

General Gumala Foundation

5 Year Review

2018

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BUSINESS CONSULTING
ABN 28 613 150 824**

This document was prepared for the General Gumala Foundation Trustee.

Its contents remain the property of the General Gumala Foundation Trustee and are not to be distributed with express written consent of the Trustee.

This document was prepared by Alinio Pty Ltd during the months of October to December 2018. It has been prepared without prejudice or favour and based information provided and collected from the Trustee, Corporation and the Foundations members in good faith.

The Review Team acknowledges the time, effort, endeavour and sincerity of all involved, especially the members. The genuineness of desire of members to participate where there was no previous connection or relationship to the individuals from the Review Team is a testament to the spirit and character of the Gumala family.

While it is acknowledged there are various ways to spell the names of the three language groups the Review Team used the spelling from the Trust Deed.

Comments are focused on entities not individuals and as such any comments cannot be inferred to be so.

Questions on the content, findings or recommendations are to be directed via the Trustee.

The Review Team from Alinio was: Rick Brooks; Jenna Shenton; Jan Bryson; and, Marion Dingo.

General Financial Advice Warning

The information which is summarised herein does not constitute financial professional advice and is general in nature. It does not take into the specific financial circumstances of Gumala and should not be acted on without full understanding of Gumala's current situation and future goals and objectives by a fully qualified financial advisor.

Alinio does not seek to recommend any financial products or services, but may make comments on the performance of existing financial investments as part of the requirements for this report specified in the terms of reference; however these comments are of a general nature and do not constitute professional advice.

1. Executive Summary

The following report presents the findings of the 4th Trust Deed Review in accordance with clause 33 of the Trust Deed. The Trustee engaged Alinio to perform the Review and provide an independent perspective on the operations of the Foundation. The report draws heavily from consultations with Traditional Owner members across the breadth of Gumala communities, Foundation staff members, and Directors from both the Trustee and the Corporation.

1.1 Member Reflections

“Get to know all members better to help keep us out of poverty, and try to educate how to stay on top of things especially with the help we receive” South Hedland

“In person discussion, friendly, positive, no arguments” Broome

“First time we have been heard individually” Perth

“Frustration of will it make any difference” Perth

“We have done it all before” South Hedland

“Now that you have listened, we await the outcomes” South Hedland

“Heard it all before - no changes made ever” South Hedland

“Now need to see how this information BRINGS change, if it happens and if changes are made Members need to be informed of changes from this” Karratha

“Need to see results (solutions becoming reality)” Karratha

“Directors could get training. We might be angry and frustrations so we shout at them in meetings, but they should listen not just shout back. We deserve to be heard” Karratha

1.2 Major issues

Input and feedback received from stakeholders throughout the Review highlights:

- The Foundation (specifically the Trustee and Corporation) does not use a ‘member centric’ approach
- Information provided to members has been complex and difficult for them to understand
- Interaction with members has been overly structured, hierarchical and often adversarial or dismissive in nature.
- Harmony within the Foundation’s leadership (specifically the Trustee and Corporation) and governance structure rely on the quality of the people within them, however there is no

Executive Summary

process embedded within the Foundation's policies or governing documents to adequately assess the skills, knowledge or intent of those people

- Attempts to engage in meaningful ways to deliver on the members wishes continues to be inconsistent
- Members believe they have already provided this type of input before and feel no one listens as they have not seen, noticed or been adequately advised of any changes in approach.

The issues outlined above have led to a lack of trust, which is the central problem this report's recommendations attempt to address. This lack of trust manifests itself in a disconnection with members, where they become uninterested or unwilling to effectively participate in key decision processes - further propagating a level of mistrust.

If the Foundation's directors and executives (from all three entities) proactively address this issue of trust, then real transformation can occur. The Foundation will be able to fulfil the intent the Elders involved had when drafting the agreement of coming and working together for the benefit of all members from the three language groups now and in the future.

The recommendations within this report have been purposefully separated into four areas:

- Behavioural
- Structural
- Operational
- Benefits (to be used in engagement with members)

The adoption of the Behavioural recommendations is seen as essential in gaining member support for the Structural recommendations. These Behavioural recommendations are designed to increase trust through timely, transparent and appropriate engagement with members.

While their implementation is at the discretion of the respective boards, the Review Team believe an 'if not, why not' approach should be adopted for all recommendations. That means that for each recommendation not adopted, the respective boards need to provide sufficient detail to members on why it was not adopted.

The Structural recommendations require a level of member endorsement. Based on the varied success in gaining endorsement for recommendations from previous Reviews, it is suggested the Foundation seeks to increase trust before attempting any significant change. To be clear, adopting Behavioural change is required before attempting any Structural change.

The Operational recommendations are designed to guide business improvement and are predominantly for the Corporation as the manager of day to day activities. That said all three entities need to be equal participants in the development and implementation of these recommendations. Specifically the Trustee needs to effectively fulfil its role of supervision, enabling and guiding the Corporation.

Benefit recommendations should be used as the basis for further engagement with members to validate them. This will ensure future programs address the needs of members in an effective and efficient manner. In addition, changing the method by which these are delivered will go a long way to address the issue of benefits being seen by many members in the community as welfare.

1.3 Context

The General Gumala Foundation (Foundation) was created in 1997 as an outcome of the Yandi Land Use Agreement between Hamersley Iron Pty Ltd and the Banyjima, Innawonga and Nyiyaparli people, the Traditional Owners of the country at the centre of Hamersley Iron's Yandi iron ore mining operation in the Pilbara.

The Foundation is a public benevolent institution for “the relief of poverty, sickness, suffering, distress, misfortune or destitution of the Traditional Owners, particularly those Traditional Owners residing in the (Pilbara) Region and throughout the state.”

The General Gumala Foundation Trust Deed requires a review within 18 months of the expiry of each Minimum Term for which a Trustee is appointed (every 5 years) to review the operation of the Foundation and the Trust Deed. The period for this 4th Review covers March 2013 to March 2018.

“At the completion of the Review, the Trustee will prepare and provide to the Manager...a report setting out:

- The results of the Review;
 - Recommendations for the better administration of the Foundation having regard to the results of the Review; and
 - Where appropriate, recommendations regarding amendments to this Deed which the Trustee may consider appropriate having regard to the results of the Review.”

Alinio has the pleasure of providing an independent perspective to support the Trustee in the execution of this requirement. In concert with the Trustee, the scope of our engagement was refined to focus on the Trustee (GIPL) and the Corporation (GAC). The Enterprise (GEPL) was excluded from the scope of this review at the request of the Trustee.

A preliminary review of annual reports and previous Foundation Reviews suggested the Fourth Review presented an opportunity, beyond just analysing the Foundation's effectiveness, to quantify risks and resistance to potential improvements; ensuring recommendations are practical and amenable to all stakeholders.

To ensure completeness, the Review Team felt it was prudent to leverage and acknowledge the effort and insight of previous Reviews; and cast a wider eye to commentary and research within the sector, specifically when related to the Foundation.

The Review Team and Trustee recognised this Review was a transformation initiative that leverages a governance review process. One that focused on alignment between beneficiaries, enabling the

Executive Summary

Foundation to be confident it is pursuing a common purpose, as defined and agreed by the Gumala People. This meant the review process needed to instil trust in the Gumala People that the Foundation was, and is, 'working together' for the members benefit.

The Foundation has achieved some positive outcomes for the Gumala people given the difficult economic conditions. Some members hold Gumala in quite high regard in comparison to similar entities within the sector. While this is commendable, the Foundation needs to acknowledge that there are inconsistencies across member views and significant opportunities for improvement.

During consultation with the members there was clear frustration, confusion and sometimes anger. Members want visible change. They want benefits that lead to tangible outcomes as well as a better level of trust and interaction with the Foundation. And while the Review Team can see the Foundation is already implementing some of the recommendations from previous reports, they need to effectively demonstrate and communicate this to the majority of members; and most importantly show how the Foundations actions will/have bettered the well-being of members.

The challenge for the Review Team has been to understand why previous recommendations have not been fully implemented when it is clear the Foundation has been provided compelling information on the current issues and desired future state.

It appears to be due to a lack of trust between members and the Foundation where the Foundation 'talks' about acting in the best interest of members, but the members don't truly believe this. Particularly when they see that the value of the trust fund is growing, but the Foundation is not physically spending the funds as per the utilisation category percentages stipulated in the Trust Deed; and the members see an accumulation of funds for 'future programs' that should have been distributed for their benefit (talk the talk but don't walk the walk).

1.4 Findings

The approach for this Fourth Review, as endorsed by the Trustee, was to attempt to engage with as much of the membership base as possible, by driving to as many places of residence possible over a six-week period.

During the 7481 kilometres of travel, through 21 towns and communities, holding some 53 sessions on 29 separate days, consulting 377 stakeholders, analysing 221 surveys and other data collected, the Review Team identified there is a significant disconnect between the Foundation and its member base.

The Review period has been a turbulent one, and there is a perception amongst members and ORIC that in the past some actions have taken place within the Foundation that benefited some members and individuals over others. This has also contributed to the erosion of trust; and while some improvements to governance have been made, the Foundation needs to be vigilant about this risk and how actions may be perceived by members given this history.

Executive Summary

Another contributing factor to this disconnect is ‘mindset’. It appears to members the Foundation takes a more ‘corporate’ approach to how it manages itself and its interaction with members, as opposed to one where the member is at the centre of thinking and actions i.e. It is not seen by members as being ‘member centric’. This mindset began before 2013, and remains prevalent. It is based on the behaviours of the Foundation such as: the desire to increase the surplus of the Corporation (seen by members as making a profit, instead of passing through benefits to members – which the Review Team acknowledge is not the actual case – however it is the prevailing perception); in the quality of graphics and paper in annual reports and program booklets (seen by members as being akin to an organisation soliciting investments) and the Strategic Plan (2017 – 2020) which was well intentioned but is seen by members as having a ‘corporate’ feel and sense about it – being more about the entity and what it would do rather than the outcomes it delivers for members. The Strategic Plan is also limited to the Corporation (as was the 2009 – 2012 Plan).

A significant recommendation of the Third Review was to develop a Strategic Plan for the Foundation – sufficient for the Fourth Review to assess the effectiveness of its implementation and impact. This Fourth Review would have benefited from such a document.

This ‘corporate’ mindset has definite benefits for the Trustee and has resulted in the growth of the Future Fund through prudent investment practice and oversight, along with an accumulation of funds for the Corporation. And while still seen as unacceptably high by members, administration costs have decreased and are well controlled compared to similar organisations. While the financial/investment function of the Foundation has some minor opportunities to improve, it is healthy and robust.

However, it is important to understand that growing the Future Fund means little to those members in inappropriate housing, or living with poverty, sickness, suffering, distress, misfortune or destitution – as many reported during the consultations. This is especially difficult for members to understand when the allocation of funds that is meant to go to ‘Today’s’ members are held for the future and are not spent in accordance with the Trust Deed utilisation category allocations. The Trustee needs to ensure this does not continue unless the Trustee and Corporation have formally agreed to suspend payment due to economic conditions or specific circumstances as per the trust deed.

The Foundation is also not “member centric” in that it focuses on prosecuting the letter of the Trust Deed rather than its intent. For example, the Trust Deed requires that available income be ‘applied’ to the utilisation categories but doesn’t specifically say it has to be physically ‘spent’ meaning that the Trustee can comply with the Trust Deed by making the funds available to the Manager, and if the Manager doesn’t spend it then it is held until needed for the original project, or another one of the Manager’s choice. However, the Trust Deed implies that to underspend should be a conscious choice/determination that the Trustee makes in consultation with the Manager as a last resort or anomaly.

The ‘intent’ of the Trust Deed is that 60% of the available income is paid for the benefit of today’s members, and 40% is invested for ‘future members’. By consistently under spending the amounts (the 60%) that should be applied for the utilisation categories in a given year, the Trustee and

Executive Summary

Corporation are complying with the clauses of the Trust Deed itself, but not with the intent i.e. distributing 60% of available income to members in the year it is allocated.

Another example of prosecuting the letter of the deed as opposed to the intent is the requirement to ensure benefits only go to beneficiaries which places substantial administrative burden on members to 'prove' the benefits are going to them directly (not to other persons) and provide the Foundation with this substantiation in the form of detailed applications. As such a purchase order in the name of the beneficiary, containing the details of the beneficiary's vehicle, will be issued to a local fuel provider for a once-only transaction. This ensures only the beneficiary benefits. In reality, purchase orders are issued at a value in excess of the capacity of beneficiary's vehicles leading to the use of fuel containers or the purchase of other items – both of which can be passed on to non-beneficiaries or converted to cash.

The fact the Foundation can satisfy audit requirements in process but not in reality, shows the issue with this interpretation. It also identifies that members can benefit from Gumala actions both directly and indirectly. A broader definition of how members 'benefit' may still satisfy the requirement of Clause 3.3 'The Foundation is established for the benefit of Traditional Owners'; and reduce the administrative burden on members. The current narrow interpretation of this clause does not neatly align to the Gumala Way stated in the Corporation's award-winning strategy:

“By going to them and tailoring solutions that best suit the individual needs of those communities, it's acknowledging that there's not a one-size-fits-all approach as in the past. Each community is different, and their aspirations are different.”

The Review Team acknowledge the significant value being a registered charitable organisation is to the Corporation and Trust is to members in terms of taxation as well as reducing employee costs. It is also recognised many of the points identified above, and within this Report, result from a desire to preserve the 'status' of the organisations. Notwithstanding this the Review Team believes there is opportunity for the Foundation to retest previous assumptions and directives, as well as engage with members to ensure they understand why the Foundation appears to do things differently to other Aboriginal Corporations/Trusts the members interact with.

The Corporation's Strategy has good intentions but is not fully put into practice – reinforcing that the Foundation knows the issues and highlights the necessary actions with strategies to address issues; but fails to effectively implement the strategies and resolve the issues.

Ineffective delivery of positive outcomes to all members remains a significant and urgent challenge for the Foundation. Significant, as the numbers of members reporting to experience “poverty, sickness, suffering, distress, misfortune or destitution.” Urgent, as the situation continues with many members not seeing any tangible change during the past 21 years.

Feedback gathered during the Review was variable when members were asked if they knew what benefits were available, how to access them, how long it took to receive them and if they had attempted to apply for them. Foundation staff themselves felt that the Foundation was struggling to make a tangible difference to the well-being of members and had not yet substantially

contributed to lifting members out of poverty and hardship or made any substantial enhancement to the standing/situation of communities.

The Second and Third Reviews recorded there had been issues between the respective boards and management of the Foundation's three entities but that the then "current state" of relations had become less dysfunctional. In the early to middle part of the fourth Review period, relations, behaviour and performance were also unsettled, however, significant effort on behalf of both the Trustee and Corporation boards has resulted in improved collaboration between the entities with indications suggesting they are on track for continuous improvement.

Therefore, the Foundation has a level of 'self-healing' that is admirable. Unfortunately, this also highlights, as noted by ORIC, that the Foundation requires further institutionalised governance controls and practices to provide sufficient confidence that history will not repeat itself – i.e. a demonstrable strengthening of systems or practice to ensure this level of dysfunction returns does not return, as the underlying strength of relations within and between boards has been raised as an issue by many stakeholders.

On a positive note, the current stability within the Foundation provides an opportunity for it to be proactive, rather than reactive in its approach to governance and the development of aligned lead indicators to measure the health of governance across the Foundation. The current structure of the Foundation, (the Corporation and Trustee being separate) may be a factor in creating tensions, engineering in costs and reducing perceived as well as real self-determination. However, it also provides the platform for the necessary behavioural change required to enable a simplified structure to survive moving forward.

At present dissolving the current structure of the Foundation begs the question of what would take its place – there is no obvious answer and the significant lack of trust between and within language groups has formed an impenetrable barrier to a change of this nature. As many members suggested: it is difficult to believe those 'in charge' are looking after member's interests if there has been cycle of open and ongoing dissent between those 'in charge'.

1.5 Objective

The objective of this report is to inform decisions within the Foundation (specifically the Trustee and Corporation) on how to take appropriate actions that best serve the intent of the Trust Deed and delivers positive outcomes for all members. Given the weight and emotion of the feedback from members, this Report attempts to demonstrate both the severity (impact on members) of the situation for some and the simplicity in which significant change can be made – starting from the first read of this document.

The Foundation, and therefore the members, will benefit immensely as those who can influence the path forward channel their energy, and potential frustration of members, into making a positive difference, rather than to just provide argument or explanation for past events and actions i.e. when people walk their talk.

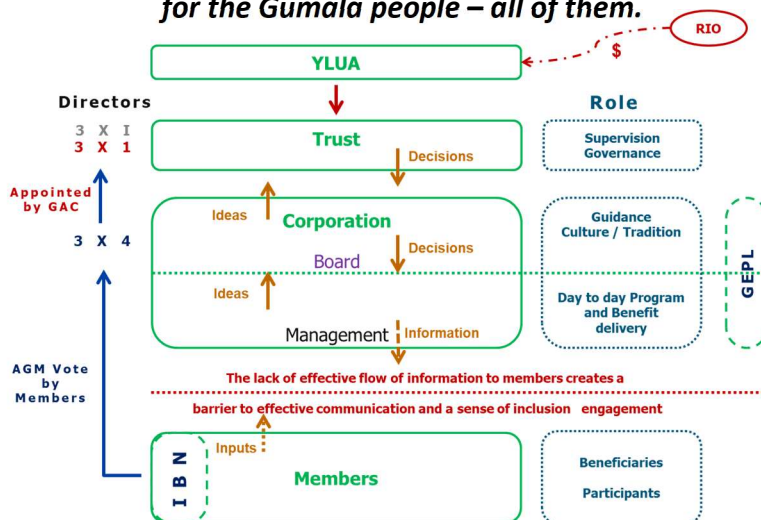
The past is the past, and these observations and recommendations are for today, and the future.

“Be a man, be a woman, be about being family”

(a quote from the 2018 Corporation AGM in South Hedland)

The overriding view of members is "we are Gumala", "we should work together" and they expect the Foundation to fulfil the desires the original elders had for the agreement.

Members are looking to the respective boards and management to take heed of this report and demonstrate, in fact prove, they represent and speak for the Gumala people – all of them.



Adaption of the graphic used during consultation sessions to illustrate the challenges faced by the Foundation

Timeline of Events

TIMELINE OF KEY EVENTS DURING REVIEW PERIOD

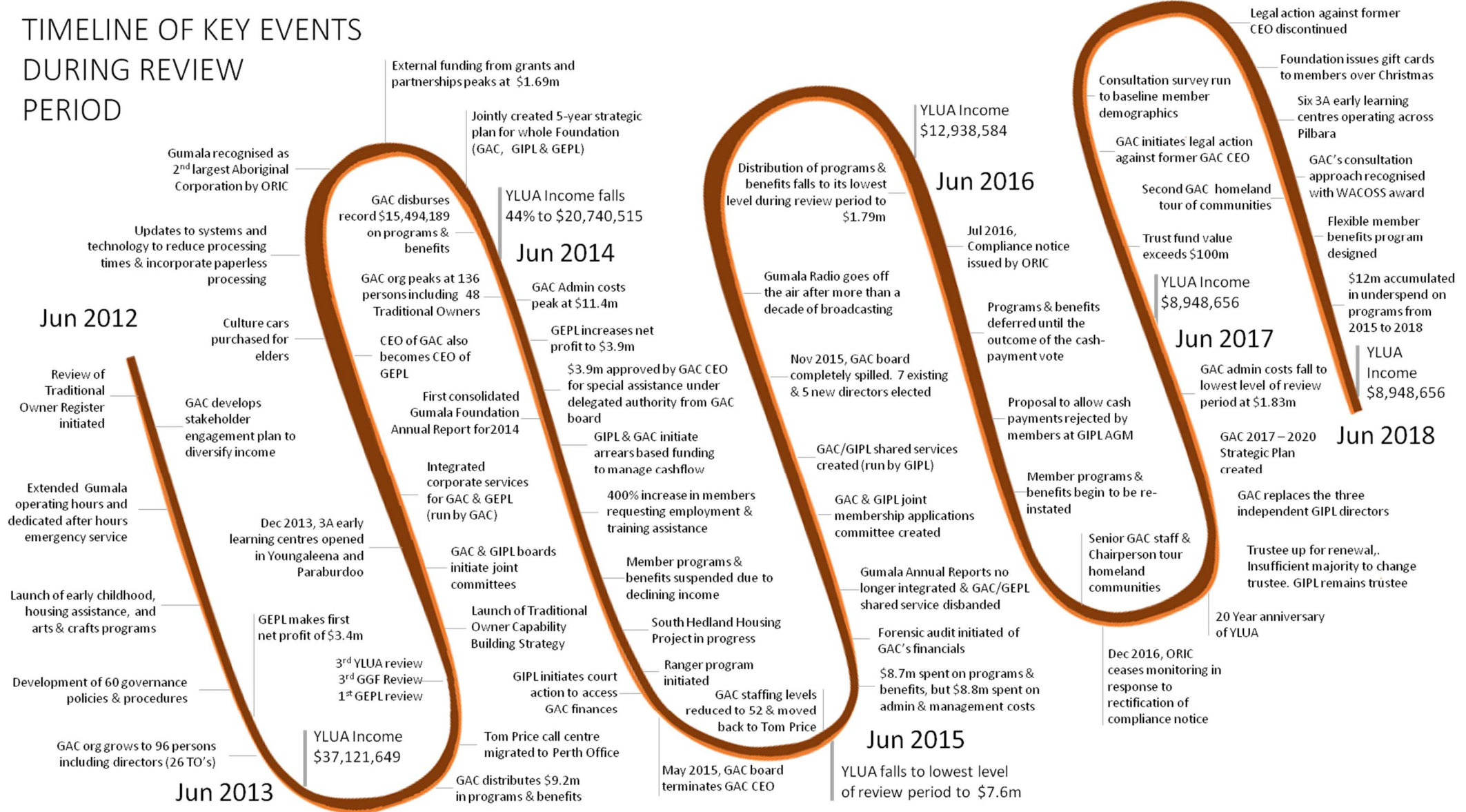


Table of Contents

1. Executive Summary	3
1.1 Member Reflections	3
1.2 Major issues.....	3
1.3 Context	5
1.4 Findings.....	6
1.5 Objective	9
2. Recommendations.....	14
2.1 Behavioural.....	14
2.2 Operational.....	16
2.3 Structural.....	19
2.4 Benefits.....	21
3. Context for the Review.....	23
3.1 Overview.....	23
3.2 Context	23
3.3 Background of Past Reviews.....	23
4. Principles and Outcomes	25
4.1 Being Member-centric.....	25
4.2 How to change.....	26
4.2.1 Principles	26
4.2.2 Consolidate the External View	28
4.2.3 Adjust the Internal View.....	28
4.2.4 Consistent Language	29
5. Financial Analysis.....	30
5.1 Income Analysis	31
5.1.1 Total Income Vs Available Income	32
5.2 Investment Analysis.....	33
5.2.1 Investment Policy	33
5.2.2 Asset Class Conformance to Investment Policy	34
5.2.3 Rate of Return Conformance to Investment policy.....	35
5.2.4 Conformance to Risk Tolerance	36
5.2.5 Performance of Investment Advisors.....	36
5.3 Expense Analysis.....	37
5.4 Utilisation Category Analysis.....	41
6. Benchmarking.....	45
6.1 Organisation Structure	45
6.2 Corporation Directorship Structure	46
6.3 Sources of Income	47

Table of Contents

9.4 Expense Analysis.....	47
6.5 Program Analysis	48
7. Governance Analysis	50
7.1 Boards.....	50
7.2 Reporting and Performance Management	50
7.3 Board Administration	53
7.4 Board and Committee Attendance	54
7.5 Good Standing of Board Members.....	54
7.6 Policies and Procedures.....	56
7.6.1 Policy Issues Identified	57
7.7 Project Governance	59
7.7.1 Initiation/Business Case	59
7.7.2 Project / Program Management	60
8. Consultation Analysis	61
8.1 Feedback on Consultation Process.....	61
8.2 Member Views on Benefits	62
8.3 Member Views on Program Accessibility and Eligibility	65
8.3.1 Usability	66
8.3.2 Allocation Utilisation	67
8.3.3 Other Issues.....	68
8.4 Member Views on Trust and Corporation.....	69
8.4.1 Communication	70
8.4.2 Responsiveness to Members.....	73
8.4.3 Transparency	74
8.4.4 Reducing Costs	75
8.4.5 Other Issues.....	76
9. Conclusion	78
A Scope and Terms of Reference.....	79
B Approach	82
C Current State Graphic Used During Consultant	84
D Detailed Findings	85
E Recommendations – Graphical	91
F Key Events during Fourth Review Period	97
G Third Review of Foundation: Recommendations.....	100
H Session Schedule and Attendance.....	103
I Definitions	106

Recommendations

2. Recommendations

The current stability within the Foundation provides an opportunity for it to be proactive, rather than reactive, in its approach to governance and the development of aligned lead indicators to measure the health of governance across the Foundation. The recommendations below form a phased implementation approach where Behavioural recommendations are needed to build trust before Structural changes are implemented.

Activity	Phasing
Behavioural Recommendations	
Operational Recommendations	
Structural Recommendations	
Benefit Recommendations	
	

2.1 Behavioural

The following behavioural changes are designed to re-establish trust with members through collaboration; and to encourage Foundation behaviours (across all three entities) in accordance with the Foundation's Good Governance Charter - demonstrating self-accountability, transparency and performance management of the Foundation's Management and Board Members.

- 1) Enhance Foundation Performance Management by instituting a Foundation visual performance dashboard that forms the basis of the joint board meetings and is used to track the performance of the Foundation as a whole (all three entities). Ensure the dashboard incorporates both Targets and Actual performance utilising the suggested KPI's provided in this report (Section 9 Governance Analysis). Foundation leaders must hold each other to account to meet the intent of the Trust Deed in benefit distribution and their performance KPI's. And the Trustee must fulfil its duty as overseer of effective and efficient governance.
- 2) Incorporate performance reporting in member communications (such as annual reports and AGM presentations) that include performance targets; and measure actuals against targets instead of comparing performance against a previous period (see Recommendation 22)
- 3) As representatives of their language groups, Corporation and Trustee Directors to self-report at Board Meetings on engagement with their language group to maintain a close understanding of community concerns. Reporting should include:
 - a) the Directors intended approach (how they will consult) to be provided to respective board at the next board meetings post receipt of this report

Recommendations

- b) Results of their individual engagement activities to be provided to members at the 2019 AGM in the form of a 5-minute summary
- 4) Corporation and Trustee Executive Officers to self-report on member engagement
 - a) The intended approach to be provided to respective board at the next board meeting post receipt of this report
 - b) Results of engagement activities to be provided to members at the 2019 AGM in the form of a 5-minute summary. This is in addition to activities undertaken by their respective entities in the normal course of daily business, which is to be reported separately
- 5) Foundation's Key Personnel (Executive Officers, Managers and board members) to institute self-reporting to 'good standing' requirements, confirming
 - a) They are/would be eligible under Part 65 of ATsIC Act to be appointed as a Director i.e. they would not be disqualified if there was full disclosure of their background to ATsIC
 - b) The Foundation's boards to define and agree a definition of "good standing" for Key Personnel, which would include eligibility under Part 65 of ATsIC Act and could include national police clearances (similar to mainstream charitable organisations)
 - c) At the 2019 AGM communicate the Corporation's intention to update the Rulebook and formalise the good standing and nomination eligibility requirements for Key Personnel (Corporation, Trustee and Enterprise) at a vote at the 2020 AGM to give members time to prepare for and understand the changes. Communicate to members the definition of good standing agreed by the board (see Recommendation 26a)
- 6) Reduce the number of the Corporation's directors at the next AGM from 12 to 9, (allowable under current Corporation's Rule Book) to reduce overheads and acknowledge the perception of members regarding the amount of administration costs was heard and actioned
- 7) Develop and agree the principles for being member-centric and orient each of the three Gumala entity around the members
 - a) Adapting language and documentation to reflect this change
 - b) Entities self-report on member-centric strategies used as well as the expected and actual results
 - c) Use consistent language that can be understood by all members across all entities
 - d) Create a single member-centric 'graphic' clarifying the purpose of respective Boards in Q1 2019 which:
 - i) Outlines the roles and intent of each entity from a member's perspective
 - ii) Demonstrates the integral, interdependent and equal role each entity has in respect to the success of the Foundation

Recommendations

- 8) Facilitate the development a Country Plan in collaboration with Traditional Owners to document the vision, goals and strategies the Members have for their Country. It should incorporate economic development and industry that the TO's want to develop within their community to grow employment; land management and environment strategies; culture/language preservation strategies, community infrastructure, community well-being and social support needs etc. The Country Plan could also be developed with other Indigenous support organisations that service Gumala language groups such as IBN, BNTAC and others to divide supporting activities and prevent overlap. The Country Plan is owned by the members; Gumala drives its implementation.
- 9) Consolidate the external view of the Foundation to present a simple aligned view
 - a) Combine the Trustee and Corporation websites into one Foundation website for communication purposes to members (individual pages can be focused on the different arms of the Foundation for specific and dedicated content)
 - b) Provide a simplified consolidated annual report of the Corporation and Trustee to members to show performance of the Foundation as a whole (see Recommendation 22).
- 10) Agree and communicate to members a commitment for a single Traditional Owner register; (albeit stored in two locations to satisfy the current requirements of each entity). Agree and communicate to members the proposed membership criteria that will align between the Corporation Rule Book, the Trust Deed and the FARC Charter. (See Recommendation 28 to formalise the agreement into governance documents)
- 11) Explain the findings of this Review to members including the intended actions with an explanation of why, and why not, recommendations have either been adopted or rejected.

