Fair value is market value unless there is no market value based evidence of fair value. In such cases fair value is estimated using depreciated replacement cost. Assets acquired by the corporation at no or nominal consideration are initially recorded at their fair value at the date of acquisition. That amount is deemed to be the asset's acquisition cost. The cost of self-constructed assets includes the cost of materials, direct labour, the initial estimate, where relevant, of the cost of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

CAPE YORK LAND COUNCIL ABORIGINAL CORPORATION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Impairment (continued)

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement, unless an asset has previously been revalued, in which case the impairment loss is recognised directly against any revaluation reserve in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation reserve for that same class of asset with any excess recognised through the income statement.

Calculation of recoverable amount

Impairment of receivables is not recognised until objective evidence is available that a loss event has occurred. Significant receivables are individually assessed for impairment. Impairment testing of significant receivables that are not assessed as impaired individually is performed by placing them into portfolios of significant receivables with similar risk profiles and undertaking a collective assessment of impairment. Non-significant receivables are not individually assessed. Instead, impairment testing is performed by placing non-significant receivables in portfolios of similar risk profiles, based on objective evidence from historical experience adjusted for any effects of conditions existing at each balance date.

The recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. Value in use is the depreciated replacement cost of an asset when the future economic benefit of the asset is not dependent on the asset's ability to generate net cash inflows and where the entity would if deprived of the asset replace its remaining future economic benefits. Depreciated replacement cost is the current replacement cost of an asset less accumulated depreciation on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset.

Reversals of impairment

An impairment loss in respect of receivables carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

A reversal of an impairment loss on a revalued asset is credited directly to equity under the heading revaluation reserve. However, to the extent that an impairment loss on the class of assets was previously recognised in the income statement, a reversal of that impairment loss is also recognised in the income statement.

CAPE YORK LAND COUNCIL ABORIGINAL CORPORATION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

(h) Employee benefits

Defined contribution superannuation funds

Obligations for contributions to defined contribution superannuation funds are recognised as an expense in the income statement as incurred.

Long-term service benefits

The corporation's net obligation in respect of long-term service benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates and is discounted using the rates attached to the Commonwealth Government bonds at the balance sheet date which have maturity dates approximating to the terms of the corporation's obligations.

Wages, salaries, annual leave, sick leave and non-monetary benefits

Liabilities for employee benefits for wages, salaries, annual leave and sick leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to reporting date. They are calculated at undiscounted amounts based on remuneration wage and salary rates that the corporation expects to pay as at reporting date including related on-costs, such as workers compensation insurance.

Non-accumulating non-monetary benefits, such as interest-free loans, cars and free or subsidised goods and services are expensed based on the net marginal cost to the corporation as the benefits are taken by the employees.

CAPE YORK LAND COUNCIL ABORIGINAL CORPORATION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Provisions

A provision is recognised in the balance sheet when the corporation has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(j) Trade and other payables

Trade and other payables are stated at their amortised cost. Trade payables are non-interest bearing and are normally settled on 60-day terms.

(k) Reserves

Asset revaluation reserve

The corporation's asset revaluation reserve relates to property, plant and equipment measured at fair value in accordance with applicable Australian Accounting Standards and the Finance Minister's Orders.

(l) Revenue

Goods sold and services rendered

Revenue from the sale of goods is recognised in the income statement when the significant risk and rewards of ownership have been transferred to the buyer. Revenue from services rendered is recognised in the income statement in proportion to the stage of completion of the transaction at the balance sheet date. The stage of completion is assessed by reference to surveys of work performed. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, the costs incurred or to be incurred cannot be measured reliably, there is a risk of return of goods or there is continuing management involvement with the goods.

Grants received

Grants in respect of operating expenses (operating or revenue grants) and grants for the purchase of property, plant and equipment (capital grants) are accounted for, based on the nature of any attached conditions to the grants, as either reciprocal or non-reciprocal grants.

CAPE YORK LAND COUNCIL ABORIGINAL CORPORATION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Revenue (continued)

Grants received (continued)

Reciprocal grants received

Grants where the corporation is obliged to repay unutilised funds or has a return obligation that implies the existence of a reciprocal transfer are initially brought to account as revenue in the years in which they are received. A liability is recognised to the extent it is probable that the funds are likely to be returned and considering the percentage of completion achieved.

