

2016/17



INDIGENOUS LAND CORPORATION
annual report



Australian Government
Indigenous Land Corporation

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2016-17



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FRONT COVER: The image features the landscape of Kings Run, a cultural acquisition near Arthur River in Tasmania, and dancers from the Kwarbah Djookian Dance Group at the opening of the Wooree Miya Women's Refuge, Perth, built on land purchased with ILC assistance. Cover design features graphic elements by Print Junction.

Indigenous Land Corporation Annual Report 2016–17

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The ILC's Annual Reports are available electronically on the Publications page of the ILC's website.

The ILC respects Indigenous cultures and has taken all reasonable steps to ensure that the contents of this publication do not offend Aboriginal and Torres Strait Islander people.

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Australian Government
Indigenous Land Corporation

13 September 2017

Senator the Hon Nigel Scullion MP
Minister for Indigenous Affairs
PO Box 6100, Senate
Parliament House
Canberra ACT 2600

Dear Minister

I am pleased to present the Annual Report of the Indigenous Land Corporation covering the period 1 July 2016 to 30 June 2017.

The report is prepared and given to you in accordance with a resolution of Directors dated 13 September 2017 in accordance with section 46 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

The report includes the ILC's annual performance statements in accordance with paragraph 39(1)(b) of the PGPA Act and section 16F of the Public Governance, Performance and Accountability Rule 2014.

It includes audited consolidated financial statements for the reporting period in accordance with the Finance Minister's Orders.

Yours sincerely

A handwritten signature in dark ink, reading 'Edward Fry'.

Edward Fry
Chairperson

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CHAIRPERSON'S FOREWORD



EDWARD FRY Chairperson

The year 2016–17 continued to be one of transition for the ILC. Many important reforms have been progressed, but despite this emphasis on change we remained firmly focused on our purpose.

The reforms being pursued by the Board and ILC Group CEO are designed to ensure we perform our legislated land acquisition and land management functions more efficiently, and with greater impact.

The ILC Board has agreed five foundational strategies (March 2016) to reposition the ILC to advance the Board's longer-term vision for the Indigenous Estate—Indigenous-held land and other assets—as a source of prosperity and wellbeing for Indigenous Australians. These can be summarised as:

1.Engagement and Alliance Building

Creating a strong value proposition, legitimacy and support from key constituencies

2.Resources

Positioning the ILC to invest in the future

3.Return on Investment

Developing the ILC as a high performing, more commercial entity

4.Innovation

Ensuring the ILC can take advantage of current/emerging markets

5.Capacity

Building an ILC Group structure, capability and culture to drive the Board's strategies.

There are many initiatives supporting each of these strategies, as set out in this report and detailed further in the ILC Group's Corporate Plan 2017–18. The baseline reviews of various aspects of the ILC Group's operations were advanced over the year and will be completed in 2017–18. They will inform further Board and management decision making.

Achieving the Board's vision for the Indigenous Estate depends, among other things, on the ILC having sufficient funds to invest in projects, and in particular high-impact collaborative projects. In 2016 the Board established an Expert Advisory Panel to provide Directors with advice on financial trajectories for the ILC's principal source of income, the Aboriginal and Torres Strait Islander Land Account. The panel concluded that, under current arrangements, the Account's capital balance will certainly erode in coming years. After discussions with Minister Scullion and the Department of the Prime Minister and Cabinet (PM&C), the ILC began a consultation process in late 2016–17 to gauge Indigenous and cross-government support for the legislative amendments recommended by the panel. These would change both the investment parameters and the management arrangements of the Land Account. The consultations are also asking Indigenous people whether the *Aboriginal and Torres Strait Islander Act 2005* should be amended to extend the ILC's operation beyond land to salt and fresh water. Achieving these reforms would ensure significant future benefits for Indigenous people. There is every indication from consultations undertaken so far that Indigenous people support the need for both sets of amendments.


In 2016–17 the ILC contributed to growth of the Indigenous Estate through the acquisition of two properties, in Tasmania and in Perth, WA, and approval of the purchase of a third property, in the Kimberley, WA. Six properties were granted to Indigenous corporations. There were 126 active land acquisition and land management projects, including projects managed by subsidiaries. The ILC's *Our Land Our Future* Program approved 31 new projects and at 30 June 2017 numerous projects were in assessment. We refreshed the program guidelines to ensure alignment of program focus with the ILC Group strategies. Given we are now working on larger, more strategic projects, it is planned that 2017–18 and following years will be significant for ILC investment nationally.

Ayers Rock Resort, owned and managed by ILC subsidiary Voyages Indigenous Tourism Australia, achieved a record level of occupancy during the year and employed more than 300 Indigenous staff at year end. Our agribusiness subsidiary, now called the Australian Indigenous Agribusiness Company, set up a new office in Darwin to engage with Indigenous groups to deliver a multi-million-dollar Savanna Fire Management Program funded by resources company INPEX; the project will result in jobs, economic development and large-scale environmental management on Indigenous-held land in the Northern Territory for up to 20 years. The third ILC subsidiary, the National Centre of Indigenous Excellence in Sydney, continued its excellent record of community engagement, hosting significant Indigenous events including a celebration of the 50th anniversary of the 1967 Referendum.

At 30 June 2017 around 40 per cent of ILC Group staff were Indigenous, and our commitment to Indigenous procurement saw us achieve a total group spend of around 5 per cent on Indigenous goods and services in 2016–17.

In the new financial year we will be continuing the conversation with our Indigenous stakeholders about the fifth National Indigenous Land Strategy (NILS). The NILS is the ILC's primary policy document and is a foundation on which we will build the ILC vision of a more productive and strategically managed Indigenous Estate.

I would like to thank the ILC Group Executive and staff for their excellent work during the year. Finally, let me pay tribute to my fellow Board members for their considered deliberations and commitment during the year. In June 2017 we welcomed two new members, Mr Joseph Elu AO and Dr Donna Odegaard AM. I look forward to their contributions in 2017–18. I would like to extend special thanks to the outgoing Directors who served in the year under review, Ms Alison Page and Ms Lisa Gay.



Edward Fry
ILC Chairperson

ILC BY THE NUMBERS IN 2016-17

The ILC assisted in the acquisition of two properties for Indigenous corporations, and acquisition of a third was approved.

Six properties were granted to Indigenous corporations or entered Indigenous ownership as a result of ILC funding.

One property was reacquired, after agreement with the title-holding body, so as to retain it within the Indigenous Estate.

There were 126 land acquisition and land management projects in implementation.

Three tourism businesses, 14 agribusinesses and a community hub were operated by ILC Group subsidiary companies.

Sixty-one (61) ILC Group projects protected the environment and/or Indigenous culture.

Fifty-six (56) ILC Group projects were collaborative, involving funding or resources from third parties.

The ILC supported 54 Indigenous enterprises (not counting businesses operated by the ILC Group).

Across ILC tourism and agricultural businesses, 542 Indigenous people were directly employed during the year. The same businesses hosted 255 Indigenous trainees.

Almost 1000 Indigenous employment outcomes and 1500 training completions were enabled by ILC projects.

Ayers Rock Resort, NT, had a hotel occupancy of 86.6 per cent.

ILC agricultural businesses held more than 78,000 livestock at 30 June 2017.

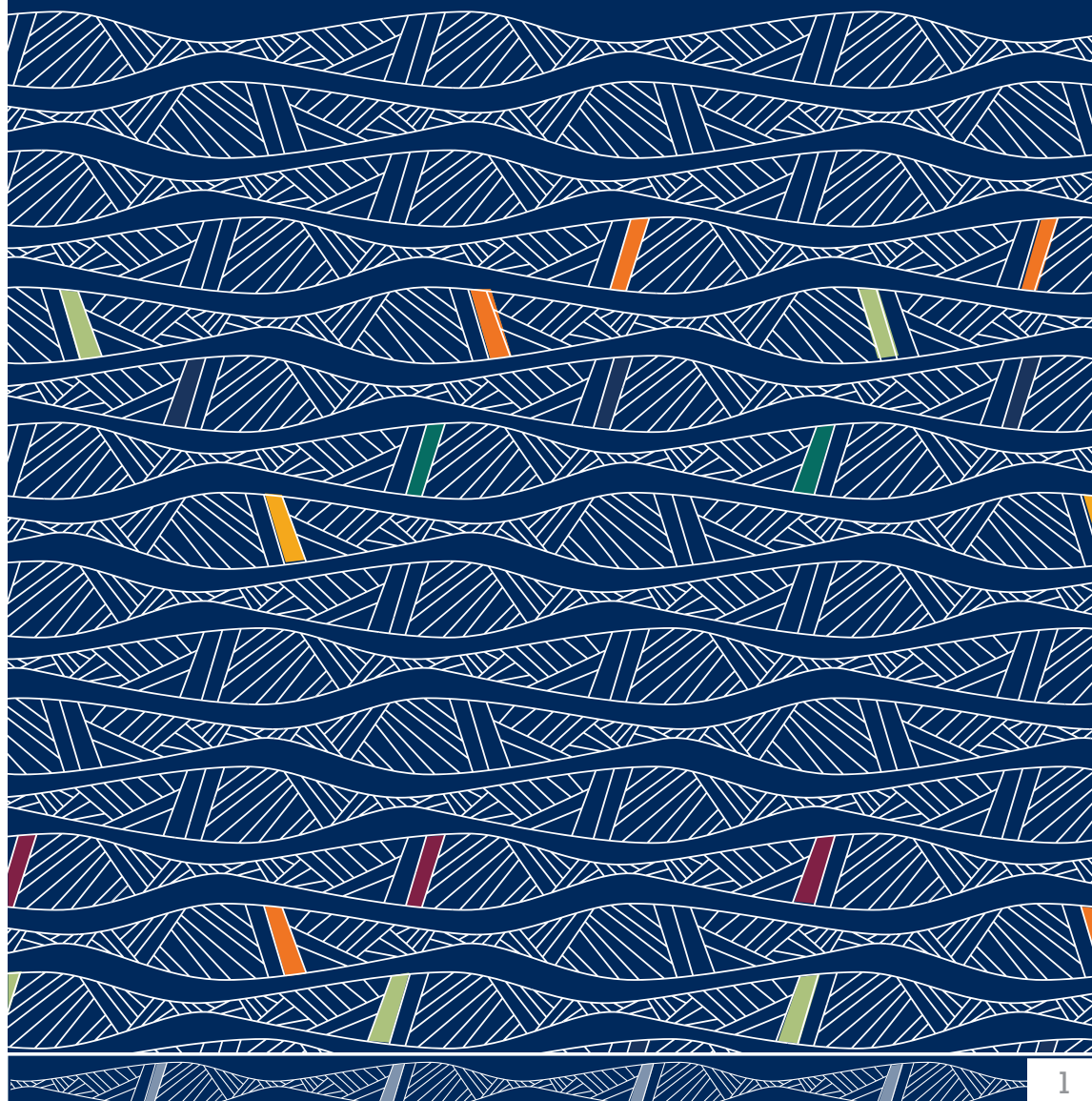
The National Centre of Indigenous Excellence, Sydney, welcomed 14,000 people to 14 free community events.

The Savanna Fire Management Program, a partnership with resources company INPEX, began across the Northern Territory, bringing potential new sources of income for Indigenous held-land.

Procurement of Indigenous goods and services represented 5 per cent of overall ILC Group spending, in line with the target set in the ILC Indigenous Procurement Policy approved during the year

At 30 June 2017 around 40 per cent of employees across the ILC Group were Indigenous.

PART ONE: ANNUAL PERFORMANCE STATEMENT 2016-17



INTRODUCTORY STATEMENT

2016–17

I, Edward Fry, as Chairperson of the Board of the Indigenous Land Corporation (ILC) (the Accountable Authority) present the 2016–17 Annual Performance Statement for the ILC as required under paragraph 39(1)(a) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

In my opinion, this Annual Performance Statement accurately presents the corporation's performance in the reporting period and complies with subsection 39(2) of the PGPA Act.



Edward Fry
Chairperson

September 2017



ILC purpose

The ILC's purpose, as defined in section 191B of the *Aboriginal and Torres Strait Islander Act 2005* (ATSI Act), is:

- (a) To assist Aboriginal persons and Torres Strait Islanders to acquire land; and
- (b) To assist Aboriginal persons and Torres Strait Islanders to manage Indigenous-held land.
so as to provide economic, environmental, social or cultural benefits for Aboriginal persons and Torres Strait Islanders.

Based on the ILC's purpose the corporation has one outcome in the ILC Budget Statements 2016–17 (Prime Minister and Cabinet Portfolio Budget Statements).

Outcome 1:

Enhanced socio-economic development, maintenance of cultural identity and protection of the environment by Indigenous Australians through land acquisition and management.

The ILC sets out its strategies for achieving this outcome in the National Indigenous Land Strategy (NILS), a three-to-five year policy framework, required by section 191N of the ATSI Act. The NILS is tabled in Parliament and the ILC must have regard to it in performing its functions. The ILC also publishes an annual Corporate Plan, as required by the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

The NILS 2013–17 defines two Priority Outcomes (reflecting the four categories of Indigenous benefit in the ATSI Act) and four Key Priority Areas.

Priority Outcomes

1. Access to and protection of cultural and environmental values
2. Socio-economic development

Key Priority Areas

- Creating training and sustainable employment for Indigenous people
- Increasing the capacity of Indigenous land owners to sustainably manage their land
- Engaging Indigenous people in viable, land-based enterprises including tourism
- Collaborating with partners to leverage greater outcomes

The ILC has committed to perform its functions to support Australian Government priorities in Indigenous Affairs (to the extent allowed by its legislation) including Closing the Gap between Indigenous and other Australians. Through its land acquisition and land management activities, the ILC complements the Indigenous Advancement Strategy, administered by the Department of the Prime Minister and Cabinet (PM&C). ILC projects provide training and jobs for Indigenous Australians, foster Indigenous businesses, assist Indigenous people to achieve economic and social benefits from management of their land and native title rights, and support Indigenous people to care for land with significant cultural or environmental values. ILC projects also build Indigenous capacity to benefit from land ownership and management.

The ILC's land management function relates to all Indigenous-held land, however it was acquired. The *COAG Investigation into Indigenous Land Administration and Use* (December 2015) found that, at June 2015, an estimated 40 per cent of the Australian land mass was subject to Indigenous rights and interests, under native title and statutory Indigenous land rights regimes, and a further 37 per cent was under native title claim.

Achieving the ILC's purpose

In 2016–17 the ILC achieved its purpose through its principal land acquisition and land management program, *Our Land Our Future*, and the operation of three wholly-owned subsidiary companies.

Our Land Our Future

The *Our Land Our Future* Program was launched in March 2015 and assists Indigenous people in urban, regional and remote areas to manage, use, care for, improve and acquire land to achieve economic, environmental, social and cultural benefits. The *Our Land Our Future* model moved the ILC away from its historical role as a mostly passive grant funder, enabling Indigenous groups to bring forward land-based aspirations and proposals at any time and to work collaboratively with the ILC to benefit from its expertise, investment and ability to attract third-party involvement and investment. *Our Land Our Future* projects typically have a longer development/pre-approval phase than previous projects based on grant rounds. *Our Land Our Future* encompasses both land acquisition and land management projects, which former arrangements had treated as discrete programs.

Key features of *Our Land Our Future* include:

- open timelines
- simplified processes
- strong commitment to collaboration and engagement with land holding and Indigenous groups
- longer term investment and capacity building in the development of successful projects
- ideas-based projects—all projects are assessed for approval against program criteria, in relation to other projects and in light of available funding.

The ILC currently allocates around \$10 million a year to *Our Land Our Future* (2015–18). In 2016–17 the program approved 31 new projects (see Table 1), including nine where funds will be provided in the new financial year.

In late 2016, the Board endorsed a refreshed approach to the ILC's land acquisition and land management investments, focused on greater efficiency in the delivery of the program and greater return for Indigenous people on the ILC's legislated mandate. The launch of the *Our Land Our Future* Handbook at the beginning of 2017–18 provides stakeholders with more information on the ILC's investment principles, products and assistance on offer.

These strategic changes have, however, influenced the shape and implementation of the program in the year under review. The refreshed *Our Land Our Future* Program aims to reduce grant funding to smaller projects and provide a set of new investment products to underpin larger projects including repayable grants, joint ventures and equity partnerships for major projects. Major projects are designed to deliver higher impact and are based on more intensive stakeholder engagement including the negotiation of strategic alliances with key regional Indigenous groups. Projects are focused on specific strategies across five key areas: tourism and agribusiness including innovative sources of income such as 'carbon farming'; niche products/bush foods; renewable energies and urban property development. The pursuit of regional, strategic projects is also expected to increase the proportion of collaborative projects undertaken by the ILC.

ILC subsidiaries

ILC subsidiaries are governed by Part 4A of the ATSI Act and by the *Corporations Act 2001*. Pursuant to section 86 of the PGPA Act, subsidiaries can perform only the functions of the ILC itself, in all cases the management of land owned by the ILC Group or leased from Indigenous owners:

- **Voyages Indigenous Tourism Australia (Voyages) Pty Ltd** owns and manages Ayers Rock Resort, NT, and manages two other tourism enterprises developed by the ILC
- **Australian Indigenous Agribusiness Company (AIA) Pty Ltd** (formerly National Indigenous Pastoral Enterprises Pty Ltd) in this financial year managed 14 ILC-developed agribusinesses, 13 in the northern Australian beef industry, and one wool and lamb meat enterprise in Tasmania; AIA also managed most of the ILC's 'carbon farming' activities through controlled savanna burning in northern Australia, a function transferred to AIA during 2016–17
- **National Centre of Indigenous Excellence (NCIE) Ltd** manages the ILC-developed social enterprise of the same name in Redfern, Sydney, NSW.

The ILC makes significant investments in Indigenous training to employment on businesses operated by its subsidiaries in partnership with other funders, principally the Australian Government's Indigenous Advancement Strategy.

Separate reports for each subsidiary are provided in Part 2 of this report, and information on subsidiary governance is in Part 3.

Results in 2016–17

In reporting performance against indicators, the ILC relies on data from both ILC systems and reports provided by recipients of ILC assistance. Where data is collated from third-party sources, every effort is made to verify the data; however, exactness cannot be guaranteed.

The Portfolio Budget Statements (PBS) 2016–17 and Corporate Plan 2016–17 committed the ILC to achieving the following five Deliverables and seven Key Performance Indicators.

ILC PBS Deliverables, 2016–17

		2016–17 budget	2016–17 actual
Deliverable 1:	Properties acquired for socioeconomic development and cultural and environmental heritage protection	3	2
Deliverable 2:	Properties granted	8	6
Deliverable 3:	Employment and training projects implemented on ILC agricultural and tourism businesses	11	12
Deliverable 4:	Regional land management projects implemented	12	15*
Deliverable 5:	Property-based, property planning land management projects assisted	60	63*
*These Deliverables count the number of land management projects in implementation in the financial year, at any stage of the program process from initial approval. Projects typically span more than one year; some span multiple years.			

ILC PBS Key Performance Indicators, 2016–17

		2016–17 budget	2016–17 actual
KPI 1:	Total number of Indigenous staff employed directly through ILC agricultural and tourism businesses	450	542
KPI 2:	Total number of Indigenous trainees employed through ILC agricultural and tourism businesses	200	255
KPI 3:	Total number of Indigenous employment outcomes enabled through ILC land acquisition and land management projects	500	993
KPI 4:	Total number of Indigenous training outcomes enabled through ILC land acquisition and land management projects	1000	1474 completions 2203 participations
KPI 5:	Total number of Indigenous-held properties with improved land management	130	n/a*
KPI 6:	Proportion of ILC-assisted projects that protect cultural and environmental heritage values or maintained culture	50%	48.4%
KPI 7:	Proportion of projects that were collaborative with and leveraged funding from other agencies	66%	44.4%
*Note: Not reported due to the Board decision to discontinue use of this measure in December 2016. See page 21 for explanation.			

New performance measures

In December 2016 the ILC Board agreed an augmented set of measures of ILC Group performance in 2016–17: three Deliverables based on the ILC’s legislative functions and six Key Performance Indicators (KPIs) based on the economic, environmental, social or cultural benefits that the ILC is required to achieve through its projects.

The new measures represent relatively small adjustments to the ILC’s long-established indicators, to streamline them, update their terminology in light of new program arrangements and, above all, better integrate ILC Group activities so the whole group’s contribution to performing the ILC’s functions is measured. No targets were reduced from those in the PBS 2016–17; some targets were increased to reflect a group-wide contribution.

Some additional reporting is provided below against these new measures, which formed the basis of the ILC’s input to the PBS 2017–18.

ILC projects in implementation

In 2016–17 the ILC Group had 126 active projects. These projects included:

- new land acquisition and land management projects approved for funding in this year through *Our Land Our Future*; see Table 1
- a range of ongoing projects including multi-year land acquisition and land management projects initiated in previous financial years and ILC-owned properties that have been subject to divestment or other activity in 2016–17 beyond normal land-holding functions
- land management projects overseen by ILC subsidiaries.

ILC projects are typically in implementation over at least two financial years, often longer depending on their nature and complexity. It is to be expected that the ILC has relationships with properties it owns or has granted over many years.

The ILC Benefits Framework sets out how the ILC defines, captures, measures and reports on the achievement of economic, environmental, social and cultural benefits. The report on KPIs 3 and 4 is based on the collation of benefits achieved, as reported to the ILC and recorded in the ILC's internal data systems for land acquisition and land management projects in implementation in 2016–17.

The following table presents the detail of new land acquisition and land management projects approved for funding in this year through the *Our Land Our Future* Program, noting those projects where ILC funding of \$100,000 or more has been approved and providing details of project collaboration, a key element of the program.

Table 1: ILC Group projects in 2016–17: New *Our Land Our Future* funded projects or funding approved encompassing both land acquisition and land management

Project	Description	ILC funding of \$100,000 or more	Collaborators
NATIONAL			
Regional (R) – Kakadu plum/wild gubinge industry development	Assess economic potential of Kakadu plum/gubinge industry	Y	Mamabalunjin AC Palngun Wurnangat Assoc Inc Gundjeihmi AC Engineers Without Borders University of Queensland Charles Darwin University
R – Bush food planning/marketing*	Assess current and future market demand for bush foods and map potential of Indigenous Estate to meet supply		Ninti One
NEW SOUTH WALES			
Eurool Station business development, near Collarenebri	Purchase fencing materials, plant and equipment to carry out land management works on ILC-granted property; grant + repayable grant		Joblink Plus NSW Local Land Services
Weinteriga Station goat enterprise, near Wilcannia	Establish goat enterprise on 5,145-ha Weinteriga Station, owned by Wilcannia LALC: upgrade fencing, water and stock-handling infrastructure (ILC) and purchase rangeland goats (other parties); grant + repayable grant	Y	NSW Aboriginal Land Council
QUEENSLAND			
R – Cape York Peninsula (CYP) regional fire mapping*	Improve capacity of CYP groups to undertake savanna burning methodologies		Darwin Centre for Bushfire Research
Aak Puul Ngantem (APN) Cape York grazing infrastructure, Aurukun	Purchase plant, equipment and infrastructure to develop sustainable beef cattle enterprise on southern Wik homelands	Y	Qld Dept of Environment and Heritage Protection
Balnggarrawarra ranger base, Cape York	Construct ranger base on Balnggarrawarra Land Trust area to enable rangers to manage 91,000-ha Indigenous-owned freehold property	Y	Balnggarrawarra Land Trust Qld Dept of Environment and Heritage Protection Qld Parks and Wildlife Service Gaarraay National Park Joint Management
Coorumburra Station infrastructure, near Marlborough	Fencing and yard upgrade		Fitzroy Basin Elders Committee
Gamaay Cape York Dreaming Track water infrastructure, near Cooktown	Verify presence of potable groundwater; if available, establish well and associated drinking water infrastructure on Gamaay Dreaming Track		
Ingan Tours premises fit-out, Tully	Assist fit-out of café, commercial kitchen and hospitality training facility at Ingan's tourism hub at Tully Railway Station	Y	PM&C Qld Dept of Education and Training Planeterra Foundation Queensland Rail
Continued next page			

Project	Description	ILC funding of \$100,000 or more	Collaborators
Port Stewart water supply infrastructure, Cape York*	Supply water intake infrastructure in Stewart River and water treatment system to provide safe, reliable drinking water supply for the Lama Lama community and ranger service		Centre for Appropriate Technology ARUP PL Qld Govt
Thornhill equipment, near Bundaberg	Purchase skid steer loader to carry out land management works on ILC-granted property		
Murra Murra upgrade, near Cunnamulla*	Assist Koomah Traditional Owners to construct and repair boundary fencing, upgrade/replace stock yards, repair shearers quarters on ILC-granted property		IBA
Quandamooka Yoolooburrabee AC (QYAC) business development, Stradbroke Island*	Enable QYAC to engage Business Development Officer for 6 months		
Strathgordon Station carbon farming, near Pormpuraaw, Cape York	Engage consultant to develop validated fuel (vegetation) class map; fund burning activities on ILC-granted property	Y	Balkanu Cape York Land Council Coupland Consulting
WESTERN AUSTRALIA			
Land Acquisition (LA) – Aboriginal Alcohol and Drug Service, women's refuge, Perth	Acquired/granted this financial year	Y	PM&C Attorney-General's Dept WA Dept of Housing and Works WA Dept of Child Protection and Family Support
LA – Property near Lagrange, Kimberley*	Purchase land for Karajarri Traditional Owners to support tourism strategy; acquisition approved, June 2017	Y	Tourism WA Morrugul PL Ernst and Young
R – Argyle Diamond Mine closure, east Kimberley*	Support Gelganyem Trust to develop opportunities for Traditional Owners given impending closure (by 2021) of Rio Tinto's Argyle Diamond Mine		IBA Rio Tinto Argyle Gelganyem Ltd
R – Goldfields Aboriginal Ranger Program (Goldfields Land and Sea Council)	Equipment, vehicle modifications and fencing to secure ranger compound		PM&C Goldfields Esperance Development Commission
R – Kimberley Cultural Enterprise Hub Stage 1*	Kimberley Land Council (KLC) project to provide cultural and environmental business expertise and services to Prescribed Bodies Corporate and their ranger teams to build enterprises on country; ILC investment is to support savanna burning carbon initiative	Y	The Nature Conservancy Other philanthropic donor
Dillon Bay Farm road upgrade, near Albany*	Earthworks to upgrade 1.2 km internal road on ILC-granted property to enable year-round access for agricultural activities		
Gunnado Farm infrastructure, near Geraldton	Purchase tractor, ride-on mower, shade-house cover and sprinklers; Geraldton Streetwork AC uses property for services to at-risk Indigenous young people, including hosting Green Army projects		
Mamabulanjin AC Green Army projects, Skuthorpe, near Broome	Support native seed bank and planting of 15,000+ native trees including 10,000 gubinge trees as part of fruit's emerging commercial application		Water Corporation of WA
Redwing Tropical Produce infrastructure, Broome	Infrastructure to expand area of horticulture business to grow pumpkins and watermelons		
Wuggubun Aboriginal community tourism infrastructure, east Kimberley	Construct new ablution block at community's tourist campground to expand tourism operations	Y	
Continued next page			

Project	Description	ILC funding of \$100,000 or more	Collaborators
SOUTH AUSTRALIA			
Yappala equipment, near Hawker, Flinders Ranges	Purchase skid steer to enable rangers to create fire breaks and undertake general clearing around assets across Yappala Indigenous Protected Area		
TASMANIA			
LA – Kings Run cultural acquisition, near Arthur River	Acquired/granted this financial year	Y	Bob Brown Foundation Tasmanian Land Conservancy
Gowan Brae fencing	Purchase fencing materials for 7km fence line to exclude stock on ILC-granted property and help restore environmental and cultural values		
NORTH TERRITORY			
LA – Dick Ward Drive, Darwin, reacquisition	Reacquire previously granted property; see REACQUISITION	Y	
Whetstone Park infrastructure, near Katherine	Upgrade water points to grow cattle enterprise		
Urgent Health & Safety – Wudicupildiyerr Ranger Group, Daly River/Port Keats Aboriginal Land Trust	Assistance with collection, disposal and transport of damaged chemicals, not covered by insurance, after fire damage to chemical-storage facility		
* Funding approved, but not released until 2017–18 financial year			

Deliverable 1. Land acquisition

Deliverable 1: Properties acquired

Target	Achieved	Next year's target
3	2	3

2016–17 saw a small increase in acquisitions: two were achieved and another approved, against a target of three. There had been one acquisition in each of the previous two financial years.

In 2016–17 the ILC provided funds directly to assist Indigenous groups to purchase properties:

- Kings Run, Tasmania (see CASE STUDY: LAND ACQUISITION) on behalf of the Aboriginal Land Council of Tasmania
- a property in metropolitan Perth, WA, to expand women's and child-protection services (see CASE STUDY: LAND GRANT) on behalf of the Wungening Aboriginal Corporation.

In addition, the Board approved the purchase of a third property, in the Kimberley, WA, in June 2017. This land acquisition will be concluded in 2017–18, enabling Karajarri Traditional Lands Association to establish a strategic land base from which to manage important cultural and environmental sites and fast-track its tourism strategy.

Over its 22-year history the balance between the ILC's land acquisition and land management functions has shifted, with land management taking increasing precedence over acquisition in terms of the number and value of projects. Among other things this can be attributed to the increasing extent of the Indigenous Estate and its attendant land management needs, the increasing price of land in Australia, and the ILC's more considered approaches to acquisition that take into account the capacity of the land and of future land holding bodies.

The current Board is seeking some rebalancing of the ILC's two functions, including undertaking strategic acquisitions in partnership with Indigenous groups to add value to and maximise use of the Indigenous Estate. This year an Urban Strategy was endorsed by The Board (see CASE STUDY: INDUSTRY STRATEGIES on page 26) to see continued investment in land acquisition in cities and regional centres.

A number of projects involving potential acquisitions were developed during the year, and will likely be submitted for Board approval in 2017–18.

KINGS RUN TASMANIA



The beautiful Kings Run landscape.

In August 2016 the Board approved funds to contribute to the acquisition of this 338-hectare property by the Aboriginal Land Council of Tasmania (ALCT); other contributors were the Bob Brown Foundation and Tasmanian Land Conservancy.

The property lies on the north-west coast of Tasmania near the coastal town of Arthur River, the northern entry to the Tarkine wilderness area. It is bordered by the Arthur Pieman Conservation Area and is within the National-Heritage-listed Western Tasmania Aboriginal Cultural Landscape. There are ten confirmed cultural sites on Kings Run and a further 22 on the immediate coastal reserve. The property also contains habitat for several threatened species, including the Tasmanian devil and orange-bellied parrot.

The ALCT's initial aspirations for the property focus on protecting its cultural and environmental values and undertaking cultural and social activities. In the past,

cultural sites have suffered damage from 4WD activity; the ALCT's longer term plans include establishment of a new wildlife and/or cultural tour operation that would provide economic opportunities for Palawa people. Property management has been delegated to the Tasmanian Aboriginal Centre which oversees a number of ALCT-held properties including the Preminghana Indigenous Protected Area, located 15 kilometres from Kings Run.

This acquisition has enabled around 450 Indigenous people to access what had previously been private property and reconnect with their land and cultural heritage.

Deliverable 2. Land grant

Deliverable 2: Properties granted

Target	Achieved	Next year's target
8	6	8

The ILC has a statutory obligation to divest the properties it acquires to Indigenous corporations.

Divestment of land assists local Indigenous communities to derive land-based benefits that can encompass developing an economic base for future generations, providing training and jobs, looking after culturally and/or environmentally significant country, or securing or expanding the delivery of Indigenous services.

In 2016–17 the ILC formally transferred four properties to Indigenous ownership and provided grant funds for the acquisition of two properties by Indigenous corporations (Table 2). Another four properties (Table 3) had been approved for divestment awaiting transfer of legal ownership at 30 June 2017.

Table 2: Properties granted or entering Indigenous ownership as a result of ILC funding, 2016–17

Property	Location	Size (ha)	Date granted	Title holding body
Murrayfield	Bruny Island, Tas.	4,097	1 July 2016	weetapooona AC
Wooree Miya Women's Refuge (grant funds for ownership)	Perth, WA		5 October 2016	Wungening AC
Kings Run (grant funds for ownership)	Near Arthur River, Tas.	338	10 November 2016	Aboriginal Land Council of Tasmania
Mt Tabor	Near Augathella, Qld		30 November 2016	Goorathuntha Traditional Owners Ltd
Talaroo Station	Cape York, Qld	31,500	28 March 2017	Ewamian AC
69 Haggup St	Brisbane, Qld		5 May 2017	Cooee Indigenous Family and Community Education Resource Centre Ltd

AC = Aboriginal corporation

Table 3: Properties approved for grant and awaiting transfer, 2016–17

Property	Location	Size (ha)	Board approval date	Prospective title holding body
26 Mertin St	Bourke, NSW		Decision 468 dated 19 October 2016	Maari Ma Health AC
Broad Street Lots	Cunnamulla, Qld	10	Decision 487 dated 19 April 2017	Cunnamulla AC for Health
Kooreelah	Chetwynd, Vic.	1,044	Decision 491 dated 21 June 2017	Winda-Mara AC
Myroodah Station	West Kimberley, WA	401,944	Decision 492 dated 21 June 2017	Walalakoo Land Holding AC

AC = Aboriginal corporation



In recent years, the ILC has been accelerating the divestment of properties, including those that have been developed and operated by ILC subsidiary businesses. Two AIA properties were subject to divestment activity in 2016–17: in July 2016 Murrayfield, Tas., was formally granted, and in June 2017 the ILC Board agreed to the grant of Myroodah Station, west Kimberley, WA, purchased in 1999, to Walalakoo Land Holding Aboriginal Corporation. Mount Tabor and Talaroo Stations in Queensland were granted during the year; both were purchased for their environmental and heritage values. Talaroo Station forms part of the National Reserve System and is maintained by the Ewamian rangers.