2.2 Operational

Operational recommendations are designed to guide business improvement and enhance the way the Foundation meets the intent of the Trust Deed. All three entities need to participate and support the development and implementation of these recommendations:

- 12) Create a single Foundation Strategic Plan for the Trustee, Corporation and Enterprise (building on the Country Plan (see Recommendation 8), that embeds the goals of the Country Plan into the strategic activities of the Foundation by:
 - a) Developing the goals and strategies from the Country Plan into outcomes and strategies that Gumala must complete to contribute to the realisation of the Country Plan
 - b) Incorporating supporting strategies from the current Corporation's Strategic Plan and expand it to cover all three entities
 - c) Incorporating realistic measurable performance targets for both outcomes and strategies

Recommendations

- d) Committing to be, and act as one Foundation
- 13) Develop a Foundation issues/ideas register that documents ideas/issues/improvements or potential programs raised by members through consultation (or through general interactions with member service delivery teams, surveys or feedback forms on the website or members portal (Recommendation 15). The Foundation should track how long it takes to respond to issues/requests raised in the register and report performance as part of the dashboard under Board Performance. The register should be communicated to members on a regular basis (and provided on the member portal) so members can see ideas generated by others and progress by the Foundation.
- 14) The Trustee to become accountable to institute a formal TO board capability program that is instilled into Foundation board governance policies whereby a skills audit is done at each changeover in TO Board Members, and a tailored capability program and schedule of training activities is created for each TO Board Member. Progress of activities against schedule is to be reported at joint board meetings as part of the Foundation performance dashboard (Recommendation 1). The program for each TO Board Member should be reviewed annually. A specific outcome should be public speaking, conflict resolution and receiving difficult feedback.
- 15) Utilise the savings from the reduction in the Corporation's Directors (~\$120 000 + travel and expenses) to enhance the interaction with members on country e.g. employing field services officers (~ 1.5 FTE or 3 x 0.5 FTE roles) to visit communities regularly to educate members on their entitlements to benefits and provide social support; or enhancing the use of office staff in the community etc.
- 16) Develop operational plans for each of the three entities that enhance and diversify income for the Foundation by focusing on additional development opportunities
 - a) Further development of grants and sponsorship opportunities such as conservation research, culture/art/language sustainability
 - b) Income generated from potential opportunities arising from the "Country Plan" such as Tourism, language and art exhibitions and centres (like Mabu Yawuru Ngan-ga) or providing local products to the Karajini Visitors Centre - which may also be a catalyst for an independent business for members
 - c) Further development of opportunities to provide services and programs on behalf of governments (e.g. health care programs, community services etc.)
- 17) Investigate/validate asset class allocation in Investment Policy to align with Risk Tolerance level
- 18) Repeat the membership survey performed in 2016-2017 to establish a longitudinal baseline.
Repeat every 2-3 years to confirm if the Foundation has made a tangible difference to the well-

Recommendations

- being members (re-doing the same survey should be less expensive than the initial development)
- 19) Where possible, amalgamate policies to have Foundation policies instead of separate policies for the Trustee and Corporation and ensure all policies are approved and up to date regarding reviews
- 20) Create a Foundation Reporting Standard to ensure consistent reporting into the future that includes the following:
- a) The requirement for annual reports and AGM presentations to include performance targets and measure actuals against targets instead of just reporting what happened compared to a previous period;
 - b) That members are provided with a simple consolidated report that they can understand for the Foundation, so members can compare the performance of the Foundation against the following:
 - i) The fair distribution of benefits as per the Trust Deed utilisation category targets;
 - ii) The cost of the Foundation structure as a whole to administer the trust and distribute benefits;
 - iii) Growth of investments and the rate of return over the portfolio as a whole;
 - iv) The performance of each of the Boards in meeting their KPI's;
 - c) That related party payments for the Corporation are transparently reported on an individual basis as per the 2016 Annual Report - incorporating wages/director fees, member benefits, allowances/reimbursements, contracted professional services or loans (instead of aggregating the payments into totals as per current practice).
- 21) Implement actions and behaviours that enhance the rigour and accountability of Corporation and Trustee board members for committee attendance rather than reducing quorum requirements by:
- a) Further enabling the use of current video and telephone conferencing for committee meetings to allow those not physically able to travel to attend;
 - b) Incorporating attendance of Directors at committee meetings as part of the performance management and reporting dashboard at board meetings to encourage behavioural change.
- 22) Investigate the benefit of developing a member's 'portal' to allow access to program 'balances', track application status, communicate with members etc. This should be contrasted against Recommendation 32 – as simplified benefits delivery may lessen the need for a portal e.g. if members have a "cashless debit card" this may provide balance information.

Recommendations

- 23) Ensure both the Trustee and Corporation have representatives on the Liaison Committee and actively/regularly engage with RIO to build a better working relationship; have more combined influence on decision making; and look at other opportunities to provide outcomes more in line with modern ILUA's (in terms of tons mined rather than land disturbed) that may not necessarily be a renegotiation of the YLUA, possibly ex-gratia payments, additional heritage agreements etc.
- 24) As recommended in previous Reviews further investigate consolidating the YLUA and Trust Deed reviews for 2023 to reduce consulting costs. To ensure the consolidation occurs, draw up and agree the Terms of Reference this year and set it as the standard terms of reference for future reviews in consultation with Rio Tinto.

2.3 Structural

Structural recommendations are designed to ensure the sustainability of the recommended Behavioural changes. They are intended to increase the effectiveness and efficiency in the administration and the delivery of benefits to members. It is essential advice from ORIC and Lawyers are considered for any changes to the Rule Book and Trust Deed.

These recommendations will require updating the Trust Deed and other documents to be more in line with members' wishes, modern practice and governance (including director selection), specifically being:

- 25) Update each entity's governing document in respect to director requirements and terms:
- a) At the 2020 AGM formalise the 'good standing' requirements by conducting vote on Rulebook change for eligibility requirements and nomination process (s8.2.1, 8.2.2 and 8.2.3). Continue to request voluntary statements of good standing until end of 2021 when new process can be utilised for nominations at the Nov 2021 AGM. Incorporate requirements into policies and procedures.
 - b) Implement a limit on the number of terms able to be served consecutively by Directors for all entities (for example - a maximum of three consecutive terms for Corporation Directors with a mandatory break of two consecutive terms before being eligible for re-selection)
- 26) As a step to combining the Trustee and Manager in line with the self-determination intent within the Trust Deed:
- a) Investigate changes to the composition of the Corporation's board to transition the purpose of the Corporation's board to be more aligned to that of the Traditional Owners Advisory Committee Board

Recommendations

- b) Remove the opportunity for independent directors to be appointed to the Corporation Board
- c) Allow for a reduction of Trustee independent directors to two, if on an ongoing basis a review of director competencies match the requirements as detailed in the skills matrix for the board
- d) Allow for the Chair of the Trustee to be a TO.

This is the alternate to the recurring theme of removing the Trustee, with the Manager assuming responsibility of the Trustee. The above has the same outcome of less overhead and greater self-determination.

27) Align the TO register and member listing into one register as part of the five-year review process (Clause 12.1 of the Trust Deed)

- a) Implement the previous recommendations to align the registers,
- b) Obtain legal advice on the following (if not already done):
 - i) Application of the ground rules criteria from the FARC Charter in relation to section 12.1 of the Trust Deed
 - ii) Removal of TO's from the Traditional Owner register due to the broader definition of Traditional Owner than the narrower eligibility requirements currently adopted by the Foundation Applications Review Committee.
- c) Adopt uniform criteria for membership that goes beyond board interpretations
- d) Amend the Trust Deed, the GAC Rulebook member eligibility criteria and FARC Charter Ground Rules to align the criteria based on legal advice.
- e) Communicate updates to members and update information sources and application forms with eligibility criteria

28) The Foundation to obtain legal advice as to whether it is possible to add to the objects of the Trust Deed to create clause 3.4 (10) to recognise a fundamental focus of members that one of the Objectives of the Foundation be 'to assist the Traditional Owners in the protection, enhancement and development of their culture, language and art'.

29) Update the name of the 'Education and Training' utilisation category under Clause 8 of the Trust Deed to 'Education, Training and Employment' to provide clarity to members and expand the 'employment readiness' support benefits

30) Update the Trust Deed and GAC Rulebook to remove reference to out of date governance bodies and replace with wording that references a relevant and appropriate industry body without limiting it to a named body to prevent having to update the Trust Deed or Rule Book for administrative purposes (e.g. clause 18.1.b)

Recommendations

2.4 Benefits

Expenses are currently 31% of income with employee and director costs accounting for over 50%, and because the full category utilisation funds are not being physically spent then in absolute terms for 2018 it cost the Foundation \$1.40 in Operating costs to deliver \$1 of benefits to members. Therefore, it is recommended to refine the Benefits Programs to reduce overheads and ensure member's needs are being attended to in an effective and efficient manner as follows:

31) Simplify benefit delivery and minimise the administrative burden on members

- a) Investigate the use of a 'cashless' debit card using similar technology as the "Cashless Debt Card" to reduce the reliance on Purchase Orders and Vouchers. Initially for flexible benefits and expanding to be the method of payment of all benefits
- b) Provide for negotiated/preferential terms for members at key suppliers, such as discount cards.
- c) Obtain advice to confirm whether Clause 3.3 (or other related clauses) of the Trust Deed requires members to have direct benefit from the Trust or if indirect benefits still meet the requirement (i.e. if a member is transported by a relative or non-member, does the Trust Deed actively preclude compensating the relative/non-member given the benefit was obtained for the member).

32) Develop targeted benefits and programs that fundamentally improve the well-being and socio-economic status of the member aligned to the Country Plan such as:

- a) Programs and benefits based on the outcomes and strategies defined in the Country Plan (Recommendation 8) with emphasis on aligning business development programs with the industries and opportunities the members want to develop in their communities.
- b) A program targeted at employability or employment readiness that supports members obtaining employment. This could include courses to obtain tickets, licences, or certifications; interview skills, resume building skills etc.
- c) Targeted health programs and campaigns based on current member health demographics and goals defined in the Country Plan (e.g. Diabetes, kidney disease, mental health) etc.

The following are not recommendations but were actual suggestions from members or staff in relation to benefits, and are listed here to ensure ideas of merit from members are clearly communicated to the Foundation:

- a) Dedicated program targeted at Elders in terms of medical care and specialised medical support equipment, home visits and social care, food and utilities, entertainment, bus services etc.
- b) A housing program similar to the Western Australian Shared Ownership scheme or where in the beginning a home that is fully owned by Gumala with subsidised rent, then once

Recommendations

- the member has stable employment then can move to joint ownership where Gumala owns 50% and the member owns 50%, then once they are able to, they can fully buy the property out.
- c) An Employment Support program to help get TO's employment ready, including paying for certifications or licences, short courses or training, help with resume writing, career planning, recruitment support etc.
 - d) An 'Adult Life' management program that helps members to understand how to run a home, to understand their rights as a tenant and ensure their landlord looks after them, how to keep a house, how to make a budget etc.
 - e) A Youth Mentoring program that supports youth and teenagers with developing life skills, drug and alcohol education, mentoring, tutoring, preparing for employment, and leadership development (note some members would actively like to support a drug awareness and education campaign that utilises speakers who are members of Gumala and have experienced issues with drugs and alcohol who have come through these challenges with personal insights that may resonate with members and youth who are struggling)
 - f) A Sports program that supports children and youth to participate in sports including the purchase of equipment, fees, sponsorship, clothing etc.

For a full list of program ideas and suggestions from members see Section 8 Consultation Analysis.

3. Context for the Review

3.1 Overview

An initial review of annual reports and previous Foundation Reviews suggested this Fourth Review presented an opportunity beyond just analysing Foundation effectiveness to quantify risks and resistance to potential improvements; ensuring recommendations are practical and amenable to all stakeholders.

It seemed essential the Review enhanced alignment between Beneficiaries, enabling the Foundation to be confident it is pursuing a common purpose, as defined and agreed by the Gumala People. It was also clear the Review presented an opportunity to begin instilling trust in the Foundation of the Gumala People. In essence making the Fourth Review a transformation initiative that leverages a governance review process.

3.2 Context

The Foundation was created in 1997 as an outcome of the Yandi Land Use Agreement between Hamersley Iron Pty Ltd and the Banyjima, Innawonga and Nyiyaparli peoples, the Traditional Owners of the country at the centre of Hamersley Iron's Yandi iron ore mining operation in the Pilbara.

The Foundation is a public benevolent institution for “the relief of poverty, sickness, suffering, distress, misfortune or destitution of the Traditional Owners, particularly those Traditional Owners residing in the (Pilbara) Region.”

The General Gumala Foundation Trust Deed provides that every five years the Trustee will “convene and hold a Review of the operation of the Foundation and this Deed.” In addition,

“At the completion of the Review, the Trustee will prepare and provide to the Manager...a report setting out:

- the results of the Review;
- recommendations for the better administration of the Foundation having regard to the results of the Review; and
- where appropriate, recommendations regarding amendments to this Deed which the Trustee may consider appropriate having regard to the results of the Review.”

3.3 Background of Past Reviews

The Third Review Report outlined the history of Reviews as:

“The First Review of the Foundation was conducted in 2002, commissioned in May 2002 and report in December 2002.

Context for the Review

The Second Review of the Foundation was conducted in 2008 and, after Court actions and further reports, led to an extensive proposal for the Restructure of the Foundation, the terms of which were agreed between GIPL, GAC and Rio Tinto and included:

- the re-introduction of an Advisory Trustee; and
- GAC accepting the obligations of the Trustee as well as Manager; and
- GAC agreeing that within one year its only activity would be that of the Trustee with the obligations of manager.

A series of joint consultations with Beneficiaries was held throughout the Pilbara to explain the new proposed structure.

However, at a joint EGM held in Tom Price on 25 June 2011 the proposal failed to pass because it required 75% of the Beneficiaries present to vote in favour of the restructure and this did not occur.

Accordingly, from that time GIPL and GAC have worked co-operatively in order to secure the delivery of appropriate benefits to the Beneficiaries and to engage in capacity building, mainly for Beneficiaries who are decision makers, and to support the understanding of Beneficiaries of the structure and operation of the Foundation i.e. the respective roles of Manager and Trustee: refer Reference Timeline which provides an overview of the Trustee's activities during the Review Period. The Trustee has extended the Review Period beyond the 5 years required in the Trust Deed to properly and accurately record the current position of the General Gumala Foundation. This decision has enabled the Trustee to "look forward" and assess future directions from a true position.

The Third Review of the Foundation focused on the Trust Deed and the business of the Foundation and was undertaken to identify whether implementation of detailed policies and procedures in respect of the governance obligations of the Trustee has resulted in the more effective functioning of the General Gumala Foundation.

The recommendations of the Third Review are contained in Appendix E; and incorporate findings from the 4th Review Team on the implementation status of those recommendations.

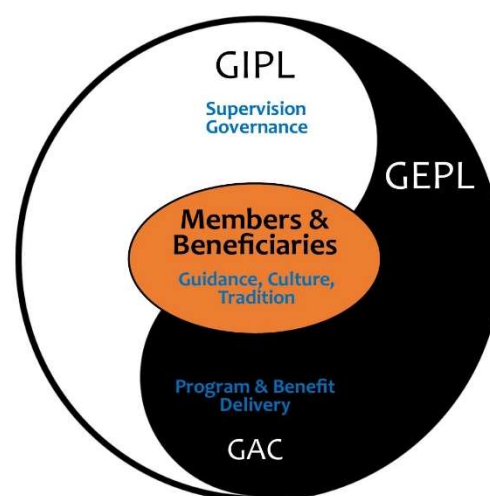
4. Principles and Outcomes

4.1 Being Member-centric

Based on the feedback received, there is sufficient argument that the Foundation has lost sight of its key stakeholders, being the members and beneficiaries of the Foundation as well as the original intent of the Yandi Land Use Agreement (YLUA).

The key intent of which was for the relief of poverty, sickness, suffering, distress, misfortune and destitution of the Traditional Owners.

Arguably the Foundation (specifically the Corporation and Trustee) is leaning towards a 'corporate' business model, delivering success for the Corporation and Trustee through prudent management and investments. This 'corporate' mindset has served the Foundation well both in investment growth and cost management; and the Foundation is rightly proud of the growing Future Fund and the potential benefits that it will provide for members and beneficiaries in times yet to come. In the minds of members, the Foundation is similar to a bank, earning income and lending funds, the Foundation makes investments, earns from its investments and distributes funds based on strict and binding policies/processes where people must apply to access funds and are only granted access once eligibility is proven.



However, growing the Future Fund or having an accumulated surplus means little to those members in inappropriate housing, living with poverty, sickness, suffering, distress, misfortune or destitution – of which many were reported during the consultations. It is especially frustrating for members when funds that are meant to be distributed to 'today's' members are being accumulated for the future and are not distributed as per the Trust Deed utilisation categories.

The sole reason the Foundation exists is to serve its members and beneficiaries. Without them, there is no Foundation. And so, the business of the Foundation is in the people it serves and the relationships it needs to develop to best serve its members. Transformation is required to re-discover the member value proposition, to have a pinpoint focus on members, and to remain relevant in a rapidly advancing environment.

Gumala can be a purposeful social impact organisation that has a wider remit than the Foundation realises given all the factors that contribute to poverty, sickness distress etc. For example, increasing economic development and tourism within a community increases the socio-economic status of residents by providing employment and infrastructure, thereby reducing poverty of members. Wider ranging programs than what Gumala currently limits itself to can / should be implemented. These programs can still fall within the Utilisation Categories.

Principles and Outcomes

“Social impact is the effect an organization's actions have on the wellbeing of the community”

(source: Wharton University of Pennsylvania)

Being member-centric means: providing a level of choice and control for members; meeting requirements and expectations; supporting their journey and experience; and finally providing members with satisfaction and success.

The Foundation may already believe it is member-centric, and it's getting there; but there is still much room for improvement based on the findings of the Review. In members' minds little to nothing has changed in 21 years, this is their perception and their reality. Consistent feedback during the Review was 'we've said the same thing every time and nothing has changed' within the Corporation or Trustee Transformation is required, and a new approach is needed as member frustration is prolific.

4.2 How to change

To move away from a 'corporate view' to a member-centric Foundation, behavioural change is essential. To reach this outcome, the best trained people with the most relevant skills are required to embrace and drive transformation, those who can see through the lens of the windscreen, not the rear-view mirror. Those who see the members as their primary and most important stakeholders.

Transformation is often difficult, and needs an engaged, committed and cohesive leadership team, who are prepared to go where the voice of the members can be heard and to hear how the Foundation is meeting, or not, the original purpose and objects. Behavioural change starts with the leaders, all leaders within the Foundation (all three entities), not just one of the entities. All three of them need to be in alignment and willing to come together for the benefit of the members.

Transforming to a socially-oriented organisation also requires leaders who can deal with complex governance issues and facilitate consensus from multiple (and passionate) members.

A re-positioning exercise would be the start of a new way of 'working together', by simply:

- Developing/agreeing the principles of being member centric
- Consolidating the external view of the Foundation
- Adjusting the internal view of the Foundation
- Use consistent language that can be understood by all members

4.2.1 Principles

The Review Team propose the following Principles to serve the Foundation (all three entities, but specifically the Corporation and Trustee) as a system of belief and behaviour:

- **Pride**. We're proud to be part of the Gumala family, of what it stands for and how it makes us feel.

This means:

Principles and Outcomes

We are accountable and responsible for ourselves and uphold our values. We build and protect our Gumala family. We are proud of our country and our culture and respectful of everyone with us on the journey. We build a culture of pride on the achievements and contributions of everyone.

- **Working Together.** We share ideas and talents to develop new ways of working together.

This means:

We develop our connections to build strong partnerships internally and externally that can help to deliver key activities and programs as identified in our strategies and plans. We participate in working groups to share ideas and talents in developing new ways of telling, making and working, with our member's experience at the forefront of our minds. We respect each other's contributions and 'work together' in the Gumala Way for the best outcome for everyone. We have courage and creativity to lead the way and when we work together we achieve exceptional results

- **Our Country, our Culture.** The connection of our people to our country and the culture of the three language groups is a shared bond that gives us a sense of community.

This means:

We are included in community impact projects that we can see, touch, and feel; helping us to uphold and deliver our Country Plan. Our actions make tangible impacts to our community well-being. We strengthen our communities to become self-sustaining. We strive to build awareness of our indigenous culture and value, to shine a spotlight on these to a wider audience. Honouring where we have come from and our cultural ways. Always looking after our mob, our country, our language, our culture. We work together in harmony to develop our communities

- **Strong and Secure.** We feel welcomed and valued with every interaction, we're all equal, we're all respected; and we trust Gumala to manage our Foundation well.

This means:

Gumala is a safe place to be, to share our feedback, to get advice, to be heard, to be valued. We feel confident in the hands of Gumala and its partners. We feel confident that Gumala acts in the best interests of members. We work together with local groups and build off the strength of our external partners. We are inclusive and embrace all members, staff and partners, respecting everyone's role, their unique situations and requirements.

- **Transparent.** We are transparent with each other and our members to build trust together and feedback is always welcome.

This means:

We are open and honest with each other about our expectations, obligations and performance. We have access to information, news and reports across all areas of Gumala. Our questions and feedback are welcomed and encouraged, and we have pride in sharing achievements and lessons. We continuously acquire, verify, collate and protect a rich set of data to allow us to understand our member's needs. We provide measured accountability and take ownership of our mistakes to build trust with each other. We are clear and open with our communications and our demonstrated behaviours are consistent with our values.

Principles and Outcomes

Mindfulness. We have our fellow members front of mind in all our decisions and everything we do.

This means:

We make decisions that allow our families to have more choice and independence in their own lives. We have a membership service that accommodates our individuality, preferences and experience. We support the journey and experiences of our fellow members. We ensure all our decisions and actions make things easier and better for members. We provide a service that delivers more than was asked or expected and a quality experience.

4.2.2 Consolidate the External View

Without having to change dramatically or incur significant cost, the consolidation of the external view of the Foundation, would be a demonstrable change in ‘working together’. This could include the merging of the current two existing websites of the Corporation and Trustee, consolidated into one Foundation website. Individual pages can be focused on the different arms of the Foundation for specific and dedicated content. The outcome would be a single digital platform for members who want a digital experience to access and enquire information, without having to comprehend the complexity of the Foundation.

In addition, and as recommended in the Third Review, developing a single strategic plan for the Foundation, with individual aligned strategies for each entity would further demonstrate to members the Foundation’s entities are “working together” in a single document.

As recommended within the Financial Analysis, presenting integrated reporting for the Foundation that includes all three entities would be a simple yet powerful sign of all three entities “working together”. This was achieved for the 2014 annual report but not continued.

4.2.3 Adjust the Internal View

Changing to a member-centric perspective is similar to implementing a customer-service oriented mindset in a business. All Foundation staff need to start asking the question of whether an activity has made it easier for the member, or easier for the Foundation to perform an action. For example, shifting administrative burden to member’s shows the Foundation does not respect or value the Traditional Owner’s time. A member-centric organisation would seek to reduce overall administrative burden and minimise administrative burden on the member as opposed to the Foundation.

Adjusting to a member-centric view means tailoring activities and communications to meet members where they are at (in terms of ability, location etc.), requiring staff to understand the reader, or different readers, when producing all communications. Therefore, reports should present the information in a way that caters to the fact that members see Gumala as one Foundation; and want a simple understanding of the performance of the Foundation as a whole and how effective it has been at meeting its obligations, implementing the Trust Deed, and distributing programs and benefits to members in accordance with the utilisation categories. This is in stark contrast to the

Principles and Outcomes

current mindset of trying to educate the members on splitting the responsibilities and accountabilities between the Foundation entities to try and apportion responsibility.

A member-centric organisation would ensure it is easy for members to understand their rights and would have important documents such as the Complaints and Disputes Policy in an easy to access/find location (this policy could not be located by the Review Team on any of the Gumala websites). A member-centric organisation would also have clear codes of conduct and expectations for the Board of Directors that the members can use to hold the Directors to account (there are several policies and documents on the website defining requirements that members must adhere to, but very few requirements that board members and executive officers must adhere to). These documents are also not easily accessible for members on any Gumala website.

These are just a few examples to contrast member-centric thinking from current thinking. A working session of Foundation leaders and staff (specifically the Corporation and Trustee) to identify member-centric behaviours in every-day activities, and some cultural change activities (such as sharing stories from members where member-centric thinking helped them through a difficulty) are easy ways to begin to adjust the internal view.

4.2.4 Consistent Language

It's vital to engage all levels within the Foundation to align all communications and messages around the new positioning and mindset. By workshopping the member-centric mindset with all Foundation staff and coming up with a common language and definitions, the Foundation will build cohesion through the organisation and build trust with members.

The Foundations should leverage the shared communication role between the Trust and Corporation to guide and refine the language across the Foundation. This will enable members to 'see', and 'hear', that individual entities are working together through the shared language and communications.

5. Financial Analysis

The following financial analysis reviews the operations of Trustee and Corporation as a whole to assess whether the Foundation is operating effectively and meeting the obligations of the trust deed.

The Trustee has met its strict obligations in regard to applying the distribution according to the income utilisation categories defined in the Trust Deed; however, in the Review Teams' opinion the Foundation has not met the intent of the Trust Deed. While Trustee has allocated 60% of the available income to the Corporation, the funds have not actually been distributed to the members in accordance with the utilisation proportions – in particular Business Development, Community Development and Health and Wellbeing; while the 'not to exceed' categories (Culture, and 'Other') are being exceeded. This is a failure of the Trustee to deliver on its primary purpose of ensuring the Foundation (specifically the Corporation) complies with the terms of the Trust Deed.

For 2016 the Corporation and Trustee Boards followed the Trust Deed protocol in making a conscious decision not to fund programs for the year as a result of decreased YLUA income; and programs were delayed in 2017 while awaiting the result of a vote to move to a cash benefits payment model (however it is not clear if a formal decision between trustee and manager was communicated as per the provision in section 8.11 of the Trust Deed).

2018 was also a year of significant under spend and there is some concern that the under spend behaviour is becoming normalised. So strictly speaking the Trust has acquitted itself by provisioning 60% of available income for the use by the Corporation; but the Foundation as a whole is not meeting the spirit or the intent of the Trust Deed to provide support to members.

As a comment on the analysis, there is difficulty in conducting analysis across the Foundation due to inconsistent reporting across the Review Period (consolidated one year, not consolidated the next; expenses incurred in the delivery of member benefits included as benefit/program expenditure one year but separated out another year etc.)

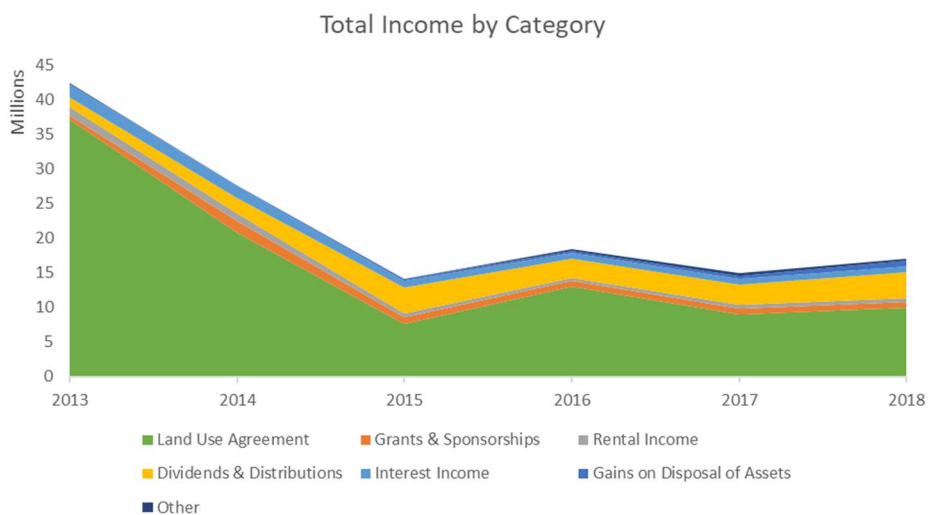
There is also difficulty getting a whole of Foundation view with reports separated, members will most likely struggle with the same issue. While the Trustee and Corporation may have separate corporate reporting responsibilities to various agencies such as ASIC, the ACNC and ORIC; a consolidated report for members would be beneficial as per was achieved in 2014 where Corporation, Trustee and Enterprise presented one consolidated Foundation report.

As a final note on reporting, there is a consistent lack of comparing performance to targets throughout the annual reports. The annual reports all document what has happened, and may compare performance to the previous year; but does not state whether the Foundation achieved any targets for the year (for example if the Trust achieved a return of 12% this year compared to 10% last year that's fine; but if the target was to achieve 14% then the Trust did not achieve its target; plus the members may not realise whether 10% last year was good or bad compared to industry). This does not give a true reflection of the Foundation's ability to achieve what it says it will achieve; because it doesn't communicate targets to members. Setting targets and publishing

whether these targets are met are a key requirement to build trust with members (i.e. doing what you say you will do).

5.1 Income Analysis

For the purpose of this analysis, the income of the Trustee and Corporation are consolidated, and any transfer payments between the two entities are not incorporated – with the exception of any Gumala Enterprise distributions (Enterprise distributions have only been included as income where the distribution has physically been paid). Unrealised gains/losses on investments and property have also been ignored for the purpose of this analysis as these categories of income would not be classed as ‘available’ for distribution under the trust deed definition of ‘Available Income’; but are incorporated into the asset analysis. Investigation of Enterprise effectiveness is out of scope for this review, therefore income opportunities and recommendations identified below may already be enacted by Trust.



The impacts of the downturn in the mining industry can clearly be seen above with YLUA revenue dropping from a peak of \$37.1 million in 2012/2013 to a low of \$7.6 million in the 2014/2015 financial year. YLUA income has remained depressed for the remainder of the period.

The proportion of income categories has changed over the review period. In the 2012/2013 financial year the proportion of income from the ILUA was 88%. By the end of the review period in 2017/2018 this had fallen to 58% of income. Similarly, income from investments (dividends and distributions) had increased from 3% in 2012/2013 to 22% in the 2017/2018 financial year. This is a positive shift towards investment from the trustee as consistent income from the ILUA continues to be a risk.

Income from grants and sponsorships enjoyed a surge from 1% in 2012/2013 to 7% in 2014/2015 as a result of a one off \$988K royalties for regions grant. From this point forward grant and sponsorship income has plateaued – hovering between 5% and 6% for the last three years.

Financial Analysis

There is opportunity to enhance and diversify income by focusing on additional development opportunities:

- Further development of grants and sponsorship opportunities such as conservation research
- Income generated from potential opportunities arising for the development of a “Country Plan”.
- Further development of opportunities to provide services and programs on behalf of the government (e.g. health care programs, community services etc.)

Note: for opportunities where the income is generated from the “IP” of the Gumala family (i.e. the language and culture, unique physical assets such as Karijini etc.) these should fall under the communal income of the Gumala trust to share amongst members; however for income opportunities identified in the Country Plan that is generated from Traditional Owners own IP and efforts (such as art or manufacture of goods for sale), these opportunities should be supported through the Business Development program where the Traditional Owners own the businesses and income.

5.1.1 Total Income Vs Available Income

The Trust Deed defines available income as “the net income of the Foundation in any Financial Year after payment or provision for the costs of administering the Foundation and taxes and charges”. The Trustee commissioned a review by J Mehnert in 2014, whereby the meaning of ‘available income’ was further defined to ensure that only funds that were ‘available for distribution’ would be classed as available income. Therefore, available income has been calculated to include all trust income except for unrealised gains/losses which are locked into investments and unable to be distributed.

In the Program and Benefits Analysis, Budgeted Available Income has been calculated to include the budgeted Corporation operating expenditure as per the management expense provision made by Trustee. For the Actual Available Income Analysis the actual Corporation operating expenditure was utilised instead of just the management expense provision in the Trustee statements. The main reason for taking this approach is that Corporation operating expenses in the past consistently exceeded the Trustee provision and the provision did not truly reflect the ‘available income’ (see expense analysis). For 2015 the actual available income was negative as per below.

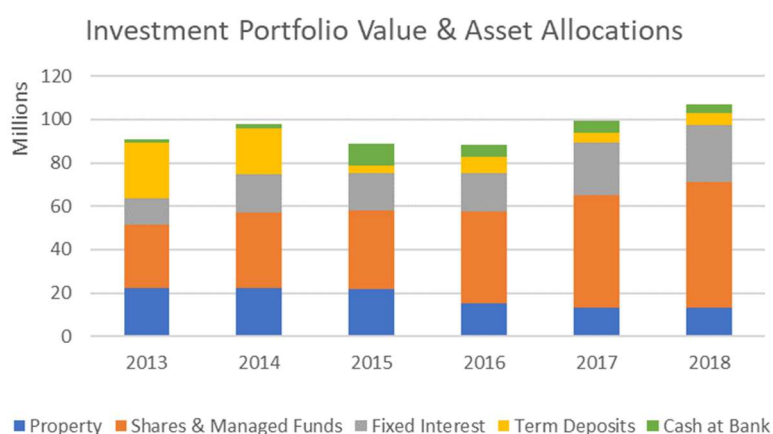


5.2 Investment Analysis

The following analysis seeks only to analyse performance and compliance against policy and provide comments on performance and value for money of existing investments as per the Terms of Reference for this report. The analysis does not make recommendations for investment in specific financial products or services.