Non-reciprocal grants received

Grants where the corporation is not obliged to repay unutilised funds or does not have a return obligation that implies the existence of a reciprocal transfer are brought to account as revenue in the years in which they are received.

Contributions

Contributions of assets, including the right to receive cash or other forms of assets without directly giving approximately equal value to the other party or parties to the transfer, are recognised as revenue at fair value when the corporation obtains control of the contribution or the right to receive the contribution, it is probable that the economic benefits comprising the contribution will flow to the corporation and the amount of the contribution can be measured reliably.

(m) Expenses

Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense and spread over the lease term.

Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

CAPE YORK LAND COUNCIL ABORIGINAL CORPORATION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Expenses (continued)

Net financing costs

Net financing costs comprise interest payable on borrowings calculated using the effective interest method and interest income.

Interest income is recognised in the income statement as it accrues, using the effective interest method. The interest expense component of finance lease payments is recognised in the income statement using the effective interest method.

(n) Income tax

The corporation has been granted exemption from income tax under Division 50 of the Income Tax Assessment Act 1997.

(o) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax ("GST"), except where the amount of GST incurred is not recoverable from the Australian Taxation Office ("ATO"). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

CAPE YORK LAND COUNCIL ABORIGINAL CORPORATION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

	2006	2005
	\$	\$
2. REVENUES		
(a) Revenue from government sources		
<i>Native title operating activities</i>		
Grants received – OIPC	3,408,000	3,406,400
<i>Other operating activities</i>		
Grants received – DNRM – WIK		10,000
Grants received – DNRM – ATSILAB 2006	37,015	-
Grants received – DNRM - NNTCPBC	68,182	68,182
Grants received – State Land Dealings	105,616	57,872
Wage subsidies	-	12,400
	3,618,813	3,554,854
Unexpended grant balances at the beginning of the year	657,186	161,196
Unexpended grant balances at the end of the year	(735,482)	(657,186)
	3,540,517	3,058,864
(b) Revenue from non-government sources		
Recoverable income	68,489	136,283
Sundry revenue	-	16,861
	68,489	153,144
3. EXPENSES		
Employee expenses		
Wages and salaries	1,014,934	998,498
Superannuation	114,605	109,965
Leave and other entitlements	146,173	-
Staff professional development	37,941	24,146
Salary oncosts and expenses	102,275	172,361
Fringe benefits tax	46,006	166,154
Other employee expenses	24,731	28,852
	1,486,665	1,499,976
Supplier expenses		
Motor vehicle expenses	88,822	110,411
Rent and occupancy costs	81,106	198,436
Service expenses	1,257,100	817,176
Supplies	212,037	121,475
Travel expenses	441,279	321,888
	2,080,344	1,569,386

CAPE YORK LAND COUNCIL ABORIGINAL CORPORATION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

	2006	2005
	\$	\$
3. EXPENSES (CONTINUED)		
Depreciation and amortisation		
Plant and equipment	14,268	77,709
Motor vehicles	<u>54,500</u>	<u>105,343</u>
	<u>68,768</u>	<u>183,052</u>
Write down and impairment of assets		
Impairment of receivables	116,859	141,560
Impairment of plant and equipment	<u>-</u>	<u>6,690</u>
	<u>116,859</u>	<u>148,250</u>
 4. AUDITORS' REMUNERATION		
Audit services		
Auditors of the corporation		
- Audit of financial report – KPMG	7,000	20,912
- Audit of financial report – Horwath	14,500	6,000
Other services		
Other assurance services – KPMG	9,787	17,066
Other assurance services – Horwath	<u>6,500</u>	<u>-</u>
	<u>37,787</u>	<u>43,978</u>
 5. CASH AND CASH EQUIVALENTS		
Cash at bank and on hand	<u>709,810</u>	<u>617,357</u>
Cash and cash equivalents in the statement of cash flows	<u>709,810</u>	<u>617,357</u>