The ILC's preference is to divest properties acquired as soon as possible (or even simultaneously with acquisition, as was the case with the two acquisitions this financial year); however, the ILC Divestment Policy recognises that some properties and future land-holding entities benefit from a period where the ILC remains involved through property ownership and potentially management. A divestment plan is developed in partnership with the prospective land holder; this may include a lease period to assist the corporation to build its skills and expertise in areas of property ownership

An example of this process is provided by Mount Tabor Station, divested to Goorathuntha Traditional Owners Limited (GTOL) in November 2016. The property was

purchased in 1997 for its many burial and rock art sites. In 2011 the ILC started divestment discussions with a Bidjara Traditional Owner group and in September 2014 Goorathuntha Traditional Owners Ltd was formally established to become the land-holding entity. GTOL entered into a three-year lease with the ILC from January 2015. Since then GTOL has demonstrated its capacity to manage the property and deliver the cultural benefits for which the land was acquired. In recent years Bidjara ancestral remains have been repatriated to the property from the Queensland Museum and a healing centre established. The grant of the land provides the foundation for the next stage of the property's development, including the establishment of diversionary services.

Divestment planning also took place in relation to the Black Theatre Building, constructed by the ILC on a heritage site in Redfern, NSW (first Aboriginal theatre that burned down in the 1980s). In late 2016 the ILC undertook an Expression of Interest process, seeking Indigenous corporations that could take up occupancy in the building and be eligible for future ownership. Two organisations were selected to enter into leases for the Ground Floor and First Floor respectively. The remaining (second) floor had been granted to Gadigal Information Services (Koori Radio) in January 2015.

Wooree Miya Women's Refuge PERTH, WA



At the opening of Wooree Miya Women's Refuge (l-r): Andrea Mitchell MLA, former WA Minister for Mental Health and Minister for Child Protection; Daniel Morrison, CEO, Wungening Aboriginal Corporation; Mariette Cowley, Chairperson, Wungening; former WA Premier Colin Barnett MLA; ILC Executives Trish Button and Kate Alderton; Nathan Morton MLA, former Member for Forrestfield.

The ILC provided \$1 million to the Wungening Aboriginal Corporation to purchase a site in metropolitan Perth for the expansion of Wooree Miya Women's Refuge crisis accommodation and child-support services.

The ILC's commitment helped to secure other funding of more than \$7 million to build new premises, doubling the capacity of the service.

The new refuge was officially opened on 31 January 2017. Wooree Miya is a purpose-built facility, providing safe accommodation for vulnerable clients escaping family violence. A significant and new feature is that Wooree Miya can now accommodate women with older boys, children with disabilities and larger families. Wooree Miya staff are Indigenous, providing culturally appropriate and sensitive care. To provide the level of care required, all staff are trained in the delivery of support services for clients living in trauma. In the first three years of operation it is anticipated that staffing will expand to 11 full-time, one part-time, eight casual and three trainees.

The organisation applied to the ILC for land in 2012. The WA

Housing Authority and Lotterywest provided funding for the new construction and fit-out while the WA Department for Child Protection and Family Support increased Wungening's operational funding to support an expanded child-protection program. Wungening has also applied for support to extend the child-protection program through the Indigenous Advancement Strategy – Community Led Grants. This service model specialises in supporting children in a holistic way; providing improved pathways to wellbeing through educational support, age appropriate development activities, supporting school attendance, providing parent support, and therapeutic responses. Each child is nurtured to develop their physical health, social and emotional competence, language, cognitive and communication skills. Wooree Miya seeks to empower children to improve their circumstances and control their lives, rather than merely surviving through trauma.

The ILC held 45 properties at 30 June 2017 (including ILC-owned properties managed by ILC subsidiaries and Ayers Rock Resort, owned by Voyages). A high proportion of these properties are held by the ILC with active divestment plans at 30 June 2017:

- Central Division: 9 divestment plans
- Eastern Division: 21 divestment plans
- Western Division: 9 divestment plans.

The ILC retains ownership of properties for a longer period in circumstances where a suitable land-holding entity is yet to be identified, where the prospective land-holding group is building its capacity, or where the land itself (quality or scale) is unable to meet its operational costs or support sustainable activities. Where possible, the ILC collaborates with prospective land-holding corporations to work up strategies for viability. An example is the ILC working with Nyaliga Aboriginal Corporation to develop pastoral, tourism and carbon income streams on the ILC-owned Karunjie and Durack River pastoral leases in the east Kimberley, WA.

During the year work was undertaken to strengthen the ILC’s Divestment Policy as part of the refreshed *Our Land Our Future* Program, to put in place more support for land holders following transfer of ownership.

Since 1996 the ILC has disposed of 13 properties where Indigenous benefits were no longer achievable; none were sold this year.

Reacquisition and other dealings in land

The ILC maintains a watching brief on the properties it has divested to Indigenous land holders.

This is to ensure that benefits continue to be generated from the use of the property and the property is not at risk of being lost from the Indigenous Estate.

The ILC has reacquired one property in 2016–17: 76 Dick Ward Drive, Coconut Grove, Darwin, NT, after the title-holding body, Larrakia Nation Aboriginal Corporation (LNAC), was placed under administration. The ILC negotiated an arrangement whereby LNAC surrendered the property to the ILC in return for the ILC’s paying out LNAC’s equity and settling a bank mortgage on the property. LNAC is able to continue its service delivery operations from the property. Total ILC investment remains under the estimated value of the property, which continues to be part of the Indigenous Estate.

A further property, Kalamunda Road, Perth WA, will be returned to the ILC in 2017–18 after an arrangement was agreed with the land holder during this year.

The ILC has responsibilities for land that originate from Deed of Grant conditions as well as interests in properties transferred to the ILC from organisations such as the former Aboriginal and Torres Strait Islander Commission (ATSIC).

The ATSI Act sets out that a land holder cannot dispose of or mortgage an ILC-granted property without the ILC’s consent. The caveats placed on the titles of properties divested help to ensure that the land continues to deliver benefits for Indigenous people, remains in Indigenous control and used for the purposes for which it was acquired. The ILC’s caveat does not affect an Indigenous corporation’s normal use and enjoyment of their property or their full ownership of the land.

The ILC receives requests from time to time to dispose of or mortgage property from Indigenous corporations looking to expand economic development opportunities or reduce organisational risk. Each case is considered on its merit. Table 4 shows the requests from Indigenous land holders approved in 2016–17.

Table 4: Other dealings in land approved, 2016–17

Group	State	Request
Numul Numul AC	NT	Consent to amendment on title of sublease in favour of Hammaco PL
Warri Assoc Inc	WA	Foreclosure sale of Mt View Farm (ILC-granted), as permissible under Deed of Priority dated 18 May 2012
Larrakia Nation AC	NT	Land voluntarily transferred to ILC

AC = Aboriginal corporation

Deliverable 3. Employment and training projects

Deliverable 3: Employment and training projects implemented on ILC agricultural and tourism businesses

Target	Achieved	Next year's target
11	12	Not applicable*
Note: The achieved total does not include Merriman Shearing School or NCIE, as these did not operate on tourism or agricultural businesses. * This measure has been deleted for 2017–18.		

During 2016–17 training-to-employment projects operated on the following 12 properties, managed by the ILC's tourism and agribusiness subsidiaries:

- Voyages Indigenous Tourism Australia: Ayers Rock Resort, NT; Mossman Gorge Centre, Qld; Home Valley Station, WA
- Australian Indigenous Agribusiness Company: Bulimba Station, Crocodile/Welcome Stations, Merepah Station, Qld; Roebuck Plains Station, Roebuck Export Depot, Myroodah

Station, Cardabia Station, WA; Murrayfield Station, Tas.; Gunbalanya Meats, NT.

Voyages has a well-established National Indigenous Training Academy at Ayers Rock Resort (Yulara, NT). Around 100 Indigenous trainees at any one time undertake residential accredited enterprise-based training each year, with flexible placements across the three Voyages sites for trainees and employees.

Deliverable 4. Regional land management

Deliverable 4: Regional land management projects implemented

Target	Achieved	Next year's target
12	15	Not applicable*
* The measure in the PBS 2017–18 encompasses all active ILC Group projects and does not make a distinction between land acquisition and land management or regional and other land management; this distinction relates to superseded program arrangements.		

In 2016–17 the ILC continued to support a diversity of land management projects, ranging from the significant-scale operations of Ayers Rock Resort to the multi-faceted Real Jobs Program in the Northern Territory, to provision of small grant funds for safety remediation on Indigenous-held properties.

Regional land management projects are typically multi-year and involve larger tracts of land, in collaboration with other agencies and partners. Regional projects are also a vehicle for developing a knowledge base in emerging industries such as carbon farming.

The ILC set a target of 12 regional projects in the PBS 2016–17; this target was exceeded with 15 projects being funded including projects managed by ILC subsidiary AIA. The revised guidelines around *Our Land Our Future* have seen more intensive development of these larger regional projects.

An example of the ILC's achieving Deliverable 4 is the landscape-scale Northern Territory Savanna Fire Management (SFM) Program (see CASE STUDY: REGIONAL LAND MANAGEMENT). The project reflects the ILC's role as a pioneer in carbon farming on Indigenous-held land, commencing on the ILC-owned Fish River Station, NT, in 2012. In partnership with various government, community and philanthropic partners the ILC has investigated a

range of SFM methodologies so that Indigenous owners can participate in the Australian Government's Emissions Reduction Fund and generate new sources of income beyond conventional agribusiness.

Two methodology-development projects (regional land management projects managed by AIA) were finalised during the year: Charles Darwin University are undertaking final assessment on the SFM methodology for pindan vegetation that should enable Indigenous land holders in the south-west Kimberley to participate in abatement projects, and the biosequestration (woody debris) methodology should also be available for use next year. A further project on biosequestration in living vegetation is under development with multiple partners, with contracts to be signed in 2017–18.

Fire projects were undertaken on a number of ILC-owned properties in 2016–17 including Fish River Station, NT, and Merepah Station, Qld. In addition a number of land management projects are funding third parties to advance fire projects on their land. AIA provided support to the Kija Fire project, east Kimberley, under a fee-for-service arrangement with the Kimberley Land Council.

NORTHERN TERRITORY Savanna Fire Management Program



Strategic burning early in the dry season prevents higher CO2 release from large, uncontrolled fires, protecting the landscape and off-setting greenhouse gas emissions.

A significant 20-year project, the Northern Territory Savanna Fire Management (SFM) Program was officially launched on 29 May 2017 by the Minister for Indigenous Affairs, ILC Chairperson, and INPEX President Director Australia.

A partnership between INPEX and the ILC, the SFM Program had been subject to negotiation between the two parties since 2013. It arises from a voluntary agreement between INPEX and the Northern Territory Government to offset greenhouse-gas emissions associated with the Ichthys onshore LNG facility being developed by INPEX in Darwin.

Starting in early 2017, the ILC through its pastoral subsidiary AIA is managing and delivering the program on a cost-recovery basis. AIA is working work with Indigenous land holders across the Territory to plan and implement fire projects, using funds from a trust established by INPEX receiving around \$2 million a year.

The funds will support feasibility assessments, business planning, training, fire-management operations and the purchase of plant and equipment for Indigenous groups. AIA has established an office in Darwin to house a Program Manager and Program Officer who are engaging with Indigenous land holders on participation in the program.

Strategic burning early in the dry season when conditions are cool and grass has not yet dried off can help to prevent large wildfires that burn out of control late in the dry season. These hot fires damage the landscape and release high volumes of greenhouse gases into the atmosphere each year. Early dry season burning can also help protect biodiversity and cultural sites.



Deliverable 5. Other land management

Deliverable 5: Property-based, property management planning land management projects assisted

Target	Achieved	Next year's target
60	63	Not applicable*
<p>Note: Measures the number of land management projects (excluding regional projects above) in implementation across the ILC's three divisions in 2016–17 (21 new; 36 ongoing), as well as six projects managed by AIA (excluding projects related to the company's business operations).</p> <p>* The measure in the PBS 2017–18 encompasses all active ILC Group projects and does not make a distinction between regional and other land management; this distinction relates to superseded program arrangements.</p>		

Other land management projects are typically based on one property (though some involve several) and provide funding for a range of purposes including economic-development or property-management plans, feasibility studies, infrastructure, equipment, property

refurbishments/upgrades, landscaping, training and capacity building, or urgent health and safety needs affecting people or stock. For projects approved in 2016–17, see Table 1.

KPIs 1 and 2. Direct Indigenous employment and training

The ILC prioritises Indigenous employment and training across the ILC Group and invests in Indigenous training and career opportunities through ILC subsidiaries Voyages and AIA, with support from the Australian Government's Indigenous Advancement Strategy (IAS), administered by

PM&C. All trainees in Voyages and AIA are employed by the respective companies, and supported to undertake formal qualifications (Certificates I, II, III or IV) while employed.

KPI 1: Total number of Indigenous staff employed directly through ILC agricultural and tourism businesses

Target	Achieved	Next year's target
450	542 447 (tourism) 95 (agribusiness)	Not applicable*
<p>Note: Counts all employment during the reporting period (flow data not point in time data); includes all employment measures: full-time, part-time, casual/seasonal, traineeships/apprenticeships. The figures do not count the trainees enumerated under KPI 2 who are also employed by Voyages and AIA.</p>		

KPI 2: Total number of Indigenous trainees employed through ILC agricultural and tourism businesses

Target	Achieved	Next year's target
200	255 223 (tourism) 32 (agribusiness)	Not applicable*
Note: Counts all trainees employed during the reporting period (flow data not point in time data).		
* These measures and associated targets in 2017–18 encompass direct employment and training across the ILC Group, not just on agricultural and tourism businesses.		

Indigenous employment and training in Voyages

Voyages ended the year with an Indigenous workforce of 418, representing 38 per cent of the total workforce, an increase from 37 per cent in the year before. The 418 Aboriginal and Torres Strait Islander employees were fulfilling roles across Voyages three tourism properties and the Corporate Office in Sydney, NSW.

Ayers Rock Resort continued to build the Indigenous workforce with 328 full-time Indigenous employees by the end of the financial year. A focus in the past year has been developing Indigenous employees to fulfil supervisory and leadership roles through leadership programs. More than 20 per cent of the Indigenous-employee base (excluding trainees and Real Jobs participants) were in above-entry level positions at year's end.

Voyages continued to support local Indigenous communities through employment, training and purchase of goods and services. At Ayers Rock Resort, the Anangu workforce included two direct hires, one trainee and

13 employees under the NT Real Jobs Program (see page 19). Ayers Rock Resort also continued to support work-experience placements for Anangu Pitjantjatjara Yankunytjatjara (APY) Lands schools. Mossman Gorge Centre and Home Valley Station assisted local employment and training through targeted recruitment activities.

Voyages offered 111 traineeship placements in 2016–17, with trainees undertaking accredited, industry-driven enterprise-based training in Hospitality, Tourism, Horticulture and Retail at Ayers Rock Resort's National Indigenous Training Academy or Mossman Gorge Training Centre. The flexible traineeship model saw six trainees transfer from Ayers Rock Resort to Home Valley Station on its reopening after the wet season.

In November 2015, the ILC Board approved funding for Voyages to deliver its Indigenous training and employment strategy from February 2016 to June 2018. Voyages secured IAS funding for 2016–17 and 2017–18, dependent on reaching milestones for individual commencements.

Table 5: Employment and training outcomes for Voyages tourism businesses, 2016–17

	Indigenous employees	Indigenous trainees	Total Indigenous participants	Non-Indigenous employees	Total staff and participants
Ayers Rock Resort	368	175	543	956	1,499
Mossman Gorge Centre	71	37	108	15	123
Home Valley Station	8	11	19	64	83
TOTAL	447	223	670	1,035	1,705
Flow data.					

VOYAGES RISING STAR

Chris Tannock



Chris Tannock with his Accor Asia Pacific Rising Star Award.

Voyages is committed to increasing representation of Indigenous employees in senior, supervisory and leadership roles.

Chris Tannock, Front Office Assistant Manager at Ayers Rock Resort's Desert Gardens Hotel, has developed his career through Ayers Rock Resort's traineeship and Indigenous leadership programs.

Chris is from a proud Indigenous family who are Yimen people. Chris left Townsville in 2014 to join Ayers Rock Resort as a trainee with the National Indigenous Training Academy. His first training placement was in the Front Office of Sails in the Desert. He graduated in April 2015 and moved to the Outback Pioneer Hotel and Lodge to gain more knowledge of hotel operations.

Chris quickly proved himself a valuable asset including supporting industry partnerships by signing up guests for the Accor loyalty program. Chris was soon promoted to Front Office Supervisor and placed in the Jetstar Indigenous Leaders program—one of Voyages Indigenous leadership programs supported by industry partner Jetstar.

The leadership program led Chris to an Assistant Manager position with the Outback Pioneer Hotel, a role where he used this leadership training to develop other Indigenous trainees and employees including as a mentor for new Step Up program participants. Voyages Step Up program provides Indigenous employees with supervisory skills training.

Chris's talent has been formally recognised within the industry. In November 2016, he won the Accor Asia Pacific Rising Star Award at the Accor Hotels Pacific Franchise Awards. In June 2017 Chris won the AHA Aristocrat Technologies Hospitality Rising Star Award.

Chris hopes to move to a Front Office Manager role and undertake study that would lead to a more senior role within Voyages. Over the next five years Chris's goal is to work towards a General Manager position and Voyages is committed to continuing to develop Chris and other Indigenous employees to increase representation of Indigenous employees in leadership roles.

Indigenous employment and training in AIA

In 2016–17 AIA employed 32 Indigenous trainees to undertake a full range of activities associated with agribusiness operations; 24 Indigenous people were supported to complete certified training courses. AIA also hosts trainees in the Real Jobs Program, NT (see below).

AIA’s Agribusiness Strategy 2017–21 includes plans to increase the representation of Indigenous people at all levels of the company and, particularly, support the career progression of aspiring Indigenous workers to move from entry-level positions on the pastoral properties through to agribusiness manager or similar roles.

The IAS has provided co-funding for AIA’s training program over two years (2016 and 2017).

Other Indigenous employment and training in the ILC Group

In addition to the Indigenous employees enumerated above, ILC Corporate and Program Delivery employed 27 Indigenous people over the year (flow data) and had five Indigenous trainees hosted by an external provider. Over 2016–17 (flow data) the NCIE employed 70 Indigenous people and operated the Job Ready training program. Participants in this program gain a Certificate II Hospitality, are assisted with job placements, and provided with mentoring and support throughout their placements; 44 participants were supported into training and/or employment in 2016–17.

At 30 June 2017, 41 per cent of employees across the ILC Group were Indigenous Australians, and both AIA and the NCIE have Indigenous CEOs.

KPI 3. Enabled Indigenous employment

KPI 3: Total number of Indigenous employment outcomes enabled through land acquisition and land management projects

Target	Achieved	Next year’s target
500	993	500
Note: Data collated from reports provided by recipients of ILC assistance for projects in implementation (excluding ILC subsidiary projects). Includes all employment types: full-time, part-time, casual/seasonal, contract, apprenticeships and traineeships, of whatever duration, at any time during the financial year.		

Through its land acquisition and land management projects, the ILC enables training and employment outcomes to be achieved by third parties: Indigenous corporations, land holders, service-delivery agencies and enterprises.

The Real Jobs Program operating in the Northern Territory was a major contributor to the total of 993 enabled employment positions. So too were regional and other projects funded by the ILC, often in collaboration with other parties:

- development of the Kimberley Land Council office precinct, Broome, WA – 49 full-time, 10 part-time and 39 casual positions
- North West Pastoral Program, SA – 42 full-time positions
- Clontarf Campus, WA – 38 full-time, 7 part-time positions.

Real Jobs Program, NT

The ILC receives a direct appropriation from the Australian Government to implement and administer the Real Jobs Program (RJP) in the Northern Territory. The RJP supports

150 full-time equivalent Indigenous positions through contracts with 15 organisations in the land management, tourism and agribusiness sectors. Contracts provide funding for wages, on-costs, training, coordination, mentoring, operational expenses, and small plant and equipment. The program’s objective is to employ and train Indigenous people, and to build individual capacity to take up employment outside the RJP. The RJP delivers benefits to individuals, their families and communities, as well as supporting the development of Indigenous businesses.

In 2016–17, the RJP provided \$8.3 million to support the employment of 206 individuals and the completion of 234 training courses. RJP employees have a high retention rate of 74 per cent. The RJP has been promoting gender equity throughout its projects; 28 per cent of all RJP participants in 2016–17 were female. Sixteen participants moved into external employment.

Through the RJP, the ILC supports 69 ranger positions within 12 ranger groups. Ranger groups undertake biodiversity monitoring, fire management, weed and feral-animal control, cultural-heritage management and community activities.

The ILC works with the NT Cattlemen’s Association, ILC subsidiary AIA and the Central Land Council (CLC) to develop a workforce of skilled Indigenous people and future leaders in the pastoral industry.

In the tourism sector, the RJP supports 23 full-time equivalent positions through collaboration with ILC subsidiary Voyages, Nitmiluk Tours, Lirrwi Tourism and Adina Vibe Hotel Darwin Waterfront. Employees work in various roles, undertaking training and on-the-job skills development.

In 2016–17, 12 of the 15 contracted organisations undertook enterprise development. The RJP project at Nitmiluk Tours has built on previous support from the ILC and IBA; RJP employees provide cultural tours to guests and work in various sections of the enterprise including river cruises, housekeeping, food and beverage service, the camp ground and reservations. One RJP participant transitioned into employment at Cicada Lodge after successfully completing a Certificate III in Hospitality.

The RJP also provides social and cultural benefits. RJP groups supported 120 community events involving 356 individuals where RJP participants worked with young people and Elders to maintain and revitalise culture through access to country. Fish River rangers engaged with local Elders to undertake prescribed burning around important cultural sites. CLC rangers at Harts Range supported a cultural trip to Spotted Tiger Rockhole with 23 junior rangers from Atitjere. CLC rangers from Santa Teresa held a cultural knowledge youth



Merriman Shearing School is supported by ILC land management assistance. Graduates exit the program with industry grade skills in shearing, wool handling, workplace safety, animal husbandry, and fencing.

learning camp at Pantharripilenhe attended by 30 young people and six Traditional Owners. Julalikari Council Aboriginal Corporation nursery staff supported healthy-eating programs in Tennant Creek by supplying fresh fruit and vegetables to community members.

KPI 4. Enabled Indigenous training

KPI 4: Total number of Indigenous training outcomes enabled through land acquisition and land management projects

Target	Achieved	Next year’s target
1000	1474 completions 2203 participations	1000
Note: Data collated from reports provided by recipients of ILC assistance for projects in implementation (including one subsidiary project). Training participants undertook a variety of accredited and non-accredited courses, of varying durations, in areas including land management, natural resource management, agriculture, horticulture, horsemanship, pest control, construction, mechanics, hospitality and catering, corporate governance, business and financial management, and work health and safety.		

Regional and multi-site projects accounted for a significant proportion of training outcomes, including the Real Jobs Program, NT. Projects contributing to training outcomes included:

- Clontarf Campus, Perth, WA – 737 training participants, 311 completions
- Edible Gardens training, Kimberley, WA – 679 training completions
- Real Jobs Program, NT – 234 training completions

- North West Pastoral Program, SA – 61 training participants
- Tauondi College horticulture, Adelaide, SA – 43 training participants
- Decca Station infrastructure, WA – 41 completions
- Merriman Shearing School, NSW – 32 completions
- Mamabulanjin AC Green Army projects – 50 training participants, 18 completions.

The Indigenous Pastoral Program, NT, managed by AIA, enabled 15 training completions.

Merriman Shearing School

Merriman Station, a 16,000-hectare sheep property on the outskirts of Brewarrina, NSW, is the venue for an ILC-operated Indigenous shearing school that trains young Indigenous people for paid jobs in the wool industry. The school has been co-funded by the ILC, PM&C and Australian Wool Innovation.

Merriman Shearing School hosts a three-week pre-vocational course followed by a 13-week practical training program covering shearing skills, workplace safety, wool handling, animal husbandry, fencing and life skills. The programs are underpinned by strong industry partners. Bateman Shearing, an Indigenous

shearing contractor, provides training and mentoring, MEGT provides employment services and the University of Queensland (Gatton Vocational Education Centre) provides accredited training for the school. In addition, an agreement with a local grazier ensures a supply of up to 8,000 sheep and an income source to assist in meeting training costs for the school each year. By the end of their time at Merriman, trainees are expected to be able to shear the industry minimum of 80 sheep a day. In addition, the trainees gain other rural industry skills and complete a nationally accredited Certificate II in Rural Operations (Shearing and Wool handling).

In 2016–17, 41 young Indigenous people participated in the training, with 32 completions.

KPI 5. Properties with improved land management

KPI 5: Total number of Indigenous-held properties with improved land management

Target	Achieved	Next year's target
130	Not applicable	Not applicable

The ILC Board approved discontinuation of this as a measure in December 2016. It is considered no longer meaningful for the ILC to measure its impact by number of properties. The ILC supports projects that operate

widely across vast tracts of Indigenous-held land e.g. ranger programs operating on Northern Territory Aboriginal Land Trusts or determined native title areas.

KPI 6. Protecting Indigenous culture, heritage and the environment

KPI 6: Proportion of ILC-assisted projects that protect cultural and environmental heritage values or maintained culture

Target	Achieved	Next year's target
50%	48.4%	50%

Note: Proportion relates to the number of land acquisition and land management projects in implementation, not their value; counts third-party projects in 2016–17 reporting benefits against the relevant indicators as well as subsidiary projects.

KPI 6 reflects the emphasis placed on culture and the environment in the NILS 2013–17. The ILC's Heritage Strategy informs the ILC's work to protect environmental and cultural values across the Indigenous Estate. In 2016–17, 61 out of 126 active land acquisition and land management projects related to Indigenous culture, heritage and the environment, including 25 land management projects undertaken through ILC subsidiaries (three Voyages, 21 AIA, one NCIE).

This year benefits recorded indicate that the 36 active third-party projects:

- enabled more than 8,600 Indigenous people to participate in cultural maintenance and revitalisation activities; these include back-to-country trips, traditional skills and language workshops and culture and healing camps
- helped to protect 174 culturally significant sites and 10 sites with environmental heritage values across

Australia through activities including fencing, weed eradication and fire management

- enabled more than 1,940 Indigenous people to access country.

The ILC’s support for ranger and other natural-resource management activities, through the Real Jobs Program and land management projects, complements support given by the Australian Government through the Working on Country and Indigenous Protected Areas programs.

On its agribusiness properties, AIA continued to work with Indigenous land owners and natural resource management agencies to develop integrated grazing and environmental management plans incorporating cultural site management, threatened species management, restoration of high-productivity grazing areas and rangeland condition monitoring. The ILC Group’s three tourism enterprises actively promote Indigenous culture to travellers, working with local Indigenous people as cultural interpreters, guides or performers. The National Centre of Indigenous Excellence is a significant heritage and cultural site in Redfern, NSW, and Clontarf Campus has similar historical resonance in Perth, WA.

KPI 7. Collaboration

KPI 7: Proportion of projects that were collaborative and leveraged funding from other agencies

Target	Achieved	Next year’s target
66%	44.4%	60%
Note: Proportion relates to the number of land acquisition and land management projects in implementation in collaboration with partners (beyond the project proponent), not the value of the ILC’s investment in collaborative projects. It measures all forms of collaboration (funding and in kind) with third-party partners: government, non-government and private-sector.		

The ILC prioritises collaboration in projects as a means of adding value to the ILC’s own funding and expertise. Table 1 shows the diversity of collaborators in ILC Group projects, including other government agencies and private and non-government organisations. In 2016–17, 56 projects involved collaborations: 42 third-party and 14 land management projects operated by subsidiaries (three Voyages, 10 AIA, one NCIE).

Collaboration is basic to the operation of the NCIE as a social enterprise engaging government and corporate partners; the extent of collaboration achieved in 2016–17 is outlined in the NCIE’s report on pages 38–40.

The ILC’s commitment to working collaboratively was strengthened with the launch of the *Our Land Our Future* Program in March 2015 and the program revisions

Social service provision

Indigenous culture is also strengthened by the provision of social support. Many ILC urban acquisitions and land management projects relate to providing better or more secure premises for Indigenous service-delivery organisations. In 2016–17 more than 2,260 Indigenous people accessed social services provided by corporations benefiting from active ILC land acquisition and land management projects. Contributing to this total were:

- Aboriginal Family Violence Prevention and Legal Service Victoria (Hoddle Street, Melbourne) – 354
- Yorgum AC family services (Bramall Street, East Perth, WA) – 300
- Cooee Indigenous Family and Community Education Resource Centre (Haggup St, Brisbane, Qld) – 189
- Wooree Miya Women’s Refuge, Perth, WA – 65.

Note that these projects, though of considerable cultural significance, are not counted in deriving the proportion for KPI 6.

developed this year. Twenty of the 31 new *Our Land Our Future* projects approved in 2016–17 are collaborative. Collaboration is an important priority of the current ILC Board, given its commitment to position the ILC as a key partner in maximising use of the Indigenous Estate through strategic partnerships.

It should be noted that all ILC projects involve collaboration with the project proponent (proponent engagement being one of the program-assessment criteria), and many proponents contribute significantly to the value of a project either financially or in-kind. The ILC is reviewing the definition of collaboration in this context to ensure who and what we capture as collaborative effort in project development is correctly reflected in the performance measure.



Kuku Yalanji elder Roy Gibson speaking with Mossman Gorge visitors. Mossman Gorge Centre, adjacent to the gorge, is an Indigenous ecotourism development constructed by the ILC and operated by Voyages Indigenous Tourism Australia in collaboration with the local Kuku Yalanji people.

Additional measure: Indigenous business development

Number of Indigenous enterprises assisted by ILC Group projects

Target	Achieved	Next year's target
50	54	60
Note: Figure does not include businesses supported through ILC Group procurement or businesses operated by ILC subsidiaries.		

This is a new measure introduced by the Board this year to reflect the Board’s more commercial focus and the Australian Government’s policy priority of Indigenous business development.

The calculation of the number of businesses assisted includes 21 active projects that have achieved benefits in relation to business development in 2016–17, as well as 12 Indigenous businesses supported by the Real Jobs Program and 21 Indigenous pastoral enterprises assisted by AIA pastoral-extension services.

Of the 31 new projects approved this year (most not yet in a position to report benefits) four support Indigenous tourism enterprises and eight relate to agribusiness (excluding the ILC Group’s own agribusinesses), six involving pastoral properties and two horticulture. Four additional projects relate to bush foods and carbon.

In discussions with potential strategic partners across the Indigenous Estate, the ILC made a commitment to fund and/or second resources into key Indigenous

organisations to build their commercial capability and help identify land-based enterprise opportunities. The first such project to be approved is for the six-month engagement of a business development officer at Quandamooka Yoolooburrabee Aboriginal Corporation, which holds native title land with significant tourism potential on Moreton and Stradbroke Islands, Qld.

ILC Indigenous Procurement Policy

The ILC is also supporting Indigenous business development through a renewed commitment to the procurement of goods and services from Indigenous enterprises. In October 2016 the Board approved an Indigenous Procurement Policy, in response to the Australian Government policy launched on 1 July 2015. The ILC modified its systems to capture the corporation’s spend on Indigenous goods and services and, based on data from 2016–17, has set Indigenous procurement targets of 5 per cent for purchase of goods and services. The ILC recorded Indigenous procurement of 5 per cent in 2016–17 at a value of more than \$6.2 million.

Additional measure: ILC Group contribution to the Indigenous Estate

The Indigenous Estate is a central concept in the strategy of the ILC Board. The concept comprises tangible assets including land and water and the resources located on or within them (to the extent allowed by Australian law) and intangible assets: Indigenous people and their cultural knowledge.

The Australian Government estimates that Indigenous people now own some 40 per cent of the continent's land mass under various forms of title. The land has been acquired through land rights legislation, purchase and, in recent decades, native title determinations. The rights arising from these titles vary, as does the commercial capability of the land to which these rights attach.

The land-based Indigenous Estate is not yet a significant source of prosperity for its Indigenous owners; this was recognised in the *White Paper on Developing Northern Australia* and the associated *COAG Investigation into Indigenous Land Administration and Use* (both 2015). Indigenous-held land is dispersed, largely in remote northern and central Australia, and much of the land is regarded as poor quality in mainstream economic terms. It is generally recognised that the many barriers to development of Indigenous-held land need to be tackled in an intense and systematic way, particularly if the Australian Government is to deliver on its agenda to develop northern Australia.

The ILC has hitherto focused effort on two industries in regional and remote areas where Indigenous people have a comparative advantage (land, cultural assets) and where barriers to entry and employment are low—tourism and agribusiness. The ILC Board believes that a more systematic approach to realising the Indigenous Estate's potential involves taking advantage of wider opportunities in the Australian economy, including opportunities in more innovative, emerging industries.

During the year the Board has worked to position the ILC to pursue greater diversification and commercial return, in collaboration with other parties, through:

- ensuring the ILC has the resources to make a difference in the longer term through taking a more rigorous approach to return on funds invested (new investment processes beginning 2017–18) and through advocating legislative reform to protect and sustain the Land Account (see below)

- assessing the Indigenous Estate against available and potential opportunities so that informed choices about development can be made—a longer term project to 'map' the Indigenous Estate is under development, in collaboration with IBA
- thinking innovatively and laterally, looking to new sources of income—the ILC's investment in projects is now guided by five priority streams: niche products, renewable energies and urban development, in addition to tourism and agribusiness
- building the capacity of Indigenous owners including through the forging of strategic alliances with significant regional organisations—during the year the ILC pursued a program of meetings with key Indigenous leaders/organisations across Australia, most involving the Chairperson and ILC Group CEO.