It should be noted that the 5-year review period for calculations of returns and performance incorporates the 5 financial years of 2012/2013, 2013/2014, 2014/2015, 2015/2016 and 2016/2017. Figures for 2017/2018 have been incorporated for information purposes only.

Trustee has achieved a substantial result in relation to growth of investment. This is to be commended given the difficult market conditions for investment over the review period. The value of the investment portfolio has increased from \$87.4 million in 2013 to \$106.8 million in 2018 representing a 22% increase over the review period. Advice from Investment Advisors and corresponding action from Trustee to shift investments tailored to the market has served the Foundation well during the review period.



Note: 2018 figures have been included as they are available for comparison purposes, but are not strictly part of the 5-year review period

5.2.1 Investment Policy

The investment policy provided for review was adequate and provides clear direction on required rates of return, investment classes and risk tolerance. Key extracts from the policy are referenced here for ease of analysis and Investment policy objectives are detailed below.

General

The general objective is to obtain a return on investments which equals or exceeds their relevant asset class benchmarks enabling the Foundation to meet the intergenerational requirements of the Traditional Owners.

Specific

Financial Analysis

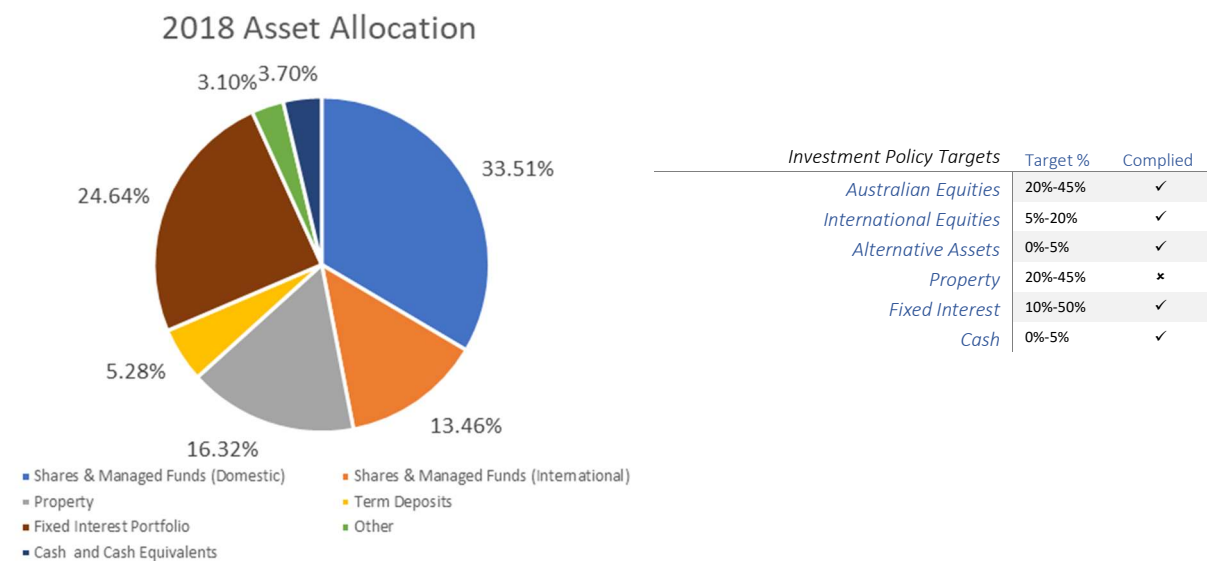
The Foundation seeks to achieve a total return (after costs), which exceeds the CPI by 3.5%-4.5% per annum across the investments portfolio over any five-year period. In pursuing this objective, the Foundation sets a risk allowance of 1.25x the return objective.

Asset Allocation

ASSET CLASS	ASSET ALLOCATION	
	Minimum	Maximum
Australian Equities	20%	45%
International Equities	5%	20%
Alternative Assets	0%	5%
Property	20%	45%
Fixed Interest	10%	50%
Cash	0%	5%

5.2.2 Asset Class Conformance to Investment Policy

The Review Team was not able to confirm the compliance to the investment policy on asset allocation as the information was not available for the full period of the review, however figures were provided for 2018 and 2016. It appears the asset allocation does not comply for property.



Note: Term deposits have been classed as fixed interest, not a cash equivalent.

While the current asset allocation does not comply with the policy, it is the opinion of the Review Team that there is an issue with the mandated target allocations for the investment policy, in that the allocations are not reflective of the risk allowance the investment policy is aiming for.

Equities and Property are often viewed as 'growth' assets, which is not aligned with the low risk allowance indicated by the Policy. Given that the Foundation returns were outside of the risk

Financial Analysis

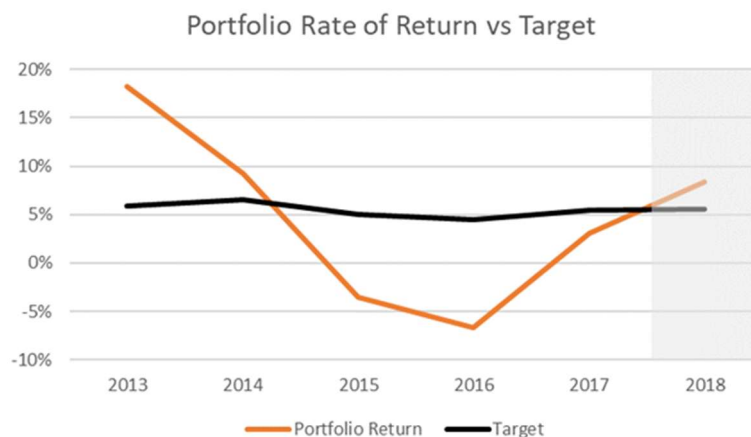
tolerance for 2015 & 2016 (see section 5.2.3) it is likely that the asset allocation is not aligned with the risk tolerance – as an example for wholesale balanced funds incorporating unlisted property, the property component usually makes up no more than 10% of the asset mix. During 2013 to 2015 financial years, the property allocation ranged from 23% to 25% and the Trustee has been reducing the allocation of property (from Annual Report figures). It is acknowledged the Foundation has a duty to improve the well-being of members and one mechanism is through provision of or access to property; so, the Review Team appreciates the difficulty in diversification with this added constraint.

Recommendation

- Investigate the asset class allocation alignment with the risk tolerance of the of the investment policy to ensure compliance with the risk tolerance level of the policy. Either the asset allocation or risk tolerance level may need adjustment to be aligned.

5.2.3 Rate of Return Conformance to Investment policy

The required rate of return from the investment policy after expenses is 3.5-4.5% p.a. above CPI over 5-year period. Taking the investment portfolio as a whole (including investment property) the portfolio did not achieve the target. The average of CPI over the 5-year review period was 1.99%; therefore the target rate of return was approximately 5.5%. The portfolio performance achieved an average rate of return over the period 4.06% (returns calculated using annual report figures)



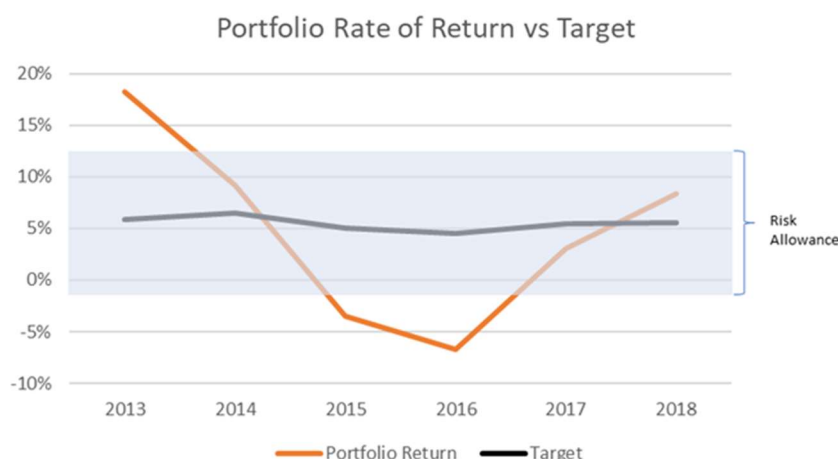
The main factor affecting returns throughout this period was the investment properties held by Gumala. Early in the review period Gumala developed investment properties in the Pilbara at the request of Corporation as part of one of the programs. Unfortunately, this was right before the downturn in the mining sector which severely impacted property prices in the Pilbara over a number of years, and the trust was forced to write down the value of these investment properties substantially.

The managed funds (both Morgan Stanley and Giles Wade) performed positively, achieving 5 year returns above their benchmarks (see Performance of Investment Advisors)

Financial Analysis

5.2.4 Conformance to Risk Tolerance

The Investment Policy indicates an acceptable risk allowance of 1.25x the return objective. Given the CPI, the return target was 5.5% meaning an acceptable deviation of returns from the target rate by +/- 6.8%. The risk allowance was exceeded during the review period, but since 2017 the portfolio is achieving returns within the risk allowance.



As mentioned in the Asset Class Conformance to Investment Policy section, one of the reasons for this could be an over-allocation of growth assets (property) that doesn't align with the risk allowance levels.

Recommendations are as per section 5.2.2 Asset Class Conformance to Investment Policy

5.2.5 Performance of Investment Advisors

The Investment advisors and fund managers have performed well and delivered value for money, even when benchmarked against wholesale managed funds (non-super) and passive investments that usually cost far less in terms of fees than active investment.

Morgan Stanley

Fees averaged 0.41% p.a. of portfolio value over the 5-year period. When benchmarking against equivalent wholesale managed funds this represents good value for money, with other benchmarked funds averaging between 0.29 and 0.9%. The fee level is actually on par with, or only slightly higher than relevant passive index funds.

	2013	2014	2015	2016	2017	5YR AVE
CPI	2.39%	3.02%	1.51%	1.02%	1.93%	2.05%
MORGAN STANLEY	24.03%	16.59%	7.66%	0.28%	10.28%	14%
BENCHMARK	15.07%	11.82%	10.3%	4.57%	6.52%	12%

The TWR exceeded the benchmark over the period as a whole. Individually, one or two years under-performed however but over the period the fund achieved an average annualised return of 14%p.a.

Financial Analysis

which is higher than the benchmark of 12%p.a. The fund however appears to carry more risk than the benchmark. Average returns exceeded peers and were significantly higher than index funds with index funds averaging 4 to 6% over the 5-year period

Giles Wade

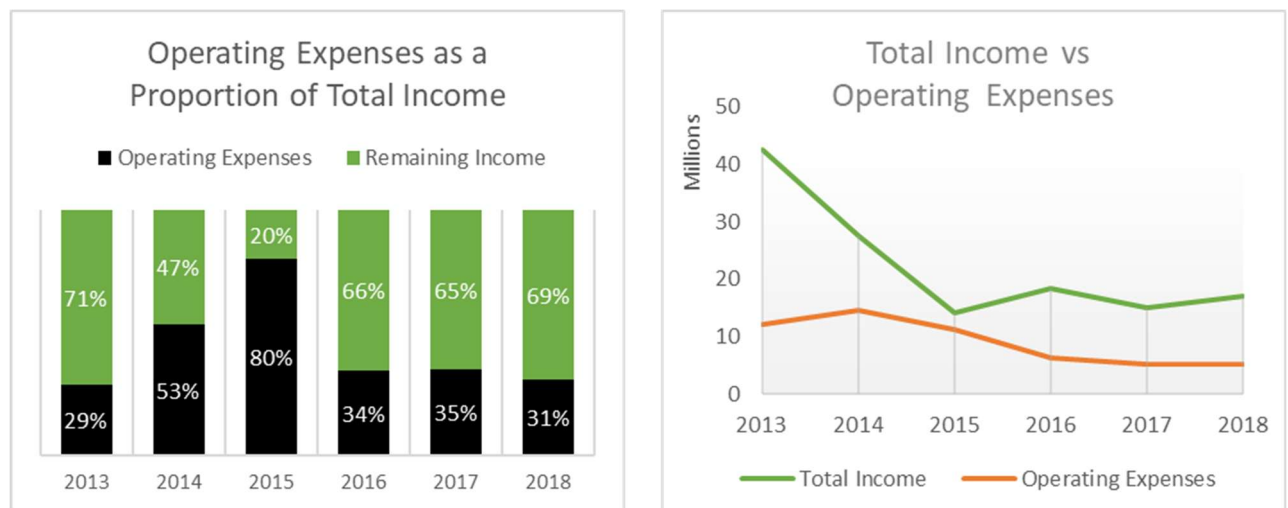
Fee information was not available for 2012/2013 and 2013/2014; though fees for 2015-2018 averaged 0.38% and were at the lower end of the average band for bond portfolios with peers ranging between 0.35% and 0.50%. However, GW performance far exceeded the benchmark and peer performance for the past 4 years. GW is also conforming to investment policy with less than 20% of bonds rated BBB, and none under BBB.

	2013	2014	2015	2016	2017	2018
CPI	2.39%	3.02%	1.51%	1.02%	1.93%	2.08%
GILES WADE	N/A	N/A	5.45%	5.61%	5.00%	4.30%
BENCHMARK	N/A	N/A	2.53%	2.23%	2.22%	1.67%

The Review Team has no recommendations in relation to the investment advisors. The investment advisors appear to be outperforming the markets and providing value for money.

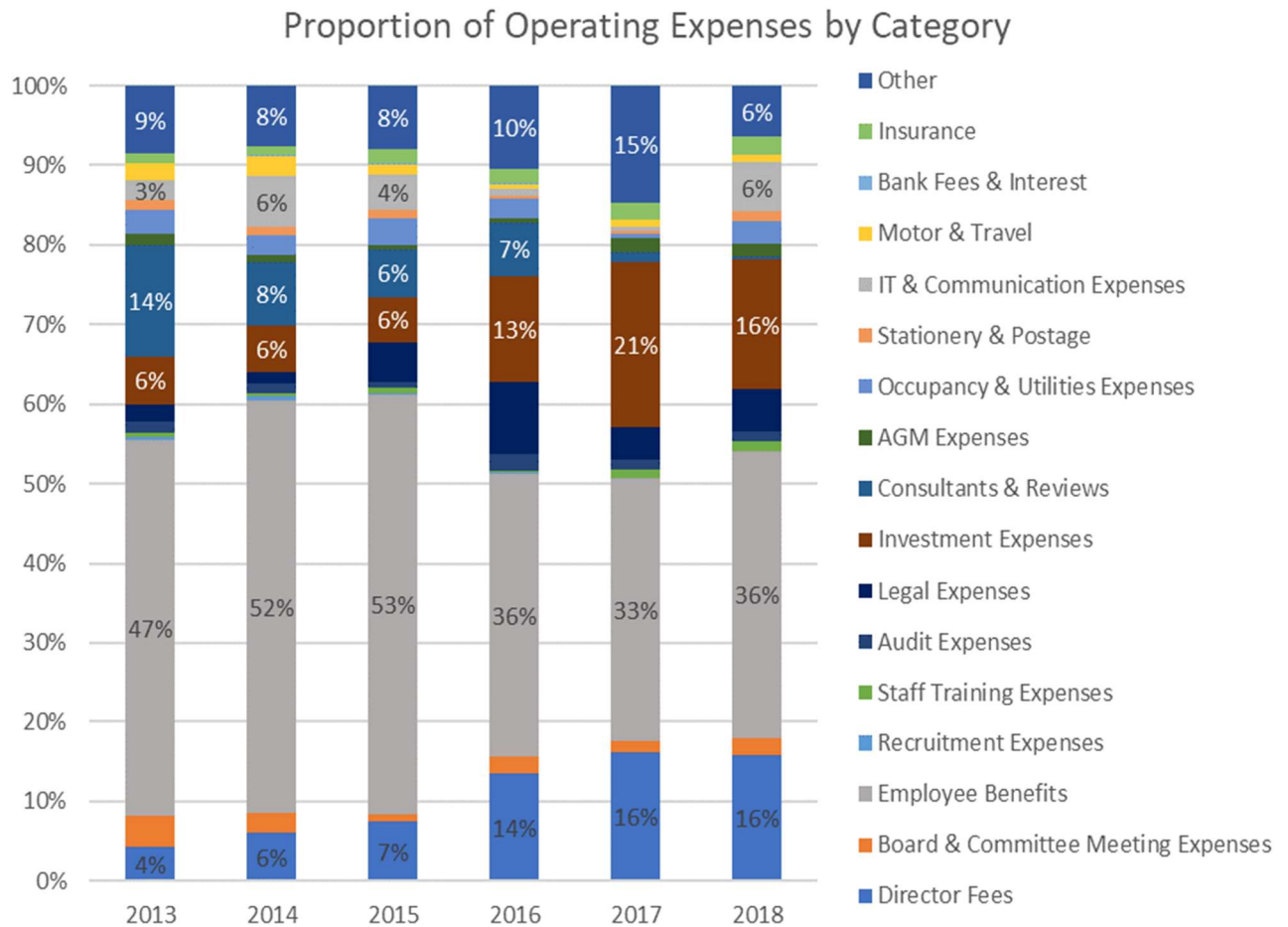
5.3 Expense Analysis

This expense analysis focuses on the operational costs of the Corporation and Trustee combined and does not incorporate unrealised losses or asset impairments. Instead the focus is on the effectiveness of administrative, governance and management costs that the Foundation has control over.



Operating expenses peaked in 2014, however the steep reduction in income meant that in 2015 operating expenses utilised 80% of total income. If asset impairments and unrealised losses were taken into account, then Corporation and Trustee had a combined deficit of \$11.98 million in 2015. On a positive note, expenses were quickly reduced and in 2018 had dropped to 31% of total income.

Financial Analysis



With regard to trends across the review period for expenses, the following are key observations:

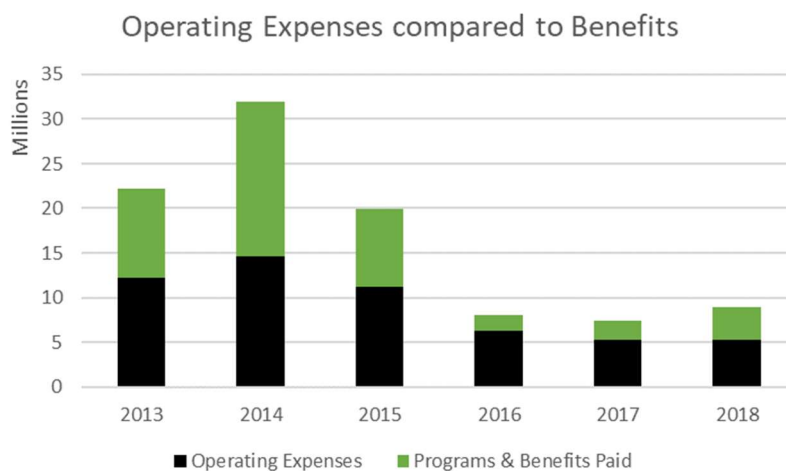
- Director fees are an increasing proportion of expenditure rising to 16% of expenses in 2017/2018 as other operating expenses are reduced through streamlining and cost saving initiatives. From benchmarking analysis against similar aboriginal organisations (such as IBN Yawuru and Ngarluma) Gumala is at the higher end of director fees for Aboriginal corporations.
- Investment expenses also represent an increasing proportion of expenditure however they have since dropped from 21% in 2016/2017 to 16% in 2017/2018. These fees are in line with industry and represent value for money in regard to the higher rates of return that Gumala has received above benchmarks.
- Consulting expenses were significant in 2013 and 2014 as a result of the YLUA review, Trust review, and the Anthropological study to validate the member listing. This will increase for 2018/2019 as the YLUA and Trust reviews are completed. It should be noted that the previous Trust review recommendation to amalgamate the Trust Review and YLUA agreement have not taken place and potential cost saving opportunities have been missed.
- Other expenses were an increasing proportion of expenditure until 2017. Annual report information indicates this is due to the consolidated 'shared services' model which was implemented in 2015 – 2016 contributing in part to the reduced percentage of employment

Financial Analysis

benefits expenses. In May 2017 the shared services model was disbanded and therefore the 'Other' expenses were halved for the 2017/2018 financial year.

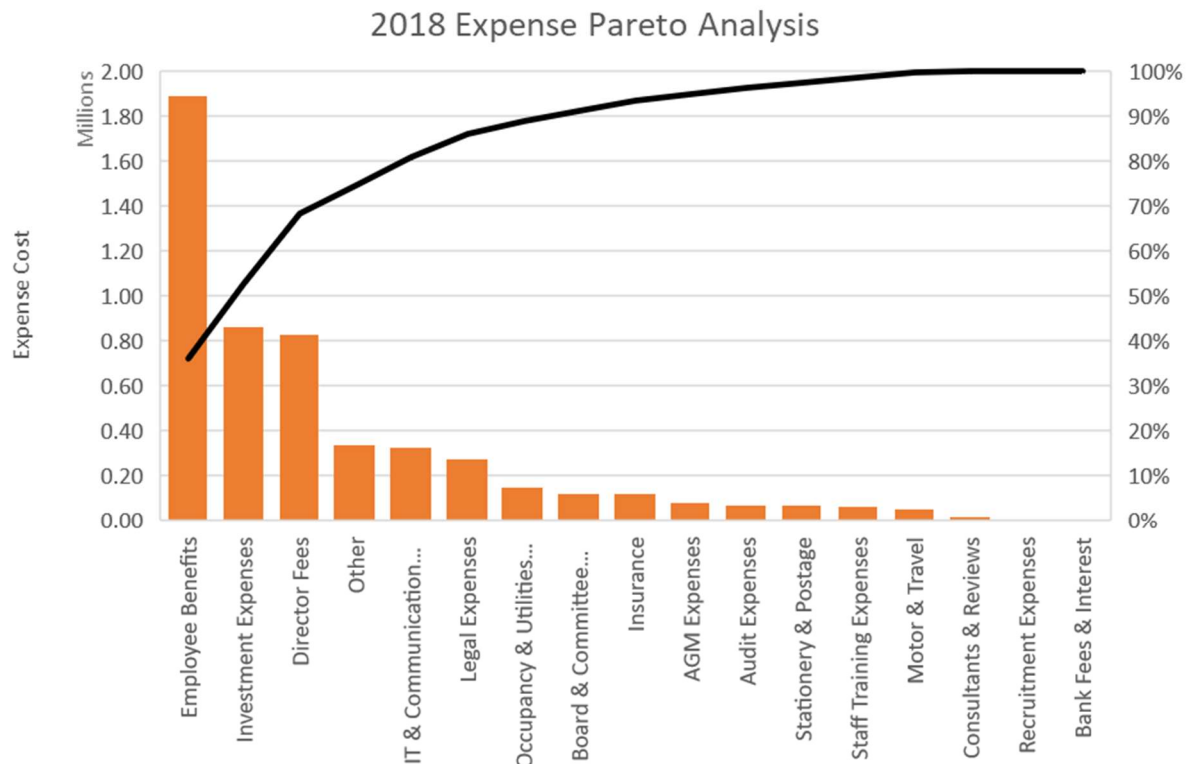
- It is difficult to quantify the benefits the 'shared services' model provided from the information available as there was a drastic reduction in both frontline and administration staff from a peak of 132 Corporation personnel in 2014 to 52 in 2015 in response to the falling YLUA income, and the Perth Corporation office was closed. Some of these personnel were incorporated into the shared services team; others were made redundant. However, there is no doubt the shared services model contributed to the drastic reduction in operating costs achieved from 2014 to 2016.

Gumala is lacking performance when comparing operating expenses against benefits paid. It is consistently costing the Foundation more to operate than the amount that has been distributed to members



Comparing operating expenses to benefits has two possible factors affecting the proportion – either the operating expenses are too high; or the benefits paid are too low. In the case of Gumala it is the latter – that benefits paid are too low. When benchmarked Gumala's operating expenses are competitive against peers, however its distribution of benefits is poor compared to peers (see Section 9. Benchmarking)

Financial Analysis



In terms of current-state, the following expense categories combined makeup 80% of expenses:

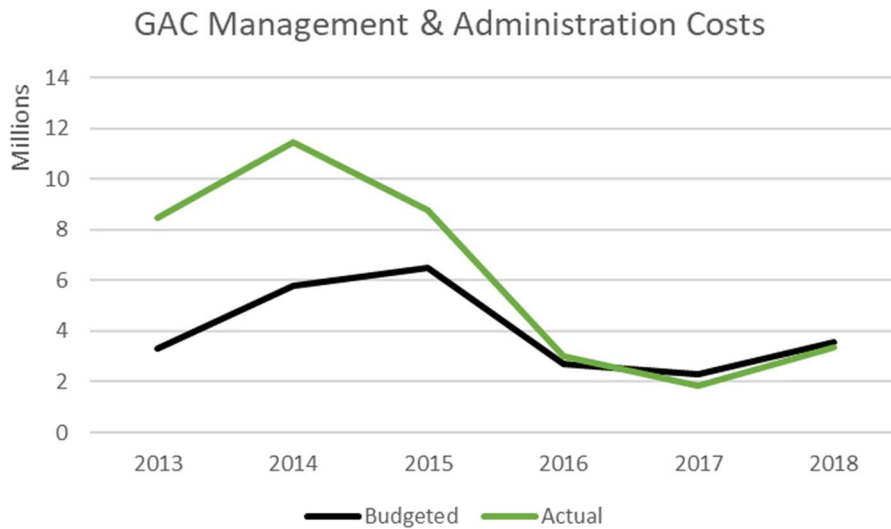
- Employee benefits
- Investment Expenses (including investment property costs and investment advisors/fund management fees)
- Director fees,
- Other Expenses
- IT and Communication

Therefore, it is suggested the Foundation should look to reduce expenditure in these areas where possible to make tangible improvements to administration costs, minimise opportunities for legal fees, and consolidate reviews to reduce consultant costs.

Recommendation

- Investigate whether the YLUA and Trust Deed reviews for 2023 can be consolidated to reduce consulting costs as per previous review recommendations. To ensure the consolidation occurs, draw up and agree the Terms of Reference this year and set it as the standard terms of reference for future reviews.

For the 2015/2016 financial year, the Foundation instituted a shift from a forecast based accounting to an arrears-based accounting in response to the lack of information from Rio Tinto on expected revenue from the YLUA (making forecasting revenue for planning purposes exceedingly difficult).



The benefits of this shift have been universally praised from both Corporation and Trustee personnel and provides the following benefits:

- Enhanced cash flow management
- Better alignment between the 'budgeted' and 'actual' where previously the Corporation management costs were being consistently under-estimated
- Enhanced clarity for the trust on the operating costs of the Foundation as a whole and available Income for distribution/investment

However, this shift does not alleviate the key issue of accuracy of revenue forecasts from the YLUA over any period of time to enable strategic planning. Larger more strategic community projects that may be better targeted towards enhancing the socio-economic status of members require certainty of revenue and therefore may not be enacted.

5.4 Utilisation Category Analysis

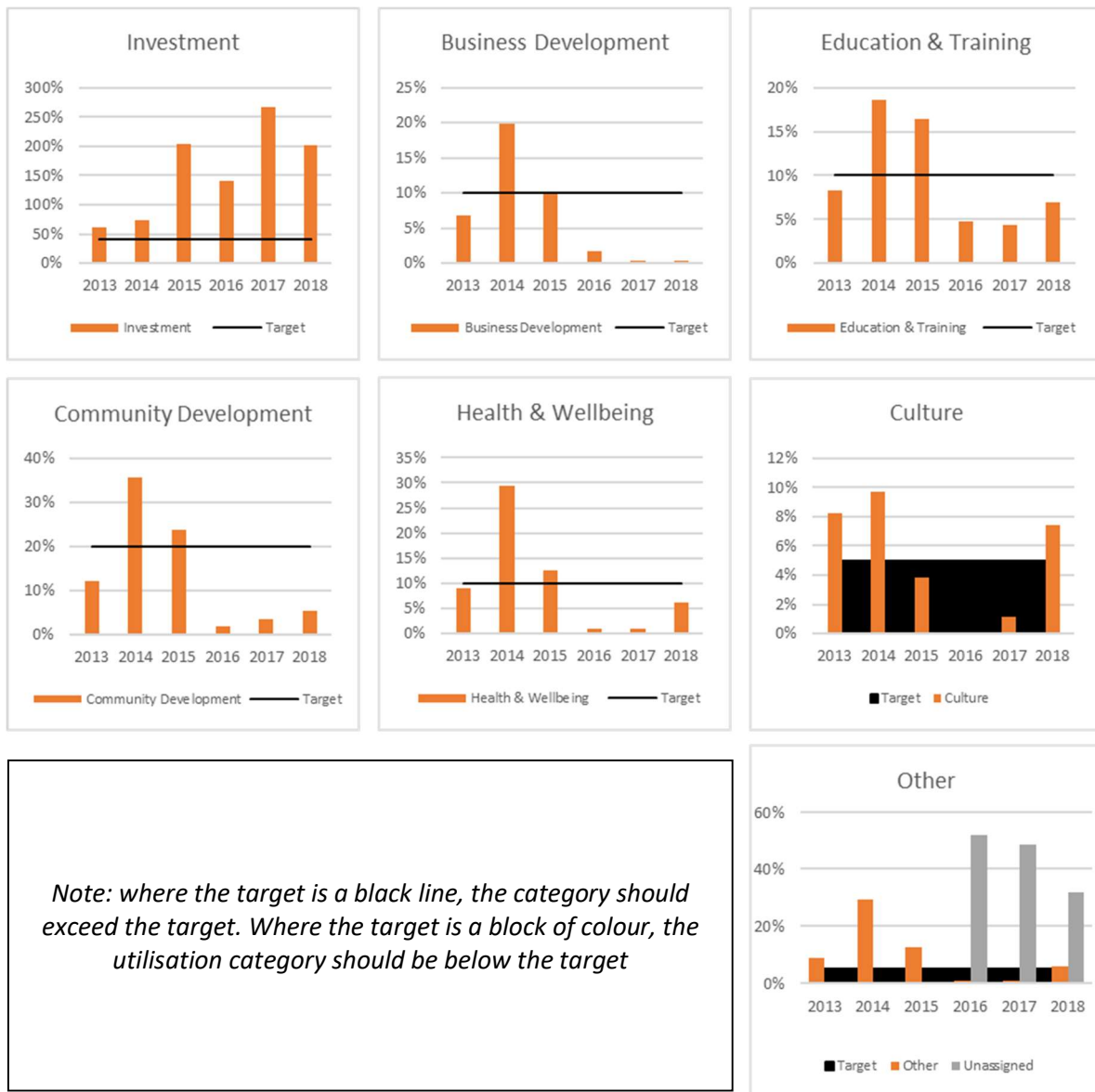
The analysis below focuses on whether the Foundation has adhered to the Trust Deed and met the requirements for the utilisation category funding. The analysis identifies two components, the first being whether funds were allocated for the utilisation categories and the second being whether the funds were actually spent in accordance with the utilisation category allocations.

Budgeted

For the purpose of this analysis, 'budgeted' is the amount that Trustee provisioned as a proportion of budgeted 'available income' (total Trustee income, less any unrealised gains, less any Trustee operating expenses, less the provisioned Corporation management expenses). The Trustee has successfully applied 60% of the available income for utilisation by GAC, however GAC has not fully drawn down these amounts (categorised as 'unassigned').

Financial Analysis

Note: Unrealised gains and losses have not been incorporated into available income definition, however realised gains/losses have. GEPL income has not been recognised as available income unless physical cash was paid due to the inconsistency in payment of declared distributions.



For most of the categories, only 2014 and 2015 successfully met the utilisation categories targets. For the 'Other' category, the target is to be <5%, therefore this was only met for 2016 and 2017.

For 2016 the Foundation boards decided to halt the majority of member benefits and programs temporarily for one year in response to the rapid decline of the YLUA income. The re-initiation of the benefits/programs has been very slow and likely to contribute to anger in the community.

