



Australian Government Indigenous Land and Sea Corporation







ANNUAL REPORT



INDIGENOUS LAND AND SEA CORPORATION





PEOPLE. COUNTRY. OPPORTUNITY.





PEOPLE, COUNTRY, OPPORTUNITY.

ILSC SEPTEMBER 2019
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The ILSC's Annual Reports are available electronically on the Publications page of the ILSC's website.

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

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Front cover: Pipi harvesting on Ngarrindjeri country, Coorong SA Image supplied by Kuti Co.





Inside cover: Tiwi Islands, NT



11 September 2019

The Hon Ken Wyatt AM, MP Minister for Indigenous Australians Parliament House Canberra ACT 2600

Dear Minister Wyatt

On behalf of the Board of the Indigenous Land and Sea Corporation I am pleased to present our Annual Report for the financial year ended 30 June 2019.

The Board is responsible for the preparation of the Annual Report and presenting it to you in accordance with a resolution of Directors dated 11 September 2019 in accordance with section 46 of the Public Governance, Performance and Accountability Act 2013 (PGPA Act).

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

I am satisfied that the ILSC 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 ILSC's needs and comply with section 10 of the PGPA Rule 2014.

I commend this report to you as a record of our achievements and compliance.

Yours sincerely

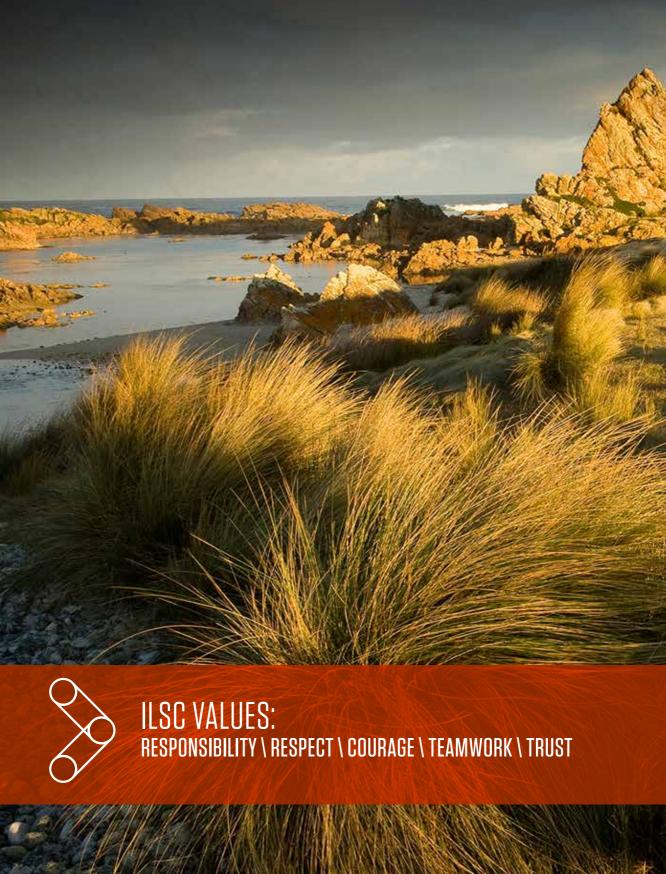
Edward Fry Chairperson

Edward Fry

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CHAIRPERSON'S FOREWORD

The 2018-19 financial year has been a significant one for the ILSC Group. Legislation passed Parliament to give effect to two major reforms long sought by the ILSC: to secure our main source of income and to extend our activities to salt and fresh water. These changes were the result of the work of the Land Account Expert Advisory Panel, whose advice was accepted by both the ILSC and the Government, and of the significant support of Indigenous Australians for these important reforms.

Our main funding source is now the Aboriginal and Torres Strait Islander Land and Sea Future Fund. The new Future Fund has a broadened investment mandate and is managed by the Future Fund Board of Guardians. The same legislation changes also gave us our new name, the Indigenous Land and Sea Corporation, and has allowed us to invest in the acquisition and divestment of water-based interests and activities for the first time.

We have prepared our inaugural ILSC National Indigenous Land and Sea Strategy (NILSS), our key policy document. The NILSS 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 and waters as well as intangible assets such as culture held collectively by Aboriginal and Torres Strait Islander people. In addition we will publish our Regional Indigenous Land and Sea Strategies (RILSS) for the four regions: South-West, Northern, Desert and South-East Australia

As outlined in our corporate documents, the ILSC will continue to work towards its vision of becoming the trusted partner in developing the Indigenous Estate by:

- Acquiring and divesting land and water interests to Indigenous Corporations;
- Supporting Indigenous Corporations to preserve and protect culture through reconnection with your country;
- > Building capacity and capability of Indigenous Corporations to sustainably manage, preserve and protect your country;
- Partner with Indigenous Corporations to drive and influence opportunities for your country

As this report shows, the ILSC has continued its strategic shift from owner/operator of properties to a partnership model with Indigenous owners in joint ventures and other structures of collaboration. This will continue, along with the growth mindset that has driven ILSC acquisition activities throughout 2018-19.

I am proud to present this report, setting out the ILSC Group's achievements against our core Deliverables of acquisition and divestments of land (and water-related interests). For the first time in some 8 years, the ILSC has exceeded both its acquisition and divestment targets.

The ILSC will pursue an aggressive divestment target in the forward years 2019-2022 and maintain this as a key performance outcome of the ILSC.

Our commitment to modernise and to secure the ILSC's functions for future generations remains front and centre. The ILSC Board believes the current Indigenous outlook lends itself to a longer-term vision. While the ILSC will continue with its prescribed strategic planning cycles, it believes the foundations for these must lie in a strategic vision over a 10 to 20 year horizon with a customer focus platform. This vision will position the Indigenous Estate as a source of prosperity for Indigenous Australians and an influential contributor to the social and economic future of this nation.

Our achievements are documented throughout this report and demonstrate the commitment of the ILSC Board's transformation agenda to becoming and being a customer focused ILSC Group.

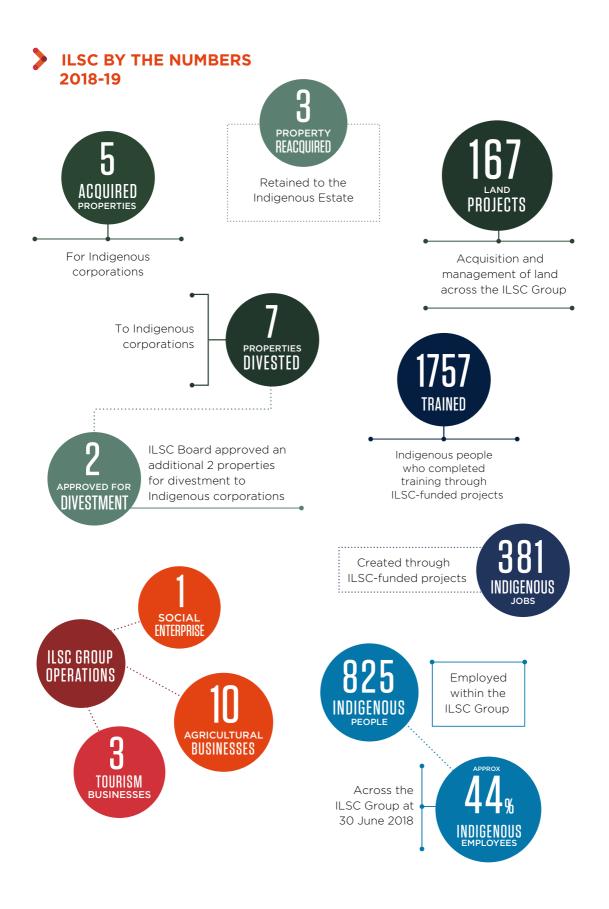
I would like to express my thanks to ILSC Group CEO. Mr John Maher, and all ILSC Group staff for their dedicated efforts in pursuing the Board's priorities and creating these initial steps towards being an organisation of growing relevance for our clients.

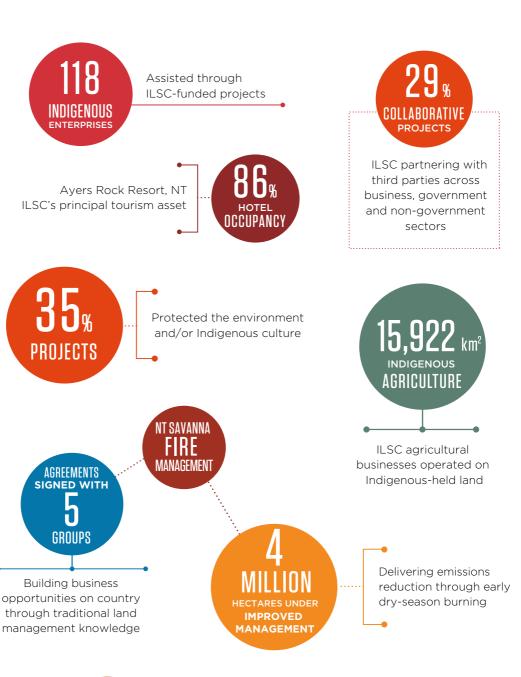
Finally, I thank my fellow Directors for their informed considerations and strategic leadership during the past year, to realise the potential of the ILSC in the forward years.

Edward Fry

Edward Fry

ILSC Chairperson September 2019







of goods and services

Participated in activities at the National Centre of Indigenous Excellence

ILSC STRATEGIC FRAMEWORK

LEGISLATED PURPOSES

ABORIGINAL AND TORRES STRAIT ISLANDER ACT

- (a) to assist Aboriginal persons and Torres Strait Islanders to acquire land and water related rights; and
- (b) to assist Aboriginal persons and Torres Strait Islanders to manage indigenous held land and indigenous waters;

so as to provide economic, environmental, social or cultural benefits for Aboriginal persons and Torres Strait Islanders.

WHAT THE ILSC **GROUP DOES**

- > We acquire and divest land and water-related rights to Indigenous people.
- > We support Indigenous people to preserve and protect culture through reconnection with country.
- > We build the capacity and capability of Indigenous people to sustainably manage and protect country.
- We partner with Indigenous people to drive and influence opportunities for their country.

LEGISLATED PERFORMANCE STANDARDS

PGPA ACT

Guides the ILSC's governance, accountability, planning and reporting

PBS STRATEGIC DIRECTION STATEMENT (FOR EACH FINANCIAL YEAR)

Assist Aboriginal and Torres Strait Islander people to realise economic, social, cultural and environmental benefits that the ownership and management of land and fresh water and salt water rights can bring

FOR 2019-20, PRIORITISING OPERATIONALISATION OF EXPANDED REMIT:

- > Consulting on NILSS/RILSS
- Refresh and realign Our Land Our Future Program
- Realignment of Performance Framework

STATUTORY STRATEGIC PLANS

NILSS AND RILSS (ATSI ACT)

Sets out the ILSC's strategies for achieving its Purposes across a three-five year timeframe

CORPORATE PLAN (PGPA ACT)

Sets out the ILSC's strategies for achieving its Purposes and how success will be measured annually

ILSC VISION

VISION

Aboriginal and Torres Strait Islander people enjoy the opportunities and benefits that the return of country, and its management brings.

ILSC LONG-TERM OUTCOMES (WHAT THE ILSC IS HOPING TO ACHIEVE)

INDIGENOUS PEOPLE ARE:

- > Maintaining and/or growing the value and/or productivity of country
- Sustainably owning and managing country
- Driving and influencing policy and opportunity for country
- Strengthening culture through reconnection to country

ILSC STRATEGIC PILLARS

Increasing our return against the ILSC's Purposes

Increasing our investment in the ILSC's Purposes

Focusing on our clients and sector relationships

Continuous improvement and alignment

ENABLED BY

- > Social and human capital: staff, stakeholders, partnerships, relationships, knowledge, expertise
- > ATSILSFF: independent, sustainable, compensatory funding stream





INDIGENOUS LAND AND SEA CORPORATION OVERVIEW

The Indigenous Land and Sea Corporation (ILSC) is a corporate Commonwealth entity under the *Public Governance, Performance and Accountability Act 2013* (PGPA Act). It is established by the *Aboriginal and Torres Strait Islander Act 2005* (ATSI Act).

The ILSC commenced, as the Indigenous Land Corporation (ILC), on 1 June 1995. Legislation establishing the ILC and an associated fund to support its operations was a component of the national settlement after the Mabo judgment (1992) recognised common law native title rights to land. The other legislated part of this settlement was the *Native Title Act* 1993.

Three pieces of legislation relating to the IL(S)C were passed by both houses of Parliament in late 2018 and came into effect on 1 February 2019:

- > Aboriginal and Torres Strait Islander Land and Sea Future Fund Act 2018, creating the Aboriginal and Torres Strait Islander Land and Sea Future Fund (ATSILSFF) to replace the Aboriginal and Torres Strait Islander Land Account (Land Account). The ATSILSFF is managed by the Future Fund and has a broader investment mandate than the former Land Account
- Aboriginal and Torres Strait Islander Amendment (Indigenous Land Corporation) Act 2018, extending the corporation's remit to include water-based interests (salt and fresh) and changing its name to reflect these expanded responsibilities
- Aboriginal and Torres Strait Islander Land and Sea Future Fund (Consequential Amendments) Act 2018, making minor changes in a number of other Acts to enable the above.

The ILSC's purpose, as defined in section 191B of the amended ATSI Act. is:

- a) to assist Aboriginal persons and Torres Strait Islanders to acquire land and water-related rights; and
- to assist Aboriginal persons and Torres Strait Islanders to manage indigenous-held land and indigenous waters;

so as to provide economic, environmental, social or cultural benefits for Aboriginal persons and Torres Strait Islanders.

The ILSC had one outcome in the Budget Statement 2018-19 (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.

In 2018–19 the ILSC's operations continued to be funded by revenue from the Land Account, pending full operation of the ATSILSFF; \$53.3 million was received from this source in 2018–19, representing the legislated annual allocation of \$45 million in 2010 values.

> EXPANSION TO WATER-BASED ACTIVITIES

The Aboriginal and Torres Strait Islander Amendment (Indigenous Land Corporation) Act 2018 extended the corporation's sphere of operations to include salt and fresh water. The ILSC's functions in 'water' are similar to its land-related functions and may include:

- > the acquisition of water-related rights and the return of these rights to Aboriginal or Torres Strait Islander corporations
- > the provision of assistance (grants or loan guarantees) to Aboriginal or Torres Strait Islander corporations to acquire waterrelated rights
- undertaking management activities in relation to 'Indigenous waters' (an expression defined in the Act) and water, or waters, in which the ILSC has water-related rights
- the provision of assistance (grants, loans or loan guarantees) to Aboriginal or Torres Strait Islander corporations to assist in management activities in relation to Indigenous waters.