Reforms to the Land Account

A priority of the ILC Board is to ensure the long-term sustainability of the Aboriginal and Torres Strait Islander Land Account, the ILC's primary source of income. There has been concern for some time that limitations on the Land Account's investments (mandated by the PGPA Act) and the requirement to pay a minimum amount to the ILC annually are likely to erode the Land Account's capital base. In the current low-interest-rate environment, the Land Account is not meeting its benchmark return of CPI + 2.6 per cent (currently 4.1 per cent) and is unlikely to do so for the foreseeable future.

The Board agreed in April 2016 to establish a Land Account Expert Advisory Panel, comprising high-level expertise in public and private-sector finance. The report of the Expert Panel, received in December 2016, made seven recommendations for legislative reform principally relating to the Land Account's investment parameters and management (see Appendix 4). The Board accepted these recommendations and after discussion with the Minister and his department, it was agreed that the ILC would undertake a consultation process with Indigenous stakeholders, funded by PM&C, on the future of the Land Account. This process commenced in July 2017 and will conclude in September 2017.



Mustering cattle for sale, Roebuck Plains Station, WA, managed by ILC subsidiary AIA.

Extending the ILC's remit to water

The consultations on the ATSI Act are also canvassing whether the ATSI Act should be amended to enable the ILC to invest in salt and fresh water projects (for example, fishing licences, maritime aquaculture). To date the ILC has given the word 'land' in the ATSI Act its ordinary definition, as the solid portion of the earth's surface that can be the subject of real property interests such as freehold and leasehold estates.

To clarify this issue the ILC in late 2016 sought external expert legal advice which concluded that it would be imprudent for the ILC to begin such investments without amendments to the ATSI Act, though projects could be assessed on a case-by-case basis.

Pending the results of the consultations above, amendments to the ATSI Act, if agreed by the Australian Government and Parliament, would enable ILC investment in water-based projects, generating not just commercial benefits to Indigenous groups but also opportunities to reconnect with and care for water country.

Collaboration with IBA

An important part of the Board's agenda is working more closely with IBA to achieve efficiencies, synergies and enhanced joint support to Indigenous Australians' aspirations. Identified opportunities for efficiencies include office co-location (effected during 2016–17 in Adelaide, Perth and Canberra) and cooperative procurement, with a purchaser-provider model being considered on a case-by-case basis.

Most importantly, the ILC and IBA will continue to cooperate on projects aimed at developing the Indigenous Estate. Joint ILC–IBA meetings have been held with a number of regional Indigenous groups.

ILC Urban Strategy APRIL 2017



National Centre of Indigenous Excellence.

The ILC's Urban Strategy prioritises investment to:

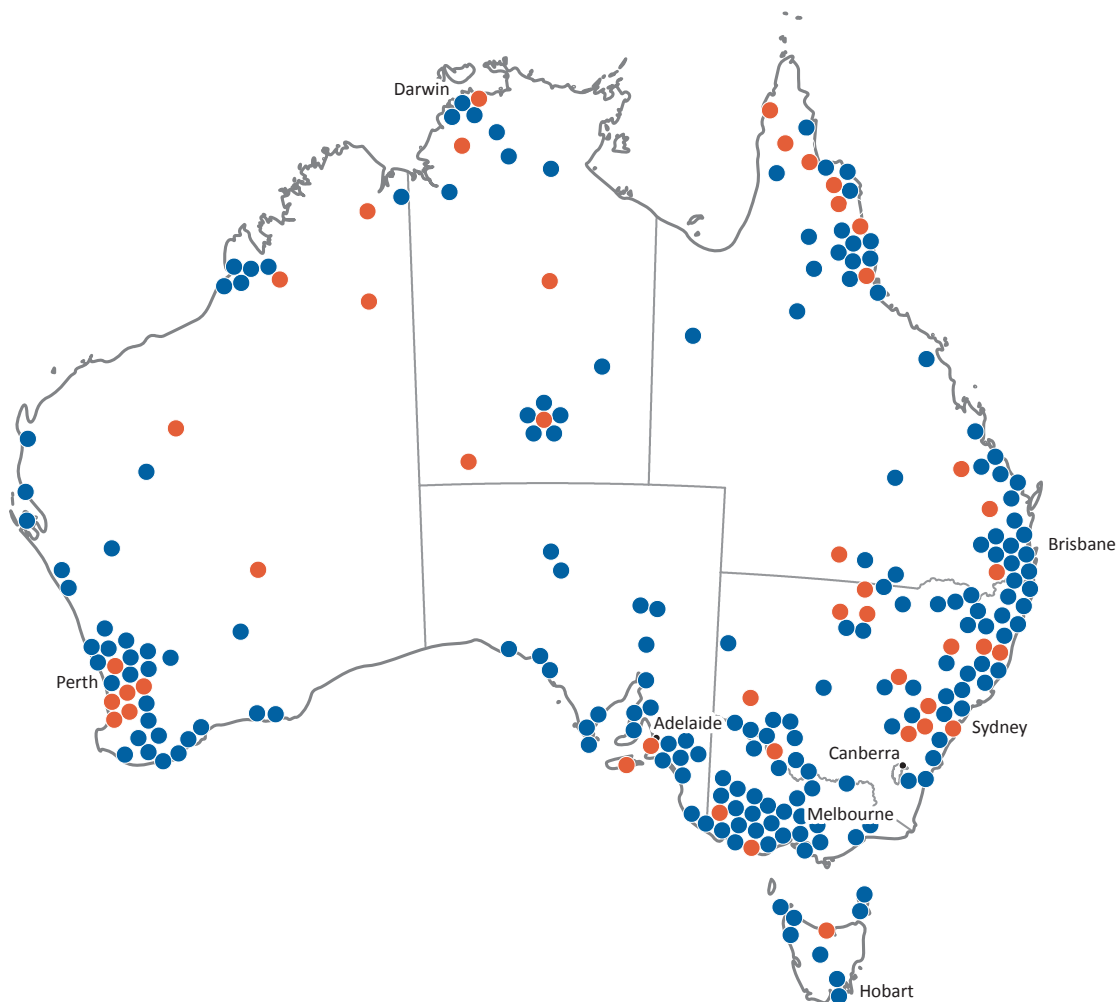
- Redressing dispossession by protecting urban places of cultural and historical significance, and growing cultural and social assets
- Developing and redeveloping urban property assets—driving greater economic returns and building wealth
- Maximising the productivity and use of urban property assets to deliver the greatest benefits for Indigenous people, including social benefits and training and employment opportunities
- Building investments, partnerships and collaborations that grow the urban Indigenous Estate, collaborating with IBA and social and commercial investors.

The strategy builds on many existing activities in urban areas. The ILC holds in trust two urban campuses: the

National Centre of Indigenous Excellence in Sydney, NSW, and Clontarf Campus in Perth, WA. Both sites were being assessed during 2016–17 with a view to maximising the highest and best use of these assets to generate economic sustainability and Indigenous benefits.

In recent years major acquisitions have involved premises for significant Indigenous services organisations in capital cities and major regional centres. The ILC sees value in increasing the visibility of Indigenous urban assets as a means of highlighting the Aboriginal and Torres Strait Islander presence in urban areas, creating meeting places, and facilitating delivery of services at integrated hubs.

Two current projects involve the potential subdivision and redevelopment of ILC-owned urban sites: Curedale Street near Fremantle, WA, and Warriparinga in Adelaide, SA. Both projects are seeking to develop Elders' villages.

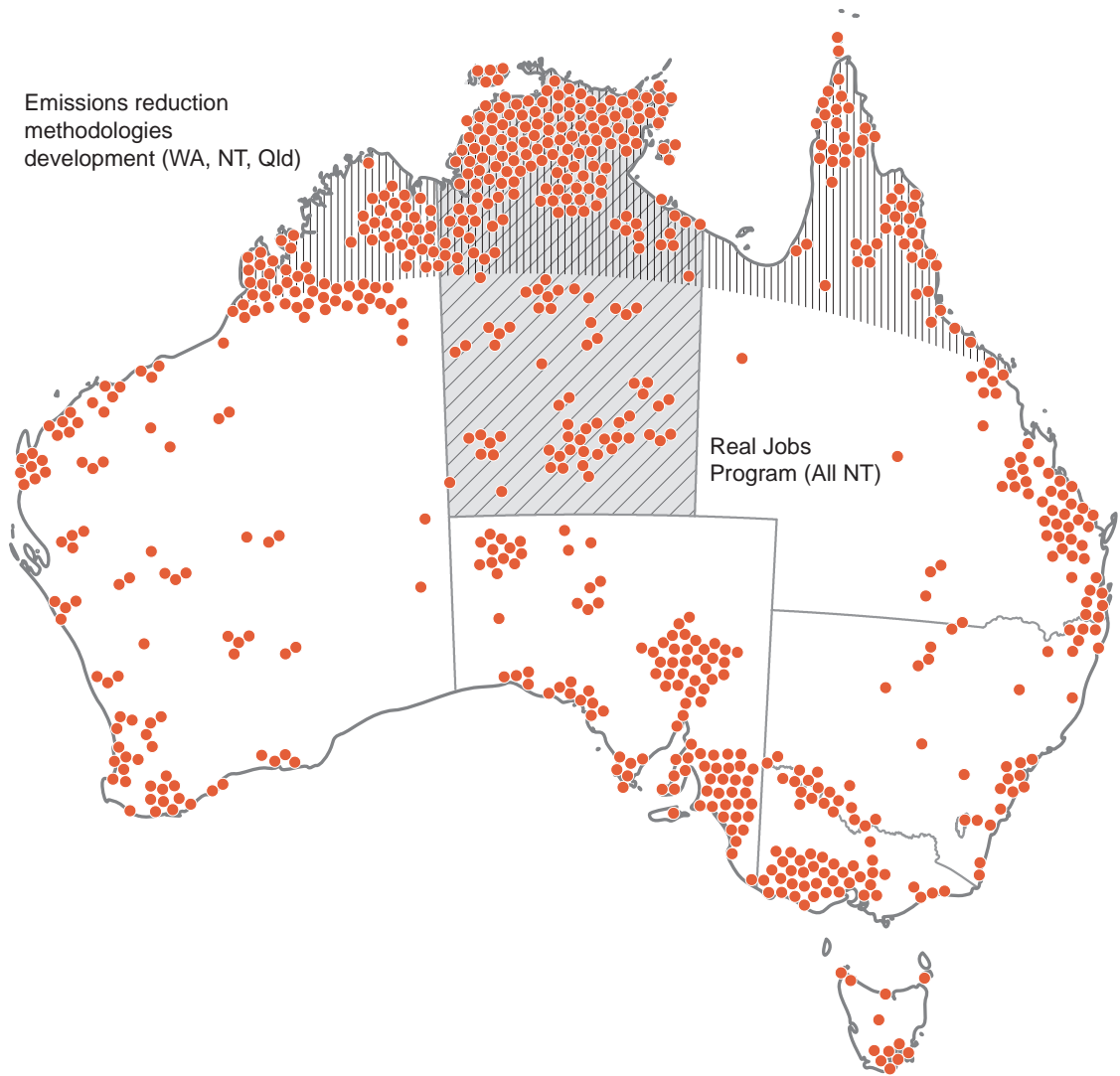


ILC held and granted property locations

● ILC granted

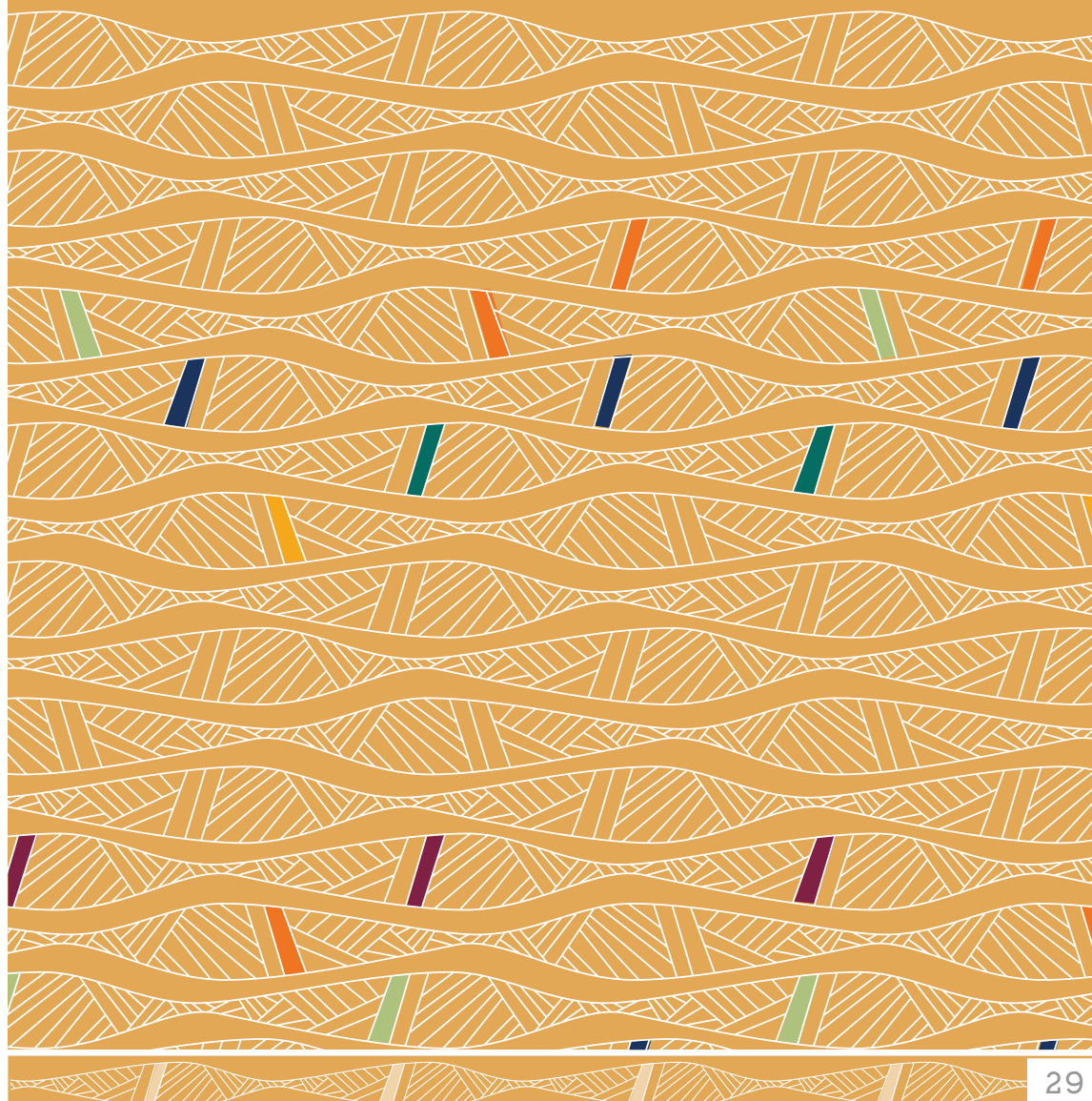
● ILC held

Shows all properties aquired/granted by the ILC since its establishment
Points have been cartographically adjusted to illustrate distribution.



Shows all land management projects undertaken by the ILC until 30 June 2017.
Only location-based projects are illustrated.
Points have been cartographically adjusted to illustrate distribution.

PART TWO: ILC GROUP SUBSIDIARIES



ILC GROUP
Indigenous Land Corporation
ABN 59 912 679 254

Voyages Indigenous Tourism

Australia Pty Ltd

ABN 82 146 482 591

Head office: Sydney, NSW

CEO: Andrew Williams

Mutitjulu Foundation

ABN 63 494 833 077

Australian Indigenous

Agribusiness Company Pty Ltd

ABN 28 108 266 548

Head office: Brisbane, Qld

CEO: Craig North

National Centre of Indigenous

Excellence Ltd

ABN 98 133 644 578

Office: Redfern, NSW

CEO: Kirstie Parker (to August 2017)

The ILC Board and ILC Group CEO are actively seeking greater integration across the ILC Group, developing common corporate frameworks in areas such as finance/budgeting, work health and safety (WHS) and reporting (performance and compliance).

The three ILC subsidiary companies are currently subject to review, individually and as part of the ILC Group governance review.

- At 30 June 2017 three reviews relating to Voyages were proceeding (relating to operations; Indigenous engagement at Ayers Rock Resort; and WHS) and will report in the new financial year.
- A consultant has reviewed AIA operations and reported to the June 2017 ILC Board meeting; the recommendations of this report are being pursued by AIA through a 180-Day Action Plan.

- KPMG was engaged to assess the 'highest and best use' of the NCIE's inner-Sydney site; the recommendations of this review are yet to be considered by the ILC Board.

The results of all internal reviews will be available in 2017–18 to inform future Board and management strategies.

The ILC has had a longer-term aim that each subsidiary becomes financially self-sustaining; the current ILC Board has made this a priority given its intention to 'position the ILC to invest in the future' including having more funds available to pursue land acquisition and land management projects in partnership with Indigenous land holders.

Information on subsidiary governance is provided in Part 3 of this report, and individual reports for each subsidiary can be found below.

Voyages Indigenous Tourism Australia PTY LTD



The ILC established Voyages Indigenous Tourism Australia (Voyages) to own and manage Ayers Rock Resort (acquired May 2011) and to assist in the development of Indigenous tourism across Australia.

Voyages operates two other tourism enterprises developed by the ILC on ILC-owned land:

- Home Valley Station, an adventure tourism destination on a pastoral lease in the East Kimberley, WA
- Mossman Gorge Centre, an ecotourism centre north of Cairns, Qld, developed by the ILC in partnership with Traditional Owners.

The ILC underwrites operating shortfalls and capital expenditure at Home Valley Station and Mossman Gorge Centre.

Voyages aims to be a leader in employment and training of Indigenous people in the tourism and hospitality industries, to support the development of Indigenous businesses, and to offer guests unique experiences of Indigenous cultures.

Voyages is the sole member of the corporate trustee of the Mutitjulu Foundation Trust. The Foundation aims to empower Anangu people from Ngaanyatjarra, Pitjantjatjara and Yankunytjatjara communities in the vicinity of Ayers Rock Resort through improved health and education and greater economic participation.



VOYAGES
INDIGENOUS TOURISM
AUSTRALIA

RESULTS IN 2016–17

Business performance

In the 2016–17 financial year Voyages' operations generated Earnings Before Interest, Taxation, Depreciation and Amortisation (EBITDA) of \$29.3 million, up from \$23.1 million in 2015–16. This reported EBITDA is after contributions to the company's Indigenous employment and training programs: \$1.9 million from Voyages, \$2.6 million from the ILC, \$0.6 million from the NT Real Jobs Program via the ILC, and \$1.6 million from the Department of the Prime Minister and Cabinet (PM&C). The operating cash flows generated during the year were used to fund capital expenditure of \$13.8 million and payment of principal and interest totaling \$8 million due on loans secured against Ayers Rock Resort held by Voyages and the ILC (refer 'Debt facilities' below). Voyages' net profit for 2016–17 was \$557,000.

Ayers Rock Resort

Ayers Rock Resort recorded hotel occupancy of 86.6 per cent for the financial year, up from 82.4 per cent the previous year, continuing the strong turnaround in performance of the resort over recent years. Substantial capital investment in refurbishment of the resort together with improvements to the guest experience, effective marketing of the resort and increased aviation access have contributed to the improved performance during the year. Market conditions in the inbound and domestic leisure tourism market remain buoyant, supported by improved economic conditions in key source markets, favourable exchange rates, increased international air capacity into Australia and Australia's reputation as a safe and secure destination.

Field of Light Uluru, an art installation by internationally acclaimed artist Bruce Munro comprising 50,000 stems of coloured light, has been in place at the resort throughout 2016–17 and has driven significant incremental visitation to the destination, supporting the growth in occupancy and revenues and raising the profile of the destination globally through extensive media coverage. In 2016–17 more than 170,000 guests engaged in a *Field of Light* experience.

In 2016–17 Voyages completed the second and final phase of the refurbishment of Desert Gardens Hotel at a total cost of \$5.9 million, for the deluxe rooms and public areas, bringing the total spend on the project to \$11.5 million over two years. This refurbishment has been well received by the market, and the project completed on schedule and within budget.

With the resort enjoying strong demand and occupancy at or near capacity for much of the year, Voyages has adopted a yield-management strategy to increase average rate, supported by ongoing product improvement. Average room rate increased by 10 per cent during 2016–17; the key measure of yield, Revenue Per Available Room (RevPAR), increased by 16 per cent, significantly out-performing all major markets in Australia during the year.

In light of the hotel refurbishments, improved trading performance and positive outlook, the Voyages board considered the CBRE independent valuation and determined the fair value of the resort assets to be \$340 million at 30 June 2017, an increase of \$40 million compared to June 2016.

Debt facilities

The current term loan facility with ANZ Bank of \$120 million will mature on 20 January 2021 with principal repayments totalling \$20 million due over the term of the loan. The first repayment of \$5 million is due in July 2017 and \$2.5 million due every six months thereafter until maturity. Interest is variable at an agreed margin above the bank bill rate. Voyages has entered an interest rate swaps with ANZ for 75 per cent of the loan amount. A total of \$3.6 million in interest payments was made by Voyages during 2016–17. The facility is secured by a mortgage over the Ayers Rock Resort property, an equitable mortgage of shares in the company, and a guarantee from the ILC.

In addition to Voyages' loan facility with ANZ, the ILC holds a \$65 million loan from the Commonwealth. This loan was settled on 1 July 2016 and the proceeds were used to repay borrowings from GPT under vendor finance arrangements in respect of the ILC's purchase of the resort in 2011. The loan is secured by a charge over Voyages' assets and a mortgage over resort assets. Principal and interest payments due on this loan during 2016–17 have been met by Voyages through its operating cash flows.

Home Valley Station

The tourist season at Home Valley operates from May to October each year. For the 2016 season Home Valley recorded an occupancy of 47.6 per cent, compared to 2015 occupancy of 43.4 per cent. After allowing for costs associated with Indigenous engagement programs and wet season property maintenance, Home Valley Station recorded an operating loss of \$837,000 for 2016–17 (subsidised by the ILC), an improvement from a \$1.047 million loss in 2015–16.

Mossman Gorge Centre

Mossman Gorge Centre welcomed 346,000 visitors in 2016–17 during the year, an increase of 8 per cent from 2015–16. Total revenue increased to approximately \$4.9 million, up from \$4.4 million in 2015–16. Total operating loss inclusive of costs associated with Indigenous employment and training programs was \$864,000 (subsidised by the ILC), a marginal increase from a \$843,000 loss in 2016–17 with the improvement in trading performance offset by increased expenditure on Indigenous employment and training programs.

Indigenous employment and training

See page 17 of the Annual Performance Statement.

Showcasing Indigenous culture

In March 2017 Ayers Rock Resort received the Qantas Award for Excellence in Aboriginal and Torres Strait Islander Tourism at the Australian Tourism Awards, the third year in which the resort has received this award. This year the resort was entered into the Australian Tourism Hall of Fame. The resort was awarded not only for the delivery of a daily suite of free Indigenous guest activities but also the significant achievements made at the resort in Indigenous employment, training and development. Mossman Gorge Centre received the bronze award in the same category.

At Ayers Rock Resort, the suite of free daily cultural activities for guests (dance performances, cultural walks, bush-tucker tours and more) are delivered by Anangu people from surrounding communities. The resort's Wintjiri Gallery showcases local arts and crafts. At Mossman Gorge Centre, guests can experience on-country cultural experiences with walks in the rainforest led by Kuku Yalanji guides. The centre's gallery and gift shop feature Kuku Yalanji products.

Mutitjulu Foundation

Voyages' Mutitjulu Foundation raises funds to support Mutitjulu and other Aboriginal communities. In 2016–17 more than \$413,000 was raised in donations from guests, other donations and matched donations from Voyages (\$181,000 in 2016–17). Voyages matches guest donations dollar for dollar up to \$200,000 each year.

Key projects funded by the Foundation in 2016–17 included the Mutitjulu Community Place (refurbishment of a building to create a multi-purpose facility in Mutitjulu); the Kungka Kutjara Songlines Project supporting 30 Anangu women to record ceremonial and site-related knowledge related to the Kungka Kutjara story; Mutitjulu Strong on Country project, a mental health initiative; support for a Mutitjulu Youth Program Coordinator; and a school-holiday program for children.

Looking forward

The outlook for Australia's tourism sector remains positive with favourable market conditions.

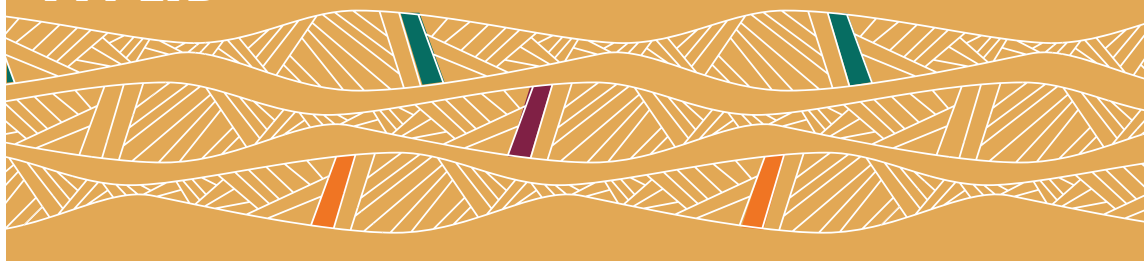
The ILC is working closely with Voyages to address the ongoing challenges of required capital upgrades to an asset of the scale of Ayers Rock Resort operating at or near capacity for much of the year. This includes the proposed expansion of staff housing to enable the former Lost Camel Hotel to be returned to guest-room inventory following a refurbishment planned for early 2018. This will add 100 rooms to the resort's inventory, increasing available rooms by approximately 15 per cent and supporting future revenue and earnings growth.

The ILC is committed to the efficient operation of Voyages and a reduction in the ILC's financial support to its subsidiary within a reasonable period of time. A number of strategies are being pursued to achieve this including the operational review of Ayers Rock Resort and analysis of procurement across the ILC Group.

Voyages will continue to work towards increasing Indigenous employment across its businesses with a particular focus on development at the supervisor and manager level.

Australian Indigenous Agribusiness Company

PTY LTD



Australian Indigenous Agribusiness Company (AIA) Pty Ltd was formerly known as National Indigenous Pastoral Enterprises (NIPE) Pty Ltd. The change of name was effected on 29 June 2017. AIA/NIPE was established to provide a commercial vehicle for the ILC's operations in the agribusiness sector.

Indigenous Australians hold extensive areas of pastoral and potential pastoral/agricultural land, and have a rich historical connection to the pastoral industry, often working and living in communities on pastoral stations that are also traditional lands with significant cultural value.

The ILC Group recognises that the Indigenous Estate has potential to diversify its agribusiness profile into emerging markets and supply-chain opportunities. The change in name of this subsidiary during the year reflects an intention to broaden the base of the business.

In 2016–17 AIA continued to operate 14 commercial businesses (see Table 7), 13 in the northern cattle

industry, across some 2,150,000 hectares of Indigenous-held land. This land is either owned by the ILC or leased from Indigenous land holders. Income generated from AIA activities is reinvested in the properties it operates to sustain and increase benefits to Indigenous people.

2016–17 was a year of transition. Significant changes were made to enhance AIA's commercial performance and reposition the company as a partner of choice in growing and realising the broader agribusiness potential of the Indigenous Estate. These changes included:

- appointment of the first stand-alone CEO, Craig North, in August 2016; Mr North took up this role as a secondee from the ILC Senior Executive
- transfer of the ILC's environment and carbon business areas to AIA
- development of a new Agribusiness Strategy 2017–21, superseding previous strategies
- a review of pastoral operations to make operational recommendations to improve performance.



AUSTRALIAN
INDIGENOUS
AGRIBUSINESS
COMMERCE + CULTURE

The Agribusiness Strategy 2017–21, approved by the ILC Board in February 2017, aligns with the ILC Board's vision and direction and sets out a five-year plan to support the growth, diversity, sustainability and profitability of the wider Indigenous agribusiness sector. AIA is evolving its investment models to enable Indigenous groups to

engage in the sector through commercial mechanisms such as joint ventures and equity partnerships (in line with developments in the ILC's *Our Land Our Future* Program). A visual identity for the renamed company was also developed for roll out in the new financial year.

RESULTS IN 2016–17

Financial performance

AIA generated total income of \$19.7 million from various sources including its pastoral businesses as well as carbon and environment activities. AIA also receives income from government agencies to support employment and training for Indigenous people.

AIA's total operating expenses were \$30.9 million. The ILC's contribution to AIA's operations in 2016–17 was \$10.2 million. The ILC Board's policy is that AIA and other subsidiaries work towards financial sustainability in their own right.

Performance of the pastoral business

At 30 June 2017 the business properties carried 68,022 head of cattle, 10,201 sheep and 163 horses, for a combined total of 78,386 livestock. The total value of the herd was \$58.8 million. The gross trading profit for all livestock was \$17.8 million at 30 June 2017. Positive movements in cattle prices resulted in an increase in livestock value. The above-average wet season across northern Australia improved the condition of pastures, but delayed the timing of cattle sales.

In December 2016 AIA conducted an independent review of its pastoral operations. The review provides a baseline from which to develop strategies for improving herd-management and other practices. AIA is currently implementing recommendations from this review under a 180-Day Action Plan, expected to lift profitability for future years.

Building capability in the Indigenous agribusiness sector

During 2016–17, AIA continued to build on existing relationships and enter new long-term partnerships with Indigenous land holders and business partners across 15 Northern Territory, four Western Australian and two South Australian Indigenous cattle enterprises.

The Business Management Advisory Project (BMAP), which operates under the NT Indigenous Pastoral Program (a regional project funded by the ILC) engages industry experts to mentor Indigenous agribusiness managers.

One Indigenous cattlemen's workshop was held in the Northern Territory, and the first workshop held in Western Australia. In 2016–17, 26 businesses participated in BMAP and the cattlemen's workshops. The first Central Queensland Beef Tour was attended by Indigenous pastoral representatives from the three jurisdictions.

The Pastoral Futures Program is an AIA, NT Cattlemen's Association and NT Department of Education initiative that links Indigenous young people to opportunities in the pastoral industry while they are still at school. During 2016–17, 15 Indigenous students graduated with a Certificate I in Agrifoods Operations, Certificate II in Rural Operations or Certificate III in Agriculture.

Indigenous participation in the carbon economy

AIA is focused on broadening its engagement with the emerging conservation economy, particularly through carbon farming. AIA provided assistance to a number of third-party carbon projects during the year.

Of particular note this year was the commencement of work on the \$34 million NT Savanna Fire Management (SFM) Program, which AIA is managing on the behalf of the ILC. The SFM Program is a large-scale environmental offset project in the Northern Territory, enabling eligible Indigenous landholders to conduct fire-abatement activities on their land while building business capability and providing economic benefits. The SFM Program will help develop Indigenous carbon businesses that are viable and sustainable, and support the aspirations of Traditional Owners to engage with the carbon economy. Further information is provided in the case study on page 15.

To date, AIA's savanna fire management project at Merepah Station, Cape York has earned 45,493 carbon credits. This project is participating in the Australian Government's Emissions Reduction Fund (ERF), with Fish River Station, NT, managed by the ILC; the ILC successfully bid for a five-year contract for both projects in the ERF auction in November 2015.

Environmental management and animal welfare

AIA has a strong focus on operating to the highest industry and environmental standards. All properties have current environment and heritage management plans identifying environment and heritage values and risks that must be monitored and managed.

During the year AIA received a \$2.06 million grant from the Australian Government Reef Trust to undertake erosion-gully remediation on Crocodile/Welcome Stations, Qld, over the next five years commencing in 2017–18.

Other environmental management activities under way in 2016–17 include:

- Natural Capital Accounting project in partnership with Landcare Australia – this project is developing a method to assess the financial value of the natural assets that support rangeland pastoral operations (e.g. health waterways and grasslands); the method is being tested at Hodgson Downs, NT; depending on the results, roll out to other AIA properties will be considered
- feral pig remote trapping project at Gunbalanya Station, NT, part funded by NT Natural Resource Management (NRM) and being undertaken by the Gunbalanya ranger team
- Gunbalanya waste management, funded by the NT Environmental Protection Authority
- bilby habitat survey at Banka Banka, NT, part funded by NT NRM
- Healthy Country Planning at Merepah Station, Qld, a collaborative project funded by income from the property's carbon project.

AIA is also committed to sound animal-husbandry and welfare-management practices to ensure the health and wellbeing of all animals on its properties. In June 2016 AIA updated its Animal Management Policy to ensure a higher standard of health and wellbeing of all animals on its properties. AIA has also adopted and will implement the *Australian Animal Welfare Standards and Guidelines* for both cattle and sheep.

Indigenous employment, training and career development

In 2016–17 AIA continued the ILC Group's long-standing focus on generating employment and training opportunities for Indigenous people in the agribusiness sector, especially within the company's own operations.

AIA employed 32 Indigenous trainees to undertake a full range of activities associated with agribusiness operations; 24 Indigenous people were supported to complete certified training courses. One of AIA's Indigenous trainees secured a scholarship to attend the renowned Marcus Oldham College and is studying for a Degree in Agribusiness.

At year end, more than 64 per cent of the company's employees identified as Indigenous Australians and the company has strategies to increase Indigenous representation at all levels of the business, including management, within five years.

AIA values the perspectives, skills and experiences that Indigenous people bring to the business. From a commercial standpoint, a diverse workforce helps to build cultural competency and to forge more productive connections with current and prospective Indigenous partners.