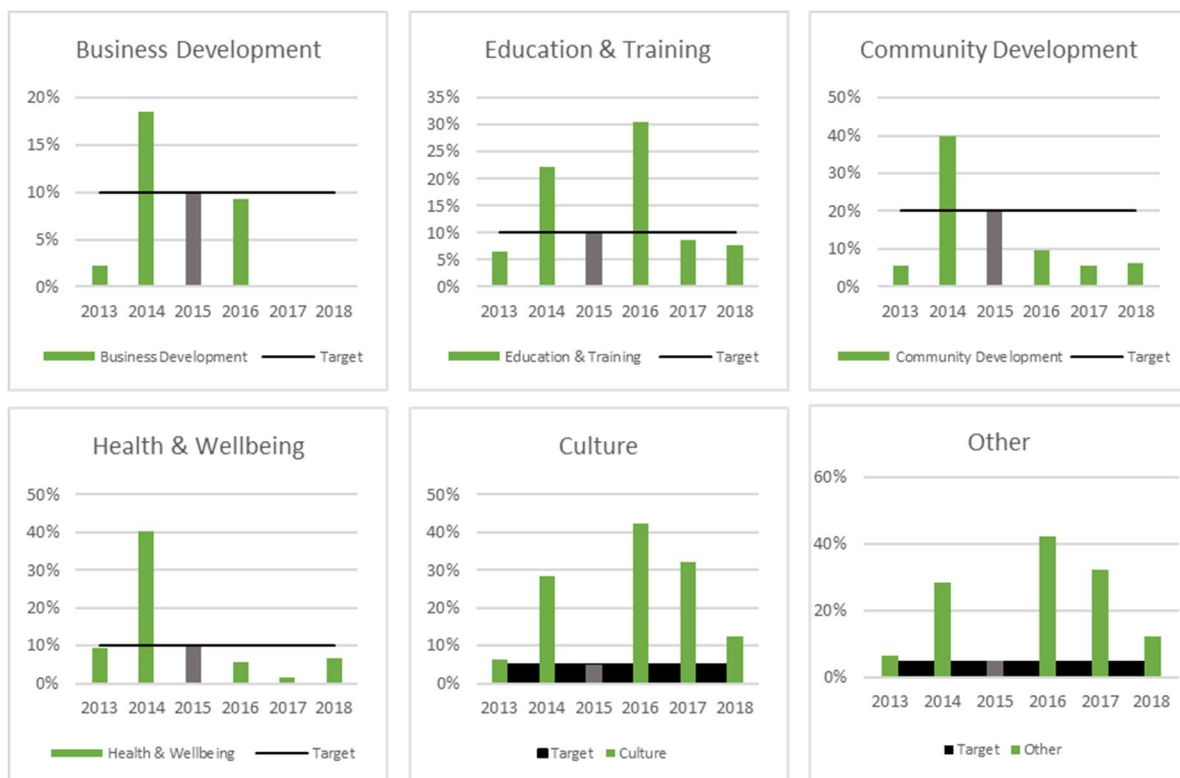
The 'Unassigned' category of the 'Other' chart reflects funds that were budgeted for Corporation but then not actually expensed, Trustee then holds these funds as a liability to GAC. This is indicative of a significant underspend from budget with a cumulative amount in excess of \$12

Financial Analysis

million. While the trust deed gives latitude for the Foundation to apply funding below the utilisation category targets, the Foundation has not met the intent of the trust deed.

Actual

The below are the actual Corporation expenditures against available income, where available income incorporates actual Corporation operating expenses instead of budgeted expenses. It should be noted that during 2015 'available income' was actually negative, therefore any funds paid out automatically met the criteria for the utilisation category so for 2015 the 'target' was used as 'actual'.



The 'actual' figures are slightly better given the more accurate reflection of Foundation operating costs so 'available income' is reduced and the percent spent increases proportionally. For the last three years 'actual' has closely approximate the budgeted which is to be expected as the budgeted and actual began to align post the move to arrears-based funding. However, some categories such as Business Development were further underspent (no funds paid for 2017 and 2018).

The Trust Deed stipulates funds be "applied" to categories with a "Proviso" clause permitting the percentage allocations to be amended in consultation with the Manager. Shortfalls in program spending have been accumulated for future program funding and are invested accordingly in line with CI 8.1 until required. The Other category for Actual includes programs and benefits funded that aren't specifically part of the programs funded under the Trustee 'other' category. Some of these benefits may be funded through sources other than Trustee such as government grants. However not all of these 'other' expenses can be explained by grants. Therefore, funds that are meant to be for certain utilisation categories may have been appropriated for other activities during the review

period instead of strictly adhering to the Trust Deed requirement that non-utilised funds be invested. While being prudent and in line with the Trust Deed it can appear to the members as not receiving all the benefits they are entitled to in a given year.

It is noted that the Manager and Trustee agree periodically to a redistribution of spending categories, and a reportedly captured within the Board minutes.

In regard to the cause of these underspends, a number of possible contributing factors have been identified:

1. There may be a belief within the Foundation that having a surplus of funds available is good because it means bigger more impactful programs can be implemented further down the track.
2. It is difficult to get project/program management resources quickly to take charge of the projects/programs and deploy them
3. The annual budget arrears funding nature means a focus on shorter term smaller programs that do not make a tangible difference to the well-being of members rather than larger programs that fully utilise the allocation.
4. Communication mechanisms have been inadequate to appropriately inform members who are not technically capable about programs and benefits (i.e. insufficient field resources to go to communities and provide regular information sessions or support where program take-up is low).
5. Development programs and benefits have been on an opportunistic basis instead of on a 'country development' basis whereby a holistic needs analysis is undertaken for the communities and country to create a country plan that enhances all areas of well-being including economic and industry development, social support, infrastructure, health services, culture and language development. It should be noted that some improvement has been made in this area recently with the latest strategic plan, but a more holistic approach is needed.
6. Performance targets are not set and Gumala entities are not held to account to meet these performance targets. One of the performance targets should be meeting the budgeted program distribution to build trust with members.

In conclusion, the Foundation has not met the intent of the Trust Deed in relation to the income utilisation categories, however the Trust Deed does make allowance for the Foundation to spend less than the target utilisation category amounts in any financial year providing the funds are invested (which has occurred as per the Investment chart) and providing the trustee communicate in writing to the manager the decision and reasons for not applying the minimum levels. Therefore, strictly speaking the trust is in compliance with the obligations of the deed but not the intent. This points to a failure of the Trustee in discharging its duty in relation to the Trust Deed.

Recommendation

- As per the recommendation in the 'Governance Analysis' section of the report. The Trustee and the Corporation need to hold each other to account for meeting budget and program targets, and the Foundation needs to enact performance reporting that utilises targets and compares performance to targets.

6. Benchmarking

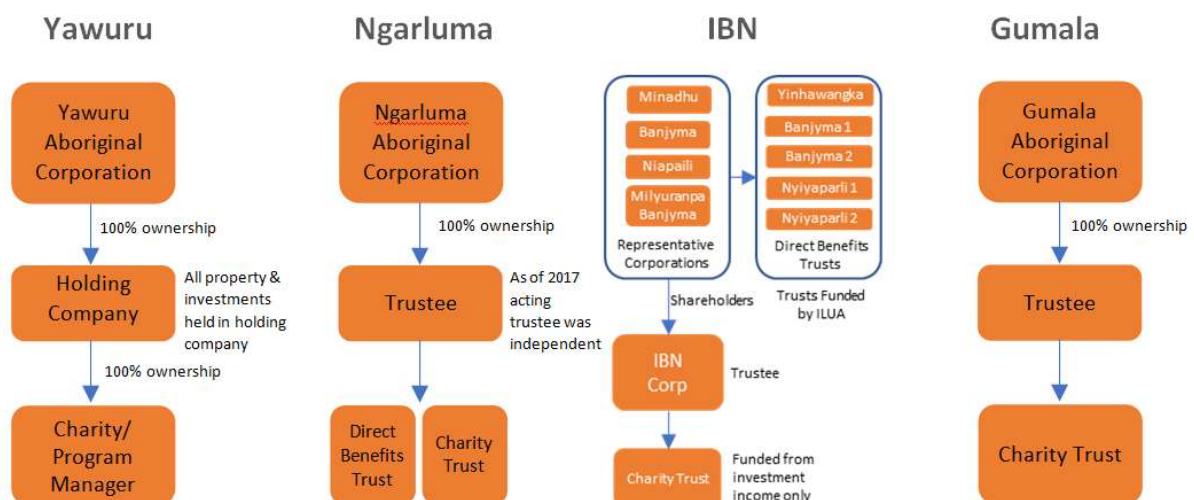
Benchmarking was conducted against similar Aboriginal Corporations across Australia that fell into the category of 'Large' and had comparable membership sizes. IBN was chosen as a benchmark as it is directly comparable to Gumala and servicing the same language groups. 2 other companies were selected for benchmarking that had sufficient available information as per the following:

Corporation:	Yawuru	Ngarluma	IBN	Gumala
Approximate number of members	1100+	900+	1300+	1400+

Each company was compared for the 2016-2017 year for which data was available for all companies.

6.1 Organisation Structure

During research it was noted that there is considerable inconsistency amongst Aboriginal Corporation structure. Some have two trusts (one for charitable activities and one to allow direct payments of funds to members); some don't have a separate company as a trustee, and instead the Aboriginal Corporation acts as both the Trustee and the Manager; however, they may have a separate holding company for assets. Below is the basic core structures of the Aboriginal Corporations for this benchmarking activity (note some corporations have additional companies for various enterprise activities that are not listed).



Organisational Structure of Selected Aboriginal Corporations

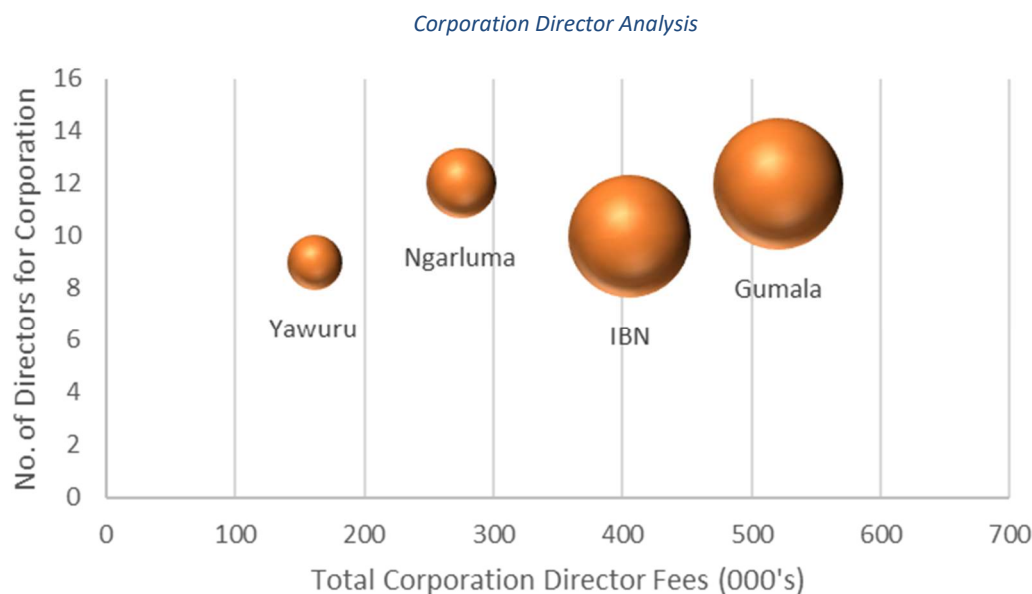
Benchmarking

6.2 Corporation Directorship Structure

From the 2017 annual statements of each Aboriginal Corporation, the director structure and fees for each corporation were as follows:

Corporation:	Yawuru	Ngarluma	IBN	Gumala
No. of Directors	9	12	10	12
Total Director Fees	\$161,180	\$274,703	\$404,972	\$520,360
Ave. Cost / Director	\$17,909	22,892	\$40,497	\$43,363

For the Aboriginal Corporation, Gumala has the highest cost per director and also joins Ngarluma with the highest number of directors. The Office of the Registrar of Indigenous Corporations (ORIC) noted in a compliance notification in 2016 that GAC directors “are well remunerated for their services and are some of the highest paid directors of any Aboriginal or Torres Strait Islander Corporation”. This is borne out in the analysis above, and while Gumala is the largest of the benchmarked corporations in terms of membership (for 2017); the total director fees are almost 30% higher than IBN.

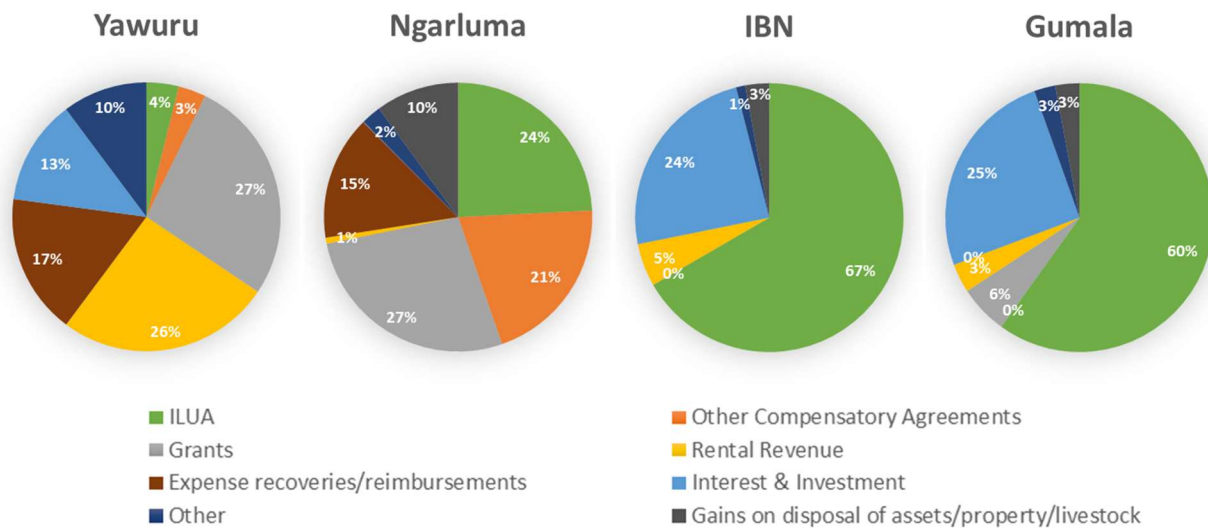


Note: The above only relates to the aboriginal corporation/body corporate and does not include the director costs of trusts and subsidiaries due to availability of information.

As mentioned in the Financial Analysis section of the report, there is opportunity to revisit the number of directors to have only 3 representatives from each language group. There is also an opportunity to revisit the average remuneration per director to \$40,000 or less to align with other corporations.

Benchmarking

6.3 Sources of Income



Proportion of Income by Category

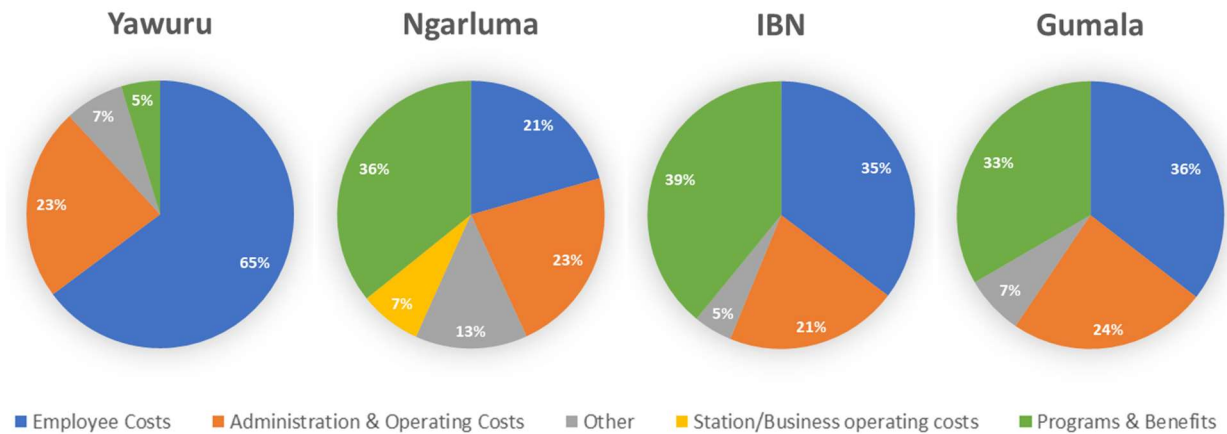
Note: IBN restructured during 2016-2017 following the MAC agreement renegotiation meaning that the ILUA payments went to the new language group trusts instead of IBN, however the liability to the trusts that IBN had as a result of the restructuring of the agreement was reduced by the amount of the ILUA that would have been received, therefore this has been counted as ILUA income for the purposes of benchmarking

In general, aboriginal corporations have a range of income generating activities outside of their ILUA's - (grants and government funding; running pastoral stations, healthcare, tourism activities etc.). For Gumala in particular, grant and government funding activity could be greatly increased to maximise member benefits. Other aboriginal corporations have gone beyond traditional ILUA's and have entered into heritage compensatory agreements and directly receive royalties. These alternative agreements could provide a mechanism for Gumala to access compensation levels more in line with the amount of compensation of modern 'tons mined' ILUA agreements without having to renegotiate the ILUA.

9.4 Expense Analysis

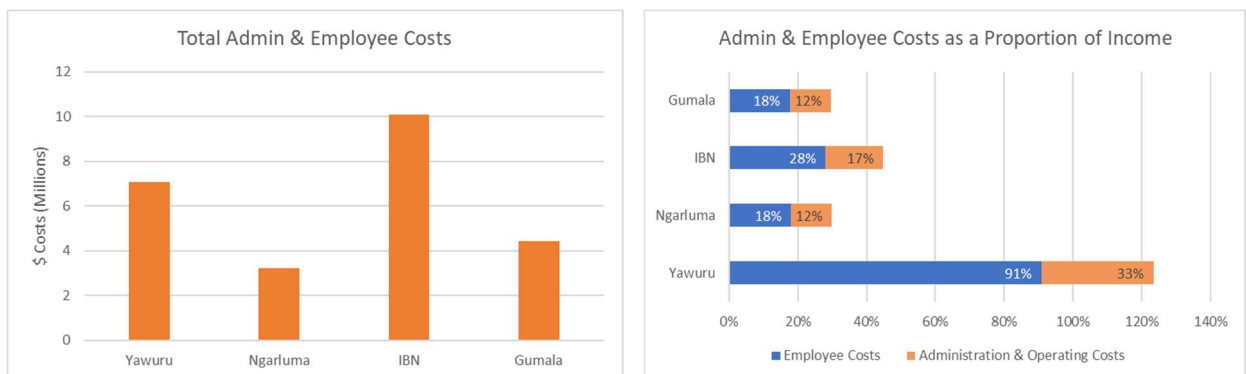
Dollar for dollar, Aboriginal Corporations and Trusts are struggling to pay out more in benefits than it is costing to operate. On average it was found that funds paid out for benefits and programs were between 30 to 40% of operational expenses. Gumala also falls within this band.

Benchmarking



Proportion of Expenditure by Category

On an absolute basis and as a proportion of income however, Gumala compares well in benchmarking for administration and employment costs – particularly given the size of the membership base. Gumala's absolute administration and employment expenses for the Trust and Corporation for 2017 totalled \$4.43 million when compared against IBN which totalled \$10.06 million. Ngarluma has a lower figure of \$3.21 million but is servicing the smallest number of members of the organisations benchmarked. Ngarluma's employment and admin expenses also exceeded income.



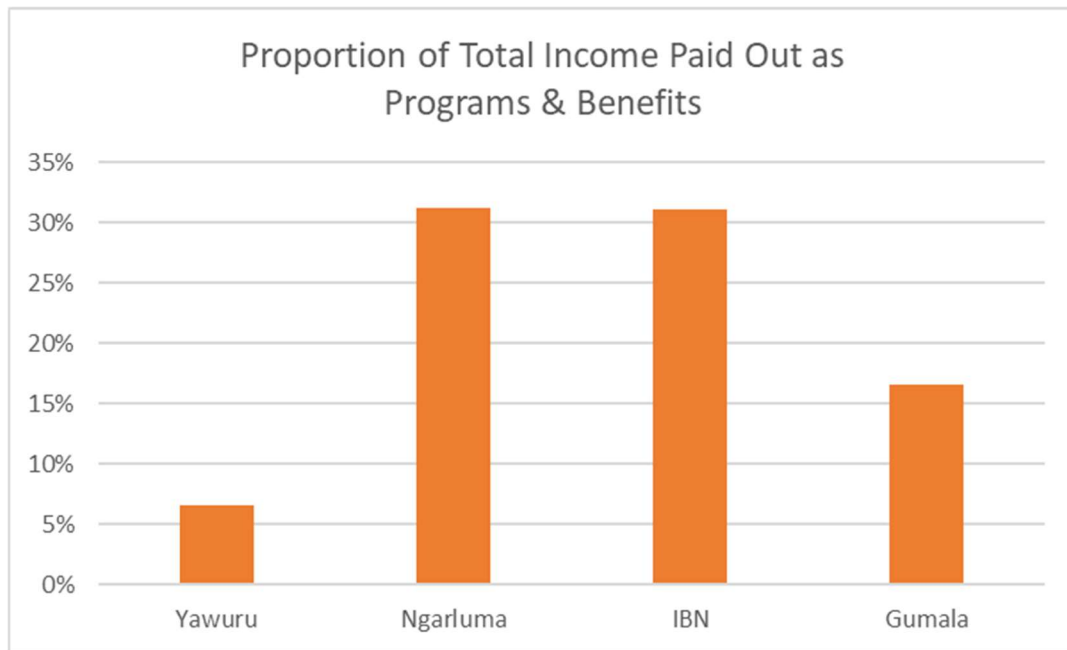
Aboriginal corporations have an added difficulty in managing operational costs as they are also seen as a source of indigenous employment where efficiency gains in the organisation may lead to loss of jobs for indigenous personnel.

6.5 Program Analysis

While Gumala is doing well in regard to managing expenses compared to peers, it is falling short on converting income into programs and benefits for its members. Ngarluma and IBN paid out 31% of income as programs/benefits for 2017; Gumala only managed to achieve 17% of total income being paid out as programs/benefits (note for comparison purposes, this is a proportion of total income; not available income as defined in the trust deed).

Benchmarking

Which if taken on the allowable allocation of 60% is 28.33%, some 10% less than Ngarluma and IBN. Yawuru itself did not distribute as much funds/programs to members in 2017; however, it holds a portfolio of \$78 million in property incorporating land, commercial and residential. Residential homes are provided to members as social housing and subsidised rent programs which may not be reflected as a program expense given the capital nature of the housing and the subsidies being offset against rental income instead of applied as a separate program expense. In which case, Gumala's performance is of serious concern in terms of Gumala meeting its obligations to members and benchmarked against other indigenous corporations.



7. Governance Analysis

7.1 Boards

Within Board Relationships

- Positive constructive working relationship amongst Trustee board members
- In the past the Corporation board was less cohesive, with family and language group differences impacting the alignment amongst board members; as well as preferential treatment to key related parties causing division.
- As per direction the Enterprise board was not reviewed

Anecdotally, it was raised to the Review Team that perhaps the Corporation board could benefit from independent directors on the Corporation board to assist with compliance to board meeting governance and to provide an independent perspective to reduce conflict. However, the Trust Deed makes it clear that it is the Trustee's role to ensure the Corporation's directors have adequate skills and knowledge to understand their obligations as Directors, and to assist in the mediation of disputes of the Corporation. The Review Team believes there is an inherent risk in bringing in independent directors to the Corporation that may result in a greater divergence between the perspective of the Trustee and the Corporation. The Review Team believes these issues can be better addressed by undertaking the recommendations at the end of this section, and better implementation of the Trustee responsibilities under the Trust Deed. That is to say ensure the Trustee discharges its duties in accordance with the Trust Deed.

Between Board Relationships

- Relationship between Corporation and Trustee has been fractious in the past with some strong personalities driving division between the entities. Current boards believe the relationship between Corporation and Trustee is now functioning well, and a lot of effort was put in from both entities to build trust between the two entities

7.2 Reporting and Performance Management

The Review Team has been provided board packs and meeting minutes for Trustee but has not been provided board packs and board meeting minutes from Corporation, so the comments herein are confined to the Trustee.

There is a general lack of use of performance targets in the Trustee board reports and the Annual Reports (of both Trustee and Corporation). Reports document what has happened but do not reference targets to demonstrate performance of the board. The investment report does compare the asset allocation to the investment portfolio target allocation; but does not reference the target rate of return (CPI +3.5%) which is the key performance metric.

In regard to the Trustee supervisory role, there is a good focus within the Trustee on the Foundation's performance in regard to operating costs; however, there is insufficient focus on holding Corporation to account for executing programs and disseminating benefits as per budgets. This has led to an erosion of trust between members and the Gumala Foundation.

Governance Analysis

The Review Team recommends a combined Foundation Performance Dashboard be developed and utilised for board meetings and should be reported on annually to members which incorporates Key Performance Indicators for the board on the below elements. The Foundation Dashboard can then be broken down into individual performance dashboards for the Trustee and the Corporation to cover their roles more holistically. All dashboards must show both the performance target and actual performance.

Foundation dashboard performance elements:

- 1) The performance of the Trustee in its obligations - investments and income
- 2) Performance of the Trustee board – timeliness of decisions, attendance for committees and meetings, how the trustee has met obligations such as upskilling TO board members etc.
- 3) The performance of the Foundation as a whole in regard to administration and operating costs
- 4) The performance of Corporation in meeting planned program
- 5) The performance of the Corporation board.

Recommended achievable KPI's/Targets for the Foundation dashboard could include:

Investments

- Annualised Rate of Return of the Portfolio. Target = CPI +3.5%
Note: For Investments an increase in the total value of the portfolio does not equate to rate of return for the purpose of these KPI's as this incorporates contributions from the Trustee as well as returns on investments.
- Performance of Managed Funds return/yield against Benchmark. Target: > relevant benchmark
- Compliance of Asset Allocations. Target = As per Investment Policy s1.3.1.1

Operating Costs

- Total Foundation Administration and Management Costs (Both GAC and GIPL) as percentage of Budgeted Program Expenditure. Target: <85% (currently @ 90%)

Programs

- Program Execution – Performance of Actual vs Budgeted Program Spend. Target = $90\% \leq 100\%$
- Member Benefits Take-up Flexible– Percent of members utilising more than 90% of Flexible Program Limit. Target = 90%
- Member Benefits Take-up Fixed – Percent of eligible members accessing more than 90% of fixed benefit limits. Target = 80%

Consultation

- Percentage of members contacted/consulted with by Foundation. Target = 90%
- Average time taken to respond to issues/actions in issues register Target = 60 days

Note: A consultation register could be maintained with a list of all members, and each member that calls in or is contacted by Field /member service Officers within communities could be recorded, so data can be

Governance Analysis

maintained on how much of the membership is coming into contact with Gumala and being informed about programs, and consulted on issues; which members are consistently falling through the cracks etc. During consultation, members may raise ideas or issues or improvements for Gumala or potential programs. These should be recorded in a register that is communicated to members on a regular basis. The Foundation should track how long it takes to respond to issues/requests raised in the register and report as part of the dashboard.

Outcomes

- The targets for this component will need to align with the Country Plan and Strategic Plans. For example, if the Country Plan and Strategic Plan identifies that Diabetes is a leading cause of health issues within the communities, then a Target would be a reduction of X% of member population with diabetes. The survey run in 2017 can be tweaked to provide baseline data from which outcome performance can be measured every two years or so by re-running the same survey to track trends and validate if Gumala is making a tangible difference to outcomes and member well-being. Other shorter term targets should also be utilised to ensure activities are being completed that contribute to outcomes

Board Performance

- Trustee – Upskill / Training Activities for Foundation TO Board Members. Target = 100% on time completion of training/upskill activities of TO Board Members as per schedule
- An assessment of current capabilities within the board against a skills matrix should be undertaken to determine development and coaching opportunities between board members. Where a sufficient gap exists formal training or external coaching and mentoring should be considered and a schedule of training/upskilling activities for each Board member created. Skill categories could include: Remote and Regional Community Development; Remote and Regional Health; Aboriginal Social Support; Finance; Corporate Governance; Project Governance
- Trustee – Percent of requests for decisions from Manager that are not actioned at the next board meeting. Target = <10%
- A request log should be maintained that documents the date a request for a decision was made from GAC, the date a decision was provided, and whether the decision was provided at the next available board meeting from the date the request was made.
- Manager – Director consultations/interactions with language group and community. Target = 1 on country/community visit per annum, 2x conversations with language group elders per annum (can be by phone or other medium)
- All Directors – Committee Meeting attendance (Individual tracking) Target = each committee member attends or provides a proxy for >66% of scheduled committee meetings.
- All Directors – Board Meeting Attendance (Individual Tracking) Target = each board member attends >80% of scheduled board meetings
- Member feedback on services using the newly implemented ideas/issues register to monitor the amount of recurring issues within the register to be less than 50% of the register then trending to 10% within 2 years
- Member feedback on services using the newly implemented ideas/issues register to monitor the time taken for response to idea/issue raised by member. Target = <60 days

Note: The Ideas/Issues Register is not a Complaints Register (i.e. where a member is not satisfied with how their individual case has been treated and makes a formal complaint). The ideas/issues register contains ideas or potential projects for the community that members have raised (from consultation or in general interactions with Gumala) that they would like to see implemented which are not currently covered by existing benefits/programs; or opportunities for improvement, or issues within the community that needs to be fixed, or issues with the Foundation itself such as the time taken to process claims etc. The register can also be utilised as a pipeline for potential new programs/projects. Thirdly the register can capture, either director or via director engagement, member issues in terms of how they perceive the Foundation is operating. If members are regularly identifying the same issues repeatedly, this indicates the Foundation is either not aligned with needs of members or is not adequately communicating the reasons behind whether an idea/issue can or can't be rectified. It should be noted that a response means the GAC has reviewed the idea and advised the member whether the idea will be implemented or not; and if it is to be implemented, approximately which financial year it is likely to be.

If there are deficiencies identified, rectification actions are to be proposed and actions documented instead of performance just being noted.

Recommendation

- Institute Foundation visual performance dashboard that forms the basis of the joint board meetings and is used to track the performance of the Foundation as a whole. Ensure the dashboard incorporates both Targets and Actual performance utilising the suggested KPI's provided in this report.
- Create a Foundation Reporting Standard that includes the following:
 - A Consolidated Foundation report is provided to members that tracks performance of the Foundation as a whole.
 - The requirement for annual reports and AGM presentations include performance targets and measure actuals against targets instead of just reporting what happened compared to a previous period.

Suggestion:

- Develop visual performance dashboards for the Trustee and the Corporation that rollup/integrate with the Foundation one, allowing each to focus on the performance of their role against targets and deep dive performance issues. Automate the flow of data as much as possible to minimise administration.

7.3 Board Administration

The Trustee board seems well administered with Agenda's and board packs prepared, minutes taken and reviewed, actions documented. The Review Team has not been provided with any Corporation board meeting packs or minutes. However anecdotally from interviews the board meetings are well prepared; however, the tracking of board actions/outcomes and follow up may need some improvement.

