



**INTELLECTUAL CAPITAL STATEMENT (ICS)**

This is the second Intellectual Capital Statement for the Department of Lands. In this document we seek to articulate the progress made in improving performance and confidence among our management and staff; improve efficiency and the value Lands creates for the government and people of New South Wales.

**Management challenges**

During 2005/06 management and staff have worked together to analyse and develop solutions to the management challenges identified through our earlier research partnerships. These challenges were identified as employee demographics, service delivery and external relationships. These issues are being addressed through corporate initiatives such as workforce planning, administrative and process reviews and development of partnerships and networks which will assist Lands in delivering organisational and community outcomes now and in the future.

The process of preparing and developing our strategic and corporate initiatives has contributed to Lands' intellectual capital. By strengthening our focus upon our staff, our internal processes and our relationships and partnerships with other organisations we believe that we will create a more efficient, effective and sustainable organisation.

The maxim, 'what is not measured is not managed' is an important aspect of the philosophy behind this investigation. Measuring the intangible aspects of Lands remains a challenge. In this regard we are continuing to work in partnership with educational organisations and the newly formed Society for Knowledge Economics to address the issue surrounding the effective measurement and dissemination of intangible assets which will be of benefit to the public, private and not-for-profit sectors. This document is our effort to address this issue.

**Internal reporting using the balanced scorecard**

Last year we identified that the Balanced Scorecard framework would continue to be used for internal reporting purposes. The Balanced Scorecard complements the intellectual capital reporting framework by enabling Lands to test organisational goals and provide feedback which can help us to adjust our strategies.

The integration of these reporting frameworks is represented in the diagram below, which reflects the synergies between the two reporting mechanisms and their relationship to Lands' overall objectives.

The structure of this intellectual capital statement is based on this diagrammatic representation of the relationship between the Balanced Scorecard and intellectual capital reporting framework. Information concerning our performance against balanced scorecard strategic objectives and key performance indicators appears in the tables following this intellectual capital statement.

This statement omits the financial reports which are outlined later in this Annual Report.

**Customer and community External relationships**

The Department of Lands has continued to develop its external relationships with key stakeholders and establish cooperative relationships. While Lands has well established connections with key groups through established liaison committees, during the past year we have seen the improvement of relationships with well established stakeholders such as the legal and conveyancing professions. Our relationships have also improved with other sectors of government; through participation in the development of Masterplans and community partnerships with local councils; working with Rural Lands Protection Boards to transfer travelling stock routes; working with other land management organisations; catchment management authorities and rural communities to reduce the impact of soil degradation; working with the Emergency Service Organisations in relation to emergency response information management needs; and engaging with rural and regional communities through the Office of Rural Affairs.

We have continued a strong involvement in research and development projects including involvement with the Co-operative Research Centre for Spatial Information, as well as scientific and policy issues in relation to the Marine Cadastre to assist environmental and planning outcomes.

Lands has also continued to work with bodies such as the Australian Government Consultative Committee on Knowledge Capital, Global Access Partners and the Society for Knowledge

Economics to develop and improve our understanding and ability to measure, manage and report on Intellectual Capital. During this year we contributed to the GAP Knowledge Capital Congress, a seminal event which launched the draft Australian Guiding Principles on Extended Performance Management and featured the work completed to that time at Lands.

The research undertaken during 2004/05 by Professor James Guthrie, Christina Boedker and Suresh Cuganesan, was rewarded with the Emerald Literati Network Award for their paper, *An integrated framework for visualising intellectual capital*, based on their observations of Lands.

Research relating to intellectual capital continued during the current reporting year with research partners including the University of Sydney, Macquarie Graduate School of Management, the University of New South Wales, Cranfield University (United Kingdom) and Bocconi University, Milan.

Several academic papers have been written by researchers for publication or presentation at conferences demonstrating the leading edge work being undertaken at Lands in relation to Intellectual Capital based practices.