CAPE YORK LAND COUNCIL ABORIGINAL CORPORATION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

	2006	2005
	\$	\$
6. RECEIVABLES		
Sundry debtors	262,407	412,228
Less: Allowance for impairment losses	<u>(197,209)</u>	<u>(144,025)</u>
	<u>65,198</u>	<u>268,203</u>
Receivables are aged as follows:		
Overdue by		
Less than 30 days	39,109	13,269
30 – 60 days	5,445	76,782
More than 60 days	<u>217,853</u>	<u>322,177</u>
	<u>262,407</u>	<u>412,228</u>
7. OTHER FINANCIAL ASSETS		
Prepayments	<u>-</u>	<u>19,766</u>
	<u>-</u>	<u>19,766</u>

CAPE YORK LAND COUNCIL ABORIGINAL CORPORATION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

8. PROPERTY, PLANT AND EQUIPMENT

(a) Reconciliation of opening and closing balances of property, plant and equipment

	Plant and equipment \$	Motor vehicles \$	Total \$
At 1 July 2005			
Gross book value	52,070	163,500	215,570
Accumulated depreciation	-	-	-
Opening net book value	<u>52,070</u>	<u>163,500</u>	<u>215,570</u>
Additions by purchase	25,587	-	25,587
Depreciation/amortisation	(14,268)	(54,500)	(68,768)
Impairments through equity	(16,770)	-	(16,770)
At 30 June 2006	<u>46,619</u>	<u>109,000</u>	<u>155,619</u>
Gross book value	60,887	163,500	224,387
Accumulated depreciation	(14,268)	(54,500)	(68,768)
Closing net book value	<u>46,619</u>	<u>109,000</u>	<u>155,619</u>
Carrying amount under the cost model	<u>20,469</u>	<u>71,749</u>	<u>92,218</u>

(b) Assets at valuation

Property, plant and equipment is measured on a fair value basis, being the amount for which the assets could be exchanged between knowledgeable and willing parties in an arm's length transaction, having regard to the highest and best use of the asset for which other parties would be willing to pay. As at 30 June 2005, a valuation was conducted by a registered, independent appraiser having an appropriate recognised qualification and recent experience in the location and category of the property being valued. All assets were subject to the appraisal. Fair values were determined on the basis of market value.

(c) Assets held under finance leases

The corporation does not hold any assets under finance lease.

(d) Assets held under hire purchase arrangements

The corporation holds five vehicles under hire purchase arrangements.

CAPE YORK LAND COUNCIL ABORIGINAL CORPORATION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

	2006	2005
	\$	\$
9. TRADE PAYABLES		
Suppliers		
Creditors and accruals	384,911	339,694
Grant funds unexpended, repayable or in advance	<u>735,482</u>	<u>657,186</u>
	<u>1,120,393</u>	<u>996,880</u>
 10. INTEREST-BEARING LOANS AND BORROWINGS		
Current		
Hire purchase liabilities	60,509	61,290
Non-current		
Hire purchase liabilities	<u>35,420</u>	<u>84,680</u>
	<u>95,929</u>	<u>145,970</u>
 11. EMPLOYEE BENEFITS		
Salaries and wages accrued	27,470	-
Provision for annual leave	37,093	68,163
Provision for long service leave	<u>20,041</u>	<u>29,698</u>
	<u>84,604</u>	<u>97,861</u>
 Number of employees		
Number of employees at the end of the year	<u>No. 31</u>	<u>No. 29</u>

CAPE YORK LAND COUNCIL ABORIGINAL CORPORATION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

12. FINANCIAL INSTRUMENTS

Exposure to interest and credit risks arise in the normal course of the corporation's business.

(a) Interest rate risk and repricing analysis

The corporation is exposed to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates. The effective interest rate ("EIR") at balance sheet date and the periods in which they reprice for classes of income-bearing financial assets and interest-bearing financial liabilities are set out below:

2006	EIR	1 year or less \$	1 to 5 years \$	More than 5 years \$	Total \$
Cash and cash equivalents	4.4%	709,810	-	-	709,810
Interest bearing liabilities	7.5%	60,509	35,420	-	95,929
<hr/>					
2005					
Cash and cash equivalents	2.9%	617,357	-	-	617,357
Interest bearing liabilities	7.5%	61,290	84,680	-	145,970
<hr/>					

(b) Credit risk exposures

Management has a credit risk policy in place and the exposure to credit risk is monitored on an ongoing basis. Investments are allowed only in liquid securities and only with counterparties that have a credit rating equal to or better than the corporation. At the balance sheet date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

(c) Fair values

Fair values of recognised financial assets and financial liabilities equal their carrying amounts as stated in these financial statements.