During research the Review Team noted findings from July 2016 Examination by ORIC of the Corporation that some administration and governance practices were not being adhered to; such as board members being present for votes in which they had a material interest; minute of meetings not being signed by the Chairperson, and adherence to complaints policy. From

interviews, the Review Team has noted the improvement in governance provided by the addition of a Governance team member at board meetings.

7.4 Board and Committee Attendance

From interviews with both the Trustee and Corporation personnel, the issue of attendance at board meetings and committees has been consistently raised, with meetings having to be rescheduled due to availability and not being able to obtain a quorum. This is a particular issue with the investment committee where required adjustments to the asset allocations may need to be acted upon quickly to protect investments from market downturns.

Concerningly, it appears that the resolution for this from the Foundation has been to reduce the number of persons required to make a quorum (particularly for committees). This reduces the legitimacy of committees and boards as being able to represent the voice of the members, and may lead to similar situations as in the past where a small quorum of people were making decisions that preferenced individuals over the membership as a whole.

As identified by the benchmarking and ORIC, Foundation directors are one of the best remunerated of Aboriginal Corporations in Australia, and with this comes the responsibility to uphold the duties of a Director – including attending board and committee meetings. Directors are also paid a communication allowance “to assist Directors carry out their role and responsibilities as Directors through allowing them to be contactable by Beneficiaries, Members, Directors and the Gumala Office for Gumala related business”.

Recommendations:

- Enhance the performance of board and committee attendance by doing the following:
 - Instead of reducing the number for a Quorum, the Foundation should encourage video and telephone conferencing for committee meetings to allow those not physically able to travel to attend;
 - Incorporate the level of individual attendance of Directors at meetings into the performance management and reporting dashboard at the board meetings to encourage behavioural change.

7.5 Good Standing of Board Members

During consultation, some members have raised concerns about the lack of rigour in the eligibility criteria for Directors to ensure Directors of good standing are nominated and elected. Currently the GAC Rulebook only has the following eligibility requirements:

8.2.1. A person is eligible to be elected as a director if the person is:

- (a) a member; and
- (b) at least 21 years of age.

8.2.2. A person who is disqualified from managing Aboriginal and Torres Strait Islander Corporations under Part 65 of the Act may only be appointed as a director of the Corporation if the appointment is made:

- (a) with permission granted by the Registrar; or
- (b) with leave granted by the court.

8.2.5. Consent to act as director

- (a) Before a person may be appointed as a director, that person must give the Corporation a signed consent to act as a director of the Corporation.
- (b) The Corporation must keep the consent.

Some Aboriginal Corporations have started to incorporate good standing eligibility requirements into their rulebook.

The Corporation did attempt to enhance the eligibility criteria for Directors in 2015 using a Director Election Document titled “Guide for appointment to the GAC board of directors”. Unfortunately, this was not in accordance with the due process set out in the Rule Book and the Corporation imposed the eligibility requirements without getting the Rulebook updated with the new eligibility requirements before imposing them on prospective directors. This resulted in complaints to ORIC and a Decision from ORIC¹ requiring the Corporation to retract the eligibility requirements until they were incorporated into the GAC rulebook as per the due process. ORIC was also very clear that directors and staff of GAC are unable to impose any eligibility requirements beyond what is in the GAC Rulebook without obtaining a special resolution from members at a general meeting to amend the Rulebook. The Corporation has not lodged an updated the Rulebook with the eligibility requirements with ORIC, and the Review Team is currently unaware of the eligibility requirements being voted on at the 2016 AGM (as this AGM was taken up with the issue of cash payments to beneficiaries) or at any later AGM’s.

While the Foundation (specifically the Corporation and Trustee) is unable to impose any eligibility requirements without due process right now, the Foundation may be able to confirm with ORIC if they can request a voluntary statement of good standing from current directors to build trust with members and show progress on members concerns. The Foundation Board Members should work together to agree a definition of what ‘good standing’ means and then voluntarily provide the statement if ORIC allows this. The Foundation should advise members at the November 2019 general meeting of the intent to update the rulebook to include eligibility criteria regarding good standing and should circulate the definition of good standing agreed by the boards. The Foundation should allow some time to build trust so the actual vote on the update to the Rule book should not take place until the November 2020 AGM otherwise the vote might fail. The Foundation will not be able to apply the eligibility criteria to potential directors that are being elected at the 2020 AGM so the Foundation will still need to maintain a voluntary request for Directors to confirm good standing until nomination of Directors for the year after that (2021 AGM) by which time the Rulebook Director eligibility requirements will be able to be applied to the prospective/nominating Directors.

ORIC also identified that S8.2.3 of the GAC Rulebook prohibited the use of nomination screening as the section stated that the 'Directors shall be elected at the AGM of the Corporation' instead of stating that nominations will be confirmed at the AGM. Therefore, this section will also need to be amended and a nomination process incorporated; as well as the eligibility requirements for sections 8.2.1 and 8.2.2.

Recommendations:

- Define/agree a definition of good standing for Directors; and confirm with ORIC if the Foundation can request a voluntary statement of good standing from Directors. If allowed, obtain statements of good standing to build trust with members
- At the Nov 2019 AGM communicate GAC's intention to update the Rulebook at a vote at the 2020 AGM to give people plenty of time to prepare and understand the changes. Communicate the definition of Good Standing agreed by the board
- At the 2020 AGM conduct vote on Rulebook change for eligibility requirements and nomination process (s8.2.1, 8.2.2 and 8.2.3) Continue to request voluntary statements of good standing until end of 2021 when new process can be utilised for nominations at the Nov 2021 AGM. Incorporate requirements into policies and procedures.

7.6 Policies and Procedures

The Review Team have reviewed the following provided policies and documents

- Foundation investment policy (unapproved draft only was provided at time of review)
- Alternative Dispute Resolution Policy (Aug 2016)
- GGF Purchasing and Tendering Policy (Oct 2015)
- GIPL Director's Travel and Allowance Policy (Jun 2018)
- Beneficiary Travel and Allowance Policy (unapproved draft only was provided at time of review)
- Good Governance Charter (Aug 2016)
- Audit and Risk Committee Charter (Aug 2015)
- Investments Committee Charter (Aug 2015)
- Foundation Applications Review Committee Charter (unapproved draft only was provided at time of review)
- Trust Privacy Policy (from web)
- Whistle Blowing Policy (from web)
- Member Code of Conduct (from web)

Regarding quality of content, the documents are acceptable (with exception to the few issues identified below), however the Review Team notes that many them were awaiting the GAC and GIPL Chairs' signatures.

The Review Team were unable to obtain approved Corporation policies , as these were also waiting to be signed by the GAC Chair and GIPL Chair at the time, so were still saved as drafts. A copy of Audit and & Risk minutes approving policies was provided within the review timeframe, and

anecdotally there has been a substantial improvement in the quality of policies since a dedicated governance team was set up within the Foundation.

The Gumala Good Governance Charter provides the ethical principles that underpin the Governance of the Foundation:

- Accountability
- Transparency
- Fairness and balance
- Honesty
- Dignity
- Legality
- Goodwill
- Conflict of interest principles
- Establishment of key benchmarks for an ethical organisation

Considering the above guiding principles, the Review Team makes the following observations:

- The Corporation and Trustee websites have policies and codes of conduct that the members need to abide by, but very little in the way of codes of conduct that the Trustee and GAC Board and Management need to abide by to demonstrate how they act in the best interests of members. There is reference to these documents occasionally on the websites and in publications, but they are not easily accessible to members. This relates to the 'Accountability' principle above and building trust with members by providing members with a mechanism to hold board members to account and demonstrate behaviours that the members have a right to expect from the Directors and Executives.
- There are multiple references on the Corporation website to the Complaints and Disputes policy, however the Review Team was unable to locate this policy on the website. A member-centric transparent organisation would have an important policy like this easily accessible for members, so members clearly understand their rights.

7.6.1 Policy Issues Identified

Foundation Applications Review Committee Charter (FARC)

Eligibility Criteria

The Foundation Applications Committee charter has some extra member eligibility criteria that is not disclosed elsewhere, the key one being that the applicant must be a descendent or sibling of the original named signatories to the YLUA. This requirement was recommended by the Traditional Owner Elder council in 2013 and forms one of 3 Ground Rules for selection. This criterion is a lot more well defined than the Trust Deed, however the Trust Deed is not as limiting in scope of membership as this Ground Rule, therefore some beneficiaries may be missing out on benefits who may otherwise be eligible under the Trust Deed definition. Under section 12.4 of the Trust Deed it appears that the current Traditional Owners (or a representative committee) has the final say on

whether a person will be deemed a Traditional Owner, irrespective of whether the genealogical or landownership studies have identified such person or persons as Traditional Owners. The resolution adopted by the Traditional Owner Elder Council in 2013 could be interpreted as exercising the requirement of 12.4. Currently, the FARC charter states that the FARC is the representative committee defined in section 12.4 and consists of GAC and GIPL Traditional Owner Directors.

The main concern of the Review Team relates to transparency as per the Good Governance Charter, and whether this selection criteria should be made clear to members/potential members (i.e. be included in membership application information and on the website). Having such clear decision-making criteria promotes an unbiased selection process; however, if members are being rejected and they do meet this criterion, they may be unaware that the governance process has been incorrectly applied and may not initiate a review of their application as per their right if the membership criteria are not clear.

Process for Removing a Traditional Owner.

It should be noted that the Trust Deed is mute on the process for removing a person from the traditional owner register. However, the GAC Rulebook is clear on the process, and while Directors can determine whether a person becomes a member, to remove a member from the member register requires written notice giving the member 14 days to object to the removal. If the member objects to the removal, the individual member can only be removed by a resolution voted on by members at a Corporation general meeting.

Once legal advice is obtained, the Review Team recommends aligning the eligibility criteria of the Trust Deed, the GAC Rulebook, and the Foundation Application Review Committee Charter; and communicating this eligibility criterion clearly to members and potential members.

Related Party Transactions

In the past, related party transactions have been a key source of frustration for members, leading to legal action and an erosion of trust between members and the Foundation.

- ORIC issued a compliance notice in July 2016 following an examination and identified an issue with related party transactions; noting that these related party transactions were inadequately disclosed.
- As a footnote in the notice ORIC acknowledged the following in relation to the Corporations response

“GAC advises that the payment of financial benefits to related parties has been suspended and the current directors have ‘no appetite to restore the payments’. However it is noted that, unless the rule book is amended by the members to prohibit such payments, policies and procedures are needed to set out the policy of the corporation and how such payments would be managed if they are reinstated, given that such payments have been significant in recent years”

While strictly speaking the related party transactions in question may not have qualified under Part 6-6 of the CATSI act and Rule 10.6 as requiring member approval (member approval is not required for giving of a financial benefit to a related party if the benefit is given to the related party in his or her capacity as a member of the Corporation); the Review Team again refers to the principles of the

Good Governance Charter relating to transparency. And while member approval may not be necessary, any related party payments should be disclosed in the Annual Report to rebuild trust with members. The current practice of agglomerating related party transactions in the annual report also doesn't support the 'transparency' principle as there is no way for members to know if all of the funds identified as related party payments were paid to one person or to many.

In the 2016 Corporation Annual Report; a table was included on page 53 that quite clearly defined individual related parties, the amount they received in their capacity as members, and the amounts they received in their capacity as directors. This was the only year the Foundation was openly transparent about related party payments. For 2017 and 2018, these tables were removed and only totals were provided.

The Foundation needs to rebuild trust with members and abide by the principle of transparency and openness regarding disclosure of related party payments as addressed in the recommendations in the Reporting and Performance Management section of this report.

Recommendations:

- Amalgamate the Trust and Corporation Websites Include a policies section of the website that incorporates policies relating to member obligations, member rights, and Gumala obligations to members. Ensure the Complaints and Disputes resolution policy is available
- Where possible amalgamate policies to have Foundation policies instead of separate policies for the Trustee and Corporation
- Finalise/approve draft policies, and review and update overdue policies
- Obtain legal advice on the following (if not already done):
 - Application of the ground rules criteria from the FARC Charter in relation to section 12.1 of the Trust Deed
 - Removal of TO's from the Traditional Owner register due to the broader definition of Traditional Owner than the narrower eligibility requirements currently adopted by the Foundation Applications Review Committee.
- Amend the Trust Deed and the GAC Rulebook member eligibility criteria to align with the FARC Charter Ground Rules if allowable based on legal advice.
- Update member information sources and application forms with eligibility criteria

7.7 Project Governance

7.7.1 Initiation/Business Case

In general, projects seem to follow good project management practice; incorporating well defined business cases and risk assessments

Project business cases incorporate best practices and a requirement to demonstrate alignment with Trust deed objectives to support compliance with the Trust Deed.

It was noted during the Review that for projects that protect and enhance the language and culture of the Gumala people's, the project business cases seemed to be having difficulty aligning to/selecting an appropriate Trust Objective. While the Utilisation Categories in the Trust Deed

clearly specify a category for cultural purposes; the Objects of the Foundation and clause 3.4 of the Trust Deed do not identify the protection/enhancement or development of language, culture and art as an objective of the Foundation.

Members repeatedly raised a desire to focus on language, cultural development and art; therefore, the Review Team recommends the following to modernise the Trust Deed:

Recommendation:

- the Foundation consider adding to the objects of the Trust Deed and create clause 3.4 (10) 'to assist the traditional owners in the protection, enhancement and development of Traditional Owner Culture, Language and Art'. This recommendation may require legal advice as this would be changing a fundamental object of the Trust Deed.

7.7.2 Project / Program Management

While the project initiation process is adequate, the performance management/reporting of the implementation of Projects/Programs need to be improved.

Within the Corporation there is a need to establish a mindset of project management and managing programs of work. This will ensure what is being delivered, is as expected and agreed, and will deliver real value against the business strategies. The Corporation has rigorous business case validation and proposal processes; the issue is tracking and communicating performance against the project KPI's. Execution excellence is just as important as project selection and the lack of performance measurement is a repeating theme for Gumala. A key part of execution is to maintain communication on progress with key stakeholders and members throughout the project lifecycle. This will also facilitate open and transparent reporting of all activities being undertaken to all members.

Another issue raised relating to the cause of the significant underspend on projects/programs by was the difficulty obtaining resources to manage and implement programs. A combination of lack of internal capacity and expertise, coupled with difficulty getting quality resources in remote areas may be a contributing factor to the underspend of programs.

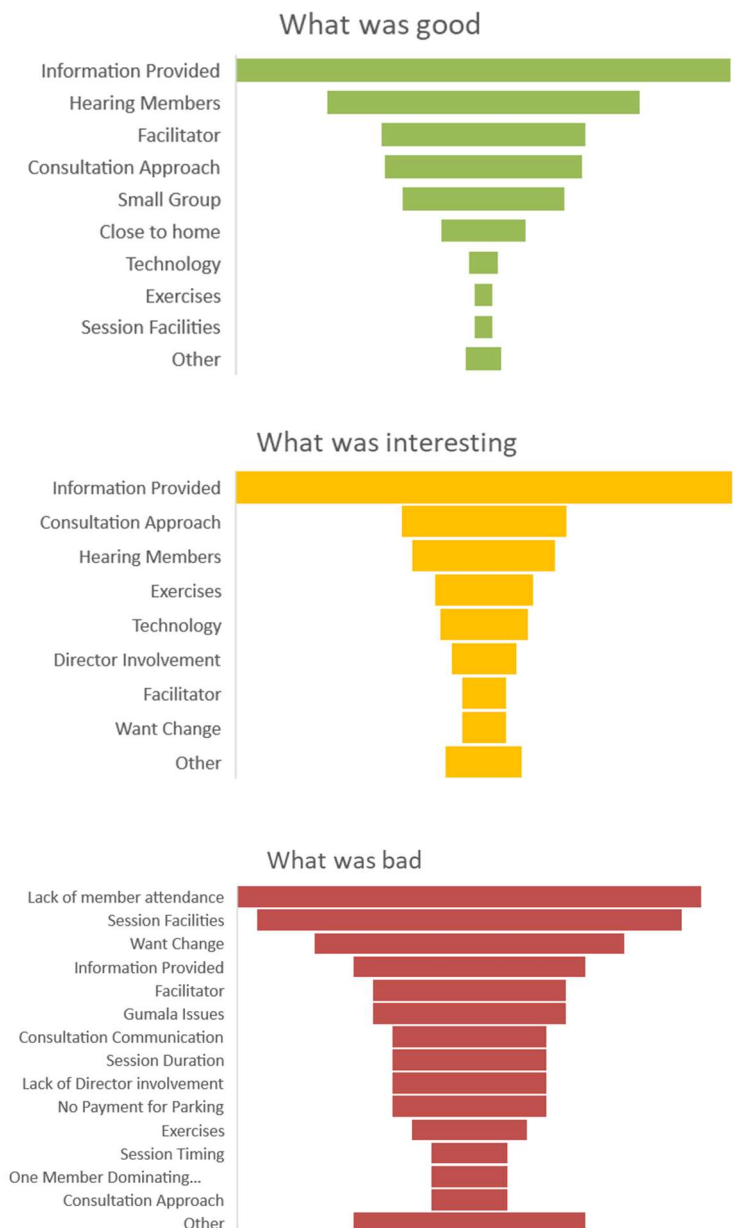
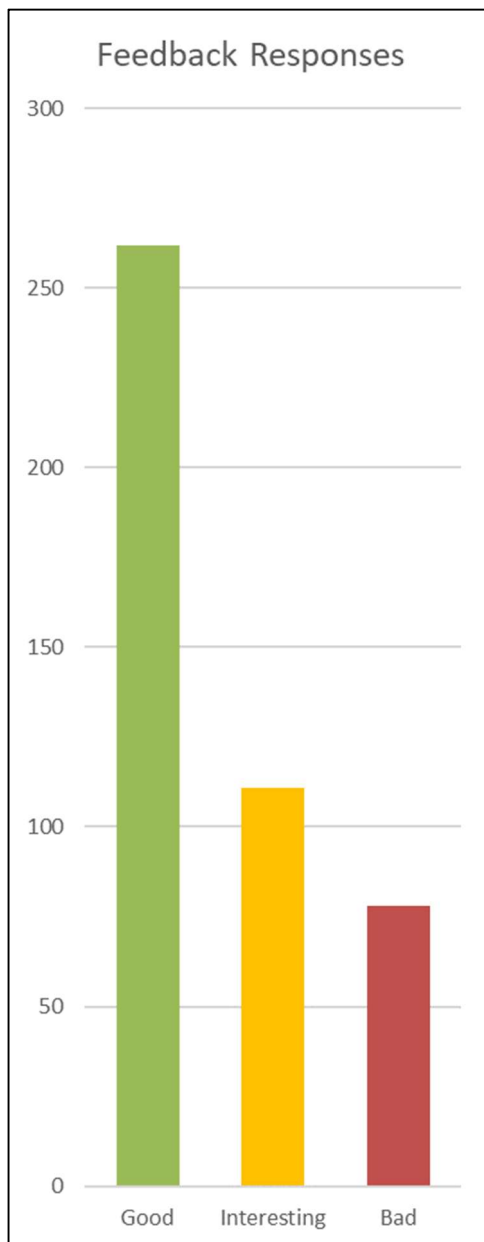
The Review Team suggests that the Corporation identifies a pool of potential Traditional Owners who may have an aptitude for project/program related roles and incorporate Project and Program Management training and development into HR plans. According to previous Annual Reports, a skills audit of Traditional Owners was completed by the Corporation early in the review period, and this may assist in forming the basis of the capability pool if it is still available.

8. Consultation Analysis

The following analysis was derived predominately from quantitative review of the 224 “Engagement Forms” and 598 items entered on the “Retro Boards”, balanced with the 188 items noted on butchers paper and the Review Team’s notes taken on the detail of conversations with the 377 members during the 53 sessions in 21 Towns and communities.

8.1 Feedback on Consultation Process

The below captured the feedback on the consultation approach, what the members like about it, what they found interesting, and what they didn’t like.



Consultation Analysis

The approach to consultation was both as a transformation and education opportunity. This was validated by the volume of members who provided feedback that the information provided through the consultation process was either good or interesting. The theme of small groups and actually being heard was a consistent theme with such comments provided such as “it was informing and I felt I had a voice for the first time in 10 years” and “the small forum made me feel comfortable”

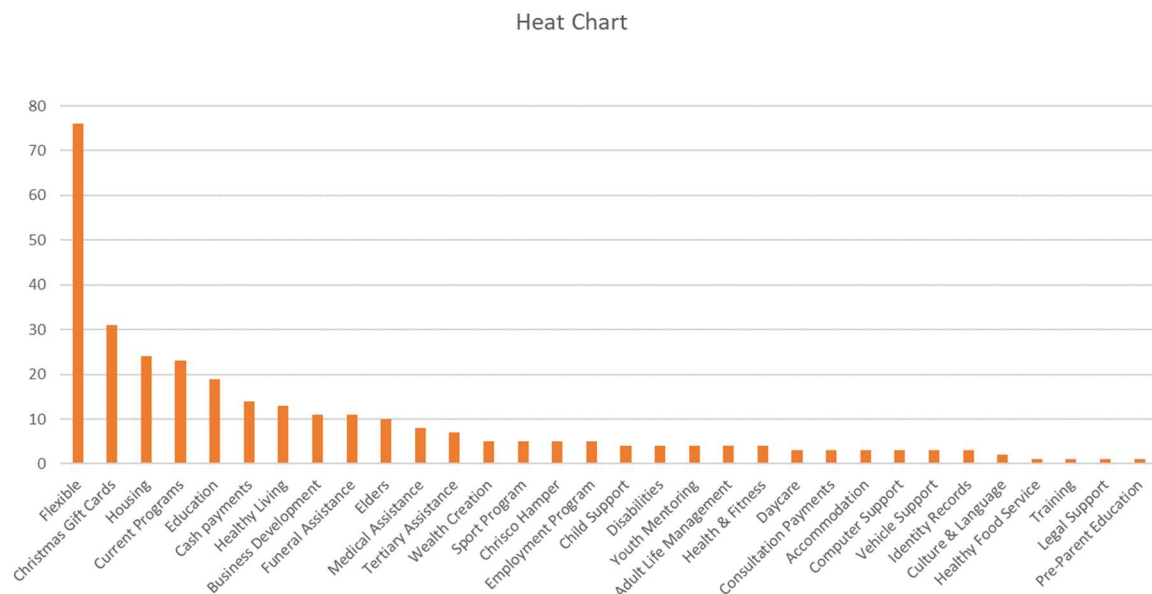
The majority of feedback on the process was good with people requesting to “have more meetings and get more people and members involved” and such comments as “this meeting is a good idea, getting smaller groups together, keeping everyone more informed and having a say as to changes needed”

The most frequent ‘bad’ comment was the lack of attendance at the sessions, as those attending believed those not in attendance missed a ‘good’ and/or ‘interesting’ session. Where there was negative feedback provided for ‘Information Provided’ this was mostly requesting more information (usually in relation to the Trust).

8.2 Member Views on Benefits

The views from members was mostly focused on the flexible benefits with members praising the flexible benefit option and wanting an increase in both the value of the benefits and what was covered by the flexible benefits. The Christmas gift cards were also a key focus of members with many comments wishing to retain the gift cards or increase their value – a few members would like the option to choose between the hamper or the gift card. Housing remains a prominent focus for members.

The below heat chart shows the areas members were most focused on in regard to benefits – either wanting to keep, increase or add these benefits.



While still topical ‘cash payments’ featured less than the Review Team anticipated; this may be due to the flexible benefits program allowing members to have some control over how they utilise their benefits.

Consultation Analysis

In relation to changes for current programs; the top requests were as follows:

- Increase the value of the flexible program and make more benefits flexible
- Increase support to members to purchase and maintain a house (including a phased purchase approach with partial ownership by Gumala). The ability to pool funds to jointly purchase a house was well received. Members also requested for Gumala to purchase properties and rent to members at subsidised rent prices
- Increase the value for Christmas gift cards
- Add food/groceries and fuel to the flexible program
- Funeral assistance should be a separate fixed program
- Increase the value of education support
- Make business grants available outside the Pilbara
- Medical Assistance should be a separate fixed program
- Business Development - Help members negotiate with and become suppliers to big businesses/RIO and develop a member business directory. Some examples of businesses members wanted to start include:
 - Linen services for the mining companies
 - Bus services for mining companies (between camp and site or town and site)
 - Member art designs on Rio linen/doona covers and artwork in camps
 - Photography

The following were new programs or benefits that were requested:

- Elders - Dedicated and targeted at elders in terms of medical care and specialised medical support equipment, home visits and social care, food and utilities, entertainment, bus services etc.
- Employment support – To get members employment ready, including paying for certifications or licences, short courses or training, help with resume writing, career planning, recruitment support, help getting traineeships and apprenticeships etc.
- Youth Mentoring – Support youth and teenagers with developing life skills, drug and alcohol education, mentoring, tutoring, preparing for employment, leadership development (note some members would actively like to support this program by giving talks to young people on their own struggles with life or alcohol/drugs and how they overcame these issues)
- Sports Program – Support children and youth to participate in sports including the purchase of equipment, fees, sponsorship, clothing etc.
- Adult Life Management – Helps teach adults life skills like how to manage their finance and do a budget; understand their rights as a tenant and how to maintain their home
- Culture and Language – The preservation of culture and language including funding to develop culture and language material/books and make them accessible for members; culture and language familiarisation and getting members to meet elders and learn from them as a proper cultural learning session; develop apps for learning Gumala Languages;

provide culture and language material at AGM's; open Art centres for people to learn indigenous art; schedule country walk activities to learn about the country etc.

- Day-care – Support for parents that have to utilise day care (could be part of flexible program)
- Child Support – Support young children to make sure they get a good breakfast, have clothing etc.
- Disabilities – Support for children or adults with disabilities including specialist medical care or equipment; tutors, home care etc.
- Health and Fitness – Run health and fitness classes for members, education on healthy eating, provide funding for fitness classes or gym memberships etc.
- Pre-parent education – Help young people prepare for becoming a parent – education, baby supplies and equipment etc.
- Identity Records – Support members when they need to get copies of their identity documents such as birth certificates, marriage certificates, police records/checks etc. (could be included as part of flexible program)
- Accommodation – Benefits to support members getting accommodation when they have to visit Perth; an opportunity could be for Gumala to invest in and manage a hotel that members can utilise and also be run as a business/income source
- Legal Support – Benefits or support to help members to access legal support and advice if needed.
- Wealth Creation – Whether Gumala could contribute to the wealth creation of members including the following ideas:
 - RIO shares allocation for members
 - Life or health insurance (either support payment of; or negotiate discounts etc.)
 - Superannuation contributions to members super funds
 - Financial planning

The Review Team also noted some differences between 'Up North' views versus 'Metro' views. Up North tended to be more focused on core basics and social programs such as housing, life management skills, health and fitness; youth mentoring. Metro members were more focused on business development, funeral assistance (due to the cost to travel all the way from Perth), medical assistance, and sports programs for youth.

Those closer to country also talked of specific outcomes which potentially challenged the long-term future of the Foundation e.g. the transference of ownership of pastoral leases to entities other than those within the Great Gumala Foundation. While the connection to land for some is much greater than others the distribution of 'assets' to selected individuals appears to be the beginning of the end the Foundation as everything of value is actually on either the lands of the Banyjima, Innawonga or Nyiyaparli peoples not Gumala. So if one piece is moved then it is only a matter of time before all are transferred, including royalties.

When taking all the feedback into account, the key issue is that core well-being of members is not being improved with the current piece-meal approach to try and target individual issues. A more holistic approach is needed to look at how to improve the economic development of the

Consultation Analysis

communities based on the types of industries and activities members want to cultivate within their country.

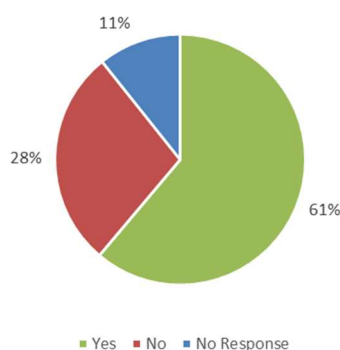
Recommendations

- Repeat the membership survey performed in 2016-2017 to establish a longitudinal baseline. Repeat every 2-3 years to confirm if the Foundation has made a tangible difference to the well-being members (re-doing the same survey should be less expensive than the initial development)
- Develop targeted benefits and programs that fundamentally improve the well-being and socio-economic status of the member aligned to the Country Plan such as:
 - Programs and benefits based on the outcomes and strategies defined in the Country Plan with emphasis on aligning business development programs with the industries and opportunities the members want to develop in their communities.
 - A program targeted at employability or employment readiness that supports members obtaining employment. This could include courses to obtain tickets, licences, or certifications; interview skills, resume building skills etc.
 - Targeted health programs and campaigns based on current member health demographics and goals defined in the Country Plan (e.g. Diabetes, kidney disease, mental health) etc.
- Facilitate the development a Country Plan in collaboration with Traditional Owners that documents the vision, goals and strategies the members have for their Country. It should incorporate economic development and industry that the TO's want to develop within their community to grow employment; land management and environment strategies; culture/language preservation strategies, community infrastructure, community well-being and social support needs etc. The Country Plan could also be developed with other Indigenous support organisations that service Gumala language groups such as IBN to divide supporting activities and prevent overlap. The Country Plan is owned by the members; Gumala drives its implementation.

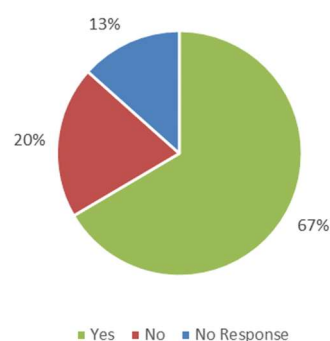
8.3 Member Views on Program Accessibility and Eligibility

The Review Team collected survey forms from 59% of the members attending on their usage and understanding of benefits. Of the survey respondents only 61% accessed any benefits from the Foundation; and only 67% knew what benefits were available to them.

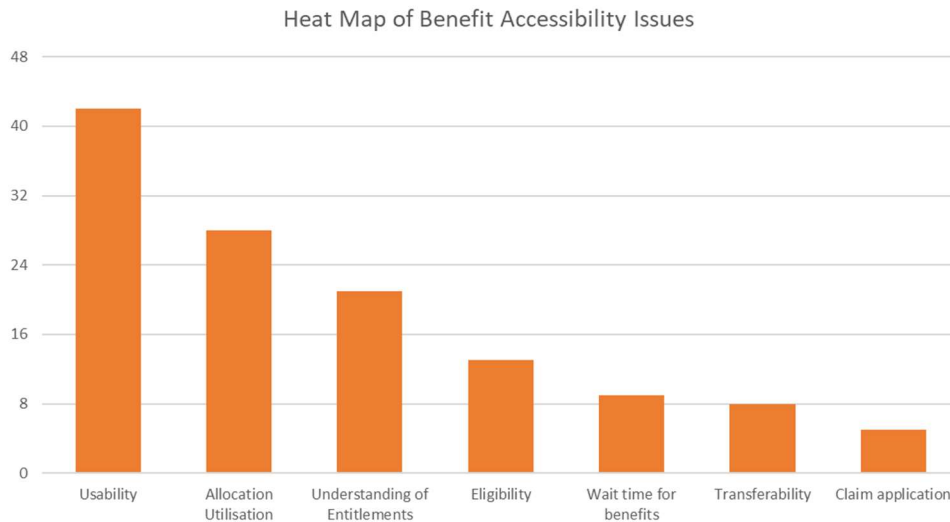
Members Receiving Benefits



Members know the benefits available



At present the key issue for members in relation to the accessibility of benefits is the usability of benefits (i.e. how easy are benefits to use and access once approved). Utilisation of allocated benefits was another issue for members; particularly in relation to wanting more choice and control of allocations; un-used benefits being lost/not rolled over to another year and not being able to apply un-used benefits against other programs. Understanding of entitlements and eligibility issues also were prominent discussion points for members. The below heat map shows the key issues concerning members in relation to accessibility of benefits.



