



INDIGENOUS LAND CORPORATION ANNUAL REPORT



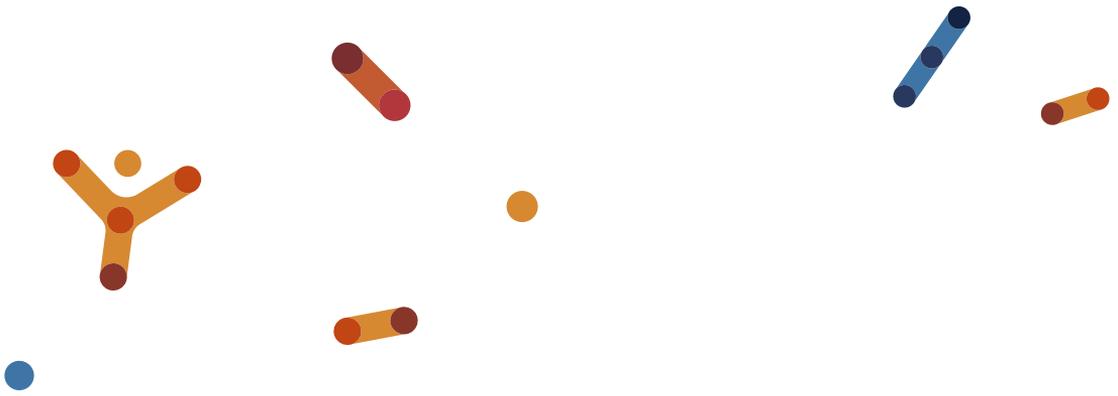
2017-18



Australian Government
Indigenous Land Corporation



The ILC GROUP



INDIGENOUS LAND CORPORATION
ANNUAL REPORT

2017-18



Australian Government
Indigenous Land Corporation

INDIGENOUS LAND CORPORATION ANNUAL REPORT 2017-18

ILC SEPTEMBER 2018

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ISSN 1325 3395

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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.

Acknowledgements

Published by: Indigenous Land Corporation
Production: Print Junction, an Indigenous owned and operated company

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^ Front Cover: Animal tracks, Tiwi Islands NT



Australian Government
Indigenous Land Corporation

12 September 2018

Senator the Hon Nigel Scullion
Minister for Indigenous Affairs
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 2017 to 30 June 2018.

The report is prepared and given to you in accordance with a resolution of Directors dated 12 September 2018 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.

I am satisfied that the ILC has prepared a fraud risk assessment and fraud control plan and has in place appropriate fraud prevention, detection, investigation and reporting and data collection procedures and processes that meet the ILC's needs and comply with section 10 of the PGPA Rule 2014.

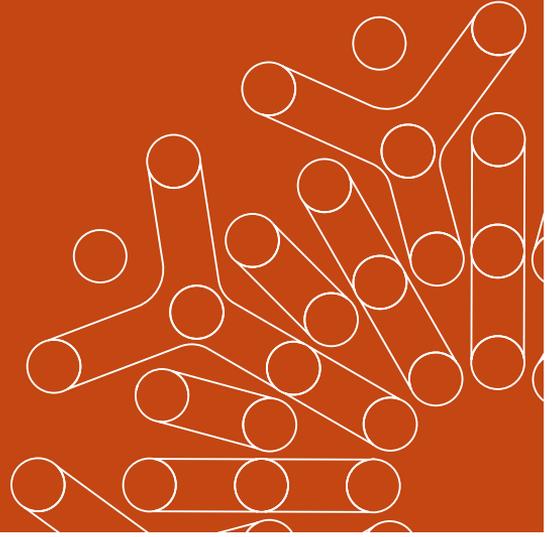
Yours sincerely

A handwritten signature in cursive script that reads "Edward Fry".

Edward Fry
Chairperson



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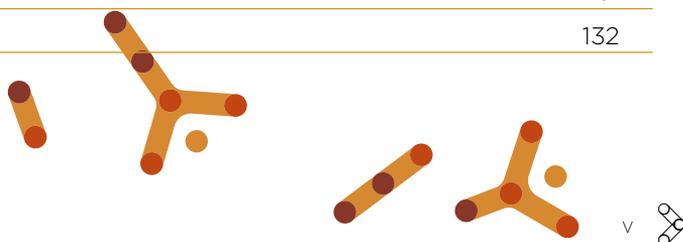
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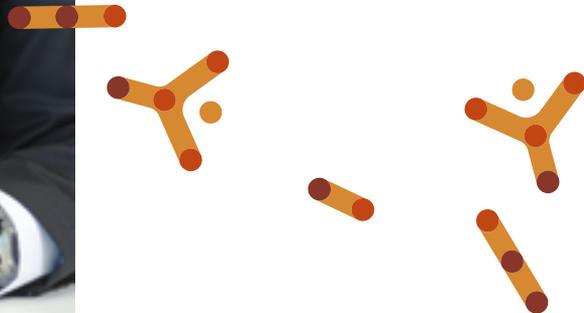


CHAIRPERSON'S FOREWORD



The last financial year has been a very significant one for the ILC Group. Legislation was introduced to Parliament that, if passed, will advance two major reforms long sought by the ILC. We also tabled our fifth National Indigenous Land Strategy (NILS) for the period from 2018 to 2022. Both the reforms and our NILS were informed by consultations with Aboriginal and Torres Strait Islander people, involving more than 70 organisations in multiple locations across Australia.

The Bills currently before Parliament aim to secure our main source of income and to extend our activities to salt and fresh water. If passed, this legislation will also see the ILC's name changed to the Indigenous Land and Sea Corporation. I cannot overstate the significance of these prospective reforms, and the hard work that has gone into advancing them over many years. The current and previous Boards of the ILC have long made representations to government about the need to protect the corporation's principal source of income, the Aboriginal and Torres Strait Islander



Land Account, so that, first, its capital balance is not eroded, and, second, it can provide for the needs of the Indigenous Estate into the future. Similarly, the inclusion of water-based activities within the functions of the corporation will recognise that, in the years since the ILC's establishment, Indigenous rights to water have been recognised at common law.

In the first half of 2016 the Board established an Expert Advisory Panel on the Land Account, chaired by Mr David Murray. The panel reported in December 2016, and their recommendations were among the propositions put to Aboriginal and Torres Strait Islander people in a nation-wide consultation program undertaken by the ILC from June to September last year. Indigenous Australians overwhelmingly saw the need to preserve and, if possible, grow the capital balance of the Land Account. They also told us that in Indigenous culture land and waters are continuous, and that the ILC should be in the business of providing Indigenous benefits from salt and fresh water country.

The consultations on legislative reform were followed by further discussions with our Indigenous stakeholders on a National Indigenous Land Strategy. Those consulted generally approved the directions we were taking and wanted the ILC to be more active and visible in acquiring land for Aboriginal and Torres Strait Islander people and in managing Indigenous-held land, including water country, for greater Indigenous benefit. Above all, they wanted us to do these things in partnership with them. This means investing in people's capacity and skills development as much as land and property infrastructure. The new NILS, tabled by the Minister for Indigenous Affairs in February 2018, sets out this Board's strategies, based on our vision to be the trusted partners in growing and realising the potential of the Indigenous Estate—the land as well as intangible assets such as culture held collectively by Aboriginal and Torres Strait Islander people.

As this annual report shows, the ILC Group has achieved most of its Key Performance Indicators this year. Though we have fallen short on acquisitions and grants of land, this Board and ILC Group management are working hard to achieve more acquisitions, with a number of potential acquisitions in the pipeline, and to ensure that properties held by the ILC are divested to Indigenous corporations, as required by our legislation. The ILC is in the initial stages of a shift from providing Indigenous benefits through operating businesses on properties to partnership with Indigenous owners in joint ventures and other forms of collaboration.

The ILC Board has set itself a deadline of 2020 to achieve the objectives of its strategic reform agenda. The *ILC Group 2020 Vision*, a series of 26 tactics, focused both externally and internally, strives to:

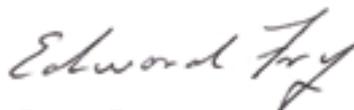
- > pursue greater success against our mandate to assist in land acquisition and land management on behalf of Indigenous people and for Indigenous benefits
- > act more commercially, making robust business decisions that maximise our investment in achieving our mandate
- > be relevant and responsive to our clients, partners and market opportunities
- > be a high performing, efficient and accountable organisation.

Over the last couple of years the ILC has worked hard to build its financial health and thus its capacity to invest strategically into the Indigenous Estate. We are adopting a growth mindset which is evident in an increase in both our activity and demand relating to land acquisition, land management and property divestment assistance. In 2018-19 and future years we will be reversing a long-standing trend of relatively low numbers of ILC acquisitions, and in fact undertaking a greater number of land acquisitions, while also supporting more innovative and commercial land management projects. With a strong pipeline of projects, our investment and performance against mandate will be significantly greater in the coming years. This will be due to our improved financial health and our efforts in becoming a more efficient and commercial thinking organisation.

I would like to express my thanks to ILC Group CEO, Mr John Maher, and all ILC Group staff for their dedicated efforts in pursuing the Board's priorities in this period.

Finally, I thank my fellow Directors for their informed considerations and strategic leadership over the past year.

When we report again, it is hoped we will do so as the Indigenous Land and Sea Corporation.



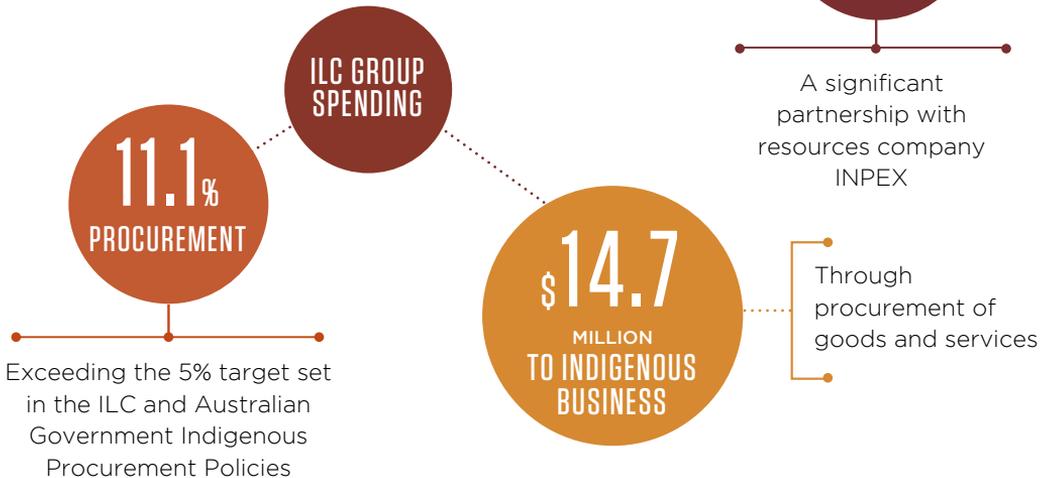
Edward Fry
ILC Chairperson

September 2018



> ILC by the numbers in 2017-18







LEGISLATED PURPOSE

ATSI ACT

To assist Indigenous people to acquire and manage land to achieve economic, environmental, social and cultural benefits



LEGISLATED GOVERNANCE AND OPERATIONAL STANDARDS

PGPA ACT

Guides the ILC's governance, planning and reporting standards



VISION AND FOUNDATIONAL STRATEGIES

NILS AND RILS

Vision: To be the trusted partner in growing and realising the potential of the Indigenous Estate

Foundational strategies



OPERATIONAL AND CAPABILITY STRATEGIES

CORPORATE PLAN



DELIVERY

ILC AND 3 SUBSIDIARIES

Delivery of specific activities aligned with strategies and intended to achieve purpose and vision



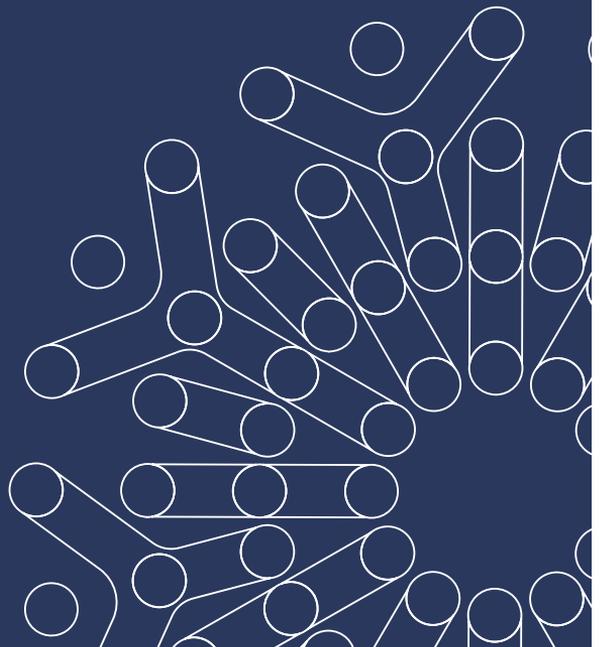
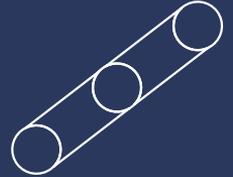
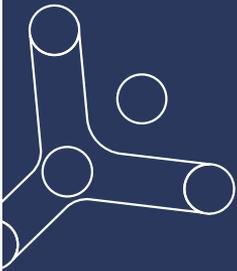
OUTCOMES

Generation of economic, environmental, social and cultural benefits for Indigenous and Torres Strait Islander people



INDIGENOUS LAND CORPORATION OVERVIEW

1



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.*

The ILC's legislated functions and powers are set out on the opposite page.

Based on the ILC's purpose, the corporation has one outcome in the ILC Budget Statements 2017-18 (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's operations are largely funded by revenue from the Aboriginal and Torres Strait Islander Land Account (Land Account). The ILC currently receives \$45 million annually, in 2010 values, from this source—\$52.3 million in the year under review.

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 fifth substantive NILS, for the period from 2018 to 2022, was tabled in Parliament in February 2018, after extensive consultations with Indigenous stakeholders in the first half of this financial year. Regional Indigenous Land Strategies were also developed during the year, and the regions for these redefined to capture important ecological and demographic

sectors across the continent. Four new regions will be the focus of ILC operations: Northern Australia, Desert Australia, South-West Australia and South-East Australia. These documents are available on the ILC website.

The ILC also publishes an annual Corporate Plan, with more detailed strategies, as required by the *Public Governance, Performance and Accountability Act 2013* (PGPA Act). This is also available on the ILC website.

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, including the recently launched Indigenous Business Sector Strategy, managed by the Department of the Prime Minister and Cabinet (PM&C). Collectively ILC projects provide training and jobs for Indigenous Australians, support land-based businesses, assist Indigenous people to achieve economic and social benefits from management of their land and native title rights, and help 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. PM&C currently estimates that Indigenous interests in land may cover up to 60 per cent of the continent. The rights flowing from these interests vary considerably, as does the capability of the land associated with these rights.



> The ILC's legislated functions and powers

Functions

The *Aboriginal and Torres Strait Islander Act 2005* (ATSI Act) provides that the ILC has the following functions (s. 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.

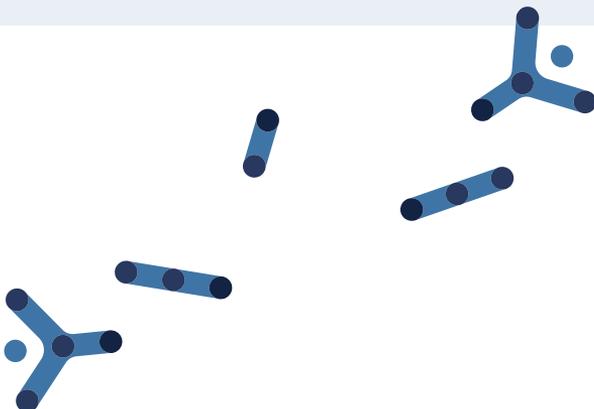
Under **section 191F (3)**, the functions of the ILC are additional to, and not instead of, any function conferred on a body or person by or under:

- a) Any other law of the Commonwealth, or
- b) A law of a State or Territory.

Legislative change

At 30 June 2018, three Bills affecting the ILC were before Parliament:

- > Aboriginal and Torres Strait Islander Land and Sea Future Fund Bill 2018
- > Aboriginal and Torres Strait Islander Land and Sea Future Fund (Consequential Amendments) Bill 2018
- > Aboriginal and Torres Strait Islander Amendment (Indigenous Land Corporation) Bill 2018.



If legislated, they will collectively achieve long-held goals of the ILC:

- > replacing the Land Account with an Aboriginal and Torres Strait Islander Land and Sea Future Fund; this fund will have broader investment parameters than the Land Account and be managed by the Future Fund Management Agency and Board of Guardians
- > extending the ILC's sphere of operations beyond land (as conventionally understood) to both fresh and salt water.

Further information is provided in the Annual Performance Statement under KPI 6.

Achieving the ILC's Purpose

In 2017-18 the ILC achieved its purpose through:

- > its principal land acquisition and land management program, *Our Land Our Future*
- > management of the Real Jobs Program in the Northern Territory on behalf of the Australian Government
- > operation of three wholly-owned subsidiary companies.

Our Land Our Future

The *Our Land Our Future* Program, launched in March 2015, encompasses both land acquisition and land management. It enables Indigenous groups to bring forward land-based ideas at any time and to work up these projects collaboratively with the ILC, benefiting from the corporation's expertise, investment and ability to attract project partners across the government, non-government and private sectors. Prospective projects are subject to due diligence and assessed on their merits (sustainability, expected Indigenous benefits), relative to other projects in assessment, and in the context of resources available in the ILC.

A major refresh of the program was launched on 1 July 2017, responding to ILC Board strategies. The refreshed program offers a range of flexible investment options. The ILC aims to limit grant funding to mostly smaller projects, while new products are available to underpin larger strategic projects including repayable grants and joint venture or equity arrangements.

In recent financial years the ILC has allocated around \$10 million a year to *Our Land Our Future* (2015-18). In June 2018 the Board agreed to double this allocation for the 2018-19 year. This increase in allocation marks an important transition for the ILC, from providing Indigenous benefits through the operation of subsidiary companies to a much greater emphasis on partnering with Indigenous

groups including joint business ventures to achieve its core mandate of delivering benefits through land acquisition and land management functions.

Real Jobs Program, NT

Since 2007 the ILC has received funding from the Federal Budget to manage the Real Jobs Program in the Northern Territory. This provides training positions for up to 150 unemployed Indigenous people annually, to build their capacity and assist their transition into jobs in the land management, tourism and agribusiness sectors.

ILC subsidiaries

With the ILC, the corporation's three wholly-owned subsidiaries form the ILC Group. 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 on behalf of the ILC, and manages two other tourism enterprises developed by the ILC
- > ***National Centre of Indigenous Excellence (NCIE) Ltd*** manages the ILC-developed social enterprise of the same name in Redfern, Sydney, NSW
- > ***Australian Indigenous Agribusiness Company (AIA) Pty Ltd***, which employs labour on ILC Group-operated agribusinesses; 14 businesses operated in 2017-18 mainly in the northern Australian beef industry.

Operational parts of AIA (management of the ILC Group's presence in agribusiness) were re-incorporated into the ILC in 2018, pursuant to a Board decision in August 2017 to achieve greater efficiency and alignment of subsidiaries with the parent ILC entity.

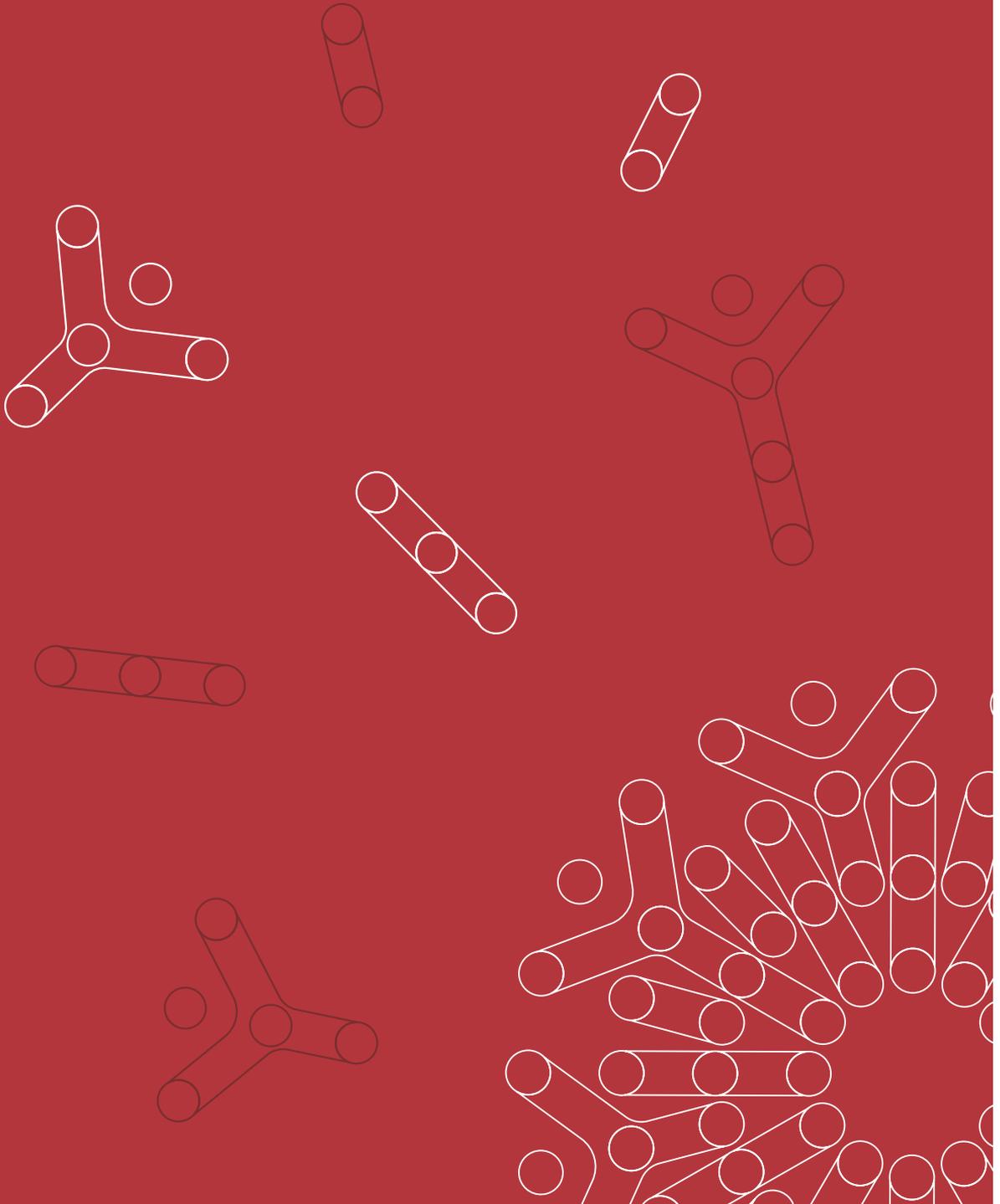
This integration also served a significant change in the ILC's agribusiness strategies. In April 2018 the ILC Board approved a set of Agribusiness Sector Investment and Operating Principles to help guide the ILC's future involvement in agribusiness. The corporation is seeking to rebalance its contribution to Indigenous agribusiness, from being predominantly an owner/leaseholder and operator of agribusinesses in the northern Australian cattle industry to playing a greater role in partnering with Indigenous groups to set up businesses in their own right in a range of locations.

Separate reports for each subsidiary are provided in Part 4 of this report, and information on subsidiary governance is in Part 5.



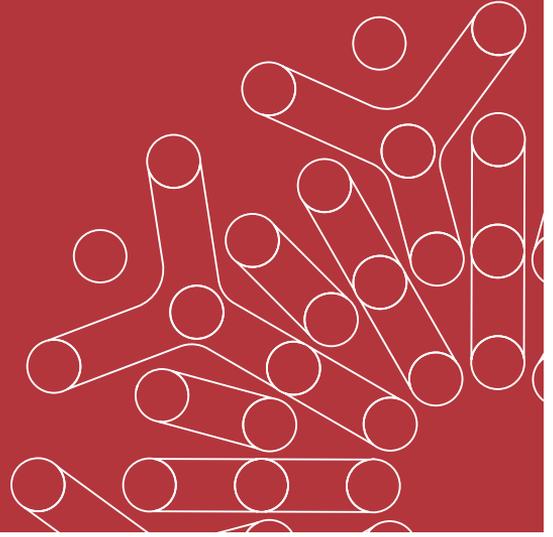
INDIGENOUS LAND CORPORATION ANNUAL PERFORMANCE STATEMENT

2





INTRODUCTORY STATEMENT 2017-18



I, Edward Fry, as Chairperson of the Board of the Indigenous Land Corporation (ILC) (the Accountable Authority) present the 2017-18 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 2018



➤ ILC Group Performance in 2017-18

The Portfolio Budget Statements (PBS) 2017-18 and Corporate Plan 2017-18 committed the ILC Group to achieving three Deliverables and five Key Performance Indicators (KPIs). These reflect some adjustments to the measures reported against last financial year, to streamline them and better reflect whole-of-ILC Group activities and outcomes across the ILC and its three subsidiaries: Voyages Indigenous Tourism Australia (Voyages) Pty Ltd, the Australian Indigenous Agribusiness Company (AIA) Pty Ltd, and the National Centre of Indigenous Excellence (NCIE) Ltd.

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 reports on KPIs 1 to 5 below are partly 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 2017-18.

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

ILC Deliverables, 2017-18

		2017-18 budget	2017-18 actual
Deliverable 1:	Properties acquired	3	2
Deliverable 2:	Properties granted	8	5
Deliverable 3*:	Number of active land acquisition and land management projects		156

*This Deliverable counts the number of land acquisition and land management projects in implementation in the financial year, managed by the ILC or its subsidiaries, at any stage of the process from initial approval. Projects typically span more than one year; some span multiple years.

ILC Key Performance Indicators, 2017-18

		2017-18 budget	2017-18 actual
KPI 1: Indigenous employment	Number of Indigenous staff employed directly across the ILC Group	500	845
	Number of Indigenous employment outcomes enabled by land acquisition and land management projects active in financial year	500	632
KPI 2: Indigenous training	Total number of Indigenous trainees hosted/employed across the ILC Group	200	253
	Number of Indigenous training completions enabled by land acquisition and land management projects active in financial year	1000	3528
KPI 3: Indigenous business development	Number of Indigenous enterprises assisted by ILC Group projects	60	123
KPI 4: Protection of Indigenous culture, heritage and the environment	Proportion of active ILC Group projects that maintained or protected Indigenous culture, heritage and/or the environment	50%	42.3%
KPI 5: Collaboration	Proportion of active ILC Group projects that involved contributions from third parties (beyond immediate beneficiary group)	66%	51%
KPI 6:	ILC Group contribution to the Indigenous Estate	Qualitative measure	



In reporting on the ILC outcome of *enhanced socio-economic development, maintenance of cultural identity and protection of the environment by Indigenous Australians through land acquisition and management*, the Indigenous Estate is a constant reference point. As expressed by the ILC Board, the Indigenous Estate encompasses significant tangible and intangible assets—not just interests in land and waters but also people and the knowledge and intellectual property flowing from Indigenous Australians’ unique culture.

In achieving performance against the ILC’s legislated purpose, overall the ILC achieved most targets in 2017-18 and in some cases, significantly exceeded them. A small shortfall in the numbers of properties acquired is offset by the relatively large number of land acquisition projects developed during the year and currently in assessment. The grant of properties is governed by factors including legal processes (which may include State and Territory land transfer approvals and/or native title claims and determinations), the viability of the property, and the readiness of corporations to receive title. The ILC maintains an actively monitored divestment schedule that anticipates eventual grant of all ILC-held properties.

KPIs 1, 2 and 3 measure the ILC’s contribution to economic outcomes on the Indigenous Estate and reflect the ILC Board’s and the Australian Government’s commitment to economic empowerment and independence. The ILC Group’s own emphasis on Indigenous wealth creation is reflected in the 845 employment outcomes achieved and the procurement of Indigenous goods and services to the value of \$14.7 million.

While the targets for KPIs 4 and 5 were not met, the continued efforts by the ILC Group to deliver on its core purpose of maintenance, protection and enhancement of cultural and environmental values of Indigenous-held land is represented in the 42 per cent of all ILC Group projects that support this measure. Further, the ILC Group recorded substantial achievement in collaboration with more than half of its projects involving third-party contributions.

The ILC has added reporting against a sixth, qualitative KPI relating to the corporation’s overall contribution to the Indigenous Estate. In 2017-18 this contribution encompassed the introduction to Parliament of major legislative reforms, achieved in collaboration with the Australian Government, preceded by important consultations with the ILC’s Indigenous stakeholders.

➤ Deliverable 1. Properties acquired

Deliverable 1. Properties acquired

Target	Achieved	Next year’s target
3	2	4

The ILC acquired two properties in 2017-18, against a target of three:

➤ The ILC acquired and granted freehold land on the Stuart Highway, Alice Springs, NT, on which the Pioneer Football Club has its clubrooms and conducts sporting and community activities. Formed in 1947 the club was the first Aboriginal team to play in the Central Australian Football League. In 1982 it was incorporated under the NT Associations Incorporation Act and is now recognised as one of the most successful sporting clubs in Central Australia. It currently has 189 Indigenous members and uses sport to provide ‘wrap around’ social support to its players by linking with services in areas such as health, housing, employment and education. The property had been occupied by Pioneer Football Club for a number of years under a Crown lease; acquisition of the freehold title provides long-term security of tenure and the ability to pursue commercial development to support the club’s social and

community activities and future viability. The ILC continues to work with the club to consider options for the unused section of the property.

➤ In the Kimberley, WA, the ILC purchased the 4-hectare Port Smith Bird Park, located 170 kilometres south of Broome, on behalf of the Karajarri Traditional Lands Association. This acquisition was made to establish the ‘Karajarri Tourism Hub and Cultural Base’ to provide tourism and land management training and employment opportunities and to expand the Karajarri ranger program. Collaborators in this project include the Kimberley Land Council, Ernst & Young, Morrrgul and Tourism WA.