CAPE YORK LAND COUNCIL ABORIGINAL CORPORATION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

13. CONTINGENCIES

(a) Contingent liabilities

The corporation did not have any contingent liabilities at 30 June 2006 (2005: nil).

(b) Contingent assets

Fringe benefits tax

During the years ended 30 June 2000 to 30 June 2006 the corporation incurred expenditure which attracted fringe benefits tax ("FBT") under the fringe benefits tax legislation. The corporation's fringe benefits tax year ends on 31 March. Based on an earlier exemption status received from the ATO (in 1995) the committee believed that the corporation was exempt from FBT. During 2004 it received notification that its exemption had been withdrawn and its status had become "rebateable". FBT returns were filed for the years ended 31 March 2005 and 31 March 2006 treating the corporation as rebateable. In July 2006, the corporation had its FBT exemption status reconfirmed which means that the corporation may now be eligible to receive a refund of some of the FBT paid for all or part of those earlier years. The corporation is presently investigating this possibility.

14. COMMITMENTS

	2006	2005
	\$	\$
Hire purchase commitments		
Hire purchase commitments are payable as follows:		
Less than one year	65,374	70,525
Less: Future finance charges	<u>(4,865)</u>	<u>(9,235)</u>
	<u>60,509</u>	<u>61,290</u>
Between one and five years	36,358	89,396
Less: Future finance charges	<u>(938)</u>	<u>(4,716)</u>
	<u>35,420</u>	<u>84,680</u>
	<u>95,929</u>	<u>145,970</u>

The corporation purchased motor vehicles under hire purchases agreements, expiring in one to three years. At the end of the term the corporation has the ability to purchase the vehicles.

CAPE YORK LAND COUNCIL ABORIGINAL CORPORATION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

	2006	2005
	\$	\$
14. COMMITMENTS (CONTINUED)		
Operating lease commitments		
Non-cancellable operating lease commitments are payable as follows:		
Less than one year	23,844	6,900
Between one and five years	<u>30,592</u>	<u>3,450</u>
	<u>54,436</u>	<u>10,350</u>

The corporation leases a photocopier and a number of computer workstations under operating leases. The leases typically run for a period of three to five years, with an option to renew the lease after that date.

During the financial year ended 30 June 2006, \$17,161 was recognised as an expense in the income statement in respect of operating leases (2005: \$6,900).

**15. RECONCILIATION OF CASH FLOWS FROM
OPERATING ACTIVITIES**

Net (deficit) for the year	(233,714)	(167,794)
Adjustments for:		
Depreciation and amortisation	68,768	183,052
Impairment losses	-	6,692
Interest expense	9,236	11,836
Gain on sale of property, plant and equipment	<u>-</u>	<u>(28,749)</u>
Operating surplus/(deficit) before changes in working capital and provisions	(155,710)	5,037
(Increase)/decrease in receivables	203,005	(9,678)
(Increase)/decrease in other assets	19,766	(8,626)
Increase/(decrease) in payables	<u>110,256</u>	<u>467,227</u>
Net cash from operating activities	<u>177,317</u>	<u>453,960</u>

CAPE YORK LAND COUNCIL ABORIGINAL CORPORATION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

16. RELATED PARTIES

(a) Key management personnel compensation

Key management personnel include governing committee members and senior executives of the corporation. The key management personnel compensation included in *employee expenses* (Note 3) are as follows:

	2006	2005
	\$	\$
Short-term employee benefits	271,041	445,082
Other long term benefits	22,778	-
Post-employment benefits	22,671	36,352
Termination benefits	<u>35,966</u>	<u>-</u>
	<u>352,456</u>	<u>481,434</u>

(b) Governing committee members' remuneration

The number of governing committee members of the corporation whose income from the corporation or any related party falls within the following bands:

	No	No
\$0 - \$14,999	<u>37</u>	<u>67</u>

Total income paid or payable, or otherwise made available to all governing committee members of the corporation from the corporation or any related party	\$	\$
	<u>25,865</u>	<u>25,475</u>

(c) Executive remuneration

Total income in respect of the financial year received, or due and receivable, from the corporation or related parties by senior executives of the corporation did not exceed \$130,000 for any one executive (2005: one executive received income in the band \$130,000 to \$145,000).