These changes do not confer any additional rights on the ILSC; the same functions, powers and limits apply to water as had previously applied to land.

'Water-related rights' relate to both salt and fresh water country and include:

- any licence, concession, permit, access entitlement or allocation in relation to water that may be obtained under watermanagement legislation in the States and Territories
- > the right to take resources from waters:
 - fishing licences or permits (whether for a commercial purpose or otherwise)
 - aquaculture rights
 - marine licences or certificates
 - tourism-related permits.

This expanded remit came into effect on 1 February 2019. As such, this report sets out the ILSC's achievements against its outcome and purpose resulting from its acquisition and management functions as they relate to both land and water. Operationalising this expanded remit continues as a priority for the 2019-20 year.



ACHIEVING THE ILSC'S **PURPOSE**

In 2018-19 the ILSC achieved its purpose through:

- its principal land acquisition and land management program, Our Land Our Future
- the administration of a range of land management programs, consistent with the ILSC's purpose, funded by government and corporate partners
- the operation of three wholly-owned subsidiary companies.

Our Land Our Future

The Our Land Our Future Program encompasses both acquisition and management, enabling Indigenous groups to bring forward project ideas at any time and to work up these projects collaboratively with the ILSC, benefiting from the ILSC'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 (namely value for money, sustainability and expected Indigenous benefits), relative to other projects in assessment, and in the context of resources available in the ILSC.

The program has been progressively reviewed and reformed in recent years, and a further revision is under way to take account of the ILSC's expanded responsibilities and to continue to improve client experience and program effectiveness. In recent financial years (2015–18) the ILSC has allocated around \$10 million a year to Our Land Our Future. In June 2018 the ILSC Board agreed to double this allocation for the 2018-19 year. This expansion marks an important shift in emphasis for the ILSC, from providing Indigenous benefits through the operation of subsidiary companies to partnering with and supporting Indigenous groups, and offering a greater and more flexible range of investment products.

ILSC Agribusiness Investment

This reporting year, the ILSC opened its new Agribusiness Investment Program to provide flexible and customised support and 'patient capital' to drive the development of new

and/or to assist the growth of Indigenous agribusinesses. The program responds to Indigenous Australians' expectations that the ILSC support their commercial aspirations for agribusiness as well as an increased appetite from the private sector to partner with Indigenous groups. With a program model and mechanism well harmonised to the developing *'Our Land Our Future'* program, the Agribusiness Investment Program offers a tailored range of investment packages such as equity investments, partnership arrangements and joint ventures as well as loans and repayable grants. The ILSC expects to expand take-up of this program over coming years.

ILSC subsidiaries

With the ILSC, the corporation's three whollyowned subsidiaries form the ILSC Group, ILSC 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 only perform the functions of the ILSC itself, in all cases the management of land (or in the future water interests) owned by the ILSC Group or leased from Indigenous owners:

- Voyages Indigenous Tourism Australia (Voyages) Pty Ltd owns and manages Ayers Rock Resort, NT, on behalf of the ILSC, and manages two other tourism enterprises developed by the ILSC
- National Centre of Indigenous Excellence (NCIE) Ltd manages the ILSC-developed social enterprise of the same name in Redfern, Sydney, NSW
- Australian Indigenous Agribusiness Company (AIA) Pty Ltd employs labour on ILSC-operated agribusinesses; 10 businesses operated at 30 June 2019, mainly in the northern Australian beef industry.

Throughout the reporting period, the reintegration of the management of AIA has continued, pursuant to a Board decision in August 2017 and the adoption of Agribusiness Sector Investment and Operating Principles approved in April 2018. Further detail on the performance of the ILSC Agribusiness portfolio is provided in Part 2, ILSC Annual Performance Statement.

Separate reports for each subsidiary are provided in Part 3 of this report, and information on subsidiary governance is in Part 4.

> FUNDED LAND MANAGEMENT ACTIVITIES

Real Jobs Program, NT

Since 2007, the ILSC has received funding from the Federal Budget to manage the Real Jobs Program in the Northern Territory. This provides work-based training and employment for unemployed Indigenous people, to build their capacity and assist their transition into jobs in the land management, tourism and agribusiness sectors

Savanna Fire Management, NT

The Savanna Fire Management (SFM) program is resourced by INPEX Operations Australia on behalf of Ichthys LNG joint venture partners.

The program provides around \$2 million annually for 18 years, funding coordination, training, start-up and early operational costs for new projects on Aboriginal Lands in the NT's Top End. This reduces barriers to participation, enabling Aboriginal groups, often with few alternative business development and employment options, to commence a carbon business. The SFM Program represents an innovative collaboration between INPEX and the ILSC to utilise the funds of INPEX and the capabilities of the ILSC in Indigenous project development.

Murray-Darling Basin Aboriginal Water Entitlement Program, Regional

The ILSC is also in negotiation with the Australian Government and other interests (including Indigenous peak groups) on the corporation's management of a Murray–Darling Basin Aboriginal Water Entitlement Program, announced by the then Minister for Agriculture and Water Resources in 2018. The aim of the program is to 'support Indigenous Basin communities by investing in cultural and economic water entitlements and associated planning activities'.

Reef Trust project, QLD

In 2017, the ILSC commenced a gully remediation project on ILSC's Crocodile-Welcome Stations. The project was awarded \$2 million by the Australian Government Reef Trust, and co-funded through the ILSC's *Our Land Our Future* and Agribusiness programs. The project is actively working on erosion prone gully sites where

soils can erode into the Normanby catchment, harming the Great Barrier Reef. Recent activities include gully shaping and stabilisation, exclusion of cattle from riparian areas, and monitoring of sites that will be addressed in future years. During 2018-19, the project employed eight local Indigenous crew members to undertake onground activities. Over this five-year project local Indigenous people are building their skills in land management including the operation of earth moving equipment.

North West Indigenous Pastoral Program, SA

The ILSC delivers the North West Indigenous Pastoral Program partnership with six Indigenous-owned pastoral stations and Primary Industries and Regions SA in the far north west of South Australia. Over three years the program will support Indigenous landholders to improve productivity of pastoral land and will see over 30 people employed in the livestock industry before transitioning to work in the agricultural, mining or civil construction industries in the region.

PLANNING AND STRATEGIES

The ATSI Act as recently amended requires the development of a National Indigenous Land and Sea Strategy (NILSS), an extension of the former statutory National Indigenous Land Strategy (NILS), the last iteration of which was published in February 2018. Like the NILS the NILSS must cover a three-to-five year timeframe, incorporating the ILSC's new waterbased responsibilities. The strategy is tabled in Parliament and the ILSC must have regard to it in performing its functions (s191N, ATSI Act). Underpinning the NILSS is a series of Regional Indigenous Land and Sea Strategies (RILSS) (\$191P). The first editions of these strategies, based on consultations undertaken in the first half of 2019, will be published in or before October 2019, following the tabling of the NILSS in the Parliament. The RILSS divide Australia into four regions: Northern Australia, Desert Australia, South-West Australia and South-East Australia.

The ILSC is also required to publish an annual Corporate Plan under the PGPA Act, also available online, providing more detail on implementing the general directions contained in the NIL(S)S. The documents can be read at

www.ilsc.gov.au



AUSTRALIAN GOVERNMENT PRIORITIES

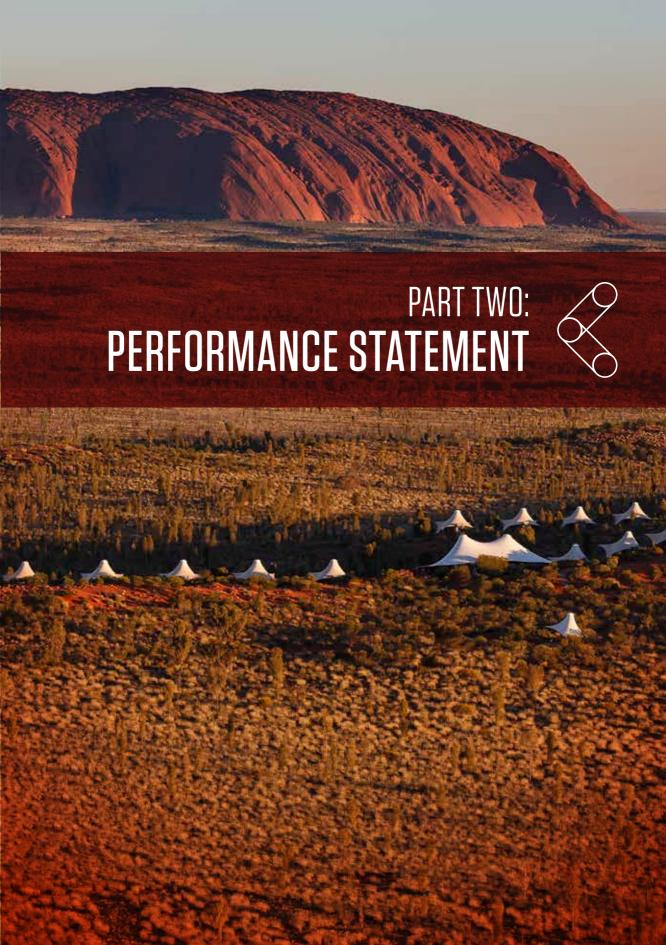
The ILSC has committed to perform its functions to support Australian Government priorities in Indigenous Affairs (to the extent allowed by its legislation) including Closing the Gap between Indigenous and other Australians. Through its acquisition and management activities, the ILSC complements the Indigenous Advancement Strategy, managed in 2018–19 by the Department of the Prime Minister and Cabinet and from 2019–20 by the National Indigenous Affairs Agency. The ILSC prioritises Indigenous employment and the procurement of Indigenous goods and services, supported by set targets.

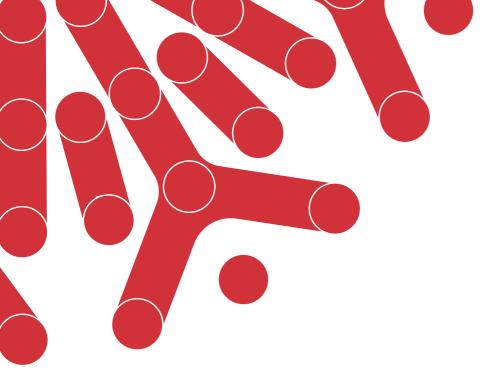
Collectively ILSC projects provide training and jobs for Indigenous Australians, support land-based businesses, assist Indigenous people to achieve economic and social benefits from management of their land and native title rights,

and help Indigenous people to care for land with significant cultural or environmental values. ILSC projects also build Indigenous capacity to benefit from the ownership and management of land and waters.

The ILSC's management function relates to all Indigenous-held land and waters, however these interests were acquired. It is estimated that Indigenous groups may hold interests over more than 60 per cent of the continent's land; various water-related interests have also been recognised. The rights flowing from these interests vary considerably.

The ILSC Board sees the Indigenous Estate, if managed more intensively and strategically, as an important avenue for addressing disadvantage, a source of economic and cultural renewal, and a base for Indigenous influence in national development. It is recognised, however, that these outcomes will have to be built collaboratively and over time.





I, Edward Fry, as Chairperson of the Board of the Indigenous Land and Sea Corporation (ILSC) (the Accountable Authority) present the 2018-19 Annual Performance Statement for the ILSC 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 2019

Edward Fry

> ILSC GROUP PERFORMANCE IN 2018-19

The Portfolio Budget Statements (PBS) 2018–19 and Corporate Plan 2018–19 committed the ILSC Group to achieving targets against three Deliverables and six Key Performance Indicators (KPIs) which collectively contribute to the ILSC's primary outcome of enhanced socio-economic development, maintenance of cultural identity and protection of the environment by Indigenous Australians through the acquisition and management of land, water and water-related interests.

As outlined in the Overview section, the ILSC's primary outcome has been revised this year to reflect the amendments to the ATSI Act that became effective 1 February 2019. Given the short time period available for operationalising the ILSC's expanded remit, its influence on this year's performance report is limited. However, the ILSC's core strategic focus for the 2019-20 period will be on realigning its strategic framework, performance framework and operations to reflect this expanded remit. Anticipated changes to language have been foreshadowed where possible throughout this document, and are reflected in adjusted wording for Deliverables and KPIs in the Portfolio Budget Statements for 2019-20. See page 22 for more information on the Performance Framework review.

The current suite of Deliverables and KPIs were originally selected to showcase the ILSC's activities towards meeting its legislated mandate. Since last financial year, some minor definitional adjustments have been made to some of these measures, the implications of which will be identified in the following sections.

Deliverables 1 and 2 report achievements towards the ILSC's core land acquisition and divestment function, while Deliverable 3 identifies the overall level of activity across both the land acquisition and management functions, and is used as the basis for determining projects in scope for reporting against KPIs 1b, 2b, 3, 4 and 5.

KPIs 1, 2 and 3 measure the ILSC's contribution to economic outcomes on the Indigenous Estate and reflect the ILSC Board's and the Australian Government's commitment to economic empowerment and independence.

KPI 4 reflects the contribution of the ILSC Group towards its core purpose of maintenance, protection and enhancement of cultural and environmental values of Indigenous-held land.

KPI 5 identifies the overall proportion of projects that actively collaborate with other agencies and organisations; this is a key underpinning element in building knowledge sharing networks and improving capability.

KPI 6 is a qualitative measure that refers to the Indigenous Estate, a concept promoted by the ILSC Board. The Indigenous Estate encompasses both tangible and intangible assets and attributes relating to Aboriginal and Torres Strait Islander people. It includes interests in land, waters and economic development, and also complex human capital elements, including people, society, knowledge and intellectual property flowing from Indigenous Australians' unique culture. KPI 6 identifies activities of the ILSC Group that have contributed towards maintaining, protecting and/or enhancing the Indigenous Estate.



> ILSC PERFORMANCE FRAMEWORK REVIEW

The ILSC has been reviewing its existing performance framework during 2018-19 in recognition that it no longer fully aligns with delivery, and does not adequately articulate the short, medium and long-term outcomes expected from its activities.

An initial high-level Program Logic has recently been developed and endorsed by the ILSC Board; see overleaf. It articulates the medium to long-term outcomes that are expected to accrue to Indigenous people over time as a result of involvement in ILSC activities. Additional work on articulating short to intermediate outcomes will commence soon.

This draft ILSC Program Logic will be the basis of a revised performance framework, and will be integral for informing the selection of a new suite of measures that are fully aligned to ILSC Group activities and that can be used to better illustrate outcomes across the ILSC Group.