Looking forward

AIA will continue to implement its Agribusiness Strategy, based on five pillars:

- Pillar 1: Increase the performance of the pastoral business
- Pillar 2: Build financial capacity to enable sustainable investment in the future
- Pillar 3: Drive the development of new Indigenous agribusinesses and support services
- Pillar 4: Position the company to become a more diverse and successful Indigenous agribusiness company
- Pillar 5: Enhance Indigenous capability and career progression.

In accordance with the ILC Board's strategy, the company will look for opportunities to diversify its supply chain to generate more opportunities for Indigenous businesses and to invest in new and emerging markets aligned to Indigenous land holders' aspirations.

Table 7: Structure of AIA agricultural operations

Property	Areas in hectares	Status at 30 June 2017	Cattle numbers at 30 June 2017
Queensland			
Bulimba, via Chillagoe	294,740	Leased	4,480
Crocodile/Welcome, via Laura	124,800	Owned	5,420
Merepah, via Coen	186,000	Owned	5,289
Mimosa, via Gayndah	3,806	Owned	1,049
Mindanao/Somerset/Tiamby, via Banana	4,409	Owned	2,867
Western Australia			
Cardabia, via Coral Bay	199,808	Leased	3,090
Myroodah, West Kimberley	401,944	Owned*	17,374
Roebuck Plains, via Broome	283,493	Leased	13,774
Roebuck Export Depot	100	Leased	n/a
Northern Territory			
Banka Banka West, via Tennant Creek	147,500	Owned	1,662
Gunbalanya Station	80,000	Leased	3,764
Gunbalanya Meats	n/a	Leased	125
Warrigundu (Hodgson Downs), via Mataranka	419,200	Leased	8,963
Tasmania			
Murrayfield, Bruny Island	4,097	Leased	10,201 sheep
* Approved for divestment by the ILC Board in June 2017.			

Table 8: Agricultural business performance, 2014–17

	2016–17	2015–16	2014–15
Number of head (all livestock) at 30 June	78,386	87,955	100,457
Value of all livestock at 30 June	\$58.8m	\$51.8m	\$46.6m
Natural increase (number of head cattle)	18,097	19,555	22,359
Number of cattle sold	16,604	24,809	24,865
Average value of cattle sold (\$/head)	\$693.28	\$784.14	\$573.38
Gross trading profit all livestock	\$17.8m	\$21.9m*	\$22.1m
Total cash revenue from agricultural businesses only	\$18.2m	\$28.1m*	\$21.6m
Cash operating costs from agricultural businesses only	\$18.6m	\$21.9m*	\$17.8m
Livestock purchase costs	\$0.7m	\$0.4m	\$1.2m
Actual cash operating result from agricultural businesses only	(\$1.1m)	\$5.8m*	\$2.6m
* These figures were reported incorrectly on page 34 of the 2015–16 ILC Annual Report. They have been corrected in this table.			

National Centre of Indigenous Excellence LTD



The National Centre of Indigenous Excellence (NCIE) was established by the ILC in Redfern, Sydney, NSW, to build capabilities with and create opportunities for young Aboriginal and Torres Strait Islander people while contributing to an excellent Australia for all.

Developed on Gadigal land on the site of the former Redfern Public School, the land and historical buildings were purchased from the New South Wales Government in 2006 and, after extensive redevelopment, the centre opened in early 2010.

The NCIE runs programs and enterprises from its Sydney premises for Indigenous people from the local community and for visiting groups from around Australia in four pathways: learning and development, sports and recreation, arts and culture, and health and wellness. The aim is to empower Indigenous young people to pursue

excellence, and become the next generation of Indigenous leaders and change makers.

NCIE includes a fitness and aquatics centre; a sports field; and accommodation and conference facilities. It also operates after-school and school-holiday programs and the NCIE Job Ready program.

The NCIE site is a hub for other Indigenous organisations providing important services to Indigenous people: National Aboriginal Sporting Chance Academy, Australian Indigenous Mentoring Experience (AIME) and Tribal Warrior Association. Ngakkan Nyaagu, an Aboriginal-owned digital agency is now a permanent tenant and SEDA Sporting College—also based at NCIE—is working towards majority Indigenous participation in its Year 11 and 12 courses.



NATIONAL CENTRE OF
INDIGENOUS EXCELLENCE

RESULTS IN 2016–17

Business performance

The NCIE is a not-for-profit social enterprise. In 2016–17, its earnings increased to \$5.93 million in total, including revenues from its three businesses (Fitness and Aquatics; Accommodation and Conferences; and NCIE Job Ready) and grants and sponsorships from third parties to run programs. The NCIE generated a surplus of \$411,278 in 2016–17; however, before grant funding from the ILC of \$2.65 million, the result was a deficit of \$2.24 million.

The NCIE is working to reduce its subsidy from the ILC. Business plans written for NCIE enterprises have continued to have impact in 2016–17. The NCIE fitness centre has focused on marketing and growth of gym and aquatic membership, while remaining committed to a return to the Indigenous community through access and suitable programming. Conferencing has enjoyed significant growth from the corporate and government sectors, and a new external catering service has been launched. The centre continues to seek new opportunities for greater use of its accommodation facilities. More focused and coordinated enterprises marketing, Supply Nation registration, increased staff engagement, and a focus on targeted partnerships has brought NCIE's enterprises and services into sharper focus externally. Earned revenues grew by 15 per cent in 2016–17.

Engagement and social impact

Community engagement is vital to the NCIE's success and the centre actively engages with the significant community of organisations that are located in, or work in, the Redfern area.

In NCIE enterprises and programs, 40 per cent of 1,400 fitness members are Indigenous, as are 13 per cent of the 600 learn-to-swim members. During the year there were 1,190 pool visits by Indigenous people. The Job Ready program assisted 44 Aboriginal and Torres Strait islander people in jobs training and placement; there were 100 children in on-site after-school and school-holiday programs; and 250 children in off-site anti-smoking education. Indigenous people comprised 54 per cent of NCIE's 1,882 accommodation guests and 19 per cent of the 7,586 conferencing clients. The NCIE welcomed 7,000 general community members on site at 14 free community events. Aboriginal community groups and organisations such as the Aboriginal Medical Service, Wyanga, LaPa Lovelies and Malabar Midwives regularly use NCIE fitness and aquatics facilities for their fitness and wellness activities. NCIE fitness alone contributed

more than \$350,000 in discounts to the Indigenous community.

NCIE programs work with community organisations, community members and corporate Australia to maximise their impact. In 2016–17, NCIE collaborated with more than 20 pathway partners and supporting organisations including the Telstra Foundation, Crown Resorts, Packer Family Foundation, Shell Australia, Salesforce, Commonwealth Bank, Westpac, Count Charitable Trust, Microsoft, 2K, Samsung, OzHarvest, Austswim and Swimming NSW.

In 2016–17, 137 organisations utilised NCIE facilities, not including resident Indigenous organisations, who bring in camps and collaborate on large regular facility hires such as the *Clean Slate Without Prejudice Program*.

Others using the accommodation, conference, fitness, aquatics facilities and sports field included: the Adam Goodes and Cathy Freeman Foundations, Oxfam, Canteen, Australian and State Government departments, Nyangatjatjara College, Reconciliation Australia, the First People's Disability Network, local schools swimming programs, Ab Sec, Indigenous Literacy Foundation, Dunbar Rovers, Malabar Midwives, Redfern All Blacks, Aboriginal Employment Strategy, Australian Olympic Committee, Jawun and Ninti One.

During 2016–17 the NCIE hosted many influential guests from the political, corporate and community spheres. They included: the Governor of New South Wales, His Excellency General the Honourable David Hurley; NSW Minister for Aboriginal Affairs, the Hon Leslie Williams MP; Opposition leader the Hon Bill Shorten MP; Member for Sydney the Hon Tanya Plibersek MP; the US Secretary of Transportation Anthony Foxx; and Indigenous leaders such as National Congress of Australia's First Peoples co-chairs Jackie Huggins and Rod Little; Reconciliation Australia co-chair Tom Calma; Referendum Council co-chairs Professor Megan Davis and Pat Anderson AO; Royal Commissioner Mick Gooda; Elders Aunty Shirley Peisley, Aunty Millie Ingram and Aunty Dixie Link Gordon; business leaders Leah Armstrong and Natalie Walker; and sport stars Patty Mills, Adam Goodes, Greg Inglis and paralympian Amanda Reid.

NCIE hosted key events for: the 50th Anniversary of the 1967 Referendum, Reconciliation Week and NAIDOC Week, the Aboriginal Rugby League Knockout, Uncle Cecil Bowden's 70th birthday and monthly youth-focused *Friday Night Live* events.

The Indigenous Digital Excellence (IDX) Initiative, a partnership with the Telstra Foundation, seeks to strengthen Indigenous participation and entrepreneurship in the digital economy. It is based at NCIE, and runs workshops and events to engage young Indigenous people. During 2016–17, IDX successfully partnered with local organisations in Bourke, Robinvale, Bamaga, Broome and Alice Springs as part of the IDX *Flint* program which engages young Indigenous students in 3D printing, robotics and coding. Facilitators from all those communities attended three days of training and further skilling workshops at the NCIE.

The NCIE's *Talking About Tobacco Use* (TATU) program, funded by the Australian Government Department of Health, has developed a school-based smoking-prevention program that has been piloted at five schools. The TATU smoke-free Aboriginal and Torres Strait Islander workplaces program has now been implemented in nine workplaces. The TATU team delivered this year's successful smoke-free Inner City NAIDOC event where more than 5,000 community members gathered at the NCIE.

Indigenous employment and training

See page 19 of the Annual Performance Statement.

Work health and safety

With the employment of a full time WHS Advisor there has been an extensive site-wide review of WHS management systems including: emergency response/communication procedures; WHS induction training program for all staff and contractors; incident and hazard reporting/tracking; risk assessment especially for multiple, complex large-scale events. There have also been considerable gains in Comcare WHS audit compliance scoring.

Looking forward

2016–17 has been a year of operational consolidation, enterprise strengthening and growth while bedding down processes and procedures to underpin more efficient operation of the NCIE. Core programs and activities are being strengthened and streamlined to maximise outcomes and site utilisation while responding to community needs and aspirations.

The ILC and NCIE are working to establish sustainable operating models for this asset to ensure its continued generation of benefits to the Indigenous community and its ultimate divestment from the ILC's property portfolio.



NCIE hosted significant Indigenous events including this celebration of the 50th anniversary of the 1967 Referendum.

PART THREE: GOVERNANCE



Figure: ILC governance overview (excluding subsidiaries)

ILC BOARD	
Board Committees Audit and Assurance Finance, Legal and Investment Remuneration and Nomination Work Health and Safety	
ILC Group Chief Executive Officer (CEO)	
ILC EXECUTIVE MANAGEMENT TEAM	
Program Delivery units Program Delivery Executive Office Central Division Office: Adelaide, SA Eastern Division Office: Brisbane, Qld Western Division Office: Perth, WA	National support units Finance and administration Human resources Information and communication services Risk and internal audit Legal Policy and strategy Public affairs Corporate governance Work health and safety
STAKEHOLDERS	
Indigenous people, communities and organisations Minister for Indigenous Affairs Parliament of Australia Department of the Prime Minister and Cabinet (lead portfolio agency) Australian, state, territory and local governments Industry Non-government organisations	

Governance framework

Legislation

The ILC is established under the *Aboriginal and Torres Strait Islander Act 2005* (ATSI Act), which sets out the functions and powers of the ILC (see Appendix 1).

The ILC is a corporate Commonwealth entity under the *Public Governance, Performance and Accountability Act 2013* (PGPA Act). The ILC Board is the 'accountable authority' under the PGPA Act.

Budget

Though not funded from the Budget except in relation to the Real Jobs Program, NT, the ILC participates in the whole-of-government budget through the Portfolio Budget Statements for the Prime Minister and Cabinet Portfolio.

The ILC and its subsidiaries (other than Voyages Indigenous Tourism Australia Pty Ltd) are included in the General Government Sector. Voyages is classified as a Public Non-Financial Corporation.

Responsible Minister

The responsible Minister for 2016–17 is Senator the Hon Nigel Scullion, Minister for Indigenous Affairs (the Minister). The PGPA Act requires the ILC keep the Minister informed of its operations, including any events of significance, and provide both the Minister and the Minister for Finance with reports, documents and information that the Ministers may request from time to time.

The ILC Board is also required to notify the Minister of any significant non-compliance with finance law. The ILC Board has determined that there has been no significant non-compliance with finance law during the reporting period that needed to be notified to the Minister.

General policies of the Australian Government

The ILC must comply with any Australian Government Policy Order to the extent that it applies to the ILC. There were no Government Policy Orders that applied to the ILC during 2016–17.

ILC Board

The seven-member Board is the ILC's primary decision-making body. Five members including the Chairperson must be Indigenous Australians; all Directors are appointed by the Minister.

The Board determines the policies of the ILC, and is responsible for the proper and efficient performance of the ILC's functions. The Board is governed by a Board Charter which sets out Directors' legal, financial and conflict-of-interest responsibilities so they can discharge their obligations to the highest standards in accordance with the PGPA Act.

Key objectives of the Board include:

- achieving the ILC purpose specified in the ATSI Act
- providing accountable, effective, measurable and strategic leadership
- exercising control over the ILC and subsidiary operations, including consideration and adoption of appropriate risk-management strategies
- reviewing and enhancing Board governance arrangements.

Responsibility for the ILC's legislative powers and functions rests with the Board. The Board may delegate any or all of its powers and functions, in writing, to the ILC Group CEO or ILC staff members. Accordingly, decision making within the ILC is governed by the Instrument of Delegations. This includes where the decision is to approve the ILC's paying for a good or service from another Commonwealth entity or company, or to provide a grant to another Commonwealth entity or company.

There were 11 Board meetings in 2016–17; these meetings and Directors' attendance are detailed at Appendix 2.

Board changes in 2016–17

There were a number of changes to the ILC Board during the year. Director and Deputy Chairperson, Ms Lisa Gay, resigned from the Board on 10 March 2017 effective on that day. The Minister appointed two incoming Directors on 15 June 2017, for three years: Mr Joseph Elu AO, as Deputy Chairperson, and Dr Donna Odegaard AM. At 30 June 2017, six of the seven members of the Board were Indigenous Australians.

The appointment of Ms Alison Page ceased with the new appointments; however, the Board agreed that Ms Page would continue her role as chair of ILC subsidiary National Centre of Indigenous Excellence Ltd for one year, in an independent capacity.

Short biographies of continuing and new ILC Board members at 30 June 2017 follow.

Mr Edward (Eddie) Fry

Chairperson – Non-executive Director **Chair, Remuneration and Nomination Committee**

Mr Fry has extensive experience within the Australian resource sector, specialising in Indigenous and native title issues. He holds a Diploma in Business Management from the University of South Australia and is a graduate of the International Lead and Zinc Study Group conducted out of Belgium on international base-metal global supply-and-demand trade.

Based in Adelaide, Mr Fry is a former director of and retained consultant to TNG Limited, an Australian resource company focused on the exploration, evaluation and development of a multi-commodity resource portfolio in the Northern Territory and Western Australia. He is an Executive Director of Gimbulki Ltd, a native title land-access company he established in 2002 that has provided consulting services to a range of Australian resource companies including Rio Tinto, Barrick Gold and Transfield Services (now Broadspectrum).



Mr Edward (Eddie) Fry

He has held senior executive roles with Normandy Mining Ltd. Having established the company's Traditional Owner policy, he later managed international logistics and marketing of Normandy's base-metal portfolio and was an investor-relations analyst. His early employment included involvement with the Aboriginal and Torres Strait Islander Commission (ATSIC), the Aboriginal Development Commission and the former Department of Aviation.

Mr Fry is Chairperson of Indigenous Business Australia, chair of the Indigenous Advisory Board at Transfield Services/Broadspectrum (since 2010), chair of ASX-listed exploration company Todd River Resources, a deputy chair of the Aboriginal Foundation of South Australia Inc (since 2007) and member of the development team for the TNG ferro/vanadium Mount Peake project in the Northern Territory.

Mr Joseph Elu AO

Non-executive Director **Deputy Chairperson** **Member, Audit and Assurance Committee**

Mr Elu, based at Seisia, a Torres Strait Islander community in far north Queensland, has a strong background in local government and business. He is the current chair of Seisia Enterprises, member of the Torres Strait Regional Authority (TSRA) as chair of the Seisia community, and councillor and former mayor of the Northern Peninsula Area Regional Council.



Mr Joseph Elu AO

He is the TSRA Portfolio Member for Economic Development, and director of Cape York Natural Resource Management Ltd, a not-for-profit organisation that assists Traditional Owners to manage and use natural resources sustainably.

Mr Elu is also a former Chairperson of Indigenous Business Australia (IBA). In 2008, Mr Elu was made an Officer of the Order of Australia for his services to Indigenous people.

Mr Anthony Ashby

Non-executive Director **Member, Finance, Legal and Investment Committee** **Member, Aboriginal and Torres Strait Islander Land Account Consultative Forum** **Director, National Centre of Indigenous Excellence**

Mr Anthony Ashby is a Gamilaraay-Yuwaalaraay man from north-western New South Wales. He is a chartered accountant and registered company auditor. Mr Ashby and his wife Vanessa have operated their own public accounting practice since 2004, providing a mix of taxation, assurance, accounting and consultancy services

to their client base. He holds a Bachelor of Commerce from the University of New South Wales and a Certificate of Public Practice from Chartered Accountants Australia and New Zealand.



Mr Anthony Ashby

Mr Ashby is the Deputy Chairperson of IBA and chair of IBA's Finance, Investments and Performance Committee. He is a director of Hunter New England and Central Coast Primary Health Network, a director of the NSW Aboriginal Housing Office (until 20 June 2017) and an *ex officio* member of the Supply Nation Audit and Risk Committee.

Ms Patricia (Trish) Crossin

Non-executive Director

Chair, Work Health and Safety Committee

Member, Audit and Assurance Committee

Member, Finance, Legal and Investment Committee

Director, Voyages

Trish Crossin is a former Senator and was the first woman to represent the Northern Territory in the Federal Parliament. Trish is an experienced board member and has undertaken comprehensive directorship duties on a range of community, sports and government boards.



Ms Patricia (Trish) Crossin

During her 15 years in the Senate, Trish was chair of the Legal and Constitutional Committee and Joint Select Committee on Constitutional Recognition of Aboriginal and Torres Strait Islander Peoples. She was a member of the Joint Statutory Committee for Native Title and the Aboriginal and Torres Strait Islander Land Account and the Education, Employment and Workplace Relations Committee.

Trish established and was the founding chair of the NT Working Women's Centre. She is a member of the Australian Institute of Company Directors and holds a Bachelor of Education.

Trish's other board positions include directorship of the ILC subsidiary Voyages Indigenous Tourism Pty Ltd; director of the Mutitjulu Foundation; chair of the Mawul Rom Course Advisory Committee, Charles Darwin University; director of St Columba's College, Essendon, as well as a member of the Advisory Committee for Indigenous Eye Health at Melbourne University and Wyndham City Council Safer Communities Committee.

Ms Tanya Hosch

Non-executive Director

Member, Remuneration and Nomination Committee

Member, Aboriginal and Torres Strait Islander Land Account Consultative Forum



Ms Tanya Hosch

Ms Tanya Hosch was in June 2016 appointed the General Manager of Inclusion and Social Policy at the Australian Football League (AFL). She was formerly the joint campaign director for Recognise which is working to raise community awareness and support to recognise Aboriginal and Torres Strait Islander people in the Australian Constitution. In 2014 she was appointed to the three-member Review Panel for the Act of Recognition (2013) to provide a report (delivered in September 2014) to the Minister for Indigenous Affairs. Ms Hosch had

formerly undertaken advocacy and consulting roles aimed at increasing philanthropic investment in Indigenous development.

Ms Hosch was an integral member of the team responsible for the model design and establishment of the National Congress of Australia's First Peoples. More recently Ms Hosch worked with a steering committee to establish the Australian Indigenous Governance Institute, where she is a board member. In 2013 she was appointed as the independent chair of Price Waterhouse Cooper Indigenous Consulting. In the same year Ms Hosch was named in the South Australian Women's Honour Roll and in 2012, 2013 and 2015 was recognised in the list of '100 Women of Influence' awards run by Westpac and the Australian Financial Review.

Mr Bruce Martin

Non-executive Director

Chair, Australian Indigenous Agribusiness Company Pty Ltd

Mr Bruce Martin is a Wik Ngathan man from the community of Aurukun on western Cape York, Qld. Bruce has 10 years experience in the community-development sector, the last six years focusing on Cape York. He has worked for the Cape York Land Council, the Wuchopperen Aboriginal Medical Service, the Queensland Department of Families in Cairns and the Aurukun Shire Council. Mr Martin is president of the Cape York Peninsula Live Export Group and a member of Regional Development Australia Far North Queensland and Torres Strait.



Mr Bruce Martin

Mr Martin has been instrumental in the establishment of APN (Our Ancestral Country) Cape York, a community-owned organisation focusing on the development of productive livelihoods on traditional Wik country. He is currently a director of APN which is now one of the largest employers of local Aboriginal people in Cape

York. APN has developed partnerships with business, the philanthropic sector and government agencies in implementing innovative strategies aimed at social transformation, economic engagement and community development in Aurukun.

Dr Donna Odegaard AM

Non-executive Director

Dr Odegaard, based in Darwin, NT, is CEO of Aboriginal Broadcasting Australia, and chairperson of Aboriginal TV and Larrakia Radio. As well as her Indigenous media achievements, Dr Odegaard has 30 years experience in the areas of Indigenous heritage, education, health, native title, land rights, community development, and business.



Dr Donna Odegaard AM

In June 2016, she was made a Member in the General Division of the Order of Australia for significant service to Indigenous cultural heritage in roles relating to broadcast media, education and training, and Reconciliation. Dr Odegaard was a nominee for Australian of the Year in 2015. She has a Masters degree on the topic of Aboriginal land claims and a PhD on the topic of Treaty.

Board committees

Audit and Assurance Committee

The ILC Audit and Assurance Committee (AAC) provides independent assurance and advice to the ILC Board on risk, internal control systems, financial and performance reporting and the external accountability framework for the ILC and its subsidiaries, as required by subsection 45(1) of the PGPA Act. The AAC reports to the Board and operates in accordance with applicable Commonwealth legislation and Australian and international better practice standards for governance. The committee has two ILC non-executive Directors (Crossin and Elu) and at 30 June 2017 Ms Maria Storti was the independent chair. The committee met four times in 2016–17. Under the Risk and Internal Control Framework, the committee monitored the Internal Audit Program, oversaw the work of internal auditors and the implementation of audit recommendations; provided advice and assurance to the Board regarding ILC and consolidated financial statements, and Annual Performance Statements.

Finance, Legal and Investment Committee

This committee's primary purpose is to provide high-level oversight of key financial and legal processes and strategies of the ILC and its subsidiaries, including major business investments.

Specifically, the Finance, Legal and Investment Committee:

- oversees the ILC's consolidated financial strategy and performance and looks at issues arising from the performance of subsidiaries that may impact on the ILC's budget or strategies
- monitors the ILC investment portfolio
- oversees the performance of subsidiaries and major business investments
- reviews subsidiary constitutions and relevant documentation for major business investments to ensure compliance with the ILC's legislative, governance and reporting requirements
- oversees significant legal actions
- ensures that formal processes are in place to identify and/or recommend legislative and regulatory changes.

Committee members are Directors Ashby and Crossin. Mr Ian Ward-Ambler is the independent chair.

Remuneration and Nomination Committee

The Remuneration and Nomination Committee assists the Board to select the ILC Group CEO and monitor his/her performance; consider and make recommendations about appointments to Board committees and subsidiary boards; and oversee and make recommendations on ILC Group remuneration policy, including subsidiary board and committee remuneration. Committee members are the ILC Chairperson, Eddie Fry, and Director Hosch.

Work Health and Safety Committee

Established in March 2016, this committee provides assurance and advice to the Board on work health and safety matters across the ILC Group. It is chaired by Director Crossin and supported by the WHS Coordinator, subsidiary CEOs and senior management.

ILC administration

The ILC Group CEO is a statutory officer appointed by the Board. The Board appointed Mr John Maher as ILC Group CEO, effective 1 June 2016.

The CEO is responsible for managing the day-to-day administration of the ILC according to directions and policies set by the Board. The Executive team supports the CEO in strategic, operational and administrative matters and in carrying out the decisions of the Board.

ILC Corporate and National Operations is a dispersed entity that works from four main office locations: Adelaide (Head Office), Perth, Brisbane and Canberra. In 2016–17 the ILC was organised into four divisions: Program Delivery; Corporate Services; Legal; Office of the CEO (incorporating Policy and Strategy, Public Affairs and Corporate Governance). Late in the year a further Senior Executive was appointed to a 12-month contract position to provide specialist business advice and feasibility analysis for emerging partnership and investment opportunities.

A WHS Coordinator (non-executive position) for the ILC Group, based in Adelaide, reported directly to the ILC Group CEO in the year under review.

Further information about ILC Group staffing is provided in Part 4 of this Annual Report.

ILC operations, executive structure and locations, 30 June 2017

[illegible]

Management and staff committees

The CEO, Executive, management and employees participate in a number of committees where policy, operational, technical or staffing issues are deliberated. The Executive committees below meet regularly; other committees meet regularly or as required. The ILC Group leadership team and senior managers gathered for a two-day workshop in Sydney in December 2016.

ILC management and staff committees

Executive Management Team	ILC Group CEO (chair) and ILC Senior Executives (Executive Directors, COO, General Counsel)	Senior management forum to discuss and progress corporate, policy and operational matters and assist the ILC Group CEO to fulfil statutory responsibilities according to directions set by Board
ILC Group Leadership Team	As above + CEOs of subsidiaries	As above
Consultative Committee	CEO (or CEO representative) and elected staff representatives	Forum for discussion of issues relating to employment conditions
Indigenous Consultative Group	Elected Indigenous staff members + ILC Group CEO	Provides a support network to Indigenous staff; assists in development and implementation of ILC Indigenous Employment Strategy
ICS Steering Committee	COO (chair), Manager ICS, Executive Directors, Divisional Managers on rotation	Forum for discussing and prioritising issues relating to information and communications systems
WHS Working Group – ILC Group wide	WHS Coordinator, staff representatives, management representatives	Forum for monitoring and discussing issues relating to WHS across the ILC Group

Subsidiary governance and management

The ILC's three subsidiaries each have their own boards and are managed by agreements with the ILC under section 191G of the ATSI Act. Each year, the ILC Board issues a Statement of Expectation to each subsidiary setting out the ILC's expectations including outcomes to be achieved by subsidiaries.

The ILC Board appoints directors to subsidiary boards; they include some ILC Directors as well as independent members. The Board agreed during this year that the ILC Group CEO would be an *ex officio* member of all subsidiary boards. Subsidiary boards establish committees,

where appropriate. The review of ILC Group governance, conducted during the year and reporting in 2017–18, has considered the structure and composition of subsidiary boards with decisions to be made next financial year.

All subsidiaries have their own management structures, headed by a CEO. The Australian Indigenous Agribusiness Company Pty Ltd and the National Centre of Indigenous Excellence Ltd receive some corporate-services support from the ILC in the areas of human resources, information technology, finance, risk management and legal.

ILC SUBSIDIARY BOARDS, 30 June 2017

Voyages Indigenous Tourism Australia Pty Ltd	Australian Indigenous Agribusiness Company Pty Ltd	National Centre of Indigenous Excellence Ltd
Rick Allert** (chair)	Bruce Martin, ILC Director (chair)	Alison Page (chair)
Ian Ward-Ambler** (deputy chair)	Kim Bridge	Terri Ann Janke (deputy chair)
Patricia Angus	Independent industry expert – yet to be appointed	Anthony Ashby, ILC Director
George Bedwani	John Maher, ILC Group CEO** <i>ex officio</i>	Kate Cam
Owen Cole		Dillon Kombumerri
Peter Thomas**		Damien Bidjara Barnes
Patricia Crossin, ILC Director**		John Maher, ILC Group CEO** <i>ex officio</i>
Dorethea Randall, WU*		
Iain Evans, WU** (associate director, non-voting)		
John Maher, ILC Group CEO** <i>ex officio</i>		

* A Deed of Agreement with Wana Ungkunyja Pty Ltd (WU), a Central Australian Indigenous organisation, provides for WU to have two representatives on the Voyages board, one a full director, the second an associate director without voting rights.
 ** Non-Indigenous board members

Strategic and operational planning

The ILC Board appointed in October 2015 embarked on a major strategic planning process. The Board's five high-level strategies (see the Chairperson's foreword) were agreed in March 2016 after a February 2016 planning day; these strategies were reconfirmed at a second planning workshop in February 2017, and expressed in the ILC Corporate Plan 2017–18.

To assist in more detailed planning, the Board also commissioned a series of reviews, some of which were completed in 2016–17. Some remained ongoing at 30 June 2017 and further reviews were added during the reporting year (relating to WHS, Voyages' operations and Indigenous engagement at Ayers Rock Resort). It is expected that decision making based on all reviews will occur in the new financial year.

National Indigenous Land Strategy

Section 191N of the ATSI Act requires the ILC to prepare and regularly review a National Indigenous Land Strategy (NILS) with a three-to-five year timeframe. The NILS is the ILC's key policy document; it is tabled in Parliament, and informs stakeholders how the ILC's statutory land acquisition and land management functions will be implemented. The current NILS 2013–17 was adopted in July 2013, and has continued to guide the ILC's operations in 2016–17.

Service standards

The ILC Service Charter sets out the standards of service the ILC strives to provide its clients through program delivery, policy development, communication and consultation. The Service Charter is available on the ILC's website or by contacting any ILC office.

The Complaints Handling System encompasses internal processes as well as timeframes within which the ILC

Development of the fifth discrete NILS will proceed over 2017–18 including consultation with Indigenous Australians. These consultations were scheduled to have begun in 2016–17, but were deferred after agreement with the Department of the Prime Minister and Cabinet (PM&C) that the ILC would first consult on the issues involving legislative amendment: reforms to the Land Account and extending the ILC's remit beyond land to water. See page 24 of the Annual Performance Statement.

The NILS 2017–21 will be built on:

- Focus areas of investment: agribusiness; niche Indigenous product; cultural tourism; renewable energies; urban strategy
- Improved return on ILC's legislated mandate
- Strategic land acquisition and new operating models through industry alliances.

The Regional Indigenous Land Strategies (RILS) (also required by the ATSI Act) are seven documents aligned with the principles of the NILS. They discuss ILC activity in each 'region'—currently the six states and the Northern Territory—and provide contextual information relating to Indigenous Australians. The RILS will be reviewed in 2017–18 after development of a new NILS.

must respond to complaints. Both the Service Charter and Complaints Handling Procedure encourage resolution of complaints at the Divisional Office level, but provide for the referral of complaints to the ILC's corporate office, where necessary. In 2016–17, the ILC dealt with one formal external complaint relating to an ILC-owned property in South Australia.

Assurance

Risk management

The ILC Group's Risk Management Framework takes a whole-of-enterprise approach, is integrated into the operations of the ILC and its subsidiaries, and promotes the identification and management of risk at every level. The framework aligns with the Commonwealth Risk Management Policy 2014, Better Practice Guides and relevant Australian and international good-practice guides and standards. It is reviewed regularly.

The ILC Group's commitment to effective risk management is ensuring integration in all policies and procedures, underpinning all ILC Group functions and operations, with implementation through Risk Management and Treatment Plans. The ILC Board reviews and endorses the Group Plan annually. The ILC Board and each subsidiary board are responsible for managing strategic risk, while senior management has responsibility for managing day-to-day operational risk. Across the ILC Group, each entity's audit committee reviews systems of risk oversight and management of internal control frameworks.

Internal Audit Program

The ILC Group's Internal Audit Program is risk-based and provides systematic coverage across all of the ILC Group's functions and activities. The annual program is set referencing operational and financial risks identified through the Risk Management Program. Audits are conducted by a contracted consultancy company.

Each entity in the ILC Group is responsible for its own program, and maintains and monitors a register of audit findings and recommendations. The respective boards and audit committees receive regular reports on the status and implementation of audit recommendations to ensure senior managers are addressing findings in a timely manner.

The ILC Audit and Assurance Committee oversees the group's Internal Audit Program ensuring that coverage aligns with the group's key strategic and operational risks and that management's responses are timely and appropriate.

Fraud control and awareness

The ILC maintains a rigorous Fraud Control and Awareness Program to minimise the risks of fraud and deal with any allegations of fraud that arise.

The ILC Group CEO certifies that the ILC complies with the Commonwealth Fraud Control Policy. The ILC has taken all reasonable measures to minimise the incidence of fraud and to investigate and recover the proceeds of any fraud against the ILC. It has in place fraud risk assessment and fraud control plans, as well as fraud prevention, detection, investigation, reporting, and data collection procedures to meet the specific needs of the ILC Group and comply with relevant guidelines.

Maintenance of ethical standards

The ILC has a Code of Conduct that employees are required to uphold and promote in their day-to-day work.

Insurance and indemnities

The ILC Group's insurable risks are covered through Comcover. The cover comprises liability (including general [public], Directors and officers, and professional indemnity); property (including building improvements, plant and equipment, livestock, crops, pastures and property in transit); motor vehicles; business interruption; fraud; and aviation. The 2016–17 premium for Directors and officers cover was \$35,820 (2015–16: \$33,535), 14.42 per cent of the total liability premium. The insurance cover for Directors and officers is consistent with Part 2–4, Division 5 clause 23 of the PGPA Rule.

Via deed of access indemnity and insurance, the ILC provides limited indemnities in favour of all Directors the CEO and the General Counsel. The indemnity arrangements largely mirror those that would be implied at common law; generally speaking, they indemnify Directors against personal liabilities they might incur while properly performing their roles as office holders. The indemnities do not cover liabilities arising from particular statutory breaches, breaches of the criminal law or actions involving a lack of good faith.