As outlined in previous annual reports, the balance between the ILC’s land acquisition and land management functions has shifted since the agency’s establishment, with land management taking precedence over acquisition in terms of the number and value of projects. This can be attributed largely to the increasing extent of the Indigenous Estate and

its attendant land management needs, the increasing price of land in Australia including agricultural land, and the ILC's considered approaches to acquisition that take into account the capacity of the land and of future land-holding bodies.

The current Board is actively seeking a rebalancing of the ILC's two functions, and is pursuing more

strategic acquisitions in partnership with Indigenous groups to add value to and maximise use of the Indigenous Estate. At the time of writing this report, due diligence on seven acquisitions was being undertaken. If these acquisitions are approved after submission to the Board or delegate, they would represent a marked increase in this key deliverable for the ILC's operations.

Deliverable 2. Land grant

Deliverable 2. Land grant

Deliverable 2: Properties granted		
Target	Achieved	Next year's target
3	2	4

The ILC has a statutory obligation to grant the properties it acquires to Indigenous corporations. Divestment assists Indigenous communities to derive land-based benefits that can encompass developing an economic base, providing training and jobs, looking after culturally and/or environmentally significant country, or securing or expanding the delivery of services.

In 2017-18 the ILC formally transferred five properties to Indigenous ownership, as set out in Table 1. Two grants were for the purpose of health service provision, one for a sporting facility, one for cultural

activities, and one was an agribusiness property with significant cultural and environmental values.

Another four properties (Table 2) had been approved by the Board for divestment and were awaiting transfer of legal ownership at 30 June 2018. Abercrombie Street, purchased by the ILC in 2006 to accommodate the offices, counselling rooms and drop-in centre for Mudgin-Gal Women's Aboriginal Corporation, was granted to that organisation on 2 July 2018. Peachtree Centre was divested in August 2018.

Table 1: Properties granted or entering Indigenous ownership as a result of ILC funding, 2017-18

Property	Location	Size (ha)	Date granted	Title-holding body
26 Mertin St	Bourke, NSW	0.22	15 December 2017	Maari Ma Health AC
Wurangura St	Newman, WA	0.07	3 April 2018	Kalyuku Ninti - Puntuku Ngurra Ltd
257 Stuart Hwy	Alice Springs, NT	1.51	10 April 2018	Pioneer Football Club Inc
Broad Street Lots	Cunnamulla, Qld	10.11	13 April 2018	Cunnamulla AC for Health
Kooreelah	Chetwynd, Vic.	1,044	26 June 2017	Winda-Mara AC

AC = Aboriginal Corporation



Table 2: Properties approved for grant and awaiting transfer, 2017-18

Property	Location	Size (ha)	Board approval date	Prospective title-holding body
Myroodah Station	West Kimberley, WA	401,944	21 June 2017	Walalakoo Land Holding AC
233 Abercrombie St	Chippendale, NSW	0.025	18 October 2017	Mudgin-Gal AC
Shops 3 & 4, Peachtree Centre	Nambucca Heads, NSW	0.099	6 December 2017	Nambucca Heads LALC
Trelawney Station	Via Tamworth, NSW	751.3	6 December 2017	Tamworth LALC
AC = Aboriginal Corporation LALC = Local Aboriginal Land Council (NSW)				

The ILC's preference is to grant properties acquired as soon as possible; however, the ILC Divestment Policy recognises that some properties and future land-holding entities may 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.

The ILC held 49 properties at 30 June 2018; this includes ILC-owned properties managed by ILC Group subsidiaries and Ayers Rock Resort, owned by ILC subsidiary Voyages.

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.

Examples during 2017-18 included:

- > continued work with Nyaliga Aboriginal Corporation to develop pastoral, tourism and carbon-farming (through savanna fire management) income streams on the ILC-owned Karunjie and Durack River pastoral leases in the east Kimberley, WA; additional funding was approved during the year
- > support for a local organisation to develop an income stream from ILC-owned Falbala Farm in Victoria
- > the Warriparinga sub-division project in Adelaide, SA (see page 19).

In recent years, Board policy has been accelerating the divestment of properties, including those that have been developed as a base for ILC subsidiary businesses. At 30 June 2018 all properties held by the ILC Group had active divestment plans, including

identified prospective title-holding bodies in the majority of cases.

Reacquisition

The ILC maintains a watching brief on the properties it has granted to Indigenous land holders, 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 reacquired one property in 2017-18: Kalamunda Road, Perth WA, after an arrangement was agreed with the land holder. At the time of reporting, negotiations were under way for the reacquisition of four further properties in eastern Australia.

Other dealings in land

Related to its land acquisition and grant operations (Deliverables 1 and 2), the ILC has continuing 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 granted help to ensure that the land continues to deliver benefits for Indigenous people, remains in Indigenous control and is 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 3 shows the requests from Indigenous land holders approved in 2017-18.

Table 3: Other dealings in land approved, 2017-18

Group	State	Request
Dowrene Farm AC	WA	Consent to lift caveat on title to register mortgage
Burnna Yurrul AC	WA	Land voluntarily transferred to ILC

AC = Aboriginal Corporation

➤ Deliverable 3. Active projects

Deliverable 3. Number of active land acquisition and land management projects

Target	Achieved	Next year's target
100	156	105

In 2017-18 the ILC Group had 156 active projects.

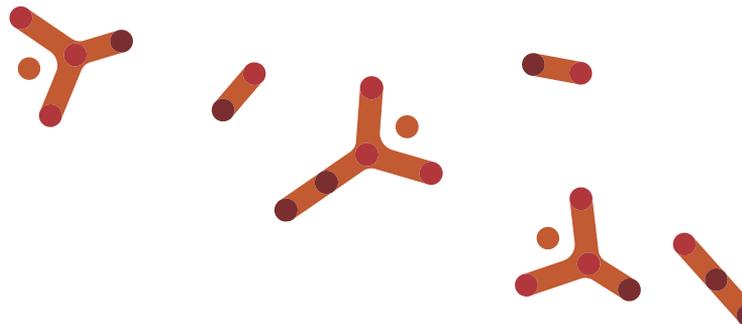
During the year the *Our Land Our Future* Program approved 28 new projects, including eight where funds will be provided in the new financial year; 81 projects were carried over from previous years. At end June 2018, a further 51 potential projects were being assessed in the *Our Land Our Future* 'pipeline'. Table 4 sets out the land acquisition and land management projects approved for funding in 2017-18, noting those projects with ILC funding of

\$100,000 or more and providing details of project collaboration.

Making up the total of 156 active projects are ILC-owned properties that have been subject to divestment or other activity during the year beyond normal land-holding functions and 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.

<i>New Our Land Our Future projects</i>	28
Ongoing projects	81
ILC-owned properties in active divestment	27
Projects managed by Voyages	3
Projects managed by NCIE	1
Projects managed by ILC Agribusiness	16



ILC GROUP PROJECTS IN 2017-18

NORTHERN AUSTRALIA REGION

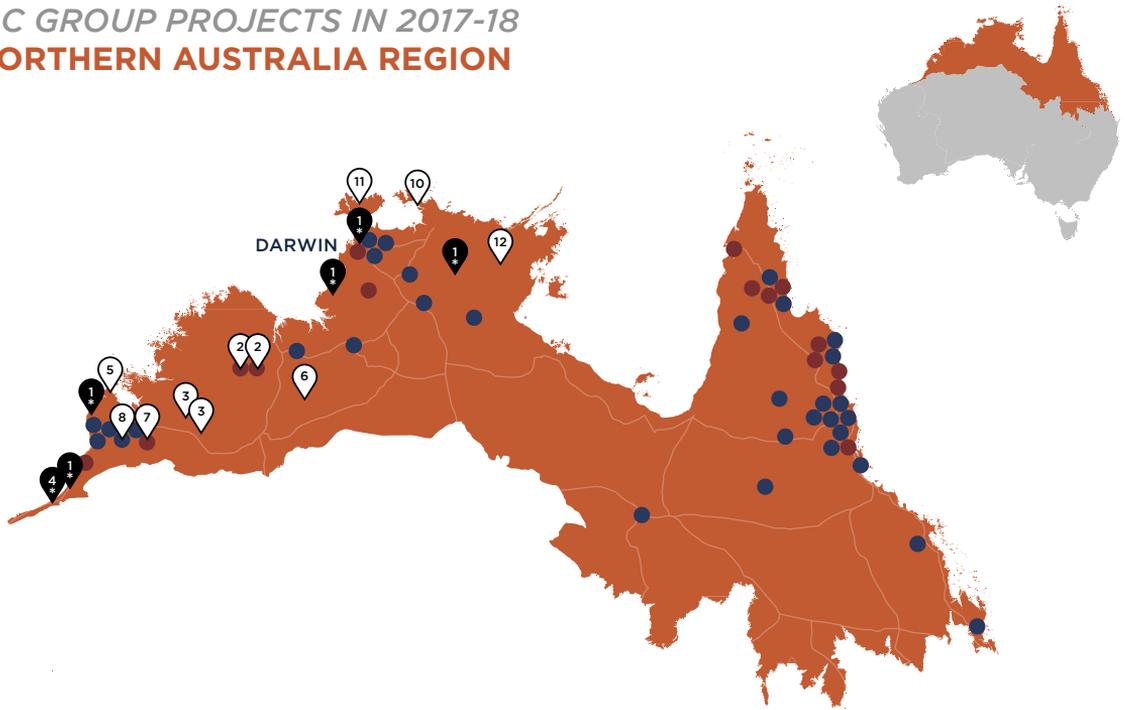


TABLE 4: *New Our Land Our Future projects funded or funding approved for both land acquisition and land management, 2017-18*

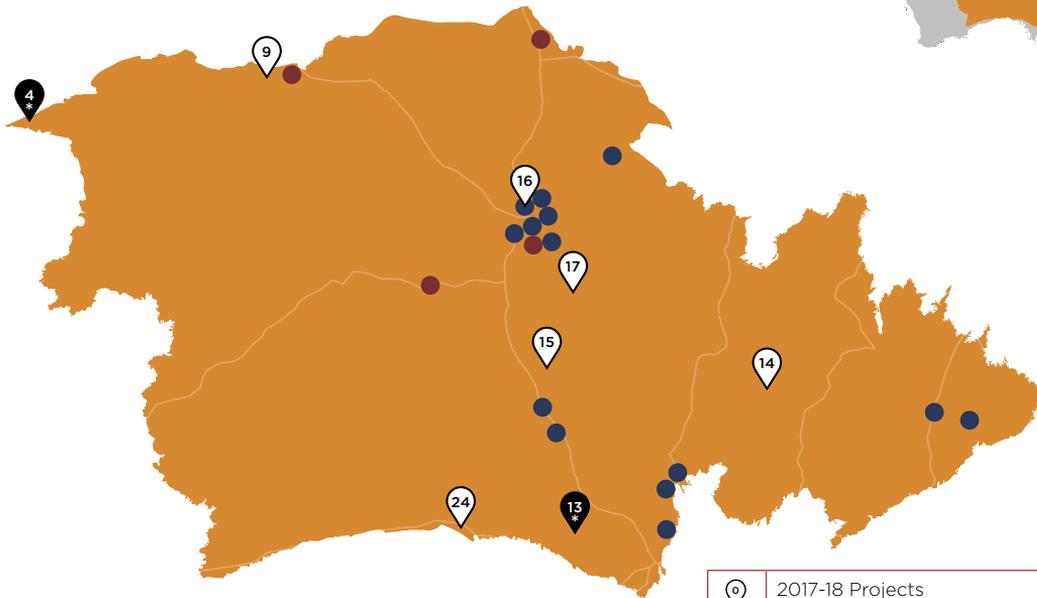
Key	Project	Details
1*	Kakadu plum/gubinge industry development – ongoing project; new funding approved this year National	<p>Description: Support collection, processing, product development, marketing and distribution of community-harvested Kakadu plum</p> <p>\$</p> <p>Collaborators: Mamabulanjin AC, Palngun Wurnangat Assoc Inc, Gundjeihmi AC, Engineers Without Borders, Something Wild Australia</p>
2	Durack River and Karunjie Stations, East Kimberley (ILC owned) STATE: Western Australia	<p>Description: Enterprise development (tourism, carbon, pastoral) on ILC-owned pastoral leases to facilitate divestment</p> <p>\$</p> <p>Project Proponent: Nyaliga AC</p> <p>Collaborators: Nature Conservancy, KLC, PM&C</p>
3	Fairfield and Leopold Downs Stations, Kimberley – Urgent Health and Safety STATE: Western Australia	<p>Description: Asbestos removal and building refurbishment</p> <p>Project Proponent: Bunuba Dawangarri AC</p>
4*	The Keeping Place Project, Pilbara STATE: Western Australia	<p>Description: Innovative geospatial heritage-management system for the collection, protection and sharing of Indigenous cultural knowledge.</p> <p>\$</p> <p>Collaborators: BHP Billiton, Rio Tinto Iron Ore, Fortescue Metals Group, National Trust of WA, Yinhawangka AC, Karika Nyiyaparli AC</p>
5	Kooljaman Resort solar power, West Kimberley STATE: Western Australia	<p>Description: Solar infrastructure and batteries to provide reliable and cost-effective power supply for Cape Leveque tourism resort to ensure business viability</p> <p>\$</p> <p>Project Proponent: Bardina PL</p> <p>Collaborators: PM&C, Bardina PL</p>

6	Mud Springs, East Kimberley STATE: Western Australia	Description: Major refurbishment of building to be used as training centre and office
		\$
		Project Proponent: Ribinyung Dawang AC
		Collaborators: In-kind support from seven groups in addition to proponent funding
7	Myroodah/Luluigui, West Kimberley (ILC owned) STATE: Western Australia	Description: Future development, protection and maintenance of Myroodah Station, in particular undeveloped Luluigui portion - in the process of divestment
		\$
		Project Proponent: Walakoo Land Holding AC
8	Nyamba Buru Yawuru (NBY) business development, West Kimberley STATE: Western Australia	Description: Business Development Manager to identify short and long-term opportunities on NBY-held land - in particular ILC-granted Roebuck Plains Station (pivot irrigation project, then agricultural and tourism opportunities)
		\$
		Project Proponent: Nyamba Buru Yawuru Ltd
9	Yiriman Women Bush Knowledge Enterprises, Kimberley STATE: Western Australia	Description: Support development of women's bush knowledge enterprises in Yiriman Project - ILC previously funded business plan
		\$
		Project Proponent: Kimberley Aboriginal Law and Cultural Centre AC
		Collaborators: LotteryWest, Department of Social Services, Karajarri Traditional Lands Association, Walalakoo AC, Yanunijarra AC, Proponent funding
10	Bawinanga Fishermen, Maningrida STATE: Northern Territory	Description: Assist land based development of fishing enterprise.
		Project Proponent: Bawinanga AC
11	Tiwi Design Eco Lodge, Tiwi Islands STATE: Northern Territory	Description: Fit out accommodation on Bathurst Is to enhance cultural tourism experience
		\$
		Project Proponent: Tiwi Design AC
		Collaborators: Aboriginals Benefit Account
12	Warddekan infrastructure, via Jabiru STATE: Northern Territory	Description: Purchase front loader for management of Wardekkan IPA
		\$
		Project Proponent: Wardekkan Land Management Ltd
\$ = ILC funding of \$100,000 or more		

	2017-18 Projects
	ILC Held Properties
	Granted Properties



ILC GROUP PROJECTS IN 2017-18 AUSTRALIAN DESERT REGION



	2017-18 Projects
	2017-18 Projects over multiple regions
	ILC Held Properties
	Granted Properties

TABLE 4: New Our Land Our Future projects funded or funding approved for both land acquisition and land management, 2017-18

Key	Project	Details
4*	The Keeping Place Project, Pilbara STATE: Western Australia	Description: Innovative geospatial heritage-management system for the collection, protection and sharing of Indigenous cultural knowledge. \$ Collaborators: BHP Billiton, Rio Tinto Iron Ore, Fortescue Metals Group, National Trust of WA, Yinhawangka AC, Karika Nyiyaparli AC
13	Aboriginal Lands Trust SA (AL TSA) – GIS mapping STATE: South Australia	Description: ILC development of GIS mapping on behalf of AL TSA – internal funding transfer Project Proponent: Aboriginal Lands, Trust SA
14	Innaminka accommodation STATE: South Australia	Description: Feasibility study for construction of accommodation hub Project Proponent: Yandruwandha, Yawarrawarrka, Traditional Land Owners AC
15	North West Indigenous Pastoral Program – 3rd stage of ongoing project; new funding approved this year after commitment from SA Govt STATE: South Australia	Description: Assist Indigenous pastoral land holders in north-west SA develop land to increase primary production and establish viable enterprises \$ Collaborators: Dept of Primary Industries and Regions SA, BHP Billiton, Natural Resources Alinytjara Wilurara, Natural Resources SA Arid Lands
16	LA – 257 Stuart Hwy, Alice Springs STATE: Northern Territory	Description: Acquire base of Pioneer Football Club \$ Project Proponent: Pioneer Football Club Inc
17	Centrefarm Project Officer STATE: Northern Territory	Description: Support Project Officer for 12 months to assist in identifying commercially viable opportunities on Indigenous-held land \$ Project Proponent: Centrefarm Aboriginal Horticulture Ltd

\$ = ILC funding of \$100,000 or more

> ILC GROUP PROJECTS IN 2017-18
SOUTH-WEST AUSTRALIA

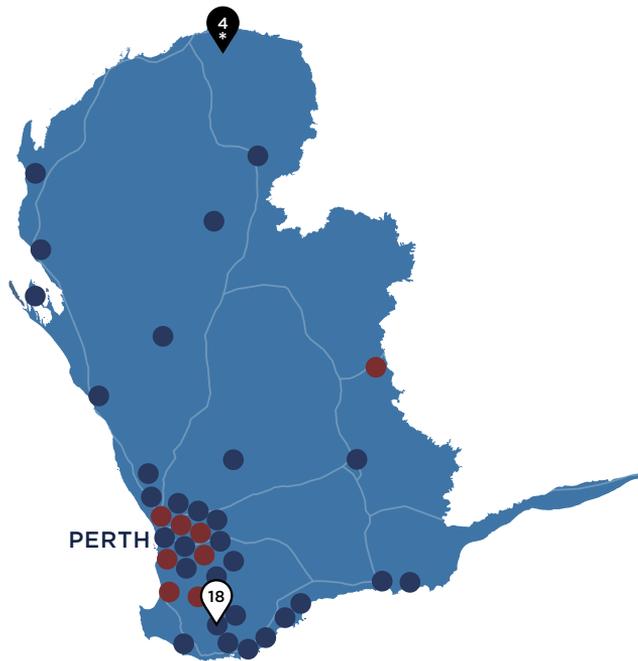


TABLE 4: New Our Land Our Future projects funded or funding approved for both land acquisition and land management, 2017-18

Key	Project	Details
18	Dowrene Farm, near Cranbrook STATE: Western Australia	<p>Description: Development of sheep enterprise and training facility</p> <p>\$</p> <p>Project Proponent: Dowrene Farm AC</p> <p>Collaborators: IBA, Noongar Land Enterprise Group Inc, WA Dept of Primary Industries and Regional Development</p>
4*	The Keeping Place Project, Pilbara STATE: Western Australia	<p>Description: Innovative geospatial heritage-management system for the collection, protection and sharing of Indigenous cultural knowledge.</p> <p>\$</p> <p>Collaborators: BHP Billiton, Rio Tinto Iron Ore, Fortescue Metals Group, National Trust of WA, Yinhawangka AC, Karika Nyiyaparli AC, Wintawari Guruma AC</p>

\$ = ILC funding of \$100,000 or more

	2017-18 Projects over multiple regions
	ILC Held Properties
	Granted Properties



> ILC GROUP PROJECTS IN 2017-18
SOUTH-EAST AUSTRALIA

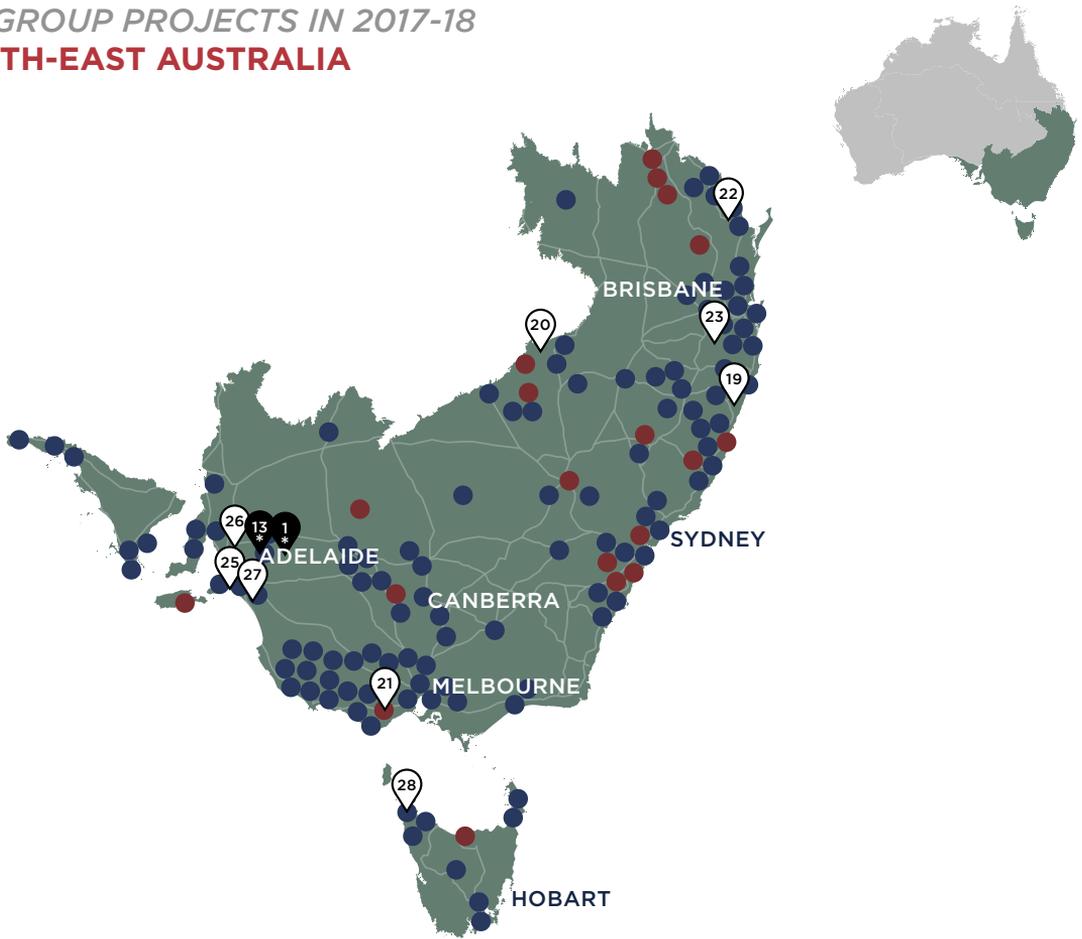


TABLE 4: New Our Land Our Future projects funded or funding approved for both land acquisition and land management, 2017-18

Key	Project	Details
19	Bush Food Sensations (BFS) STATE: New South Wales	Description: Analyse national native food marketplace
		Project Proponent: Bushfood Sensations Inc
		Collaborators: NSW Dept of Industry, PM&C, IBA (all collaborators in BFS)
20	Goodooga Store demolition STATE: New South Wales	Description: Demolish disused supermarket
		Project Proponent: Goodooga LALC
		Collaborators: NSWALC
21	Falbala Farm, near Geelong – ILC owned STATE: Victoria	Description: Provide loan to purchase cattle and grant to purchase plant and machinery for beef enterprise
		Project Proponent: Martang PL
22	Mon Repos Turtle Centre, near Bundaberg STATE: Queensland	Description: Feasibility study to support proponent’s ambition to operate refurbished interpretive centre due for completion late 2018
		Project Proponent: Gidarjil Development Corporation
23	LA – North Quay, Brisbane – due diligence STATE: Queensland	Description: Initiate land acquisition on behalf of legal service
		Project Proponent: Aboriginal and Torres Strait Islander Legal Service (Qld) Ltd
13	Aboriginal Lands Trust SA (AL TSA) – GIS mapping STATE: South Australia	Description: ILC development of GIS mapping on behalf of AL TSA – internal funding transfer
		Project Proponent: Aboriginal Lands Trust SA

24	Head of Bight master plan, far south-west coast STATE: South Australia	Description: Planning for ALTSA-operated Head of Bight Tourist Centre near Yalata to create signature tourism destination as well as economic development and employment opportunities
		Project Proponent: Aboriginal Lands Trust SA
25	Ngarrindjeri pipi enterprise, Goolwa - due diligence STATE: South Australia	Description: Investigate potential purchase of commercial pipi-harvesting quota
		Project Proponent: Ngarrindjeri Regional Authority
26	Sussex St concept plan, North Adelaide STATE: South Australia	Description: Project planner and surveyor for ALTSA-owned urban site; architectural concept drawings
		Project Proponent: Aboriginal Lands Trust SA
27	Symes Rd horticulture, Waterloo Corner STATE: South Australia	Description: Support establishment of horticultural enterprise
		Project Proponent: Incompro Horticultural Services PL
28	Trefoil Is infrastructure STATE: Tasmania	Description: Purchase second-hand tractor and basic solar array for Bass Strait community
		Project Proponent: Aboriginal Land Council of Tasmania
		\$ = ILC funding of \$100,000 or more

	2017-18 Projects
	2017-18 Projects over multiple regions
	ILC Held Properties
	Granted Properties



In 2017-18, the ILC continued to be engaged in a diverse range of land management projects, from the significant-scale operations of Ayers Rock Resort to the multi-faceted Real Jobs Program in the Northern Territory, to provision of small grants for urgent safety remediation on Indigenous-held properties (one project approved this year).

As set out in the National Indigenous Land Strategy 2018-22, the ILC Board is focusing its support on five industry areas that present opportunities for Indigenous land holders: agribusiness, niche Indigenous products, tourism, renewable energies, and urban investment.

Agribusiness

In addition to the ILC Group's own agribusiness operations, ten projects approved this year involve support to Indigenous groups engaging in diverse areas of agribusiness. These include sea-related industries—fishing in Arnhem Land, NT, and pipi harvesting in South Australia—related to a land base.

Following approval this year, the ILC will next year make further significant investments in the North West Indigenous Pastoral Project in South Australia, after the South Australian Government committed funding of \$2.26 million over the three financial years from 2018-19.

In south-west Western Australia ILC land management support to Dowrene Farm, a long-divested property, will enable development of a sheep enterprise and associated training centre. The development of a horticultural project near Adelaide, SA, was also supported. Both these projects are consistent with the ILC's new policy of diversifying its agribusiness support to sectors outside the northern beef industry.

Niche Indigenous products

The focus on niche Indigenous products seeks to build benefits based on Indigenous cultural and ecological knowledge.

A significant project being pursued is the multi-region and multi-year Kakadu plum project. The ILC is supporting six Indigenous land owners to establish or grow their businesses in the harvest and marketing of Kakadu plum and during the year funded the commercialisation of three new Kakadu plum products, helping to create demand for the fruit from the food-manufacturing industry. The focus for the coming year will be on assisting existing businesses in Western Australia and the Northern Territory to consolidate their alliance to increase supply capacity.

The Noongar Land Enterprise (NLE) group was formally launched during the year; NLE is an alliance

involving ILC-divested and ILC-held properties in south-west Western Australia that aims to facilitate coordinated economic development with a focus on niche products. The alliance is supported by the ILC and the WA Department of Primary Industry and Regional Development.

Carbon farming

Since 2010 the ILC has been supporting Indigenous participation in the carbon economy based on traditional burning practices. Savanna fire management (SFM) across northern Australia is the principal emissions-reduction methodology involved.

The ILC achieved significant progress in the delivery of the Northern Territory SFM Program in 2017-18; this was launched last year and is funded by resources company INPEX. The SFM Program supports the development and operation of fire-management projects on Indigenous-held land to achieve benefits including the creation of new enterprises and jobs and the protection of cultural and environmental values. The first group, the Tiwi Land Council ranger team, received operational funds towards the end of the financial year to initiate a long-term savanna-burning project that will create a revenue stream for Indigenous employment on the Tiwi Islands and land management for healthier country.

One carbon farming methodology-development project commenced during the year. This is a joint project with Meat and Livestock Australia's Meat Development Corporation and The Nature Conservancy to support the North Australian Indigenous Land and Sea Management Alliance (NAILSMA) to supervise work to update the SFM methodology to include carbon sequestration in the lower-rainfall zone. This will increase the area of land capable of operating a viable SFM project, and make existing projects more lucrative.

Fire projects were undertaken on ILC-owned Fish River (NT), Merepah (Qld) and Karunjie-Durrack (WA) stations this year. Carbon credits were generated from the first two projects, and used to offset operating costs at Fish River and to undertake Traditional Owner-led planning and infrastructure renewal projects at Merepah. Further fire projects were supported by ILC-funded projects, including the Real Jobs Program (see pages 21-2).

Tourism

During the year the ILC Group continued to operate three tourism enterprises, and the acquisition this year of Port Smith Bird Park will provide the base for a significant tourism enterprise south of Broome, WA. New support for six Indigenous tourism projects was also approved:

- > a master plan for development of an existing facility operated by the Aboriginal Lands Trust of South Australia at Head of Bight on the far west coast
- > a feasibility study for an accommodation hub at Innamincka, SA, on Cooper Creek to take advantage of the area's many heritage sites
- > commitment to part-fund Tiwi Design's eco-lodge development to be commenced next year on Bathurst Island, NT
- > support for Indigenous involvement in operation of the Mon Repos Turtle Centre, Qld
- > provision of solar infrastructure to secure cost-effective power at the Cape Leveque resort operated by Kooljaman Aboriginal Corporation, WA
- > new funding to secure income streams, including from tourism, for Nyaliga Aboriginal Corporation on ILC-owned pastoral leases in the east Kimberley, WA.