The alignment of the ILSC's current suite of Deliverables and KPIs to the Program Logic has been illustrated on the following page. This is intended to communicate the transition. from activity measurement to outcomes measurement, and serves to highlight the contrast between the two approaches. The case studies provided in Part 3 provide further illustration of alignment with the outcomes identified in the draft Program Logic, and the different pathways that proponents may take to reach them. The alignment with both the current suite of deliverables and KPIs and Program Logic outcomes has been clearly identified for each case study, providing additional insight into the transition between the two reporting approaches.

Although still a work in progress, the draft Program Logic reflects the ILSC Board's commitment to a client-centric model, measured through an outcomes-focused planning, reporting and evaluation framework.



ILSC PROGRAM LOGIC



What the ILSC is contributing towards



The physical condition and resilience of the Indigenous Estate is improved

Enduring Indigenous prosperity and wellbeing from the Indigenous Estate A strong and influential Indigenous Estate recognised for its value to Indigenous wellbeing and the nation's prosperity

VISION

What the ILSC is ultimately seeking to achieve



Indigenous people enjoy the rightful entitlements, opportunities and benefits that the return of country and its management brings

MEDIUM TO LONG-TERM OUTCOMES

Outcomes expected from ILSC activities



Indigenous people are growing the value and productivity of country Indigenous people are sustainably owning and managing country Indigenous people are driving and influencing policy and opportunity for country Indigenous people are preserving and protecting culture through reconnection with country

ILSC PBS MEASURES Deliverable 1, 2; KPI 1b, 3 Deliverable 1, 2; KPI 4

KPI 6

KPI 4

ACTIVITIES EXTERNAL OUTPUTS

Key services provided by the ILSC

Invest in projects

Funding associated with acquiring, divesting, managing and/or developing land/water interests, and/or foundation projects (e.g. infrastructure, plant and equipment, feasibility assessments, planning)

Provide advice and capability support

Support Indigenous landholders with access to information, training, knowledge and systems to support sustainable land management and benefits.

Connect Indigenous landowners

With markets, opportunities, partnerships (facilitate, advocate, negotiate)

ILSC PBS MEASURES

Deliverable 3

KPI 2b

KPI 5

ACTIVITIES INTERNAL OUTPUTS

Internal capability improvement strategies



Strategies and tactics that maximise return on mandate; improve client and sector relationships; and improve business alignment with the Board's strategic intent

FOUNDATIONAL OUTCOMES

Resources the ILSC already has to deliver its services



Sustainable, compensatory funding stream ATSI Act (mandate) and PGPA Act (governance and performance) ILSC organisation resources - premises, equipment, staff, support systems, expertise Social and human capital – staff, stakeholders, partnerships, relationships To report performance against these Deliverables and KPIs, information is collated on all active projects related to the acquisition and/or management of land and (from 1 February 2019) water-related rights and interests, as well as relevant internal achievements generated across the ILSC Group during 2018–19. Where data is collected from external sources, every effort is made to verify the data; however, exactness cannot be guaranteed.

The ILSC draws on the following sources of information:

- Corporate databases (HR and training data from the ILSC Group)
- Data supplied by ILSC subsidiaries (data on benefits achieved by subsidiary activities)
- Progress reports provided by recipients of ILSC assistance (data on benefits achieved by funding recipients) and entered into a contract management database.

As seen in Table 1 and 2 below, during 2018–19, the ILSC exceeded its expected performance for all three Deliverables, KPI 1a, KPI 2a, KPI 2b and KPI 3 while KPI 1b, KPI 4 and KPI 5 had a shortfall.

Table 1 - ILSC Deliverables, 2018-19

	DeliverableS	2018-19 budget	2018-19 actual
Deliverable 1:	Properties¹ acquired	4	5
Deliverable 2:	Properties¹ granted	6	7
Deliverable 3:	Number of active ² land acquisition and land management projects	105	167

¹ Where a 'property' may also include a water-based interest

- with the property acquisition date within three years
- with a property that has been granted during the financial year
- with a property that has an expected grant date within 12 months of the financial year.

Table 2 - ILSC Key Performance Indicators, 2018-19

KPI's	2018-19 budget	2018-19 actual
KPI 1: Indigenous employment a) Number of Indigenous staff employed directly across the ILSC Group b) Number of Indigenous employment outcomes enabled by land	525	825
acquisition and land management projects active in financial year	525	381
KPI 2: Indigenous training c) Total number of Indigenous trainees hosted/employed across the ILSC	120	25.4
Group	120	254
 d) Number of Indigenous training completions enabled² by land acquisition and land management projects active in financial year 	1050	1757
KPI 3: Indigenous business development		
Number of Indigenous enterprises assisted by ILSC Group projects	63	118
KPI 4: Protection of Indigenous culture, heritage and the environment Proportion of active ILSC Group projects that maintained or protected Indigenous culture, heritage and/or the environment	50%	35%
KPI 5: Collaboration Proportion of active ILSC Group projects that involved contributions from third parties (beyond immediate beneficiary group)	60%	29%
KPI 6: ILSC Group contribution to the Indigenous Estate		Qualitative measure

¹ Direct - the ILSC directly engages (employment) or hosts (training) Indigenous people

More specific information is provided on the ILSC's performance against each deliverable and KPI in the following sections.

² Active is defined as:

> Land management projects that have been in implementation during the financial year

> Land acquisition projects:

 $^{^2}$ **Enabled** - training and employment opportunities that are created through proponent delivered projects, funded by the ILSC.

DELIVERABLE 1. LAND ACQUISITION¹

Table 3

Deliverable 1: Properties acquired				
Target	Achieved	Next year's target		
4	5	5		

As seen in Table 3, the ILSC achieved five acquisitions in 2018-19, against a target of four. One of these - the Ngarrindjeri Pipi Enterprise Investment Project - is the first acquisition of a water-related interest by the ILSC, achieved immediately following enactment of legislative changes extending the ILSC's remit into water.

See Table 4, and the paragraphs below for more information on all acquisitions made during 2018-19.

Table 4 - Acquisitions 2018-19

Property	Location	Size (ha)	Date acquired	Title-holding body
ATSILS North Quay	Brisbane, Qld	0.011	10.10.2018	Aboriginal and Torres Strait Islander Legal Service (Qld) Ltd
103-107 Hare Street	Echuca, Vic	0.025	15.03.2019	Njernda AC*
18-26 Victoria Street	Grafton, NSW	0.022	20.03.2019	Gurehlgam Corporation LTD
Ngarrindjeri Pipi Enterprise Investment Project	Goolwa, SA	730,700	31.03.2019	Kuti Co. Pty Ltd
Gracevale Station	Dunrobin, Qld	8,869	29.04.2019	Yambangku Aboriginal Cultural Heritage and Tourism Development Aboriginal Corporation

- The ILSC acquired and granted a building in Grafton, NSW to the Gurehlgam Corporation from which to run an Indigenous Community Centre and Service Hub, providing a culturally appropriate space to organisations and individuals, and hosting a range of support services including medical, legal, education and training.
- > The ILSC acquired and granted one floor in a building in Brisbane on behalf of the Aboriginal and Torres Strait Islander Legal Service (Qld), for the purpose of expanding its provision of legal aid services for Aboriginal and Torres Strait Islander people and their families in Queensland.
- A commercial building in Echuca, Vic was acquired and granted to the Njernda Aboriginal Corporation to relocate their expanding family services and community engagement teams to a single site, and enable them to relocate their corporate services team to make more space in their medical facilities.

- Scracevale Station in Dunrobin, Qld was acquired and leased to Yambangku Aboriginal Cultural Heritage and Tourism Development Aboriginal Corporation to own and operate an economically and environmentally sustainable beef cattle grazing enterprise, and to secure, protect, preserve and enable continuous cultural access to significant cultural sites.
- > The ILSC assisted Kuti Co. Pty Ltd to acquire interests in a commercial Pipi quota in the Coorong and Lower Lakes commercial fishery, along with the acquisition of a 25 per cent equity interest in Goolwa Pipi Co Pty Ltd. This will generate increased revenue and employment, as well as enabling revitalisation of cultural practices associated with Pipi harvesting and greater involvement in the sustainable management of the fishery.

From 2019-20, Deliverable 1 will be 'Interests in land and water/waters acquired' due to changes in legislation

Under the current Board, the balance between the ILSC's support for land acquisition and land management functions has been repositioned. This in part reflects the improved financial position of the ILSC, allowing for greater overall investment in client-led projects and a deeper level of individual projects as required by acquisition.

Previously, the ILSC focus was on ensuring that the management needs of existing landholdings were met, and that acquisition decisions were made with consideration of the immediate capacity of the land and of future land-holding bodies. The current Board has actively sought to rebalance these two functions over the past three years, pursuing more strategic acquisitions in partnership with Indigenous groups and with a commitment to add value to, and maximise use of, the Indigenous Estate into the medium and longer term.

With the addition of the acquisition and management of water-related interests to the ILSC's functions, our terminology and approach is changing. Instead of 'land acquisition' and 'land management', our focus will be on acquisition and management of country, where country does not end at the water line.

Our renewed emphasis over the last three years, coupled with internal process improvements, has led to us exceeding the target for Deliverable 1 in 2018-19. With a new, extended focus on country, the ILSC aims to build on these successes in the years to come.



DELIVERABLE 2. PROPERTIES GRANTED²

Table 5

Deliverable 2: Properties divested				
Target	Achieved	Next year's target		
6	7	8		

The ILSC has a statutory obligation to grant (divest) the land and/or water interests it acquires to Indigenous corporations. Divestment assists Indigenous communities to derive 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. The target of six for Deliverable 2 has been exceeded this year, with an achievement of seven, three of which were

simultaneously acquired and granted. This is a significant accomplishment given that property divestments are highly complex and governed by many factors outside the ILSC's control, including legal processes (e.g. State and Territory land transfer approvals and/or native title claims and determinations), property viability, and the variable readiness of applicants.

Table 6 provides more information on properties divested.

Table 6: Properties divested or entering Indigenous ownership as a result of ILSC funding, 2018-19

Property	Location	Size (ha)	Date granted	Title-holding body
Peachtree Centre	Grafton, NSW	0.098	6.08.2018	Nambucca Heads LALC#
233 Abercrombie Street	Chippendale, NSW	0.025	15.08.2018	Mudgin-Gal AC*
ATSILS North Quay	Brisbane, Qld	0.011	10.10.2018	Aboriginal and Torres Strait Islander Legal Service (Qld) Ltd
Myroodah-Luluigui	Derby, WA	402,769	20.01.2019	Walalakoo Land Holding AC*
Trelawney Station	Somerton, NSW	751.30	28.02.2019	Tamworth LALC#
103-107 Hare Street	Echuca, Vic	0.025	16.03.2019	Njernda AC*
18-26 Victoria Street	Grafton, NSW	0.022	21.03.2019	Gurehlgam Corporation Ltd
*AC = Aboriginal Corporation #LALC = Local Aboriginal Land Council (NSW)				

² From 2019-20, Deliverable 2 will be 'Interests in land and water/waters divested' due to changes in legislation

The ILSC maintains an actively monitored divestment schedule that anticipates eventual divestment of all ILSC-held properties. The ILSC's preference is to divest properties acquired as soon as possible; however, the ILSC recognises that landholding can be complex and prospective titleholders may require additional assistance in the initial stage to ensure success. Accordingly, a divestment plan is developed in partnership with the prospective landholder; potentially including a lease period to assist the corporation to build its skills and expertise in areas of property ownership.

Efforts during 2018-19 have reflected the ILSC's focus on reducing the time between acquisition and divesting while still maintaining high expectations of long term security and benefits in land ownership. There has also been concerted attention on a review and refocus of Divestment Plans for all ILSC-held properties.

Table 7 identifies properties that have been approved for divestment during 2018-19, but are currently awaiting transfer.

Table 7: Properties approved for divestment and awaiting transfer, 2018-19

Property	Location	Size (ha)	Board approval date	Prospective title-holding body	
88 Renwick Street	Redfern, NSW	0.018	9.10.2015	Aboriginal Dance Theatre Redfern	
Jinchilla Gardens	Dubbo, NSW	12.099	17.10.2018	Tubba Gah (Maing) Wiradjuri AC*	
*AC = Aboriginal Corporation					

The ILSC 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 immediately meet its operational costs or support sustainable activities. Where possible, the ILSC collaborates with prospective land-holding corporations to work up strategies for viability. Examples during 2018-19 included:

- Menera, Vic the lease has been extended to provide additional time to establish financial sustainability
- Renwick Street, Sydney, NSW divestment is now scheduled to proceed in 2019-20.

Reacquisition

The ILSC maintains a watching brief on the properties it has divested to Indigenous landholders, 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. If a group becomes insolvent and is subsequently liquidated, a property can be reacquired by the ILSC and may be divested to a different group in due course, assuming they are able to demonstrate suitability, good governance and a sound financial situation.

Three properties were reacquired by the ILSC during 2018-19:

- > Eurool reacquired following liquidation of the title-holding body.
- Mogila reacquired following liquidation of the title-holding body.
- Currawillinghi reacquired following liquidation of the title-holding body.

Other dealings in land

Related to its land acquisition and divest operations (Deliverables 1 and 2), the ILSC has continuing responsibilities for land that originate from Deed of Grant conditions, as well as interests in properties transferred to the ILSC from organisations such as the former Aboriginal and Torres Strait Islander Commission (ATSIC).

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

During 2018-19, the ILSC approved the following requests from Indigenous landholders.

Table 8

Group	State	Request
Narungga Nation Aboriginal Corporation for Land	SA	Approval to transfer ownership of two ILSC-acquired properties to Aboriginal Corporations
Centre for Appropriate Technology	NT	Approval of licence agreement to allow construction of satellite ground station

From time to time, the ILSC receives requests 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. During 2018-19, there were no property disposals or requests to mortgage ILSC divested properties.



DELIVERABLE 3. ACTIVE PROJECTS³

Table 9

Deliverable 3: Number of active land acquisition and land management projects				
Target	Achieved	Next year's target		
105	167	110		

In 2018-19 the ILSC Group significantly exceeded its target for Deliverable 3 with a total of 167 active projects, reflecting an increased commitment of funds to the ILSC's Core program *Our Land Our Future*, and the prioritisation of demand-driven, stakeholder-led projects rather than the operation of ILSC subsidiaries.

This uplift in project numbers has been achieved despite narrowing the definition of 'active' from previous years to improve reporting transparency and accuracy. The new 'active' projects definition includes projects that meet any one of the following criteria:

- Criteria 1: Project has been in the 'implementation' stage at any time during the financial year
- > **Criteria 2:** A property is within three years of the acquisition date
- > Criteria 3: A property has been divested during the financial year
- Criteria 4: A property has an expected divestment date within 12 months of the financial year.