In 2006/07 we propose to undertake further research programs. We are partnering once again with Sydney University to seek Australian Research Council funding to continue research on Intellectual Capital based practices. We also propose to undertake research to develop a framework for valuation of information and information systems.

**Public trust, value and confidence**  
The strength of our relationships with stakeholders, other government organisations and the wider community

contributes to the value we deliver to the public. These relationships also contribute to the creation of public trust and confidence in our organisation, its products and services, as well as a contribution to society in general.

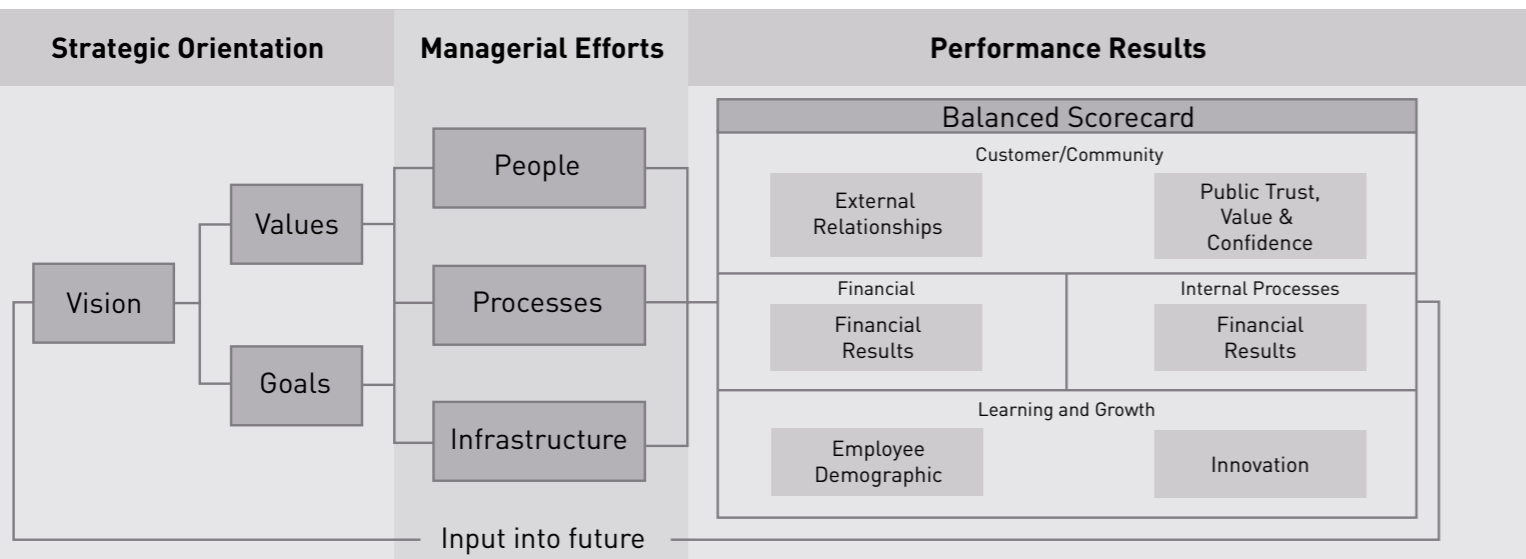
The contribution of Lands is not only in the supply of direct products and services, whether they relate to conveyancing, the management of Crown land, the supply of spatially related information or the remediation of farming and other land. It is also the value to the wider society through economic, social and environmental outcomes; the value of a reliable and accurate land titling system which underpins investment in our state; the importance of public spaces and community facilities; the significance of accessing complex information sets through visual maps and the importance of rehabilitating land for community safety; improved access and improved economic performance.

Value, trust and confidence are complex concepts which need to be interpreted within our organisational context. During the 2006/07 reporting year Lands intends to develop a public value statement which articulates our contribution to the public good.

**Internal processes Service delivery**

Online service delivery remains a focus of government and for Lands, enabling us to provide information and services to the community regardless of the hours our 'shop fronts' are open for business or the geographical location of our clients and customers. Online service delivery is complemented by telephone based and personal 'over the counter' service options through our metropolitan and regional office locations.