Renewable energies

This year the ILC approved two new projects providing renewable energy infrastructure on Indigenous-held land. The ILC has chosen this focus area given the utility of renewable energy in many Indigenous environments and the national need to transition energy sources.

Urban development

The ILC last year developed an Urban Strategy to support the economic and other aspirations of the majority of the Indigenous population who now live in urban areas.

Due diligence on a major acquisition on behalf of the Aboriginal and Torres Strait Islander Legal Service (Queensland) was undertaken during the year. The ILC's ongoing alliance with the Aboriginal Lands Trust of South Australia (AL TSA) resulted in three projects being approved this year, including development of an AL TSA site in Adelaide and an innovative project to build AL TSA's Geographic Information System capacity. Also in Adelaide, in June 2018 the ILC Board approved the sale of a 4.3 hectare portion of an ILC-owned property, 'Warriparinga', to support construction of a 40-unit Elders Village on the remaining land to benefit Aboriginal Elders and Community Care Services and Kaurna Yerta Aboriginal Corporation. This long-running project has involved rezoning of the original 5.8 hectare block purchased by the ILC in 2001.

The ILC continued to invest in its most significant urban assets, the National Centre of Indigenous Excellence in Sydney, NSW, and Clontarf Campus in Perth, WA, with a view to increasing their viability and ultimately achieving grant of these properties to an Indigenous body.

➤ KPIs 1 and 2. Indigenous employment and training - direct and enabled

DIRECT - The ILC prioritises Indigenous employment and training across the ILC Group and invests in Indigenous training and career-development opportunities.

ENABLED - In addition, the ILC's land acquisition and land management projects enable employment and training outcomes to be achieved by external parties: Indigenous corporations, land holders, service-delivery agencies and enterprises.

KPI 1 a). Number of Indigenous staff employed directly across the ILC Group

Target	Achieved	Next year's target
500	845 499 (Voyages) 226 (AIA) 86 (NCIE) 34 (ILC Corporate)	525

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. The figures do not count the trainees captured under KPI 2.



KPI 1 b). Total number of Indigenous employment outcomes enabled by land acquisition and land management projects active in financial year

Target	Achieved	Next year's target
500	632	525
<p><i>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.</i></p>		

KPI 2 a). Number of Indigenous trainees hosted/employed across the ILC Group

Target	Achieved	Next year's target
200	253 210 (Voyages) 33 (AIA) 3 (NCIE) 7 (ILC Corporate)	120
<p><i>Note: Counts all trainees employed during the reporting period (flow data not point in time data). Next year's target has been reduced based on the ILC's strategic shift from 'operating' (providing benefits through subsidiaries) to partnering with Indigenous groups.</i></p>		

KPI 2 b). Total number of Indigenous training completions enabled by land acquisition and land management projects active in financial year

Target	Achieved	Next year's target
1000	3528	1050
<p><i>Note: Data collated from reports provided by recipients of ILC assistance for projects in implementation. 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.</i></p>		

Following the ILC Board's adjustments to the PBS targets, this reporting period sees all parts of the ILC Group contributing to exceeding the targets set for direct Indigenous employment and training. In previous years, the ILC reported only against its agribusiness and tourism operations for this measure. In 2017-18, the entire ILC Group reported its performance against this measure, including ILC Program Delivery and Corporate functions together with support and administration for the ILC Agribusiness operations. This is consistent with the Board's emphasis on taking a whole-of-group approach to achieving the ILC's purpose and outcome.

At 30 June 2018, 43.8 per cent of employees across the ILC Group were Indigenous Australians, and two ILC subsidiaries, AIA and the NCIE, had Indigenous CEOs.

Indigenous employment and training in Voyages

Voyages ended the year with an Indigenous workforce of 431, representing 39 per cent of the total workforce, an increase from 38 per cent the year before. The 431 Aboriginal and Torres Strait Islander employees were fulfilling roles across Voyages three tourism properties and the Corporate Office in Sydney, NSW.

Ayers Rock Resort provided the greatest number of opportunities reaching an Indigenous workforce of 357 Indigenous employees at the end of the financial year, representing 40 per cent of the resort's workforce. Voyages continued to focus on Indigenous career progression and in November 2017 introduced the Indigenous Future Leaders Program at Ayers Rock Resort. Nine participants were selected to participate in the 18-month accredited leadership program individually tailored to build management skills and experience in the tourism and hospitality industries.

Voyages continued to support local Indigenous communities through employment, training and purchase of goods and services. At Ayers Rock Resort, the total Anangu workforce at year's end included three direct-hire employees and 10 employees participating in the NT Real Jobs Program. 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 98 traineeship placements in 2017-18, with trainees undertaking accredited, industry-driven, enterprise-based training in Hospitality, Tourism, Horticulture and Retail at

Ayers Rock Resort's National Indigenous Training Academy (NITA). The flexible traineeship model saw seven trainees transfer from Ayers Rock Resort to Home Valley Station on its reopening after the wet season. Voyages is seeking to increase yearly trainee commencement numbers at NITA, but will require additional staff accommodation and continued government (Indigenous Advancement Strategy) funding to achieve this.

Mossman Gorge Centre provided a range of training programs. In February 2018 the centre introduced the Employment Pathway Program supporting Indigenous job seekers with foundation skills to transition into traineeships and jobs. The centre also offers a Pathway to Cookery program leading to chef apprenticeships.

Table 5: Employment and training outcomes for Voyages tourism businesses, 2017-18

	Indigenous employees	Indigenous trainees	Total Indigenous participants	Non-Indigenous employees	Total staff and participants
Ayers Rock Resort	416	177	593	890	1483
Mossman Gorge Centre	69	20	89	18	107
Home Valley Station	14	13	27	65	92
TOTAL	499	210	709	973	1682
<i>Flow data.</i>					

Indigenous employment and training in AIA/ ILC Agribusiness

In 2017-18 ILC subsidiary AIA employed 33 Indigenous trainees (flow data) to undertake a full range of activities associated with agribusiness operations; 25 Indigenous people (flow data) were supported to complete certified training courses, five were school-based. AIA also hosts trainees in the Real Jobs Program, NT.

ILC Agribusiness aims to increase the representation of Indigenous people at all levels and, in particular, support the progression of aspiring Indigenous workers from entry-level positions on the pastoral properties through to agribusiness manager or similar roles.

Indigenous employment and training at NCIE

Over 2017-18 the NCIE employed 86 Indigenous people (flow data) 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; 60 participants were supported into training and/or employment in 2017-18. Job Ready produced 31 employment outcomes in 2017-18 within and outside NCIE.

Indigenous employment and training in the ILC

In addition to the Indigenous employees enumerated above, the core ILC employed 34 Indigenous people over the year (flow data) and had seven (flow data) Indigenous trainees hosted by an external provider.

Indigenous employment and training in ILC-funded projects

The Real Jobs Program operating in the Northern Territory was a major contributor to the total of 678 enabled employment positions.

The program, managed on behalf of the Australian Government, places unemployed Indigenous people in full-time equivalent (FTE) positions in the land management, tourism and agribusiness (pastoral and horticulture) sectors. The RJP's objective is to employ and train Indigenous people, and to build individual capacity to take up employment outside the RJP.

The ILC provides funding to 14 organisations for wages and on-costs, training, coordination, and operational expenses. In 2017-18, the RJP provided \$8.13 million to fund 149 employment positions and the completion of 383 training courses; 64 per cent of RJP employees were retained in the program for six months or longer and 25 participants moved into



external employment. The RJP continues to promote gender equity throughout its projects, with women representing 23 per cent of the RJP workforce.

In the land management sector, the ILC funded 64 ranger positions with seven organisations. Across the year, ranger groups completed a total of 138 land management activities, including biodiversity monitoring, fire management, pest plant and animal control, and cultural-heritage management. A key achievement of the year involved the Northern Land Council's Kenbi Rangers collaboration with the University of Melbourne on a project to reintroduce northern quoll to Indian Island.

In the pastoral sector, 43 positions were contracted to the Northern Territory Cattlemen's Association (NTCA), ILC Agribusiness, and the Central Land Council to develop career opportunities for young Indigenous people in the pastoral industry. In 2017-18, Travis Fisher, RJP employee at Heytesbury Cattle Company's Birrundudu Station, was awarded the Alward Foster Memorial Indigenous Pastoral Leader Award by the NTCA for leading and inspiring young Indigenous men and women to take up jobs in the pastoral sector. In the horticultural sector, 11 positions were supported. Tiwi Enterprises Pty Ltd continued to supply fresh produce from its Milikapiti nursery to local stores and donated fruit and vegetable seedlings to households throughout the community.

In the tourism sector, 31 positions were contracted to ILC subsidiary Voyages Indigenous Tourism Australia, Nitmiluk Tours Pty Ltd, Lirrwi Yolngu Tourism Aboriginal Corporation, and Adina Vibe Hotel Darwin Waterfront (Adina). Employees undertook various roles, including tour guiding, reception duties, events management, and kitchen duties. At Adina, Henri Peters completed 12 months as an RJP employee before gaining full-time employment directly with the hotel; he is part of TFE Hotels' Future Leaders Program.

Across the various sectors, 10 organisations were involved in enterprise-development activities. In 2017-18, Demed Aboriginal Corporation's Gunbalanya-

based Adjumarllarl Rangers provided its services to the West Arnhem Land Fire Abatement Project. The project earns the rangers income by undertaking strategic fire management to offset greenhouse gas emissions from ConocoPhillips' liquefied natural gas plant in Darwin.

Organisations also deliver benefits to individuals, their families and communities, with 24 social and community events being delivered with a total of 275 Indigenous people attending. The Central Land Council's Murnkurru Murnkurru Rangers at Daguragu hosted a school trip to learn about the importance of ranger work.

In December 2017, the ILC held the second annual RJP Regional Forum in Darwin. The forum brought together 12 organisations to network and discuss the successes and challenges of each groups' work. The forum also heard from key industry bodies and support agencies.

Merriman Shearing School, NSW

Since 2010, Merriman Station, a property on the outskirts of Brewarrina, NSW, has been 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. This year drought in the local area resulted in fewer sheep being available and the cancellation of intakes. In 2017-18 the school had 15 young Indigenous people participate in training, with eight completions.

Clontarf Campus and National Centre of Indigenous Excellence

Significant achievements against KPI 1b) are attributed to the operations of ILC-held properties, Clontarf Campus in Perth, WA, and NCIE in Redfern, NSW. Both campuses provide for Indigenous training, education and employment, hosting a range of Indigenous service providers.

➤ KPI 3. Indigenous business development

KPI 3). Number of Indigenous enterprises assisted by ILC Group projects

Target	Achieved	Next year's target
60	123	63
<i>Note: Figure does not include businesses supported through ILC Group procurement or businesses operated by ILC subsidiaries.</i>		

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

Indigenous Business Sector Strategy (February 2018).

The calculation of the number of businesses assisted includes 93 active projects that have achieved benefits

in relation to business development in 2017-18, as well as 10 Indigenous businesses supported by the Real Jobs Program and 20 Indigenous pastoral enterprises assisted by ILC pastoral-extension services.

In discussions with potential strategic partners across the Indigenous Estate, the ILC has offered to fund and/or second resources into key Indigenous organisations to build their commercial capability and help identify land-based enterprise opportunities.

The first project, reported last year, was 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. The consultant's report is currently being assessed. Other significant organisations being assisted in this way are Nyamba Buru Yawuru Ltd in Broome, WA, and Centrefarm Aboriginal Horticulture Ltd, Alice Springs, NT.

➤ KPI 4. Protection of Indigenous culture, heritage and the environment

KPI 4). Proportion of active ILC Group projects that maintained or protected Indigenous culture, heritage and/or the environment

Target	Achieved	Next year's target
50%	42.3%	50%
<i>Note: Proportion relates to the number of active land acquisition and land management projects in implementation, not their value; counts third-party projects in 2017-18 reporting benefits against the relevant indicators as well as subsidiary projects.</i>		

In 2017-18, 66 out of 156 active land acquisition and land management projects related to Indigenous culture, heritage and the environment, including 15 land management projects undertaken through ILC subsidiaries (three Voyages, 11 Agribusiness, one NCIE).

This year benefits recorded indicate that the 66 projects:

- enabled more than 11,000 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 219 culturally significant sites and 23 sites with environmental heritage values across Australia through activities including fencing, weed eradication and fire management
- enabled more than 2400 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 Indigenous Rangers and Indigenous Protected Areas programs.

2017-18 was the first year of a four-year program funded by the Reef Trust on ILC-owned Crocodile and Welcome Stations, near Laura, Qld. The project aims to mitigate gully erosion and hence run off to the Great Barrier Reef, as well as create employment opportunities for local Traditional Owners.

The ILC Group's tourism businesses (and other tourism projects supported by the ILC) actively promote Indigenous culture to travellers. Both Ayers Rock Resort and Mossman Gorge Centre work with local Indigenous people as cultural interpreters, guides or performers. The National Centre of Indigenous Excellence was developed on a heritage site in Redfern, NSW, and throughout the year hosts significant Indigenous community events.

➤ KPI 5. Collaboration

KPI 5). Proportion of active ILC Group projects that involved contributions from third parties (beyond immediate beneficiary group)

Target	Achieved	Next year's target
66%	51%	60%
<i>Note: Proportion relates to the number of active 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.</i>		



The ILC prioritises collaboration in projects as a means of adding value to the ILC's own funding and expertise. In 2017-18, 79 projects involved collaborations: 74 third-party and five land management projects operated by subsidiaries (three Voyages, one AIA, one NCIE). Collaboration is basic to the operation of the NCIE as a social enterprise engaging government and corporate partners

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 project-assessment criteria), and many proponents contribute significantly to the value of a project either financially or in-kind.

KPI 6. 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.

New legislation

The ILC's advocacy and consultation on legislative change came to fruition this year, with the introduction of three Bills in March 2018 to reform the Land Account and extend the ILC's remit to water. If enacted, the legislation before Parliament will serve to protect the ILC's principal source of income and enable it to support water-based projects, including out to sea.

In summary, the package of three Bills provides for the following:

- 1) Aboriginal and Torres Strait Islander Land and Sea Future Fund Bill 2018** – establishes a Land and Sea Future Fund (ATSILSFF) to replace the Land Account, managed by the Future Fund Board that will be bound by a statutory Investment Mandate provided by the responsible Ministers (Finance and Indigenous Affairs); it permits additional payments from the ATSILSFF to the ILC at the discretion of the Ministers.
- 2) Aboriginal and Torres Strait Islander Land and Sea Future Fund (Consequential Amendments) Bill 2018** – deals with matters consequent to enacting the Aboriginal Land and Sea Future Fund Act 2018.
- 3) Aboriginal and Torres Strait Islander Amendment (Indigenous Land Corporation) Bill 2018** – renames the ILC the Indigenous Land and Sea Corporation

and enables it to perform functions in relation to waters (including ground and surface water) where the Commonwealth, states or territories have sovereign rights (that is, in water or waters within the outer limits of the exclusive economic zone of Australia, including internal waters of Australia); it does not create any new rights, and does not authorise the ILC to exercise its functions in a manner inconsistent with the rights and interests of other persons or international law (such as the UN Convention on the Law of the Sea).

Establishment of the ATSILSFF is consistent with recommendations of an Expert Advisory Panel established by the ILC Board in 2016 and chaired by Mr David Murray. The Expert Panel's report (December 2016) found that return on the Land Account's allowable investments (mandated by the PGPA Act) was low and likely to remain low and that, if the investment mandate continued to be restricted, annual payments to the ILC would certainly reduce the Land Account's capital value, compromising the ILC's ability to perform its functions. The panel recommended changes, subsequently supported by the Board, to allow the Land Account to be invested in a wider variety of investment products, without incurring a great deal of extra risk, and to transfer its management to the Future Fund Management Agency and Board of Guardians or another arrangement.

The ILC's advocacy to extend its remit to water is long-standing, and arises from common law developments in the decades since the ILC's establishment that have provided Indigenous rights to waters. Legal advice obtained last year by the ILC indicated that it would be imprudent for the ILC to extend its activities beyond land to water without legislative change.

Following strong representations made by the ILC and joint consultations (see below), the Australian Government announced its intention to legislate the two reforms at the tabling of the Prime Minister's Closing the Gap Report in February 2018. The ILC Chairperson welcomed the announcement and subsequent tabling of the Bills in media releases.

The ILC made a submission to an inquiry by the Senate Finance and Public Administration Legislation Committee, with four recommendations:

- > Addition of a preamble to the first Bill acknowledging the historical context (the national settlement after the Mabo judgment) and unique purpose of the Land Account (as compensation for Indigenous dispossession)
- > An improved mechanism for determining additional payments to the ILC, to add checks against erosion of the fund's capital base
- > Enhanced provisions to ensure quarterly reporting on ATSILSFF performance to the ILC Board

- > Correction of an apparent drafting error.

The committee's majority report (May 2018) accepted only the last recommendation, noting that the other matters raised were likely to be addressed in the Second Reading Speech and the Investment Mandate that would guide the new fund's management. The legislation had not been debated in Parliament at the time of writing this report.

National Indigenous Land Strategy and Regional Indigenous Land Strategies

The new National Indigenous Land Strategy 2018–22, required by the ATSI Act, was finalised during the year and tabled by the Minister for Indigenous Affairs in February 2018.

The new strategy, available on the ILC website, sets out the ILC's:

- > vision for the Indigenous Estate
- > priorities for investment
- > commitment to build productive relationships with Indigenous groups and the wider government, non-government and private sectors
- > pursuit of more efficient internal business processes
- > commitment to consultation with its Indigenous beneficiaries.

Underpinning the national strategy are four Regional Indigenous Land Strategies (RILS), also a legislative requirement, developed for publication in the new financial year. Unlike former regional strategies, they are based on four bioregions, where previous ILC regions were the six states and the Northern Territory. The new regions are:

- > Northern Australia
- > Desert Australia
- > South-West Australia
- > South-East Australia.

These reflect important environmental, demographic and economic differences across the continent that influence the differing situations of Aboriginal and Torres Strait Islander people. Defining these new regions recognises the opportunities presented by bringing together similar parcels of land within the Indigenous Estate to allow the development of regional projects and economies of scale.

Consultation with Indigenous stakeholders

Both the legislative reforms and development of the national and regional strategies were supported by extensive consultations with Indigenous stakeholders.

Both sets of consultations provided an opportunity to raise awareness of the ILC's role, and engage Indigenous groups in setting directions for the ILC's future and for the future of the Indigenous Estate.

The consultations on legislative reform were undertaken with funding and logistical support from the Department of the Prime Minister and Cabinet (PM&C). Over July to September 2017, 16 face-to-face sessions were undertaken in 11 locations around Australia (also involving tele- and video-conferencing from remoter locations). Seventy-five Indigenous organisations attended, representing at least 75,000 Indigenous people. The ILC Chairperson, ILC Group CEO, members of the ILC Executive and/or a member of the Expert Advisory Panel were variously present at most sessions. The sessions were independently facilitated by research consultancy firm, Cultural and Indigenous Research Centre Australia (CIRCA). CIRCA provided a formal Consultation Report that included a detailed overview of the consultations and their findings. Most of the feedback received was strongly in favour of the two sets of legislative amendments discussed. The ILC also received 23 written submissions, largely supportive of the proposed legislation and reflective of the comments made in face-to-face sessions.

In early November 2017, the ILC undertook a further short round of consultations to gain community feedback on a draft National Indigenous Land Strategy 2018–22. These were hosted in seven key locations around Australia, including tele- and video-conference facilities to enable access from more than 30 further locations. In general there was a demonstrable level of interest in working with the ILC according to the directions set out in the draft strategy. There was little or no dissent from the approach laid out. Participants generally thought that the concept of the Indigenous Estate, divided into four bioregions, was a useful and innovative way to focus Indigenous development efforts.

ILC Indigenous Procurement Policy

The ILC also supported Indigenous business development across the Indigenous Estate through a commitment to the procurement of goods and services from Indigenous enterprises. In 2016, the Board approved an Indigenous Procurement Policy, in response to the Australian Government policy launched in 2015. The ILC modified its systems to capture the corporation's spend on Indigenous goods and services and has set Indigenous procurement targets of 5 per cent for purchase of goods and services. In 2017–18 the ILC Group recorded Indigenous procurement of 11.1 per cent, at a value of \$14.7 million.

¹Based on membership of Indigenous organisations published on the website of the Office of the Registrar of Indigenous Corporations





Participation in policy and other forums

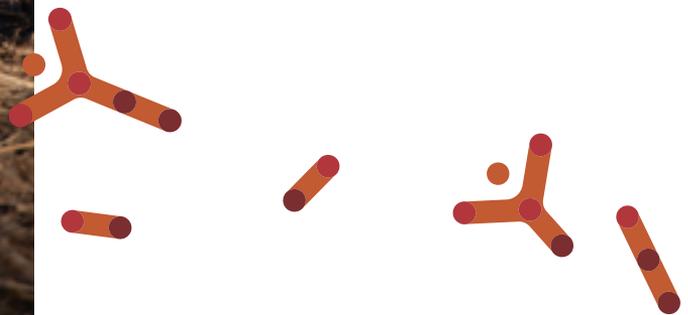
Over 2017-18 the ILC has actively sought opportunities to build stakeholder awareness of the ILC's purpose and its collaborative approach to generating benefits for Indigenous Australians:

- > attendance at annual Indigenous forums, including the Garma Festival (August 2017) and in particular the National Native Title Conference (June 2018); at the latter conference the ILC was once again the principal sponsor and gave a joint presentation with Indigenous Business Australia
- > engagement in government-sponsored policy forums or processes
- > attendance and/or presentations at regional and industry-based forums
- > continuing a schedule of regular meetings with the Minister, his office and PM&C to discuss strategic and policy issues relating to the Indigenous Estate.

During the year, the ILC represented the interests of the Indigenous Estate in the Australian Government-sponsored Closing the Gap refresh and the Commonwealth Rights and Interests in Indigenous Property project, both being managed by PM&C. The ILC is a member of the governance committee for the latter project which has been consulting Indigenous people to develop policy and guidelines to determine what rights and interests the Commonwealth should waive or retain on some 2800 Indigenous-owned, grant-funded properties purchased by ATSIC or its predecessors. The ILC's position is that the Commonwealth should retain rights in relation to significant properties identified (likely to be a very small proportion of the properties under consideration, given that most are residential houses).

At the state and regional level ILC representatives attended numerous industry and/or regional forums and workshops.

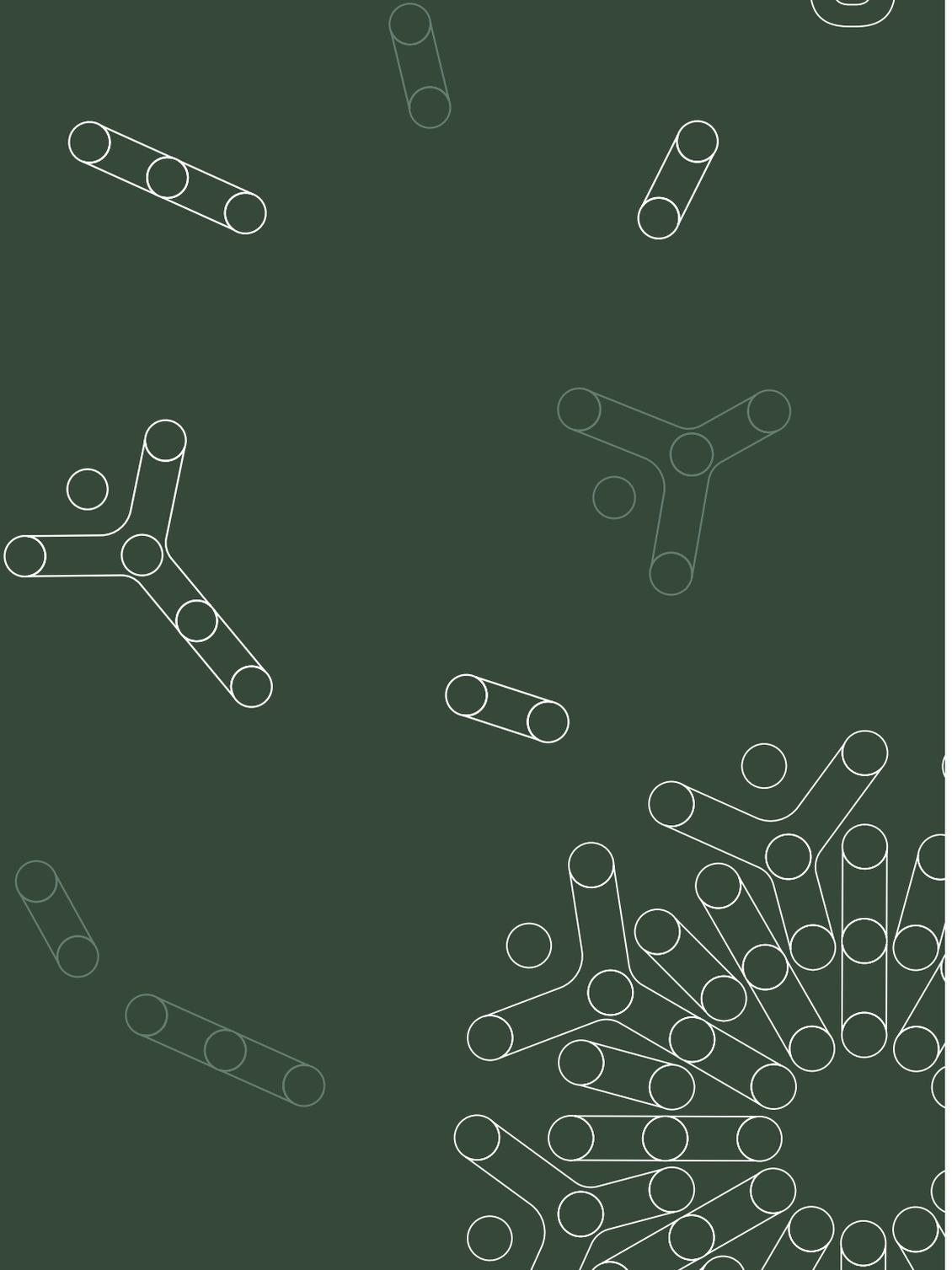
The ILC is committed to genuine and meaningful engagement with its stakeholders through representation in key policy forums and consultation on critical issues affecting Indigenous people's investment and participation in the Indigenous Estate.





PART 3 CASE STUDIES

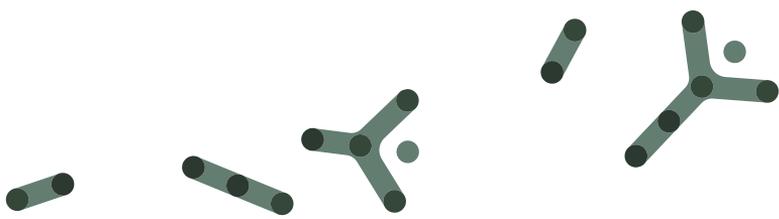
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^ Real Jobs Program participant learning horse handling skills

The ILC works with Indigenous groups and others to bring Indigenous people's land-based aspirations to fruition, providing a mix of benefits to people and country. The following case studies provide greater detail on ILC projects in three of its five focus areas, and across its four regions, as well as recent ventures into innovative technology-based projects that support active management of land by Indigenous owners.



NORTH WEST INDIGENOUS PASTORAL PROJECT



▲ Cattle and cockatoos on a station

AUSTRALIAN DESERT REGION



➤ *Large areas of arid north-west South Australia are being made productive in a joint project involving the ILC, State Government, private sector and three Indigenous station owners.*

PROJECT: North West Indigenous Pastoral Project

STATE: South Australia

LAND SIZE: 3.6m ha

INDIGENOUS JOBS CREATED TO DATE: 68

ILC INVESTMENT: \$600,000 2018-21

Established in 2015 the North West Indigenous Pastoral Project supports the improved productivity of more than 3.6 million hectares of Indigenous-owned land. So far it has created 68 Indigenous jobs in the pastoral sector, including 28 participants who have transitioned into employment in the resources, construction and wider agricultural industries. The program has brought 275,000 hectares of fallow land back into production, helped establish two new pastoral businesses and supported the growth of two existing businesses. A total of \$3.1 million in new investment has been secured to 2021 including a \$600,000 contribution from the ILC beginning next financial year. In previous financial years the ILC has

provided more than \$800,000 in funding directly to Indigenous corporations for property management planning, plant, equipment and infrastructure development.



DOWRENE FARM SHEEP ENTERPRISE AND TRAINING FACILITY



^ The ILC is working with Indigenous land holders in south-west WA.

➤ *Dowrene Farm, a 707-hectare cropping and grazing property in the south-west of Western Australia, had for many years been leased by its owners to a local farmer.*

SOUTH-WEST AUSTRALIA



PROJECT: Dowrene Farm Sheep Enterprise and Training Facility

STATE: Western Australia

LAND SIZE: 708 ha

INDIGENOUS JOBS CREATED:
1 full-time; 5 casual

ILC INVESTMENT:
\$150,000 in 2017-18

Purchased by the ILC on behalf of Dowrene Farm Aboriginal Corporation (DFAC) the landholders had long aspired to operating their own business. In January 2018 this vision was realised through a collaboration involving the ILC, Indigenous Business Australia (IBA), the WA Department of Primary Industries and Regional Development (DPIRD) and the Noongar Land Enterprise Group, a recently formed Aboriginal grower group in the south-west. The ILC lifted its caveat so the property could be used as security to obtain financing. The ILC also provided a grant to purchase plant and equipment and for other start-up costs. IBA provided working capital to establish the sheep enterprise including enabling the purchase of around 1200 ewes. Corporation members, notably farm manager Rhys

Bonshore, participated in sheep husbandry and farm management training and mentorship funded by DPIRD. In addition to a full-time manager, DFAC employs five casual Indigenous workers. Six members are undertaking accredited training to support the farm's day-to-day operations. DFAC is developing its own brand for Indigenous prime lamb for sale to markets later in 2018 following the birth since March of more than 700 lambs.