Table 10 provides more detail on the types of projects that met one or more of these criteria. It identifies that there were 46 new *Our Land Our Future* projects approved, and 80 projects approved in previous years that continued this year. ILSC projects are typically in implementation over at least two financial years, often longer depending on their nature and complexity. Multi-year projects reflect the ILSC's active consideration and support to larger, higher impact projects that have capacity to generate multiple and longer-term Indigenous benefits.

At the end of June 2019, a further 56 potential projects were being assessed in the *Our Land Our Future* 'pipeline', with a value of just over \$42 million.

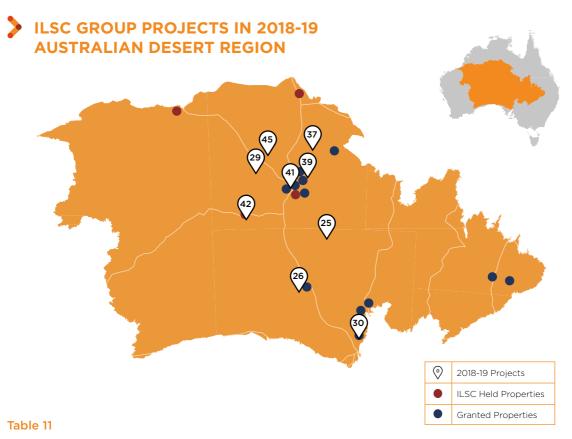
³ From 2019-20, Deliverable 3 will be 'Number of active acquisition and management projects' due to changes in legislation

Table 10: Total active projects for 2018-19

Туре	Number
New <i>Our Land Our Future</i> projects	46
Ongoing projects	80
ILSC-owned properties in active divestment (including seven completed during 2018-19)	19
Projects managed by Voyages	3
Projects managed by NCIE	1
Projects managed by ILSC Agribusiness	18
Total	167

The following pages set out the land acquisition and land management projects approved for funding in 2018-19, noting those projects with ILSC funding of \$100,000 or more, providing details of project collaboration, and highlighting new land acquisition projects.





Key	Project Name	Details
25	Witjira Cultural Tourism Feasibility Assessment STATE: SA	Description: Engage consultant to assess potential for low-impact cultural tourism at Dalhousie Springs Proponent: Irrwanyere AC
26	Mabel Creek Infrastructure Development STATE: SA	Description: Supply development funding to open up 1200 km² of land that had not been grazed for many years Proponent: AMY Nominees Pty Ltd
29	Indigenous Estate Mapping System - Stage 2 STATE: Australia-wide	Description: Build on success of pilot system; extend system to another Indigenous organisation Proponent: ILSC
30	Cotabena Cattle Urgent Health and Safety STATE: SA	Description: Urgent cattle feed to restore animals' condition prior to transport for destocking to mitigate land degradation Proponent: Cotabena Cattle
37	Utopia Region Arts Centre Planning STATE: NT	Description: Facilitate detailed consultation, business planning and concept designs for art centre to support artists across Utopia homelands region Proponent: Desart, Urapuntja AC
39	CLC Ranger Vehicles*\$ STATE: NT	Description: Replace existing vehicles and augment fleet used by Real Jobs Program-funded ranger groups delivering services to three communities Proponent: Central Land Council
41	NPY Women's Council Multi-purpose Facility STATE: NT	Description: Architectural concept plan, costing and business plan for proposed new facility to house expanding operations Proponent: Ngaanyatjarra Pitjantjatjara Yankunytjatjara Women's Council
42	Mutitjulu Community Garage Business Plan* STATE: NT	Description: Support business and feasibility plan for rebuilding community garage to develop community enterprise Proponent: Mutitjulu Community AC
45	Central Australia Urgent Health and Safety STATE: NT	Description: Urgent health and safety culling of animals in three Central Australian Aboriginal communities Proponent: Central Land Council
	\$ ILSC funding of \$100,000 or more; # Land Acquisition; *Funding released next financial year	

> ILSC GROUP PROJECTS IN 2018-19 SOUTH-WEST AUSTRALIA REGION





Table 12

Key	Project Name	Details
21	The Granites Cultural Heritage Project	Description: Support cultural heritage interpretation at the Granites site, a highly significant area for the Badimia people
	STATE: WA	Proponent: Badimia Land AC
		Partner: Shire of Mount Magnet, WA Department of Planning, Lands and Heritage
29	Indigenous Estate Map- ping System - Stage 2 ^{\$}	Description: Build on success of pilot system; extend system to another Indigenous organisation
	STATE: Australia-wide	Proponent: ILSC
\$ ILSC funding of \$100,000 or more; # Land Acquisition; *Funding released next financial year		

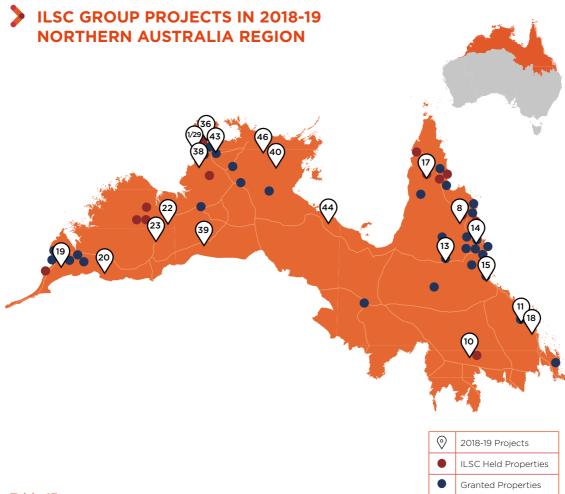


Table 13

Key	Project Name	Details
1	Northern Australian Aquaculture Industry Research	Description: Participate in project to identify challenges and opportunities facing the industry in northern Australia and develop an industry vision in consultation with Indigenous stakeholders
	STATE: NT, Qld, WA	Proponent: Cooperative Research Centre for Developing Northern Australia
		Partner: James Cook University, CSIRO, Sustainable Ecosystems, Australian Barramundi Farmers Association, Australian Prawn Farmers Association, Blueshift Consulting, Torres Strait Regional Authority
8	Reef Trust Phase IV - Laura Gullies Remediation ^{\$} STATE: Qld	Description: Remediate eroding gullies on ILSC-owned Crocodile and Welcome Stations, reducing sedimentation of the Great Barrier Reef World Heritage Area and engaging local Indigenous people to undertake on-ground works
		Proponent: Reef Trust/Department of the Environment and Energy
10	Gracevale Station Land Acquisition#\$	Description: Assist in purchase of station for commercial, cultural and environmental benefits
	STATE: Qld	Proponent: Yambangku Aboriginal Cultural Heritage and Tourism Development AC
		Partner: Queensland Department of Innovation, Tourism Industry Development and the Commonwealth Games; Preston Campbell Foundation
11	Urannah Cattle Infrastructure STATE: Qld	Description: Upgrade fencing, water infrastructure and property access to improve land management and stock carrying capacity on ILSC-divested property
		Proponent: Urannah Properties Association
13	Talaroo Tourism Infrastructure ^{\$}	Description: Build tourism infrastructure including new access road, picnic tables, shelters, signage, upgrade of utilities, fencing, etc. on ILSC-divested property
	STATE: Qld	Proponent: Ewamian AC (Mareeba)

Key	Project Name	Details
14	Gunggandji-Mandingalbay	Description: Develop master plan for native title and Aboriginal freehold areas
	Yidinji Peoples PBC	near Cairns
	Masterplan	Proponent: Gunggandji-Mandingalbay Yidinji Peoples Prescribed Body Corporate
	STATE: Qld	Description College within a least and develop a complete which a death in
15	Mungalla Planning STATE: Qld	Description: Collate existing plans and develop overarching strategy identifying new business and funding models
	STATE: QIQ	Proponent: Mungalla Indigenous Corporation for Business
17	Moompa-Awu AC	Description: Provide business development support for Traditional Owner
"	Business Development	corporation to facilitate process of leasing ILSC-owned Merepah Station to third-
	Support	party operator
	STATE: Qld	Proponent: Moompa-Awu AC
18	Western Kangoulu Limited	Description: Fund mentoring and training program to coordinate activities of
	STATE: Qld	Indigenous beef producers and create an Indigenous-branded product range
		Proponent: Western Kangoulu Ltd Most and Livesteek Australia Agforce Fitzrov
		Partner: Western Kangoulu Ltd, Meat and Livestock Australia, Agforce, Fitzroy Basin Association
19	Kimberley Savanna	Description: Support carbon initiative in establishing Kimberley Cultural Hub to provide
	Carbon Project ^{\$}	business expertise to PBCs and ranger teams.
	STATE: WA	Partner: Anonymous Donor
20	Ngurrara Country	Description: Engage consultant to develop business plan for Ngurrara native title
	Business Plan	determination areas
	STATE: WA	Proponent: Yanunijarra AC RNTBC Description: Install ablution block for visitors staying at Doon Doon Roadhouse
22	Doon Doon Campground Infrastructure ^s	camp ground to support cultural tourism operations
	STATE: WA	Proponent: Woolah AC
		Partner: Tourism Western Australia
23	Violet Valley Campground	Description: Develop the Violet Valley Aboriginal Community camp ground to
	Development ^{\$}	enable tourism activities
	STATE: WA	Proponent: Baulu-Wah AC
		Partner: WA Indigenous Tourism Operators Committee (WAITOC) Association
		Inc., Tourism Western Australia
29	Indigenous Estate Mapping System - Stage 2 ^{\$}	Description: Build on success of pilot system; extend system to another Indigenous organisation
	STATE: Australia-wide	Proponent: ILSC
36	Something Wild Magpie	Description: Provide zero interest loan to secure supply chain of Indigenous harvesters of
30	Goose Loan	birds which will be processed and supplied to market
	STATE: NT	Proponent: Something Wild Australia
38	Thamarrurr Rangers	Description: Develop series of Health Country Plans underpinned by a Cultural
	Planning	and Environmental Mapping System to assist land management in region
	STATE: NT	serviced by the Thamarrurr Rangers and Traditional Owners from the Wangka, Lirrga and Tjanpa ceremonial groups of the Daly River Port Keats Land Trust
		Proponent: Thamarrurr Development Corporation
39	CLC Ranger Vehicles*\$	Description: Replace existing vehicles and augment fleet used by Real Jobs
33	STATE: NT	Program-funded ranger groups delivering services to three communities
	· · · · ·	Proponent: Central Land Council
40	Warddeken Land	Description: Establish volatile substance facilities on Indigenous Protected Area to
	Management Ltd - Avgas	help prevent substance abuse and possible fuel contamination
	Fuel Facilities ^{\$}	Proponent: Warddeken Land Management Ltd
	STATE: NT	
43	Spectacular Jumping Crocodile Cruise Urgent	Description: Urgent health and safety upgrade of septic system at tourism facility
	Health and Safety	Proponent: Arirrki AC
	STATE: NT	
44	Seven Emu Station Urgent	Description: Urgent health and safety repair of cyclone-damaged infrastructure
44	Health and Safety*	Proponent: Francis Thomas Shadforth
	STATE: NT	,
46	Mimal Buffalo Harvest	Description: Engage consultant to analyse options for Traditional Owner
	Feasibility Study*	involvement in buffalo industry
	STATE: NT	Proponent: Mimal Land Management AC
	\$ ILCC funding of \$100	0,000 or more; # Land Acquisition; *Funding released next financial year

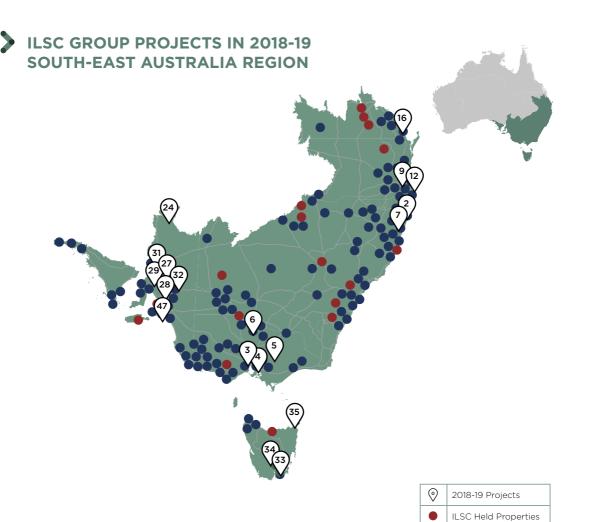


Table 14

Key	Project Name	Details
2	Bundjalung Tribal Society Property Management Planning STATE: NSW	Description: Develop property management plan for farm near Alstonville Proponent: Bundjalung Tribal Society
3	Wurundjeri Narrap Team Plant and Equipment STATE: Vic	Description: Purchase new land management equipment Proponent: Wurundjeri Land and Compensation Cultural Heritage Council AC
4	Djirra Koori Women's Place Upgrade* STATE: Vic	Description: Support renovation of ILSC-divested property to enhance delivery of women's program Proponent: Djirra (prev. Family Violence Prevention and Legal Service Victoria)
5	Galeena Beek Planning* STATE: Vic	Description: Engage consultant to explore options for appropriate and sustainable use of property gifted to proponents opposite Healesville Sanctuary Proponent: Wurundjeri Land and Compensation Cultural Heritage Council Aboriginal Corporation
6	103-107 Hare Street, Echuca, Vic, Land Acquisition#\$ STATE: Vic	Description: Support acquisition of commercial property to relocate expanding family services and community engagement teams to a single site, and relocate corporate services team to make more space for medical facilities. Proponent: Njernda AC