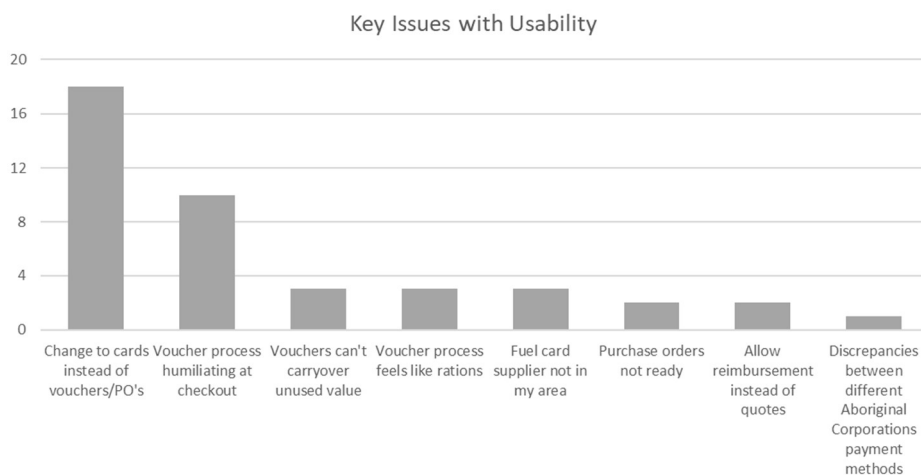
8.3.1 Usability

In terms of usability, there were strong negative views from members about the voucher and purchase order process with such comments as:

"Its stressful and embarrassing when we have been advised funds have been made available but retailers say its not"

"Food vouchers should change as to how the voucher is delivered so you don't feel shame when they process it at the shop"

"Don't like the voucher process, it can be humiliating at the checkout; it's not a welfare food voucher"



There is a positive support from members for a shift to gift cards or “cashless debit card” or the equivalent to fix issues with usability; and to speed up the process of accessing benefits, remove the stigma of the vouchers, ensure benefits are there when they need it, and ensure unused value is not lost.

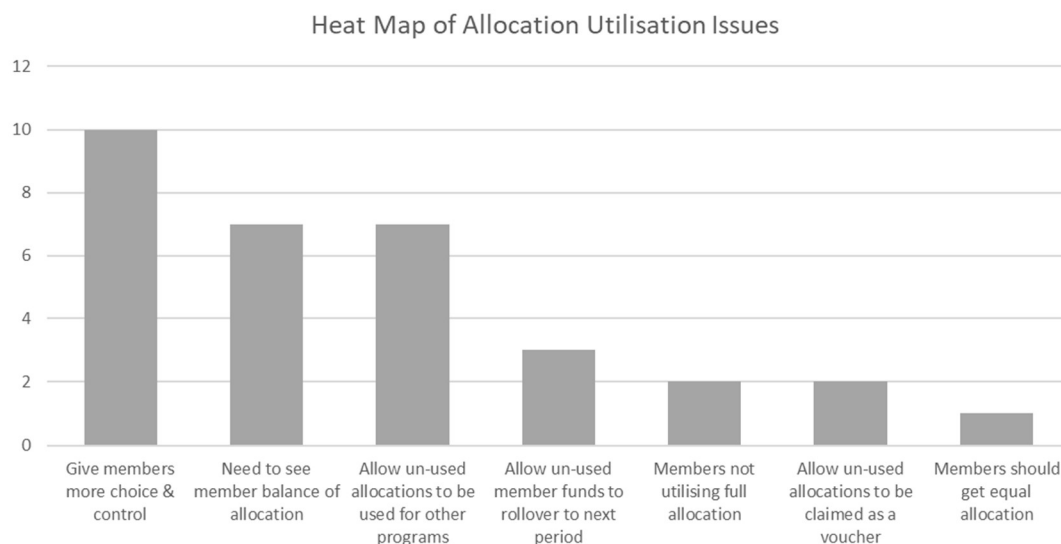
Recommendations:

- Investigate the use of a ‘cashless’ debit card using similar technology as the “Cashless Debit Card”
- Provide for negotiated/preferential terms for members at key suppliers, such as discount cards
- Obtain advice to confirm whether Clause 3.3 (or other related clauses) of the Trust Deed requires members to have direct benefit from the Trust or if indirect benefits still meet the requirement (i.e. if a member is transported by a relative or non-member, does the Trust Deed actively preclude compensating the relative/non-member given the benefit was obtained for the member).

8.3.2 Allocation Utilisation

Allocation Utilisation refers to issues with how the allocated member benefits are utilised. The key issue remains one of the goals of self-determination; with members wanting more control and choice over how they allocate and utilise their benefits amongst the utilisation categories. The flexible program has been well-received however there is still a strong desire for more flexibility and choice for members.

The other key concern is being able to ‘save’ their un-used allocations for another year or being able to reallocate their un-used benefits so they are not lost when the year rolls over.



There was also a request from a few members wanting to be able to see the remaining balance of their allocations (e.g. similar to how Health Funds or Banks provide online access or member portal they could log into); this could also help alleviate some of the issues with members not knowing what they were entitled to. If the Corporation has a current profile of each member and knows how many children etc they have, there is a potential for all the benefits that a member is eligible being

identified on their individual portal log in; and they could apply for benefits from the portal so no need to find the correct forms etc. However, this would take some investment to build and a “cashless debit card” system may negate the need for a member portal, if it included the ability to access balances online and/or had multiple accounts attached e.g. 1 being Flexible, 2 being Education, 3 being Travel and Accommodation.

In relation to equality of benefits, this seemed to be focused around the perception by members that those not living in the Pilbara seem to get their requests for business development support denied or they have a belief that only Pilbara members are eligible for business development support.

The introduction of a “cashless debit card” could alleviate some of these allocation utilisation issues; however, a phased approach to introduction may be best where flexible programs are first incorporated into a “cashless debit card” and fixed remain as there may be difficulty in tracking allocations against utilisation categories. To alleviate this an ‘on demand’ approach could be taken instead of loading up all the benefits on the “cashless debit card” at the beginning of the year, they are still requested on demand but the Corporation then just tops up the “cashless debit card” which could be immediate or timed to coincide with the activity/event – start of school, travel for health or funeral. In which case a member portal could be developed to allow members to log in to view balances of program utilisation and also initiate requests for benefits.

Recommendations:

- Investigate the benefit of developing a member’s ‘portal’ to allow access to program ‘balances’, track application status, communicate with members etc. This should be contrasted against the Cashless Debit Card – as simplified benefits delivery may lessen the need for a portal e.g. if members have a “cashless debit card” this may provide balance information.

8.3.3 Other Issues

Other issues raised by members worth mentioning include:

- Understanding of Entitlements
 - Not clear on entitlements or how to access them (only 67% of members responded on the survey form that they knew what benefits are available to them)
 - Difficult to access the right form or find the right form
 - Benefits should be ‘opt out’ instead of ‘opt in’ so people automatically get their entitlements
 - Paperwork difficult to understand
 - Need Corporation employees or directors to come and explain entitlements
- Eligibility
 - Non-standard families can’t access benefits for children (e.g. grandparents for grandchildren even if they are primary carers). This does not reflect the extended nature of families
 - Issues where a member is living in a house but their name is not on the utility bill. If they are an adult then if their drivers licence or ID with an address is the same as the

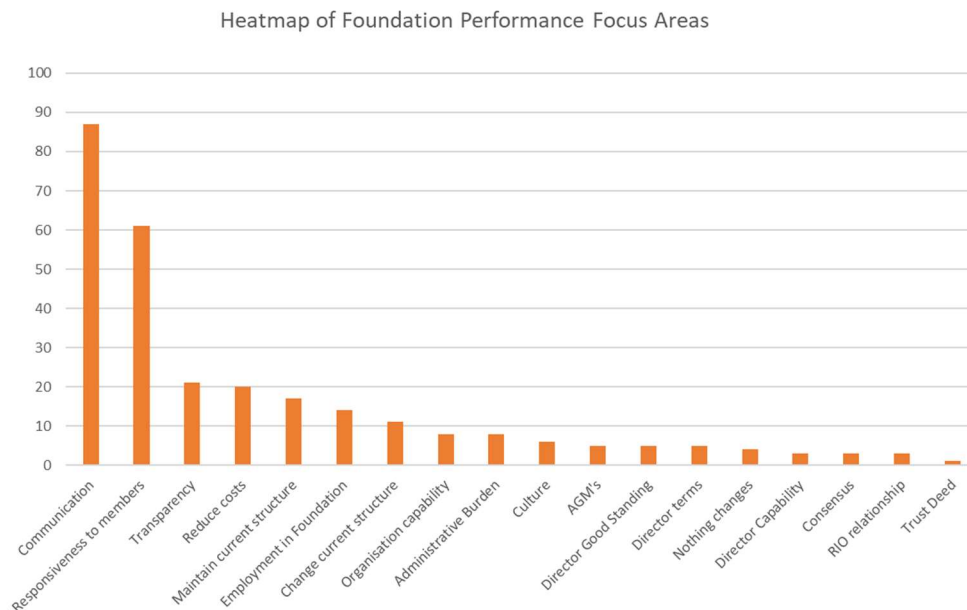
address on the bill then that should be sufficient to show they live there and the benefit is for the member. This could also assist where the member is more transient

- Some benefits are not available to people who do not live in the Pilbara; eligibility should not depend on where you live
- Transference
 - Members would like to be able to gift their allocated benefits onto family members or people that help them that aren't members (particularly with use of vehicles, where friends or relatives drive elders and other members around)
 - Members would like to be able to pool their benefits with other members if they need to make a large purchase or decision
- Wait time for Benefits
 - Particular focus was on the wait time for benefits and having to go and get quotes when timing could be critical – such as if the member or their child had a sickness or medical issue; or they need food
 - Members surveyed where unclear on the actual processing time with responses ranging from a couple of days to several months, mostly being several weeks
 - Being told the purchase order is ready and going to the shop/fuel station only to find the purchase order is there but payment has not been made yet
- Claim Applications
 - The amount of paperwork and evidence that has to be provided is onerous.
 - Inflexibility where members have to get quotes to access the benefits as some places don't quote such as TAFE or retail shops
 - Inflexibility in processing for funeral assistance in regard to claiming before or after the event
 - Sometimes members need to pay for something quickly like getting their car fixed, members want Gumala to allow reimbursement of expenses with proof of payment

8.4 Member Views on Trust and Corporation

The below chart shows the main themes that were important to members relating to the actions of the Foundation:

Consultation Analysis



The key areas important to members relating to the performance of the Trust and Corporation were communication; responsiveness to members; transparency; and cost reduction. In general, more members identified that they want to keep the current structure than make a change. Providing employment for members within the Foundation also remains a key focus area.



With regard to interaction with the Foundation, members are overwhelmingly asking for a change in how the Foundation communicates with them. Members have mixed experiences with interactions with the Corporation.

8.4.1 Communication

Members are actively seeking more communication and interaction from the Foundation. They are interested in finding out how it operates – particularly the Trust; and wanting to become more

Consultation Analysis

active in having a say and being part of Gumala. Currently, the members feel quite disconnected from the Foundation.

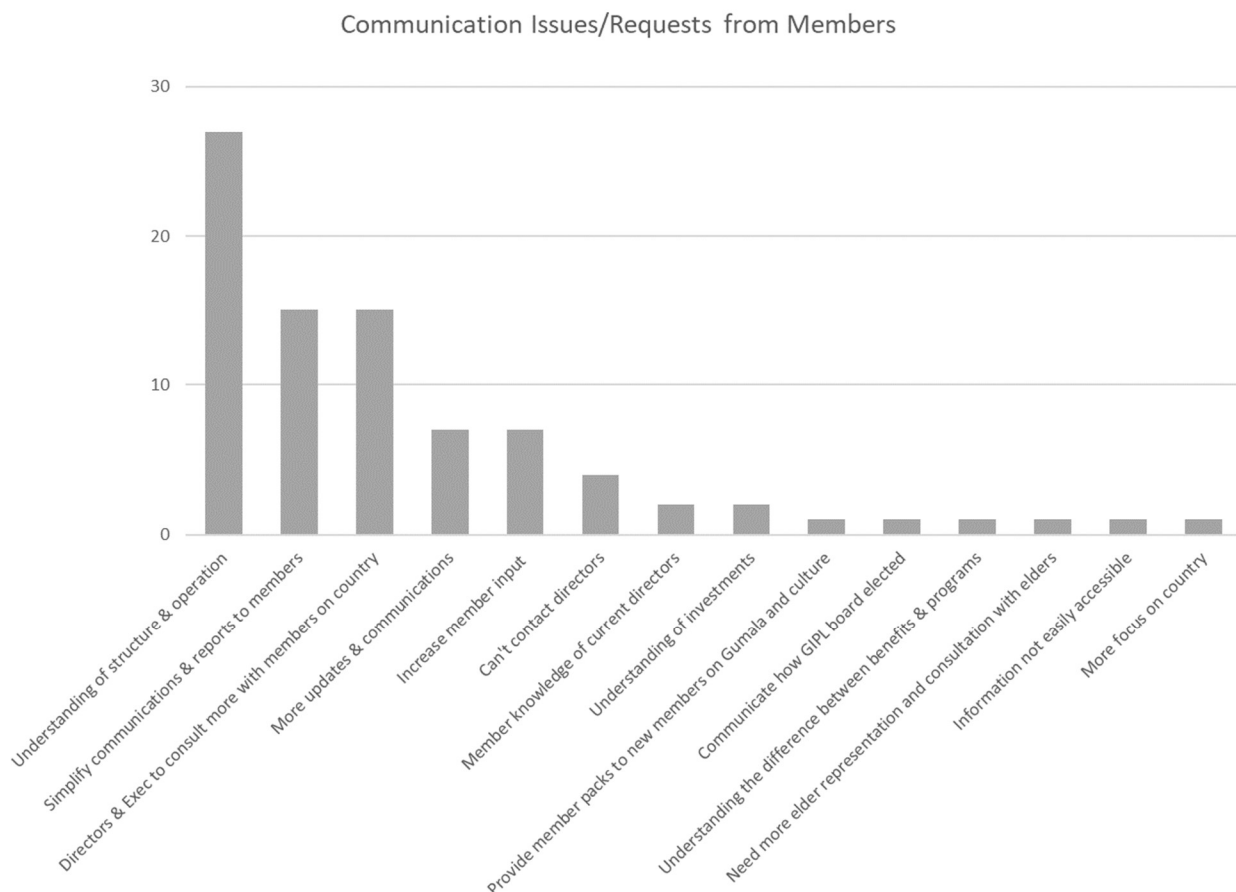
Members are also struggling to understand the communications that they do receive; with Annual Reports in the past being more tailored towards a 'shareholders' than members. Members are requesting simplified communication of information in ways that help them understand the way the Foundation works and how it is performing. One member commented that *"Annual Reports are like cryptic crosswords"*.

Members also want to see more of the Directors and Executive Officers of both the Trust and the Corporation in the community consulting with them. Some comments from members include:

"Board and committee don't seem to want to meet with members. Used to be face to face meetings twice a year".

"Seem to be scared of meeting with members and only send documents"

"White people need to go out to country, to feel and understand the coming together. Black fellas have a lot of heart, giving and sharing".



Consultation Analysis

From the survey forms completed by members at the consultation meetings, a surprisingly high number of members use the website (63%) and most found the website easy to use. Therefore, it's vitally important that all relevant information including dispute policies be available on the website. In regard to how the members want the Foundation to contact them; the majority prefer Phone, followed by SMS and then Email as follows:



In response to the issues raised relating to communication, a large number of the recommendations of this report are related to increasing the visibility and interaction of Directors with members.

Recommendations:

- As representatives of their language groups, Foundation (specifically Corporation and Trustee) directors to self-report at Board Meetings on engagement with their language group to maintain a close understanding of community concerns. Reporting should include:
 - The director's intended approach (how they will consult) to be provided to respective board at the next board meeting
 - Results of their individual engagement activities to be provided to members at the next AGM in the form of a 5-minute summary
- Corporation and Trustee Executive Officers to self-report on member engagement
 - The intended approach to be provided to respective board at the next board meetings
 - Results of engagement activities to be provided to members at the next AGM in the form of a 5-minute summary. This is in addition to activities undertaken by their respective entities in the normal course of daily business, which is to be reported separately
- Consolidate the external view of the Foundation to present a simple aligned view
 - Combine the Trustee and Corporation websites into one Foundation website for communication purposes to members (individual pages can be focused on the different arms of the Foundation for specific and dedicated content)
 - Consolidate and simplify the annual report provided to members to show performance of the Foundation as a whole
- Explain the findings of this Review to members including the intended actions with an explanation of why, and why not, recommendations have either been adopted or rejected.

Consultation Analysis

- Utilise cost reduction savings to enhance the interaction with members on country e.g. employing field services officers to visit communities regularly to educate members on their entitlements to benefits and provide social support; or enhancing the use of office staff in the community etc.
- Implementation of the Country plan will also drive better engagement with members

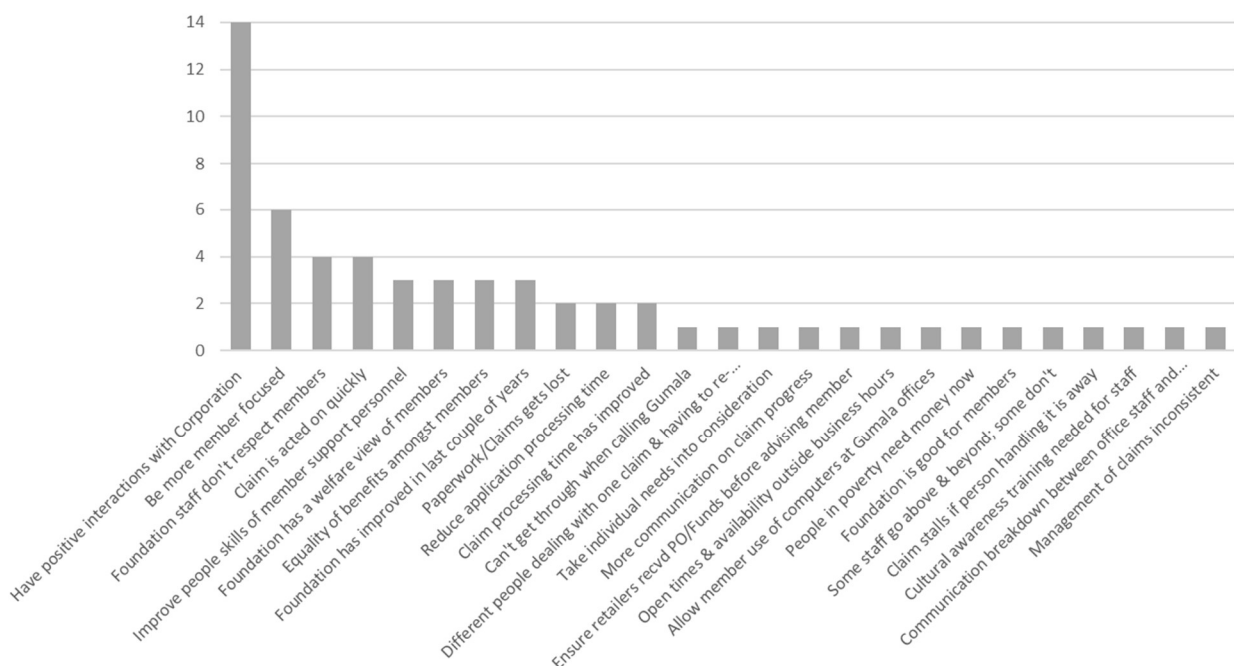
8.4.2 Responsiveness to Members

Responsiveness to members refers to the experiences members have had with the Foundation, and how the Foundation has responded to or met their needs. Members indicated that most members had a very positive experience with the Foundation, while others did not; and members seemed to indicate that this was highly dependent on which Foundation staff member took the query or call of the member.

Members also reported an improvement in claims processing times and a general increase in the positive interactions with the Corporation and Foundation in general in the last couple of years. However, members reported a wide range of claim processing times from 2 days to 7 weeks, with the average time reported being approximately 9 days.

There was a general push for the Foundation to have more of a focus on members and meeting their needs. This includes reducing the administrative burden for members, and making things easier for members – which could be small actions such as phoning the supplier/retailer to confirm they have received the funds/purchase order and all is well before advising the member their claim is processed so that the member doesn't get embarrassed when arriving at the checkout only to find its not ready from the retailer's side. These small actions demonstrate a member-centric view and should be embedded as a customer service mindset rather than a 'processing a welfare claim' mindset which some members feel the Foundation currently has.

Comments Relating to Responsiveness to Members



To enable a more member-centric view the Review Team recommends actions that support a behavioural mindset shift

Recommendations:

- Develop and enact the principles of being member-centric as per Section 3. Principles and Outcomes of this Report

8.4.3 Transparency

Due in part to the history and turbulence of Gumala, there is a lack of trust of members in the Foundation and they particularly feel the Foundation is not transparent in their dealings or held accountable against performance targets.

Transparency was one of the top three concerns of members in relation to the Foundation itself and centred on the following key areas:

- Transparency on how money was spent (both in relation to programs and administration)
- Measure performance and hold Directors to account
- Be transparent with all benefits Directors and EO's receive (including travel and accommodation costs)
- Communicate codes of conduct and values that Directors are held to.

As transparency relates directly to the core issue at the heart of member concern (a lack of trust) there are a number of recommendations relating to transparency and accountability both at a behavioural and operational level, and while it is noted that the Corporations Act provides individual privacy for Executives, the CATSI Act requires transparency and approval from members for related party payments and remuneration

Recommendations:

- Enhance Foundation Performance Management by instituting a Foundation visual performance dashboard that forms the basis of the joint board meetings and is used to track the performance of the Foundation as a whole. Ensure the dashboard incorporates both Targets and Actual performance utilising the suggested KPI's provided in this report (Section 9 Governance Analysis). Foundation leaders must hold each other to account to meet the intent of the Trust Deed in benefit distribution and their performance KPI's.
- Incorporate performance reporting in member communications (such as annual reports and AGM presentations) that include performance targets; and measure actuals against targets instead of comparing performance against a previous period.
- Develop a Foundation issues/ideas register that documents ideas/issues/improvements or potential programs raised by members through consultation (or through general interactions with member service delivery teams, surveys or feedback forms on the website or members portal. The Foundation should track how long it takes to respond to issues/requests raised in the register and report performance as part of the dashboard under Board Performance. The register should be communicated to members on a regular basis (and provided on the member portal) so members can see ideas generated by others and progress by the Foundation

- Create a Foundation Reporting Standard to ensure consistent reporting into the future that includes the following:
- The requirement for annual reports and AGM presentations to include performance targets and measure actuals against targets instead of reporting what happened compared to a previous period;
- That members are provided with a simple consolidated report for the Foundation, so members can compare the performance of the Foundation against the following:
- the fair distribution of benefits as per the Trust Deed utilisation category targets;
- the cost of the Foundation structure as a whole to administer the trust and distribute benefits;
- growth of investments and the rate of return over the portfolio as a whole;
- the performance of each of the Boards in meeting their KPI's;
- That related party payments are transparently reported on an individual basis as per the 2016 Annual Report - incorporating wages/director fees, member benefits, allowances/reimbursements, contracted professional services or loans (instead of aggregating the payments into totals as per current practice).
- Update each entity's governing document in respect to director requirements and terms:
 - At the 2020 AGM formalise the 'good standing' requirements by conducting vote on Rulebook change for eligibility requirements and nomination process (s8.2.1, 8.2.2 and 8.2.3). Continue to request voluntary statements of good standing until end of 2021 when new process can be utilised for nominations at the Nov 2021 AGM. Incorporate requirements into policies and procedures.
 - Implement a limit on the number of terms able to be served consecutively by Directors for all entities (for example - a maximum of three consecutive terms for Corporation Directors with a mandatory break of two consecutive terms before being eligible for re-selection)

8.4.4 Reducing Costs

There was a general drive from members for the Foundation to reduce administrative costs as a whole, but there was also a lack of understanding about exactly how funds were spent (relating in part to the transparency and communication issues mentioned previously). Some consistent issues and ideas from members include:

- Reduce printing costs by using plain paper and simplified information for reports and booklets
- Allow members to opt whether to receive reports and info via email instead of mail
- Reduce the number of Directors
- Merge the Trust and Corporation to reduce administration costs
- Need better understanding of how funds are spent across the whole Foundation – including on benefits, administration, and investments
- Need an understanding of Directors full cost – including travel and accommodation and benefits received

Consultation Analysis

- Close down Perth office and move to Tom Price
- Outsource administration

As mentioned in Section 9. Benchmarking, Gumala has one of the highest costs in relation to Directors, but actually benchmarks well against peers in relation to administration. This needs to be communicated to members and demonstrated actions taken to show a member-centric view.

Recommendations:

- Reduce the number of the Corporation's directors at the next AGM from 12 to 9, (allowable under current GAC Rule Book) to reduce overheads and demonstrate to members that their feedback on excessive administration costs was heard.
- As per 11.4.3 Transparency, provide information on Director costs and related party transactions in reports so member have a true picture of the administrative burden
- As per 11.4.1 Communication – simplify reporting and tailor it to members. This also includes using plain paper, simplified graphics to reduce graphic design costs etc.

8.4.5 Other Issues

Other issues/requests raised by members worth mentioning include:

- AGM's
 - Want to work together and vote as one group instead of three
 - Remove proxy votes
 - Make voting more anonymous
 - Allow remote/online voting
 - No transport to get to AGM
- Change structure
 - Merge the Trust and Corporation to reduce administration costs
 - Pass funds through to Language Group Corporations now they have self determination
- Consensus
 - Too much politics in the organisation
 - Don't see consensus across the Foundation
 - Being a member of GIPL but not GAC or vice versa
- Culture
 - Need to embed Traditional Owner culture and protocols in the Foundation and in meetings
 - Board and Exec need to increase their knowledge of Country
 - The Foundation should provide resources to help members learn about their culture
- Director Capability
 - The governance capability of the Directors needs to be enhanced
- Director Good Standing

Consultation Analysis

- Directors should undergo police and background checks to be eligible to be Directors
- There should be appropriate qualification criteria to ensure Directors are capable and qualified to lead
- Employment in the Foundation
 - Employ more members in the Foundation
 - Personal relationships influence whether a member gets employment
 - Employ more TO's in the member services team as members sometimes have trouble understanding the staff
- Organisation Capability
 - Trustee does a good job of managing funds
 - Need a Gumala representative in every community
 - Staff training not sufficient
 - Corporation works well under a TO Exec
 - Improve people skills of member support personnel
- RIO relationship
 - Monitor RIO compliance to contracts (e.g. water hole restrictions)
 - More/regular updates on negotiations with RIO
 - More member access to RIO
- Trust Deed needs to be updated

9. Conclusion

Recommendations in this report closely reflect those in previous reports, and what many in a position to influence the success of the Foundation already know.

The Review Team encountered reasonable optimism that change could occur, across all stakeholders, albeit balanced with a healthy level of scepticism due the lack of change in the past.

It is stating the obvious however, if nothing changes, nothing will change.

There was a definite inclination of members to be more involved in the Foundation, to have more input into the Foundation and to better understand how it works. This is a positive opportunity for the Foundation to make change, particularly in light of the current stability of the respective organisations and the relationships between them.

The key is that members want to see tangible, actual differences in their well-being. Therefore, in every discussion and action of all the boards/managers; the Foundation must orient itself around this purpose. Holding themselves and others to account by asking: will this decision / discussion / action actually make a difference to our members; how will we know it has made a difference; and if it hasn't, why not and what can we learn.

If this simple conversation is had openly and honestly across all entities within the Foundation, then things will change. Only when the three entities act as vital pieces to the jigsaw puzzle will the Foundation truly realise its purpose.

The other important distinction to make is that the Foundation needs to take a more holistic view rather than the piece-meal approach that reacts to individual issues. The development of a Country plan, while potentially problematic due the numerous Corporations and communities that would need to be included in its development, will provide a platform that enables greater change for members. A plan that strategically identifies the goals that members have for their own communities, and how to economically develop the communities to increase the well-being of all members in accordance with industry and activities they want on their lands; and strategies to protect and nurture their country, environment, culture and language. This will require support from RIO to provide forecasting data that the Foundation can utilise to support the implementation of the plan and may provide an opportunity to re-cast the relationship the Foundation currently has with RIO.

Gumala is in a unique position with its size to make a tangible difference to members providing it takes the right approach – working and partnering with other Aboriginal Corporations and organisations rather than viewing these as competitors.

The Review Team has sought to provide recommendations in a way that maps out the process to change starting with Behavioural change first, then Operational and Benefit changes, and finally the Structural changes should be enacted last once trust has been re-established.

However, the presentation of this report is the first step and Foundation's boards should not abdicate their responsibility to constructively engage with their members. The success of the Foundation lies in a closer relationship with members and understanding their needs.

"What is Gumala's goal on tackling housing for those in poverty for the next 20 years? I don't want to be in homewest in 20 years" (Karratha)

Appendix

A Scope and Terms of Reference

The fourth Review's scope was to identify potential changes to the Foundation and how it operates, gaining input from relevant stakeholders, including:

1. The Gumala peoples:
 - a. Banyjima traditional owners
 - b. Innawonga traditional owners,
 - c. Niyaparli traditional owners.
2. Gumala Aboriginal Corporation ("Manager")
3. Gumala Investments Pty Ltd ("Trustee")

Observations contained in this Report are based on the Terms of Reference for this review, being:

- 1) Evaluate the overall performance of the Foundation-
 - a) Whether benefits (projects) delivered are in accordance with the Objects of the Foundation and in accordance with the Trust Deed;
 - b) Whether the benefits delivered are in accordance with the current aspirations of the Traditional Owners;
 - c) How equitable, over the course of the past 5 years, has the delivery of benefits been to each of the three language groups;
 - d) How cost-effective and efficient has the use and management of consultants and professional services been;
 - e) Have the benefits been implemented in a timely/responsive manner;
 - f) Have the aggregate of the benefits implemented met the Income Utilisation targets specified in the Trust Deed;
 - g) Review the Income Utilisation categories applicability to the current needs of Gumala Traditional Owners.
 - h) Confirm achievements of GIPL and GAC during this 5-year review period;
 - i) Review of the recommendations from the prior 3 Foundation Reviews and the barriers to implementation of those recommendations;
- 2) Evaluate the performance of the Trust in establishing long-term investments to provide benefits for the Traditional Owners.
 - a) Has the funds invested by the Trustee been undertaken in accordance with the requirements of the Trust Deed;

Appendix

- b) An analysis of whether a higher return could be obtained while still maintaining the security of low-risk investment;
 - c) An analysis of what alternative types of investments other comparable Foundations have made.
- 3) Evaluate the cost-effectiveness of the administration of the Foundation.
- a) How the overall administration expenses of the Foundation (GAC and GIPL) compare with the administration costs of other Foundations (to the extent that such information is available) and the trends in administration expenses for each over the past 5 years;
 - b) The level of fees paid to the Trustee directors and their expenses;
 - c) The level of fees paid to the Trust Manager's governing committee and their expenses;
 - d) Comparisons with the relative levels of administrative expenses incurred by comparable Trusts and managed funds (where such information is available); and
 - e) Ways of reducing those administrative expenses and/or obtaining greater value from them.
- 4) Evaluate the organisational structure and decision-making capacity within the Foundation.
- a) Does the current structure provide clear lines of control and an effective management;
 - a) Is there adequate levels and methods of communication with the Beneficiaries/Members by the Trustee and Manager;
 - b) Do the Traditional Owners have an appropriate level of involvement in the decision-making processes of the Foundation;
 - c) Have arrangements been put in place to facilitate the development of governance capacity within the Traditional Owner Directors.
- 5) Comment on the administrative structure of the Foundation and compare it with other possible structures to help determine whether there are other structures that could:
- a) Deliver similar levels of performance for the benefit of the objects of the Foundation at a lower cost
 - b) Reduce the administrative complexity of the Foundation; and
 - c) More effectively take account of the relevant needs and concerns of the Beneficiaries.
- 6) Consider and make recommendations in relation to any changes to the Foundation Deed arising from the above evaluations that would be beneficial and consistent with its Objects, including:
- a) The role of the Trustee;

Appendix

- b) The role of the Manager;
- c) The Trust Deed itself;
- d) The GAC Rule Book (for e.g. the Appointing Committee issues that arose due to clause requiring a representative from Law Society but that organisation not being willing to participate in process any longer)
- e) Governance policy review of GAC and GIPL for better financial controls (e.g. limited operational delegations)
- f) Improved processes to allow increased participation by Beneficiaries in consultation and General meetings, including the use of new technologies for better engagement;
- g) Tax implications of any changes to the Trust for the Foundation;
- h) Tax implications of any changes to the Trust for the members receiving cash or equivalent payments from the Trust;

The Review was expected to commence in July 2018 with Review report presented to the Foundation by 31 October 2018. In fact, the review process commenced in late September with a target for the draft report being mid-December.