Procurement

The ILC's Purchasing Policy is based on principles set out in the Commonwealth Procurement Rules: value for money; encouraging competition; efficient, effective, economical and ethical procurement; accountability and transparency. The policy guides the purchasing of goods and services in relation to all ILC activity. It describes staff members' responsibilities and required actions.

Contractors, suppliers and consultants are engaged through either contracts or standard purchase orders, depending on the nature and value of the good or service. For high volume/low value goods and services, the ILC uses corporate credits cards for efficiency.

Further information on ILC expenditure on consultants in 2016–17 is at Appendix 3.

ILC Group Indigenous Procurement Policy

The ILC has a legislative requirement to maximise the use of goods and services from Indigenous-owned businesses (s191F [2], ATSI Act). In line with the Australian Government's commitment to Indigenous procurement, the ILC established an ILC Group Indigenous Procurement Policy in 2016–17. The aim is to actively seek opportunities that maximise the procurement of Indigenous goods and services, supporting Indigenous businesses to grow and employ more Indigenous people.

The ILC has established a target of a minimum of 5 per cent of annual procurement spending with Indigenous businesses. The ILC is also strengthening its Indigenous procurement reporting systems to track actions and outcomes in this area. In the policy's first year the ILC Group met its spending target of 5 per cent procurement with Indigenous businesses.

Table 9: Total Indigenous procurement (GST inclusive) for the financial year to 30 June 2017

Category	ILC	AIA	NCIE	Voyages	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Total Indigenous procurement	1,691	447	408	3,675	6,221
Total procurement	21,357	10,512	1,619	91,655	125,143
% Indigenous procurement	7.9%	4.3%	25.2%	4.0%	5.0%

External engagement

External scrutiny

In 2016–17 there were no judicial decisions, decisions of administrative tribunals or decisions by the Australian Information Commissioner that had, or may have, a significant impact on the operations of the ILC. There were no reports in relation to the ILC by the Commonwealth Ombudsman, the Auditor General or a committee of the Parliament of Australia.

Freedom of Information

The ILC is subject to the *Freedom of Information Act 1982* and displays on its website a plan showing the information it publishes under that Act. The information is at www.ilc.gov.au/about-us/ilc-publication-scheme

Appearances before Parliamentary Committees

The ILC appeared before the Senate Estimates Committee (Finance and Public Administration) on:

- 21 October 2016 (Chairperson, ILC Group CEO, Executive members)
- 3 March 2017 (ILC Group CEO, Executive members)
- 26 May 2017 (ILC Group CEO, Executive members).

Participation in policy, industry and Indigenous forums

Over 2016–17 the ILC has actively sought opportunities to build stakeholder awareness of the ILC’s mandate and its collaborative approach to generating benefits for Indigenous Australians:

- presentations at annual Indigenous forums, in particular the National Native Title Conference (June) and Garma Festival (August)
- engagement in government-sponsored policy forums or processes
- attendance at regional and industry-based forums
- establishing a schedule of regular meetings with the Minister, his office and department to discuss strategic and policy issues relating to the Indigenous Estate.

The ILC has been working collaboratively with PM&C on policy issues relating to the ILC’s legislation; see the Annual Performance Statement at page 24.

The ILC (ILC Group CEO and Executive members) participated with IBA in a workshop with PM&C in Canberra on 20 September 2016 on development of the Australian Government’s Indigenous Business Sector Strategy (draft released for consultation, May 2017).

The ILC also made representations to the Australian Government on the latter’s draft policy position on continuing Commonwealth rights and interests in land and building assets purchased with funds provided by ATSIC and its predecessors.

ILC Directors and/or Senior Executive officers attended the following forums and events in 2016–17:

- ILC–IBA joint NAIDOC event, Sydney, 8 July 2016 (Chairperson)
 - Committee for Economic Development of Australia (CEDA) Agribusiness Inaugural Keynote Address, Sydney, 12 July 2016 (ILC Group CEO)
 - Garma Festival, 29 July–1 August 2016 (Chairperson, ILC Group CEO)
 - Native Title in Business Forum, Melbourne Business School, 8 September 2016 (Chairperson, ILC Group CEO)
 - MLA Australian Red Meat Industry Digital Strategy Forum, Brisbane, 6 October 2016 (ILC Group CEO)
 - Australian Agriculture Roundtable Conference – Australian Farm Institute, Brisbane, 10–11 November 2016 (ILC Group CEO)
 - KPMG 2017–2020 Reconciliation Action Plan and Arrilla Indigenous Services, Sydney, 16 March 2017 (Chairperson)
 - Indigenous Data Sovereignty and Governance Masterclass, 31 March 2017, Brisbane (Director Hosch, ILC officer)
 - Noongar Land Enterprises Group Forum, Albany, 18 May 2017 (Chairperson, ILC Group CEO, other ILC officers)
 - National Native Title Conference, Townsville, 5–7 June 2017 (Chairperson, ILC Group CEO, Executive members, other officers)
 - Developing Northern Australia Conference, Cairns, 19–20 June 2017 (speech by Chairperson).
- ILC officers attended a number of national and regional forums relevant to the ILC Group’s work:
- Kimberley Land Council Healthy Country Forum, Home Valley, East Kimberley, 26–29 July 2016
 - Outback Carbon Farming Conference, Perth, 17 August 2016
 - WA Indigenous Enterprises Development Organisations Forum, Perth, 6 September 2016
 - Yule River Annual On-Country Meeting, near Port Hedland, 22 September 2016
 - Prescribed Bodies Corporate Development Consortium Roundtable Meeting #2, Perth, 28 September 2016
 - University of Western Australia Indigenous Business, Enterprise and Corporations Conference, Perth, 1–2 December 2016
 - Indigenous Banking Forum, Sydney (NCIE), 6 December 2016
 - ANU Native Title and School of Anthropology Annual Conference, Perth, 9–10 February 2017 (ILC presentation made)
 - Kakadu Plum/Gubinge Forum, Broome, 14–16 March 2017
 - Australasian Social Business Forum, Melbourne, 6 April 2017
 - Murdi Paaki Economic Development Forum, Cobar, NSW, 20 June 2017
 - South East Queensland Indigenous Tourism Workshop, Brisbane, 21 June 2017.

The ILC has also pursued an active program of meetings with key Indigenous leaders/organisations across Australia, most involving the Chairperson and ILC Group CEO. These key stakeholders have included:

- Aboriginal Land Council of New South Wales
- Aborigines Advancement League, Vic.
- Cape York groups, Qld
- Torres Strait Regional Authority (TSRA), Qld
- Kimberley groups, WA
- Groups in south-west Western Australia
- Aboriginal Land Trust of South Australia
- Northern and Central Land Councils, NT.

In many of these regions the ILC already has a significant body of investment. Discussions with the TSRA were held in anticipation of the ILC's being able to operate projects in sea country.

Native title

The ILC continued to work closely with native title holders through its *Our Land Our Future* Program. Of the projects commenced in this reporting period, more than 40 per cent involve native title holders and/or land over which there is a positive determination of native title.

In 2016–17, the ILC conducted the following native title-related activities:

- provided a major sponsorship package to the annual National Native Title Conference, held in Townsville, Qld, in June 2017. The ILC Chairperson co-presented with the A/g Executive Director, Program Delivery and A/g CEO of IBA on the two agencies' performance in

working with Indigenous land holders to maximise the potential of the Indigenous Estate and generate benefits for Indigenous people. The 'IBA–ILC Joint Report Card' was well received and a similar report card is likely to be produced in future years

- participated with other government agencies and parties in the native title sector in the Prescribed Bodies Corporate (PBCs) support forum
- established an ILC Board-endorsed policy position on the ILC's acceptance of nominations as a PBC by common law holders as enabled by the Native Title (Prescribed Bodies Corporate) Amendment Regulations 2011; the ILC has a role (never exercised) as a default PBC under the Native Title Act.

Under its Native Title Policy (commenced 2013) the ILC reports on any approaches to assist in the full and final resolution of native title claims through alternative settlements—that is, settlements negotiated out of court under an alternative framework (such as the Victorian *Traditional Owner Settlement Act 2010*) as opposed to the Native Title Act. The ILC received no such requests in the 2016–17 financial year.

Communications and marketing

In recent years the ILC has renewed its website and greatly expanded its social media presence, and in 2016–17 contracted a communications agency to develop a communications/marketing strategy and refreshed brand for presentation to the Board in 2017–18. This strategy will underpin the ILC's outreach in future years.

The ILC undertook no marketing or advertising campaigns during the year.

Work health and safety

The ILC is committed to improving its safety performance in accordance with the *Work Health and Safety Act 2012* and other legislation.

The ILC Board has prioritised WHS for the group's direct employees and trainees, given the breadth and type of activities being undertaken across the ILC Group. A Board WHS Committee was established in 2016 to oversee establishment of a strengthened and integrated ILC Group WHS framework.

In 2016–17 a number of significant WHS activities were initiated:

- ILC Group incident and injury definitions were aligned to Australian Standards, Occupational Safety and Health Administration, and Comcare descriptors.

- ILC Group WHS performance indicators were established: Lost Time Injury and Medically Treated Injury Frequency Rate measures, and other lead and lag indicators.
- A consultant was engaged to assist in determining compliance levels and identify any necessary, additional WHS initiatives.
- Workshops were held on risk to develop an ILC Group-wide WHS profile.
- Annual and three-yearly strategic WHS plans were approved for the subsidiaries.

The WHS performance of the ILC and its subsidiaries is set out below.

WHS: ILC Corporate and Program Delivery

Three work-related injuries occurred; two were notifiable.

No open or active workers' compensation claims.

WHS initiatives conducted:

- Site inspection audits of all remote sites
- Development of Divisional Risk Registers
- Development of numerous WHS plans and procedures for various sites
- Pilot trial of online induction and contractor management system
- Development of incident, injury, hazard and corrective-action tracking systems.

WHS: Voyages Indigenous Tourism Australia

Eighty-nine (89) WHS-related incidents recorded; 15 were notifiable.

Sixty-one (61) workers' compensation claims accepted by Voyages' insurer.

WHS improvements at Voyages:

- Establishing a Cooperative Compliance Plan agreement with Comcare to improve safety performance
- Implementing an online WHS data management system to improve incident and hazard tracking
- Significant investment in improving availability of site-based and virtual medical services
- Targeted injury-prevention reviews to address root causes of Lost Time Incidents
- Implementation of a Safety Management System Framework and three-year operational plan.

WHS: Australian Indigenous Agribusiness Company (AIA)

Seventeen (17) workplace incidents resulted in injury or illness to AIA employees; seven were notifiable.

Six workers' compensation claims were accepted.

WHS activities conducted were:

- Training program for managers and 21c WHS training for each AIA property
- Completion of subsidiary and property-based WHS risk and hazard registers
- Regular property inspections and audits
- Hazardous chemical registers reviewed for all properties
- Incident and hazard reporting procedures reviewed and refined.

WHS: National Centre of Indigenous Excellence (NCIE)

One notifiable incident involving an NCIE employee.

Other notable WHS activities were:

- Deloitte Touche Tohmatsu internal reviews of NCIE's WHS performance
- Developed comprehensive emergency response and communication procedures, and ensured all personnel were trained in key roles
- Completed a full site evacuation and lessons learned debrief session
- Revised the NCIE WHS induction training program for all staff and contractors
- Developed numerous procedures, plans and supporting documents to improve incident and hazard reporting, tracking and management
- Consulted and trained staff in risk assessment for complex large-scale events
- Considerable gains in Comcare WHS Audit Compliance score.

Environmental performance

In 2016–17, the ILC pursued sound land and environmental practices and appropriate management of cultural and sacred-site matters across its programs and operations in accordance with the ATSI Act, the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act) and the ILC's National Indigenous Land Strategy 2013–17.

The EPBC Act requires that the ILC, as a corporate Commonwealth entity that owns or controls land with Commonwealth heritage values, prepare a Heritage Strategy. Heritage is broadly defined in the EPBC Act to include natural environments, culturally important and historic places, and artefacts. While there are currently no Commonwealth heritage values on land owned or controlled by the ILC, the Heritage Strategy documents how the ILC plans to manage all heritage values on ILC properties in accordance with the ATSI Act and the EPBC Act.

Heritage and Environment Management Plans (HEMPs) outline specific environmental and heritage characteristics of properties and include responsible consideration of environmental risks and opportunities. HEMPs are in place on most rural and urban properties either held or directly managed by the ILC, including those properties where ILC subsidiaries conduct business operations.

All ILC offices have Environmental Management Plans detailing specific initiatives for each location to reduce energy use, water consumption and waste generation. New staff are introduced to these measures at induction sessions. The Adelaide office, which accommodates around half of the ILC's staff, is located in a building

rated five stars in the six-star National Australian Built Environment Rating (NABERS) System. A five-star rating reflects a number of sustainability measures including water reuse, automatic adjustment of window blinds for climate control and the purchase of 10 per cent accredited GreenPower by the building manager. In early December 2016 the Canberra office relocated to a building with a 5.5 star NABERS rating.

ILC offices are located in buildings with multiple tenancies, so a component of electricity use (e.g. lift operation, foyer lighting) is managed by building managers. The ILC-controlled component is separately metered. All ILC offices use a number of energy-saving measures identified in the Environmental Management Plans. The most significant ILC-held property, Ayers Rock Resort, has a 1.8MW solar system producing up to 30 per cent (on average 15 per cent) of the resort's electricity. Further increases in renewables at the resort are planned.

Paper is the most significant waste product generated by ILC office activities. Where possible, ILC offices collect waste paper for recycling. Water usage charges for ILC offices are either included in lease fees or apportioned by floor area. This means that water use figures vary depending on the rental status and water use behaviour of the building's occupants as a whole and cannot be accurately linked to water use for reporting purposes. Both the Adelaide and Canberra offices are in buildings that include water recycling for flush toilets, waterless urinals and efficiency devices for taps.

The ILC makes extensive use of videoconferencing to reduce the need for air travel.

PART FOUR: PEOPLE



Employee arrangements: ILC

The ILC Group CEO is responsible for the engagement of employees necessary to perform the functions of the ILC. At 30 June 2017 the core ILC (excluding subsidiaries) employed 83.2 full-time equivalent (FTE) employees. This is a slight increase from 2015–16. Fourteen (14) new employees (five female and nine male) were engaged in 2016–17 and 12 employees separated, resulting in a 14.2 per cent average turnover (2015–16: 12.3 per cent).

The ILC maintained a high level of workplace diversity. At 30 June 2017 the proportion of Indigenous employees was 25.7 per cent and female employees 54.0 per cent.

The ILC Group CEO's remuneration arrangements are administered by the Australian Government Remuneration Tribunal under the Principal Executive Office classification.

Senior Executive employees are employed under individual Employment Agreements, and have access to private-plated vehicles and parking, business-class official travel (when travelling more than two hours), airline-lounge membership, home-based computers, mobile phones and salary-sacrificing arrangements.

All other ILC employees are engaged under the ILC Enterprise Agreement (EA) 2011–14 which continues to apply while the ILC and employees are negotiating a new enterprise agreement. Benefits under the EA include studies assistance, an employee assistance program, learning and development, a healthy employee scheme (individual and team), screen-based eyesight testing and vaccinations.

A staff vote on a draft EA taken in February 2017 resulted in rejection of a proposed new EA. After reviewing the situation at its April 2017 meeting, the Board committed to continue bargaining in good faith with ILC employees and requested that the ILC Executive explore with the Australian Public Service Commission avenues to address the concerns expressed by staff while continuing to bargain within the spirit of the Australian Government's Workplace Bargaining Policy.

No ILC employee, including the CEO and Senior Executives, received a performance payment during 2016–17.

Reconciliation Action Plan

The ILC Reconciliation Action Plan (RAP) is based on three principles: building relationships with Indigenous peoples; maintaining respect for the diversity of ideas, backgrounds and cultures of Indigenous peoples, our employees and other stakeholders; and providing

opportunities for the ILC's Aboriginal and Torres Strait Islander employees. Performance indicators measure the success of the RAP.

During 2016–17 the ILC filled five Indigenous training positions, and up to three cadet positions were filled through the National Indigenous Cadetship Project. An Indigenous employee received studies assistance to attend university part time.

During the reporting period, the ILC commenced the process of working with its subsidiaries to formulate an ILC Group RAP encompassing the ILC and its three subsidiaries; so far only the ILC and Voyages have RAPs.

Indigenous Employment Strategy

The ILC's Indigenous Employment Strategy (IES) operates within the core ILC and complements the training and employment strategies delivered through subsidiaries' Indigenous employment and training programs. The IES aligns with the ILC RAP. The IES is monitored through the Indigenous Consultative Group, made up of Indigenous employees elected from each ILC office, in conjunction with the ILC Group CEO and Manager, Human Resources.

During the reporting period the ILC Group CEO met three times with the ICG to discuss progress of the IES; the RAP; and the ILC's learning and development strategies.

Indigenous Executive Development Program

An Indigenous Executive Development Program, currently under development, promotes Indigenous executive succession and mobility across the ILC, its subsidiaries and Indigenous Business Australia. The participant group is selected from within the two agencies; two Senior Executives are currently involved in the program.

Performance management

All ILC employees participate in a Performance Evaluation and Management Program. The process begins with the manager and employee discussing expectations and agreeing on performance indicators for the upcoming performance cycle. Performance is then formally assessed against the indicators twice a year. Work performance tools are available to assist managers to assess performance and identify learning and development opportunities.

The Board assesses the performance of the ILC Group CEO.

Table 10: ILC employees by diversity group (FTE), 30 June 2017

	Non-Indigenous		Indigenous		Total	
	15–16	16–17	15–16	16–17	15–16	16–17
Central Division	7.8	7.8	4.25	5.3	12.0	13.1
Female	1.8	1.8	3.25	4.3	5.0	6.1
Male	6.0	6.0	1.0	1.0	7.0	7.0
Eastern Division	7.6	7.0	7.0	6.0	14.6	13.0
Female	3.6	3.0	4.0	4.0	7.6	7.0
Male	4.0	4.0	3.0	2.0	7.0	6.0
Western Division	7.6	8.6	5.0	3.3	12.6	11.9
Female	6.6	6.6	3.0	1.0	9.6	7.6
Male	1.0	2.0	2.0	2.3	3.0	4.3
Corporate Office	36.1	38.4	7.2	6.9	43.4	45.3
Female	19.1	18.4	6.3	5.9	25.4	24.3
Male	17.0	20.0	1.0	1.0	18.0	21.0
Grand Total	59.1	61.8	23.5	21.4	82.6	83.2

Table 11: ILC salaries by diversity group (FTE), 30 June 2017

Classification	Female			Male			Grand Total
	Non-Indigenous	Indigenous	Total	Non-Indigenous	Indigenous	Total	
ILC1: \$46,000–\$55,000	–	2.5	2.5	–	1.3	1.3	3.8
ILC2: \$57,000–\$69,000	5.4	7.0	12.4	2.0	2.0	4.0	16.4
ILC3: \$71,000–\$87,000	14.4	4.0	18.4	10.0	1.0	11.0	29.4
EL: \$94,000–\$128,000	8.0	–	8.0	15.0	1.0	16.0	24.0
Legal: \$56,000–\$130,000	–	0.6	0.6	2.0	–	2.0	2.6
SE: >\$128,000	2.0	1.0	3.0	3.0	1.0	4.0	7.0
Grand total	29.8	15.1	44.9	32.0	6.3	38.3	83.2
EL = Executive Level SE = Senior Executive							

Employee arrangements: Voyages Indigenous Tourism Australia Pty Ltd

Voyages Indigenous Tourism Australia (Voyages) Pty Ltd is a wholly-owned subsidiary of the ILC. At 30 June 2017, Voyages had a total of 1105 employees; 877 employees at Ayers Rock Resort, 42 at Home Valley Station and 91 at Mossman Gorge Centre, with 95 in the Voyages Corporate Office, most based in Sydney, two in Canberra (all figures based on head count).

Voyages employee numbers include six executive team members. The executive remuneration and benefit arrangements include a discretionary annual bonus, mobile phone and use of company vehicle or parking allowance. For executives living remotely, a food and beverage allowance, housing, private health insurance and vacation bonus are also included.

Voyages employees are engaged variously under a Common Law Contract, an Enterprise Agreement or a relevant Modern Award. Some of the benefits available to employees outside the executive team include relocation reimbursement, uniforms, flexible work arrangements, study support, training workshops and courses, and career-development opportunities. Employees living remotely also receive relocation and vacation allowance, performance and attendance bonuses, and meal and housing subsidies.

In 2016–17 Voyages engaged 627 new employees (285 female and 342 male); 679 employees separated delivering a 64 per cent turnover (2015–16: 72 per cent). At 30 June 2016 the proportion of Indigenous employees was 38 per cent, and of female employees 46 per cent.

Table 12 provides data on head count (not FTE). Remuneration ranges in Table 13 are provided on an annual equivalent excluding superannuation and other salary entitlements.

Table 12: Voyages employees by location and gender, 2016–17

	Non-Indigenous		Indigenous		Total	
	15–16	16–17	15–16	16–17	15–16	16–17
Northern Territory	563	549	309	328	872	877
Female	220	223	152	151	372	374
Male	343	326	157	177	500	503
Queensland	12	14	79	77	91	91
Female	6	7	40	39	46	46
Male	6	7	39	38	45	45
Western Australia	30	33	11	9	41	42
Female	14	17	5	4	19	21
Male	16	16	6	5	22	21
NSW/ACT	84	91	4	4	88	95
Female	63	66	2	2	65	68
Male	21	25	2	2	23	27
Grand total	689	687	403	418	1092	1105

Table 13: Voyages employees by salary range (head count), 30 June 2017

Classification	Female			Male			Grand total
	Non-Indigenous	Indigenous	Total	Non-Indigenous	Indigenous	Total	
Trainees <\$50,000	–	56	56	–	49	49	105
<\$50,000	181	124	305	212	159	371	676
\$50,000 to \$99,999	121	16	137	139	12	151	288
\$100,000 to \$129,999	6	–	6	11	2	13	19
>\$130,000	5	–	5	12	–	12	17
SE: >\$128,000	2.0	1.0	3.0	3.0	1.0	4.0	7.0
Grand total	313	196	509	374	222	596	1105

Employee arrangements: Australian Indigenous Agribusiness Company Pty Ltd

The Australian Indigenous Agribusiness Company Pty Ltd (AIA) is a wholly-owned subsidiary of the ILC. At 30 June 2017 AIA had 184 (head count) employees across 14 agribusinesses and a number of other ILC-owned properties. The proportion of Indigenous employees was 64.7 per cent, and female employees 19.0 per cent.

During the reporting period, 84 new employees were engaged and 100 employees separated, resulting in a 56.8 per cent average turnover (2015–16: 66.1 per cent). The high turnover is due to the casual/seasonal nature of the agricultural industry.

As part of AIA's attraction and retention strategy, property managers and similar level positions are offered individual employment agreements. This enables flexible remuneration arrangements including the private use of work-related vehicles, housing, remote location allowances, and salary-sacrificing provisions. AIA entered into 18 new employment

agreements in 2016–17; 27.7 per cent of AIA employees were on employment agreements at the end of the reporting period (2015–16: 29.4 per cent).

All other employees are engaged under the AIA Enterprise Agreement. Benefits under the Enterprise Agreement include an employee assistance program, learning and development, time off in lieu provisions, board and/or lodging, and vaccinations. Many employees are engaged on a casual or seasonal basis. In Table 15, remuneration ranges are provided on an annual equivalent basis.

During the reporting period, AIA negotiated an Enterprise Agreement for another four years. The annual pay increases contained in the Enterprise Agreement will be equivalent to the National Minimum Wage increases as determined by the Fair Work Commission.

No AIA employee received a performance payment during the year.

Table 14: AIA Company employees by diversity group (head count), 30 June 2017

	Non-Indigenous		Indigenous		Total	
	15–16	16–17	15–16	16–17	15–16	16–17
Northern Territory	17	19	33	29	50	48
Female	6	5	2	2	8	7
Male	11	14	31	27	42	41
Queensland	15	13	32	36	47	49
Female	6	7	6	6	12	13
Male	9	6	26	30	35	36
Western Australia	29	24	50	48	79	72
Female	11	10	4	2	15	12
Male	18	14	46	46	64	60
Tasmania	4	4	1	2	5	6
Female	1	1	–	1	1	2
Male	3	3	1	1	4	4
South Australia	4	2	1	1	5	3
Female	–	–	1	–	1	–
Male	4	2	–	1	4	3
New South Wales	–	–	3	3	3	3
Female	–	–	–	–	–	–
Male	–	–	3	3	3	3
ACT	5	3	–	–	5	3
Female	2	1	–	–	2	1
Male	3	2	–	–	3	2
Grand total	74	65	120	119	194	184

Table 15: AIA Company employees by diversity group (head count), 30 June 2017

Classification	Female			Male			Grand total
	Non-Indigenous	Indigenous	Total	Non-Indigenous	Indigenous	Total	
Juniors/trainee: <\$42,000	3	–	3	1	15	16	19
Base: \$42,000	1	1	2	1	8	9	11
1: \$45,000	1	3	4	–	40	40	44
2: \$47,000	–	–	–	–	8	8	8
3: \$49,000	5	2	7	7	19	26	33
4: \$53,000	2	1	3	4	10	14	17
5: \$55,000	–	–	–	2	2	4	4
6: \$63,000	–	–	–	2	1	3	3
EA: >\$36,000	12	4	16	24	5	29	45
Grand total	24	11	35	41	108	149	184

Employee arrangements: National Centre of Indigenous Excellence Pty Ltd

The National Centre of Indigenous Excellence (NCIE) Ltd is a wholly-owned subsidiary of the ILC. At 30 June 2017, NCIE had 110 employees (head count). NCIE employees, including executive team members, are engaged on individual employment agreements.

Benefits provided under these agreements include an employee assistance program, gym membership, learning and development, salary-sacrificing provisions and vaccinations. Many NCIE employees are engaged on a

casual basis. No NCIE employee received a performance payment during the year.

During 2016–17 NCIE engaged 46 new employees (30 female and 16 male); 42 employees separated during the year, a 40.7 per cent average turnover (2015–16: 41.4 per cent). At 30 June 2017 the proportion of Indigenous employees was 47.3 per cent, and female employees 54.5 per cent.

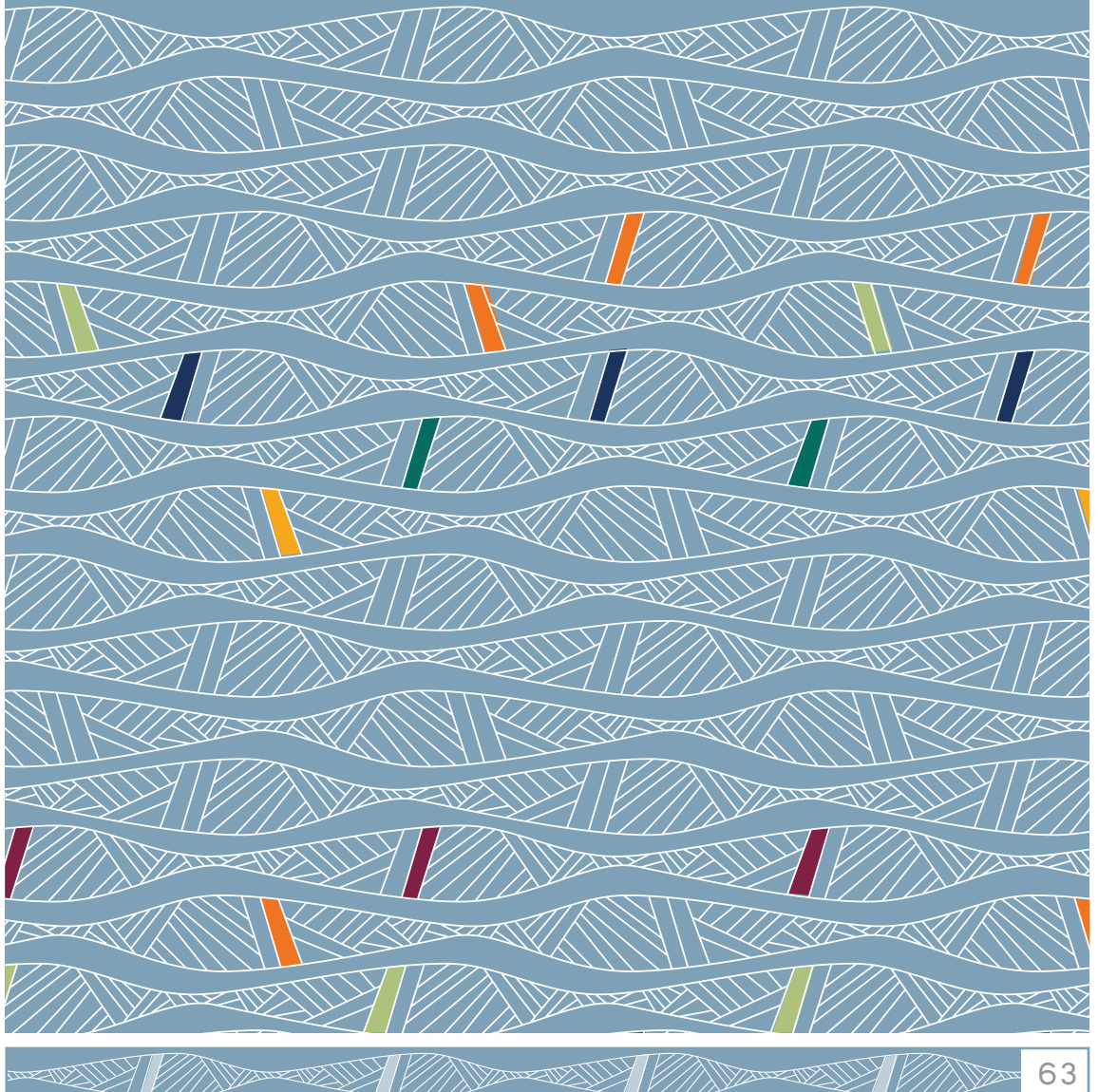
Table 16: NCIE employees by diversity group (head count), 30 June 2017

	Non-Indigenous		Indigenous		Total	
	15–16	16–17	15–16	16–17	15–16	16–17
Female	21	29	35	31	56	60
Male	32	29	22	21	54	50
Grand total	53	58	57	52	110	110

Table 17: NCIE salaries by diversity group (head count), 30 June 2017

Annual	Female			Male			Grand total
	Non-Indigenous	Indigenous	Total	Non-Indigenous	Indigenous	Total	
<\$50,000	2	18	20	5	11	16	36
\$50,000-100,000	24	10	34	24	10	34	68
\$100,000-150,000	3	1	4	–	–	–	4
>\$150,000	–	2	2	–	–	–	2
Grand total	29	31	60	29	21	50	110

PART FIVE: FINANCE



Aboriginal and Torres Strait Islander Land Account

The Aboriginal and Torres Strait Islander Land Account (Land Account) is the primary source of funding to the ILC. The Land Account was established in 1995 with the intention of providing a secure income stream to the ILC in perpetuity. The Land Account is a Special Account as provided for in section 80 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

The Land Account was built up to become a self-sustaining capital fund by 30 June 2004. Funding received from the Land Account since 1 July 2004 is set out in Table 18. The balance of the Land Account at 30 June 2017 was \$2.029 billion.

From 1 July 2010, following amendments to the *Aboriginal and Torres Strait Islander Act 2005* (ATSI Act), the ILC receives a minimum guaranteed annual payment from the Land Account of \$45 million (2010–11 values), indexed annually by the Consumer Price Index. The ATSI Act also provides for additional payments to be made to the ILC where the actual capital value of the Land Account exceeds its real capital value. The additional amount to be paid is the excess above the real capital value.

Table 18: Funding received from the Land Account since July 2004

Financial year	Amount (\$m)
2004–05	\$4.0m
2005–06	\$23.8m
2006–07	\$96.4m
2007–08	–
2008–09	\$44.8m
2009–10	–
2010–11	\$45.0m
2011–12	\$51.3m
2012–13	\$65.9m
2013–14	\$52.5m
2014–15	\$49.9m
2015–16	\$50.7m
2016–17	\$51.5m

The Land Account and its investments are administered by the Department of the Prime Minister and Cabinet (PM&C) under delegation from the Minister for Finance.

The PGPA Act restricts the Land Account to investing in authorised investments, which are:

- securities of the Commonwealth or of a State or Territory
- securities guaranteed by the Commonwealth, a state or territory
- a deposit with a bank, including a deposit evidenced by a certificate of deposit
- any other form of investment prescribed by the regulation.

The Minister for Indigenous Affairs is responsible for convening meetings of the Consultative Forum on the investments of the Land Account pursuant to section 193G of the ATSI Act. The forum enables nominated ILC Directors and other ministerial appointees to express their views and provide advice on the investment policy of the Land Account to the Delegate of the Minister for Finance. The forum met on two occasions in 2016–17, with the ILC represented by Directors Ashby and Gay. The ILC Group CEO and Chief Operating Officer attended as observers. The meetings focused on presentation of financial statements for the year ended 30 July 2016, review of the Land Account's Investment Strategy and associated investment policies, and appointment of investment advisors to the Land Account.

Land Account Expert Advisory Panel

For some time the ILC Board has been approaching the Australian Government about mechanisms to increase the sustainability of the Land Account and the Minister agreed to consider options put by the ILC. Following a Board decision in April 2016, a Land Account Expert Advisory Panel was convened over the first half of the reporting year to provide advice to the ILC on how the Land Account can be made more sustainable and grow in the longer term.

The Expert Advisory Panel's terms of reference included: mapping projected investment returns under current arrangements; consideration and advice on changes to the Land Account's investment parameters; the management of the Land Account; and any other relevant matters. The Expert Panel, chaired by Mr David Murray AO and including Mr Bill Moss AO, Dr Doug McTaggart, Ms Elayne Grace and Mr Glen Brennan PSM, met for the first time in June 2016 and convened regularly after that, providing its final report to the ILC Board in late December 2016.