Granted Properties

Key	Project Name	Details
7	Victoria St, 18-26 Grafton,	Description: Purchase a commercial building to run an Indigenous service hub.
	Land Acquisition#\$	Proponent: Gurehlgam Corporation Ltd
	STATE: NSW	
9	ATSILS North Quay Land	Description: Acquire Level 6, 183 North Quay, Brisbane as base for legal service
	Acquisition#\$	delivery
	STATE: Qld	Proponent: Aboriginal and Torres Strait Islander Legal Service (Queensland)
12	QYAC Plant and	Description: Purchase land management equipment for activities across the
	Equipment Fleet ^{\$}	Quandamooka estate
	STATE: Qld	Proponent: Quandamooka Yoolooburrabee AC
16	Gidarjil Water Quality Monitoring Business Plan*	Description: Assist development of water quality monitoring and training business at Bundaberg port; fit out laboratory and purchase monitoring equipment
	STATE: Qld	Proponent: Gidarjil Development Corporation
24	Nipapanha Community	Description: Plant and equipment to carry out repairs and maintenance to water
24	Upgrades	infrastructure, 25 community houses, administration and workshop buildings, and
	STATE: SA	maintenance and expansion of the Nepabunna Cemetery.
		Proponent: Nipapanha Community Inc.
27	Nunga Produce	Description: Engage consultant to plan expansion of vegetable-growing business
	Horticulture Business	Proponent: The Trustee for Ronald Newchurch Trusty and the Trustee for the J
	Planning	Giangregorio Family Trust
	STATE: SA	
28	Barossa Valley Egg	Description: Fund shed for processing and storing eggs and garlic
	Infrastructure ^{\$}	Proponent: R.F Chatterton and K.D Van Diermen
	STATE: SA	Partner: Department of the Prime Minister and Cabinet, Indigenous Business
		Australia
29	Indigenous Estate Mapping	Description: Build on success of pilot system; extend system to another
	System - Stage 2 ^{\$}	Indigenous organisation
71	STATE: Australia-wide	Proponent: ILSC
31	Vokes Rd Expansion Planning	Description: Assist planning for horticulture business expansion, part of Northern Adelaide Indigenous Horticulture Growth Strategy
	STATE: SA	Proponent: A and S Catanzariti
32	APY Art Centre Collective	Description: Support establishment of arts centre and commercial gallery in
-	Adelaide Studio	Adelaide to provide income generation as well as social support for Anangu
	Establishment*	artists visiting the city
	STATE: SA	Proponent: APY Arts Centre Collective
33	Business Development	Description: Engage consultant to identify/implement business opportunities on
	Assessment ^{\$}	ILSC-divested land with focus on tourism
	STATE: Tas	Proponent: weetapoona Aboriginal Corporation
34	Rootstock Grower	Description: Support expansion of Tasmanian blueberry producer with shed,
	Infrastructure ^{\$}	fencing
	STATE: Tas	Proponent: A and S Mawhinney
		Partner: Department of the Prime Minister and Cabinet, Indigenous Business Australia
35	Lungtalanana Cat	Description: Purchase and train in use of cat eradication units on Clarke Island
33	Eradication	(lungtalanana) prior to reintroduction of native fauna
	STATE: Tas	Proponent: Tasmanian Aboriginal Centre
47	Ngarrindjeri Pipi Enterprise	Description: Acquisition of interests in a commercial Pipi guota in the Coorong and Lower
	Investment Project#\$	Lakes commercial fishery along with the acquisition of a 25 per cent equity interest in
	STATE: SA	Goolwa Pipi Co Pty Ltd
		i e e e e e e e e e e e e e e e e e e e

Focus Areas

As set out in the NILSS 2019-22, the ILSC Board continues to focus its support on the following key sectors of the economy that present opportunities for Indigenous landholders: conservation and healthy country, urban investment, agribusiness, tourism, and niche Indiaenous products.

This is an adjustment from the priority areas identified in recent years, as the ILSC improves its ability to recognise projects that are both viable and well-aligned with Indigenous aspirations. The sections below provide an overview of each of the priority areas, noting that many projects encompass multiple priority areas; for example, the Gracevale Station acquisition in central-western Queensland which involves commercial agribusiness, caring for country and cultural tourism.

Also, as in previous years, the ILSC supported five projects involving urgent health and safety priorities on Indigenous-held land, with grants to remedy situations posing immediate risk to human or animal safety.

Conservation and Healthy Country

This sector relates to cultural and environmental protection and the development of enterprises based on the delivery of ecosystem services; 18 projects this year relate to this sector. Recent consultations on the NILSS and legislation change reveal that Indigenous Australians continue to prioritise opportunities to work on country; for example, ranger-type activities which look after land, reconnect Indigenous people to country and also reap economic benefits in payment for ecosystem services.

Since 2010, the ILSC has also been supporting Indigenous participation in the carbon economy based on reinstating and promoting traditional Indigenous burning practices. Traditional burns involve relatively low intensity fires across small areas early in the dry season.

The reinstatement of these traditional burning practices on country at risk of uncontrolled burns has been shown to reduce carbon emissions. Known as savanna fire abatement, it is the principal emissions-reduction methodology available to land managers in northern Australia. Projects result in a flow of additional benefit to land managers, including employment and income for Indigenous communities from carbon credit trade and reconnection with country.

Niche Indigenous Products

This area focuses on emerging industries based on Australian flora and fauna (including introduced species such as camels and goats). building on traditional cultural knowledge and connections to country, and exploiting a growing consumer interest in these products.

Four new projects were funded during 2018-19 which capitalise on Indigenous cultural and ecological knowledge as an underpinning for strong, sustainable enterprises.

For example, the Kakadu Plum project has formed a consortium of Aboriginal corporations in the north-west of Australia that has successfully expanded both the supply and demand elements of the supply chain for this product (see case study for more information).

Similarly, the Pipi project is centred on the group's historical cultural connection and ecological knowledge of Pipi shellfish harvesting and trade, and its interest in increased involvement with the sustainable management of the shellfish country along the Coorong in South Australia. The *Pipi* project was initiated last year, but progressed this year to become the first ILSC water interest-related acquisition.

Urban Investment

To bring geographical balance to its investments. and in acknowledgement that the majority of the Indigenous population lives in urban areas, the ILSC is also pursuing more strategic acquisitions in urban locations as well as providing management support to develop enhanced commercial or social uses for existing Indigenous urban assets. The aim is to expand the Indigenous land footprint in urban areas, to provide meeting places and to support service provision.

Three of the acquisitions this year - Grafton, Brisbane and Echuca - were focused on service provision for Aboriginal and Torres Strait Islander people and their families in urban or regional centres. This includes medical, legal, training and education services, as well as provision of a culturally appropriate community space for social and cultural activities.

The ILSC also 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 divestment of these properties to an Indigenous body.

market - Nunga Produce Horticulture Business Planning and Vokes Rd Expansion Planning. In Queensland, a new project - Western Kangoulu - is seeking to develop a mentoring and training program to coordinate activities of Indigenous beef producers and create an Indigenous-branded product range.

Agribusiness

Having been an operator for a number of years, the ILSC Group has been shifting its focus away from operating businesses alone, and towards being an equity partner or facilitating commercial arrangements such as joint ventures. Following the change in legislation, the ILSC will look for opportunities in more diverse agribusiness sectors such as horticulture, aquaculture and fisheries, and in locations across southern Australia rather than only focusing on the northern cattle industry.

In addition to the ILSC Group's own agribusiness operations on 10 properties at 30 June 2019 (see page 34 for more information) eight projects this year involve support to Indigenous groups engaging in diverse areas of agribusiness.

For example, in the Adelaide region the ILSC has played a role in two projects this year planning for the expansion of horticultural businesses on Indigenous-held land serving the metropolitan

Tourism

The ILSC Group engages in the tourism sector through the ILSC Group's existing operations at Ayers Rock Resort, Mossman Gorge and Home Valley Station, as well as investing in other tourism enterprises across the Indigenous Estate.

Funding for seven new projects involving Indigenous tourism was approved during 2018-19, including the acquisition of *Gracevale* in NSW; a property that supports beef cattle grazing and tourism ventures, as well as cultural revitalisation and protection. In Western Australia, three new tourism related projects commenced – *Doon Doon Campground, The Granites Cultural Heritage Project* and *Violet Valley Campground* – which aim to develop or improve infrastructure for cultural tourism.

It is expected that expansion into water will present new opportunities for Indigenous proponents in cultural and ecotourism.



Timber Creek Rangers from Real Jobs Program sawfish monitoring, NT

KPI 1. INDIGENOUS EMPLOYMENT - DIRECT AND ENABLED

The ILSC reports achievement against direct and enabled employment. In this context, direct refers to employment that is directly funded by the ILSC, while enabled refers to employment that is *enabled* as a result of a funding partnership between Indigenous groups and the ILSC (and potentially other agencies/organisations).

The ILSC prioritises direct Indigenous employment across the ILSC Group and invests in ongoing career-development opportunities. In addition, the ILSC's land acquisition and land management projects enable employment outcomes to be delivered by external parties: Indigenous corporations, landholders, servicedelivery agencies and enterprises.

In 2018-19, the entire ILSC Group reported its performance against these KPIs, including ILSC Program Delivery and Corporate functions together with support and administration for the ILSC Agribusiness operations.

This reflects the increasing alignment across the whole ILSC Group towards achieving the primary outcome of: enhanced socio-economic development, maintenance of cultural identity and protection of the environment by Indigenous Australians through the acquisition and/or management of land and/or water interests.

During this reporting year, KPI 1a was significantly exceeded, but KPI 1b had a shortfall. This is likely to be due to the adjustment this year of the definition of *employment outcomes* (KPI 1b) to realign it with the definition of KPI 1a. In addition, the previously mentioned adjustment of Deliverable 3, while improving reporting accuracy, has resulted in the exclusion of projects previously contributing significant employment

Table 15

(PI 1 a). Number of Indigenous staff employed directly across the ILSC Group			
Target	Achieved	Next year's target	
525	825	550	

outcomes.

Note: Counts all employees during the reporting period (flow data not point-in-time data), regardless of level or duration. Trainees captured under KPI 2 are not included.

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	
525	381	550	

Note: Data collated from reports provided by recipients of ILSC assistance for projects in implementation (excluding ILSC subsidiary projects). Includes all employees during the reporting period (flow data, not point-in-time data), regardless of level or duration.

Direct employment (KPI 1a)

The following section provide an overview on direct employment across the ILSC Group that contributed to KPI 1a. For more information, visit the *People* section of this document.

Indigenous employment in the ILSC Core

ILSC Core includes program delivery and corporate staff. During 2018-19, the ILSC core employed 35 Indigenous people over the year4 (flow data); a slight increase from 34 last year. At 30 June 2019 the proportion of Indigenous employees within the ILSC core was 25.9 per cent.

Indigenous employment in ILSC Agribusiness

ILSC Agribusiness aims to increase the representation of Indigenous people at all levels and, in particular, support the progression of aspiring Indigenous workers by building their capability from entry-level positions on pastoral properties through to agribusiness manager or similar roles. During 2018-19, Agribusiness employed a total of 205 Indigenous people⁴ (flow data) who were fulfilling roles across that part of the business. At 30 June 2019 the proportion of Indigenous employees within ILSC Agribusiness was 69.8 per cent.

⁴ Flow data: the ILSC uses 'flow data' to calculate the number of employment opportunities provided through its funding (both direct and enabled) rather than a year end (June 30) point in time head count. This choice references the seasonal nature of work and employment across the key sectors (agribusiness and tourism) in which ILSC employment occurs.

Indigenous employment in Voyages

This year, Voyages employed a total of 503 Indigenous people, who were fulfilling roles across Voyages' three tourism properties and the Corporate Office in Sydney, NSW. At the end of the year, 411 Indigenous people (head count) were employed by Voyages, representing 37 per cent of the total workforce; a slight decrease from 39 per cent the year before.

Ayers Rock Resort provided the greatest number of opportunities reaching an Indigenous workforce of 341 Indigenous employees at the end of the financial year, representing 37 per cent of the resort's workforce.

Voyages continued to support local Indigenous communities through employment, training and purchase of goods and services. Over the year 24 Anangu people commenced working in the business, with a total of 21 Anangu people employed at the end of the financial year. This is more than double the headcount at the end of the previous financial year. Improvements to the Real Jobs Program model to move from an activity-based program to a supported work-based program has seen three Real Jobs Program participants move into full-time roles at Ayers Rock Resort, and one trainee commencement.

Indigenous employment at NCIE

Over 2018-19 the NCIE employed 82 Indigenous people, a slight reduction from 86 last year. Job Ready produced 36 employment outcomes in 2018-19 within (20) and outside (16) NCIE. At 30 June 2019, the proportion of Indigenous employees within NCIE was 46.4 per cent.

Enabled employment in ILSC-funded projects (KPI 1b)

Enabled employment data is collected from recipients of ILSC assistance on active land management and land acquisition projects. This includes those employed through third party projects that are enabled by ILSC subsidiaries.

During 2018-19, a total of 381 Indigenous employees were enabled through 54 ILSC projects, representing an underperformance on this KPI.

This achievement represents approximately seven employment outcomes per project reporting against this indicator, reflecting that ILSC-funded projects focusing on employment opportunities generate significant outcomes on a 'by project' basis.

As for other KPIs, this shortfall partly reflects a higher proportion of foundational and planning type projects commenced this reporting period. While these projects are yet to deliver 'on ground' benefits in the shape of employment or cultural/environmental outcomes, it is anticipated that they will form the basis of further project development. Also, as mentioned previously, this year saw a significant change in the definition of KPI 1b to realign with KPI 1a, and to improve reporting accuracy. This, along with the definition change for 'active' projects (Deliverable 3), has excluded data from several long-running projects that previously have contributed significantly to this KPI.

Real Jobs Program

A significant proportion of the total for KPI 1b (73 per cent) was contributed by the Real Jobs Program (RJP) operating in the Northern Territory, enabling a total of 281 Indigenous employees.

The RJP, managed on behalf of the Australian Government, places unemployed Indigenous people in employment 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.

In 2018–19, the RJP provided \$8.75 million for funding employment and associated training courses.

In the land management sector, the ILSC funded 74 ranger positions with seven organisations. Across the year, ranger groups completed a total of 184 land management activities, including biodiversity monitoring, fire management, pest plant and animal control, and cultural-heritage management.

In the agricultural sector, 27 positions were contracted to the Northern Territory Cattlemen's Association (NTCA) and ILSC Agribusiness to develop career opportunities for young Indigenous people in the pastoral industry. In the horticultural industry, the RJP supported six positions at Tiwi Enterprises Pty Ltd.

In the tourism sector, 23 positions were contracted to ILSC subsidiary Voyages, Nitmiluk Tours Pty Ltd, Adina Vibe Hotel Darwin Waterfront Adina and Kakadu Tourism. Employees undertook various roles, including tour guiding, reception duties, events management, and kitchen duties.

Across the various sectors, ten organisations were involved in enterprise-development

Organisations also deliver benefits to individuals, their families and communities. RJP organisations hosted 103 social and community events that were attended by 512 Indigenous people.

In December 2018, the ILSC held the third annual RJP Regional Forum in Darwin. The forum brought together 14 organisations to network and discuss the successes and challenges of the work of each group. The forum also heard from key industry bodies and support agencies.

KPI 2. INDIGENOUS TRAINING - ILSC GROUP AND ENABLED

For KPI 2, the ILSC reports achievement against trainees that have been hosted or employed by the ILSC Group (KPI 2a) and enabled training (KPI 2b) which refers to any training that is enabled as a result of collaboration between Indigenous groups and the ILSC (and potentially other agencies/organisations). Enabled training refers only to completions, not commencements.

The ILSC prioritises direct Indigenous training across the ILSC Group and invests in ongoing career-development opportunities. In addition, the ILSC's land acquisition and land management projects enable training outcomes to be delivered by external parties: Indigenous corporations, landholders, service-delivery agencies and enterprises.