REEF TRUST PHASE IV - LAURA GULLIES REMEDICATION



^ Remediation works at Crocodile-Welcome Stations, Qld

➤ *The ILC's attention to environmental values on agribusiness land is illustrated by a major gully-erosion management project that began during the year on ILC-owned and -operated Crocodile-Welcome Stations, near Laura, on Cape York, Qld.*

Areas of the station have light sodic soils prone to deep gully erosion. This contributes to sediment entering the Great Barrier Reef Lagoon, and potentially harming the Reef. In 2017 the ILC received funding from the Australian Government's Reef Trust to tackle these issues. A geomorphologist was employed and five local Traditional Owners engaged to undertake on-ground works. These works have included site rehabilitation, surveying erosion-prone areas, making rock chutes on gully head walls to

stop the gullies from growing, and building fences to keep cattle out of sensitive areas. Over this five-year project local Indigenous people will build their skills in land management including the operation of earth-moving equipment.

NORTHERN AUSTRALIA



PROJECT: Reef Trust Phase IV - Laura Gullies Remediation

STATE: Queensland

LAND SIZE: 124,800 ha
(Crocodile-Welcome Stations)

INDIGENOUS EMPLOYEES ENGAGED:
5

REEF TRUST GRANT:
\$2.06m over 5 years



INPEX SAVANNA FIRE MANAGEMENT PROGRAM



▲ Fire management, Tiwi Islands NT

➤ ***Fires in tropical savanna, especially late in the dry season, account for more than 4 per cent of Australia’s greenhouse gas emissions.***

NORTHERN AUSTRALIA



PROJECT: INPEX Savanna Fire Management Program

STATE: Northern Territory

FIRST GROUP FUNDED IN 2017-18

BUDGET: \$2m a year over 20 years

Not only do these fires release large quantities of greenhouse gases, they burn large areas of natural bushland and destroy biodiversity and cultural values. Managed fires in the early dry season can be used to prevent landscape-scale, destructive hot fires that often start each year from lightning strikes.

The end of the financial year saw an important milestone in the expansion of traditional Indigenous fire management in the Northern Territory as the Tiwi Island rangers, the first group to receive operational funds from the \$34 million Savanna Fire Management (SFM) Program, conducted early season burning to create healthier country.

The ILC delivers the \$34 million SFM Program on behalf of the INPEX-operated Ichthys LNG Project’s voluntary commitments with the Northern Territory Government to offset carbon emissions from the project’s onshore facility.

Currently around a quarter of Traditional Owner groups across northern Australia participate in the carbon economy. The SFM Program assists with the significant start-up costs that can act as a barrier to establishment of new carbon projects.

It is estimated that by 2020 Indigenous carbon projects across northern Australia have the potential to abate over million tonnes of CO² per annum, provide 600 to 1100 part-time or casual jobs for rangers and Indigenous land managers, and deliver significant environmental benefits.

KAKADU PLUM/GUBINGE INDUSTRY DEVELOPMENT PARTNERSHIP



▲ Kakadu plums, NT

➤ *Kakadu plum (gubinge in Western Australia) is native fruit that grows almost exclusively on Indigenous-held land across northern Australia, from the Kimberley to Arnhem Land.*

It has uses in the bush-food dining scene and, being rich in vitamin C and with significant preservative qualities, in the pharmaceutical and nutraceutical industries. The ILC is working with Indigenous land holders and businesses to develop sustainable land-based enterprises engaged in the supply, marketing and distribution of Kakadu plum.

During this year the project supported Adelaide-based Indigenous business Something Wild (majority owned by the Motlop family and overseen by Larrakia man Daniel Motlop) to develop uses for the Kakadu plum in partnership with Palgun Wurnangat Aboriginal Corporation in Wadeye, NT, where the plums are harvested. Something Wild has been testing the efficacy of Kakadu plum as a preservative

in meat, greens and dairy and as a flavour additive or enhancer for a variety of products including pickles and health foods.

Though Kakadu plum is well-researched and is already used commercially in relatively small amounts, the aim is to foster an Indigenous-owned and -controlled supply chain, to support larger-scale harvesting and processing businesses that benefit northern Indigenous communities culturally and financially.

NORTHERN AND SOUTH-EAST AUSTRALIA



PROJECT: Kakadu Plum/Gubinge Industry Development Partnership

NATIONAL STRATEGIC PROJECT

NORTHERN AUSTRALIAN ABORIGINAL KAKADU PLUM ALLIANCE REPRESENTING 8 INDIGENOUS LAND HOLDER GROUPS

ILC INVESTMENT: \$421,000 to 30 June 2018



PORT SMITH BIRD PARK LAND ACQUISITION



▲ Port Smith Lagoon, WA

➤ *The Karajarri people are Traditional Owners of the land and intertidal zone along the south-west Kimberley coast, WA, and extending several hundred kilometres eastwards into the Great Sandy Desert.*

NORTHERN AUSTRALIA



PROJECT: Port Smith Bird Park Land Acquisition

STATE: Western Australia

LAND SIZE: 4.0866 ha

CULTURAL SITES PROTECTED: 30

ILC INVESTMENT: \$948,000

PARTNERSHIP INVESTMENT:
\$1,065,000 (including estimated
\$192,000 in-kind value)

The Port Smith Bird Park purchased by the ILC this financial year lies 25 kilometres north of the Bidadanga community and 170 kilometres south of Broome. It is an acknowledged tourism 'hotspot', featuring a diversity of marine life, flora and fauna.

KTLA has a vision to transform the property into the Kimberley's 'Southern Indigenous Cultural Gateway'. Benefits from the acquisition and subsequent development will include intergenerational employment, economic participation, wealth creation, social inclusion, cultural preservation, environmental conservation and, most importantly, regaining control over traditional lands. The 13-member KTLA ranger team now has a functional base for management of its Indigenous Protected Area and other environmental works.

The acquisition is a testament to the success of collaborative, cross-sector partnerships, in this case involving tourism operators, training and employment organisations, government and the corporate and philanthropic investment sectors. This model has resulted in the total value of additional partnership funding leveraged since acquisition now exceeding the purchase price for the property.

The ILC currently holds the property title and has entered into a three-year lease arrangement with KTLA, with the granting of the property to occur during that period.

EAST TRINITY ECO-INFRASTRUCTURE



^ Architectural concepts of boardwalk and observation tower, Trinity Inlet, Qld. Credit: Philip Follent Architects

➤ *In Queensland, the ILC has been working with the Mandingalbay Yidinji Aboriginal Corporation (MYAC) since 2014 to realise its goal of establishing ecotourism enterprises on the eastern bank of the Trinity Inlet, opposite the Cairns CBD.*

To date, the ILC has assisted at various stages of this multi-year and collaborative project, also involving PM&C and the Queensland Government.

When completed, the Mandingalbay Yidinji Eco Cultural Infrastructure Tourism Project will comprise tourism and environmental-research facilities, and supporting infrastructure. It will include a 1.1 kilometre boardwalk and single-storey buildings housing a range of attractions, support and administrative spaces, short-term accommodation, food and beverage facilities, retail and seminar/conference spaces and an interpretative centre. Three activity and observation towers will be constructed on the boardwalk, enabling visitors to observe from varying heights and orientation points the site's relationship to Cairns, the wildlife in the inlet, and significant

mountain landscapes that are part of the creation stories of the Mandingalbay Yidinji people.

Required technical and economic studies have been completed, including flood-hazard assessment, visual-impact assessment, ecological assessment, business case and demand assessment. A project summary was delivered to potential investors in April 2018. The Queensland Government State Assessment and Referral Agency has recently granted all development approvals. MYAC continues to work with stakeholders, including the ILC, to raise capital for the first stage of construction.

NORTHERN AUSTRALIA



PROJECT: East Trinity Eco-Infrastructure

STATE: Queensland

LAND: East Trinity Reserve

SIX PROPERTIES OF HIGH ENVIRONMENTAL AND CULTURAL VALUES

ILC INVESTMENT: \$153,000 since 2014, with a further commitment for the early works package



GUEST CULTURAL EXPERIENCES, AYERS ROCK RESORT



▲ Guest cultural experiences at Ayers Rock Resort

➤ *At Ayers Rock Resort, the ILC Group has this year added to the cultural experiences on offer to visitors, at the same time providing employment and cultural showcases for local Aboriginal people.*

In November 2017 Real Jobs Program employees at the resort began a new guest experience called *The Anangu Way*. Three times a week, guests are immersed in Anangu culture including learning words of the local Pitjantjatjara language. A full-time guide now provides Women's Yarns, featuring women's food-gathering equipment and 'women's business' items. The Women's Yarns are also now part of the resort's Tali Wiru premium dining experience.

The Bush Tucker Journey was also launched, ensuring menus for all resort catering contain Australian flavours: native herbs, spices, fruits, seeds, insects and wildlife that local Aboriginal people have been eating for thousands of years. From open-air fine dining and traditional bush tucker tastings to bush yarns and garden walks, all these resort experiences combine local Indigenous culture with Indigenous food.

AUSTRALIAN DESERT



PROJECT: Guest Cultural Experiences, Ayers Rock Resort

STATE: Northern Territory

GUEST EXPERIENCES PROVIDED: 60,000 in 2017-18

INDIGENOUS SOCIAL, CULTURAL AND ECONOMIC BENEFITS THROUGH ILC SUBSIDIARY VOYAGES

Since the ILC purchased the resort in 2011, Ayers Rock Resort has entered the Australian Tourism Hall of Fame for its diverse daily suite of free or paid guest cultural activities and its outstanding Indigenous training and employment outcomes.

AL TSA GIS/MAPPING SYSTEM



SOUTH-EAST AUSTRALIA



➤ *In 2017-18 the ILC undertook a pilot project that made the ILC’s mapping platform and expertise available to the Aboriginal Lands Trust of South Australia (AL TSA) to assist in its land management and planning activities.*

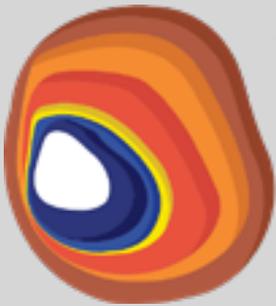
PROJECT: AL TSA GIS/Mapping System
STATE: South Australia
LAND SIZE: 500,000 ha
PROPERTIES BENEFITING: 65
ILC INVESTMENT IN 2017-18: \$25,000

The AL TSA is a statutory body managing 8 per cent of the state’s land area on behalf of Aboriginal South Australians. Under its legislation, the AL TSA is required to manage a register of all lands it holds in trust, and had relied on a paper and pdf-based system, having found the cost of moving to a dynamic Geographical Information Services (GIS) system prohibitive.

This year an opportunity was identified for the ILC’s Information and Communication Services team to share their mapping capabilities to design and deploy a customised GIS system. This system holds cadastral information on more than 500,000 hectares of land, including information about infrastructure, land uses, and leases of the 65 properties held by the AL TSA. All data remains the property of the AL TSA, with the ILC providing the platform and software as a service,

and the AL TSA providing constant feedback on its GIS information needs. The system will enhance the trust’s ability to manage land assets, including innovative leasing arrangements currently being rolled out across Aboriginal communities in South Australia. Though the first stage of the project is complete, ongoing collaboration means the AL T will continue to benefit from the ILC’s GIS expertise. The pilot is informing planning for future projects where the ILC’s technical systems and expertise can be utilised to serve the wider Indigenous Estate.





The Keeping Place

➤ *In Western Australia the Keeping Place Pilot Project is creating an online geospatial heritage-management system that supports the return of cultural and heritage information collected by resource companies back to Traditional Owner groups in the Pilbara region, WA.*

The project is a co-funded partnership involving the ILC, two native title groups (Karlka Nyiyaparli Aboriginal Corporation and Yinhawangka Aboriginal Corporation) and three resource companies (BHP Billiton, Fortescue Metals Group and Rio Tinto), with governance and administration support from the National Trust of Western Australia.

Successful completion of the pilot project will include delivery of 'The Keeping Place' software platform—an innovative and safe GIS-based tool for collecting, protecting and appropriately sharing cultural knowledge. The platform will enable Indigenous groups to regain data sovereignty, improve organisational capacity, and unlock social and economic opportunities from land for current and future generations. It will also provide Indigenous groups with an innovative geospatial tool to make informed decisions about their land and its related economic, social, cultural and environmental values.

NORTH, DESERT and SOUTH-WEST



PROJECT: The Keeping Place
STATE: Western Australia
PRODUCT: Innovative geospatial heritage-management system for the collection, protection and sharing of Indigenous cultural knowledge
ILC ROLE: Project partner
ILC INVESTMENT TO DATE: \$330,000

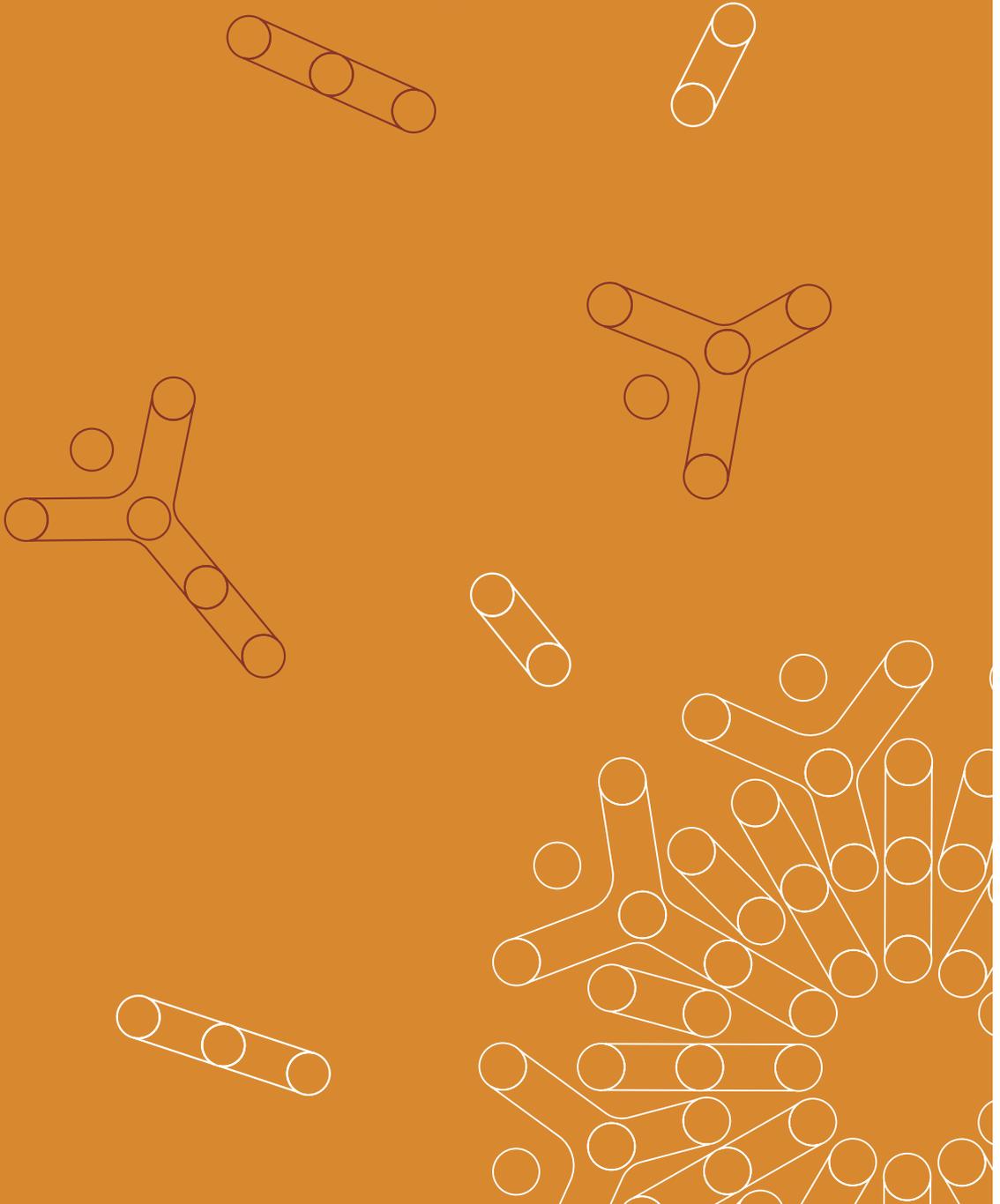
The ILC's role has included an investment of \$330,000 to determine the economic viability of the software platform, the development of data-governance frameworks, the delivery of Indigenous cultural and intellectual property advice, and the provision of expert guidance on the creation of an Indigenous-controlled entity to own and manage the software platform. The ILC's investment has also supported the engagement of a dedicated Project Development Manager, based in the ILC's Perth office, to oversee stakeholder engagement, technology development and entity development.

The project partners have a bold vision for 'The Keeping Place' to be a sustainable digital cultural centre for all Indigenous Australians. Following completion of the pilot, the intention is to roll out the software platform to other Indigenous groups across Australia. For more information visit www.thekeepingplace.com



PART 4 ILC GROUP SUBSIDIARIES

4



ILC Group at 30 June 2018
Indigenous Land Corporation
ABN 59 912 679 254

Voyages Indigenous Tourism Australia Pty Ltd

ABN 82 146 482 591
 Head office: Sydney, NSW
 CEO: Leo Bator (a/g)

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: Clare McHugh (a/g)

The ILC's wholly-owned subsidiaries are established to provide benefits to Indigenous Australians, in areas such as employment, enterprise development and cultural and social wellbeing.

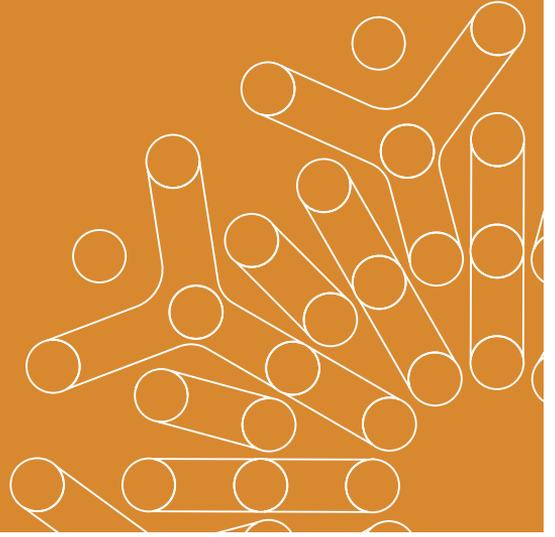
The three companies have been subject to review in recent years, with a focus on their becoming financially self-sustaining and ensuring their alignment with the ILC's purpose. Towards the end of this financial year management of the ILC Group's presence in agribusiness was transferred back into the ILC itself, with the establishment of an Agribusiness Directorate. The Australian Indigenous

Agribusiness Company Pty Ltd continues as a vehicle to employ labour on agribusinesses operated by the ILC. Both Voyages and the NCIE improved their financial performance in 2017-18, in line with the ILC Board's goal to reduce the subsidiaries' impost on the ILC budget. Further strategies consistent with this goal are under active consideration by the ILC Board and management.

Information on subsidiary governance in 2017-18 is provided in Part 5 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 2017-18

Business performance

In the 2017-18 financial year Voyages' operations generated Earnings Before Interest, Taxation, Depreciation and Amortisation (EBITDA) of \$35.9 million, up from \$29.3 million in 2016-17. This reported EBITDA is after \$7.1 million in expenses associated with Voyages' Indigenous employment and training programs, and related contributions of \$1.8 million from the ILC; \$0.5 million from the NT Real Jobs Program (via the ILC); \$1.4 million from PM&C and \$0.5 million from the Queensland and Northern Territory Governments.

The operating cash flows generated during the year were used to fund capital expenditure of \$16.9 million and payment of principal and interest totaling \$19 million due on loans secured against Ayers Rock Resort held by Voyages and the ILC (refer 'Debt facilities' below). Voyages' net profit before tax for 2017-18 was \$5.8 million achieving a significant surplus for the first time since the ILC purchased the asset in 2011.

Ayers Rock Resort

Ayers Rock Resort recorded hotel occupancy of 89 per cent for the financial year, up from 86.6 per cent the previous year, continuing the strong performance of the resort observed over recent years. 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.

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 11.4 per cent during 2017-18; the key measure of yield, Revenue Per Available Room (RevPAR), increased by 14.5 per cent, significantly out-performing all major markets in Australia during the year.

In its second year, Bruce Munro's Field of Light continued to help generate large numbers of visitors to Uluru. Research indicated that approximately 25 per cent of visitors to Uluru named the Field of Light as at least a highly influential factor in their decision to visit Uluru.

The Lost Camel Hotel reopened as guest accommodation on 1 July 2018 after closing in 2012 to become staff housing to free up another staff accommodation complex for Indigenous trainees

attending the National Indigenous Training Academy. The reopening of the Lost Camel Hotel was possible after a new staff housing complex, Tinka Court, was constructed during the year providing accommodation for 160 staff. Tinka Court features a communal kitchen, BBQ and laundry and will provide much needed staff accommodation at Yulara including for additional staff required to service the Lost Camel Hotel.

Reopening the Lost Camel Hotel as guest accommodation adds 100 rooms to the resort's inventory, increasing available rooms by approximately 15 per cent and supporting future revenue and earnings growth.

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 \$410 million at 30 June 2018, an increase of \$70 million compared to June 2017.

Debt facilities

Voyages has a bank loan with ANZ which is fully drawn to \$112.5 million. The loan is a partially amortising senior secured corporate facility maturing in January 2021. Additionally the ILC has a \$56.5 million fully amortising concessional loan, provided by the Commonwealth, maturing in March 2023. 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 2017-18 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 2018 season Home Valley recorded an occupancy of 43.6 per cent, compared to 2017 occupancy of 46.3 per cent. After allowing for costs associated with Indigenous engagement programs and wet season property maintenance, Home Valley Station recorded an operating loss of \$665,000 for 2017-18 (subsidised by the ILC), an improvement from \$873,000 in 2016-17.

Mossman Gorge Centre

Mossman Gorge Centre welcomed 332,000 visitors in 2017-18 during the year, a decrease of 4 per cent from 2016-17. Total operating loss inclusive of costs associated with Indigenous employment and training programs was \$1,120,000 (subsidised by the ILC), compared with a loss of \$864,000 in 2016-17.

Indigenous employment and training

See pages 19-21 of the Annual Performance Statement.

Showcasing Indigenous culture

Voyages continued to offer a wide range of Indigenous cultural activities for guests at Ayers Rock Resort, and launched additional offerings during the year, as set out in the case study on page 36.

In addition, a competition was held for Mutitjulu artists to produce an artwork to feature on new merchandise lines. Five artworks were selected for application to a range of products. Voyages entered a licence agreement in February 2018 to reproduce the works.

The Tjunga Festival was once again held at Yulara in April 2018 showcasing national Indigenous culture through a range of events including cultural experiences, markets selling arts and crafts, music, fashion parades and community sporting events.

Mossman Gorge Centre continued its popular rainforest walks led by Kuku Yalanji guides; it also showcases local products in the centre's gallery and gift shop.

Mutitjulu Foundation

The Mutitjulu Foundation significantly increased project expenditure in 2017-18, with a total of 23 projects being supported at a total cost of \$626,594. This represented a 224 per cent increase from last financial year when five projects were funded at a total cost of \$193,421.

The closing balance of net assets at 30 June 2018 was \$1,076,493. Annual revenue for this financial year was \$418,708, a 3 per cent decrease from the previous year (\$431,371). Voyages continued to match guest donations to the Mutitjulu Foundation dollar for dollar.

The Foundation continues to fund a mix of asset purchase (including equipment and the community laundry) and program-delivery projects supporting and empowering Anangu communities in the important areas of health, education and economic/social participation.

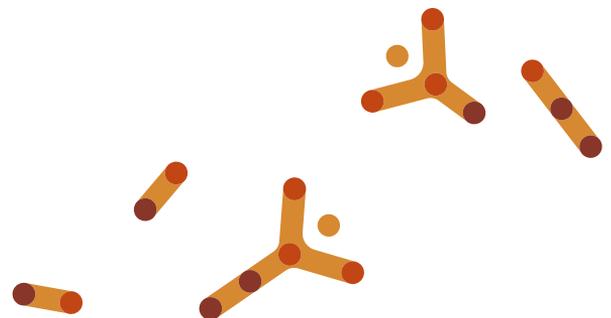
Next financial year will see a name change for the Mutitjulu Foundation to reflect the wider reach of the program's support. Wide stakeholder consultation has been undertaken to inform the name change.

Looking forward

The outlook for Australia's tourism sector including for the Northern Territory remains positive with favourable market conditions. In August 2018 Jetstar introduced direct flights from Brisbane to Uluru, three times a week; these will bring around 28,000 additional travellers to the region each year. The three-hour flight significantly cuts down transit time for Queensland travellers bound for the Northern Territory. The additional flights present an opportunity to boost tourist numbers out of European, South-East Asian, Chinese, Japanese and North American markets. Jetstar now has direct flights from Brisbane, Melbourne and Sydney offering a total of 257,000 seats each year.

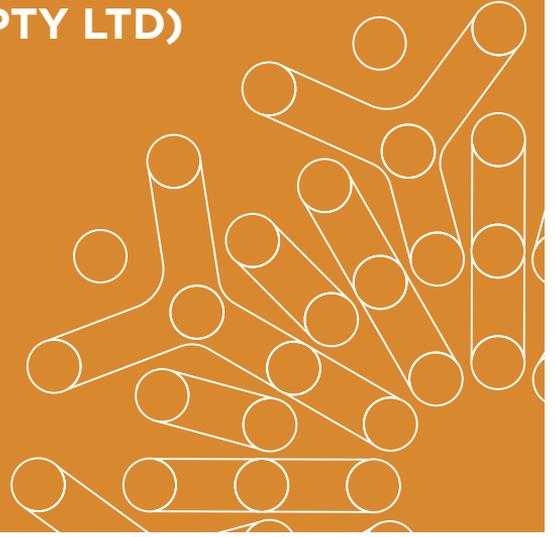
A major capital project for Voyages in 2018-19 is upgrade of the Connellan Airport runway in early 2019. The upgrade involves replacement of the runway, aprons, taxiways and runway lights. Project mobilisation will commence in October 2018 and the full project will be completed by May 2019. GHD has been contracted as Project Manager and Downer awarded the major subcontracting role. Voyages has sought funding through the Northern Australia Infrastructure Facility for the project.

Voyages will continue to work towards increasing Indigenous employment and traineeships across its businesses as well developing Indigenous employees to occupy roles at the supervisor and manager level.





ILC AGRIBUSINESS (INCLUDING AUSTRALIAN INDIGENOUS AGRIBUSINESS COMPANY PTY LTD)



The Australian Indigenous Agribusiness Company Pty Ltd (AIA) was established to assist the ILC in carrying out its land management activities, specifically in the agribusiness sector.

In August 2017, the ILC Board resolved to integrate the management of the agribusiness operations and associated assets of AIA back into the ILC to achieve greater group-wide efficiency and alignment. The separate entity continues primarily as an employment vehicle for ILC-operated agribusinesses.

After joining the ILC, AIA corporate management staff formed the Agribusiness Directorate. ILC Agribusiness is responsible for all operational matters related to the 14 agricultural enterprises within the ILC agribusiness portfolio. During 2017-18, AIA's environment and carbon function also transferred back into the ILC's Program Delivery Directorate. The transfer of business assets (including livestock, plant and equipment) from AIA to the ILC will be progressed in the year ahead.

ILC agribusiness strategy

During the reporting period, the ILC reviewed its strategic direction in the agribusiness sector, and in particular its investment in its own agribusiness portfolio, to determine if its long-standing operational model was the most effective in supporting Indigenous Australians to achieve commercial success in the agribusiness sector.

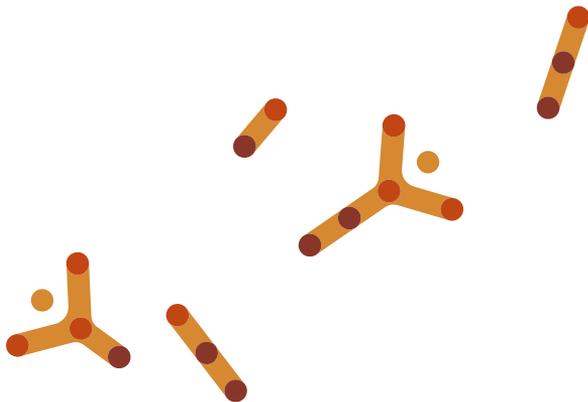
In April 2018, the ILC Board approved a set of Agribusiness Sector Investment and Operating Principles to guide the ILC's future investment. These principles will see the ILC diversifying its investment, and seeking to open up new opportunities for Indigenous agribusiness in southern Australia. This involves a transition from being the operator of businesses to investing in Indigenous agribusinesses through equity partnerships or other joint arrangements.



AUSTRALIAN
INDIGENOUS
AGRIBUSINESS
COMMERCE + CULTURE



▲ Cattle crossing the Deighton River, Crocodile-Welcome Stations, Cape York, Qld



Results in 2017-18

Financial performance

During the reporting year, the ILC managed 14 commercial agribusinesses (see Table 6) across 2,150,000 hectares of Indigenous-held land (either ILC-held or leased from Indigenous land holders) to generate benefits for Indigenous Australians.

Properties in ILC's agribusiness portfolio generated a total income of \$17.6 million, mostly from pastoral operations. Total operating expenses for the agribusiness portfolio were \$24.9 million. The ILC's contribution to supporting the agribusiness operations in 2017-18 was \$7.3 million.

Performance of ILC agribusiness portfolio

At 30 June 2018, the agribusiness properties carried 67,063 head of beef cattle and 9845 sheep—a total of 76,908 livestock. During 2017-18, the value of all livestock decreased by 33 per cent, or \$19.3 million, to close on 30 June 2018 at \$39.2 million. The gross trading loss for all livestock was \$7.8 million at 30 June 2018.