It should be noted that direct actions and activities of Steve Mav, and the resultant actions of the boards and management within the Foundation, have been the subject of prior reporting and comment. There was no specific reference to these actions and activities or resultant action of the Foundation within the Terms of Reference, and as such these were considered outside the Terms of Reference.

These are however, acknowledged as an outcome to be avoided through the implementation of appropriate structure and practice so that good performance and governance within the Foundation is not solely reliant on capacity, competence and intent of people.

Appendix

B Approach

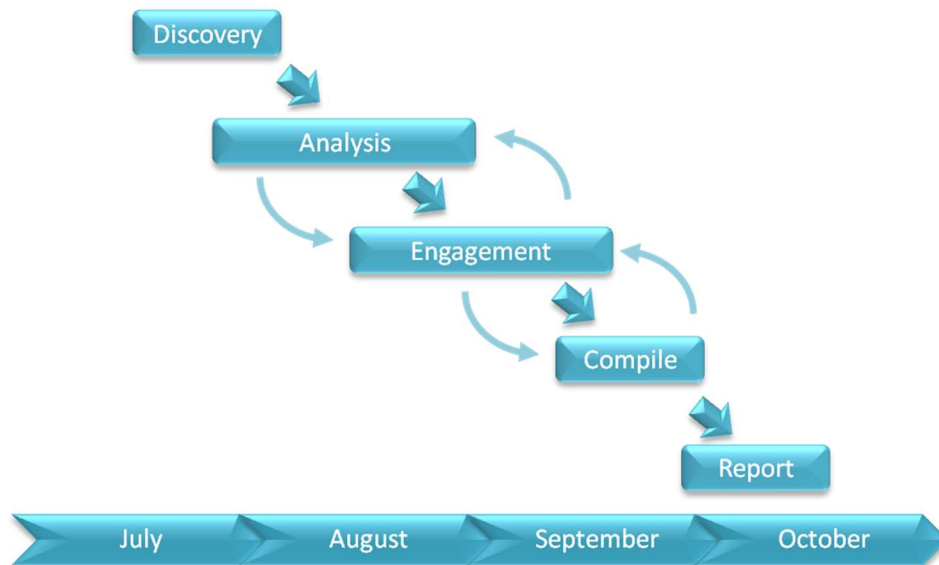
In order to get a good understanding of the performance of the Foundation from a member's perspective; the Review Team deliberately utilised a face to face engagement approach to meet members where they were on Country to create a safe environment to allow members to participate. The Review Team travelled 7481 kilometres, through 21 towns and communities, holding some 53 sessions on 29 separate days, and consulting with 377 stakeholders. The Review Team analysed 221 surveys and other data collected from these consultations as well as annual reports, public information, governance policies and documents and external data (such as public ORIC records).

The following approach was undertaken:

1. Assess
 - a) Effectiveness of Programs/Investments/Administration outcomes, quantifying
 - i. Value delivered
 - ii. Impact made
 - iii. Equitability between language groups
 - b) Effectiveness and efficiency of decisions and support relating to Programs/Investments/Administration, quantifying
 - i. Time taken
 - ii. Connection between need and outcome
 - iii. Capability and capacity within the Foundation
 - c) Beneficiary's perception, qualifying
 - i. Value and impact (1.a)
 - ii. Effectiveness and efficiency of decisions and support (1.b)
 - d) Beneficiary's aspirations, qualifying
 - i. Value and impact (1.a)
 - ii. Effectiveness and efficiency of decisions and support (1.b)
2. Investigate:
 - a) Structural effectiveness and efficiency within the Foundation
 - b) Structural effectiveness and efficiency of the interactions between the Foundation and Beneficiaries
 - c) Governance, quantifying its
 - i. Simplicity
 - ii. Transparency
 - iii. Predictability
 - iv. Alignment with like organisations
 - d) Governance, qualifying its
 - i. Alignment with Beneficiary's nature and practice

Appendix

The Review was originally tendered to be conducted between July and October, as outlined below, however due to the timing of approvals was conducted in five phases during September to December:



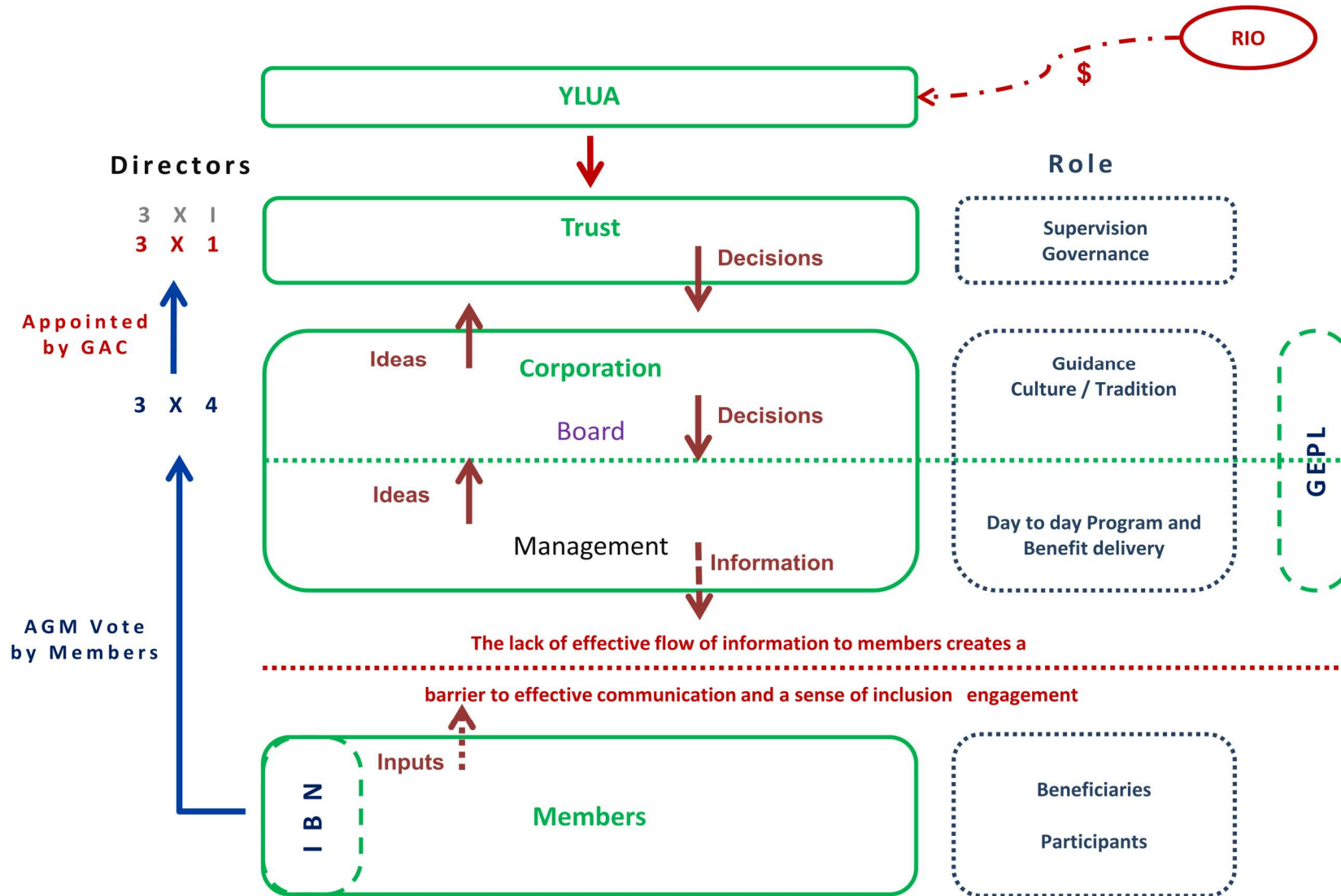
The places visited, in order, were: Geraldton, Carnarvon, Onslow, Paraburdoo, Tom Price, Newman, Karratha, Wickham, Roebourne, South Hedland, Roebourne, Wickham, Karratha, Paraburdoo, Wakathuni, Bellary, Youngaleena, Newman, Meekatharra, Perth, Broome, Mandurah and Perth. A summary of attendance is in Appendix E

Recommendations were to include what, why, dependencies (internal and external to the Foundation and Beneficiaries), risks, challenges and most important 'do-ability' (how practical were the recommendations to implement)

In addition, where appropriate and notwithstanding the importance of independence, Foundation personnel were able to participate in event management and other activities which the Foundation believed added value to the Review and/or build capability and competency within Foundation personnel.

Appendix

C Current State Graphic Used During Consultant



Appendix

D Detailed Findings

The following are the key findings against each element of the Terms of Reference

TOR No.	TOR Element	Findings of the 4 th Review Team
1	Evaluate the overall performance of the Foundation	
1a	Whether benefits (projects) delivered are in accordance with the Objects of the Foundation and in accordance with the Trust Deed;	The current programs are in accordance with the Trust Deed objects
1b	Whether the benefits delivered are in accordance with the current aspirations of the Traditional Owners	The current benefits are not completely aligned with the current aspirations of the TO's. (this is in part because the Program spends are not meeting the utilisation targets). Current members want more focus on employability, more health and well-being support; better poverty alleviation support, more holistic community development beyond just infrastructure; and more focus on development of language, culture and art.
1c	How equitable, over the course of the past 5 years, has the delivery of benefits been to each of the three language groups	The Review Team was unable to obtain information on language group distribution within the timeframe apart from what was provided in annual reports and regulatory sources. From the annual reports the distribution appears to approximate the membership proportions of the language groups. However, during the review period there were individual members who obtained disproportionate benefits beyond what was available to most members. Some governance enhancements have already been incorporated by the Foundation to prevent this occurrence, but further work is needed.
1d	How cost-effective and efficient has the use and management of consultants and professional services been.	During the Review Period, there was substantial turbulence in the organisation leading to an over-reliance on legal services that could have been avoided. The Foundation also made a commitment based on a recommendation from the last review to combine the YLUA and Trust Deed Reviews for the 2018 review to save costs; however, this has not occurred. During the turbulent period, the Trustee and the Corporation were initiating separate reviews to support their own investigations and activities, leading to additional un-necessary costs.
1e.	Have the benefits been implemented in a timely/responsive manner	There has been improvement in the timeliness of processing benefits; however there remains issues due to the burdens of 'pre-payment' imposed by suppliers; the administrative burden to prove benefits are being directly used by the intended beneficiary; and to some extent during the initial shift to arrears based funding some beneficiary requests had been postponed as the Corporation did not have the up-front funding to support the request. This has been addressed by partial advance funding.
1f	Have the aggregate of the benefits implemented met the Income Utilisation targets specified in the Trust Deed	In short, No. 2015 was the last time the Foundation came close to meeting the utilisation targets of the Trust Deed. For 2016 the benefits were deliberately suspended due to a significant downturn in income. For 2017 – 2018 benefits were slow to be re-initiated. The Trustee has made the utilisation target funding available, however the Corporation has not distributed those funds in accordance with the utilisation targets and has instead accumulated these funds. While the Trust Deed allows for this providing certain situations and in accordance with certain administrative actions; the intent of the Trust Deed has not been met.
1g	Review the Income Utilisation categories applicability to the current needs of Gumala Traditional Owners	The income utilisation categories need to allow for 'employment and employability support' and there was some concern about exactly which utilisation category housing support and housing programs should fall under; but a simple clarifying statement in a policy document or Program

Appendix

		Business Case should suffice to rectify this. It has been difficult for the Review Team to quantify whether the current target percentages are correct as the Foundation is not spending as per the targets. The Foundation should make all effort to meet the targets and then assess whether they are meeting the needs of members.
1h	Confirm achievements of GIPL and GAC during this 5-year review period;	There are a number of achievements the Foundation should be proud of. The Foundation very quickly reduced operational costs in response to the downturn of income, the future fund is nearing a sustainable value to ensure benefits can be paid to members almost to perpetuity, the enhancement to cashflow management by moving to an arrears-based model, the investment in community infrastructure and lore-grounds, and winning industry awards. See the Timeline in the Executive Summary for further information
1i	Review of the recommendations from the prior 3 Foundation Reviews and the barriers to implementation of those recommendations;	See Appendix E, however in general the key barrier as to why previous recommendations have not passed is that the membership currently does not have a level of trust and confidence in the Foundation to act in their best interests; therefore, any structural or wide-ranging changes the Foundation promotes that require a member vote are likely to be viewed with suspicion.
2	Evaluate the performance of the Trust in establishing long-term investments to provide benefits for the Traditional Owners	
2a	Has the funds invested by the Trustee been undertaken in accordance with the requirements of the Trust Deed;	Yes, in fact investment was undertaken in excess of the Trust Deed requirements as the Corporation has under-spent in the allocations of the other utilisation categories. The Trustee has successfully increased the value of the investment portfolio from \$87.4 million in 2013 to \$106.8 million in 2018 representing a 22% increase over the review period. However, the Trustee has not conformed to the Investment Policy in regard to property asset allocation; but it is the Review Teams' view that the Investment Policy is incorrect and should be amended. The performance of the Trustee is to be commended in regard to managed fund performance - the Investment Advisors have provided prudent advice that has provided returns above benchmarks for the managed funds; however due to the proportion of property in the portfolio as a whole, the rate of return did not meet the Investment Policy target as property was heavily affected in the downturn post the mining boom.
2b	An analysis of whether a higher return could be obtained while still maintaining the security of low-risk investment	No. The current risk profile of the portfolio as a whole is higher than the investment policy risk profile (1.25x CPI) due to the weighting of property and shares over fixed interest securities. Testing in the market indicated that for the price paid in investment advisor fees, the fund is making substantial returns that outperform the market and moving to a passive lower-risk/lower fee investment such as index funds would not yield a higher return.
2c	An analysis of what alternative types of investments other comparable Foundations have made.	Other Foundations are widely varying in their investment types. Some are heavily weighted in property as they utilise the provision of affordable or subsidised property as one of their main programs for members. Others are invested in pastoral stations and agriculture as a key income source and use it to provide employment to members as well; while others utilise a similar diversified balanced investment approach to Gumala. It is difficult to determine which is 'better' because a lot of the investments provide social benefits to members as well as generating revenue for the Foundation; and to weight the generation of income over the support of members runs the risk of 'corporatising' the purpose of the Foundation.
3	Evaluate the cost-effectiveness of the administration of the Foundation	
3a	How the overall administration	It is difficult to obtain data on whole Foundation structures; however,

Appendix

	expenses of the Foundation (GAC and GIPL) compare with the administration costs of other Foundations (to the extent that such information is available) and the trends in administration expenses for each over the past 5 years	the Review Team was able to compare to other large Aboriginal Corporations and some occasions where corporations consolidated their trusts into the financial statements of their Corporations. In short, the Director fees of the Corporation are high compared to peers, both on a per director basis and total cost basis. In relation to administration costs Gumala performs well given the size of its membership base; however, Gumala performed poorly in the percentage of income distributed to members when compared to peers. (See Section 9. Benchmarking of this report)
3b	The level of fees paid to the Trustee directors and their expenses	Unfortunately, the Review Team was unable to benchmark the Trustee Director remuneration due to availability of information for comparison
3c	The level of fees paid to the Trust Manager's governing committee and their expenses;	As per 3a. Gumala expenses for Directors is high compared to peers and ORIC made the following comment on one of its Compliance Notifications that GAC Directors <i>'are well remunerated for their services and are some of the highest paid directors of any Aboriginal or Torres Strait Islander Corporation'</i>
3d	Comparisons with the relative levels of administrative expenses incurred by comparable Trusts and managed funds (where such information is available); and	As per 3a; Gumala benchmarked well against peers in regard to administrative costs of the Foundation. The problem occurs when comparing the administrative costs versus the amount distributed in programs and benefits, Gumala does not perform well against peers due to the lack of funds being paid out. Gumala members also expressed concern at the level of administration costs; but this is when compared against the amount distributed to members in the form of programs and benefits. Gumala could enhance this ratio simply by meeting the utilisation category spends.
3e	Ways of reducing those administrative expenses and/or obtaining greater value from them.	The Review Team recommends reducing the number of Corporation Directors back to 9, and utilising the funds saved towards enhancing member service delivery and interaction either through the employment of field service reps to travel around communities (providing education on programs/benefits to increase uptake and social support) or better deployment of office staff into the field. Utilisation of a "cashless debit card" and the use of a member portal where members can access their program balances and monitor the progress of applications may also reduce the need for 'call centre' staff and these personnel can also be deployed onto Country to be present in the community
4	Evaluate the organisational structure and decision-making capacity within the Foundation	
4a	Does the current structure provide clear lines of control and an effective management;	Currently, the staff of the Foundation believe the roles of each entity within the structure are clear and working well. There is a general consensus that the members don't see the differentiation between the entities and will address issues related to the Corporation in the Trustee AGM etc. However, rather than trying to educate and enforce the differences with members, the Review Team proposes a different approach to meet the members where they are at in their understanding and that Gumala presents a Foundation view to members, whereby a failure by one entity represents a failure by all to not hold each other to account or work together to meet the outcomes members need. The Trustee and Corporation should not be saying 'that is a Corporation issue, or that is a Trustee issue to members. It is a Gumala issue. Whilst internally the separation of responsibility should remain as it is.
4b	Is there adequate levels and methods of communication with the Beneficiaries/Members by the Trustee and Manager;	The Review Team identified that some members were getting sufficient communication if they initiated contact with Gumala. For 'push' communication the Foundation is not communicating in a mechanism that connects with members. Throughout the review period the mechanism for engaging with members has been inconsistent; however, during 2013-2014 the GAC Annual report noted 'a fundamental change in member application patterns with a dramatic increase in the number of

Appendix

		member applications fulfilling the member program requirements. The Foundation also recorded a 400% increase in members contacting GAC seeking employment assistance. This increase in uptake coincided with the 'Field Services Manager' and dedicated communications/public relations positions. Field service representatives are the most effective mechanism of communicating with members that are disconnected from Gumala where they go to visit the members in the Communities. Savings from a reduction in the number of Directors should be applied to Field Services
4c	Do the Traditional Owners have an appropriate level of involvement in the decision-making processes of the Foundation;	In short, yes. The mechanism for decision-making through the Board Members, AGM's and consultations are adequate; however the processes involved in each of these mechanisms are problematic. For the election of board-members there is no nomination process, eligibility criteria or selection criteria applied to ensure the potential candidates are of good standing; AGM's currently require member's to be physically present or nominate a proxy, instead of allowing alternative virtual methods to attend and vote which is problematic for people who work on weekends; the Trust Deed requires the corporation to perform 3x consultations and the Trustee to perform 1x per annum; while the Corporation appears to be struggling for Key personnel to perform one consultation per annum.
4d	Have arrangements been put in place to facilitate the development of governance capacity within the Traditional Owner Directors.	The approach to the development of TO Directors has been inconsistent across the review period. The Trustee and Corporation currently perform joint board meetings to share learnings between directors, and a Governance team member from the Corporation now attends Corporation Board Meetings to support proper governance and administration; however there is no formal upskill strategy and process owned by the Trustee that is repeatable at each turnover in board members; and no formal pathway for tailored individual governance skills development
5	Comment on the administrative structure of the Foundation and compare it with other possible structures to help determine whether there are other structures that could:	
5a, 5b, 5c	Deliver similar levels of performance for the benefit of the objects of the Foundation at a lower cost; reduce the administrative complexity of the Foundation; and more effectively take account of the relevant needs and concerns of the Beneficiaries	The Review Team benchmarked Gumala against a number of different Foundation structures ranging from a single Trustee/Corporation entity to one with an independent professional trustee that managed 2 trusts (one for charitable payments and one for direct payments to members); to another where the Corporation was the Trustee and had a separate entity as the Charity/Program Manager. Logically it would seem that a consolidated Trustee and Corporation would reduce the administration costs and corporate structure costs; however the Review Team found that the consolidated structure had administration costs that were double that of Gumala for a similar sized member base. In fact, Gumala's administration costs were very competitive when considering the size of its member base. From the benchmarking it appears all structures have issues of some description and all have been involved in some turbulence related to the set-up of the structure and the satisfaction of members. The Review Team's analysis indicates that the Gumala should bed-down the current structure and not look at wholesale structural changes but focus now on building trust with members and distributing benefits in accordance with the Trust Deed. The Foundation should implement changes that make the current structure work more effectively as per the behavioural, operational, structural and benefits recommendations. (See Section 9. Benchmarking of this report)
6	Consider and make recommendations in relation to any changes to the Foundation Deed arising from the above evaluations that would be beneficial and consistent with its Objects, including:	

Appendix

6a 6b	The role of the Trustee; The role of the Manager (Corporation)	<p>The roles of the Trustee and Corporation are fairly clear to current internal Gumala staff members. In the past contention centred on the following:</p> <ul style="list-style-type: none"> • The definition of ‘direction, supervision and control’ of the Manager by the Trustee. • The definition of ‘day to day management’ • What level of discretion the Corporation has in regard to self determination • What actions the Trustee could take to ensure that the Corporation acts in accordance with the terms of the Trust Deed • That the Corporation has its own Rulebook and legislative requirements as an Aboriginal Corporation (such as maintaining a member register etc) • That the Trust Deed stipulates that the Trustee should have due regard to the desire of the Corporation and Traditional Owners to work towards self-determination and that over time the intent is that the input from the Trustee should decrease and management input from the Corporation should decrease. • That the Trustee is intended to be independent and the Trustee has the ultimate decision-making power in all matters relating to the Foundation. <p>Given that each Review period in the past has identified time of turbulence and mistrust between members and the Foundation; or between the Trustee and the Corporation; it is inadvisable at this time to reduce the accountability and control of the Trustee or any of the role descriptions until a prolonged period of stability indicates that the behaviours and changes recommended in ‘Section 2. Recommendations’ of this report has become embedded in the fabric and governance of the organisation. However, the Corporation Directors must recognise that they are the designated representatives of their language group; and their role is similar to that of the Traditional Owner Council. It is the Directors who should engage and consult with their language group elders and members to ensure they are adequately representing their view points when making decisions.</p>
6c and d	The Trust Deed itself; The GAC Rule Book (for e.g. the Appointing Committee issues that arose due to clause requiring a representative from Law Society but that organisation not being willing to participate in process any longer)	The Trust Deed and GAC rule book will require an update as per the Structural Recommendations in Section 2 of this report; However the Review Team emphasises that no structural adjustments to governance documents should take place until the behavioural recommendations have been implemented to build trust with members.
6e	Governance policy review of GAC and GIPL for better financial controls (e.g. limited operational delegations)	<p>Unfortunately the Review Team was unable to access and review the Corporation governance policies within the timeframe. From ORIC compliance notices operational delegations were reduced in response to the issues that occurred during the former CEO’s tenure; however ORIC¹ made the following comment in regard to related party transactions in one of the compliance notices:</p> <p><i>“GAC advises that the payment of financial benefits to related parties has been suspended and the current directors have ‘no appetite to restore the payments’. However it is noted that, unless the rule book is amended by the members to prohibit such payments, policies and procedures are needed to set out the policy of the corporation and how such payments</i></p>

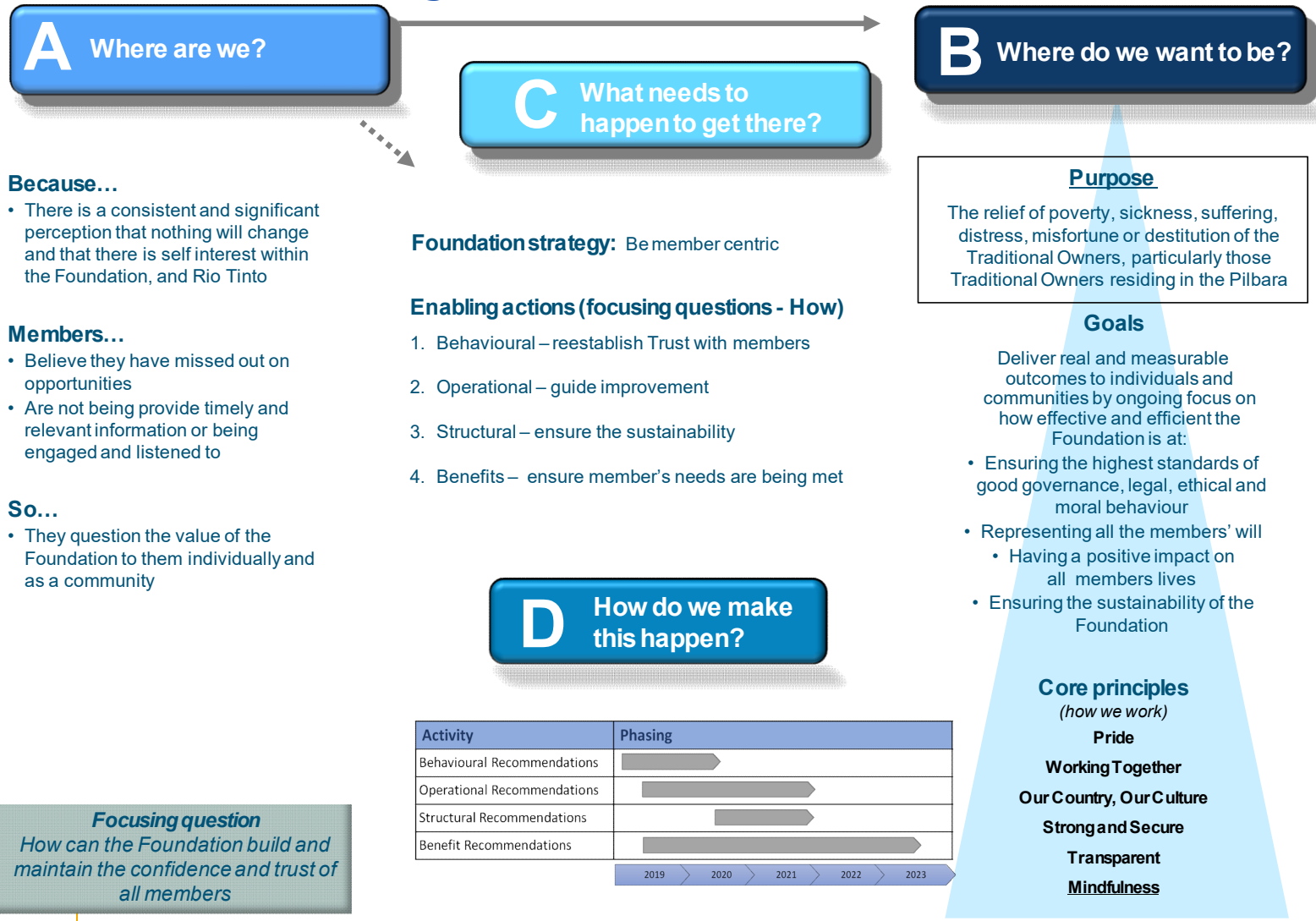
¹ Peter Armstrong, (2016, July 8). Compliance Notice. Office of the Registrar of Aboriginal and Torres Strait Islander Corporations, p 2.
<http://register.oric.gov.au/Document.aspx?documentID=620507&concernID=102744>

Appendix

		<p><i>would be managed if they are reinstated, given that such payments have been significant in recent years"</i></p> <p>The Review Team recommends the Foundation ensures clear guidelines exist for related party payments of the Foundation and that a reporting standard is incorporated to ensure transparency for members on related party transactions</p>
6f	Improved processes to allow increased participation by Beneficiaries in consultation and General meetings, including the use of new technologies for better engagement;	<p>Recommendations are as per Section 2 including the use of a longitudinal survey every 2 to 3 years; placing accountability on Directors to maintain connection with the views of their language group; instituting the use of an ideas/issues register that is visible to members to show progress of actions and ideas raised by others. The use of retro boards during the Review Team's consultation (or voting boards) was useful to capture data and encourage engagement during the consultation but it needs to be a facilitated activity; and finally the Review Team recognises that the use of face to face engagement on Country where the members are is the most powerful form of engagement; and the Foundation should allocate savings identified in other recommendations to go towards Field Officers/Field Services Reps that are solely there to go to communities and maximise connection with members - educate them on programs they are eligible for and provide an on the ground view of current member well-being.</p> <p>In regard to benefits and programs, the Review Team recommends the investigation of a "cashless debit card" to enhance distribution of benefits to members and obtain discount cards and the like with suppliers for members.</p>
6g 6h	<p>Tax implications of any changes to the Trust for the Foundation;</p> <p>Tax implications of any changes to the Trust for the members receiving cash or equivalent payments from the Trust;</p>	<p>The Review Team has not recommended any fundamental changes to the structure of the Foundation; therefore no tax implications were obtained. In regard to the potential of using a "cashless debit card", the Review Team was unable to obtain such advice within the review timeframe; however, it is the understanding of the Review Team that the Foundation has already obtained advice in regard to the potential of providing direct cash payments to beneficiaries as per the proposal put to the AGM in 2016. The Foundation should obtain taxation advice to ensure a "cashless debit card" falls within the previous ruling</p>

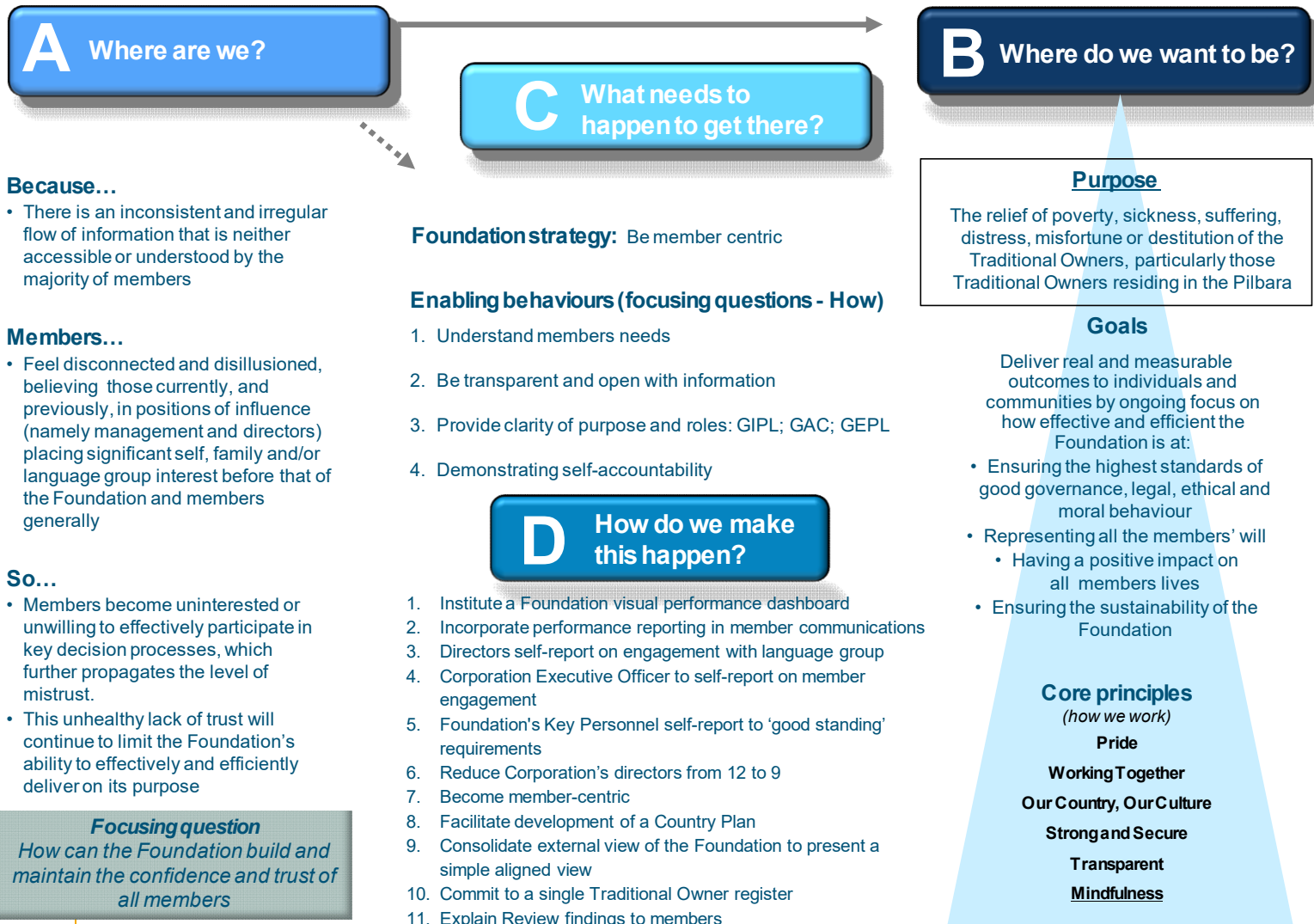
Appendix

High Level Recommendations



Appendix

Re-establish Trust with Members



Appendix

Guide Improvement

A Where are we?