In 2018-19, the entire ILSC Group reported its performance against KPI 2a and 2b, again reflecting the increasing alignment across the whole ILSC Group towards achieving the primary outcome of: enhanced socio-economic development, maintenance of cultural identity and protection of the environment by Indigenous Australians through the acquisition and/or management of land and/or water interests.

During this reporting year, both training targets were significantly exceeded.

Table 16

KPI 2 a). Number of Indigenous trainees hosted/employed across the ILSC Group					
Target	Achieved	Next year's target			
120	254	140			

Note: Counts all trainees employed during the reporting period (flow data not point-in-time data). Future targets will be reviewed based on the ILSC's strategic shift from 'operating' (providing benefits through subsidiaries) to partnering with Indigenous groups.

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
1050	1757	1100

Note: Data collated from reports provided by recipients of ILSC 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.

*Enabled training refers to training completions that have been enabled as a result of collaboration between Indigenous groups and the ILSC, or other organisations

Indigenous trainees hosted/employed by the ILSC Group (KPI 2a)

The ILSC Core engaged a total of eight (flow data) Indigenous trainees, who were hosted by an external provider.

Voyages training (KPI 2a)

Voyages continued to focus on Indigenous career progression and maintained the Indigenous Future Leaders Program at Ayers Rock Resort introduced last year. Voyages also continued to support local Indigenous communities through training activities; for example, Ayers Rock Resort continued to support work-experience placements for Anangu Pitjantjatjara Yankunytjatjara (APY) Lands schools.

In total, Voyages had 209 Indigenous trainees (flow data) in 2018-19, of which 122 were new.

Trainees undertook accredited, industry-driven, enterprise-based training in Hospitality, Tourism, Horticulture and Retail at the National Indigenous Training Academy (NITA) at Ayers Rock Resort.

Mossman Gorge Centre provided a range of training programs, including the centre's Employment Pathway Program that supports 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.

Indigenous training in ILSC Agribusiness (KPI 2a)

In 2018-19 ILSC subsidiary AIA employed 34 Indigenous trainees (flow data) to undertake a full range of activities associated with agribusiness operations; a slight increase from 33 trainees last year.

Indigenous training at NCIE (KPI 2a)

NCIE in Redfern, NSW, provides Indigenous training and education, and hosts a range of Indigenous service providers. NCIE contributed a total of three trainees during 2018-19.

Enabled training (KPI 2b)

Data on enabled training completions is collected from all recipients of ILSC assistance that have projects that are currently active. Training participants may undertake a variety of accredited and non-accredited courses, of varying durations. Only training completions are included in the reporting against KPI 2b.

A total of 1,757 Indigenous formal and informal training completions were achieved during 2018-19, from 37 funded projects.

RJP training (KPI 2b)

As stated above, the RJP core objective is to employ and train Indigenous people, and to build individual capacity to take up employment outside the RJP.

During 2018-19, a total of 264 Indigenous people completed training courses as part of the RJP.

NCIE enabled training (KPI 2b)

This year, NCIE made a significant contribution to enabled Indigenous training completions, with 1,088. This includes 41 through the Job Ready program, 649 through the Indigenous Digital Excellence program (IDX), and 398 through the Talking About Tobacco Use program (TATU); this represents over 60 per cent of the total number of training completions enabled for the year.





KPI 3. INDIGENOUS BUSINESS DEVELOPMENT

Table 17

KPI 3: Number of Indigenous enterprises assisted by ILSC Group projects				
Target	Achieved	Next year's target		
63	118	66		
Note: Does not include husinesses supported through II SC Group procurement or husinesses operated by II SC				

Note: Does not include businesses supported through ILSC Group procurement or businesses operated by ILSC subsidiaries.

KPI 3 is intended to reflect the Board's economic focus over the past two years, and the Australian Government's policy priority of Indigenous business development expressed in the Indigenous Business Sector Strategy (February 2018). KPI 3 includes all commercial enterprises that have been created, expanded or have increased revenue as a result of ILSC funding.

During 2018-19, a total 118 businesses were assisted, through 31 projects, representing an almost 200 per cent achievement against this KPI. This figure is consistent with last year's achievement of 123 businesses assisted and demonstrates that ILSC investment is contributing to economic development and Indigenous financial independence through supporting the success of commercial enterprise.



KPI 4. PROTECTION OF INDIGENOUS CULTURE, HERITAGE AND THE ENVIRONMENT

Table 18

KPI 4: Proportion of active ILSC Group projects that maintained or protected Indigenous culture, her or the environment					
Target	Achieved	Next year's target			
50%	36%	50%			

KPI 4 relates to the proportion of active projects (identified in Deliverable 3) that are aligned with any of the relevant indicator groups relating to maintenance and/or revitalisation of culture, access to and/or protection of culturally significant sites; protection and/or restoration of environmental heritage values: or access to

In 2018-19, 60 out of 167 active land acquisition and land management projects related to Indigenous culture, heritage and the environment, including four land management projects undertaken through ILSC subsidiaries (three Voyages, one NCIE).

This equates to 36 per cent of total active projects, a significant shortfall from the target. This reflects that many newly funded projects are related to planning and other foundational activities; on-ground activities that relate to KPI 4 will occur later in the project's implementation. Also, as noted earlier, the current ILSC performance framework no longer aligns well with the characteristics of the projects currently being delivered: this issue will be addressed in the Performance Framework under development and is likely to result in new measures. The importance of cultural, heritage and environmental values to the ILSC is clearly reflected in the draft Program Logic, and by the introduction of a new focus area - Conservation and Healthy Country. The rebalancing of investment to encompass economic, social, cultural and environmental values is a priority of the Board, and this may result in revision of this target in future.

The benefits recorded this year show that these 60 projects also enabled:

- more than 3,500 Indigenous people and over 5,600 non-Indigenous people to become involved with cultural maintenance and revitalisation activities though 557 events, including cultural tours, community camps, language trips, school visits and making cultural items
- protection of 305 culturally significant sites (69,827 hectares), and 252 sites (2,564,470 hectares) with environmental heritage values across Australia through activities including erosion control, fencing, weed eradication and fire management
- > more than 26,000 Indigenous people to access country.

The ILSC's support for ranger and other naturalresource management activities, through the RJP and land management projects, complements support given by the Australian Government through the Indigenous Rangers and Indigenous Protected Areas programs. 2018–19 was the second year of a four-year program funded by the Reef Trust on ILSC-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 ILSC Group's tourism businesses (and other tourism projects supported by the ILSC) 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

Table 19

KPI 5: Proportion of active ILSC Grouinmediate beneficiary group)	KPI 5: Proportion of active ILSC Group projects that involved contributions from third parties (beyond mmediate beneficiary group)			
Target	Achieved	Next year's target		
60%	29%	60%		

KPI 5 relates to the proportion of active projects (identified in Deliverable 3) that have involved collaboration with partners (in addition to the the project proponent), including government and non-government. It does not refer to the relative value of ILSC or partner investment in collaborative projects.

Collaboration is an important priority of the current ILSC Board, given its commitment to position the ILSC as a key partner in maximising use of the Indigenous Estate through strategic partnerships. Collaboration provides a means of adding value to the ILSC's own funding and expertise, and is also a key pathway towards improved capacity and capability outcomes for ILSC staff and project participants. It should be noted that all ILSC 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, but these are not included in this KPI.

In 2018-19, 49 projects involved collaborations, which is 39 per cent of all active projects, reflecting an underachievement in this KPI. Projects contributing to this measure include 41 third-party and five land management projects operated by the ILSC Group, including through subsidiaries (three Voyages, four Agribusiness, one NCIE). Note that collaboration is basic to the operation of the NCIE as a social enterprise engaging government and corporate partners.

Collaborative projects also make a considerable contribution towards other KPIs, notably enabled employment (KPI 1b) and training (KPI 2b).

Underachievement against this KPI in part reflects a high proportion of planning and foundational projects commenced in this period. With the ILSC striving to be a key enabler and opportunity builder for Indigenous landholders, this high proportion of planning and foundational projects also reflects the ILSC filling a void for

landholders, supporting the planning, testing and building of investible projects attractive to other investment partners.

In line with the broader review of the ILSC's Performance Framework, the ILSC will develop additional metrics on the value and impact of partnerships for reporting in future years to better capture its commitment to collaboration and leveraging co-contributions.

KPI 6. ILSC GROUP CONTRIBUTION TO THE INDIGENOUS ESTATE

KPI 6 is a qualitative target relating to the corporation's overall contribution towards maintaining, protecting and/or enhancing the Indigenous Estate, in addition to the quantitative contribution discussed above for each of the Deliverables and KPIs.

The Indigenous Estate is a central concept in the strategy of the ILSC Board; it 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 such as Indigenous people and their cultural knowledge.

Participation in policy, industry and Indigenous forums

In recent years the ILSC actively sought opportunities to build stakeholder awareness of the ILSC's purpose and its strategic approaches including through two rounds of formal consultations last financial year (on legislative reform and on renewing the NILS and RILS) and further consultations this year on development of the NILSS and the RILSS.

ILSC officers at various levels attended the following forums in 2018-19:

- Central Desert PBC Forum, Perth, July 2018
- Trade Fair, Indigenous Procurement Adelaide, July 2018
- Developing Northern Australia Conference, Alice Springs, August 2018
- Indigenous Knowledge and Social Enterprise Symposium, Lismore, NSW, August 2018

- Committee for Economic Development of Australia (CEDA) Innovation State of Play launch (Indigenous Business Leadership speech), Perth, August 2018
- The Annual General Meeting of Agribusiness Australia, Brisbane, August 2018
- Pilbara Creative and Cultural Forum, Newman, WA, September 2018
- Aboriginal Enterprises in Mining, Energy and Exploration (AEMEE) Conference, Perth, October 2018
- Developing Northern Australia, Annual Statement event, Canberra, October 2018
- Jabalbina Yalanji Aboriginal Corporation RNTBC Tourism Forum, Cairns, October 2018
- Wheatbelt Noongar Enterprise Forum, Perth, October 2018
- AITC Carbon Farming Forum, Perth, October 2018
- Australian Indigenous Tourism Conference, Lorne, Victoria, October-November 2018
- National Indigenous Economic Development Forum, Darwin, November 2018
- IP Australia, Protection of Indigenous Knowledge in the Intellectual Property System roundtable, Perth, November 2018
- Territory Natural Resource Management (NRM) Awards, Darwin, November 2018
- Indigenous Desert Alliance Conference, Perth, November 2018
- Metropolitan Aboriginal Housing Forum, Perth, November 2018
- SA Explorers Conference, Land Access and Exploration Panel, Adelaide, December 2018

- PBC Regional Forum, Cairns, December 2018
- Canada-Australia Public Policy Initiative meeting and reception, Sydney, January 2019
- 2019 AgFood Roundtable on Precision Farming, Sydney, February 2019
- Northern Pastoral Roundtable meeting, Broome, February 2019
- Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES) Conference, Canberra, March 2019
- Launch of Ballardong Noongar Enterprise Development Support, Northam, WA, March 2019
- Maori Fisheries Conference, Auckland, New Zealand, March 2019
- Queensland Indigenous Land and Sea Ranger Conference, Cairns, March 2019
- Ministerial Advisory Panel on Traditional Ecological Knowledge, Cairns, March 2019
- Kimberley Aboriginal Law and Cultural Centre Forum, Perth, April 2019
- The Australian Global Food Forum, Sydney, **April 2019**
- East West Alliance Gathering, Outback Academy Australia, Adelaide, May 2019
- Indigenous Economic Development Summit, Darwin, May 2019
- Israel Trade Mission, May-June 2019
- Port Hedland PBC Forum, Port Hedland, June 2019
- 10 Deserts Forum, Perth, June 2019.

National Indigenous Land and Sea Strategy and Regional Indigenous Land and Sea Strategies

As noted throughout this report, legislative changes in effect from February 2019 required the preparation of a National Indigenous Land and Sea Strategy 2019-22 (NILSS) which has been undertaken through extensive stakeholder consultation. At the time of writing, this Strategy was in its final stages of preparation to be presented to the Minister for tabling in the Parliament, as required by the ATSI Act.

The new strategy will be available on the ILSC website, and sets out the ILSC'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 ongoing consultation with its Indigenous beneficiaries
- commitment to refreshing the strategy in 2020.

Underpinning the NILSS are four Regional Indigenous Land and Sea Strategies 2019-22 (RILSS), also a legislative requirement, developed for publication in line with the NILSS. As per the most recent regional strategies, they are based on the following four bioregions:

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

These bioregions reflect important environmental, demographic and economic differences across the continent that influence the opportunities associated with different locations within the Indigenous Estate.

ILSC Agribusiness performance

The management of the ILSC's commercial agribusiness operations, previously undertaken by ILSC's agribusiness subsidiary, Australian Indigenous Agribusiness Company Pty Ltd (AIA), was re-integrated into the ILSC parent entity as at 1 July 2018 and now resides under the ILSC Agribusiness function.

The re-integration is a response to the ILSC's renewed focus on delivering on its core purpose and a re-positioning of the ILSC in the roles of partner, enabler and facilitator in the agribusiness sector rather than an active business operator at risk of competing with other Indigenous interests.

The management of the ILSC's commercial agribusiness operations operate as ILSC Agribusiness and falls under the remit of the Executive Director Agribusiness, and within the management scope of the ILSC Group CEO.

ILSC Agribusiness is directed by a set of Agribusiness Sector Investment and Operating Principles, endorsed by the ILSC Board in the 2017-18 financial year, and articulated in a threeyear strategic plan. Key strategic focuses are to manage a sustainable and balanced agribusiness portfolio that generates financial and social benefits; enhanced Indigenous capability; and invests in establishing and growing Indigenous agribusinesses around Australia. Implementing this strategy involves an ambitious transition from the ILSC's approach of directly operating businesses to partnering in the development of new or growing Indigenous agribusinesses to achieve greater benefits for Indigenous people around Australia. In 2018-19, the ILSC developed a new Agribusiness Investment Program which will support new and growing Indigenous agribusinesses through commercial partnerships as well as the provision of business support to maximise success. This program will be rolled out in 2019-20 to better support Indigenous agribusiness aspirations and outcomes in the industry.

ILSC Agribusiness results in 2018-19

At the start of the reporting year, the ILSC's Agribusiness Portfolio comprised 14 commercial agribusinesses spread across 2.150.000 hectares of Indigenous-held land (either ILSC-held or leased from Indigenous landholders).