Senior executives are the Chief Executive Officer and equivalents, Senior Executive Service and equivalent officers classified in groups 9 – 11 of the *Public Services Classification Rules 2000*.

CAPE YORK LAND COUNCIL ABORIGINAL CORPORATION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

16. RELATED PARTIES (CONTINUED)

(c) Executive remuneration (continued)

Executives' remuneration includes wages and salaries, annual leave, performance pay, accrued superannuation, the cost of motor vehicles, housing and other allowances, fringe benefits tax included in termination agreements and amounts paid by the corporation during the year to indemnify executives, and an allocation of insurance premiums paid by the corporation or related parties in respect of directors' and officers' liability and legal expenses insurance contracts, in accordance with common commercial practice.

(d) Loans to key management personnel

No loans have been made to key management personnel during the year (2005: nil).

(e) Other key management personnel transactions

A number of key management personnel, or their related entities, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities.

A number of those entities transacted with the corporation in the reporting period.

The terms and conditions of the transactions with key management personnel and their other related entities were no more favourable than those available, or might reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm's length basis.

During the year the corporation entered into transactions with the following governing committee member related entities:

Alcan – William Busch is or was a director during the financial year.

Ang-Gnarra Aboriginal Corporation – Fred Coleman is or was a governing committee member during the financial year.

Apunipima Cape York Health Council Aboriginal Corporation – Priscilla Major, William Busch, Gerhardt Pearson and Jeffery Bosuen are or were governing committee members during the financial year.

Bamanga Bubu Ngadimunku Inc – Donna Henning is or was a management committee member during the financial year.

CAPE YORK LAND COUNCIL ABORIGINAL CORPORATION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

16. RELATED PARTIES (CONTINUED)

(e) Other key management personnel transactions (continued)

Balkanu Cape York Development Corporation Pty Ltd– Annie Bandicootcha and Gerhardt Pearson are or were directors during the financial year.

Cape York Corporation Pty Ltd as trustee for the Cape York Aboriginal Charitable Trust – Thomas George Jnr, Toby Accoom, Elizabeth Tayley and Gerhardt Pearson are or were directors during the financial year.

Cape York Partnership Projects Pty Ltd – Karen Gibson is or was a director during the financial year.

Coen Regional Aboriginal Corporation – Patricia Claremont is or was a governing committee member during the financial year.

Great Barrier Reef Marine Park Authority – William Busch is or was a board member during the financial year.

Gungarde Community Centre Aboriginal Corporation – Ron Harrigan is or was a governing committee member during the financial year.

Kaiwalagal Aboriginal Corporation – Jeffrey Bosuen is or was a governing committee member during the financial year.

Lockhart River Aboriginal Council – Toby Accoom and Mengui Nomoa are or were councillors during the financial year.

Mapoon Aboriginal Council – William Busch is or was a counsellor during the financial year.

The aggregate amounts recognised during the year relating to governing committee members and their governing committee member related entities are summarised below:

	Transactions during the financial year		Balances at the end of the financial year	
	Income \$	Expenses \$	Debtors \$	Creditors \$
2006				
Ang-Gnarra Aboriginal Corporation	-	191	-	-
Balkanu Cape York Development Corporation Pty Ltd	182,140	63,214	8,493	1,190
Cape York Corporation Pty Ltd	97,372	36,364	-	35,499
Cape York Partnership Projects Pty Ltd	-	97,861	-	-

CAPE YORK LAND COUNCIL ABORIGINAL CORPORATION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

16. RELATED PARTIES (CONTINUED)

(e) Other key management personnel transactions (continued)

	Transactions during the financial year		Balances at the end of the financial year	
	Income \$	Expenses \$	Debtors \$	Creditors \$
2006				
Coen Regional Aboriginal Corporation	-	2,203	-	-
Ely Bauxite Mining Beneficiaries Corporation Pty Ltd *	-	-	137,444	-
Gungarde Community Centre Aboriginal Corporation	-	4,253	-	-
Lockhart River Aboriginal Council	-	3,577	-	-
2005				
Ang-Gnarra Aboriginal Corporation	-	91	-	-
Apunipima Cape York Health Council Aboriginal Corporation	80	-	-	-
Balkanu Cape York Development Corporation Pty Ltd	37,964	6,814	12,074	484
Cape York Building Unit Trust	1,878	147,958	-	-
Cape York Corporation Pty Ltd	-	8,499	-	-
Cape York Partnership Projects Pty Ltd	151,270	-	4,609	-
Coen Regional Aboriginal Corporation	115	9,019	-	-
Ely Bauxite Mining Beneficiaries Corporation Pty Ltd *	38,361	-	137,444	-

* Allowance was made in full at 30 June 2005 for an impairment loss in respect of the amount owing by Ely Bauxite Mining Beneficiaries Corporation Pty Ltd.