**Integration of Balanced Scorecard and Intellectual Capital framework**



What is not measured is not managed



Lands continues to examine and develop processes which provide support to and improve our service delivery options. We are currently undertaking projects in relation to manual and old system titles involving the conversion of information to our digital titling system. The Data Conversion and Cleansing Program also includes the capture of our film-based aerial photography in digital form to enable wider access to the important historical material and reducing the risk of handling fragile film medium. Overall these projects will collectively enable greater equity of access to our land and spatial information products.

During the reporting year the further development of our responsibilities for all Crown land including the submerged reserved land to three nautical miles to sea has involved new challenges in protecting the history, safety, environmental and economic well-being of the community.

Further information about our service delivery improvement projects appear later in this Annual Report.

**Learning and growth  
Employee demographics**

Lands began by analysing existing data within the organisation in different ways to assist managers in identifying

areas of risk. For example, information concerning the age profile is reported in the KPI table on page 17 as an average across the organisation. The age profile can also be provided to managers at a divisional level to assist management in identifying strategies and solutions required for different parts of Lands depending upon the combination of issues to be addressed.

For example, the Land and Property Information Division (LPI) has a slightly higher age profile than some other areas of Lands and a very experienced and specialised workforce. During the reporting year LPI took significant steps to integrate strategies relating to staff profile and skills development, internal process and improved partnerships into its corporate and operational plans ensuring that all aspects of their operations are involved and have the opportunity to participate in finding solutions.

During the 2005/06 reporting year there has been a slight increase in staff figures reflecting new service delivery responsibilities and the implementation of strategies to strengthen our organisational capability.

Several projects have already commenced including reviewing and

documenting processes, engaging graduates from secondary and tertiary schools and working with staff to identify issues and potential remedial actions. In our last report we referred to the development of Certificate 3 courses developed in partnership with TAFE NSW. These courses were developed in several areas of Lands and have been successful in introducing our staff to learning strategies, developing existing skills and knowledge, enabling staff to understand and undertake a wider role within the organisation, building confidence and developing networks which assist in modelling organisational learning behaviours.

**Innovation**

Innovation means to 'bring in or introduce something new' – whether that is an idea, a process or a device. Innovation often involves novelty, advancement, improvement and change. Importantly it must also involve application.

Lands has long been an innovative organisation. It is a leader in adopting electronic land information systems, implementing award winning soil conservation works, and adapting land management practices to accommodate community needs as they emerge. In many cases Lands' innovations have developed incrementally, building upon

sound, proven practices to ensure that the integrity of our processes is maintained.

Lands is facing a future with many challenges in relation to maintaining the expertise and skills of our workforce, the rapidly changing technological environment, the demand for faster delivery of services and meeting the diverse needs of government and the community. We ask, 'How can we continue to support innovation, with the resources we have and in the timeframes required to ensure we can meet the demands of the future?'

In the first instance we have sought to understand more about our future skills requirements and to respond with training and education of our staff and to seek new skills sets. We believe that training and education at all levels not only provides the skills we need but challenges our internal paradigms as well as providing new opportunities and challenges for our staff.

Our challenge in the coming year is to understand more about the conditions that enable successful innovation in organisations and to adapt our own structures and communication mechanisms to support creative leadership.

**Our ICS achievements**

In 2005/06 Lands has:

- Incorporated the learnings and perspective gained from the Intellectual Capital research into its strategic and corporate reporting processes as evidenced in the documents Vision 2013 and Vision 2020
- Examined factors relating to employee and organisational capability and implemented projects to develop our skills and build on our experience
- Improved service delivery through data conversion projects enabling access to a wider range of data
- Undertaken new service delivery responsibilities
- Developed and strengthened relationships with customers and stakeholders
- Engaged in research and development activities which contribute to the value of our organisation
- Continued to innovate and adapt to meet the needs of customers and stakeholders.