The decrease in value of the herd is reflective of the fall in value of beef cattle across the north of Australia, influenced by a decrease in domestic saleyard prices and live export unit values in 2017-18, as well as the likely the impact of anticipated future market conditions.

Table 6: ILC agribusiness portfolio, 2017-18

Property	Areas in hectares	Status at 30 June 2018	Cattle numbers at 30 June 2018
Queensland			
Bulimba, via Chillagoe	294,740	Leased	6,795
Crocodile/Welcome, via Laura	124,800	ILC-held	5,518
Merepah, via Coen	186,000	ILC-held	5,242
Mimosa, via Gayndah	3,806	ILC-held	539
Mindanao/Somerset/Tiambu, via Banana	4,409	ILC-held	1,370
Western Australia			
Cardabia, via Coral Bay	199,808	Leased	2,980
Myroodah, West Kimberley	401,944	ILC-held *	17,811
Roebuck Plains, via Broome	283,493	Leased	17,619
Roebuck Export Depot	100	Leased	n/a
Northern Territory			
Banka Banka West, via Tennant Creek	147,500	ILC-held	1,960
Gunbalanya Station	80,000	Leased	1,527
Gunbalanya Meats	n/a	Leased	124 (buffalo)
Hodgson Downs, via Mataranka	419,200	Leased	5,578
Tasmania			
Murrayfield, Bruny Island	4,097	Leased	9,845 (sheep)
*In the process of divestment			

Operating the agribusiness portfolio

While the ILC's priority is to reach a better balance in its agribusiness portfolio, it remains committed to ensuring all ILC-managed agribusiness enterprises operate efficiently and to the highest industry and environmental standards.

As an operator on Indigenous-held land the ILC remains a committed custodian of country and has in place environment and heritage management plans that identify environmental, cultural and heritage

values to be monitored, managed and ultimately enhanced, on agribusiness properties.

Another strong focus is the ILC's commitment to animal welfare. In 2017 the ILC progressed its animal welfare management system to support the development and adoption of industry-leading practices in animal welfare at a strategic and operational level to ensure compliance with relevant standards and guidelines. This was further evidenced by the ILC's commitment to ensuring its currency with the latest modules under

the voluntary Meat and Livestock Australia's Livestock Production Assurance Program.

The ILC is also a member of a corporate benchmarking program that allows the corporation to compare its business performance with other operators in the cattle industry. The program provides valuable insights into the best herd performance being achieved in comparable regions, and into strategies and systems to improve productivity. These insights have informed a set of herd performance indicators for measuring and setting targets to improve herd productivity on ILC-operated agribusinesses. This activity was further aided by the adoption of new technology—the Gallagher TSi Livestock system—on all 11 ILC-operated cattle properties; this system enables the efficient establishment of baseline information on the national cattle herd.

Building capability in the Indigenous agribusiness sector

Central to the ILC's involvement in the agribusiness sector is its ability to support Indigenous Australians to achieve their aspirations for commercial success in the sector. Throughout the year, the ILC maintained its long-term partnerships with the Indigenous land holders associated with the 14 agribusinesses enterprises as well as other key community groups in the areas these businesses operate.

During 2017-18, ILC Agribusiness delivered two Indigenous cattlemen and women's workshops, one in Queensland and one in South Australia. Collectively the workshops supported 49 participants from 20 Indigenous enterprises within the cattle industry; the workshop sessions covered best pastoral practices; business management; and managing mental health issues in the bush. The sessions were delivered in partnership with the Department of Primary Industries and Regions, South Australia.

Indigenous employment and career progression

The ILC strongly values the perspectives, skills and experiences that Indigenous people bring to the agribusiness sector and actively seeks ways to facilitate employment opportunities for Indigenous people in the industry.

During the reporting period, 177 Indigenous people were directly employed to support the management and operation of the 14 ILC-operated agribusinesses. In addition, the ILC engaged 33 Indigenous trainees who were directly employed to undertake a full range of activities associated with agribusiness operations.

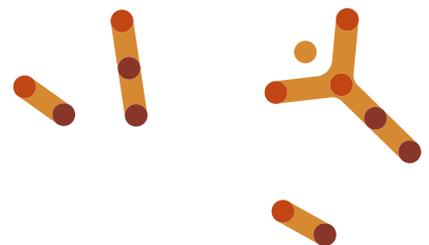
At year end, more than 68 per cent of the ILC-operated agribusiness enterprise employees identified as Indigenous.

Another focus is to support the career progression of aspiring Indigenous employees. During the reporting period six Indigenous employees successfully advanced their careers on ILC-operated agribusinesses, with employees taking on new roles such as production supervisor, senior station hand and overseer.

Looking forward

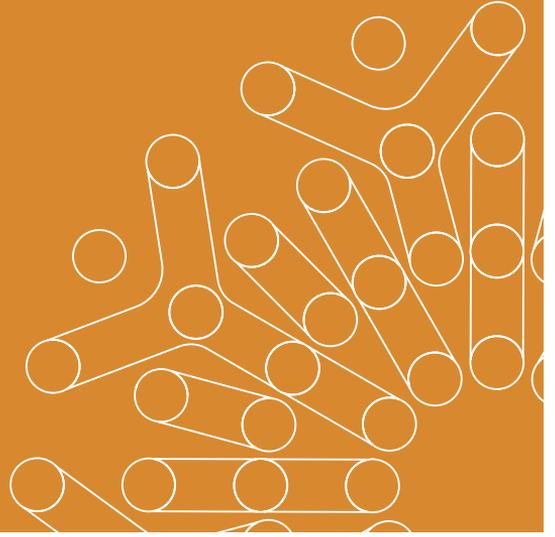
During the year the ILC assessed the viability of cattle businesses within ILC's agribusiness portfolio. Following the review, the ILC began discussions with its Indigenous partners and other stakeholders to discuss future land-use arrangements for each property including new business models and, where applicable, alternative management arrangements. The ILC is working closely with its Indigenous partners to ensure that land-use arrangements for the properties are: strongly aligned to Indigenous aspirations; overall financially sustainable; and maximising the achievement of Indigenous benefits. This includes investigating and implementing new and diverse business models to ensure the best outcomes are achieved from use of the land.

Further to these arrangements, the ILC Agribusiness strategy will see the ILC support Indigenous agribusinesses by various means: facilitating management services, entering joint-venture partnerships, brokering third-party investment, procuring business mentoring and capability development for Indigenous operators, and providing grant funds to establish enterprises or expand existing businesses. These changes in operating models are designed to unlock ILC capital, manage risk by diversifying the portfolio across sectors and geographical areas, and provide more sustainable Indigenous benefits including capacity building. This model is more closely aligned to the ILC's original purpose of supporting Indigenous groups' capability to own (through acquisition and divestment) and manage their land, including where agribusiness is the primary use.





NATIONAL CENTRE OF INDIGENOUS EXCELLENCE LTD



The National Centre of Indigenous Excellence (NCIE) is a not-for-profit social enterprise which aims to build capability and create life-changing opportunities through innovative programs and experiences for young Aboriginal and Torres Strait Islander peoples.

Developed by the ILC 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 site encompasses a fitness and aquatics centre including an outdoor sports field, basketball stadium and gyms; and accommodation and conference facilities.

The NCIE site is a hub for other Aboriginal and Torres Strait Islander organisations: National Aboriginal Sporting Chance Academy (NASCA), Australian Indigenous Mentoring Experience (AIME) and Tribal Warrior Association, whose own activities from the NCIE site support thousands of Aboriginal and Torres Strait Islander people. Ngakkan Nyaagu, an Aboriginal-owned digital agency, is now a permanent tenant and SEDA Sporting College, also an NCIE tenant, is working towards majority Indigenous participation in its Year 11 and 12 courses.



NATIONAL CENTRE OF
INDIGENOUS EXCELLENCE

Results in 2017-18

Business performance

The NCIE is a not-for-profit social enterprise. In 2017-18, its earnings increased to \$5.74 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 loss of \$308,936 in 2017-18; however, before grant funding from the ILC of \$4,089,587, the result was a deficit of \$4,398,523.

During this period NCIE Fitness Centre spaces were transformed, repurposed and upgraded including a refresh of the foyer and café spaces with new furniture and retail offerings. Six accommodation rooms were refurbished for corporate use, and will come online in August 2018. The new external catering service continued to grow as did conferencing and accommodation services.

NCIE services

The NCIE delivers six discrete yet interrelated services from its Redfern site:

- > Fitness and Aquatics
- > Hospitality (including Conference, Accommodation and Catering)
- > NCIE Job Ready
- > Talking About Tobacco Use (TATU)
- > Indigenous Digital Excellence (IDX)
- > Children's Services including after-school and school-holiday programs.

Each service is driven by the NCIE's goal of delivering long-term improvements to Aboriginal and Torres Strait Islander people's wellbeing. In addition, NCIE Corporate provides internal services support in finance, human resources, work health and safety, communications and marketing, and governance and risk management.

Through all of these operations, the NCIE supports the ILC to achieve six land management outcomes through its management of the Redfern site.

Engagement and social impact through services, partnerships and events

Strong and effective partnerships with Aboriginal and Torres Strait Islander people, organisations and the local community underpin all NCIE activities:

- > NCIE Job Ready mentored and assisted 66 Aboriginal and Torres Strait Islander participants into training or employment.
- > NCIE Hospitality hosted 7960 conference guests from the community, corporate and government sectors, for meetings, conferences, launches and other events, a 20 per cent increase on last year.

- > The new off-site catering business delivered to around 7600 people in 236 orders. Organisations tasting NCIE Catering included IBA, Aboriginal Affairs NSW, NSW Treasury, Stockland, Origin Energy and Sydney Opera House. The business generated income of \$125,800 in its first year.
- > Sixty-one school, university, sporting and other groups stayed at NCIE Accommodation, a total of 1460 campus guests, of whom 45 per cent identified as Aboriginal and/or Torres Strait Islander.
- > In Fitness and Aquatics, 40 per cent of 1400 NCIE Fitness members identify as Aboriginal and/or Torres Strait Islander; of the 700 NCIE Aquatics members, about 30 per cent identify as Aboriginal and/or Torres Strait Islander. The NCIE pool was utilised by nine schools hosting close to 1000 children for swimming carnivals.
- > NCIE's accredited children's service delivered after-school and school-holiday programs to around 100 children from 46 families.
- > The NCIE-Telstra Foundation Indigenous Digital Excellence (IDX) initiative delivered digital tech workshops to foster digital learning and employment opportunities to 457 young people, 38 community-focused organisations, and seven regional and remote communities across Australia. Of those participants, 86 per cent identified as Aboriginal and/or Torres Strait Islander.
- > The Talking About Tobacco Use (TATU) program (part of the national Australian Government-sponsored Tackling Indigenous Smoking initiative) supported 97 workplaces in becoming smoke-free and delivered a school-based smoking-prevention program impacting 285 students including 50 students in two juvenile justice centres. TATU staff also worked with two Elders groups and nine community services.
- > NCIE launched a retail business, as part of the revamped Fitness Centre café, to promote, support and distribute products of Aboriginal and Torres Strait Islander artists and businesses.

On-site events and visitors

NCIE hosted two on-site Blak Markets, in partnership with First Hand Solutions, attracting more than 2000 visitors in total. Through this and the retail expansion, NCIE supported 46 Aboriginal and Torres Strait Islander businesses.

The inaugural IDX Awards in September 2017 were hosted on site at a black carpet gala event. Sponsors of the seven award categories included Urban Growth, Mirvac, Microsoft, PM&C, and the University of Technology, Sydney.



In partnership with Redfern Youth Connect, NCIE hosts regular smoke- and alcohol-free Saturday night events including culture, sport and wellbeing activities for local families and young people.

The annual Inner City NAIDOC Family and Sports Day, held on the Friday of NAIDOC Week in collaboration with a community committee, attracted more than 5000 people to NCIE for a day of cultural events, sports and activities.

Tribal Warrior's Clean Slate Without Prejudice boxing, fitness and mentoring program attracts broad community attendance three mornings a week, regularly attracting up to 100 participants per session.

During 2017-18 NCIE also hosted many guests from the political, corporate and community sectors including: the Hon Tanya Plibersek MP; the Hon Linda Burney MP; the Hon Ray Williams MP, NSW Minister for Disability Services; Member for Newtown, Jenny Leong; Queensland Aboriginal Shire Council mayors; Black Lives Matters founder, Patrisse Cullors; basketballer Patty Mills; AFL legends Buddy Franklin and Adam Goodes; Rugby League international Greg Inglis; NAIDOC National Sportsperson of the Year and two-time paralympian Amanda Reid; Deadly Ninja Warrior Jack Wilson; co-chairs National Congress of Australia's First Peoples, Jackie Huggins and Rod Little; University of Canberra chancellor, Tom Calma; chef Clayton Donovan; author Anita Heiss; and musicians Electric Fields, Thundamentals and The Preatures.

Indigenous employment and training

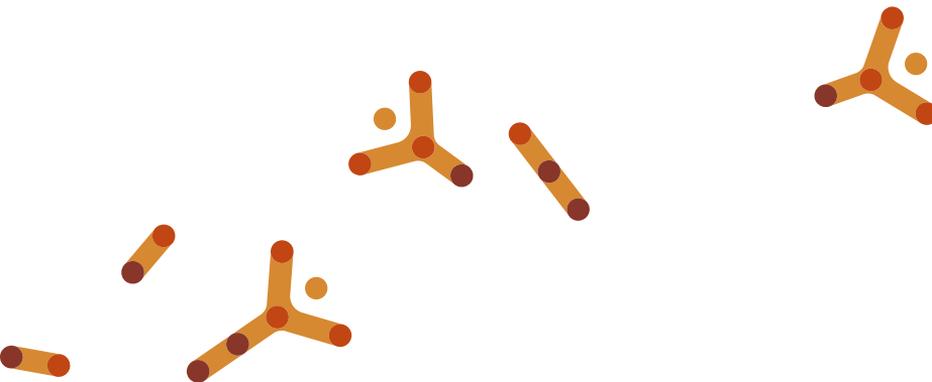
During 2017-18 the NCIE employed 82 Aboriginal and Torres Strait Islander people. Job Ready mentored and assisted 66 Aboriginal and Torres Strait Islander participants into training or employment.

Work health and safety

Ongoing work health and safety training continues to enhance employee knowledge base across all NCIE services. In 2017-18 activity- and event-specific risk assessments and management initiatives were developed, implemented and regularly revised. Contractor management processes were improved, and the NCIE Emergency Management Plan reviewed.

Looking forward

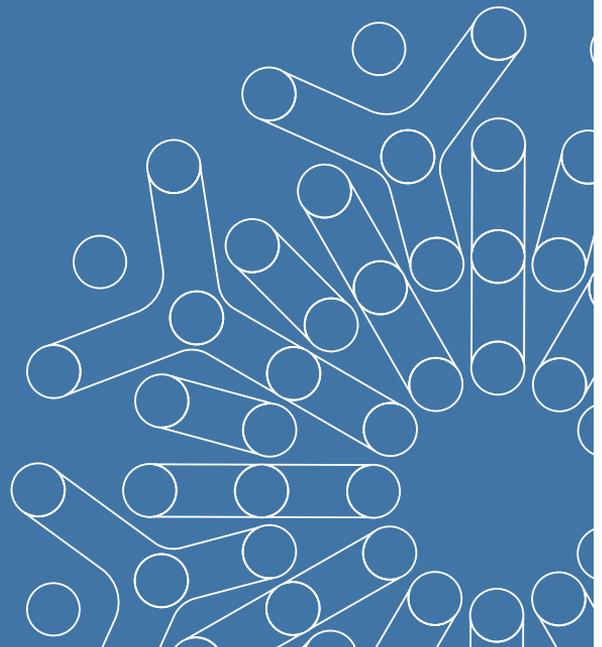
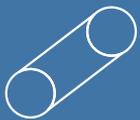
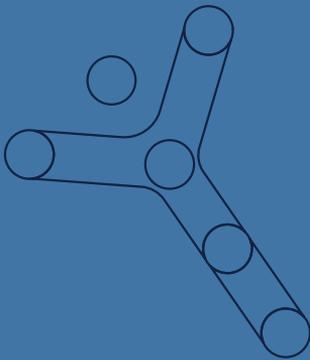
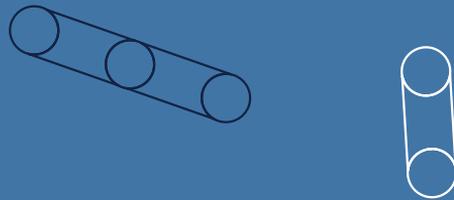
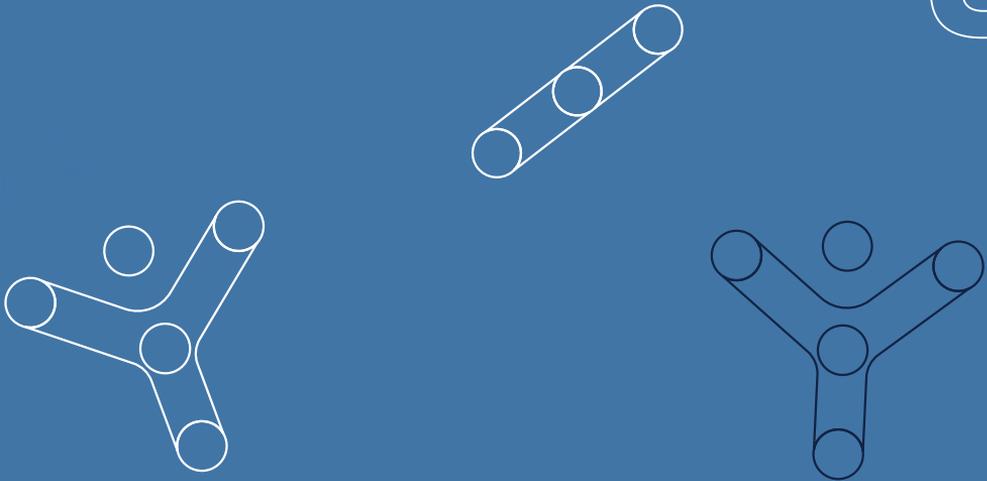
2017-18 has been a year of operational consolidation and enterprise strengthening and growth while bedding down processes and procedures to underpin more efficient operation of the NCIE. The NCIE Strategic Plan 2018-20 will guide the organisation over the next two years, focusing on optimising and developing NCIE as a high-performing organisation for social impact, financial viability, internal culture and partnerships. The ILC and NCIE are working to establish sustainable operating models to ensure the NCIE's continued generation of benefits to the Indigenous community and its ultimate divestment from the ILC's property portfolio.





PART 5 GOVERNANCE

5



ILC GOVERNANCE (EXCLUDING SUBSIDIARIES)

ILC BOARD	
Board Committees Audit and Assurance Remuneration and Nomination Work Health and Safety	
ILC Group Chief Executive Officer (CEO)	
ILC Executive Management Team	
National operational units Program Delivery Executive Office: Adelaide, SA Central Divisional Office (SA, NT, Vic., Tas.): Adelaide, SA Eastern Divisional Office (Qld, NSW): Brisbane, Qld Western Divisional Office (WA): Perth, WA ILC Agribusiness Carbon and Environment	National support units Finance including risk and internal audit Information and communication services People including human resources and work health and safety Legal including governance Policy Communications
Stakeholders and accountabilities	
BENEFICIARIES AND PARTNERS Aboriginal and Torres Strait Islander people and communities including land holders, Traditional Owners, land councils, corporations, business operators, contractors and service providers	
GOVERNMENT Parliament of Australia Prime Minister – Minister for Indigenous Affairs Department of the Prime Minister and Cabinet (PM&C) – lead portfolio agency	
POTENTIAL PROJECT PARTNERS AND/OR CO-INVESTORS Indigenous Business Australia and other portfolio agencies Other Australian, state/territory and local government entities including regulators Private-sector companies and peak bodies in relevant industries Non-government organisations (philanthropic, not-for-profit) Academia/research centres	

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.

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

Although not funded from the Budget except in relation to the Real Jobs Program, NT, the ILC participates in the whole-of-government budget process 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 2017-18 was Senator the Hon Nigel Scullion, Minister for Indigenous Affairs (the Minister). The PGPA Act requires that 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 they 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. The Senate Procedural Order of Continuing Effect (Senate Order) applies to corporate Commonwealth entities from 1 July 2017; it requires a list of active contracts at or above

\$100,000 (GST inclusive) to be published on an agency's website. The Minister is required to table a letter in accordance with the Senate Order, providing a link to the location on the ILC website.

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 and strategic directions 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.

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 no Board changes over the year. Twelve Board meetings were held in 2017-18; these meetings and Directors' attendance are detailed at Table 7.

Short biographies of ILC Board members in 2017-18 follow. All are non-executive Directors, and six are Indigenous Australians.



➤ Mr Edward (Eddie) Fry

Chairperson

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

Deputy Chairperson

Member, Audit and Assurance Committee

Joseph 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



Mr Joseph Elu AO

the Northern Peninsula Area Regional Council.

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

➤ Mr Anthony Ashby

Member, Aboriginal and Torres Strait Islander Land Account Consultative Forum

Director, National Centre of Indigenous Excellence

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 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 and an ex officio member of the Supply Nation Audit and Risk Committee.



Mr Anthony Ashby

Ms Patricia (Trish) Crossin

Chair, Work Health and Safety Committee

Member, Audit and Assurance Committee

Director, Voyages Indigenous Tourism Australia Pty Ltd

Director, Australian Indigenous Agribusiness Company Pty Ltd

Trish Crossin, based in Melbourne, Vic., 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.

During her 15 years in the Senate, Trish was chair of the Legal and Constitutional Committee and Joint



Ms Patricia (Trish) Crossin

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.

Current board positions include directorships of two ILC subsidiaries (Voyages and AIA); the Mutitjulu Foundation; St Columba's College, Essendon; and WEstjustice, Western Community Legal Centre. Trish is also a member of the Advisory Committee for Indigenous Eye Health at Melbourne University and Wyndham City Council Safer Communities Committee.

Ms Tanya Hosch

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 worked 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

Mr Bruce Martin is a Wik Ngathan man from the community of Aurukun on western Cape York, Qld. Bruce has many years of experience in the community-development sector, in recent 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



Mr Bruce Martin

Live Export Group and a member of Regional Development Australia Far North Queensland and Torres Strait.

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

Member, Work Health and Safety Committee



Dr Donna Odegaard AM

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.

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.

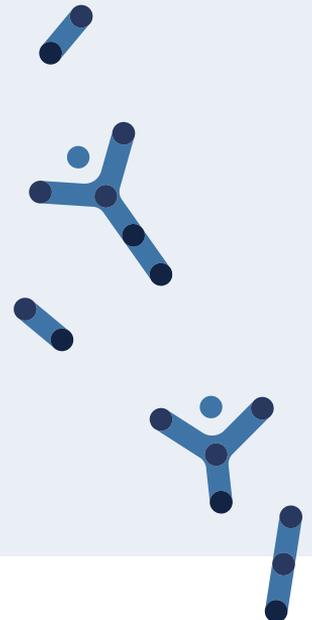


Table 7: ILC Board meetings, 2017-18

Meeting no	Date	Location	Attendees	Leave of absence	Not attending
214	28.07.17	Sydney	Fry, Elu, Ashby, Crossin, Odegaard	Hosch	Martin
215	23.08.17	Perth	Fry, Elu, Ashby, Crossin, Hosch, Martin	Odegaard	
216	13.09.17	Teleconference	Fry, Elu, Ashby, Crossin, Hosch, Odegaard	Martin	
217	27.09.17	Teleconference	Fry, Elu, Ashby, Odegaard	Crossin, Hosch	Martin
218	18.10.17	Canberra	Fry, Elu, Ashby, Crossin, Hosch, Martin, Odegaard		
219	06.12.17	Canberra	Fry, Elu, Ashby, Crossin, Martin, Odegaard	Hosch	
220	01.02.18	Teleconference	Fry, Elu, Ashby, Crossin	Hosch, Martin	
221	21.02.18	Adelaide	Fry, Elu, Ashby, Crossin, Hosch, Odegaard	Martin	
222	09.03.18	Teleconference	Fry, Elu, Ashby, Crossin, Odegaard		Hosch, Martin
223	18.04.18	Canberra	Fry, Elu, Ashby, Crossin, Hosch	Odegaard, Martin	
224	11.05.18	Teleconference	Fry, Elu, Ashby, Crossin, Odegaard	Hosch	Martin
225	20.06.18	Sydney	Fry, Elu, Ashby, Crossin, Martin, Odegaard	Hosch	

The ILC Board granted leave of absence for Director Martin (meetings 220, 221 and 223) pursuant to s192C of the Aboriginal and Torres Strait Islander Act, 2005

Board Committees

Three Board committees operated in 2017-18.

The former Finance, Legal and Investment Committee (FLIC) did not meet during the year. At its October 2017 meeting, the Board agreed to review the objectives, responsibilities and membership of this committee. However, it was acknowledged that a number of factors largely removed the need for the committee; they included internal process reforms relating to how ILC Group investment decisions are made and expanded responsibilities under the PGPA Act for the audit committee which is now responsible for monitoring the ILC's performance. At its April 2018 meeting, the Board agreed to disband FLIC.

Audit and Assurance Committee

The Audit and Assurance Committee provides independent assurance and advice to the Board on the ILC Group's systems for managing risk, control and compliance, financial statements and performance reporting responsibilities as required by subsection 45(1) of the PGPA Act. The committee has two non-executive Directors (Crossin and Elu) and is chaired by Maria Storti who was reappointed as the independent member for two further years in February 2018.

Remuneration and Nomination Committee

The Remuneration and Nomination Committee assists the Board to select the 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. Committee members are Chairperson 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 with Director Odegaard as a member, supported by the Group WHS Manager, subsidiary CEOs and senior management.

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 ILC Group CEO is an ex officio member of all subsidiary boards. Subsidiary boards establish committees, where appropriate.

Subsidiaries have their own management structures, headed by a CEO—see page 40. The Australian



Indigenous Agribusiness (AIA) Company Pty Ltd was this year integrated into the ILC, with a reduced board and its former CEO re-joining the ILC as Executive Director Agribusiness on 1 July 2018. The company will continue as a vehicle to employ staff

on ILC-operated agribusinesses. Both AIA and the National Centre of Indigenous Excellence (NCIE) Ltd receive corporate-services support from the ILC in the areas of human resources, information technology, finance, risk management and legal.

ILC SUBSIDIARY BOARDS, 30 June 2018

Voyages Indigenous Tourism Australia Pty Ltd	Australian Indigenous Agribusiness Company Pty Ltd	National Centre of Indigenous Excellence Ltd
Rick Allert** (chair)	John Maher, ILC Group CEO** (chair)	Alison Page (chair)
Ian Ward-Ambler** (deputy chair)	Patricia Crossin, ILC Director**	Terri Janke (deputy chair)
Patricia Angus		Anthony Ashby, ILC Director
George Bedwani		Kate Cam**
Owen Cole		Dillon Kombumerri
Peter Thomas**		Damien Bidjara Barnes
Patricia Crossin, ILC Director**		John Maher, ILC Group CEO** ex officio
Dorethea Randall, WU*		
Iain Evans, WU** (associate director, non-voting)		
John Maher, ILC Group CEO** ex officio		
<p><i>*A Deed of Agreement with Wana Ungkuntja 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.</i></p> <p><i>**Non-Indigenous board members</i></p>		

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 Management Team supports the CEO in strategic, operational and administrative matters and in carrying out the decisions of the Board.

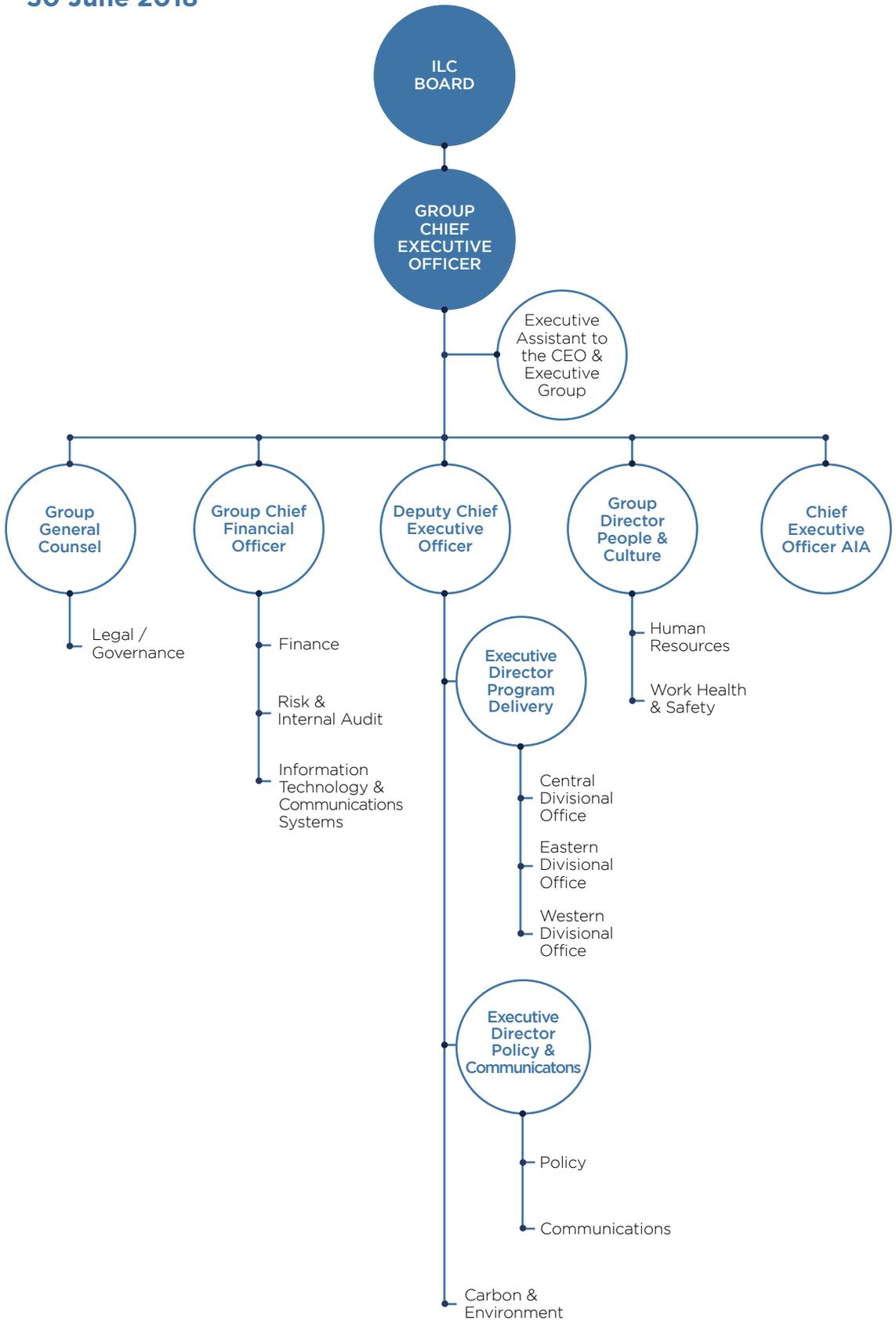
The ILC administration (excluding subsidiaries) is a dispersed entity that works from five main office locations: Adelaide (Head Office), Brisbane, Perth, Canberra and Sydney (based out of Voyages' corporate office).