CAPE YORK LAND COUNCIL ABORIGINAL CORPORATION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

16. RELATED PARTIES (CONTINUED)

During the year, the following amounts were paid to Cape York Financial Management Services Pty Ltd ("CYFMS") a company owned by Peter Callaghan (CEO) of the corporation.

	2006	2005
	\$	\$
Financial management services *	112,040	-
CEO services	<u>82,500</u>	<u>-</u>
	<u>194,540</u>	<u>-</u>

* CYFMS was independently awarded the contract for the above services before the CEO position was taken up by Peter Callaghan.

17. ECONOMIC DEPENDENCY AND GOING CONCERN

The corporation's financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business. The corporation reported a deficit of \$233,714 for the year ended 30 June 2006 and at that date, the corporation's current liabilities exceeded current assets by \$470,457. Total liabilities exceeded total assets by \$370,299.

The continuity of the corporation's business activities and its ability to meet its debts as and when they fall due are dependent upon the corporation continuing to source government and other funding. At the date of this report, the corporation has secured funding from OIPC for the year ending 30 June 2007. The corporation has also received confirmation from OIPC that "it is expected that CYLC will be recognised until 30 June 2008, and will continue to receive funding for native title services until at least that time, subject to CYLC's compliance with the conditions of its funding, and the Commonwealth's current policies in the area remaining unchanged." OIPC also acknowledged that it is "...our view that there have been significant improvements in the financial management and administrative procedures of CYLC over that time, and that it is currently operating within the terms of our funding agreement..."

The governing committee is confident that with the ongoing support of OIPC and other funding bodies and the measures it has put in place to (a) ensure compliance with grant terms and conditions, and (b) address the shortfall in working capital, the corporation will be able to continue its operations and meet its debts as and when they fall due.

CAPE YORK LAND COUNCIL ABORIGINAL CORPORATION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

18. EXPLANATION OF TRANSITION TO AIFRSs

As stated in significant accounting policies Note 1(a), these are the corporation's first financial statements prepared in accordance with AIFRSs.

The policies set out in the significant accounting policies section of this report have been applied in preparing the financial statements for the year ended 30 June 2006, the comparative information presented in these financial statements for the year ended 30 June 2005 and in the preparation of an opening AIFRSs balance sheet at 1 July 2004 (the company's date of transition).

In preparing its opening AIFRSs balance sheet, the corporation did not have to adjust any amounts reported previously in financial statements prepared in accordance with its old basis of accounting ("previous GAAP"). The transition from previous GAAP to AIFRSs has not affected the corporation's financial position, financial performance and cash flows for the year ended 30 June 2005 and 30 June 2006.

**CAPE YORK LAND COUNCIL ABORIGINAL CORPORATION
GOVERNING COMMITTEE'S DECLARATION**

In the opinion of the governing committee of Cape York Land Council Aboriginal Corporation:

- (a) the financial report for the financial year ended 30 June 2006, consisting of the income statement, balance sheet, statement of cash flows, statement of changes in equity, schedule of commitments and accompanying notes, is in accordance with:
 - (i) the Aboriginal Councils and Associations Act 1976, the Native Title Act 1993 and the Finance Minister's Orders made under clause 1(b), Schedule 1 of the Commonwealth Authorities and Companies Act 1997, including:
 - presenting a true and fair view of the corporation's financial position as at 30 June 2006 and its performance for the year ended on that date,
 - being based on proper accounts and records and being in agreement with those accounts and records, and
 - complying with Accounting Standards in Australia; and
 - (ii) other mandatory professional reporting requirements in Australia;
- (b) the receipt, expenditure and the investment of money and the acquisition and disposal of assets by the corporation during the year have been in accordance with the Native Title Act 1993 and any grant conditions imposed under subsection 203 CA(1) of that Act;
- (c) the financial report relates to the performance of the land council's representative body functions as required by the Native Title Act 1993, section 203 DC(3);
- (d) the financial report complies with the form of financial statements as required by the Native Title Act 1993, section 203 DC(4);
- (e) the governing committee and the corporation have complied with the obligations imposed by the Aboriginal Councils and Associations Act 1976, the regulations and the rules of the corporation; and
- (f) there are reasonable grounds to believe that the corporation will be able to pay its debts as and when they fall due.