Because...

- The second and third reviews recorded there had been issues between the respective boards and management of the Foundation's three entities but that the current state of relations had become less dysfunctional.
- And this review can report the same. Things in the early to middle part of the period of review were not so good, in terms of relations, behaviour and performance, but now there are much better.

Members...

- Believe nothing will change

So...

- The Foundation (Management and Directors need to demonstrate commitment to create understanding and acceptance within the membership so they are fully informed and supportive of the required change

Focusing question
How can the Foundation build and maintain the confidence and trust of all members

C What needs to happen to get there?

Foundation strategy: Be member centric

Enabling behaviours (focusing questions - How)

1. Guide business improvement
2. Enhance how Foundation meets intent of Trust Deed
3. All three entities to participate and support development and implementation of these recommendations

D How do we make this happen?

1. Create a single Foundation Strategic Plan for the 3 entities
2. Develop a Foundation issues/ideas register
3. The Trustee to be accountable for TO board capability program
4. Savings from reduction in Directors to enhance member interaction
5. Develop operational plans for each entity
6. Continue to reduce proportion of property within investment portfolio
7. Continue with current investment advisors
8. Repeat membership survey performed in 2016-2017
9. Where possible, amalgamate policies to have Foundation policies
10. Create a Foundation Reporting Standard
11. Enhance rigour & accountability of board committee attendance
12. Investigate the benefit of developing a member's 'portal'
13. Trustee and Corporation representation on Liaison Committee
14. Consolidate YLUA & Trust Deed reviews for 2023 to reduce consulting costs.

B Where do we want to be?

Purpose

The relief of poverty, sickness, suffering, distress, misfortune or destitution of the Traditional Owners, particularly those Traditional Owners residing in the Pilbara

Goals

Deliver real and measurable outcomes to individuals and communities by ongoing focus on how effective and efficient the Foundation is at:

- Ensuring the highest standards of good governance, legal, ethical and moral behaviour
- Representing all the members' will
 - Having a positive impact on all members lives
- Ensuring the sustainability of the Foundation

Core principles

(how we work)

Pride

Working Together

Our Country, Our Culture

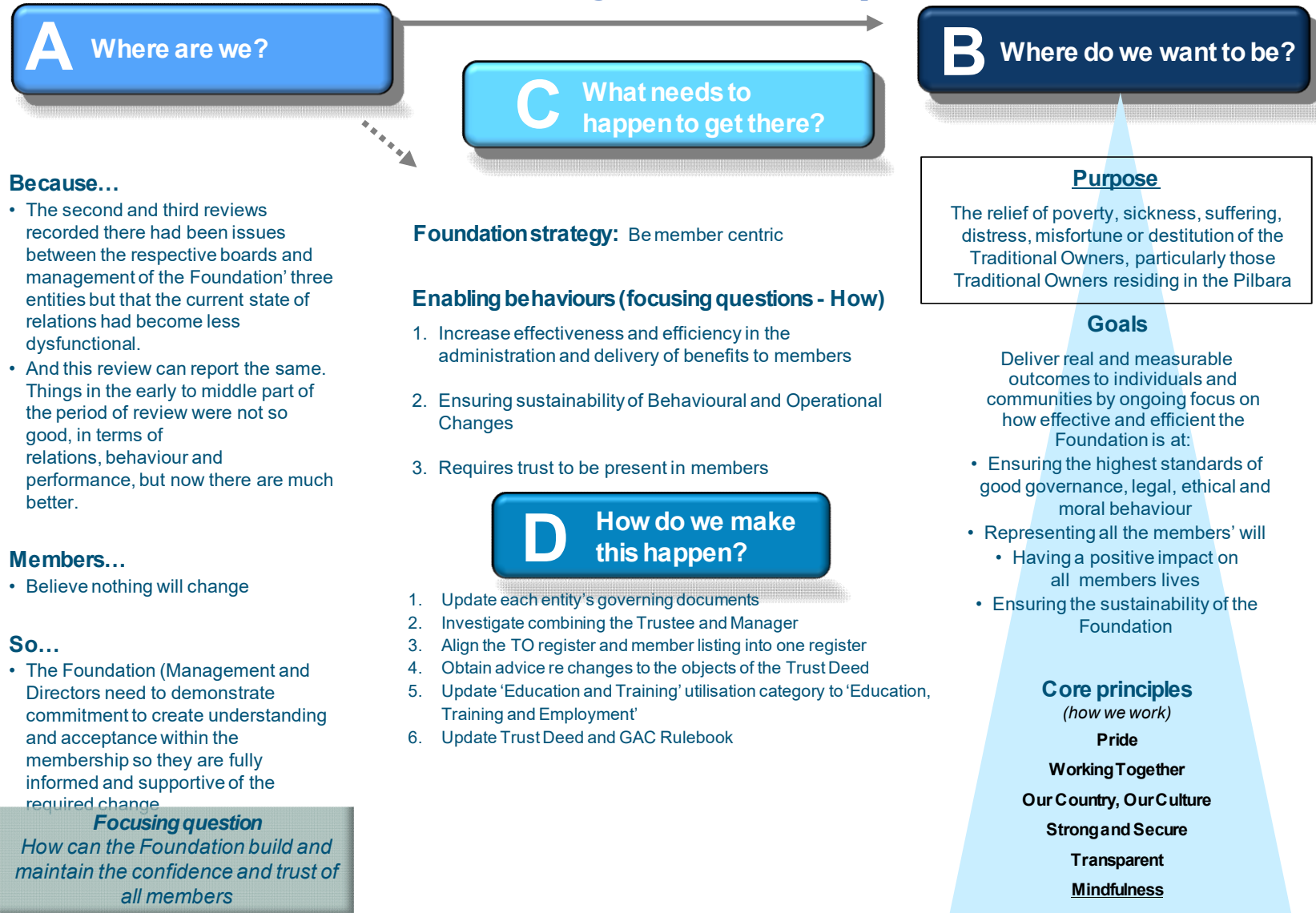
Strong and Secure

Transparent

Mindfulness

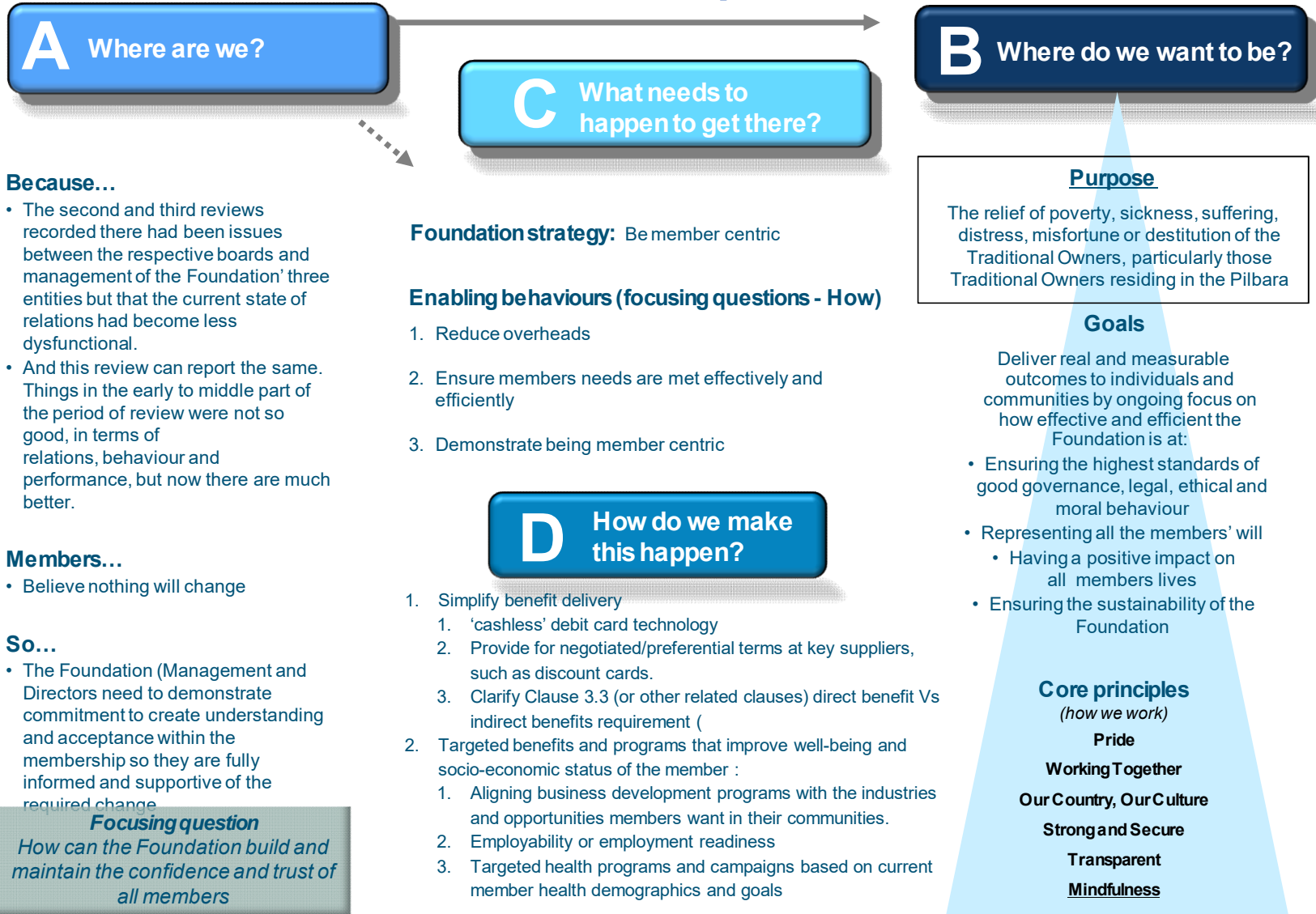
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Ensuring Sustainability



Appendix

Meet Member Expectations

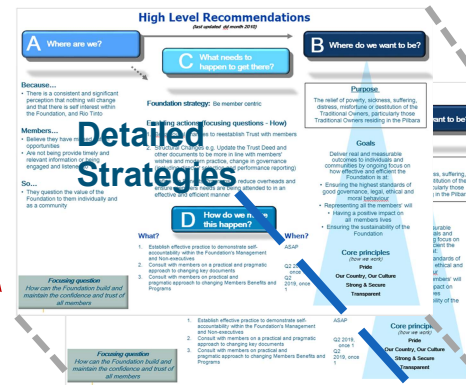


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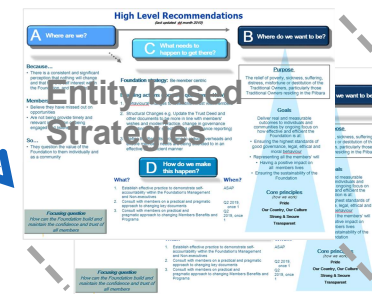
Cascading the Plan through the Foundation ??



High Level Strategies



Detailed Strategies



Entity-based Strategies

Appendix

F Key Events during Fourth Review Period

The periods for each Five Year Review of the General Gumala Foundation Trust Deed were:

- Period of 1st Review: March 1997 to February 2002
- Period of 2nd Review: March 2002 to February 2007
- Period of 3rd Review: March 2007 to March 2013
- Period of 4th Review: March 2013 to February 2018

Date	
2013	<ul style="list-style-type: none"> • Review of Traditional Owner register • Launch of Early Childhood Assistance Program • Launch of Housing Assistance Program • Launch of Arts and Crafts Program • Upgrade of Gumala Information Systems (including to ability to send SMS notifications to members, contact suppliers from GIS, improved doc mgt, paperless processing, and capability to capture membership workforce related information). • Extended operating hours for member services team and dedicated after hours emergency service for members • Creation of GAC stakeholder engagement framework to enhance external funding for Gumala and increase collaboration across entities that support Gumala language groups • Increase of 20 schools signed agreements with GAC as part of education program • December 2013 two new 3A early learning centres opened in Youngaleena and Paraburdoo. The Youngaleena early learning centre formed part of the Youngaleena Community centre built in 2013 as a GAC community development project • Total GAC workforce (including directors) grows to 96 persons (26 of which are indigenous including directors) with 65% female and 35% male. Member solutions team is restructured to split the role of member services team manager into two roles (Member Solutions Manager, and Training Manager). Education Manager and Community Development Manager roles are promoted to General Manager roles • GEPL wins contract for Yandi Sustainment Project from RIO worth 12 million and makes its first profit distribution to the Gumala Foundation of \$800,000 (400,000 profit distribution, \$400,000 loan repayment) Net profit for GEPL was \$3,479,539 • GEPL 1st Review • GGF third review • October - YLUA 3rd review completed (Chaney, Lennon Report) • Ernst and Young independent report? - need to get a copy • October - Launch of GACS Traditional Owner Capability Building Strategy • Stand alone training and employment budget approved for the first time focusing on traditional owner wages for externally placed traineeships. (July 2013) • Joint Investments Committee initiated which was a joint committee meeting with

Appendix

	both GAC and GIPL members
2014	<ul style="list-style-type: none"> • 44% decline in income received from YLUA. (\$37,121,649 for 2012-13; \$20,740,515 for 2013-14) • Yandi sustaining project by RIO due to be completed • South Hedland Housing Project completed • GAC GIPL and GEPL present consolidated single report for General Gumala Foundation • Joint creation of 5 year strategic plan from 2014 to 2019 for GAC and GIPL • GAC Executive Officer Steve Mav also becomes Managing Director of GEPL (*apparently recommended in Ernst and Young report???) • GAC, GIPL and GEPL create an integrated corporate services model, whereby GAC's resources are utilised by GIPL and GEPL for governance, finance, human resources, public relations/communications and technology services to streamline administrative services and reduce operating costs. GEPL begins use of services in 2014, GIPL consolidates • October 2014 Member programs suspended • GEPL increases net profit to \$3,974,063 with the majority of profit coming from joint ventures • Gumala moves to a post cash receipt method of funding GAC/benefits, where budgets and funding is based on income received instead of income forecast • External funding for GAC exceeds \$1m • GAC disburses a record \$15,494,189 in member assistance program benefits • GAC increases casual employed traditional owner staff from 7 in 2012/13 to 48 in 2013/14 (585.7%) and an increase in TO full time staff from 7 to 13 (85.7%) • Gumala Ranger project started in partnership with Rangelands NRM • \$3,930,650 was approved as special assistance by the GAC CEO under delegated authority from the GAC board • GAC call centre migrated to Perth, reducing call centre staff from 20 to 14 able to process 6,664 more applications with reduced staff (increase of 36.7% calls) • Training and Employment budget re-structured to focus on a more cost effective partnership model; developing training relationships with companies/organisations and accessing state and federal funding for training/employment initiatives (March 2014). Employment and training survey undertaken. 121 participants that validated the need for employment/training support and identified barriers to employment • Scoping and development of ERP software - Microsoft Dynamics (maybe developed 2014 and implemented 2015?) • 10 board level committees operating at GAC • Purchase of 13 vehicles for elders • 400% increase in number of GAC members requesting employment and training assistance • GAC organisation staffing peaks at 136
2015	<ul style="list-style-type: none"> • May 2015 the GAC board terminates CEO Steve Mav. Two interim Executive Officers are appointed until Jahna Cedar appointed in Dec 2015

Appendix

	<ul style="list-style-type: none"> • YLUA income falls to lowest point of \$7.6 million • GAC expends \$8.7 million in member benefits for 2014/2015, however \$8.8 million is expended in administration costs • June 2015 a forensic audit initiated of GAC's financial affairs • November - GAC board completely spilled at AGM, 7 existing directors re-elected and 5 new directors elected • GAC staffing levels reduced from 136 to 52 • GAC stops providing administrative services to GEPL, but shared services model is implemented between GAC and GIPL to reduce GAC operating costs. GAC office presence in Perth reduced and the remaining GAC full time employees were based at Tom Price office • After a decade of broadcasting, the Gumala Radio went off air. • 2015 financial statements no longer consolidated
2016	<ul style="list-style-type: none"> • July 2016 Compliance notice issued by ORIC • October 2016 proposed amendment to trust deed to allow cash payments to beneficiaries voted on at the GIPL AGM rejected. • Programs and benefits were deferred until the outcome of the vote • December 2016 ORIC confirms that GAC has met all requirements of the Compliance notice issued in July and ceases monitoring • December - GAC issues gift cards to members over Christmas to buy food, clothes and presents
2017	<ul style="list-style-type: none"> • March - 20 year anniversary of the YLUA • April - The trustee for the foundation is up for renewal, the 54% of the present beneficiaries chose to change trustees, however a majority of 75% is required, therefore the trustee remained as GIPL. • May - GAC replaces the three independent directors of GIPL • June - Foundation shared services team disbanded • June – YLUA income for the financial year \$8.9 million, GGF funded administration costs for GAC falls to \$1.7m from a high of \$11m in 2013 financial year • June to August - Consultation survey run to baseline current status of members and to aid in the prioritisation of member programs/benefits. The survey also captured demographic characteristics • August - GAC lodges Federal Court action to try and recoup expenses improperly utilised by Steve Mav • October - Jahna Cedar wins Telstra Western Australian Business Women's For Purpose and Social Enterprise Award • December - GAC issues Crisco Hampers to members for Christmas
2018	<ul style="list-style-type: none"> • January - GAC wins heritage grant to restore and repair Peedamulla station • GAC settles dispute with Steve Mav and discontinues proceedings

Appendix

G Third Review of Foundation: Recommendations

Recommendation 1:	Not Implemented
That the Trust Deed be varied to increase the Health and Wellbeing Income Utilisation Category to 15% of Available Income and that the Business Development Income Utilisation Category be reduced to 5% of Available Income to allow for that increase.	Trust deed not officially updated. In practice Business Development allocation has come down, but Health & Wellbeing income has not met the 10% target since 2015 let alone be increased to 15%
Recommendation 2:	Not Implemented
That the Trust Deed be amended by insertion of a new Sub Clause 16.4.2(A) to permit provision of Notice of General Meetings by email to the email address provided by an adult Beneficiary.	Trust deed not officially updated
Recommendation 3:	Partially Implemented
<p>That the Trustee and the Manager, in consultation with Beneficiaries, develop a Strategic Plan for the General Gumala Foundation which provides clear direction; is committed to by the Trustee and Manager; and, contains the following elements:</p> <ul style="list-style-type: none"> • 3(a) Measurable outcomes of what is to be achieved for Beneficiaries with clear responsibility for their delivery. • 3(b) Financial sustainability, including but not limited to, the GGF rolling budget and funding agreement; investment/accumulation of a Future Fund; agreed caps on operational and administrative costs; and, agreed benchmarks for the costs of delivery of benefits to Beneficiaries. • 3(c) Sustainability of delivery of benefits to Beneficiaries, including but not limited to, the application of information and communication technology and alternative benefit delivery methods and, seeking alternative resources to those available from the Foundation to achieve increased outcomes for Beneficiaries. • 3(d) Completion of the strategic plan within a realistic timeframe to allow its implementation to be evaluated as part of the Fourth Review of the Foundation 	<p>A foundation wide strategic plan was initiated for the period of 2014-2019, however internal Foundation turmoil led to a separate GAC centric strategic plan being initiated for the 2017-2020 period instead of a Foundation strategic plan. Plans included outcomes but hard / measurable targets were not always defined (e.g. an objective might be to reduce the level of diabetes in the community, but a measurable target would be a 10% reduction in the proportion of members with diabetes)</p> <p>3b -Investment in a future fund was initiated as per 3b. Operational costs and administrative costs were reduced, however there is no mention of cost of delivery caps/targets or benchmarks in the annual reports</p> <p>3c – some investment was undertaken period to enhance the ERP & CRM early in the review period, however a lot more room for improvement in the area of streamlining benefit delivery methods. Actual achievement of alternative resourcing is not clear, however strategic plan does focus on utilisation of</p>

Appendix

	<p>partners</p> <p>3(d) implemented, however as mentioned above strategic plan has fractured and is no longer Foundation wide.</p>
Recommendation 4: (Refer Section 5 & Section 2E)	Verdict: Partially Implemented
That the Strategic Plan outlined in Recommendation 3 should be substantially progressed to permit the evaluation of the merits of any structural changes to the Trust Deed and to inform any further expenditure of Foundation funds on any such changes.	<p>Strategic plan developed however it is unclear if the plan was operationalised to the point where the performance of the changes could be assessed. Anecdotally, the plan has is not regularly referred to and reviewed for performance. Data is not available to properly assess if objectives are being achieved – e.g. has the proposed increase in health & wellbeing programs actually contributed to better health outcomes for members?</p>
Recommendation 5: (Refer Section 5)	Partially implemented
That the measures implemented by the Trustee to build capacity in respect of decision making and to build understanding by Beneficiaries of the governance of the Foundation be maintained.	<p>Directorship training was undertaken in April 2013 for both GIPL and GAC directors</p> <p>The Joint committees were implemented that also provides opportunities for upskilling of TO directors through exposure.</p> <p>During 2014 GAC initiated the Traditional Owner Capacity Building Strategy to build capability for internal indigenous personnel and members however this stopped being funded in 2016, and the focus shifted to GEPL as the mechanism for building capability for members</p> <p>The 2017-2020 GAC strategic plan has a path for board succession planning which includes partnership with the leadership mentoring partner, requiring the first program to be completed by the end of 2018 year. However, mention of this mentorship program having taken place in the 2018 annual report.</p> <p>The trustee itself has responsibility for building capability of the traditional owner board members and there is still room for</p>

Appendix

	improvement to ensure new board members are upskilled to support quality decision making.
Recommendation 6: (Refer Sections 2C and 5C)	Not Implemented
That the Manager consider changes to the GAC Rule Book regarding membership rules and arrangements to mirror those applying to Beneficiary status under the GGF Trust Deed.	No updates to the rule book since 2009.
Recommendation 7: (Refer Section 4)	
That the Manager consider the employment of Traditional Owner language speakers as part of its delivery of benefits to Beneficiaries.	
Recommendation 8: (Refer Sections 2 & 5)	Not Implemented
That the provisions of Clause 9 of the Trust Deed (Consultation with Liaison Committee) be observed.	GIPL noted that it has limited interaction with the monitoring and liaison committee. The last time the liaison committee is mentioned was in 2014 and it is GAC that appears to be driving these interactions however in the trust deed it is the trustee that has this responsibility.

Appendix

H Session Schedule and Attendance

Meeting Details of Gumala Members on and off country						
Town	Date	Attendance		Meetings on:		Review Team
		AM	PM	Grounds of	Of Group	
Geraldton	2-Oct-18	13	1	Amangu	Yamatji	RB, MD, JR
Carnarvon	4-Oct-18	0	4	Ingarrda	Yamatji	RB, MD, JR
Onslow	6-Oct-18	0	0	Thalanyji	Ganyarra	RB, MD, JR
Paraburdoo	8-Oct-18	5	0	Yinhawangka		RB, MD, JR
Tom Price	10-Oct-18	20	0	Guruma		BG, RB, MD
Newman	12-Oct-18	8	0	Nyiyaparli		BG, RB, MD
Karratha	14-Oct-18	13	4	Ngarluma		BG, RB, MD, JB
Wickham	15-Oct-18	2	0	Ngarluma		BG, RB, MD, JB
Roebourne	16-Oct-18	5	0	Ngarluma		BG, RB, MD, JB
Sth Hedland	18-Oct-18	3	2	Kariyarra		RB, MD, JB
Sth Hedland	19-Oct-18	38	7	Kariyarra		RB, MD, JB
Sth Hedland	AGM			Kariyarra		
Sth Hedland	21-Oct-18	79	13	Kariyarra		BG, RB, MD, JB
Peedamulla		0	0	Did not visit.		
Roebourne	23-Oct-18	6	0	Ngarluma		RB, MD, JB
Wickham	24-Oct-18	0	0	Ngarluma		RB, MD, JB
Karratha	25-Oct-18	10	0	Ngarluma		RB, MD, JB
Paraburdoo	27-Oct-18	1	0	Yinhawangka		RB, MD
Wakathuni	30-Oct-18	7	0	Yinhawangka		RB, MD, JR
Bellary	31-Oct-18	4	0	Yinhawangka		RB, JR
Youngaleena	1-Nov-18	3	0	Nyiyaparli		RB, JR
Newman	2-Nov-18	2	0	Nyiyaparli		RB, JR, JB
Meekatharra	3-Nov-18	3	0	Ngoonooru		RB, JB
Perth	5-Nov-18	Changed session to 16 November				
Perth	7-Nov-18	15	7	Noongar Boodja		JB, JR, MD
Perth	8-Nov-18	15				
Perth	9-Nov-18	11	7	Noongar Boodja		RB, JR, MD
Perth	10-Nov-18	9				
Broome	12-Nov-18	8	2	Yawuru		RB, MD, JR
Mandurah	15-Nov-18	8				
Perth	16-Nov-18	13	6	Noongar Boodja		JB, MD, JR
	Total	301	74		~~Red indicates 2 nd visit	

Appendix

Element		Number	%
Sessions		53	
	Individual		
	Days Consulting	29	
	Towns and communities visited	21	
	Members consulted	377	
Survey		% based on No completed	
	Forms completed	224	59%
	Banyjima	120	54%
	Innawonga	25	11%
	Nyiyaparli	43	19%
	Not identified	36	16%
	Can remember the last meeting attended		
	Trustee	109	49%
	Corporation	98	44%
	Use the Website	140	63%
	Easy to use	139	62%
	Not easy to use	63	28%
	Preferred method of communication		
	SMS	129	58%
	Email	124	55%
	Phone	137	61%
	Event/meeting	34	15%
	Facebook	13	6%
	Community	13	6%
	Have you received benefits		
	Yes	137	61%
	No	63	28%
	Do you know what benefits are available		
	Yes	149	67%
	No	45	20%
	Do you know how to access benefits		
	Yes	169	75%
	No	33	15%
	Do benefits meet your traditional values		
	Yes	89	40%

Appendix

	No	55	25%
	Are you eligible for benefits		
	Yes	156	70%
	No	18	8%
	How long does it take to receive financial benefits	2 days - a month Ave = 7 days	
	Do you find it easy to claim your benefits?		
	Yes	124	55%
	No	44	20%
	Do you find it easy to claim Programs?		
	Yes	137	61%
	No	39	17%
	Is there anything else you would like to say?	79	35%
	Trust	58	26%
	Corporation	52	52%
	Anything else	47	21%
	Feedback - amount collected	154	

Element		Number	%
Retro boards – using technology			
	Sessions where used	22	
	Feedback – items collated	436	
Retro boards – using forms			
	Forms collected	73	
	Feedback – items collated	162	
Butchers paper			
	Feedback – items collated	188	
Total data points collected on Programs		786	
Session feedback			
	Good	262	
	Bad (mostly lack of member attendance)	86	
	Interesting	106	

Appendix

I Definitions

AGM	Annual General Meeting
Beneficiaries	Those persons who are Beneficiaries as defined in the General Gumala Foundation Trust Deed
CATSI	the Corporations (Aboriginal and Torres Strait Islander) Act (2006)
CEO	Chief Executive Officer
Chaney/Lennon Report	The report prepared by Messrs Lennon & Chaney (Also known as the Second Review of the Yandi Land Use Agreement)
Cashless Debit Card	A technology based solution for distributing benefits to members, based on the concept of the current Cashless Debit Card
EGM	Extraordinary General Meeting
EO	Executive Officer
Corporation / GAC	Gumala Aboriginal Corporation (also referred to as the Manager)
Trustee /GIPL	Gumala Investments Pty Ltd (also referred to as the Trustee)
Enterprise / GEPL	Gumala Enterprises Pty Ltd
Foundation	The trust established by the General Gumala Foundation Trust Deed (also, referred to as the General Gumala Foundation or the Gumala Foundation)
DDR	Deductible Gift Recipient
GAC	Gumala Aboriginal Corporation (also referred to as the Manager)
IBN	Innawonga, Bunjima and Niapaili Trusts 1 and 2
IUC	Income Utilisation Category as described in Clause 18 of the Trust Deed
KPI	Key Performance Indicator
ORAC	Office of the Registrar of Aboriginal Corporations
ORIC	Office of the Registrar of Indigenous Corporations
PBI	Public Benevolent Institution
Parakeelya Report	The report prepared by Parakeelya in August 2008 (also known as the Second Review of the Foundation) and published as a First Draft for comment on 27 August 2008
Rio Tinto / RIO	Rio Tinto Iron Ore ("RTIO"), includes Hamersley Iron Pty Ltd and Hamersley Iron – Yandi Pty Ltd
Parakeelya Report	The report prepared by Parakeelya in August 2008 (also known as the Second Review of the Foundation) and published as a First Draft for comment on 27 August 2008
TO	Traditional (Aboriginal) Owner
TOEC	TOEAC Traditional Owner Elders Advisory Committee
Trust Deed	The trust deed of the General Gumala Foundation
YLUA	Yandi Land Use Agreement (1997)