Over this year a concerted effort was made to adjust operations to the new strategic directions. Four ILSC-operated agribusinesses -Mimosa, Qld; the Banana properties (Somerset, Tiamby, Mindanao), Qld; Myroodah, WA; and Banka Bank West, NT - were transferred to alternative management arrangements as part of implementing divestment strategies with Indigenous groups to enable land to be returned to Indigenous ownership.

As at 30 June 2019, the Agribusiness Portfolio comprised 10 commercial agribusinesses operating across 1,592,238 hectares of Indigenous-held land (see Table 20). The ILSC plans to transition a further three agribusinesses from ILSC management in 2019-20.

Table 20: ILSC Agribusiness Portfolio, at 30 June 2019

Property	Area (ha)	Status	Cattle numbers	
QUEENSLAND		1	'	
Bulimba, via Chillagoe	294,740	Leased	4,343	
Crocodile/Welcome, via Laura	124,800	ILSC-held	5,561	
*Merepah, via Coen	186,000	ILSC-held	4,994	
WESTERN AUSTRALIA				
*Cardabia, via Coral Bay	199,808	Leased	2,580	
Roebuck Plains, via Broome	283,493	Leased	16,864	
Roebuck Export Depot	100 Leased		n/a	
NORTHERN TERRITORY				
Gunbalanya Station	80,000	Leased	2,363	
Gunbalanya Meats	n/a	Leased	n/a	
*Hodgson Downs, via Mataranka	419,200	Leased	6,425	
TASMANIA				
Murrayfield	4,097	Leased	9,621 sheep	
* ILSC-operated agribusinesses earmarke	ed for transition to alternative	ve management in	2019-20	

At 30 June 2019, the agribusiness properties carried 43,160 head of beef cattle (including 30 head located on a former commercial business pending sale next financial year) and 9,621 sheep—a total of 52,781 livestock. Given the adjustments to the portfolio, during 2018-19 the value of all livestock held by the ILSC decreased by 30 per cent, or \$12.4 million, to close at \$26.8 million. The gross trading profit for all livestock was \$9.5m million for the year ending 30 June 2019. This takes into account unlocked capital as a result of adjustments to the Agribusiness portfolio (sale of Myroodah cattle herd). The unlocking of capital supports the ILSC's strategic intent to invest into new diversified agribusiness opportunities.

The sale value of livestock was impacted by around a 2 per cent decline in prices for cattle in 2018–19; however, during the year the value of sheep increased by around 16 per cent at Tasmanian saleyards.

ILSC Agribusiness Capability Enhancement

The ILSC Group places great value on developing the knowledge, skills and abilities of its Indigenous workforce. During 2018–19, ILSC-operated agribusinesses supported the achievement of 205 Indigenous employment outcomes; 91⁵ of these represented new Indigenous employees. The successful on-farm Jackeroo/Jillaroo Program continued to provide Indigenous people with an opportunity to experience life living and working on country. In 2018–19 the program achieved 34 training outcomes, of which 13 were new Indigenous trainees

The ILSC works with Indigenous agribusinesses to connect them to the wider industry and ultimately create greater value. This strategic approach saw the ILSC secure two key partnerships, within the beef and aquaculture sectors, to support the development of commercial Indigenous agribusinesses:

- In the beef sector, the ILSC partnered with Meat and Livestock Australia, Agforce, Fitzroy Basin Association and Western Kangoulu Limited to develop and run an Indigenous beef mentoring program held on Indigenous-held land near Woorabinda, Qld. The program hosted 24 Indigenous participants from five Indigenous businesses.
- In the aquaculture sector, the ILSC is part of a project of the Cooperative Research Centre for Developing Northern Australia with James Cook University, Blueshift Consulting, the CSIRO, the Australian Barramundi Farmers Association and the Australian Prawn Farmers Association. The project aims to identify the challenges and opportunities facing the aquaculture industry in northern Australia and develop an industry vision. The ILSC hosted 20 Indigenous participants from 17 Indigenous organisations at workshops held at Thursday Island, Qld, and Broome, WA. The workshops provided an informative platform for Indigenous groups to consider their strategic advantages and discuss potential solutions to the challenges they may face in entering the aquaculture industry.

⁵ Flow data: the ILSC uses 'flow data' to calculate the number of employment opportunities provided through its funding (both direct and enabled) rather than a year end (June 30) point in time head count. This choice references the seasonal nature of work and employment across the key sectors (agribusiness and tourism) in which ILSC employment occurs.











THE ILSC PERFORMANCE STORY

As mentioned earlier (In Part 2, Annual Performance Statement), during 2018–19, as part of a review of its performance framework, the ILSC began articulating the outcomes it expects to accrue to Indigenous people from involvement in its activities (internal and external). This work is illustrated in a draft, high level Program Logic that has been endorsed by the ILSC Board (see Figure 1).

On the following pages, project case studies are presented along with information on how each align with the outcomes from the draft Program Logic, as well as a snapshot of their contribution to the current suite of Deliverables and KPIs.

These case studies are intended to provide richer insights on the outcomes that are expected to be achieved by each of the projects, as well as highlighting the different pathways that proponents choose to reach these outcomes. In future annual reports, increasing attention will be given to articulating and evaluating outcomes in order to supplement the customary activity information.



BAROSSA VALLEY PASTURED EGGS. **COCKATOO VALLEY, SOUTH AUSTRALIA**

Infrastructure funds ensure egg producer keeps pace with demand

Challenged by a lack of infrastructure and equipment and with a clear opportunity to grow its business, employ more Indigenous people and generate economic and training benefits from Indigenous-owned land, Barossa Valley Pastured Eggs is now on the path to long-term sustainability as a result of ILSC Our Land Our Future funding.

Barossa Valley Pastured Eggs, a 50 per cent Indigenous-owned start up business selling pasture-produced eggs and garlic, had an issue any small business would like to have - demand for their product was outpacing supply.

Kane Van Dierman's and Richard Chatterton's Barossa Valley Pastured Eggs, produced at a fully Indigenous-owned four-hectare property at Cockatoo Valley, SA, were selling well and the start-up business had an opportunity to grow.

Having secured a loan from the Indigenous Entrepreneurs Fund and Indigenous Business Australia, grant funding from the ILSC for facilities and processing equipment was the next important step in overcoming barriers to business sustainability. Kane and Richard did not have a suitable space to process their eggs and garlic. or the ability to store the produce at optimum temperature.

They were hand-stamping and packing the eggs and garlic and, because of the increasing popularity of their products, could not meet demand and could not secure larger contracts with supermarkets to expand the business.

The ILSC's Our Land Our Future funding provided for the construction of a processing shed on the site and cool room and packaging equipment that not only improved efficiencies and food safety, but presented opportunities for workers to learn new skills in operating the eauipment.

The funding has had an immediate substantial impact on Barossa Valley Pastured Eggs, with sales doubling. The business is more viable, is securing new wholesale customers, and is expecting to employ three additional Indigenous casual workers in the next year.

Alignment with draft ILSC Program Logic

ACTIVITIES (EXTERNAL OUTPUTS) LEVEL:

Invest in projects (infrastructure funding);

- Growing value and productivity;
- Sustainably owning and managing

Contribution towards Deliverables and KPIs								
	Deliverable 1	Deliverable 2	Deliverable 3	KPI 1b	KPI 1b KPI 2b	KPI 3	KPI 4	KPI 5
	n/a	n/a	1	0	0	1	0	1



GRACEVALE STATION. CENTRAL WESTERN QUEENSLAND

Tourism venture comes as significant cultural sites are protected from cattle

ILSC land acquisition and land management assistance combined with Queensland Government funding has seen Indigenous people growing the value and productivity of their traditional country, and preserving and strengthening culture through reconnection to country.

Valuable cultural heritage was at significant risk on Gracevale Station, near Aramac, Qld, when the Yambangku Aboriginal Cultural Heritage and Tourism Development Aboriginal Corporation (YACHATDAC) took action and sought ILSC assistance

The Iningai Traditional Custodians had not been able to access the property without consent of the owners, and cultural heritage across the 8,870 hectare cattle station had not been formally recorded or studied. Poorly managed stock posed a risk, protective fencing at a rock art gallery had been destroyed by fire and culturally significant artesian springs had been modified for water extraction for the homestead and stock use. Though a local operator had used Gracevale for tourism, the Traditional Custodians had not been involved and there was no management or monitoring of impacts to the rock art gallery.

The property was drought-declared and had reduced carrying capacity when Gracevale became available for purchase. YACHATDAC secured Queensland Outback Tourism Infrastructure funding, subject to Gracevale's purchase. The ILSC could work with the corporation, confident that the property presented many opportunities to develop tourism and other socio-economic, cultural and environmental benefits for local Aboriginal people.

After purchase by the ILSC in April 2019, Gracevale was leased to YACHATDAC. The corporation quickly negotiated an agistment agreement to secure immediate income, and much needed rainfall has paved the way to increased cattle numbers that are now managed to avoid impacts on cultural sites. An ILSC land management grant enabled plant and equipment purchases, and YACHATDAC members grew their knowledge by attending an Indigenous Beef Mentoring Workshop, along with four other Indigenous businesses. The Gracevale story is off to a great start, with Indigenous people in the region growing their networks and increasingly participating in formal and informal learning related to culture, country and enterprise.

YACHATDAC has submitted an Indigenous Protected Areas application. It has also secured support from the Queensland Land Restoration Fund for a five-year land management and restoration and fire-management program, and for wages for property management. A partnership has been established with Defence Force Cameleers to provide mapping and in-kind works on the property. Five workers, including four Indigenous people, have been employed and the University of Queensland has undertaken a site visit to scope out partnership opportunities and concept planning for future tourism ventures and a cultural centre.

Alignment with draft ILSC Program Logic

ACTIVITIES (EXTERNAL OUTPUTS) LEVEL:

- Invest in projects (acquisition and grant; infrastructure; planning);
- Advice and capability support (training);

- Growing the value and productivity:
- Sustainably owning and managing;
- Preserving culture through reconnection

Contribution towards Deliverables and KPIs							
Deliverable 1	Deliverable 2	Deliverable 3	KPI 1b	KPI 2b	KPI 3	KPI 4	KPI 5
1	0	1	4	0	1	1	1





HALLEEN INDONESIAN EXCHANGE PROGRAM

Cattle industry exchange program enhances Indigenous capability

Giving cattle industry workers a broader outlook on the livestock industry, and exposure to broader networks and associated opportunities, is central to an exchange program taking Indigenous leaders on the learning trip of a lifetime.

The Halleen Indonesian Exchange Program has provided a handful of Indigenous cattle industry workers with a view of the wider red meat processing industry while helping to build capability in the Indigenous agribusiness sector.

Run over the past three years, the program is a partnership between the ILSC and Halleen Australasian Livestock Trader, one of the industry partners of the ILSC-built Roebuck Export Depot in the Kimberley, WA. Participants travel to Indonesia to look at practices there and broaden their life experience. In return, Roebuck Export Depot hosts some Indonesian stockmen, from Sulung Ranch, who experience working on an Australian cattle property. To date six Indigenous cattlemen have benefited from the exchange.

The ILSC operates a number of enterprises to engage Indigenous people in commercial agribusiness so they can experience living and working on properties, gain skills and knowledge, and determine whether they want to pursue careers in the industry.

The opportunity for the Indigenous stockmen to be involved in the exchange program is significant, nurturing a sense of pride in the work they do and strengthening their career aspirations.

Alignment with draft ILSC Program Logic

ACTIVITIES (EXTERNAL OUTPUTS) LEVEL:

- Provide advice and capability support;
- Connect Indigenous landowners;

- Sustainably owning and managing;
- Driving and influencing policy and opportunity

Contribution towards Deliverables and KPIs							
Deliverable 1 Deliverable 2		Deliverable 3	KPI 1b	KPI 2b KPI	KPI 3	KPI 3 KPI 4	KPI 5
n/a	n/a	n/a	6	n/a	n/a	n/a	n/a





KAKADU PLUM, NORTHERN TERRITORY, **WESTERN AUSTRALIA**

Kakadu Plum project making its mark

The Kakadu Plum project has helped forge an alliance of Aboriginal enterprises to harvest. market and commercialise Kakadu Plum to build a sustainable industry that provides employment, builds capability, promotes networking and knowledge sharing, builds a stronger connection to country, and generates economic benefits stemming from traditional cultural practices.

Kakadu Plum, or Gubinge in Western Australia, is a native fruit that grows almost exclusively on Indigenous-held land across northern Australia. from the Kimberley to Arnhem Land. An ILSC funding commitment of \$448,000 in 2018-19 to establish an Indigenous-lead Kakadu Plum supply chain has hit its targets. The Northern Australia Aboriginal Kakadu Plum Alliance (NAAKPA), a consortium of nine Aboriginal corporations, is moving towards sustainability.

The project supports Indigenous community harvesting and processing enterprises, and facilitates access to Kakadu Plum and its extracts by large-scale markets. The aim is to provide greater Indigenous influence and control in the market and maximise the flow of benefits back to Indigenous communities. To date, work by the ILSC in partnership with NAAKPA has increased demand for Kakadu Plum in the Australian marketplace and increased supply of Kakadu Plum coming from Aboriginal enterprises.

This year, NAAKPA members collectively harvested over 20 tonnes of Kakadu Plum with a farm gate value of more than \$650,000. Over 400 people, mainly women, were involved in the harvest which generated significant economic, cultural and social benefits on-country.

The project has increased the operational capacity and capabilities of each of the Aboriginal enterprises by providing food safety audits; chemical and microbial testing of fruit; the development of marketing material; and the creation of marketing opportunities, including representation at the Asia Pacific Food Safety Conference.

Contract templates for Access and Benefit Sharing Agreements to protect traditional knowledge have been created and buyers are now able to go to one contact point, on the NAAKPA website.

On the ground, funding has been used to buy equipment including stainless steel benches, freezers, packing machines and all-terrain vehicles, and to support travel to facilitate training, networking and knowledge sharing among the Aboriginal member enterprises.

The alliance has grown to become Australia's largest Indigenous-controlled native-food supply network with Kakadu Plum and many other plant food species being distributed to national markets. Based on the success of the project to date, the ILSC is now working with NAAKPA to develop a strategy for the long-term growth and sustainability of the Kakadu Plum and wider bushfoods sector in northern Australia

Alignment with draft ILSC Program Logic

ACTIVITIES (EXTERNAL OUTPUTS) LEVEL:

- Invest in projects (infrastructure, planning, feasibility assessment);
- Provide advice and capability support;
- Connect Indigenous landowners:

- Growing the value and productivity;
- Sustainably owning and managing;
- Driving and influencing policy and opportunity;
- Preserving culture through reconnection

	Contribution	on towards D	eliverables a	and KPIs				
Deliverable 1 Deliverable 2			Deliverable 3	KPI 1b	KPI 2b	KPI 3	KPI 4	KPI 5
	n/a	n/a	1	12	0	7	1	1



KOOLJAMAN AT CAPE LEVEQUE TOURIST RESORT, CAPE LEVEQUE, WEST KIMBERLEY, **WESTERN AUSTRALIA**

Solar power project energises remote Indigenous tourism operations

ILSC co-investment in a solar hybrid power system has helped to overcome business infrastructure issues that heavily impacted cash flow for Indigenous cultural tourism operators at a resort in remote Western Australia. The Indigenous land owners are now anticipating expanded opportunities from their land with the sealing of a road to the resort expected in late 2020.