The Expert Panel asked the Australian Government Actuary to model likely outcomes if arrangements for the Land Account stayed the same, or if they were changed under various scenarios. The Expert Panel's report concluded that the return on the allowable investments for the Land Account is currently low and will likely stay low for a while. Based on this assessment, the Expert Panel found that, if the Land Account continued to be restricted in the way its funds are invested, annual payments to the ILC would certainly reduce its capital value. A reducing capital value would make it more difficult for the Land Account to fund the ILC in

perpetuity. The Expert Panel further reported that the combination of annual and additional payments to the ILC means that the Land Account's capital value can only ever be maintained or reduced, even with changes to its investment mandate. The Expert Panel recommended that the Land Account be treated like other 'perpetual' funds—that is, with an investment mandate that earns enough both to maintain its value, considering inflation, and to fund the annual payments to the ILC.

The Panel recommended changes to:

- allow the Land Account to be invested in a wider variety of investment products, without incurring a great deal of extra risk
- set a target for investment returns of CPI + 3.1 per cent (3.1 per cent more than official inflation)
- transfer its management to the Future Fund Management Agency (given that agency's role in managing a number of Australian Government funds) or, if that is not possible, another arrangement.

Overall, the Expert Panel made seven detailed recommendations, set out in Appendix 4 to this Annual Report. The report was formally considered at Board meetings in January and February 2017 and the recommendations accepted. After discussion with the Minister and his department, it was agreed that the ILC would undertake a consultation process with Indigenous stakeholders on the future of the Land Account, with PM&C providing support with funding, logistics and high-level government engagement. The consultation process, involving meetings in all capital cities and a number of regional centres as well as videoconferences with regional Indigenous representatives, commenced in July 2017 and will conclude in September 2017.

Management of investment funds

The ILC has accumulated surpluses from previous years. The ILC invests its funds in accordance with policy set by the ILC Board. Section 193K of the ATSI Act exempts the ILC from complying with section 59(1) of the PGPA Act dealing with authorised investments. The investment policy objectives are: the protection of the investments'

capital value, the maintenance of liquidity and the achievement of high rates of return with minimal risk. The investment portfolio is monitored by the Board and supplements annual payments from the Land Account to fund the ILC's functional and operational expenditure.

Overview of ILC Group financial results

Under section 191H of the ATSI Act, the ILC can invest money of the ILC. The ILC Group had \$78.5 million in cash reserves and investments at 30 June 2017 (30 June 2016: \$47.5 million). The funds are used to supplement the ILC Group's annual income for servicing the debt on Ayers Rock Resort and for functional and operational expenditure.

The ILC acquires land for granting an interest in that land to Aboriginal and Torres Strait Islander corporations.

At 30 June 2017 the ILC held properties at a value of \$152.7 million (excluding Ayers Rock Resort). While the ILC holds properties, it is responsible for maintenance and statutory costs.

The ILC holds properties that have a significant amount of livestock on them. At 30 June 2016 the ILC Group held 78,386 head of livestock at a value of \$58.8 million. In accordance with Australian Accounting Standards, the ILC values the livestock on a mark-to-market basis. Accordingly, positive change in the market value of livestock in any given period is recognised as a gain, while negative movement is recognised as an expense in the Income Statement. Transfers between properties do not create actual profits or losses. (See Part 2 for information on ILC-operated businesses.)

The ILC seeks regular independent valuations of its non-financial assets. Valuations are conducted with sufficient frequency to ensure that the carrying amount of assets does not differ materially from the assets' fair value at reporting date.

A Directors' valuation of the non-financial assets of Ayers Rock Resort was undertaken at 30 June 2017. The fair

value of these assets was assessed to be \$340 million at that date, representing a fair value increase of \$40 million against the previous valuation

In addition to direct spending on land acquisition and land management (including the carrying on of businesses), the ILC Group incurs travel and staff costs related to:

- conducting community consultations
- managing land held by the ILC, pending grant
- monitoring activities related to the ILC's land acquisition and land management functions
- providing management and administrative support to commercial businesses run on ILC-held properties
- evaluating programs and opportunities.

The ILC experiences variances between budget estimates and actual performance due to some or all of the following:

- actual timing of implementation of projects considered and approved in a financial year
- operating results of ILC business activities
- changes in the market value of livestock
- changes in the value of non-financial assets

Total resourcing of the agency represents the funds available to the ILC to carry out its legislated functions.

In accordance with the Australian Government's budgetary framework, the ILC prepares budget estimates in May of each year for the coming financial year and three future years.

Table 19: Agency Resource Statement*

	2016–17 Actual \$'000
Opening balance/cash reserves at 1 July	30,377
Funds from Government Ordinary annual services (Appropriation Bill No. 1)	9,216
Special accounts Aboriginal and Torres Strait Islander Land Account	51,422
Total funds from Government	60,638
Funds from other sources Interest	13,385
Other	31,820
Total funds from other sources	45,205
Total net resourcing for ILC	136,220
Payments made	87,054
Closing balance/cash reserves at 30 June	49,166
* Tables do not include Voyages Indigenous Tourism Australia as this entity is classified as a Public Non-Financial Corporation # Based on full-time equivalents at 30 June 2017	

Table 20: Resources for Outcome 1*

Outcome 1: Enhanced socio-economic development, maintenance of cultural identity and protection of the environment by Indigenous Australians through land acquisition and management			
	2016–17 Budget \$'000	2016–17 Actual \$'000	2016–17 Variance \$'000
Program 1.1: Assistance in the acquisition and management of an Indigenous land base			
Ordinary annual services (Appropriation Bill No. 1)	9,216		
Revenue from Government Ordinary annual services (Appropriation Bill No. 1) Payment from related entities 13,500	9,156 12,130	9,216 (1,370)	60 -
Special accounts Aboriginal and Torres Strait Islander Land Account	51,422	51,422	-
Revenues from other independent sources	9,700	33,075	23,375
Total expenses for Program 1.1	83,778	105,843	22,065
Outcome 1 totals by resource type			
Revenue from Government Ordinary annual services (Appropriation Bill No. 1) Payment from related entities	9,156 13,500	9,216 12,130	60 (1,370)
Special accounts Aboriginal and Torres Strait Islander Land Account	51,422	51,422	-
Revenues from other independent sources	9,700	33,075	23,375
Total expenses for Outcome 1	83,778	105,843	22,065
* Tables do not include Voyages Indigenous Tourism Australia as this entity is classified as a Public Non-Financial Corporation # Based on full-time equivalents at 30 June 2017			

	2015–16 Actual	2016–17 Actual
Average staffing level (number)#	287	255
* Tables do not include Voyages Indigenous Tourism Australia as this entity is classified as a Public Non-Financial Corporation # Based on average number of employees receiving wages over the financial year		



INDEPENDENT AUDITOR'S REPORT

To the Minister for Indigenous Affairs

Opinion

In my opinion, the financial statements of the Indigenous Land Corporation and the consolidated entity for the year ended 30 June 2017:

- (a) comply with Australian Accounting Standards – Reduced Disclosure Requirements and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- (b) present fairly the financial positions of the Indigenous Land Corporation and the consolidated entity as at 30 June 2017 and their financial performance and cash flows for the year then ended.

The financial statements of the Indigenous Land Corporation and the consolidated entity, which I have audited, comprise the following statements as at 30 June 2017 and for the year then ended:

- Statement by the Accountable Authority, Chief Executive Officer and Chief Financial Officer;
- Consolidated Statement of Comprehensive Income;
- Consolidated Statement of Financial Position;
- Consolidated Statement of Changes in Equity;
- Consolidated Cash Flow Statement; and
- Notes to and forming part of the financial statements comprising an Overview, Summary of Significant Accounting Policies and other explanatory information.

The consolidated entity comprises the Indigenous Land Corporation and its subsidiaries.

Basis for Opinion

I conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Indigenous Land Corporation and the consolidated entity in accordance with the relevant ethical requirements for financial statement audits conducted by the Auditor-General and his delegates. These include the relevant independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* to the extent that they are not in conflict with the *Auditor-General Act 1997* (the Code). I have also fulfilled my other responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Accountable Authority's Responsibility for the Financial Statements

As the Accountable Authority of the Indigenous Land Corporation the Chair is responsible under the *Public Governance, Performance and Accountability Act 2013* for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards – Reduced Disclosure Requirements and the rules made under that Act. The Chair is also responsible for such internal control as the Chair determines is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chair is responsible for assessing the Indigenous Land Corporation and the consolidated entity's ability to continue as a going concern, taking into account whether the entities' operations will cease as a result of an administrative restructure or for any other reason. The Chair is also responsible for disclosing matters related to going concern as applicable and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

Auditor's Responsibilities for the Audit of the Financial Statements

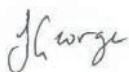
My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian National Audit Office Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with the Australian National Audit Office Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Indigenous Land Corporation and the consolidated entity's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Accountable Authority;
- conclude on the appropriateness of the Accountable Authority's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Indigenous Land Corporation or the consolidated entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Indigenous Land Corporation or the consolidated entity's to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the consolidated entity to express an opinion on the financial report. I am responsible for the direction, supervision and performance of the consolidated entity audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Australian National Audit Office



Jodi George

Acting Executive Director

Delegate of the Auditor-General

Canberra

25 September 2017



Australian Government
Indigenous Land Corporation

ABN 59 912 679 254

Statement by the Accountable Authority, Chief Executive Officer and Chief Financial Officer

In our opinion, the attached financial statements for the year ended 30 June 2017 comply with subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

In our opinion, at the date of this statement, there are reasonable grounds to believe that the Corporation will be able to pay its debts as and when they become due and payable.


This statement is made in accordance with a resolution of the directors.

Signed.....

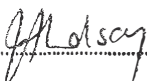
Mr Edward Fry
Chair

Signed.....

Director

Signed.....

Mr John Maher
ILC Group Chief Executive Officer

Signed.....

Ms Jodie Lindsay
Chief Financial Officer

25 September 2017

Primary financial statement

Consolidated Statement of Comprehensive Income
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Indigenous Land Corporation
Consolidated Statement of Comprehensive Income
for the year ended 30 June 2017

	Notes	Consol 2017 \$'000	Consol 2016 \$'000
NET COST OF SERVICES			
Expenses			
Property granted	1A	12,370	7,487
Provision for property held for grant and assets held in trust	1B	(7,982)	(1,500)
Employee benefits	1C	91,270	85,747
Suppliers	1D	111,674	118,206
Depreciation and amortisation	1E	17,732	18,835
Net (gain) loss from sale of assets		1,108	568
Finance costs	1G	8,957	10,825
Total expenses		<u>235,129</u>	<u>240,168</u>
Own-source income			
Own-source revenue			
Interest	2A	1,731	1,901
Sale of goods and rendering of services	2B	165,123	149,207
Grants	2C	4,098	4,059
Other revenue	2D	12,439	13,565
Total own-source revenue		<u>183,391</u>	<u>168,732</u>
Gains			
Net gain in the net market value of livestock	3A	15,751	21,653
Net market value of agricultural produce	3B	642	471
Other net gain (loss)	3C	1,036	58,332
Total gains		<u>17,429</u>	<u>80,456</u>
Total own-source income		<u>200,820</u>	<u>249,188</u>
Net cost of services		<u>(34,309)</u>	<u>9,020</u>
Revenue from Government			
Revenue from Government	4	60,638	60,101
Surplus before income tax on continuing operations		<u>26,329</u>	<u>69,121</u>
Income tax benefit	5A	317	685
Surplus attributable to the Australian Government		<u>26,646</u>	<u>69,806</u>
Other comprehensive income			
Changes in asset revaluation surplus		218	1,774
Disposal of minority interest		-	231
Income tax equity adjustment		37	(37)
Total comprehensive income attributable to the Australian Government		<u>26,901</u>	<u>71,774</u>

The above statement should be read in conjunction with the accompanying notes.

Indigenous Land Corporation
Consolidated Statement of Financial Position
as at 30 June 2017

	Notes	Consol 2017 \$'000	Consol 2016 \$'000
ASSETS			
Financial assets			
Cash and cash equivalents	6A	57,491	43,574
Trade and other receivables	6B	8,848	11,190
Investments	6C	21,000	4,000
Other financial assets	6D	11,099	14,036
Total financial assets		<u>98,438</u>	<u>72,800</u>
Non-financial assets			
Biological assets	7A	54,094	49,129
Inventory – held for sale	7B	4,812	4,824
Inventory - property held for grant	7C	127,027	135,014
Assets held in trust	7D	25,683	25,678
Land	7E	67,910	58,109
Property, plant and equipment	7E	355,289	318,737
Intangible assets	7F	5,600	5,761
Finance lease	7G	6,327	6,666
Other non-financial assets	7I	6,045	6,140
Deferred tax asset	5B	1,049	815
Total non-financial assets		<u>653,836</u>	<u>610,873</u>
Total assets		<u>752,274</u>	<u>683,673</u>
LIABILITIES			
Payables			
Suppliers	8A	15,518	12,744
Other payables	8B	12,320	12,737
Interest bearing loans	8C	182,257	185,000
Finance lease	8D	6,704	6,694
Total payables		<u>216,799</u>	<u>217,175</u>
Provisions			
Employee provisions	10	10,995	10,102
Provision for property held for grant	7C	127,027	135,014
Provision for assets held in trust	7D	25,683	25,678
Provision for make good	9A	403	403
Total provisions		<u>164,108</u>	<u>171,197</u>
Total liabilities		<u>380,907</u>	<u>388,372</u>
NET ASSETS		<u>371,367</u>	<u>295,301</u>
EQUITY			
Parent entity interest			
Reserves		60,083	10,918
Retained surplus		311,284	284,383
Total parent entity interest		<u>371,367</u>	<u>295,301</u>
TOTAL EQUITY		<u>371,367</u>	<u>295,301</u>

The above statement should be read in conjunction with the accompanying notes.

Indigenous Land Corporation
Consolidated Statement of Changes in Equity
for the year ended 30 June 2017

Consolidated	Retained Earnings		Asset Revaluation Reserve		Income Tax Reserve		Total Equity	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Opening Balance	284,383	212,609	10,918	5,212	-	-	295,301	217,821
Balance carried forward from previous period								
Comprehensive Income	26,646	69,806	-	-	-	-	26,646	69,806
Surplus for the period								
Other comprehensive income:								
Disposal of minority interest	-	231	-	-	-	-	-	231
Fair value revaluation of property, plant and equipment	-	-	49,503	7,480	-	-	49,503	7,480
Total comprehensive income attributable to the Australian Government	26,646	70,037	49,503	7,480	-	-	76,149	77,517
Amount transferred from revaluation reserve for property, plant and equipment disposed of	218	1,774	(218)	(1,774)	-	-	-	-
Income tax equity adjustment	37	(37)	-	-	(120)	-	(83)	(37)
Closing balance attributable to the Australian Government	311,284	284,383	60,203	10,918	(120)	-	371,367	295,301

The above statement should be read in conjunction with the accompanying notes.

**Indigenous Land Corporation
Consolidated Cash Flow Statement
for the year ended 30 June 2017**

	Consol 2017 \$'000	Consol 2016 \$'000
OPERATING ACTIVITIES		
Cash received		
Receipts from Government	64,804	62,834
Goods and services	206,752	188,033
Interest	1,331	2,456
Other	7,992	13,742
Total cash received	<u>280,879</u>	<u>267,065</u>
Cash used		
Employees	95,128	79,604
Suppliers	116,094	128,343
Interest paid	5,441	10,785
Net GST paid to ATO	14,483	11,818
Total cash used	<u>231,146</u>	<u>230,550</u>
Net cash from (used by) operating activities	<u>49,733</u>	<u>36,515</u>
INVESTING ACTIVITIES		
Cash received		
Proceeds from the sale of property, plant and equipment	169	111
Proceeds from sale of investments, net	-	6,000
Total cash received	<u>169</u>	<u>6,111</u>
Cash used		
Purchase of property, plant and equipment	15,700	17,515
Purchase of intangibles	125	14
Investments made, net	17,000	-
Total cash used	<u>32,825</u>	<u>17,529</u>
Net cash from (used by) investing activities	<u>(32,656)</u>	<u>(11,418)</u>
FINANCING ACTIVITIES		
Cash used		
Repayment of loans	3,160	30,000
Net cash from (used by) financing activities	<u>(3,160)</u>	<u>(30,000)</u>
Net increase (decrease) in cash held	13,917	(4,903)
Cash at the beginning of the reporting period	43,574	48,477
Cash at the end of the reporting period	<u>57,491</u>	<u>43,574</u>

The above statement should be read in conjunction with the accompanying notes.

Indigenous Land Corporation
Notes to and forming part of the financial statements
for the year ended 30 June 2017

Overview

Objective of the Indigenous Land Corporation

The Indigenous Land Corporation (ILC) parent entity is a Corporate Commonwealth entity established to provide economic, environmental, social and cultural benefits for Aboriginal people and Torres Strait Islanders by assisting with acquisition and management of land. The ILC was established on 1 June 1995, and is governed by the *Aboriginal and Torres Strait Islander Act 2005* (ATSI Act). It is a not for profit entity.

The ILC is structured to meet the following outcome:

Enhanced socio-economic development, maintenance of cultural identity and protection of the environment by Indigenous Australians through land acquisition and management.

The ILC may make arrangements with Subsidiaries to carry out functions of the ILC.

Basis of preparation of the financial statements

The financial statements are general purpose financial statements and are required by section 42 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

The financial statements have been prepared in accordance with:

- *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015 (FRR)* for the reporting periods on or after 1 July 2016; and
- Australian Accounting Standards and Interpretations - Reduced Disclosure Requirements issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial statements have been prepared on an accrual basis and are in accordance with historical cost convention, except for certain assets at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or on the financial position of the ILC and the economic entity ("the Corporation").

The financial statements are presented in Australian dollars and values are rounded to the nearest thousand dollars unless otherwise specified.

Unless alternative treatment is specifically required by an accounting standard or the FRR's, assets and liabilities are recognised in the Consolidated Statement of Financial Position when, and only when, it is probable that future economic benefits will flow to the entity or a future sacrifice of economic benefits will be required and the amounts of the assets and liabilities can be reliably measured.

However, assets and liabilities arising under executory contracts are not recognised unless required by an accounting standard. Liabilities and assets that are unrecognised are reported in note 14, unless alternative treatment is specifically required by an Accounting Standard, income and expenses are recognised in the ILC and Consolidated Statement of Comprehensive Income when, and only when, the flow, consumption or loss of economic benefit has occurred and can be reliably measured.

Principles of consolidation

The consolidated financial statements are those of the Corporation, comprising:

- ILC (the parent entity) and its subsidiaries or controlled entities:-
- Australian Indigenous Agribusiness Company Pty Ltd ("AIA") name change only from National Indigenous Pastoral Enterprises Pty Ltd ("NIPE") effective 29 June 2017
- National Centre of Indigenous Excellence Ltd ("NCIE")
- Voyages Indigenous Tourism Australia Pty Ltd ("Voyages")
- The Owners – Strata Plan No. 86156 ("Strata Corp")

Subsidiaries and controlled entities are all those entities (including special purpose entities) over which the ILC has the power to govern the financial and operating policies so as to obtain benefits from their activities.

Subsidiaries are consolidated from the date on which control is obtained through to the date on which control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. Adjustments are made to align any inconsistent accounting policies that may exist. In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

New accounting standards

Adoption of new Australian Accounting Standards requirements

No accounting standard has been adopted earlier than the application date as stated in the standard.

New standards, revised standards, interpretations and amending standards, issued prior to the signing of the statements, applicable to the current reporting period did not have a financial impact, and are not expected to have a future financial impact on the Corporation.

Future Australian Accounting Standards requirements

New standards, revised standards, interpretations and amending standards, issued prior to the signing of the statements, which are applicable to future reporting periods are not expected to have a financial impact on the Corporation.

The Corporation will apply AASB 16 *Leases* from 2019-20. The standard will require the net present value of payments under most operating leases to be recognised as assets and liabilities. An initial assessment indicates that the implementation of the standard may not have a substantial impact on the financial statements, however, the Corporation is yet to undertake a detailed review.

The Corporation will apply AASB 15 *Revenue from Contracts with Customers* from 2018-19. The standard requires revenue from such contracts to be recognised as the entity transfers goods and services to the customer. A detailed assessment is yet to be undertaken, however, based on a preliminary assessment, the standard is not expected to have a material impact on the transactions and balances recognised in the financial statements.

AASB 9 *Financial Instruments* will apply from 2018-19. Financial assets and liabilities are currently carried at the present value of expected future cash flows based upon the incurred loss model. There is minimal exposure to credit risk and an initial assessment indicates that the effect of the standard and move to the expected loss model will not have a material impact on the financial statements.

Comparative figures

Where necessary, comparative figures have been adjusted to conform with changes in presentation in these financial statements.

Events after the reporting period

There are no events which have occurred after the balance date which require disclosure or an adjustment to the financial report.

Consol	Consol
2017	2016
\$'000	\$'000

Financial Performance

This section analyses the financial performance of the Corporation for the year ended 30 June 2017.

1. Expenses

1A. Property granted

Value of property granted	10,669	7,451
Funds granted for property acquisition	1,679	-
Associated costs	22	36
Total property granted expenses	<u>12,370</u>	<u>7,487</u>

The expense relates to the value of land granted (at cost) to Indigenous organisations in line with the objectives of the ILC. Costs incurred in transferring land, unsuccessful acquisitions or projects considered unlikely to proceed at reporting date are also included in this expense.

1B. Provision for property held for grant and assets held in trust

Movement in the provision for property held for grant	(7,987)	(1,405)
Movement in the provision for assets held in trust	5	(95)
Total movement in provision	<u>(7,982)</u>	<u>(1,500)</u>

A provision is raised in the Statement of Comprehensive Income for the full cost of land and infrastructure purchases representing the sacrifice of future benefits embodied in the assets. The following represents the net movement in the provisions for the reporting period.

1C. Employee benefits

Wages and salaries	83,373	78,102
Superannuation		
Defined contribution plan	6,828	6,381
Defined benefit plan	793	1,008
Separation and redundancy	276	256
Total employee benefits	<u>91,270</u>	<u>85,747</u>

Accounting Policy

Accounting policy for employee related expenses is contained in the People and Relationships section

	Consol 2017 \$'000	Consol 2016 \$'000
1D. Suppliers		
Raw materials and consumables	39,412	36,185
Agribusiness supplies and expenses	5,363	6,225
Resort supplies and expenses	1,750	1,612
Travel	2,518	2,545
Consultants	6,311	7,857
Marketing	4,954	4,766
Repairs and maintenance	11,935	12,370
Utilities, rates and services	7,286	7,824
Fuels	1,391	1,473
Grant funding	9,903	15,810
Staff expenses	7,770	5,509
Other	8,985	10,987
Total goods and services supplied or rendered	<u>107,578</u>	<u>113,163</u>
Other supplier expenses:		
Operating lease rentals ¹	2,087	3,054
Workers' compensation premiums	2,009	1,989
Total other supplier expenses	<u>4,096</u>	<u>5,043</u>
Total suppliers	<u>111,674</u>	<u>118,206</u>

¹ These comprise minimum lease payments only

Supplier expenses include land management expenses. The ILC works with Indigenous corporations and develops a package of support in the form of agreed solutions to land management issues identified by the land owners. Land management expenses also include land management on land held by the ILC and includes the cost of caretaking, use, maintenance and improvement of that land.

1E. Depreciation and amortisation

Buildings and infrastructure	8,690	8,897
Plant and equipment	2,573	2,716
Furniture and fittings	3,868	4,026
Motor vehicles	1,274	1,331
Computer equipment	465	549
Leasehold improvements	240	251
Total depreciation	<u>17,110</u>	<u>17,770</u>
Amortisation of software	237	914
Amortisation of trademarks and licences	-	39
Amortisation of other contracts and relationships	39	-
Amortisation of goodwill	7	7
Amortisation of finance lease	339	105
Total amortisation	<u>622</u>	<u>1,065</u>
Total depreciation and amortisation	<u>17,732</u>	<u>18,835</u>

	Consol 2017 \$'000	Consol 2016 \$'000
1F. Leasing commitments		
Commitments payable		
Operating leases ¹	33,766	29,365
Other ²	20,280	21,341
Total commitments payable	54,046	50,706
Commitments are payable as follows:		
One year or less	5,090	4,015
From one to five years	17,919	11,766
Over five years	31,037	34,925
Total commitments payable	54,046	50,706

The amounts reported as at 30 June 2017 as commitments payable include GST where relevant.

¹The operating leases commitments comprise:

- Leases for office accommodation relate to tenancy of the ILC in its Adelaide (Head Office and ICS Office), Perth and Brisbane offices. Voyages have a lease for its office accommodation in Sydney and a lease over the airport at Ayers Rock Resort. Lease payments are subject to annual increases in accordance with the lease contracts at either a fixed rate or to market. The initial periods of the leases are still current. There are no purchase options available to the ILC.
- Agreements for the provision of motor vehicles and forklifts— no contingent rentals exist. There are no renewal or purchase options available to the Corporation.
- Leases and grazing licences entered into by the ILC are for the purposes of running a commercial enterprise. The commitment equals the total consideration paid by the ILC over the term of the lease, being a cash payment, which is subject to an annual index adjustment, and an agreed amount of capital development to be undertaken by the Corporation. The initial periods of the licences are still current. There are no purchase options available to the ILC.

²The other commitments comprise:

- Voyages entered into a 20 year finance lease on 28 July 2015 for three ground based and two roof based Solar Photovoltaic systems with lease payments commencing on 9 March 2016. The lease expires on 8 March 2036.
- Voyages commenced a maintenance painting lease in March 2017 for a duration of 5 years.

1G. Finance costs

Amortisation of unwinding of discount on Commonwealth loan	2,976	-
Loan interest	5,291	10,699
Finance leases	690	126
Total finance costs	8,957	10,825

All borrowing costs are expensed as incurred.

	Consol 2017 \$'000	Consol 2016 \$'000
Own source income		
2. Revenue		
2A. Interest		
Held-to maturity investments		
Term deposits	1,256	1,429
Loans and receivables		
Interest on bank and other securities	475	472
Total interest	<u>1,731</u>	<u>1,901</u>

Interest revenue is recognised using the effective interest method.

2B. Sale of goods and rendering of services

Total sale of goods and rendering of services	<u>165,123</u>	<u>149,207</u>
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Accounting Policy

Revenue from the sale of goods is recognised when:

- the risks and rewards of ownership have been transferred to the buyer;
- the Corporation retains no managerial involvement nor effective control over the goods;
- the revenue and transaction costs can be reliably measured; and
- it is probable that the economic benefits associated with the transaction will flow to the Corporation.

Revenue from rendering of services is recognised by reference to the stage of completion of rendering of service at the reporting date. The revenue is recognised when:

- the amount of revenue, stage of completion and transaction costs incurred can be reliably measured; and
- the probable economic benefits from the transaction will flow to the Corporation.

See Note 7A in relation to recognition of income from biological assets.

2C. Grants

Grants from:

Department of Prime Minister and Cabinet	2,489	2,180
Department of Agriculture & Water Resources	-	50
Northern Land Council	-	4
Attorney General's Department	-	10
Department of Health	779	547
Department of Education and Training	-	275
State and Territory Governments	815	945
Local Governments	7	30
Other	8	18
Total grants	<u>4,098</u>	<u>4,059</u>

The ILC receives small amounts from Government departments as contributions to some of its land management projects. The income is recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

	Consol 2017 \$'000	Consol 2016 \$'000
2D. Other revenue		
Diesel fuel rebate	408	396
Grant recovery	85	718
Insurance recovery	229	672
Rent received	8,568	8,606
Other	3,149	3,173
Total other revenue	<u>12,439</u>	<u>13,565</u>

2E. Commitments receivable

Goods and services tax	4,626	3,957
Leases	6,406	8,001
Total commitments receivable	<u>11,032</u>	<u>11,958</u>

BY MATURITY

Commitments receivable

One year or less	1,689	1,380
From one to five years	5,313	5,035
Over five years	4,030	5,543
Total commitments receivable	<u>11,032</u>	<u>11,958</u>

Commitments receivable comprise:

- Net recoveries of GST in relation to commitments receivable and payable.
- Lease receivable as a result of agreements to lease Voyages and NCIE property to third parties.

3. Gains

3A. Net gain in the net market value of livestock

Net gain in net market value¹ during the reporting period

Cattle	17,113	21,662
Sheep	772	352
Horses	(83)	(38)
Gross change in net market value	<u>17,802</u>	<u>21,976</u>
Movement in provision for deaths	<u>(2,051)</u>	<u>(323)</u>
Net gain in the net market value of livestock	<u>15,751</u>	<u>21,653</u>

	Consol 2017 \$'000	Consol 2016 \$'000
3B. Net market value of agricultural produce		
Non-living agricultural produce extracted from biological assets		
Net market value ¹ of wool, wheat and barley extracted during the reporting period	642	471
Wool		
Revenue from sale of wool	642	465
Deemed cost of wool	(642)	(465)
Net revenue from sale of wool	-	-
Wheat and barley		
Revenue from sale of wheat and barley	-	5
Deemed cost of wheat and barley	-	(5)
Net revenue from sale of wheat and barley	-	-

During the reporting period the Corporation sold 318 (2016: 250) bales of wool.

¹ Net market value is fair value less estimated point-of sale costs

3C. Other net gain (loss)

Change in net present value of sundry creditors	-	(1,038)
Net movement in impairment of receivables	(298)	11
Net movement in impairment on repayable grants	68	60
Net movement in property held for grant	-	2,538
Reversal of previous impairment of land	-	8,313
Reversal of previous impairment of property, plant and equipment ¹	-	34,926
Reversal of previous impairment of intangibles	-	860
Write down of property, plant and equipment	(30)	-
Gain on concessional loan benefit ²	-	13,848
Fair value adjustment on derivative change ³	1,296	(1,186)
Total net gain (loss)	1,036	58,332

¹The reversal of previous impairment of property, plant and equipment in the prior year relates to the revaluation of Ayers Rock Resort (refer note 7E).

²A contract executed between ILC and the Commonwealth Government for the provision of a \$65m loan to retire the facility with GPT and to reduce the overall interest cost on the debt of Ayers Rock Resort represents a financial instrument. *AASB 139 Financial Instruments* requires that a financial asset shall be recognised in the balance sheet when the ILC became a party to the contract. The ILC became party to this contract in May 2016. As the Commonwealth loan agreement was provided in terms that are more favourable than the ILC could obtain in the market place a concessional discount is required to be recognised.

Consol 2017 \$'000	Consol 2016 \$'000
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An asset and a gain equal to fair value of the contract has been recognised in the reporting period. The fair value on the contract is the difference between the rights receivable under the contract and the present value of the obligations payable under the contract being \$13.8 million. The rights receivable under the contract are greater than the present value of the obligations payable under the contract. Therefore, the net effect is an asset which has been recognised in the Statement of Financial Position and a corresponding gain recognised in the Statement of Comprehensive Income. Over the seven year period of the loan, the unwinding of the concessional discount will result in annual expense (see Note 1G), which will total the \$13.8 m over the period.

³On 22 June 2016, Voyages executed \$90m in interest rate swaps with the Australia and New Zealand Banking Group Limited (ANZ). Voyages is required by contract to hedge 50 per cent of the ANZ finance facility. The fair value determined through a mark to market calculation as at balance date, being the difference between the transaction price and fair value, has been recognised as a liability and a loss recorded in the Statement of Comprehensive Income. The change in the fair value determined for the financial instrument (derivative) is classified here as a fair value through profit or loss derivative financial liability.

Accounting Policy

Contribution of assets at no cost of acquisition or for nominal consideration are recognised as gains at their fair value when the asset qualifies for recognition.

4. Revenue from Government

Department of the Prime Minister and Cabinet

Corporate Commonwealth entity payment	9,216	9,389
Receipts from the Land Account	51,422	50,712
Total revenue from Government	<u>60,638</u>	<u>60,101</u>

Funding received or receivable from non-corporate Commonwealth entities (appropriated to the non-corporate Commonwealth entity as a corporate Commonwealth entity payment item for payment to the ILC) is recognised as Revenue from Government unless they are in the nature of an equity injection or loan.

The amounts received by the Corporation as a Corporate Commonwealth Entity payment are for the support of jobs in the Northern Territory in land management and pastoral activities. The income is recognised on receipt and corresponding payments are recognised as expenses when incurred or when paid to third parties.

The Corporation was established by section 191A of the *Indigenous Land Corporation (ATSIIC Amendment) Act 1995* and is controlled by the Commonwealth of Australia. During the reporting period the ILC was dependent on an annual payment from the Aboriginal and Torres Strait Islander Land Account.

Receipts from the Aboriginal and Torres Strait Islander Land Account (Land Account) is a minimum \$45 million in accordance with Section 193C of the ATSI Act. The Land Account is administered by the Department of the Prime Minister and Cabinet. Receipts from the Land Account are recognised at the time the ILC becomes entitled to receive the revenue.