Significant structural reorganisation took place over the year, following the Board's decision to pursue a more integrated group. Several new Senior Executive positions were established and filled:

- > Deputy CEO
- > Group Director People and Culture
- > Group Chief Financial Officer (CFO).

As noted elsewhere in this report, corporate management of ILC subsidiary AIA transitioned into the ILC during the year, with the AIA CEO joining the ILC as Executive Director Agribusiness on 1 July 2018.

**ILC Organisation Chart,
30 June 2018**



Further information about ILC Group staffing is provided in Part 6 of this annual report.

The ILC Group CEO, Executive, management and employees participate in a number of committees where policy, operational, technical or staffing issues are deliberated. The Executive Management Team

meets regularly; other committees meet regularly or as required.

The ILC Group leadership team and senior managers gathered for a two-day workshop in Adelaide in November 2017.

ILC MANAGEMENT COMMITTEES, 30 June 2018

Executive Management Team	ILC Group CEO (chair), Deputy CEO, Group Executives, Executive Director Program Delivery, CEO AIA (refer organisation chart)	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
Consultative Committee	Elected staff representatives, ILC Group CEO (or CEO representative), Group Director People and Culture	Forum for discussion of issues relating to employment conditions
Indigenous Consultative Group	Elected Indigenous staff members, ILC Group CEO, Group Director People and Culture	Provides a support network to Indigenous staff; assists in development and implementation of ILC Indigenous Employment Strategy
ICS Steering Committee	Manager ICS, other Executive members, Divisional Managers on rotation	Forum for discussing and prioritising issues relating to information and communications systems
WHS Committee	Director Crossin (chair), Group WHS Manager, staff representatives, management representatives	Forum for monitoring and discussing issues relating to WHS across the ILC Group

ICS = Information and Communication Services

➤ Strategic and Operational Planning

From October 2015, the ILC Board has embarked on a major strategic planning process and in February 2016 agreed on five high-level strategies expressed in recent ILC Group Corporate Plans. To assist in more detailed planning, the Board also commissioned a series of reviews of various aspects of the ILC Group's operations. These were finalised in 2017-18 and have informed Board decisions on achieving a more integrated ILC Group.

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. Underpinning the NILS are Regional Indigenous Land Strategies (RILS). Both a new NILS and a new set of four RILS were developed over this year. This was a significant body of work in 2017-18, and given its significance further details are provided in Parts 1 and 2 of this report.

In addition, from 1 July 2017 the ILC Group CEO has been implementing a three-year strategy, entitled *2020 Vision*, to drive change and uniform strategic intent across the ILC Group. This has both internal and external focuses:

- Increasing the ILC's return on its mandate to provide benefits for Indigenous people through land acquisition and land management
- Increasing the ILC's investment in its mandate
- Focusing on clients and sector relationships
- Continuous business improvement and alignment.

Each activity stream has a number of tactics, and achievement of goals is regularly reviewed. *2020 Vision* sets out the ILC administration's commitment to the Board's strategies as set out in the NILS, RILS and Corporate Plan.

In 2017-18 the ILC also commenced a process review of the *Our Land Our Future* Program; the systems, tools and templates that support its delivery; and the associated ILC Performance Evaluation and Benefits Frameworks.

The scope of work is broadly as follows:

- > Review, strengthen and/or streamline grant decision-making processes and work flow (e.g. due diligence, risk, approvals and delegations)
- > Review and refresh the corporate database of land-related project information, realign with program-delivery requirements, and improve functionality (e.g. improved document management, in-system approvals, embedded risk framework)
- > Revise existing performance measures, develop and operationalise new performance measures to support improved process and outcome evaluation.

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 must respond to complaints. Both the Service Charter and Complaints Handling Procedure encourage resolution of complaints at the Divisional Office level, but provide for their referral to the Deputy CEO, where necessary. No formal complaints were dealt with in 2017-18.

Enhanced service standards are an important aim of the *2020 Vision* strategy.

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, programs and operations. The Group Plan is reviewed annually. Across the ILC Group, each entity's audit committee reviews systems of risk oversight and management and the internal control and compliance frameworks.

Audit

The ILC Group's external auditor is the Auditor General (through the Australian National Audit Office). Audit strategies are agreed by the Auditor-General, the ILC and each subsidiary for the conduct of the audit of the financial statements.

The delivery of the ILC Group's 2017-18 Internal Audit Program was outsourced to Deloitte and is designed to provide assurance that key risks are being managed effectively, efficiently in compliance with regulatory requirements and policies.

The ILC's 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. Each subsidiary is responsible for its own program, and the maintenance and monitoring findings and recommendations with the respective audit committees and boards receiving regular reports ensuring agreed actions are implemented in a timely manner.

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 Board 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, including Directors' and officers' liability are covered through Comcover, the Australian Government's self-managed fund. The Directors' and officers' liability and indemnities provided are consistent with PGPA Rule Part 2-4, Division 5 Insurances clause 23.

Directors, the ILC Group CEO and the General Counsel are provided limited indemnities by way of deed of access. 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.

Consultants

The ILC engages consultants on the same basis as it procures all goods and services. In 2017-18 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.

During the year 80 new consultancy arrangements were entered into involving total actual expenditure of \$2.5 million (inclusive of GST). In addition, 12 consultancy projects were ongoing during 2017-18, involving total actual expenditure of \$0.3 million (inclusive of GST).

Table 8: ILC spending on consultants (inc. GST), last three financial years

	2017-18	2016-17	2015-16
Administration	\$2.2m	\$1.0m	\$1.9m
Program delivery	\$0.6m	\$0.6m	\$1.1m
Total	\$2.8m	\$1.6m	\$3m

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 with a view to maximising procurement of Indigenous goods and

services, and supporting Indigenous businesses to grow and employ more Indigenous people. The ILC strengthened its reporting systems to track actions and outcomes in this area. In this, the policy's second year the ILC Group exceeded its spending target of 5 per cent procurement with Indigenous businesses, achieving more than 11 per cent.

Table 9: Total Indigenous procurement (GST exclusive) for 2017-18

Category	ILC	AIA	NCIE	Voyages	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Total Indigenous procurement	1,399	1,223	517	11,563	14,702
Total procurement	21,415	8,921	3,403	99,044	132,783
% Indigenous procurement	6.5%	13.7%	15.2%	11.7%	11.1%

External Engagement

External scrutiny

In 2017-18 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 the Office of the Australian Information Commissioner.

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.

Parliamentary committees

The ILC Group CEO, supported by Senior Executives, appeared before the Senate Estimates Committee (Finance and Public Administration) for Cross Portfolio Indigenous Matters on:

- > 27 October 2017
- > 2 March 2018
- > 25 May 2018.

The Senate's Finance and Public Administration Legislation Committee inquired into the three Bills relating to the ILC tabled by the Government in March 2018. The ILC made a submission to this inquiry—see pages 24–5 of this annual report for further information.

Participation in policy, industry and Indigenous forums

As described under KPI 6 in the Annual Performance Statement, the ILC actively sought opportunities to build stakeholder awareness of the ILC's purpose and its strategic approaches during 2017–18, including through two rounds of formal consultations: on legislative reform and on renewing the National Indigenous Land Strategy and Regional Indigenous Land Strategies. All ILC offices participated in these consultations, and where relevant the consultations held by PM&C on Commonwealth Rights and Interests in Indigenous Property project—see page 26.

The ILC also participated in meetings of the Northern Australia Indigenous Reference Group, established by the Australian Government to advise the Ministerial Forum on Northern Development. ILC Director Dr Donna Odegaard AM is a member of this group.

The ILC was again major sponsor of the National Native Title Conference, this year held in Broome, WA, in June 2018. As in the two previous years the ILC joined IBA in giving a report card on both agencies' performance in contributing to the growth and protection of the Indigenous Estate. A session entitled 'collaborating for impact' enabled two Indigenous organisations benefiting from ILC projects to highlight their experiences in working with the corporation. The ILC also facilitated for conference participants a cultural tour by Yawuru managers of nearby Roebuck Plains Station.

ILC officers at various levels attended the following forums in 2017–18:

- > Indigenous Economic Development meeting with the South West Aboriginal Land and Sea Council, Perth, July 2017
- > Indigenous Business Breakfast with guest speaker and Indigenous parliamentarian, the Right Honourable Leanne Enoch, Brisbane, July 2017
- > Australian Native Food and Botanicals (ANFAB) – Growing the Growers, Ballina, NSW, August 2017
- > South East Queensland Tourism Summit Coordinating Committee, Brisbane, August 2017
- > ANFAB – Growing the Growers, Broome, October 2017
- > Indigenous Economic Development Forum, Darwin, October 2017
- > Territory Natural Resource Management Conference, Darwin, November 2017
- > ANFAB workshop – Growing the Growers, Darwin, November 2017
- > Prescribed Bodies Corporate (PBC) Regional Forum, Adelaide, December 2017
- > Launch of WA Aboriginal Leadership Institute, Government House, Perth, February 2018
- > Agrifutures Wattle Seed Industry Growth Workshop, Sydney, February 2018
- > ANFAB – Bush Foods and Bush Medicines – Harvesting in Central Australia, Alice Springs, February 2018
- > Indigenous Ranger Workshop hosted by the Queensland Indigenous Land and Sea Rangers Program, Palm Cove, Qld, March 2018
- > Launch of Noongar Land Enterprise Group, Perth, March 2018
- > PBC Regional Forum (including presentation by ILC officer), Perth, March 2018
- > Social Ventures Australia, venture philanthropy breakfast event, Perth, March 2018
- > Platinum Primary Producers Conference (keynote speaker, ILC Group CEO, John Maher), New Zealand, March 2018
- > PBC Regional Forum (including presentation by ILC officer), Brisbane, March 2018



- > Forum for Directors of Indigenous Organisations panel discussion, Perth, April 2018
- > CEDA Breakfast event, Microeconomic Reform, Hon Ben Wyatt, WA Treasurer, Perth, April 2018
- > PBC Regional Forum, Broome, April 2018
- > Kimberley Aboriginal Pastoral Industry Forum - West Australian Minister for Regional Development, Agriculture and Food, Broome, April 2018
- > Beef Australia 2018, Rockhampton, May 2018
- > Reconciliation WA breakfast event, Perth, June 2018
- > Developing Northern Australia Conference, Alice Springs, June 2018
- > PBC Regional Forum, Melbourne, June 2018
- > Indigenous Tourism Promotion Workshops, Brisbane and Cairns, June 2018
- > Inaugural Thinking Beyond Borders Indigenous Protected Areas and Economic Development Conference, Cairns, June 2018.

Native title

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 Traditional Owner Settlement Act 2010 (Vic.) as opposed to the Native Title Act. The ILC received no such requests in the 2017-18 financial year.

Communications and marketing

In 2017 the ILC developed a communications and marketing strategy for presentation to the Board. Endorsed at the Board's October 2017 meeting, the 2018 *Communications Plan* provided for:

- > An ILC Group identity 'artwork' to be adopted to present an aligned image of the ILC Group activities and values (featured in this annual report)
- > key messaging to articulate the ILC's strategic intent and reforms
- > active pursuit of greater media exposure for Indigenous groups' achievements through ILC projects
- > development of new materials in various formats promoting the purpose and strategies of the ILC Group.

Since then, the ILC's Communications Team has been actively:

- > building relationships with media outlets and proactively generating positive stories on ILC people, projects and programs—highlights this year included ABC News coverage of the Karajarri acquisition (see page 34)
- > embedding the new ILC Group artwork and developing new promotional materials
- > continuing to expand the ILC's social media presence
- > maximising ILC Group exposure at major Indigenous and industry events
- > strengthening internal communications across the group through monthly editions of the e-newsletter *ILC Edit*.

The ILC used advertising in the context of consultation and program delivery, but undertook no large-scale 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. The Board committee appointed in 2016 continued to oversee the integrated ILC Group WHS framework.

In 2017-18 significant WHS activities included:

- > Appointment of an ILC Group WHS Manager
- > KPMG engaged to conduct a desktop safety-management-systems audit against Australian Standard 4801:2001 across the ILC Group
- > KPMG completed an on-site audit of Voyages at the Ayers Rock Resort in December 2017
- > Development of a tracking tool to monitor progress against the KPMG audit findings
- > Sharing of lessons learned across the ILC Group, including creation of an ILC WHS SharePoint portal created to facilitate group-wide access to ILC WHS information including consultative arrangements
- > review of WHS software programs for implementation in 2018-19.

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

WHS: ILC Corporate and Program Delivery

Five work-related injuries occurred; two were notifiable. No open or active workers compensation claims.

WHS initiatives conducted:

- > training needs analysis
- > site-emergency and safety-management plans completed
- > risk registers updated
- > WHS representative elections held
- > review of consultative arrangements.

WHS: Voyages Indigenous Tourism Australia

271 injury-related work incidents recorded; five were notifiable.

66 workers compensation claims made at an average of \$4700 per claim.

WHS improvements at Voyages:

- > engagement of Voyages General Manager Health and Safety
- > reduction in workers compensation claims and continued reduction of historical claims
- > continued development of critical safety-management-system documentation
- > closure of outstanding audit opportunities for improvement
- > worker consultation (identification of WHS representatives, commencement of health and safety committees).

WHS: Australian Indigenous Agribusiness Company

22 workplace incidents resulted in injury or illness to AIA employees; seven were notifiable.

Ten workers compensation claims accepted.

WHS activities conducted were:

- > training needs survey completed
- > completion of 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
- > emergency-management plans reviewed.

WHS: National Centre of Indigenous Excellence

Two lost-time injuries, two notifiable incidents and one workers compensation claim.

Other notable WHS activities were:

- > WHS training to enhance employee knowledge base
- > revised activity-specific risk assessments
- > improved contractor-management processes
- > event-management initiatives implemented
- > emergency-management plan review conducted.

Environmental Performance

In 2017-18, 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 and the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act).

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, waste generation and decisions regarding business travel. 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.



The building housing the Canberra office has 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.

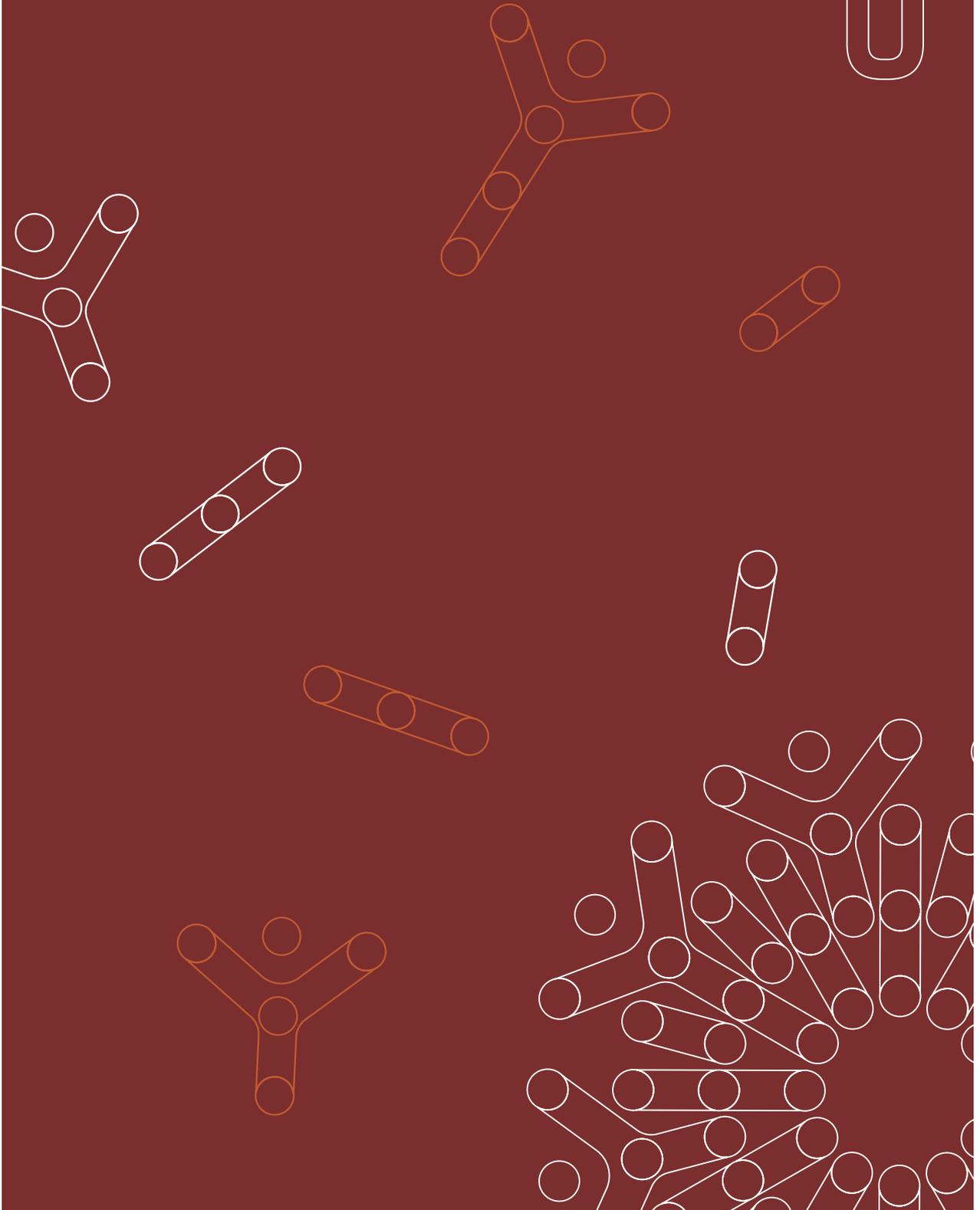
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PART 6 PEOPLE

6



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 2018 the core ILC (excluding subsidiaries) employed 100.4 full-time equivalent (FTE) employees. This is an increase from 2016-17. Thirty-one (31) new employees (16 female and 15 male) were engaged in 2017-18 and 18 employees separated, resulting in 18.8 per cent average turnover (2016-17: 14.2 per cent).

During the reporting period, ILC subsidiary Australian Indigenous Agribusiness Company Pty Ltd transitioned from a separate operating entity (including its own corporate leadership team) to operating as an employment entity only to support the engagement of staff in the agribusiness sector. At 30 June 2018, 3.7 FTE agribusiness corporate staff had transitioned into ILC as noted in Table 10, leaving 2.0 FTE to transition in the next reporting period.

The ILC maintained a high level of workplace diversity. At 30 June 2018 the proportion of Indigenous employees was 27.9 per cent and female employees 52.9 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 vehicle allowance/leasing and parking, business-class official travel (when travelling more than two hours), airline-lounge membership, mobile phones and salary-sacrificing arrangements. The ILC Group CEO received a performance payment in November 2017 related to performance in the previous year.

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.

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 the reporting period, work continued on the development of an ILC Group RAP; the working group established a plan of action with delegated responsibilities across the ILC and its subsidiaries. Currently only the ILC and Voyages have individualised RAPs.

Indigenous Employment Strategy

The ILC's Indigenous Employment Strategy (IES) operates within the core ILC, aligns with the RAP and complements the training and employment strategies delivered through ILC subsidiaries. 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 Group Director People and Culture. During the reporting period the ILC Group CEO met with the ICG to discuss progress of the IES, the RAP, and the ILC's learning and development strategies.

The ILC filled three Indigenous training positions in 2017-18, and four cadet positions were hosted through the National Indigenous Cadetship Project.

Indigenous Executive Development Program

The Indigenous Executive Development Program promotes Indigenous executive succession and mobility across the ILC and its subsidiaries. Four Senior Executives from the ILC are in the current participant group.

Table 10: ILC employees by diversity group (FTE), 30 June 2018

	Non-Indigenous		Indigenous		Total	
	16-17	17-18	16-17	17-18	16-17	17-18
Central Division	7.8	6.8	5.3	5	13.1	11.8
Female	1.8	1.8	4.3	4.0	6.1	5.8
Male	6.0	5.0	1.0	1.0	7.0	6
Eastern Division	7.0	8.8	6.0	8.3	13.0	17.1
Female	3.0	3.8	4.0	5.0	7.0	8.8
Male	4.0	5.0	2.0	3.25	6.0	8.3
Western Division	8.6	7.9	3.3	5.3	11.9	13.2
Female	6.6	5.0	1.0	2.0	7.6	7.0
Male	2.0	2.9	2.3	3.3	4.3	6.1
Corporate Office	38.4	43	6.9	7.6	45.3	50.6
Female	18.4	24	5.9	4.6	24.3	28.6
Male	20.0	19	1.0	3.0	21.0	22.0
Agribusiness (Corporate)	-	2.7	-	1.0	-	3.7
Female	-	0.7	-	1.0	-	1.7
Male	-	2.0	-	-	-	2.0
Grand total	61.8	73.2	21.4	27.2	83.2	100.4

Table 11: ILC salaries by diversity group (FTE), 30 June 2018

Classification	Female			Male			Grand total
	Non-Indigenous	Indigenous	Total	Non-Indigenous	Indigenous	Total	
ILC1: \$46,000-\$55,000	-	2.0	2.0	-	4.6	4.6	6.6
ILC2: \$57,000-\$69,000	5.6	7.0	12.6	1.0	2.0	3.0	15.6
ILC3: \$71,000-\$87,000	18.2	4.0	22.2	10.9	2.0	12.9	35.1
EL: \$94,000-\$128,000	11.5	1.0	12.5	20.0	1.0	21.0	33.5
Legal: \$56,000-\$130,000	-	0.6	0.6	2.0	-	2.0	2.6
SE: >\$128,000	1.0	2.0	3.0 ¹	3.0	1.0	4.0	7.0
Grand total	36.3	16.6	52.9	36.9	10.6	47.5	100.4

EL = Executive Level; SE = Senior Executive



Employee Arrangements: Voyages Indigenous Tourism Australia Pty Ltd

Voyages employee numbers include four executive team members. The executive remuneration and benefits arrangements include a combination of a discretionary annual bonus, mobile phone, laptop, professional development assistance and memberships, travel provisions and accommodation support for those residing interstate. For executives living remotely, additional benefits include food and beverage allowances, housing and utilities, private health insurance and vacation bonus.

Executive Management, Senior Management and Senior Specialised roles are part of the discretionary bonus scheme afforded to senior Voyages staff. Payments made in 2017-18 related to performance in the previous year.

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 2017-18 Voyages engaged 666 new employees (326 female and 340 male); 665 employees separated delivering a 63 per cent turnover (2016-17: 64 per cent). At 30 June 2018 the proportion of Indigenous employees was 39 per cent, and of female employees 48 per cent.

Table 13 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, 2017-18

	Non-Indigenous		Indigenous		Total	
	16-17	17-18	16-17	17-18	16-17	17-18
Northern Territory	549	543	328	357	877	900
Female	223	232	151	176	374	408
Male	326	311	177	181	503	492
Queensland	14	17	77	58	91	75
Female	7	9	39	27	46	36
Male	7	8	38	31	45	39
Western Australia	33	28	9	11	42	39
Female	17	17	4	5	21	22
Male	16	11	5	6	21	17
NSW/ACT	91	84	4	5	95	89
Female	66	62	2	4	68	66
Male	25	22	2	1	27	23
Grand total	687	672	418	431	1105	1103

¹Non Indigenous SE includes Executive Director Agribusiness. This position was a grandfathering arrangement preceding the integration of the ILC subsidiary AIA's management functions into the ILC.

Table 13: Voyages employees by salary range (head count), 30 June 2018

Classification	Female			Male			Grand total
	Non-Indigenous	Indigenous	Total	Non-Indigenous	Indigenous	Total	
Trainees <\$50,000	-	58	58	-	29	28	87
<\$50,000	151	128	279	146	159	305	584
\$50,000 to \$99,999	153	24	177	188	29	217	394
\$100,000 to \$129,999	9	1	10	9	2	11	21
>\$130,000	7	1	8	9	-	9	17
Grand total	320	212	532	352	219	571	1103

➤ Employee Arrangements: Australian Indigenous Agribusiness Company Pty Ltd

The Australian Indigenous Agribusiness Company Pty Ltd (AIA) is a wholly-owned subsidiary of the ILC. During the reporting period, AIA transitioned from being a separate operating entity with its own corporate leadership team to an employment entity to support the engagement of staff in the agribusiness sector. At 30 June 2018, as noted above, 3.7 FTE agribusiness corporate staff had transitioned to ILC, leaving 2.0 FTE to transition in the next reporting period. This resulted in AIA having 206 (head count) employees at 30 June 2018, across 14 agribusinesses and a number of other ILC-owned properties. The proportion of Indigenous employees was 73.8 per cent, and female employees 18.9 per cent.

During the reporting period, 174 new employees were engaged, of these 51 were returning employees, and 130 employees separated, of these 46 were casual/seasonal employees, resulting in a 64.5 per cent average turnover (2016-17: 56.8 per cent). The high turnover is due to the casual/seasonal nature of work in the agricultural sector.

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 10 new individual employment agreements in 2017-18; 13.6 per cent of AIA employees were on employment agreements at the end of the reporting period (2016-17: 13.6 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. In Table 15, remuneration ranges are provided on an annual equivalent basis. 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.

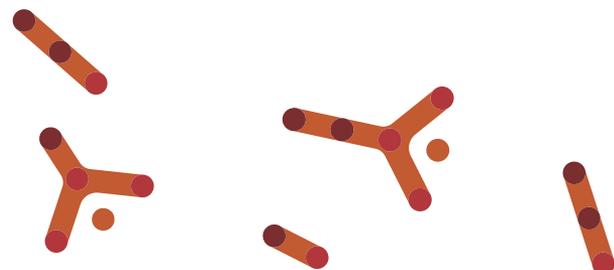


Table 14: AIA employees by diversity group (head count), 30 June 2018

	Non-Indigenous		Indigenous		Total	
	16-17	17-18	16-17	17-18	16-17	17-18
Northern Territory	19	13	29	54	48	67
Female	5	6	2	7	7	13
Male	14	7	27	47	41	54
Queensland	13	9	36	33	49	42
Female	7	4	6	4	13	8
Male	6	5	30	29	36	34
Western Australia	24	27	48	56	72	83
Female	10	12	2	3	12	15
Male	14	15	46	53	60	68
Tasmania	4	4	2	6	6	10
Female	1	1	1	2	2	3
Male	3	3	1	4	4	7
South Australia	2	1	1	-	3	1
Female	-	-	-	-	-	-
Male	2	1	1	-	3	1
New South Wales	-	-	3	3	3	3
Female	-	-	-	-	-	-
Male	-	-	3	3	3	3
ACT	3	-	-	-	3	-
Female	1	-	-	-	1	-
Male	2	-	-	-	2	-
Grand total	65	54	119	152	184	206

Table 15: AIA salaries by diversity group (head count), 30 June 2018

Classification	Female			Male			Grand total
	Non-Indigenous	Indigenous	Total	Non-Indigenous	Indigenous	Total	
Juniors/trainee: <\$40,000	2	2	4	-	27	27	31
Base: \$43,000	1	3	4	1	21	22	26
1: \$47,000	2	3	5	1	40	41	46
2: \$48,000	3	-	3	2	15	17	20
3: \$50,000	6	2	8	11	18	29	37
4: \$53,000	2	1	3	4	5	9	12
5: \$55,000	-	-	-	1	1	2	2
6: \$63,000	-	-	-	1	3	4	4
IEA > \$36,000	7	5	12	10	6	16	28
Grand total	23	16	39	31	136	167	206

IEA = Individual Employment Agreement

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 2018, NCIE had 126 employees (head count). NCIE employees, including executive team members, are engaged on individual employment agreements.

The majority (65 per cent) of NCIE employees are engaged on a casual basis. Benefits provided under these agreements include an employee assistance program, gym membership, learning and development, and salary-sacrificing provisions.

During 2017-18 NCIE engaged 59 new employees (29 female and 30 male); 33 employees separated during the year, a 28.7 per cent average turnover (2016-17: 40.7 per cent). At 30 June 2018 the proportion of Indigenous employees was 48.4 per cent, and female employees 47.7 per cent.