Dated at Cairns this 10th day of October 2006

Signed for and on behalf of and in accordance with a resolution
of the governing committee:

Michael Ross

Michael Ross
Chairperson
10 October 2006



**INDEPENDENT AUDIT REPORT (EXAMINER'S REPORT)
TO THE MEMBERS OF CAPE YORK LAND COUNCIL ABORIGINAL
CORPORATION**

Scope

We have audited the financial report of Cape York Land Council Aboriginal Corporation ("the corporation") for the financial year ended 30 June 2006, consisting of the income statement, balance sheet, statement of cash flows, statement of changes in equity, schedule of commitments and accompanying notes. The corporation's governing committee is responsible for the financial report. The governing committee is also responsible for preparing the relevant reconciling information regarding the adjustments required under the Australian Accounting Standard AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards*. We have conducted an independent audit of this financial report in order to express an opinion on it to the members of the corporation.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Australian Accounting Standards and other mandatory professional reporting requirements in Australia and statutory requirements so as to present a view which is consistent with our understanding of the corporation's financial position and performance as represented by the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit opinion

In our opinion:

- (a) the financial report of Cape York Land Council Aboriginal Corporation is in accordance with:
 - (i) the Aboriginal Councils and Associations Act 1976, the Native Title Act 1993 and the Finance Minister's Orders made under clause 1(b), Schedule 1 of the Commonwealth Authorities and Companies Act 1997, including:
 - presenting fairly the corporation's financial position as at 30 June 2006 and its performance for the year ended on that date,
 - being based on proper accounts and records and being in agreement with those accounts and records, and
 - complying with Accounting Standards in Australia; and
 - (ii) other mandatory professional reporting requirements in Australia;



**INDEPENDENT AUDIT REPORT (EXAMINER'S REPORT)
TO THE MEMBERS OF CAPE YORK LAND COUNCIL ABORIGINAL
CORPORATION**

Audit opinion (continued)

- (b) the receipt, expenditure and the investment of money and the acquisition and disposal of assets by the corporation during the year have been in accordance with the Native Title Act 1993 and any grant conditions imposed under subsection 203 CA(1) of that Act; and
- (c) the governing committee and the corporation have complied with the obligations imposed by the Aboriginal Councils and Associations Act 1976, the regulations and the rules of the corporation.

Inherent uncertainty regarding continuation as a going concern

Attention is drawn to the following matter. As indicated in Note 17, the corporation's financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business. The corporation reported a deficit of \$233,714 for the year ended 30 June 2006 and at the date, the corporation's current liabilities exceeded current assets by \$470,457. Total liabilities exceeded total assets by \$370,299.

The continuity of the corporation's business activities and its ability to meet its debts as and when they fall due are dependent upon the corporation continuing to source government and other funding and being able to successfully address the current shortfall in working capital.

In the event that the corporation does not continue as a going concern, it may be necessary to write down the amount at which assets are recorded in the financial statements and provide for contingencies that would be expected to crystallise.

A handwritten signature in black ink, appearing to be 'K. Lee'.

KPMG

A handwritten signature in black ink, appearing to be 'Graham Coonan'.

Graham Coonan
Partner

Cairns
10 October 2006

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Cover Art by Eric Norman © 2006

"I belong to both sides, Kuuk Thaayorre from my father's side and Wik Munkan from my mother's side. My country is all around Pormpuraaw, right up to the Holroyd River to the north and then, on this side, before you come to the Melaman River to the south. I have my stories from my father and my mother. I remember all the stories and that's what I paint."

Eric Norman is part of the Kugu Muminh language group and can be contacted through the Pormpuraaw Arts & Cultural Centre.