	Consol 2017 \$'000	Consol 2016 \$'000
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Taxation

This section analyses the taxation performance of the Corporation for the year ended 30 June 2017

5. Income tax

5A. Income tax expense (benefit)

The major components of income tax are:

Statement of Comprehensive Income

Current income tax		
Current income tax charge	149	(2,324)
Deferred income tax		
Relating to origination of temporary differences	(440)	(945)
Adjustments in respect of income tax of previous years	1	6
Value of deferred tax assets not recognised	(27)	2,578
Income tax expense (benefit) reported in Statement of Comprehensive Income	(317)	(685)

Numerical reconciliation between aggregate tax expenses recognised in the Statement of Comprehensive Income and tax as calculated per the statutory income tax rate:

Total accounting profit	26,646	69,806
Accounting profit not subject to income tax	26,914	38,039
Total accounting profit subject to income tax	(268)	31,767
Income tax on profit at statutory rate (30%)	(80)	9,530
Entertainment	9	8
Donations	56	40
Revaluation/ impairment (gain)	(389)	(13,230)
Amortisation of intangibles	69	284
Tax depreciation	115	11
Property, plant and equipment	(70)	88
Adjustments in respect of current income tax of previous years	-	6
Value of deferred tax assets not recognised	(27)	2,578
Aggregate income tax (benefit)	(317)	(685)

5B. Deferred income tax

Deferred tax relates to the following:

	Statement of Financial Position		Statement of Comprehensive Income	
	Consol 2017 \$'000	Consol 2016 \$'000	Consol 2017 \$'000	Consol 2016 \$'000
Provision for doubtful debts	71	42	(29)	(6)
Provision for employee entitlements	2,467	2,100	(538)	(598)
Amortisation of intangibles	-	-	-	-
Depreciation of fixed assets	(204)	(49)	169	196
Other	79	122	22	(21)
Losses available for offsetting future taxable income	25,108	25,473	(915)	(677)
Deferred tax (income)			<u>(1,291)</u>	<u>(1,106)</u>

Value of net deferred tax assets not recognised – current year	(93)	(2,615)
Value of net deferred tax assets not recognised – prior year	(26,379)	(24,258)
Net deferred tax assets	<u>1,049</u>	<u>815</u>

Reconciliation of deferred tax assets net:

Opening balance as of 1 July	815	167
Tax income / (expense) during the period recognised in Statement of Comprehensive Income	439	269
Losses available for offsetting future taxable income	(149)	2,994
Value of net deferred tax assets not recognised	(56)	(2,615)
Adjustments recognised in the current year to the current tax of prior years	-	-
Closing balance as at 30 June	<u>1,049</u>	<u>815</u>

In accordance with Section 193P of the *Aboriginal and Torres Strait Islander Act 2005*, the ILC is subject to all Commonwealth and State taxation except income tax and stamp duty (where land is divested to an Aboriginal Corporation within 12 months).

AIA and Voyages are subject to taxation.

NCIE has sought and has been granted exemption from taxation as a result of being recognised as a Public Benevolent Institution.

Accounting Policy

Current tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary differences is associated with investments in subsidiaries and the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to off set current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxable authority.

The Corporation offsets tax assets and liabilities if and only if it has a legally enforceable right to off set current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Deferred income tax assets have not been recognised for Voyages for any deductible temporary differences, carry-forward of unused tax credits and unused tax losses, as it is not considered probable that a taxable profit will be available against which they can be utilised. The deferred tax liabilities attributable to Voyages intangibles has been reversed as there is no deductible temporary difference.

Voyages has tax losses for which no deferred tax asset is recognised in the statement of financial position of \$80.503 million (2016: Final losses per tax return \$81.141 million) which are available indefinitely for offset against future taxable profits subject to continuing to meet relevant statutory tests.

Consol	Consol
2017	2016
\$'000	\$'000

Financial Position

This section analyses the Corporation's assets used to conduct its operations and the operational liabilities incurred as a result.

Employee related information is disclosed in the People and Relationships section

6. Financial assets

6A. Cash and cash equivalents

Cash at bank and on hand	19,126	9,323
Deposits at call	3,251	7,140
Deposit with maturity less than 3 months	35,114	27,103
Cash advances	-	8
Total cash and cash equivalents	57,491	43,574

Accounting Policy

Cash and cash equivalents includes cash on hand, advances made and demand deposits with a bank or financial institution held at call or with an original maturity of three months or less that are readily convertible to known amounts of cash and subject to insignificant risk of change in value. Cash is recognised at its nominal amount.

6B. Trade and other receivables

Goods and services receivables	6,259	10,818
Other receivables:		
Interest receivable	653	251
Other debtors	2,237	293
Total other receivables	2,890	544
Total trade and other receivables (gross)	9,149	11,362
Less: Allowance for impairment	(301)	(172)
Total trade and other receivables (net)	8,848	11,190

Reconciliation of allowance for impairment

Goods and services:		
Opening balance	(172)	(184)
Amounts written off	25	15
Amounts recovered or reversed	10	44
Increase (decrease) recognised in net cost of services	(164)	(47)
Closing balance	(301)	(172)

6C. Investments

Term deposits	21,000	4,000
Total investments	21,000	4,000

	Consol 2017 \$'000	Consol 2016 \$'000
6D. Other financial assets		
Repayable grants to Aboriginal corporations	311	436
Concessional loan benefit	10,872	13,848
Derivative Financial Assets	172	-
Other deposits	8	18
Total other financial assets (gross)	<u>11,363</u>	<u>14,302</u>
Less: Provision for impairment	(264)	(266)
Total other financial assets (net)	<u>11,099</u>	<u>14,036</u>

	Consol 2017 \$'000	Consol 2016 \$'000
7. Non-financial assets		
7A. Biological assets		
Livestock	58,798	51,782
Less: Provision for livestock deaths	(4,704)	(2,653)
Total biological assets	<u>54,094</u>	<u>49,129</u>
	Consol 2017 Number	Consol 2017 \$'000
<i>Movement in livestock:</i>		
Opening on hand (at net market value)	87,955	51,782
Less provision for deaths	-	(2,653)
Sales	(21,577)	(11,953)
Purchases	730	705
Natural increase	22,970	-
Deaths/rations/other	(11,692)	-
Gross change in net market value	-	18,264
Change in provision for deaths	-	(2,051)
Closing on hand (at net market value)	<u>78,386</u>	<u>54,094</u>

Accounting Policy

Summary of each class of livestock on hand at the beginning of the reporting period and at the end of the reporting period at fair value less estimated point-of-sale costs (net market value).

Livestock on hand at the beginning of the reporting period at net market value (excluding provision for deaths):

	Consol 2016 Number	Consol 2016 \$'000
Cattle	77,224	50,629
Sheep	10,503	792
Horses	228	361
	<u>87,955</u>	<u>51,782</u>

Livestock on hand at the end of the reporting period at net market value (excluding provision for deaths):

	Consol 2017 Number	Consol 2017 \$'000
Cattle	68,022	57,397
Sheep	10,201	1,120
Horses	163	281
	<u>78,386</u>	<u>58,798</u>

Accounting Policy

Biological assets consists of livestock.

Livestock held for trading purposes includes cattle, buffalo and sheep. There are a small number of horses on ILC's properties that are used as working beasts. Livestock which are considered to be biological assets are accounted for in accordance with *AASB 141 Agriculture* and are measured at fair value less estimated point-of-sale costs (net market value). Gains or losses on changes in the net market value of livestock are recognised in the Statement of Financial Performance.

Musters or counts are performed on each of the properties at least annually which are used to substantiate the size of the herd/flock and breeding and death rates in accordance with standard industry practice. Where the musters/counts do not coincide with the reporting period, the last muster/count numbers are used.

Where musters/counts are expected to coincide with reporting periods but are unable to be completed due to circumstances outside of the control of the Corporation, (eg weather), natural increase is recorded based on muster results completed as at reporting date. Where estimates of natural increase cannot be reliably made, no natural increase since the last muster/count is recorded. Paddock records are maintained on all properties.

Deaths recorded in the financial reporting period are higher than previous years due to an underestimate of deaths in previous reporting periods. The under recording of deaths has an impact on the net gain from change in market value that is recognised in the reporting period. This change is not expected to have an effect in future periods.

The net market value is determined by independent valuations undertaken by industry experts based on the value which could be expected to be received from the disposal of livestock in an active and liquid market after deducting costs expected to be incurred in realising the proceeds of such a disposal. The valuation takes into account the general make up of the herd/flock as at reporting date and the use and productivity of the animals to be valued.

A provision for deaths is made at each reporting date equivalent to 8% (2016: 5%) of the value of livestock held at reporting date.

	Consol 2017 \$'000	Consol 2016 \$'000
7B. Inventory - held for sale		
Inventory held for sale	4,812	4,824
Wool	-	77
Carrying amount 30 June	<u>4,812</u>	<u>4,824</u>

Total amount of other inventory expensed during the period is \$39.816m (2016: \$33.682m).

Accounting Policy

Inventories held for sale are valued at the lower of cost and net realisable value.

Non-living agricultural produce, wool, extracted from livestock is recognised as revenue in the reporting period that the produce is extracted. Gains or losses on changes in the net market value are recognised in the Statement of Comprehensive Income. The wool is then accounted for in accordance with AASB 102 *Inventories*.

7C. Inventory – property held for grant and provision for property held for grant

Property held for grant	127,027	135,014
Less: provision for grant	(127,027)	(135,014)
Carrying amount 30 June	<u>-</u>	<u>-</u>
A summary of the movement in property held for grant is as follows:		
Opening balance 1 July	135,014	136,419
Opening provision 1 July	(135,014)	(136,419)
Carrying amount 1 July	<u>-</u>	<u>-</u>
Additions to 30 June	4,088	3,591
Grant to 30 June	(12,348)	(7,451)
Amount transferred from assets held in trust	(5)	95
Reclassified as property held for grant	278	2,360
Net movement	<u>(7,987)</u>	<u>(1,405)</u>
Movement in provision to 30 June	7,987	1,405
Carrying amount 30 June	<u>-</u>	<u>-</u>

The above amount includes a property that is jointly controlled by the ILC and Housing Authority of Western Australia. The holding is as follows:

	\$
ILC - 64.19%	576,461
Housing Authority of Western Australia – 35.81%	<u>321,593</u>
	<u>898,054 *</u>

*Includes \$543,054 contribution by Housing Authority of Western Australia

Accounting Policy

Property held for grant is land, improvements, plant and equipment held for grant which represents properties purchased for the purpose of grant to appropriate organisations in line with the legislative function and objectives of the ILC. These assets are held for distribution at no consideration in the ordinary course of business of the ILC. Accordingly, these assets are classified as inventory held for distribution in accordance with *AASB 102 Inventories*.

Property held for grant is initially recorded at cost. Property held for grant acquired for free, or for a nominal amount, is recognised initially at current replacement cost at the date of acquisition. Ongoing the assets are valued at cost, adjusted when applicable for any loss of service potential. Any adjustment is expensed to the Statement of Comprehensive Income.

Land purchases (including the related improvements, plant, equipment, acquisition and holding costs) are capitalised on purchase.

At this time a provision is raised against the Statement of Comprehensive Income for the full cost of the purchase representing the sacrifice of the future benefits embodied in the assets.

On transfer, the assets and provision are offset against one another.

Where the infrastructure and plant and equipment are used in the production or supply of goods or services on an ongoing and commercial basis the corresponding asset is classified as property, plant and equipment in accordance with *AASB 116 Property, Plant and Equipment*.

The ILC's interest in a joint venture is through the joint ownership of one property that is classified as Inventory – property held for grant.

This joint venture does not involve the establishment of a corporation, partnership or other entity to a financial structure that is separate from the parties. Each party has control over its share of future economic benefits through its share of the jointly controlled asset.

In respect of the controlled asset the ILC recognises its share in the jointly controlled asset, classified according to the nature of the assets in accordance with *AASB 131 Interests in Joint Ventures*. As at reporting date, there was no income, expenditure, liability, or any contingent asset or liability arising from the joint venture arrangement.

	Consol 2017 \$'000	Consol 2016 \$'000
7D. Assets held in trust and provision for assets held in trust		
Assets held in trust	25,683	25,678
Less: provision for assets held in trust	(25,683)	(25,678)
Carrying amount 30 June	<u>-</u>	<u>-</u>
Total amount held at the beginning of the reporting period	25,678	25,773
Adjustment to carrying value	5	(95)
Total amount held at the end of the reporting period	<u>25,683</u>	<u>25,678</u>

7E. Land, property, plant and equipment
Reconciliation of opening and closing balances:

	Total Land \$'000	Building & Infrastructure Improvements ¹ \$'000	Plant and Equipment \$'000	Furniture & Fittings \$'000	Motor Vehicles \$'000	Computer Equipment \$'000	Leasehold Improvements \$'000	Total PPE \$'000	Total \$'000
As at 1 July 2016									
Gross book value	58,109	303,215	27,532	39,953	7,214	2,019	1,382	381,315	439,424
Accumulated depreciation and impairment	-	(37,510)	(6,867)	(15,665)	(1,216)	(808)	(512)	(62,578)	(62,578)
Total as at 1 July 2016	58,109	265,705	20,665	24,288	5,998	1,211	870	318,737	376,846
Additions									
By purchase	-	3,938	5,792	3,796	1,138	795	60	15,519	15,519
Revaluation and impairments recognised in other comprehensive income	9,801	39,033	257	(8)	357	(19)	52	39,672	49,473
Depreciation	-	(8,690)	(2,573)	(3,868)	(1,274)	(465)	(240)	(17,110)	(17,110)
Other movements	-	(114)	16	-	-	(16)	(150)	(264)	(264)
Disposals	-	(182)	(453)	(520)	(87)	(19)	(4)	(1,265)	(1,265)
Total as at 30 June 2017	67,910	299,690	23,704	23,688	6,132	1,487	588	355,289	423,199
Total as at 30 June 2017 represented by:									
Gross book value	67,910	335,264	32,129	42,672	7,739	2,047	904	420,755	488,664
Accumulated depreciation and impairment	-	(35,574)	(8,425)	(18,984)	(1,607)	(560)	(316)	(65,466)	(65,466)
Total as at 30 June 2017	67,910	299,690	23,704	23,688	6,132	1,487	588	355,289	423,199

¹ The Corporation accounts for land and infrastructure on ILC held land as property held for grant. Plant and equipment and improvements made to the infrastructure on properties utilised for commercial operations are accounted for as property, plant and equipment.

	Consol 2017 \$'000	Consol 2016 \$'000
Buildings and infrastructure on properties that the Corporation conducts commercial businesses include the following:		
Improvements to building and infrastructure	288,515	291,126
Improvement to civil works	707	1,086
Improvements to water points and water supply	4,449	4,699
Improvements to fences and yards	6,019	6,304
	<u>299,690</u>	<u>303,215</u>

Buildings and infrastructure on properties that are under construction or significant redevelopment have not been revalued as at 30 June as the cost of construction and development reflects the fair value of the assets. The total values of assets under construction are as follows:

Building and infrastructure improvements	<u>621</u>	<u>697</u>
<i>Reconciliation of make good fair value</i>		
Opening balance, fair value	403	403
Opening balance, accumulated amortisation	(292)	(253)
Amortisation for the year	(24)	(39)
Closing balance 30 June	<u>87</u>	<u>111</u>
<i>Movement in asset revaluation reserve:</i>		
As a result of disposal/ transfer		
Increment (Decrement) for buildings and structures	7	(14)
Decrement for plant and equipment	(105)	(867)
Decrement for furniture and fittings	(5)	(1)
Decrement for motor vehicles	(113)	(887)
Decrement for computer systems	(2)	(5)
	<u>(218)</u>	<u>(1,774)</u>
As a result of revaluation		
Increment for land	9,801	1,581
Increment for buildings and structures	39,045	5,244
Increment for plant and equipment	259	414
Increment for furniture and fittings	(6)	6
Increment for motor vehicles	357	214
Increment for computer systems	-	21
Increment for leasehold improvements	47	-
	<u>49,503</u>	<u>7,480</u>
Total movement in asset revaluation reserve	<u>49,285</u>	<u>5,706</u>

Accounting Policy

The Corporation maintains asset registers for property, plant and equipment. A stock take to verify property, plant and equipment is undertaken at least annually. All revaluations are conducted in accordance with the valuation policy. All assets were assessed for impairment at 30 June in accordance with *AASB 136 Impairment of Assets*.

Asset recognition threshold

Purchases of property, plant and equipment (not held for transfer) are recognised initially at cost in the Statement of Financial Position, except for purchases costing less than \$1,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located. This is particularly relevant to “make good” provisions in property leases taken up by the ILC where there exists an obligation to restore the property to its original condition. These costs are included in the value of the ILC’s leasehold improvements with a corresponding provision for the “make good” recognised.

Property, plant and equipment acquired free, or for a nominal amount, is initially recognised at fair value.

Revaluation

Following initial recognition at cost, property, plant and equipment are carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Valuations are conducted with sufficient frequency to ensure that the carrying amount of assets does not differ materially from the assets fair value at reporting date. Independent valuations will be undertaken at not more than three yearly intervals, if there is a significant change to circumstances that warrants an earlier valuation, or if the nature of the property, plant and equipment experiences significant and volatile changes in fair value.

Buildings and infrastructure on properties that are under construction or significant redevelopment during or at the end of the reporting period have not been revalued as at 30 June as the cost of the construction or redevelopment would approximate fair value.

Fair values for each class of assets are determined as shown below:

<i>Asset class:</i>	<i>Fair value measured at:</i>
Land	Market selling price
Building structures and improvements	Market selling price and depreciated replacement cost
Plant and equipment	Market selling price
Leasehold improvements	Depreciated replacement cost
Office equipment, furniture and fittings and computer systems	Market selling price

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity (Revaluation Reserve) except to the extent that it reverses a previous revaluation decrement of the same class of assets. Revaluation decrements for a class of assets are recognised directly in the surplus/deficit except to the extent that they reverse a previous revaluation increment for that class.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset restated to the revalued amount.

Depreciation and amortisation

Depreciable property, plant and equipment are written-off to their estimated residual values over their estimated useful lives to the Corporation using both the diminishing value and prime cost method of depreciation. Leasehold improvements are amortised over the lower of the estimated useful life of the improvements or the unexpired period of the lease.

Depreciation rates (useful lives) and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate. Residual values are re-estimated for a change in prices only when assets are revalued.

Depreciation rates applying to each class of assets are as follows:

	Diminishing Value 2017	Diminishing Value 2016	Prime Cost 2017	Prime Cost 2016
Buildings and infrastructure	2.5-40%	2.5-40%	-	-
Plant and equipment	5-67%	5-67%	-	-
Office equipment	20-50%	20-50%	-	-
Motor vehicles	20-45%	20-45%	-	-
Furniture and fittings	13-67%	13-67%	-	-
Computer equipment	40-67%	40-67%	-	-
Leasehold improvements	-	-	10-67%	10-67%

The aggregate amount of depreciation allocated for each class of asset during the reporting period is disclosed in note 1E.

Impairment

Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of fair value less costs of disposal and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the entity were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

Significant accounting judgements and estimates

In the process of applying the accounting policies in this note, the Corporation has made a judgement regarding the valuation and impairment of property plant and equipment and intangibles.

Voyages engaged CBRE Hotels, an accredited hotel valuation and advisory expert, to prepare a limited scope valuation of Ayers Rock Resort for the purpose of testing for impairment and assessment of the fair value of assets, less costs to sell off Ayers Rock Resort assets at the balance date. The valuation technique adopted has been using a combination of three approaches, the Discounted Cash Flow (DCF) together with a market based capitalisation of earnings and a stabilised year approach that capitalises earnings in a future year when normalised trading patterns can be expected. The valuer weighted in favour of the capitalisation of earnings approach. As there was a detailed inspection of Ayers Rock Resort on 13 May 2015 by CBRE Hotels for the purposes of this valuation the property was not inspected. CBRE Hotels provided a market based valuation report to support the valuation adopted by the Directors for financial reporting purposes as at 30 June 2017.

CBRE Hotels has estimated the fair value less costs to sell of Ayers Rock Resort to be \$340 million (2016: \$300 million).

Continuing favourable trading conditions for Ayers Rock Resort combined with a strong outlook for the tourism market, both domestically and internationally, has contributed positively to the valuation. At the total net income level, the stronger actual performance in 2016-17 of 10% over the projection used in the 2016 valuation was also an influence. The increase in the fair value, apart from the improved financial performance of Ayers Rock Resort, was also supported by the investment market conditions remaining strong.

The Voyages Directors have considered the value estimated by CBRE and have assessed the risks associated with the cash flow forecast and other key assumptions used to determine the value. Based on these considerations, the Voyages Directors have determined that the assets which comprise the Cash Generating Unit (CGU) of Ayers Rock Resort have an aggregate fair value less costs to sell at 30 June 2017 of \$340 million (2016: \$300 million).

Having regard to the carrying value of ARR across the respective asset classes having reversed all of the accumulated impairment in 2016 no fair value adjustment to tangible assets has been recognised in the Statement of Comprehensive Income in 2017. (Reverse the impairment provisions in 2016: \$44.102 million) . To restate the carrying amount of these assets to the revised fair value the asset revaluation reserve in Equity was increased by \$41.907 million (2016: \$6.825 million).

The fair value measurement of the assets would be in level 3 of the fair value hierarchy having relied on unobservable valuation inputs. For the methodology adopted by CBRE Hotels, the market based approaches of capitalisation of earnings and stabilised year includes forecasted cash flows (level 3 inputs) and quoted prices for similar assets through pricing data from recent sales (level 2 inputs). The DCF method is also in level 3 of the fair value hierarchy, having unobservable valuation inputs. CBRE Hotels is unable to use level 1 inputs due to a lack of similar assets within companies listed on an observable exchange. There were no transfers during the period between levels.

The significant inputs used in the market based capitalisation of earnings methodology for the valuation by CBRE Hotels within level 2 and 3 included:

- Forecasted net operating income including forecasted resort occupancy
- Market derived investment yield or capitalisation of earnings rate (cap rate)

The significant inputs used in the DCF method incorporating a five year trading forecast for financial years 2018 to 2022 was used as a valuation cross check within level 2 and 3 included:

- Discount rate
- Resort occupancy

Key assumptions used in fair value calculations

The calculation of fair value of the Ayers Rock Resort CGU is most sensitive to the following assumptions:

- Investment yield or capitalisation of earnings rate
- Resort occupancy and average daily rate

Capitalisation of earnings rate – The capitalisation of earnings rate represents the current market assessment of the risks specific to the CGU, taking into account a detailed analysis of hotel sales and yields achieved in the Australian market. The capitalisation approach involves the application of a market derived yield to the assessed net operating income from the property to indicate its current market value. The capitalisation of earnings rate is determined based on an analysis of market transactions to determine market derived assumptions used in the valuation.

Resort occupancy and average daily rate – Ayers Rock Resort occupancy has been forecast based on an analysis of key market segments and expected growth in these markets over the forecast period. The forecast also takes into account of strategic initiatives to grow the average daily rate (ADR) in the resort key market segments due to the strength of demand experienced during the year and from forward booking patterns.

Sensitivity to changes in assumptions

The recoverable amount of the Ayers Rock Resort CGU is equal to its carrying value and consequently any adverse change in a key assumption would result in a further impairment loss.

Capitalisation of earnings rate – The capitalisation of earnings rate reflects the prevailing conditions in the hotel investment market which are subject to change based on investor sentiment and economic conditions. The valuer assessed a range of capitalisation of earnings rates between 8.50% to 9.50% with 9.0% adopted when calculating the fair value of the Ayers Rock Resort CGU. The independent valuer is of the view that the capitalisation of earnings rate selected is appropriate in the current market. An increase in the capitalisation of earnings rate of 0.25% would result in a reduction in the impairment reversal or a reduction in the fair value of approximately \$11.0 million.

Resort occupancy and average daily rate – Changes in market conditions in the tourism sector can have a significant impact on resort occupancy and average daily rate. Such changes may include economic conditions in key source markets, currency fluctuations and available airline capacity. The valuer performed sensitivity analysis on the values around increases and decreases in both occupancy and average daily rate. The occupancy rate assumption is the most influential input on earnings before interest, tax, depreciation and amortisation. Any reduction in the occupancy rate assumption estimated in the operating forecast would result in an adverse change in valuation and

No other accounting assumptions or estimates have been identified that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next accounting period.

7F. Intangible assets

Reconciliation of opening and closing balances:

	Software ¹ \$'000	Trade marks and licences \$'000	Other contracts and relationships \$'000	Goodwill \$'000	Total \$'000
As at 1 July 2016					
Gross book value	4,943	20,469	3,243	107	28,762
Accumulated amortisation and impairment	(4,682)	(15,170)	(3,120)	(29)	(23,001)
Total as at 1 July 2016	261	5,299	123	78	5,761
Additions					
By purchase	122	-	-	-	122
Amortisation					
	(237)	-	(39)	(7)	(283)
Disposals					
Reversal of amortisation of disposed intangibles	(65)	-	-	-	(65)
	65	-	-	-	65
Total as at 30 June 2017	146	5,299	84	71	5,600
Total as at 30 June 2017 represented by:					
Gross book value	5,000	20,469	3,243	107	28,819
Accumulated amortisation and impairment	(4,854)	(15,170)	(3,159)	(36)	(23,219)
Total as at 30 June 2017	146	5,299	84	71	5,600

¹ The carrying amount of computer software included \$142,666 purchased software and \$2,250 internally generated software

Accounting Policy

The Corporation's intangibles comprise internally developed and externally acquired software for internal use, and software, brands, leases, licences and contractual relationships acquired through business combinations. These assets are carried at cost less accumulated amortisation and accumulated impairment losses.

Software

All software assets were assessed for impairment as at 30 June, and adjustments made for those determined to be impaired.

Capitalised software is amortised on a straight-line basis over its estimated useful life. Useful lives are:

	Consol 2017	Consol 2016
Internally developed software	3-5 years	3-5 years
Externally acquired software	1-5 years	1-5 years

Goodwill

After initial recognition, goodwill acquired in a business combination is measured at cost less any accumulated amortisation and impairment losses. Goodwill is amortised over a straight line basis (over 15 years) and is subject to impairment testing on an annual basis or whenever there is an indication of impairment.

Residual goodwill, acquired through business combination, is considered to be fair value for the replacement cost of the assembled workforce acquired on acquisition.

Trade marks

Brands includes trademarks, business name and other collateral, acquired through business combination. Brands have an indefinite useful life, so are not subject to an amortisation. Impairment is tested annually by comparing carrying value with the asset's recoverable amount if there are any possible indications exist which require adjustments. Recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

Impairment

All intangibles were assessed for impairment at 30 June. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefits of an asset is not primarily dependent on an asset's ability to generate future cash flows, and the asset would be replaced if the Corporation was deprived of the asset, its value in use is taken to be the depreciated replacement cost.

7G. Leased assets

Reconciliation of opening and closing balances:

	Finance Lease \$'000
As at 1 July 2016	
Gross book value	6,771
Accumulated amortisation	(105)
Total as at 1 July 2016	6,666
Depreciation	(339)
Total as at 30 June 2017	6,327
Total as at 30 June 2017 represented by:	
Gross book value	6,771
Accumulated depreciation	(444)
Total as at 30 June 2017	6,327

A finance lease with a third party for the installation of three ground based and two roof based solar photovoltaic systems for a period of 20 years, at an implied interest rate of 10.3% commenced on 9 March 2016. The carrying value of plant held under a finance lease at 30 June 2017 was \$6,327,000 (2016: \$6,666,000). Scheduled repayments are made on a quarterly basis, with a 2.5% annual uplift.

In accordance with the lease agreement future rentals may be varied annually by application of an agreed performance ratio-based calculation. Annual rent may be varied only downwards should performance not meet agreed electricity efficiency levels. Current system performance would indicate that the application of this adjustment is unlikely to occur. Accordingly no reduction in the rental paid by the Company has been assumed in future years.

	Consol 2017 \$'000	Consol 2016 \$'000
7H. Commitments property plant and equipment		
Capital commitments payable		
Other ¹	3,241	826
Total capital commitments	3,241	826
Commitments are payable as follows:		
One year or less	3,241	826
Total capital commitments payable	3,241	826

¹ The capital commitments comprise:

At 30 June 2017 the Voyages had capital commitments for orders placed awaiting completion such as staff accommodation construction and communications infrastructure where workers have been mobilised.

Voyages commenced a maintenance painting lease in March 2017 for a duration of 5 years.

7I. Other non-financial assets

Prepaid operating leases	11,435	11,265
Less: Amortisation of prepaid operating lease	(6,605)	(5,927)
Total prepaid operating leases	4,830	5,338
Other prepayments	1,215	802
Total other non-financial assets	6,045	6,140

The prepaid operating lease is to be amortised as follows:

within one year	677	677
within one to five years	2,709	2,709
over five years	1,444	1,952
Total prepaid operating leases	4,830	5,338

	Consol 2017 \$'000	Consol 2016 \$'000
8. Payables		
8A. Suppliers		
Trade creditors and accruals	15,518	12,744
Total supplier payables	<u>15,518</u>	<u>12,744</u>

Settlement is usually made net 30 days.

8B. Other payables

Salaries and wages	1,778	1,444
Superannuation	119	615
Net GST payable to ATO	433	525
Unearned income received in advance	6,303	4,455
Sinking fund	3,282	3,316
Derivative financial liability	62	1,186
Bond and security deposits	17	-
Other payables	326	1,196
Total other payables	<u>12,320</u>	<u>12,737</u>

Parental Leave Payments Scheme

Amounts received under the Parental Leave Payments Scheme by the entity not yet paid to employees were presented gross as cash and a liability (payable). The total amount received under this scheme was nil (2016: \$23,652).

8C. Interest bearing loans

Loan with GPT	-	65,000
Loan with Commonwealth Government	62,257	-
Loan with ANZ Bank	120,000	120,000
Total interest bearing loans	<u>182,257</u>	<u>185,000</u>

The interest bearing loan is a result of a loan from the Commonwealth Government and a debt facility with ANZ. The consideration is payable over 5-8 years. The Commonwealth Government and ANZ loan are at a variable interest rate.

	Consol 2017 \$'000	Consol 2016 \$'000
8D. Finance lease		
Finance lease liability	6,704	6,694
Total finance lease liability	<u>6,704</u>	<u>6,694</u>

The finance lease liability is in relation to the finance lease asset (refer to note 7G).

Accounting Policy

A distinction is made between finance leases and operating leases. Finance leases effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of the leased assets. An operating lease is a lease that is not a finance lease. In operating leases, the lessor effectively retains substantially all such risks and benefits.

Where an asset is acquired by means of a finance lease, the asset is capitalised at either the fair value of the leased property or, if lower, the present value of minimum lease payments at the inception of the lease, and a liability recognised at the same amount. The discount rate used is the interest rate implicit in the lease. Leased assets are amortised over the period of the lease. Lease payments are allocated between the principal component and interest expense.

Operating lease payments are expensed on a basis which is representative of the pattern of benefits derived from the leased assets.

Where the ILC has a lease or a grazing licence over a property, the lease is classified as an operating lease. The total consideration paid by the ILC over the term of the lease, being cash payments and/or capital development, is expensed on a straight line basis over the term of the lease.

Lease incentives taking the form of "free" leasehold improvements and rent holidays are recognised as liabilities. These liabilities are reduced by allocating lease payments between rental expenses and the reduction of the liability.

9. Other provisions

9A. Provision for make good movement

As at 1 July	403	403
Amounts used	-	-
Amounts reversed	-	-
Total as at 30 June	<u>403</u>	<u>403</u>

The Corporation currently has three agreements for the leasing of premises which have provisions requiring the Corporation to restore the premises to their original condition at the conclusion of the leases. The Corporation has made a provision to reflect the present value of these obligations.

Consol	Consol
2017	2016
\$'000	\$'000

People and Relationships

This section describes a range of employment and post employment benefits provided to our people and out relationship with other key people.

10. Employee provisions

Annual leave	4,954	4,599
Long service leave	3,985	3,625
Provision for bonus ¹	2,056	1,878
Total employee provisions	<u>10,995</u>	<u>10,102</u>

¹Some Voyages employees are eligible for a performance bonus subject to qualifying criteria.

Accounting Policy

Benefits

Liabilities for “short-term employee benefits” (as defined in *AASB 119 Employee Benefits*) and termination benefits due within twelve months of the end of the reporting period are measured at their nominal amounts.

The nominal amount is calculated with regards to the rates expected to be paid on settlement of the liability.

Other long-term employee benefits liabilities are measured at the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date.

Leave

The liability for employee benefits includes provision for annual leave and long service leave. The leave liabilities are calculated on the basis of employees’ remuneration at the estimated salary rates that will apply at the time the leave is taken, including the Corporation’s employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination.

Separation and redundancy

Provision is made for separation and redundancy benefit payments. The Corporation recognises a provision for termination when it has developed a detailed formal plan for the termination and has informed those employees affected that it will carry out the terminations.

Superannuation

Employees of the ILC are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Scheme (PSS) or the PSS Accumulation Plan (PSSap). The CSS and PSS are defined benefits schemes for the Australian Government. The PSSap is a defined contribution scheme.

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. This liability is reported by the Department of Finance’s administered schedules and notes.

The ILC makes employer contributions to the employee superannuation scheme at rates determined by the actuary to be sufficient to meet the cost to the Australian Government of the superannuation entitlements of the ILC’s employees. The ILC accounts for the contributions as if they were contributions to defined contributions schemes.

Superannuation contributions on behalf of employees of the ILC’s wholly owned subsidiaries are made in accordance with their employment contracts, mainly to industry superannuation funds which are defined contribution schemes.

The liability for superannuation recognised as at 30 June represents outstanding contributions accrued as at the reporting date.

11. Key Management Personnel Remuneration

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the corporation, directly or indirectly, including any director (whether executive or otherwise) of the corporation. The corporation has determined the key management personnel to be the Board of Directors, Chief Executive Officers and the Senior Executive Level staff of the ILC and its subsidiaries.

Key management personnel remuneration is reported in the table below:

Short term employee benefits	6,211
Post-employment benefits	536
Other long-term employee benefits	99
Termination benefits	15
Total key management personnel remuneration expenses	<u>6,861</u>

The total number of key management personnel included in the above table are 43.

12. Related party disclosure

12A. Related party relationships

ILC is an Australian Government controlled entity. Related parties are key management personnel, subsidiaries, entities controlled by related parties and other Australian Government controlled entities.

Key management personnel

Key management personnel are described in note 11.