Table 16: NCIE employees by diversity group (head count), 30 June 2018

	Non-Indigenous		Indigenous		Total	
	16-17	17-18	16-17	17-18	16-17	17-18
Female	29	30	31	35	60	65
Male	29	35	21	26	50	61
Grand total	58	65	52	61	110	126

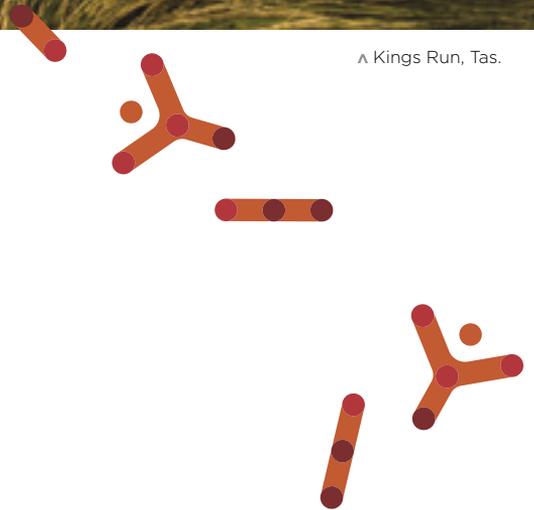
Table 17: NCIE salaries by diversity group (head count), 30 June 2018

Classification	Female			Male			Grand total
	Non-Indigenous	Indigenous	Total	Non-Indigenous	Indigenous	Total	
<\$50,000	4	15	19	2	13	15	34
\$50,000-100,000	23	18	41	33	13	46	87
\$100,000-150,000	3	1	4	-	-	-	4
>\$150,000		1	1	-	-	-	1
Grand total	30	35	65	35	26	61	126





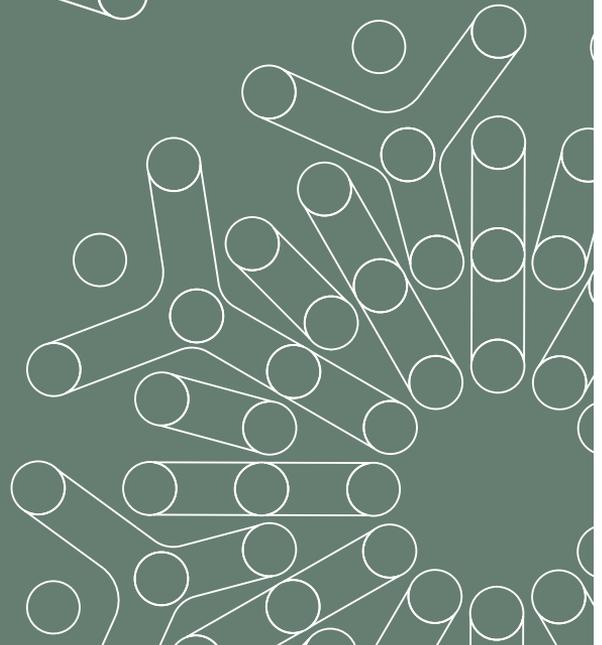
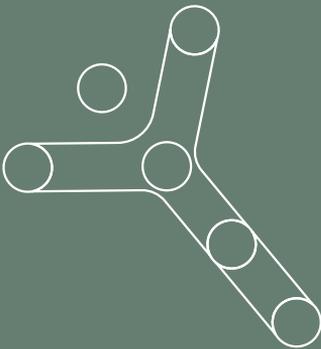
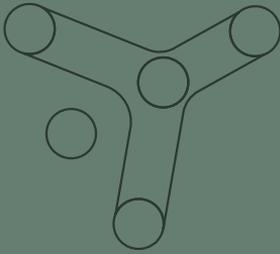
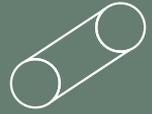
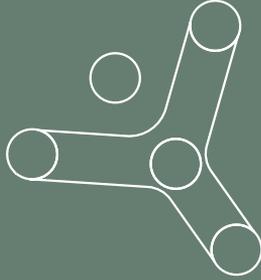
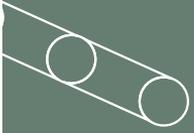
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PART 7 FINANCE

7



➤ Aboriginal and Torres Strait Islander Land Account

In 2017-18 the Aboriginal and Torres Strait Islander Land Account (Land Account) remained 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 2018 was \$2.029 billion.

In March 2018, legislation was introduced to Parliament that, if passed, would replace the Land Account with an Aboriginal and Torres Strait Islander Land and Sea Future Fund—further information is provided in the 'Overview' and 'Annual Performance Statement' sections of this annual report.

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. In recent years, these 'top up' payments have not been made, given low returns to the Land Account.

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

Financial year	Amount
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	\$51.4m
2017-18	\$52.3m

The Land Account and its investments have been 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 2017-18, with the ILC represented by Directors Ashby and Hosch. The ILC Chief Operating Officer and Group Chief Financial Officer attended as observers. The meetings focused on presentation of financial statements during the year ended 30 June 2018, review of the Land Account's Investment Strategy and associated investment policies, and appointment of investment advisors to the Land Account.

➤ Management of ILC 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 the returns on investments supplement 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 \$105.9 million in cash reserves and investments at 30 June 2018 (30 June 2017: \$78.5 million). The funds are used towards functional and operational expenditure, as well as servicing debt associated with Ayers Rock Resort.

The ILC acquires land for granting an interest in that land to Aboriginal and Torres Strait Islander corporations. At 30 June 2018 the ILC held properties at a value of \$152.5 million (excludes 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 2018 the ILC Group held 76,908 head of livestock at a value of \$39.2 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 Statement of Comprehensive Income. Transfers between properties do not create profits or losses. (See Part 4 of this report 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 values at reporting date.

A full and independent valuation of the non-financial assets of Ayers Rock Resort was undertaken at 30 June 2018. At that date, the fair value of these assets was assessed to be \$410 million, representing a fair value increase of \$70 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.

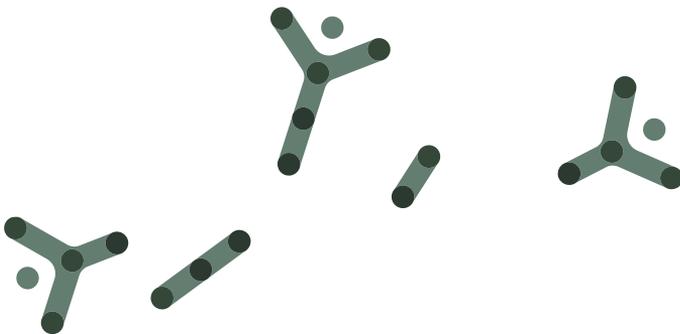
Total resourcing of the agency represents the funds available to the ILC to carry out its legislated functions.

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*

	2017-18 Actual \$'000
Opening balance/cash reserves at 1 July	49,166
Funds from Government	
Ordinary annual services (Appropriation Bill No. 1)	8,928
Special accounts Aboriginal and Torres Strait Islander Land Account	52,296
Total funds from Government	61,224
Funds from other sources	
Interest	13,548
Other	12,526
Total funds from other sources	26,074
Total net resourcing for ILC	136,464
Payments made	70,284
Closing balance/cash reserves at 30 June	66,180





INDEPENDENT AUDITOR'S REPORT

To the Minister for Indigenous Affairs

Opinion

In my opinion, the financial statements of the Indigenous Land Corporation and its controlled entities (together the Indigenous Land Corporation and the consolidated entity) for the year ended 30 June 2018:

- (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 position of the Indigenous Land Corporation and the consolidated entity as at 30 June 2018 and its 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 2018 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.

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* (the Code) to the extent that they are not in conflict with the *Auditor-General Act 1997*. 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.

Other Information

The Accountable Authority is responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2018 but does not include the financial statements and my auditor's report thereon.

My opinion on the financial statements does not cover the other information and accordingly I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Accountable Authority's Responsibility for the Financial Statements

As the Accountable Authority of the Indigenous Land Corporation the Chair of the Board 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 of the Board is also responsible for such internal control as the Chair of the Board 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 of the Board 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 entity's operations will cease as a result of an administrative restructure or for any other reason. The Chair of the Board is also responsible for disclosing, as applicable, matters related to going concern 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 and 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 and the consolidated entity 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 Indigenous Land Corporation and the consolidated entity to express an opinion on the financial report. I am responsible for the direction, supervision and performance of the Indigenous Land Corporation and 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



Rita Bhana
Senior Director
Delegate of the Auditor-General
Canberra
27 September 2018

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 2018 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 Group 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 

Mr Anthony Ashby

Director

Signed 

Mr John Maher

Group Chief Executive Officer

27 September 2018

Signed 

Mr David Silcock

Chief Financial Officer

Indigenous Land Corporation Contents

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Indigenous Land Corporation
Consolidated Statement of Comprehensive Income
for the year ended 30 June 2018

	Notes	Consol 2018 \$'000	Consol 2017 \$'000
NET COST OF SERVICES			
Expenses			
Property granted	1A	3,282	10,691
Provision for property held for grant and assets held in trust	1B	(21)	(7,982)
Employee benefits	1C	95,031	91,270
Suppliers	1D	117,367	113,353
Depreciation and amortisation	1E	19,531	17,732
Net (gain)/loss from sale of assets		321	1,108
Finance costs	1G	8,884	8,957
Total expenses		<u>244,395</u>	<u>235,129</u>
Own-source income			
Own-source revenue			
Interest	2A	2,253	1,731
Sale of goods and rendering of services	2B	176,812	164,414
Grants	2C	3,619	4,378
Other revenue	2D	16,145	12,439
Total own-source revenue		<u>198,829</u>	<u>182,962</u>
Gains/(losses)			
Net gain/(loss) in the net market value of livestock	3A	(6,221)	16,202
Net market value of agricultural produce sold	3B	1,090	900
Other net gain/(loss)	3C	(191)	1,036
Total gains/(losses)		<u>(5,322)</u>	<u>18,138</u>
Total own-source income		<u>193,507</u>	<u>201,100</u>
Net cost of services		<u>(50,888)</u>	<u>(34,029)</u>
Revenue from Government			
Revenue from Government	4	61,224	60,358
Surplus before income tax on continuing operations		<u>10,336</u>	<u>26,329</u>
Income tax (benefit)	5A	(24,433)	(317)
Surplus attributable to the Australian Government		<u>34,769</u>	<u>26,646</u>
Other comprehensive income			
Changes in asset revaluation surplus	7E	81,382	49,503
Tax effect of revaluations		(35,511)	(83)
Total comprehensive income attributable to the Australian Government		<u>80,640</u>	<u>76,066</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 2018

	Notes	Consol 2018 \$'000	Consol 2017 \$'000
ASSETS			
Financial assets			
Cash and cash equivalents	6A	57,921	57,491
Trade and other receivables	6B	9,883	8,848
Investments	6C	48,000	21,000
Other financial assets	6D	8,289	11,099
Total financial assets		<u>124,093</u>	<u>98,438</u>
Non-financial assets			
Biological assets	7A	36,042	53,812
Inventory - other	7B	4,797	4,812
Inventory - property held for grant	7C	126,784	126,805
Assets held in trust	7D	25,683	25,683
Land	7E	83,553	67,910
Property, plant and equipment	7E	419,976	355,571
Intangible assets	7F	5,587	5,600
Finance lease	7G	5,988	6,327
Prepayments	7I	3,781	6,045
Deferred tax asset	5B	-	1,049
Total non-financial assets		<u>712,191</u>	<u>653,614</u>
Total assets		<u>836,284</u>	<u>752,052</u>
LIABILITIES			
Payables			
Suppliers	8A	20,029	15,518
Other payables	8B	14,253	12,320
Interest bearing loans	8C	168,958	182,257
Finance lease	8D	6,699	6,704
Deferred tax liability	5B	10,029	-
Total payables		<u>219,968</u>	<u>216,799</u>
Provisions			
Employee provisions	10	11,439	10,995
Provision for property held for grant	7C	126,784	126,805
Provision for assets held in trust	7D	25,683	25,683
Provision for make good	9A	403	403
Total provisions		<u>164,309</u>	<u>163,886</u>
Total liabilities		<u>384,277</u>	<u>380,685</u>
NET ASSETS		<u>452,007</u>	<u>371,367</u>
EQUITY			
Parent entity interest			
Reserves		106,440	60,083
Retained surplus		345,567	311,284
Total parent entity interest		<u>452,007</u>	<u>371,367</u>
TOTAL EQUITY		<u>452,007</u>	<u>371,367</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 2018

Consolidated	Retained Surplus		Reserves		Total Equity	
	2018	2017	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening Balance						
Balance carried forward from previous period	311,284	284,383	60,083	10,918	371,367	295,301
Comprehensive Income						
Surplus for the period	34,769	26,646	-	-	34,769	26,646
Other comprehensive income:						
Fair value revaluation of property, plant and equipment	-	-	81,382	49,503	81,382	49,503
Tax effect of revaluations	-	37	(35,511)	(120)	(35,511)	(83)
Total comprehensive income attributable to the Australian Government	34,769	26,683	45,871	49,383	80,640	76,066
Amount transferred to/(from) revaluation reserve for property, plant and equipment disposed of	(486)	218	486	(218)	-	-
Closing balance attributable to the Australian Government	345,567	311,284	106,440	60,083	452,007	371,367

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 2018**

	Consol 2018 \$'000	Consol 2017 \$'000
OPERATING ACTIVITIES		
Cash received		
Receipts from Government	62,880	64,804
Goods and services	214,349	206,752
Interest	2,616	1,331
Other	17,214	7,992
Total cash received	297,059	280,879
Cash used		
Employees	99,479	95,128
Suppliers	125,397	116,094
Interest paid	4,324	5,441
GST paid	7,452	14,483
Total cash used	236,652	231,146
Net cash from operating activities	60,407	49,733
INVESTING ACTIVITIES		
Cash received		
Proceeds from the sale of property, plant and equipment	90	169
Total cash received	90	169
Cash used		
Purchase of property, plant and equipment	18,153	15,700
Purchase of intangibles	95	125
Investments made, net	27,000	17,000
Total cash used	45,248	32,825
Net cash used by investing activities	(45,158)	(32,656)
FINANCING ACTIVITIES		
Cash used		
Repayment of loans	14,819	3,160
Net cash used by financing activities	(14,819)	(3,160)
Net increase in cash held	430	13,917
Cash at the beginning of the reporting period	57,491	43,574
Cash at the end of the reporting period	57,921	57,491

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 2018

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 its controlled entities to carry out functions of the ILC.

Principles of consolidation

The consolidated financial statements are those of ILC and its controlled entities (the Group), comprising:

- ILC (the Parent Entity)
- Australian Indigenous Agribusiness Company Pty Ltd (AIAC)
- National Centre of Indigenous Excellence Ltd (NCIE)
- Voyages Indigenous Tourism Australia Pty Ltd (Voyages)
- The Owners – Strata Plan No. 86156 (Owners Corp)

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.

Controlled entities are consolidated from the date on which control is obtained through to the date on which control ceases. The financial statements of the controlled entities are prepared for the same reporting period as the Parent Entity, 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.

Basis of preparation of the financial statements

The consolidated 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 consolidated financial statements have been prepared in accordance with:

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

The consolidated 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 Group.

The consolidated 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 FRRs, 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.

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.

Comparative figures

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

During the 2018 financial year, the Group determined that in the 2017 financial statements certain grants were recognised as property granted expense. The correct treatment would have been to recognise these grants as grant funding expense within suppliers expenses.

Additional misclassifications relating to the following items have been restated:

- (i) Sale of goods and rendering of services, Net gain in the market value of livestock and Net market value of agricultural produce sold;
- (ii) Grants and Revenue from Government;
- (iii) Biological assets and Property, plant and equipment; and
- (iv) Inventory - property held for grant and Provision for property held for grant.

The Group has corrected the prior period by restating the amounts for the 2017 financial year in the consolidated statement of comprehensive income and consolidated statement of financial position. Restatements for the prior year are detailed in the table below:

	2017 Original \$'000	Adjustment \$'000	2017 Restated \$'000
<i>Consolidated Statement of Comprehensive Income</i>			
Property granted	12,370	(1,679)	10,691
Suppliers	111,674	1,679	113,353
Sale of goods and rendering of services	165,123	(709)	164,414
Net gain in the net market value of livestock	15,751	451	16,202
Net market value of agricultural produce sold	642	258	900
Grants	2,489	280	2,769
Revenue from Government	9,216	(280)	8,936
<i>Consolidated Statement of Financial Position</i>			
Biological assets	54,094	(282)	53,812
Property, plant and equipment	355,289	282	355,571
Inventory - property held for grant	127,027	(222)	126,805
Provision for property held for grant	(127,027)	222	(126,805)



Furthermore, the presentation of other comprehensive income and the notes associated with deferred income tax and land, property, plant and equipment have been appropriately restated. The aforementioned had no financial impact on the Group's surplus attributable to the Australian Government in the year ended 30 June 2017 or the statement of financial position as at that date.

Budgetary reporting

Australian Accounting Standard *AASB 1055 – Budgetary Reporting* is a standard that came into effect for the financial year ended 30 June 2015. The budgetary reporting requirements in this standard only apply to an entity within the General Government Sector (GGS) where budgeted information about controlled or administered items are separately identified as relating to that entity within the budgetary information presented to parliament. Accordingly, for example, where:

- a consolidated GGS budget presented to parliament incorporates a budget of an entity within
 - a separate individual budget is not presented to parliament for that entity;
- that entity's budget is not regarded as having been presented to parliament and therefore the entity is not required to report the budgetary information specified in this Standard.

AASB 1055 does not apply to the ILC due to the fact that:

- Voyages is classified as a Public Non-Financial Corporation and therefore is not included in the budget presented to parliament.
- The budget presented to parliament is a consolidation of the ILC and its controlled entities other than Voyages and therefore is not a separate individual budget presented to parliament for the ILC entity or any separate entity within the group.

Events after the reporting period

On 2 July 2018, the ILC granted 233 Abercrombie Street, Chippendale, NSW. The net carrying amount recorded in the balance sheet as at 30 June 2018 is nil, comprising Inventory - property held for grant of \$2,829,000, against which a full provision had been raised within Provision for property held for grant.

As disclosed in note 8C the ANZ cancelled interest rate swaps with a nominal value of \$30,000,000 on 20 July 2018.

Aboriginal and Torres Strait Islander Land and Sea Legislation

On 12 February 2018, the Minister for Indigenous Affairs announced that the Government will introduce new Bills into Parliament to ensure the long-term sustainability of the Indigenous Land Corporation. Once passed, the Bills will allow the Group to invest in sea country and water assets and will establish a new special account, 'Aboriginal and Torres Strait Islander Land and Sea Future Fund Special Account', to which all assets of the Aboriginal and Torres Strait Islander Land Account will be transferred. As at the date of signing the financial statements, the Bills have not been passed.

Consol	Consol
2018	2017
\$'000	\$'000

Financial Performance

This section analyses the financial performance of the Group for the year ended 30 June 2018.

1. Expenses

1A. Property granted

Value of property granted	3,266	10,669
Associated costs of property granted	16	22
Total property granted expenses	<u>3,282</u>	<u>10,691</u>

The expense relates to the value of land granted (at cost) to Indigenous organisations in line with the objectives of the ILC. Associated costs include those incurred in transferring land, unsuccessful acquisitions or projects considered unlikely to proceed at reporting date.

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

Increase (decrease) in the provision for property held for grant	(21)	(7,987)
Increase (decrease) in the provision for assets held in trust	-	5
Total Increase (decrease) in provision	<u>(21)</u>	<u>(7,982)</u>

A provision is raised in the Statement of Comprehensive Income for the full cost of land and infrastructure purchases held for grant representing the sacrifice of future benefits embodied in the assets.

1C. Employee benefits

Wages and salaries	86,873	83,373
Superannuation		
Defined contribution plans	7,284	6,828
Defined benefit plan	707	793
Separation and redundancy	167	276
Total employee benefits	<u>95,031</u>	<u>91,270</u>

Accounting Policy

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



	Consol 2018 \$'000	Consol 2017 \$'000
1D. Suppliers		
Raw materials and consumables	40,907	39,412
Agribusiness supplies and expenses	6,497	5,363
Resort supplies and expenses	1,776	1,750
Travel	2,481	2,518
Consultants	6,862	6,311
Marketing	4,722	4,954
Repairs and maintenance	10,859	11,942
Utilities, rates and services	7,568	7,286
Fuels	1,084	1,391
Grant funding	11,684	11,582
Staff expenses	8,600	7,770
Other	9,788	8,978
Total goods and services supplied or rendered	<u>112,828</u>	<u>109,257</u>
Other supplier expenses:		
Operating lease rentals ¹	2,287	2,087
Workers compensation expenses	2,252	2,009
Total other supplier expenses	<u>4,539</u>	<u>4,096</u>
Total suppliers	<u>117,367</u>	<u>113,353</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 include the cost of caretaking, use, maintenance and improvement of that land.

1E. Depreciation and amortisation

Buildings and infrastructure	9,734	8,690
Plant and equipment	2,698	2,573
Furniture and fittings	4,756	3,868
Motor vehicles	1,222	1,274
Computer equipment	488	465
Leasehold improvements	175	240
Total depreciation	<u>19,073</u>	<u>17,110</u>
Software	74	237
Other contracts and relationships	38	39
Goodwill	7	7
Finance lease	339	339
Total amortisation	<u>458</u>	<u>622</u>
Total depreciation and amortisation	<u>19,531</u>	<u>17,732</u>

	Consol 2018 \$'000	Consol 2017 \$'000
1F. Leasing commitments		
Commitments payable		
Operating leases ¹	30,682	33,766
Other ²	19,626	20,280
Total commitments payable	50,308	54,046
Commitments are payable as follows:		
One year or less	5,592	5,090
From one to five years	15,106	17,919
Over five years	29,610	31,037
Total commitments payable	50,308	54,046

The amounts reported as at 30 June 2018 as commitments payable include GST where relevant.

¹ Operating leases commitments comprise:

- Leases for office accommodation relate to tenancy of the ILC in its Adelaide (Head Office and Information Communication Services 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 or market rate. The initial periods of the leases are still current. There are no purchase options available.
- Agreements for the provision of motor vehicles and forklifts— no contingent rentals exist. There are no renewal or purchase options available.
- Leases and grazing licences entered into by the Group are for the purposes of running a commercial enterprise. The commitment equals the total consideration paid 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 Group. The initial periods of the licences are still current. There are no purchase options available.

² 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.

Accounting Policy

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

Where the Group has a lease or a grazing licence over a property, the lease is classified as an operating lease. Any capital component is expensed on a straight line basis over the remaining term of the lease.

1G. Finance costs

Amortisation of unwinding of discount on Commonwealth loan	2,964	2,976
Loan interest	5,230	5,291
Finance leases	690	690
Total finance costs	8,884	8,957

All borrowing costs are expensed as incurred.



	Consol 2018 \$'000	Consol 2017 \$'000
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Own source income

2. Revenue

2A. Interest

Held-to maturity investments		
Term deposits	2,080	1,256
Loans and receivables		
Interest on bank and other securities	173	475
Total interest	<u>2,253</u>	<u>1,731</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>176,812</u>	<u>164,414</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 Group 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 Group.

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
- it is probable that the economic benefits associated with the transaction will flow to the Group.

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

2C. Grants

Grants from:

Department of Prime Minister and Cabinet	2,132	2,769
Department of Health	861	779
State and Territory Governments	623	815
Local Governments	-	7
Other	3	8
Total grants	<u>3,619</u>	<u>4,378</u>

The Group receives grants from Commonwealth, State, Territory and Local Government departments. The income is recognised where there is reasonable assurance that the grant will be received and all attached conditions will be met.

	Consol 2018 \$'000	Consol 2017 \$'000
2D. Other revenue		
Diesel fuel rebate	320	408
Grant recovery	-	85
Insurance recovery	643	229
Rent received	9,232	8,673
Corporate sponsorship	1,100	730
Carbon and environment programmes	1,989	769
Other	2,861	1,545
Total other revenue	<u>16,145</u>	<u>12,439</u>

2E. Commitments receivable

Leases	5,408	6,406
Total commitments receivable	<u>5,408</u>	<u>6,406</u>

BY MATURITY

Commitments receivable

One year or less	1,046	1,025
From one to five years	4,027	4,052
Over five years	335	1,329
Total commitments receivable	<u>5,408</u>	<u>6,406</u>

Commitments receivable comprise:

- Lease receivable as a result of agreements to lease Voyages and NCIE property to third parties.

3. Gains

3A. Net gain/(loss) in the net market value of livestock

Net gain/(loss) in net market value¹ during the reporting period

Cattle	(8,105)	17,564
Sheep	314	772
Horses	-	(83)
Gross change in net market value	<u>(7,791)</u>	<u>18,253</u>
Decrease/(increase) in provision for deaths	1,570	(2,051)
Net gain/(loss) in the net market value of livestock	<u>(6,221)</u>	<u>16,202</u>

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



Consol 2018 \$'000	Consol 2017 \$'000
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3B. Net market value of agricultural produce sold

Net market value ¹ of agricultural produce sold during the reporting period	<u>1,090</u>	<u>900</u>
Comprising:		
Wool	774	642
Carcasses	316	258

During the reporting period the Group produced 372 (2017: 316) bales of wool.

During the reporting period the Group produced 487 (2017: 732) carcasses.

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

3C. Other net gain/(loss)

Net movement in impairment of receivables	(114)	(298)
Net movement in impairment of repayable grants	-	68
Write-down of property, plant and equipment	(40)	(30)
Fair value gain/(loss) on financial instruments ¹	(37)	1,296
Total net gain/(loss)	<u>(191)</u>	<u>1,036</u>

¹On 22 June 2016, Voyages executed \$90m in interest rate swaps with the Australia and New Zealand Banking Group Limited (ANZ). The gain/ loss in fair value of the interest rate swaps is recognised through profit/ loss.

4. Revenue from Government

Department of the Prime Minister and Cabinet		
Corporate Commonwealth entity payment	8,928	8,936
Receipts from the Land Account ¹	52,296	51,422
Total revenue from Government	<u>61,224</u>	<u>60,358</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 Group 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.

¹The ILC was established by section 191A of the *Indigenous Land Corporation (Aboriginal and Torres Strait Islander Commission Amendment) Act 1995* and is controlled by the Commonwealth of Australia. The ILC is dependent on an annual payment from the Aboriginal and Torres Strait Islander Land Account (Land Account).

Receipts from the Land Account are 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	Consol
2018	2017
\$'000	\$'000

Taxation

This section analyses the taxation of the Group for the year ended 30 June 2018.

5. Income tax

5A. Income tax expense/(benefit)

The major components of income tax expense (benefit) are:

Current income tax:		
Current income tax charge	-	150
Deferred income tax:		
Relating to origination and reversal of temporary differences	(285)	(440)
Value of deferred tax assets not recognised/derecognised	2,249	(27)
Recognition of prior year temporary differences not previously recognised	(26,397)	-
Income tax expense (benefit) reported in Statement of Comprehensive Income	(24,433)	(317)

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 subject to income tax	(1,183)	(268)
Income tax on profit at statutory rate (30%)	(355)	(80)
Entertainment	5	9
Donations	-	56
Revaluation/impairment (gain)	-	(389)
Intangibles	12	69
Other non-deductible	-	115
Property, plant and equipment	53	(70)
Value of deferred tax assets not recognised/derecognised	2,249	(27)
Recognition of prior year temporary differences not previously recognised	(26,397)	-
Aggregate income tax expense (benefit)	(24,433)	(317)



5B. Deferred income tax

Deferred tax relates to the following:

	Statement of Financial Position		Statement of Comprehensive Income	
	Consol 2018 \$'000	Consol 2017 \$'000	Consol 2018 \$'000	Consol 2017 \$'000
Provision for doubtful debts	46	71	25	(29)
Provision for employee entitlements	2,573	2,467	(106)	(367)
Fixed assets	(35,995)	(324)	160	169
Other	378	79	(221)	25
Losses available for offsetting future taxable income	22,969	25,126	2,105	(238)
Value of net deferred tax assets not recognised – current year	-	27	-	-
Value of net deferred tax assets not recognised – prior years	-	(26,397)	(26,397)	-
Net deferred tax assets/(liabilities)	<u>(10,029)</u>	<u>1,049</u>	<u>(24,433)</u>	<u>(439)</u>

Reconciliation of net deferred tax asset/(liability):

Opening balance as of 1 July	1,049	815
Tax income / (expense) during the period recognised in Statement of Comprehensive Income	24,433	439
Losses derecognised for offsetting future taxable income	-	(149)
Value of net deferred tax assets not recognised	-	27
Amounts recorded within equity	(35,511)	(83)
Closing balance as at 30 June	<u>(10,029)</u>	<u>1,049</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).

AIAC and Voyages are subject to all Commonwealth and State taxation.

NCIE has been granted exemption from Commonwealth and State 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 are 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 are 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 are 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.



Consol	Consol
2018	2017
\$'000	\$'000

Financial Position

This section analyses the Group'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	18,342	19,126
Deposits at call	14,380	3,251
Deposits with maturity three months or less	25,199	35,114
Total cash and cash equivalents	<u>57,921</u>	<u>57,491</u>

Accounting Policy

Cash and cash equivalents includes cash on hand 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	7,647	6,259
Other receivables:		
Interest receivable	290	653
Other debtors	2,185	2,237
Total other receivables	<u>2,475</u>	<u>2,890</u>
Total trade and other receivables (gross)	<u>10,122</u>	<u>9,149</u>
Less: Allowance for impairment loss	(239)	(301)
Total trade and other receivables (net)	<u>9,883</u>	<u>8,848</u>

Reconciliation of allowance for impairment

Opening balance	(301)	(172)
Amounts written off	145	25
Amounts recovered or reversed	26	10
(Increase)/decrease recognised in net cost of services	(109)	(164)
Closing balance	<u>(239)</u>	<u>(301)</u>

6C. Investments

Term deposits	48,000	21,000
Total investments	<u>48,000</u>	<u>21,000</u>

	Consol 2018 \$'000	Consol 2017 \$'000
6D. Other financial assets		
Repayable grants to Indigenous corporations	563	311
Concessional loan benefit	7,909	10,872
Derivative financial assets	73	172
Other deposits	8	8
Total other financial assets (gross)	<u>8,553</u>	<u>11,363</u>
Less: Provision for impairment	<u>(264)</u>	<u>(264)</u>
Total other financial assets (net)	<u>8,289</u>	<u>11,099</u>



	Consol 2018 \$'000	Consol 2017 \$'000
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7. Non-financial assets

7A. Biological assets

Livestock	39,176	58,516
Less: Provision for livestock deaths	(3,134)	(4,704)
Total biological assets	<u>36,042</u>	<u>53,812</u>

	Consol 2018 Number	Consol 2018 \$'000
<i>Movement in livestock:</i>		
Opening on hand (at net market value)	78,223	58,516
Less provision for deaths		(4,704)
Net sales	(19,126)	(11,773)
Purchases	236	632
Natural increase	31,156	
Deaths/rations/other	(13,581)	(408)
Change in net market value		(7,791)
Change in provision for deaths		1,570
Closing on hand (at net market value)	<u>76,908</u>	<u>36,042</u>

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

	Consol 2017 Number	Consol 2017 \$'000
Cattle	68,022	57,396
Sheep	10,201	1,120
	<u>78,223</u>	<u>58,516</u>

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

	Consol 2018 Number	Consol 2018 \$'000
Cattle	67,063	38,158
Sheep	9,845	1,018
	<u>76,908</u>	<u>39,176</u>

Accounting Policy

Biological assets consists of livestock.