Subsidiaries of ILC

Australian Indigenous Agribusiness Company Pty Ltd (AIA)
National Centre of Indigenous Excellence Ltd (NCIE)
Voyages Indigenous Tourism Australia Pty Ltd (Voyages)
The Owners – Strata Plan No. 86156 (The Owners Corp)

Entities controlled by a related person

ILC Directors Mr Edward Fry and Mr Anthony Asby are also directors of Indigenous Business Australia (IBA). Transactions with IBA are disclosed in detail note 12B.

Other Australian Government controlled entities

The ILC transacts with other Australian Government controlled entities consistent with normal day to day business operations provided under normal terms and conditions, including the payment of workers compensation premiums, insurance premiums and legal services.

The ILC also receives and makes grants to other Australian Government controlled entities consistent with normal day to day business operations.

Consol 2017 \$'000	Consol 2016 \$'000
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12B. Transactions with related parties

Key management personnel

No key management personnel has received or became entitled to receive during or since the end of the financial year, a benefit due to any contract or contracts made by the company other than disclosed below.

The NCIE leases out office space. A former Director of the NCIE (Mr Phillips) is also the Chairman and CEO of a tenant of the NCIE. The former Director received no personal benefit as a result of the tenancy arrangements.	2	7
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The NCIE offers services associated with camps and conferences and hires facilities. Directors of the NCIE or entities that are related to the Directors, who purchased facility hire or services during the year (or part year while they were Directors of NCIE) include:

Ms Janke	4	1
Jawun (Ms Janke is a former Director)	7	23
Tribal Warrior (Mr Phillips is a Director)	-	2
Telstra Foundation (Mr O'Leary is a Director)	-	1
Telstra Foundation (Mr O'Leary is a Director) sponsored the Company for the Indigenous Digital Excellence programme	275	1,100
Ninti One (Ms Page is a Director)	5	-
NSW Aboriginal Housing Office (Mr A Ashby and Mr D Bidjara-Barnes are Directors)	1	20

The NCIE purchased services from an entity that is related to the Parent, ILC:		
PricewaterhouseCoopers (PwC) (Ms Hosch is a Director of the Indigenous Consultancy arm of PwC)	-	20

Entities controlled by a related person:

The ILC has engaged IBA to coordinate a baseline review which was fully completed during the reporting period.

Payments made to IBA	62	-
Subleasing arrangements between IBA and ILC commenced in during the financial year in Canberra, Adelaide and Perth. Terms of the agreement ensure costs are covered for space occupied by each party.		
Payments made to IBA	131	-
Payments received from IBA	86	-
IBA and ILC worked together on developing a shared services unit, to encompass key corporate functions. Costs involved in this process have been shared throughout the year.		
Payments made to IBA	76	-
Payments received from IBA	49	12
IBA purchased services from the ILC's subsidiary NCIE		
Payments received from IBA	1	8

12C. ILC Group

The below is a list of the Group's controlled entities, all of which are incorporated in Australia unless otherwise noted:

	2017 %	2016 %
Australian Indigenous Agribusiness Company Pty Ltd	100	100
National Centre of Indigenous Excellence Ltd	100	100
Voyages Indigenous Tourism Australia Pty Ltd	100	100
The Owners – Strata Plan No. 86156	61	61

AIA was established in 2004 as a wholly-owned subsidiary of the ILC. Until 1 September 2014 AIA was the employment vehicle for staff working on ILC-held properties and agribusinesses. From 1 September 2014 the ILC's agribusiness operations are progressively transferring to AIA.

NCIE was incorporated to manage the National Centre of Indigenous Excellence in Redfern NSW on behalf of the ILC. No income or property of NCIE may be paid or transferred, directly to any member of NCIE whether by way of dividend, bonus or otherwise. The ILC is the sole member of NCIE.

Voyages was incorporated to own and manage Ayers Rock Resort in Yulara NT on behalf of the ILC.

AIA, NCIE and Voyages are 100% owned by the parent entity and are incorporated in Australia.

On 8 February 2012, the ILC registered a strata title scheme that separated a building owned by the ILC into three separate strata title lots. Upon the registration of the strata scheme four certificates of title were issued. Three titles are in the name of the ILC representing three separate strata title lots. The fourth title is in the name of The Owners—Strata Plan No 86156 and represents the common area of the property. During the previous financial year the ILC transferred one lot to an Aboriginal Corporation. As the ILC still owns two of the three lots it effectively "controls" The Owners—Strata Plan No 86156.

The Strata Corp is 61% owned by the parent entity and is incorporated in Australia.

Proposed shareholding in Voyages

In May 2011, the ILC entered into a Deed of Agreement with Wana Ungkuntja Pty Ltd (WU) in recognition of the WU non-exercise of its first right of refusal for the purchase of Ayers Rock Resort. In accordance with the deed, WU shall be offered without further consideration, seven percent of the issued share capital in the corporate body established by the ILC to own the assets and operate the tourism business at Ayers Rock Resort, upon the earlier of the discharge of all securities or the 10th anniversary of the agreement. The current corporate body is Voyages. The fair value of the option currently approximates zero.

12D. Transactions with wholly owned entities

The ILC is the ultimate parent entity in the wholly owned group comprising itself and its wholly owned subsidiaries AIA, NCIE, Voyages and The Strata Corp.

The ILC provided grant funding to its subsidiaries as follows:

AIA - \$10,692,723 (2016: \$6,280,604)

NCIE - \$2,654,591 (2016: \$2,349,202)

Voyages paid interest on the intercompany loan from the ILC as follows:

\$12,101,964 (2016: \$15,920,140)

Section 191G of the ATSI Act allows the ILC to create subsidiaries and to fund them by way of loan or transfer. The deed of agreements between the ILC and NCIE and the ILC and AIA reflects the Act and expresses that the ILC will make an annual advance of funds to cover NCIE's and AIA's expenses and underwrite any losses from NCIE or AIA either by way of loan or grant.

Consol 2017 \$'000	Consol 2016 \$'000
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Managing Uncertainties

This section analyses how the Corporation manages financial risks within its operating environment

13. Contingencies

13A. Contingent liabilities and assets

Contingent assets		
Balance from previous period	1,530	1,523
New contingent assets	-	7
Assets settled	(1,530)	-
Total contingent assets	-	1,530
Net contingent assets (liabilities)	-	1,530

Accounting Policy

Contingent liabilities and contingent assets are not recognised in the Statement of Financial Position but are reported in the relevant notes. They may arise from uncertainty as to the existence of a liability or asset or represent an asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are disclosed when settlement is greater than remote.

Claims for damages

Voyages has resolved the dispute with a design consultant in relation to defective airconditioning works installed at the Uluru Meeting Place conference facilities at Ayers Rock Resort in March 2017.

13B. Unquantifiable contingencies

The Corporation had no unquantifiable contingencies as at reporting date.

13C. Significant remote contingencies

The Corporation had no significant remote contingencies as at reporting date.

	Consol 2017 \$'000	Consol 2016 \$'000
14. Financial instruments		
14A. Categories of financial instruments		
Financial Assets		
Cash	57,491	43,574
Receivables	8,848	11,190
Term deposits	21,000	4,000
Repayable grants / advances	47	170
Concessional loan benefit	10,872	13,848
Derivative financial assets	172	-
Other deposits	8	18
Total financial assets	98,438	72,800
Financial Liabilities		
Financial liabilities measured at amortised cost		
Supplier payables	15,518	12,744
Other payables	11,887	12,212
Interest bearing loans	182,257	185,000
Finance lease payable	6,704	6,694
Total financial liabilities measured at amortised cost	216,366	216,650
Total financial liabilities	216,366	216,650
14B. Net gain or loss on financial assets		
Held-to-maturity investments		
Interest revenue	1,256	1,429
Net gain (loss) on held-to-maturity investments	1,256	1,429
Loans and receivables		
Interest revenue	475	472
Impairment	68	60
Net gain (loss) on loans and receivables	543	532
Net gains (losses) on financial assets	1,799	1,961
14C. Net gain or loss on financial liabilities		
Financial liabilities measured at amortised cost		
Interest expense	8,957	10,825
Net (gain) loss on financial liabilities measured at amortised cost	8,957	10,825
Net (gain) loss on financial liabilities	8,957	10,825
14D. Financial asset and liability reconciliation		
Total financial assets as per Statement of Financial Position	98,438	72,800
Total financial assets as per instruments notes	98,438	72,800
Total financial liabilities as per Statement of Financial Position	216,799	217,175
Less: non financial instrument components		
GST payable to ATO	(433)	(525)
Total financial assets as per instruments notes	216,366	216,650

Accounting Policy

Financial assets

Investments and other financial assets are categorised as either held to maturity investments or loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. Financial assets are recognised and derecognised upon trade date.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Corporation has the positive intent and ability to hold to maturity are classified as held-to-maturity investments.

Investments designated as held-to-maturity investments are fixed rate term deposits with a term exceeding 3 months placed with major banks.

Held-to-maturity investments are recorded at amortised cost using the effective interest rate method less impairment, with revenue recognised on an effective yield basis.

Loans and receivables

Financial instruments designated as loans and receivables are short term deposits with major banks, trade and other receivables and repayable grants. Loans and receivables are measured at amortised cost using the effective interest rate method less impairment. Interest is recognised by applying the effective interest rate method.

Repayable grants are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in the profit and loss when the repayable grant is impaired.

Trade receivables, which generally have 28 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less an allowance for impairment.

Collectability of trade receivables is reviewed on an ongoing basis. Individual debts that are known to be uncollectable are written off when identified. An impairment provision is recognised when it is probable that the Corporation will not be able to collect the receivable.

Impairment of financial assets

Financial assets are assessed for impairment at each balance date.

Financial assets held at amortised cost

If there is objective evidence that an impairment loss has been incurred for held to maturity investments or loans and receivables, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount is reduced by way of an allowance account. The loss is recognised in the Statement of Comprehensive Income.

Financial assets held at cost

If there is objective evidence that an impairment loss has been incurred, the amount of impairment loss is the difference between the carrying amount of the asset and the present value of the estimated future cash flows discounted at the current market rate for similar assets.

Derivative financial instruments

Interest rate swaps

The Corporation uses derivative financial instruments, being interest rate swaps, to hedge its interest rate risks of its secured bank loan. The interest rate swaps are initially recognised at fair value on the date on which the contract is entered into and are subsequently remeasured at fair value at balance date. Interest rate swaps are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The interest rate swaps are recognised at fair value on a mark to market basis on the Statement of Financial Position.

Under Accounting Standard AASB 139 *Financial Instruments: Recognition and Measurement*, the Corporation has adopted a choice available to it within the standard not to apply hedge accounting.

Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit and loss or other financial liabilities. Financial liabilities are recognised and derecognised upon trade date.

Financial liabilities at fair value through profit and loss

Financial liabilities at fair value through profit and loss are initially measured at fair value, net of transaction costs. Subsequent fair value adjustments are recognised in the surplus/deficit. The net gain or loss recognised in the surplus/deficit incorporates any interest paid on the financial liability.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of any transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest rate method, with interest expense recognised on an effective yield basis.

Supplier and other payables

Supplier and other payables are carried at amortised cost. Due to their short term nature they are not discounted. Liabilities are recognised to the extent that the goods and services have been received (and irrespective of having been invoiced). The amounts are unsecured and usually paid within 30 days of recognition.

15. Fair value measurement

	Fair value measurements at the end of the reporting period	
	2017	2016
	\$'000	\$'000
Non-financial assets		
Land	67,910	58,109
Buildings and infrastructure improvements	299,690	265,705
Plant and equipment	23,704	20,665
Furniture and fittings	23,688	24,288
Motor vehicles	6,132	5,998
Computer equipment	1,487	1,211
Leasehold improvements	588	870
Biological assets	54,094	49,129

There were no transfers during the period between levels.

Accounting Policy

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Corporation.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Corporation uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Corporation determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as property, plant and equipment. Involvement of external valuers is decided upon annually. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

For the purpose of fair value disclosures, the Corporation has determined classes of assets and liabilities on the basis of the nature, characteristics and risk of the asset and liability and the level of the fair value hierarchy as explained above.

	2017 \$'000	2016 \$'000
Parent Information		
16. Indigenous Land Corporation		
Assets		
Financial assets	382,578	360,970
Non financial assets	267,214	267,906
Total Assets	649,792	628,876
Liabilities		
Payables	67,942	71,888
Provisions	155,663	163,532
Total Liabilities	223,605	235,420
Net Assets	426,187	393,456
Equity		
Retained surplus	415,292	389,580
Asset revaluation reserve	10,895	3,876
Net Equity	426,187	393,456
Net profit (loss) of the parent entity	25,497	40,335
Total comprehensive income of the parent entity	25,710	42,041

Indigenous Land Corporation, which is the Group's ultimate parent and controlling entity of the ILC Group also has:

Guarantees entered into by parent in relation to debts of Subsidiaries

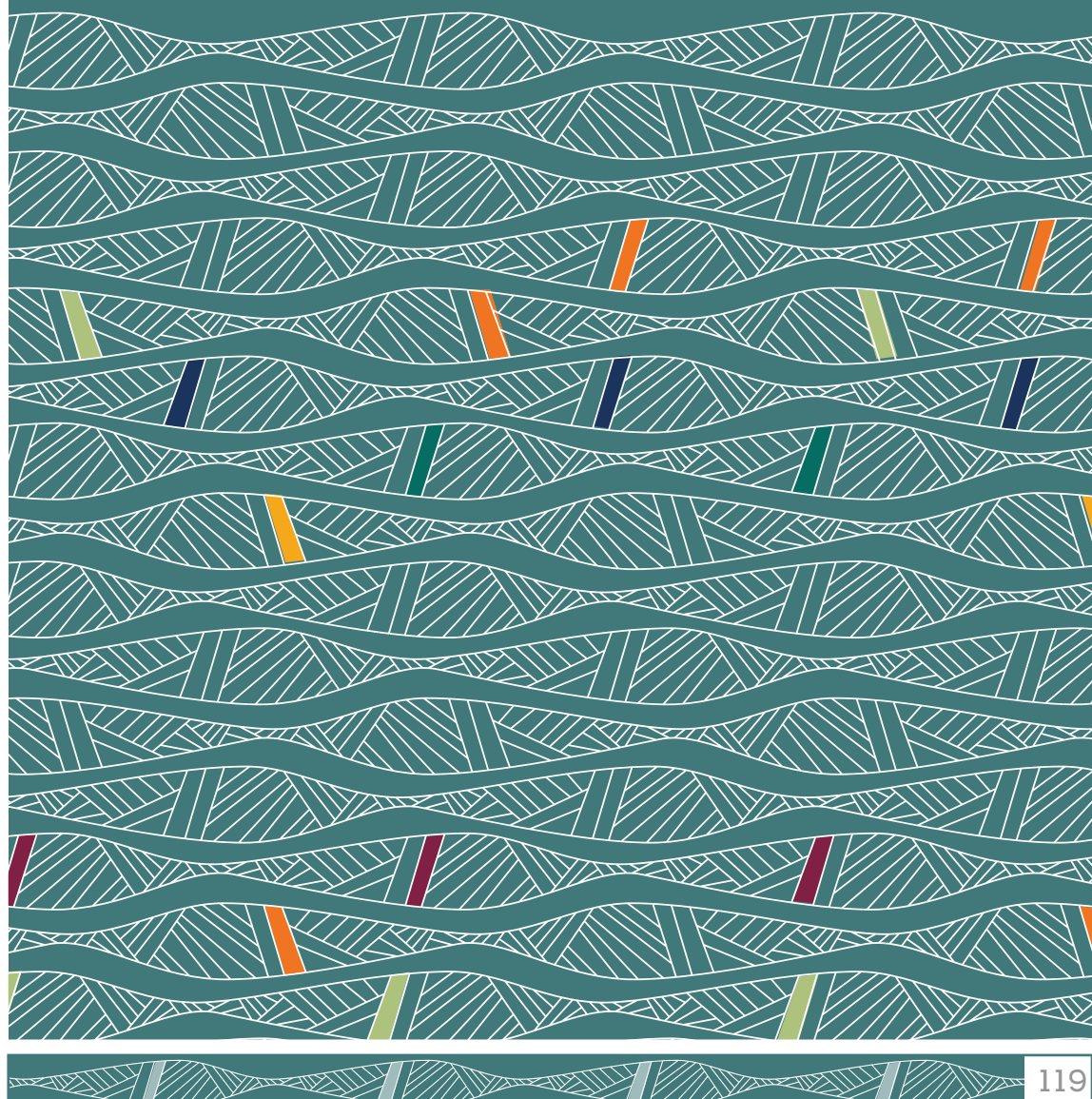
The ILC provides a guarantee to a major bank that provides a \$120m revolving facility to Voyages.

Voyages signed a lease and other agreements on 28 July 2015 to procure the detailed design, supply, installation and commissioning of three ground based and two roof based solar photovoltaic systems at Yulara. The system, including the solar photovoltaic equipment and maintenance obligations, when constructed and commissioned, will be leased to Voyages for 20 years and is currently estimated to have an annual cost of \$767,000. The undiscounted cost over the term of the lease is estimated at \$19.6 million. The ILC has guaranteed Voyages performance under the lease.

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APPENDIXES



Appendix 1: ILC functions and powers

Functions

The Aboriginal and Torres Strait Islander Act 2005 (ATSI Act) provides that the ILC has the following functions (191C):

- a) The land acquisition functions referred to in section 191D;
- b) The land management functions referred to in section 191E;
- c) Such other functions as are conferred on the ILC by this ATSI Act;
- d) to do anything incidental to or conducive to the performance of any of the preceding functions.

Powers

Section 191H (1) of the ATSI Act provides that the ILC has the power to do all things necessary or convenient for, or in connection with, the performance of its functions.

Section 191H (2)

provides that the powers of the ILC under section 191H (1) include, but are not limited to, the following powers:

- a) to enter into contracts and agreements;
- b) to invest money of the ILC;
- c) to appoint agents and attorneys and act as an agent for other persons;
- d) to form, and participate in the formation of, companies;
- e) to subscribe for and purchase shares in, and debentures and securities of, companies;
- f) to enter into partnerships;
- g) to participate in joint ventures and arrangements for the sharing of profits;
- h) Accept gifts, grants, bequests and devises made to it;
- i) to act as a trustee of money and other property vested in it on trust;
- j) to charge for the provision of services by it.

The ILC has the power to form subsidiaries to perform functions corresponding to the ILC's functions (s. 191G).

Section 4(2) of the ATSI Act defines a subsidiary in the same manner as subsidiary is determined under the Corporations Act 2001

Section 191D (1)

The land acquisition functions of the ILC are:

- a) to grant interests in land to Aboriginal or Torres Strait Islander corporations;
- b) to acquire by agreement interests in land for the purpose of making grants under paragraph (a);
- c) to make grants of money to Aboriginal or Torres Strait Islander corporations for the acquisition of interests in land;
- d) to guarantee loans made to Aboriginal or Torres Strait Islander corporations for the acquisition of interests in land.

Section 191E (1)

The land management functions of the ILC are:

- a) to carry on or arrange land management activities in relation to Indigenous-held land under the agreements with holders of the land;
- b) to carry on or arrange land management activities in relation to land held by the ILC;
- c) to carry on other land management activities in relation to Indigenous-held land;
- d) to make grants of money for land management activities in relation to Indigenous-held land;
- e) to make loans of money (whether secured or unsecured) for the purpose of carrying on land management activities in relation to Indigenous-held land;
- f) to guarantee loans made for carrying on land management activities in relation to Indigenous-held land.

Under section 191F (3), the functions of the ILC are additional to, and not instead of, any function conferred on a body or person by or under:

- a) Any other law of the Commonwealth, or
- b) A law of a State or Territory.

Appendix 2: ILC Board meetings, 2016–17

Meeting No	Date	Location	Attendees	Leave of absence
203	24.08.16	Melbourne	Edward Fry (Chair) Lisa Gay (Deputy Chair), Anthony Ashby, Patricia Crossin, Tanya Hosch, Alison Page	Bruce Martin
204	15.09.17	Teleconference	Edward Fry (Chair) Lisa Gay (Deputy Chair), Anthony Ashby, Patricia Crossin Bruce Martin, Alison Page	Tanya Hosch
205	19.10.17	Canberra	Edward Fry (Chair) Lisa Gay (Deputy Chair), Anthony Ashby, Patricia Crossin, Tanya Hosch, Bruce Martin, Alison Page	
206	09.12.17	Sydney	Edward Fry (Chair) Lisa Gay (Deputy Chair), Anthony Ashby, Patricia Crossin, Tanya Hosch, Alison Page	Bruce Martin
207	23.12.17	Teleconference	Edward Fry (Chair) Lisa Gay (Deputy Chair) Patricia Crossin, Tanya Hosch, Bruce Martin, Alison Page	Anthony Ashby
208	20.01.17	Teleconference	Edward Fry (Chair) Lisa Gay (Deputy Chair), Anthony Ashby, Patricia Crossin, Tanya Hosch, Alison Page	Bruce Martin
209	22.02.17	Sydney	Edward Fry (Chair) Anthony Ashby, Patricia Crossin, Tanya Hosch, Bruce Martin, Alison Page	Lisa Gay (Deputy Chair)
210	27.02.17	Teleconference	Edward Fry (Chair) Lisa Gay (Deputy Chair), Anthony Ashby, Patricia Crossin, Alison Page	Tanya Hosch Bruce Martin
211	07.04.17	Teleconference	Edward Fry (Chair) Anthony Ashby, Patricia Crossin, Tanya Hosch, Bruce Martin	Alison Page
212	19.04.17	Adelaide	Edward Fry (Chair) Anthony Ashby, Patricia Crossin, Tanya Hosch, Bruce Martin, Alison Page	
213	21.06.17	Adelaide	Edward Fry (Chair) Joseph Elu (Deputy Chair), Anthony Ashby, Patricia Crossin, Tanya Hosch, Bruce Martin	Donna Odegard

Appendix 3: Consultants in 2016–17

The ILC engages consultants on the same basis as it procures all goods and services. The ILC continued to contract a number of consultants for the performance of specialist professional services and where the ILC requires independent advice, review or evaluation. Consultants were selected by tender or direct sourcing.

ILC spending on consultants (inclusive of GST)

	2016–17	2015–16	2014–15
Administration	\$1.0m	\$1.9m	\$1.3m
<i>Our Land Our Future</i> Program	\$0.6m	\$1.1m	\$0.6m
Total	\$1.6m	\$3.0m	\$1.9m

During 2016–17, 53 new consultancy arrangements were entered into involving total actual expenditure of \$1.1 million (inclusive of GST). In addition, 20 consultancy projects were ongoing during 2016–17, involving total actual expenditure of \$0.5 million (inclusive of GST).

Appendix 4: Aboriginal and Torres Strait Islander Land Account Expert Advisory Panel – recommendations

1. The appropriate risk appetite for the Land Account should be considered with reference to the dual objective of the fund and its nature as a real perpetuity. The risk appetite should be acceptable but not excessive. A risk appetite expressed as CVaR3(5%) of between –1% and –4% (nominal) is recommended as acceptable but not excessive for the Land Account.
2. A new investment mandate should be issued for the investments of the Land Account which:
 - secures the perpetual nature of the fund, and includes a fit-for-purpose risk-appetite statement
 - consistent with the risk appetite, establishes a target return for the Land Account of CPI+3.1% over the long term
 - envisages a strategic asset allocation consistent with the target return and the risk appetite
 - provides for a \$45m (in 2010 dollars) indexed payment to the ILC annually
 - suspends any additional payments.
3. The investment mandate is to be issued by the Finance Minister, in consultation with the Land Account Investment Committee.
4. The current Consultative Forum should be reconstituted to become the Land Account Investment Committee and comprise five members, being two ILC Directors, a representative of the Finance Minister, and two independent investment experts. The Chairperson of the Land Account Investment Committee should be one of the independent investment experts.
5. Investment of the Land Account in accordance with the investment mandate is to be undertaken by the Future Fund Management Agency.
6. If the Future Fund Management Agency is unable or unwilling to accept the appointment, the Government, in consultation with the Land Account Investment Committee, will select and appoint an investment manager or managers by public tender applying the procedure outlined in the Indigenous Investment Principles (section 3.3).
7. Legislative changes are made to:
 - exempt the Land Account from section 58 of the PGPA Act, to widen the investment parameters of the Land Account
 - reconstitute the arrangements for the Consultative Forum to make the Consultative Forum the Land

Account Investment Committee and the body with which the investment mandate is negotiated and agreed, and to give it a role in monitoring the performance of the Land Account and compliance with the investment mandate

- suspend the current arrangements for additional payments to the ILC in the medium term, with the ILC's participation in the any additional payment to

be considered with reference to the real value of the Land Account at a later review date

- allow the Future Fund Management Agency to invest the funds of the Land Account
- ensure that the Finance Minister in conjunction with the Investment Committee conducts an external review every five years.

Acronyms and Abbreviations

AAC	Audit and Assurance Committee
AASB	Australian Accounting Standards Board
ABN	Australian Business Number
AC	Aboriginal Corporation
AHA	Australian Hotels Association
AIA	Australian Indigenous Agribusiness Company Pty Ltd (ILC subsidiary)
AIME	Australian Indigenous Mentoring Experience
ALCT	Aboriginal Land Council of Tasmania
AM	Member of the Order of Australia
AO	Officer of the Order of Australia
APN	Aak Puul Ngantem (Cape York organisation, Qld)
APY	Anangu Pitjantjatjara Yankunytjatjara
ASX	Australian Stock Exchange
ATSI Act	<i>Aboriginal and Torres Strait Islander Act 2005</i>
ATSIC	Aboriginal and Torres Strait Islander Commission (former)
BMAP	Business Management Advisory Project
CEO	Chief Executive Officer
CGU	cash generating unit
CLC	Central Land Council (NT)
COAG	Council of Australian Governments
Consol	consolidated
COO	Chief Operating Officer
CPI	Consumer Price Index
CYP	Cape York Peninsula, Qld
Dept	Department
Dr	Doctor

EA	Enterprise Agreement
EBITDA	Earnings Before Interest, Taxation, Depreciation and Amortisation
EL	Executive Level (staff)
EPBC Act	<i>Environmental Protection and Biodiversity Conservation Act 1999</i>
ERF	Emissions Reduction Fund
Expert Panel	Aboriginal and Torres Strait Islander Expert Advisory Panel
FRR	Financial Reporting Rule
FTE	full-time equivalent (staff)
GIS	Geographical Information Systems
GOTL	Goorathuntha Traditional Owners Limited (Mt Tabor, Qld)
Govt	Government
GST	Goods and Services Tax
ha	hectare
HEMP	Heritage and Environment Management Plan
IAS	Indigenous Advancement Strategy (Australian Government)
IBA	Indigenous Business Australia
ICG	Indigenous Consultative Group
ICS	Information and Communication Services
IDX	Indigenous Digital Excellence
IES	Indigenous Employment Strategy
ILC	Indigenous Land Corporation
ILC Group	ILC and three subsidiary companies
Inc	Incorporated
IPP	Indigenous Pastoral Program (NT)
IPA	Indigenous Protected Area

IT	information technology
KLC	Kimberley Land Council
KPI	Key Performance Indicator
LA	land acquisition
LALC	Local Aboriginal Land Council (NSW)
Land Account	Aboriginal and Torres Strait Islander Land Account
LNAC	Larrakia National Aboriginal Corporation (Darwin, NT)
Ltd	Limited
Mt	Mount
NABERS	National Australian Built Environment Rating System
NAIDOC	National Aborigines' and Islanders' Day Observance Committee
NAISMA	North Australia Indigenous Land and Sea Management Alliance
NCIE	National Centre of Indigenous Excellence Ltd (ILC subsidiary)
NILS	National Indigenous Land Strategy
NIPE	National Indigenous Pastoral Enterprises (former name for ILC subsidiary AIA)
NLC	Northern Land Council (NT)
NRM	Natural Resource Management
NSW	New South Wales
NT	Northern Territory
PBC	Prescribed Body Corporate
PBS	Portfolio Budget Statements
PGPA Act	<i>Public Governance, Performance and Accountability Act 2013</i>
PL	Proprietary Limited
PM&C	Department of the Prime Minister and Cabinet
Qld	Queensland
R	regional (land management project)
RAP	Reconciliation Action Plan
RILS	Regional Indigenous Land Strategies
RJP	Real Jobs Program (NT)
SA	South Australia

SE	Senior Executive (staff)
SFM	savannah fire management
St	Street
TAFE	Technical and Further Education
Tas.	Tasmania
TATU	Talking About Tobacco Use program
TSRA	Torres Strait Regional Authority
Vic.	Victoria
Voyages	Voyages Indigenous Tourism Australia Pty Ltd (ILC subsidiary)
WA	Western Australia
WHS	work health and safety
WU	Wana Ungkuntja Pty Ltd (Mutitjulu, NT)

Compliance index

PGPA Section		Page Number
17BB Approval of annual report by accountable authority	The annual report for a corporate Commonwealth entity must:	
	(a) be approved by the accountable authority of the entity; and	i
	(b) be signed by the accountable authority, or a member of the accountable authority, of the entity; and	i
	(c) include details of how and when approval of the annual report was given; and	i
	(d) state that the accountable authority of the entity is responsible for preparing and giving the annual report to the entity's responsible Minister in accordance with section 46 of the Act.	i
17BC Parliamentary standards of presentation	The annual report for a corporate Commonwealth entity must comply with the guidelines for presenting documents to the Parliament.	
17BD Plain English and clear design	(1) The annual report for a corporate Commonwealth entity must be prepared having regard to the interests of the Parliament and any other persons who are interested in the annual report.	Title page, i
	(2) Information included in the annual report must be relevant, reliable, concise, understandable and balanced, including through doing the following, where practicable:	
	(a) using clear design (for example, through headings and adequate spacing);	Throughout
	(b) defining acronyms and technical terms (for example, in a glossary);	123-124
	(c) using tables, graphs, diagrams and charts;	Various
	(d) including any additional matters as appropriate.	NA
17BE Contents of annual report	The annual report for a corporate Commonwealth entity for a reporting period must include the following:	
	(a) details of the legislation establishing the body;	43
	(b) both of the following: <ul style="list-style-type: none"> (i) a summary of the objects and functions of the entity as set out in the legislation; (ii) the purposes of the entity as included in the entity's corporate plan for the period; 	3
	(c) the names of the persons holding the position of responsible Minister or responsible Ministers during the period, and the titles of those responsible Ministers;	43
	(d) any directions given to the entity by a Minister under an Act or instrument during the period;	NA
	(e) any government policy orders that applied in relation to the entity during the period under section 22 of the Act;	43
	(e) any government policy orders that applied in relation to the entity during the period under section 22 of the Act;	43
	(f) if, during the period, the entity has not complied with a direction or order referred to in paragraph (d) or (e)—particulars of the non compliance;	NA
	(g) the annual performance statements for the entity for the period in accordance with paragraph 39(1)(b) of the Act and section 16F of this rule;	1-26
	(h) a statement of any significant issue reported to the responsible Minister under paragraph 19(1)(e) of the Act that relates to non compliance with the finance law in relation to the entity;	43
	(i) if a statement is included under paragraph (h) of this section—an outline of the action that has been taken to remedy the non compliance;	NA
continued next page		

PGPA Section	Page Number
17BE Contents of annual report (continued)	<ul style="list-style-type: none"> (j) information on the accountable authority, or each member of the accountable authority, of the entity during the period, including: <ul style="list-style-type: none"> (i) the name of the accountable authority or member; and (ii) the qualifications of the accountable authority or member; and (iii) the experience of the accountable authority or member; and (iv) for a member—the number of meetings of the accountable authority attended by the member during the period; and (v) for a member—whether the member is an executive member or non executive member;
	<ul style="list-style-type: none"> (l) an outline of the location (whether or not in Australia) of major activities or facilities of the entity;
	<ul style="list-style-type: none"> (m) information in relation to the main corporate governance practices used by the entity during the period;
	<ul style="list-style-type: none"> (n) the decision making process undertaken by the accountable authority for making a decision if: <ul style="list-style-type: none"> (i) the decision is to approve the entity paying for a good or service from another Commonwealth entity or a company, or providing a grant to another Commonwealth entity or a company; and (ii) the entity, and the other Commonwealth entity or the company, are related entities; and (iii) the value of the transaction, or if there is more than one transaction, the aggregate value of those transactions, is more than \$10 000 (inclusive of GST);
	<ul style="list-style-type: none"> (o) if the annual report includes information under paragraph (n): <ul style="list-style-type: none"> (i) if there is only one transaction—the value of the transaction; and (ii) if there is more than one transaction the number of transactions and the aggregate of value of the transactions;
	<ul style="list-style-type: none"> (p) any significant activities and changes that affected the operations or structure of the entity during the period;
	<ul style="list-style-type: none"> (q) particulars of judicial decisions or decisions of administrative tribunals made during the period that have had, or may have, a significant effect on the operations of the entity;
	<ul style="list-style-type: none"> (r) particulars of any report on the entity given during the period by: <ul style="list-style-type: none"> (i) the Auditor General, other than a report under section 43 of the Act (which deals with the Auditor General's audit of the annual financial statements for Commonwealth entities); or (ii) a Committee of either House, or of both Houses, of the Parliament; or (iii) the Commonwealth Ombudsman; or (iv) the Office of the Australian Information Commissioner;
	<ul style="list-style-type: none"> (s) if the accountable authority has been unable to obtain information from a subsidiary of the entity that is required to be included in the annual report—an explanation of the information that was not obtained and the effect of not having the information on the annual report;
	<ul style="list-style-type: none"> (t) details of any indemnity that applied during the period to the accountable authority, any member of the accountable authority or officer of the entity against a liability (including premiums paid, or agreed to be paid, for insurance against the authority, member or officer's liability for legal costs);
	<ul style="list-style-type: none"> (u) an index identifying where the requirements of this section and section 17BF (if applicable) are to be found.
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