Livestock is held for trading purposes and includes cattle and sheep. Livestock that is considered to be biological assets is accounted for in accordance with *AASB 141 Agriculture* and 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 most recent 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 Company, (eg weather), natural increase is recorded based on the most recent muster results. Where estimates of natural increase cannot be reliably made, no natural increase since the most recent muster/count is recorded. Paddock records are maintained on all properties.

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% (2017: 8%) of the value of livestock held at reporting date.



	Consol 2018 \$'000	Consol 2017 \$'000
7B. Inventory - other		
Inventory held for sale	4,732	4,812
Materials on hand	57	-
Agricultural produce	8	-
Carrying amount 30 June	<u>4,797</u>	<u>4,812</u>

Total amount of other inventory expensed during the period is \$41,310,000 (2017: \$39,816,000).

Accounting Policy

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

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

Property held for grant	126,784	126,805
Less: Provision for grant	(126,784)	(126,805)
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	126,805	134,793
Additions to 30 June	3,340	2,409
Granted to 30 June	(3,266)	(10,669)
Amount transferred to assets held in trust	-	(5)
Disposal of assets held for grant	(95)	-
Reclassified as property held for grant	-	278
Net movement	<u>(21)</u>	<u>(7,987)</u>
Carrying amount 30 June	<u>126,784</u>	<u>126,805</u>

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 and 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*.

	Consol 2018 \$'000	Consol 2017 \$'000
7D. Assets held in trust and provision for assets held in trust		
Assets held in trust	25,683	25,683
Less: Provision for assets held in trust	(25,683)	(25,683)
Carrying amount 30 June	<u>-</u>	<u>-</u>
Total amount held at the beginning of the reporting period	25,683	25,678
Amount transferred from property held for grant	-	5
Total amount held at the end of the reporting period	<u>25,683</u>	<u>25,683</u>



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

	Total Land	Building & Infrastructure Improvements	Plant and Equipment	Furniture & Fittings	Motor Vehicles	Computer Equipment	Leasehold Improvements	Total PPE	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July 2017									
Net book value	67,910	299,690	23,986	23,688	6,132	1,487	588	355,571	423,481
Total as at 1 July 2017	67,910	299,690	23,986	23,688	6,132	1,487	588	355,571	423,481
Additions									
By purchase	-	15,108	510	1,187	749	474	101	18,129	18,129
Revaluation and impairments recognised in other comprehensive income	15,643	63,803	1,117	180	763	8	(132)	65,739	81,382
Revaluations recognised in net cost of services	-	(32)	1	1	-	(9)	(1)	(40)	(40)
Depreciation	-	(9,734)	(2,698)	(4,756)	(1,222)	(488)	(175)	(19,073)	(19,073)
Disposals	-	(4)	(306)	(3)	(30)	(7)	-	(350)	(350)
Total as at 30 June 2018	83,553	368,831	22,610	20,297	6,392	1,465	381	419,976	503,529
Total as at 30 June 2018 represented by:									
Net book value	83,553	368,831	22,610	20,297	6,392	1,465	381	419,976	503,529
Total as at 30 June 2018	83,553	368,831	22,610	20,297	6,392	1,465	381	419,976	503,529

Consol 2018 \$'000	Consol 2017 \$'000
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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 or redevelopment reflects the fair value of the assets. The total value of assets under construction is as follows:

Building and infrastructure improvements	<u>67</u>	<u>621</u>
<i>Increment (decrement) in asset revaluation reserve:</i>		
As a result of disposal/transfer:		
Buildings and structures	609	7
Plant and equipment	(110)	(105)
Furniture and fittings	-	(5)
Motor vehicles	(12)	(113)
Computer systems	(1)	(2)
	<u>486</u>	<u>(218)</u>
As a result of revaluation:		
Land	15,643	9,801
Buildings and structures	63,803	39,045
Plant and equipment	1,117	259
Furniture and fittings	180	(6)
Motor vehicles	763	357
Computer systems	8	-
Leasehold improvements	(132)	47
	<u>81,382</u>	<u>49,503</u>
Total increment (decrement) in asset revaluation reserve	<u>81,868</u>	<u>49,285</u>

Accounting Policy

The Group maintains asset registers for property, plant and equipment. A stocktake 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 Group where there exists an obligation to restore the property to its original condition. These costs are included in the value of the Group’s leasehold improvements with a corresponding provision for the “make good” recognised.

Property, plant and equipment acquired for 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 asset's fair value at reporting date. Independent valuations will be undertaken at not more than three-yearly intervals, unless there is a significant change to circumstances that warrants an earlier valuation.

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 Group 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 2018	Diminishing Value 2017	Prime Cost 2018	Prime Cost 2017
Buildings and infrastructure	2.5-40%	2.5-40%	-	-
Plant and equipment	5-80%	5-67%	-	-
Office equipment	20-50%	20-50%	-	-
Motor vehicles	20-45%	20-45%	-	-
Furniture and fittings	8-80%	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, an 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 Group has made a judgement regarding the valuation and impairment of property, plant and equipment and intangibles.

The Group engaged CBRE Hotels, an accredited hotel valuation and advisory expert, to prepare an independent valuation of Ayers Rock Resort (ARR) for the purpose of testing for impairment and assessment of the fair value of assets, less costs to sell off ARR assets, at the balance date.

The valuation technique adopted considered two approaches, the Discounted Cash Flow (DCF) method where a 5 year DCF analysis applies a pre-tax discount rate of 10% to the cash flow range and a terminal yield of 9.0%. The other approach applied a capitalisation rate of 8.5% being the market based capitalisation of earnings in perpetuity.

In evaluating both valuation methods CBRE Hotels has adopted a mid-point range and determined that the estimated fair value less costs to sell of ARR to be \$410,000,000 (2017: \$340,000,000). CBRE Hotels provided a market-based valuation report to support the valuation adopted by the Directors for financial reporting purposes as at 30 June 2018. Continuing favourable trading conditions for the resort combined with the strong outlook for the tourism market, both domestically and internationally, has contributed positively to the valuation. The increase in the fair value, apart from the improved financial performance of the resort, was also supported by investment market conditions remaining strong.

The Directors have considered the value estimated by CBRE and have assessed the risks associated with the cash flow forecast and other key assumptions used, including the capitalisation rate, to determine the value. Based on these considerations, the Directors have determined that the assets which comprise the Cash Generating Unit (CGU) of ARR have an aggregate fair value less costs to sell at 30 June 2018 of \$410,000,000 (2017: \$340,000,000).

The carrying values of relevant ARR asset classes have been restated to the revised fair value and the asset revaluation reserve in Equity was increased by \$68,919,000 (2017: \$41,907,000).

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 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 levels 2 and 3 included:

- Forecasted net operating income including forecasted resort occupancy and average daily rate
- 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 2019 to 2023 was used as a valuation cross-check within levels 2 and 3 and included:

- Discount rate
- Resort occupancy and average daily rate



The Group policy for determining when transfers between levels of the fair value hierarchy are deemed to have occurred is at the end of each reporting period. This would complement the assessment of fair value policy where revised 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.

Key assumptions used in fair value calculations

The calculation of fair value of the ARR CGU is most sensitive to the following assumptions used within the valuation methodology:

- Investment yield or capitalisation of earnings rate
- Discount cash flow rate (IRR)
- Resort occupancy and average room 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 hotels 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 room rate – Resort occupancy has been forecasted based on an analysis of key market segments and expected growth in these markets over the forecast period. The forecast also takes account of strategic initiatives to grow the average room rate 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 ARR CGU is equal to its carrying value and consequently any adverse change in a key assumption would result initially in a reversal of the asset revaluation reserve and then if the adverse change exceeds the reserve an impairment loss.

Capitalisation of earnings rate – This 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 8.25% and 8.75%, with 8.5% adopted for calculating the fair value of the ARR CGU. The independent valuer is of the view that the capitalisation of earnings rate selected as part of the valuation approach is appropriate in the current market. An increase in the capitalisation of earnings rate of 0.25% would result in a reduction in the fair value of approximately \$14,000,000.

Discounted cash flow – The cashflow analysis is based on predicted future trading and capital expenditure. The valuer assessed a terminal yield of 9% and discount rates (IRR) between 9% and 11%, with 10% adopted for calculating the fair value of the ARR CGU. The independent valuer is of the view that the discount rate selected as part of the valuation approach is appropriate. An increase in the discount rate of 1% would result in a reduction in the fair value of approximately \$2,000,000.

Resort occupancy and average room rate – Changes in market conditions in the tourism sector can have a significant impact on resort occupancy and average room 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 room rate. The occupancy rate assumption is the most influential input on the 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 reduction in fair value.

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 2017					
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 1 July 2017	146	5,299	84	71	5,600
Additions					
By purchase	94	-	-	-	94
Internally developed	12	-	-	-	12
Amortisation	(74)	-	(38)	(7)	(119)
Total as at 30 June 2018	178	5,299	46	64	5,587
Total as at 30 June 2018 represented by:					
Gross book value	5,083	20,469	3,243	107	28,902
Accumulated amortisation and impairment	(4,905)	(15,170)	(3,197)	(43)	(23,315)
Total as at 30 June 2018	178	5,299	46	64	5,587

¹The carrying amount of computer software included \$173,159 purchased software and \$4,885 internally generated software



Accounting Policy

The Group's intangible assets 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 2018	Consol 2017
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 amortisation. Impairment is tested annually by comparing carrying value with the asset's recoverable amount. Recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

Impairment

All intangible assets were assessed for impairment at 30 June. Where indications of impairment exist, an 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 are not primarily dependent on an asset's ability to generate future cash flows, and the asset would be replaced if the Group 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 2017	
Gross book value	6,771
Accumulated amortisation	(444)
Total as at 1 July 2017	6,327
Amortisation	(339)
Total as at 30 June 2018	5,988
Total as at 30 June 2018 represented by:	
Gross book value	6,771
Accumulated amortisation	(783)
Total as at 30 June 2018	5,988

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 2018 was \$5,988,000 (2017: \$6,327,000). 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 Group has been assumed in future years.



	Consol 2018 \$'000	Consol 2017 \$'000
7H. Commitments property plant and equipment		
Capital commitments payable		
Other ¹	1,363	3,242
Total capital commitments	<u>1,363</u>	<u>3,242</u>
Commitments are payable as follows:		
One year or less	1,363	3,242
Total capital commitments payable	<u>1,363</u>	<u>3,242</u>

¹ The capital commitments comprise:

At 30 June 2018 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. Prepayments

Prepaid operating leases	2,517	4,831
Other prepayments	1,264	1,214
Total prepayments	<u>3,781</u>	<u>6,045</u>
The prepaid operating leases are to be amortised as follows:		
Within one year	1,309	677
Within one to five years	1,064	2,709
Over five years	144	1,445
Total prepaid operating leases	<u>2,517</u>	<u>4,831</u>

	Consol 2018 \$'000	Consol 2017 \$'000
8. Payables		
8A. Suppliers		
Trade creditors and accruals	20,029	15,518
Total suppliers	<u>20,029</u>	<u>15,518</u>

Settlement is usually made net 30 days.

8B. Other payables

Salaries and wages	1,762	1,778
Superannuation	119	119
Net GST payable to ATO	338	433
Unearned income received in advance	8,733	6,303
Sinking fund	3,301	3,282
Derivative financial liability	-	62
Bond and security deposits	-	17
Other payables	-	326
Total other payables	<u>14,253</u>	<u>12,320</u>

Parental Leave Payments Scheme

Amounts received under the Parental Leave Payments Scheme by the Group not yet paid to employees were presented gross as cash and a liability (payable). The total amount received under this scheme during the period was \$111,517 (2017: Nil).

8C. Interest bearing loans

Loan with Commonwealth Government	56,458	62,257
Loan with ANZ Bank	112,500	120,000
Total interest bearing loans	<u>168,958</u>	<u>182,257</u>

In May 2016, ILC and Voyages entered into a \$65,000,000 loan with the Commonwealth Government. The loan is secured by a mortgage over the ARR property, an equitable mortgage over shares in Voyages and a guarantee from Voyages. Principal and interest repayments are made quarterly at \$1,462,500 per quarter until 30 September 2018 and \$3,428,489 per quarter until the loan is fully repaid, scheduled in 2023. Interest on the loan was initially set at 2.5% per annum; thereafter it is based on the weighted average cost of borrowing for future issuance of Treasury Bonds as published in the Australian Federal Government's Budget and Mid-Year Economic and Fiscal Outlook.

The \$112,500,000 bank loan with ANZ is fully drawn at the balance date; the loan facility expires on 20 January 2021. The loan is secured by a mortgage over the ARR property, an equitable mortgage over shares in Voyages and a guarantee from the ILC. Under a separate, but connected, agreement between the Commonwealth, ANZ and Voyages, the ANZ has 'priority' over the Commonwealth should it need to call upon its equivalent security interests in such assets. \$12,500,000 of the bank loan is repayable in instalments over the remaining term with equal six-monthly instalments of \$2,500,000 until the 20 January 2021. The total amount repayable on maturity is \$100,000,000. As at the balance date, \$5,000,000 of the bank loan is classified as current with the remainder, \$107,500,000, classified as non-current.



Interest on the ANZ loan is variable at an agreed commercial margin above BBSY. Under the facility terms Voyages must hedge its exposure to interest rate risk through interest rate swaps against a minimum of 50% of the loan balance over the term. As at balance date 80% (\$90,000,000) of the outstanding loan was subject to interest rate swaps. Of the \$90,000,000 of interest rate swaps, \$30,000,000 is cancellable by the Group or by ANZ. The fair value of these interest rate swaps is disclosed in note 6D. As disclosed in the Overview section of the notes to the Consolidated Financial Statements, the ANZ cancelled the interest rate swaps with nominal value of \$30,000,000 on 20 July 2018.

	Consol 2018 \$'000	Consol 2017 \$'000
8D. Finance lease		
Finance lease liability	6,699	6,704
Total finance lease liability	<u>6,699</u>	<u>6,704</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.

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

Consol 2018 \$'000	Consol 2017 \$'000
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People and Relationships

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

10. Employee provisions

Annual leave	5,259	4,954
Long service leave	4,608	3,985
Provision for bonus ¹	1,572	2,056
Total employee provisions	11,439	10,995

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

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



Consol	Consol
2018	2017
\$'000	\$'000

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 Group, directly or indirectly, including any director (whether executive or otherwise) of the Group. The Group 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 controlled entities.

Key management personnel remuneration is reported in the table below:

Short term employee benefits	6,143	6,211
Post-employment benefits	500	536
Other long-term employee benefits	69	99
Termination benefits	603	15
Total key management personnel remuneration expenses	<u>7,315</u>	<u>6,861</u>

The total number of key management personnel included in the above table is 40 (2017: 45).

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 (AIAC)
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 Ashby, as well as Voyages' director Mr Richard Allert and Executive General Manager Ms Kerryne Liddle, are also directors of Indigenous Business Australia (IBA). Transactions with IBA are disclosed in note 12B.

Other Australian Government controlled entities

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

	Consol	Consol
	2018	2017
	\$'000	\$'000

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 Group other than disclosed below.

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
Jawun (Ms Janke is a former Director)	-	7
Telstra Foundation (former NCIE Director, Mr O'Leary is a Director) sponsored the Company for the Indigenous Digital Excellence programme	-	275
Ninti One (Ms Page is a Director)	1	5
NSW Aboriginal Housing Office (Mr D Bidjara-Barnes is a Director)	4	1

Entities controlled by a related person:

Strategic projects coordinated by Indigenous Business Australia (IBA) which were concluded during the reporting period:

Payments made to IBA	25	62
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In order to harness efficiencies in accommodation, the ILC sub-leased space from IBA in Canberra, and IBA sub-leased space from ILC in Adelaide and Perth. In each case the sub-lessee bears the cost of the space it occupies in accordance with the terms of the sub-lease:

Payments made to IBA	160	131
Payments received from IBA	162	86

IBA and ILC worked together to explore the development of a shared services unit, to encompass key corporate functions. Each party reimbursed the other for identified costs incurred in relation to the projects:

Payments made to IBA	38	76
Payments received from IBA	-	49

Secondment of selected personnel during the financial year to assist with project based work:

Payments made to IBA	131	21
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12C. ILC Group

The following table provides ILC's ownership percentage in each of its controlled entities, all of which are incorporated in Australia:

	2018	2017
	%	%
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



AIAC was established in 2004 as a wholly-owned subsidiary of the ILC. Until 1 September 2014 AIAC was the employment vehicle for staff working on ILC-held properties and agribusinesses. Thereafter some properties were transferred to and managed by AIAC.

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.

On 8 February 2012, the ILC registered a strata title scheme that separated a building owned by the ILC into 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 2015/2016 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.

Future shareholding in Voyages

Prior to its purchase of Ayers Rock Resort (ARR), the ILC entered into a Deed of Agreement (Deed) with Wana Ungkunytyja Pty Ltd (WU) in May 2011 in recognition of WU not exercising its first right of refusal to purchase ARR.

In accordance with the Deed, WU will be offered seven percent of the issued share capital of Voyages, for no additional consideration, upon the earlier of the discharge of all Securities and Further Securities (as defined in the Deed) or 17 May 2020.

The fair value of the option is unquantifiable at present.

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 Owners Corp.

The ILC provided financial support to AIAC and NCIE as follows:

AIAC¹ - \$7,297,010 (2017: \$10,692,723)

NCIE¹ - \$4,089,587 (2017: \$4,656,491)

During the year, ILC purchased services from NCIE of \$2,365 (2017: \$2,187) and provided sponsorship funding of \$11,000 (2017: \$55,000).

¹The ILC owns properties that are used by its subsidiaries, NCIE and AIAC. ILC provides these properties at no, or significantly below market, rents. Under AASB 1004, *Contributions*, the fair value of the contribution is required to be accounted for.

In the case of NCIE, the fair value of the non-cash contribution associated with the premises at Redfern, NSW, has been estimated to be \$2,002,000 per annum and is included in the financial support numbers noted above for each year. ILC has recorded rental income and a corresponding contribution expense in its individual entity financial statements.

In respect of AIAC, it operates four agribusiness properties in Queensland that are owned by ILC, however no fair value has been determined as it is not considered to be reliably measurable.

In 2011 the ILC provided Voyages with loan funding associated with the purchase of ARR. During the year, Voyages made \$11,910,003 (2017: \$12,101,964) of repayments of the intercompany loan to the ILC.

During the year an additional \$4m of funding was provided to support the construction of additional staff housing. The 30 June 2018 loan balance owing is \$299.6m (2017: \$291.5m). Additionally, the ILC provided funding during the year in support of Indigenous Training and Employment projects of \$2.2m.

Section 191G of the ATSI Act allows the ILC to create subsidiaries and to fund them by way of loan or grant. The deeds of agreement between the ILC and NCIE and the ILC and AIAC reflect the Act and express that the ILC will make an annual advance of funds to allow NCIE and AIAC to pay debts as and when due.



Consol 2018 \$'000	Consol 2017 \$'000
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Managing Uncertainties

This section analyses how the Group manages financial risks within its operating environment.

13. Contingencies

13A. Contingent liabilities and assets

Contingent assets		
Balance from previous period	-	1,530
Assets settled	-	(1,530)
	<hr/>	<hr/>
Total contingent assets	-	-
	<hr/>	<hr/>
Net contingent assets (liabilities)	-	-

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 and contingent liabilities are disclosed unless the probability of an outflow is remote.

13B. Unquantifiable contingencies

An Indigenous organisation (the "Organisation") has alleged that the ILC has breached statutory and fiduciary duties in relation to the timing and conditions of the divestment of certain land. Comcover has agreed to indemnify the ILC for any liability on a reserve of rights basis and, through its solicitors, Comcover has engaged senior counsel to advise on the strength of the Organisation's claims. The impact of this claim is unable to be quantified at this stage.

13C. Significant remote contingencies

The Group had no significant remote contingencies as at reporting date.

	Consol 2018 \$'000	Consol 2017 \$'000
14. Financial instruments		
14A. Categories of financial instruments		
Financial assets		
Cash and cash equivalents	57,921	57,491
Receivables	9,883	8,848
Term deposits	48,000	21,000
Repayable grants / advances	299	47
Concessional loan benefit	7,909	10,872
Derivative financial assets	73	172
Other deposits	8	8
Total financial assets	<u>124,093</u>	<u>98,438</u>
Financial liabilities		
Financial liabilities measured at amortised cost		
Supplier payables	20,029	15,518
Other payables	13,915	11,887
Interest bearing loans	168,958	182,257
Finance lease payable	6,699	6,704
Total financial liabilities measured at amortised cost	<u>209,601</u>	<u>216,366</u>
Total financial liabilities	<u>209,601</u>	<u>216,366</u>
14B. Net gain/(loss) on financial assets		
Held-to-maturity investments		
Interest revenue	2,080	1,256
Net gain (loss) on held-to-maturity investments	<u>2,080</u>	<u>1,256</u>
Loans and receivables		
Interest revenue	173	475
Impairment reversal of repayable grants	-	68
Net gain (loss) on loans and receivables	<u>173</u>	<u>543</u>
Net gain (loss) on financial assets	<u>2,253</u>	<u>1,799</u>
14C. Net gain/(loss) on financial liabilities		
Financial liabilities measured at amortised cost		
Interest expense	8,884	8,957
Net (gain) loss on financial liabilities	<u>8,884</u>	<u>8,957</u>



	Consol 2018 \$'000	Consol 2017 \$'000
14D. Financial asset and liability reconciliation		
Total financial liabilities represented as payables in Statement of Financial Position	209,939	216,799
Less: Non financial instrument components		
GST payable to ATO	(338)	(433)
Total financial assets as per note 14A	<u>209,601</u>	<u>216,366</u>

Accounting Policy

Financial assets

Cash and cash equivalents

Refer to note 6A cash and cash equivalents.

Investments

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 Group 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 three 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 Group 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 Group 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 in the Statement of Financial Position. Refer to note 6D.

Under Accounting Standard AASB 139 *Financial Instruments: Recognition and Measurement*, the Group 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. 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	
	2018	2017
	\$'000	\$'000
Financial assets		
Cash	57,921	57,491
Receivables	9,883	8,848
Term deposits	48,000	21,000
Repayable grants/advances	299	47
Concessional loan benefit	7,909	10,872
Derivative financial assets	73	172
Other deposits	8	8



	Fair value measurements at the end of the reporting period	
	2018	2017
	\$'000	\$'000
Non-financial assets		
Land	83,553	67,910
Buildings and infrastructure improvements	368,831	299,690
Plant and equipment	22,610	23,986
Furniture and fittings	20,297	23,688
Motor vehicles	6,392	6,132
Computer equipment	1,465	1,487
Leasehold improvements	381	588
Biological assets	36,042	53,812
Financial liabilities		
Suppliers	20,029	15,518
Other payables	14,253	12,320
Interest bearing loans	168,958	182,257
Finance lease payable	6,699	6,704

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 Group.

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 Group 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 Group 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 determined annually. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of their nature, characteristics and risk.

	2018 \$'000	2017 \$'000
Parent Information		
16. Indigenous Land Corporation		
Assets		
Financial assets	406,169	382,578
Non financial assets	<u>262,063</u>	<u>266,992</u>
Total assets	<u>668,232</u>	<u>649,570</u>
Liabilities		
Payables	62,910	67,942
Provisions	<u>155,472</u>	<u>155,441</u>
Total liabilities	<u>218,382</u>	<u>223,383</u>
Net assets	<u>449,850</u>	<u>426,187</u>
Equity		
Retained surplus	426,765	415,292
Asset revaluation reserve	<u>23,085</u>	<u>10,895</u>
Net equity	<u>449,850</u>	<u>426,187</u>
Net profit (loss) of the parent entity	11,951	25,497
Total comprehensive income of the parent entity	23,663	32,729

Indigenous Land Corporation, which is the Group's parent and controlling entity of the ILC Group also has:

Guarantees entered into by parent in relation to debts of subsidiaries

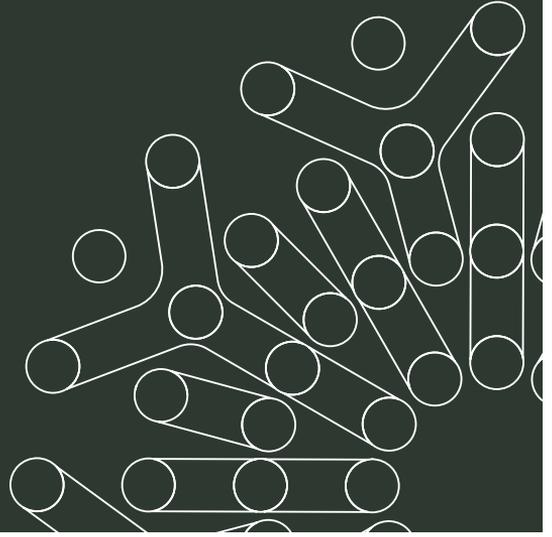
The ILC provides a guarantee to the ANZ bank in relation to a \$120 million facility with Voyages.

The ILC has guaranteed the performance of Voyages in relation to a lease of photovoltaic systems at Yulara. The undiscounted cost over the term of the lease is estimated at \$19.6 million.





GUIDES TO ACCESS



Acronyms and Abbreviations

AAC	Audit and Assurance Committee
AASB	Australian Accounting Standards Board
ABN	Australian Business Number
AC	Aboriginal Corporation
ACT	Australian Capital Territory
a/g	acting
AIA	Australian Indigenous Agribusiness Company Pty Ltd (ILC subsidiary)
AL TSA	Aboriginal Lands Trust of South Australia
AM	Member of the Order of Australia
ANFAB	Australian Native Food and Botanicals (peak body)
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	Aboriginal and Torres Strait Islander Act 2005
ATSIC	Aboriginal and Torres Strait Islander Commission (former)
ATSILSFF	Aboriginal and Torres Strait Islander Land and Sea Future Fund
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CGU	cash generating unit
CIO	Chief Information Officer
CIRCA	Cultural and Indigenous Research Centre Australia
COAG	Council of Australian Governments
Consol	consolidated
CPI	Consumer Price Index
Dept	Department
DFAC	Dowrene Farm Aboriginal Corporation (WA)
DPIRD	Department of Primary Industries and Regional Development (WA)
Dr	Doctor

EA	Enterprise Agreement
EBITDA	Earnings Before Interest, Taxation, Depreciation and Amortisation
e.g.	for example
EL	Executive Level (staff)
EPBC Act	Environmental Protection and Biodiversity Conservation Act 1999
Expert Panel	Aboriginal and Torres Strait Islander Land Account Expert Advisory Panel
FRR	Financial Reporting Rule
FTE	full-time equivalent (staff)
GIS	Geographical Information Systems
Govt	Government
GST	Goods and Services Tax
ha	hectare
HEMP	Heritage and Environment Management Plan
Hwy	Highway
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
inc.	including
IPA	Indigenous Protected Area
IT	information technology
KLC	Kimberley Land Council
KPI	Key Performance Indicator
KTLA	Karajarri Traditional Lands Association
LA	land acquisition
LALC	Local Aboriginal Land Council (NSW)



Land Account	Aboriginal and Torres Strait Islander Land Account	PBC	Prescribed Body Corporate
Land and Sea Future Fund	Aboriginal and Torres Strait Islander Land and Sea Future Fund	PBS	Portfolio Budget Statements
Ltd	Limited	PGPA Act	Public Governance, Performance and Accountability Act 2013
Mabo judgment	Mabo and Others v Queensland (No 2) (High Court, 1992)	PL	Proprietary Limited
Minister	Minister for Indigenous Affairs	PM&C	Department of the Prime Minister and Cabinet
MP	Member of Parliament	Qld	Queensland
Mt	Mount	RAP	Reconciliation Action Plan
MYAC	Mandingalbay Yidinji Aboriginal Corporation	Rd	Road
NABERS	National Australian Built Environment Rating System	RILS	Regional Indigenous Land Strategies
NAIDOC	National Aborigines' and Islanders' Day Observance Committee (annual celebrations over one week in early July named after committee)	RJP	Real Jobs Program (NT)
NAILSMA	North Australian Indigenous Land and Sea Management Alliance	s.	section (of an Act)
NCIE	National Centre of Indigenous Excellence Ltd (ILC subsidiary)	SA	South Australia
NILS	National Indigenous Land Strategy	SE	Senior Executive (staff)
NITA	National Indigenous Training Academy (Ayers Rock Resort, NT)	SFM	savanna fire management
NRM	Natural Resource Management	St	Street
NSW	New South Wales	Tas.	Tasmania
NT	Northern Territory	TATU	Talking About Tobacco Use program
NTCA	Northern Territory Cattlemen's Association	TSRA	Torres Strait Regional Authority
NWIPP	North West Indigenous Pastoral Project (SA)	UN	United Nations
		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)

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