Kooljaman at Cape Levegue Tourist Resort is looking to the future and innovation to drive to new heights the already widely celebrated Indigenous, eco and cultural tourism operations at the tip of WA's remote Dampier Peninsula.

The Bardi Jawi communities in the West Kimberley region, trading as Bardina Proprietary Limited, identified a pressing need to upgrade the resort's ageing and expensive-to-run diesel generator. The inefficient power supply was a major drain on its funds, resulting in cash flow constraints that were restricting Kooliaman's ability to expand. This barrier has been addressed through installation of a solar hybrid power system, incorporating solar panels and battery storage units, through a collaboration between the ILSC and the Department of the Prime Minister and Cabinet.

The new unit is up and running, and ready for an expected boost to tourist numbers once Cape Levegue Road is sealed in late 2020.

Adding to the benefits of the project were the knowledge and skills acquired by the Kooljaman employees who successfully managed installation of the renewable energy system. Five Indigenous seasonal employees have joined the Kooljaman workforce to assist with the increase in business. Resort land previously not utilised due to noise from the diesel generators is now being developed as additional campsites in readiness for greater visitation.

When operations are expanded, Kooljaman intends to employ additional casual Indigenous staff, host more cultural events for guests, and support other local cultural tourism businesses.

Alignment with draft ILSC Program Logic

ACTIVITIES (EXTERNAL OUTPUTS) LEVEL:

- Invest in projects (infrastructure);
- Provide advice and capability support;
- Connect Indigenous landowners;

- Growing the value and productivity;
- Sustainably owning and managing;
- Preserving culture through reconnection

Contribution towards Deliverables and KPIs								
Deliverable 1	Deliverable 2	Deliverable 3	KPI 1b	KPI 2b	KPI 3	KPI 4	KPI 5	
n/a	n/a	1	5	0	1	1	1	



Kooljaman at Cape Leveque, WA

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MEREPAH STATION, CAPE YORK PENINSULA, QUEENSLAND

Fire management program delivers on multiple fronts

Innovative investment in Indigenous-managed land has facilitated a 25-year income stream for Indigenous people across remote WA, the NT and Qld. Tradition-based fire management is supported by the ILSC leading to increased Indigenous community cultural capital.

Fire management near the most northern point of Australia on Merepah Station, Cape York Peninsula, is delivering a valuable income stream for the Moompa-Awu Aboriginal Corporation (MAAC) while also assisting the functioning cattle business.

MAAC is the representative body for the Wik liyney/Mankanhu people who have a cultural connection to ILSC-owned Merepah Station, west of Coen, Qld. MAAC was formed to hold land, protect culture and the environment, and undertake economic development and land management at the station, including the ILSC-established fire project.

The Merepah Fire Project involves strategic fire management, including aerial and ground burning as well as fire suppression to reduce late dry-season wildfires, in turn decreasing carbon emissions. The project was registered under the Emission Reduction Fund (ERF) in 2014, with the ILSC as the initial ERF project proponent. The project has been issued 89,165 Australian Carbon Credit Units over its five years of operation, providing a consistent source of income. Through

this work the ILSC has assisted the group to facilitate a 25-year revenue stream based on the carbon-abatement performance of the project.

The ILSC continues to provide advice and capability support on strategic fire management and operating an ERF savanna fire management project, with MAAC Traditional Owners increasingly involved in training, planning and operations. Revenue from the Merepah Fire Project is helping to fund MAAC business services and the refurbishment of old Merepah Station. Infrastructure developments on the station are being organised and managed by MAAC.

Through MAAC, Traditional Owners have established sound management and governance and have improved job prospects with career pathways, whether as workers in the cattle industry, as rangers protecting cultural or natural assets, or as fire management operators.

Alignment with draft ILSC Program Logic

ACTIVITIES (EXTERNAL OUTPUTS) LEVEL:

- Invest in projects (acquisition, planning, infrastructure);
- Provide advice and capability support;
- Connect Indigenous landowners;

- Growing the value and productivity of country;
- · Sustainably owning and managing;
- Driving and influencing policy and opportunity;
- Preserving culture through reconnection to country

Contribution towards Deliverables and KPIs								
Deliverable 1	Deliverable 2	Deliverable 3	KPI 1b	KPI 2b	KPI 3	KPI 4	KPI 5	
n/a	n/a	1	0	0	0	1	0	







MYROODAH STATION, WEST KIMBERLEY, **WESTERN AUSTRALIA**

Taking care of country and creating careers in the cattle industry

Giving Nyikina Mangala people access to traditional lands and cultural sites was one of the key drivers behind ILSC's original 1990s acquisition of Myroodah Station in the West Kimberley, WA. Now the station is owned by a local corporation and leased to another with the aim of progressing towards positive economic, social and cultural outcomes for local Indigenous communities.

A positive determination of Native Title in May 2014 paved the way for Myroodah Station to be divested to the Walalakoo Aboriginal Corporation, representing the Nyikina Mangala people. This divestment is one of the largest ever undertaken by the ILSC and opens up further opportunities for local Aboriginal people to benefit economically and socially from involvement with this 401,944 hectare property.

The pastoral lease was transferred to Walalakoo Land Holding Aboriginal Corporation in January 2019 and subsequently sub-leased to Indigenousowned Kimberley Agricultural and Pastoral Company (KAPCO) which has a vision to revitalise the Aboriginal pastoral industry in the Kimberley.

Little Nyikina people in the river portion of the leasehold, and the Mangala people in the south had a history of working in the pastoral industry and on country, but changes in pastoral practices, the establishment of pastoral award wages and industry decline had meant fewer employment opportunities by the time of ILSC acquisition.

Subsequent ILSC investment in infrastructure, plant and equipment and pastoral development turned this situation around. Employment on Myroodah now includes casual and full-time opportunities for Indigenous stockmen and women, station hands and cooks as well as senior positions including head stockman, property manager and trainee supervisor.

There is a focus on offering young Indigenous people the chance for development, with on-theiob training and accredited training in agriculture and first aid, as well as non-accredited skillsbased training in horsemanship, low stress stock handling and occupational health and safety.

A total of 85 Indigenous people have been employed at Myroodah Station since it was purchased by the ILSC, including 17 graduates from its trainee program. The model continues to provide opportunities for Traditional Owners to work on country and sees younger employees working alongside Elders and re-establishing their own links to country.

Station employees work with Nyikina Mangala rangers to undertake rehabilitation work and remove grazing pressures on environmentally and culturally sensitive areas. Other community activities on country include open days, school visits and student work experience at the station.

Walalakoo Aboriginal Corporation now holds and makes decisions for Myroodah Station, engendering a strong sense of pride in ownership and in the employment and other benefits that such a significant asset brings. KAPCO's scale of operations aims to ensure the station's viability. as well as giving it a significant voice in the regional pastoral industry.

Alignment with draft ILSC Program Logic

ACTIVITIES (EXTERNAL OUTPUTS) LEVEL:

- Invest in projects (infrastructure, plant, equipment, development);
- Provide advice and capability support;
- Connect Indigenous landowners;

- Growing the value and productivity of country:
- Sustainably owning and managing;
- Driving and influencing policy and opportunity;
- Preserving culture through reconnection to country

Contribution towards Deliverables and KPIs								
Deliverable 1	Deliverable 2	Deliverable 3	KPI 1b	KPI 2b	KPI 3	KPI 4	KPI 5	
n/a	1	1	16	0	2	1	0	



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NORTHERN AUSTRALIA AQUACULTURE PROJECT - ENHANCING INDIGENOUS CAPABILITY

Searching the waters of opportunity for Indigenous aquaculture business

Traditional waters are now part of the ILSC's remit so an invitation to participate in a project to map and build strategies for development of the Northern Australia aquaculture industry has provided vital insights and exposed barriers and opportunities for a wide range of Indigenous businesses.

The ILSC has partnered with the Cooperative Research Centre of Northern Australia at the invitation of James Cook University to facilitate a program of workshops monitoring and exploring opportunities for Indigenous groups in aquaculture.

The Northern Australia Aquaculture Project covers the entire north of the continent and has taken the ILSC to workshops from the eastern point of Thursday Island, Qld, to the western point of Broome, WA.

The aim was to discover the baseline of this sector in Northern Australia, explore opportunities, and identify any market barriers to creating a thriving aquaculture industry in northern Australia.

The ILSC were invited to support connection and engagement with various Indigenous producers and growers not only to support the engagement but also to ensure Indigenous people had the chance to embed their perspective on the future of the industry.

The ILSC used the workshops and engagement opportunities to find out how the industry was faring and to hear from established operators.

CSIRO involvement in the project provided valuable scientific input into what is happening and the industries, operations and methods that work best, and why. Knowledge sharing at the workshops also encompassed presentations on biosecurity and by Food Safety Australia. The activities aimed to facilitate capability and capacity growth within the agribusiness sector to enable increased participation by Indigenous people. Connections were brokered to a range of other producers and growers to share lessons learned.

With many of those involved in the project and workshops already successfully engaged in the industry the workshop series and ILSC engagement with Indigenous enterprises is setting the scene for more strategic approaches. Indigenous groups looking at the benefits of aquaculture operations are not only looking at the economic value but also the social and cultural benefits of what they do in the sector.

Alignment with draft ILSC Program Logic

ACTIVITIES (EXTERNAL OUTPUTS) LEVEL:

- Invest in projects (planning, feasibility assessment);
- Provide advice and capability support;
- Connect Indigenous landowners;

- Sustainably owning and managing;
- Driving and influencing policy and opportunity;
- Preserving culture through reconnection

	Contribution towards Deliverables and KPIs								
[Deliverable 1	Deliverable 2	Deliverable 3	KPI 1b	KPI 2b	KPI 3	KPI 4	KPI 5	
	n/a	n/a	1	0	0	17	0	1	





THE KEEPING PLACE, WESTERN AUSTRALIA, KARLKA NYIYAPARLI RNTRC **ABORIGINAL CORPORATION**



The Keeping Place puts information into the hands of **Traditional Owners**

Easier access to a wealth of cultural heritage information and improved relationships between Traditional Owners and resource companies are not the only benefits from The Keeping Place project. The ILSC's support of this innovative project has helped Indigenous people to protect their culture and manage their land.

The Keeping Place Project in WA has created an online geospatial cultural heritage management system providing improved avenues for Indigenous groups to store and access their cultural information.

The project is a co-funded partnership involving the ILSC; native title groups Karlka Nyiyaparli Aboriginal Corporation (KNAC) and Yinhawangka Aboriginal Corporation; and resources companies BHP Billiton, Fortescue Metals Group and Rio Tinto. It also has the support of the National Trust of Western Australia.

Indigenous groups now have an innovative technology solution for managing native title and related land management and development issues that also gives them meaningful access to cultural information drawn from more than 40 years of resources companies conducting heritage surveys on Nyiyaparli country. The Keeping Place Project puts the stories of the Nyiyaparli Traditional Owners told during these surveys into the hands of the people to whom they are most meaningful.

KNAC had a developmental and guiding role in the technology solution and Nyiyaparli Traditional Owners developed the cultural protocols to be applied in the system.

The project has helped in improving relationships between Traditional Owners and resource companies and workshops have been held to determine how the technology solution could be adapted and used for the benefit of other Traditional Owner groups.

KNAC now has access to repositories of cultural and heritage information and a management system that supports them to protect significant cultural heritage sites. The innovative geospatial tool can be used to collect, store and appropriately share cultural knowledge, perform desktop assessments of heritage surveys, plan land management projects and maintain compliance with land use agreements.

A new Indigenous-owned company has been formed with KNAC as the founding member and is now making the technology available nationally. The ownership model enables other Indigenous groups to join as owner-members of the company.

Alignment with draft ILSC Program Logic

ACTIVITIES (EXTERNAL OUTPUTS) LEVEL:

- Invest in projects (information infrastructure);
- Provide advice and capability support;
- Connect Indigenous landowners;

- Sustainably owning and managing:
- Preserving culture through reconnection

Contribution towards Deliverables and KPIs								
Deliverable 1	Deliverable 2	Deliverable 3	KPI 1b	KPI 2b	KPI 3	KPI 4	KPI 5	
n/a	n/a	1	2	0	1	1	1	



ILSC Group at 30 June 2019 **Indigenous Land and Sea Corporation** Head office: Adelaide, SA ABN 59 912 679 254

Voyages Indigenous Tourism Australia Pty Ltd

ABN 82 146 482 591 Head office: Svdnev. NSW CEO: Grant Hunt

Mutitjulu Foundation⁶

ABN 63 494 833 077

Australian Indigenous Agribusiness Company Pty Ltd

ABN 28 108 266 548 Head office: Adelaide, SA

National Centre of Indigenous Excellence Ltd

ABN 98 133 644 578 Office: Redfern, NSW CEO: Clare McHugh [Jodie Stevens acting from 11 June 2019, on a six month secondment basis]

The ILSC's wholly-owned subsidiaries are established to provide benefits to Indigenous Australians, in areas such as employment, enterprise development and cultural and social wellbeing. Since 2015-16 these companies have been subject to review, with a focus on increasing their financial sustainability and better aligning them with the ILSC's purpose.

Information on subsidiary governance in 2018-19 is provided in Part 5 of this report, and individual reports for each subsidiary can be found below.



⁶ The Mutijulu Foundation was renamed the Anangu Communities Foundation, commencing July 1 2019

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VOYAGES INDIGENOUS TOURISM AUSTRALIA PTY LTD

The ILSC established Voyages to own and manage Ayers Rock Resort (acquired May 2011) at Yulara, NT, and to assist in the development of Indigenous tourism across Australia. Voyages operates two other tourism enterprises developed by the ILSC on ILSC-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 ILSC in partnership with Traditional Owners.

The ILSC 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 Anangu Communities Foundation Trust (formerly Mutitjulu Foundation). 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.

RESULTS IN 2018-19Business performance

In the 2018-19 financial year Voyages' operations generated Earnings Before Interest, Taxation, Depreciation and Amortisation (EBITDA) of \$48.4 million, up from \$35.9 million in 2017-18. This reported EBITDA is after \$6.8 million in expenses associated with Voyages' Indigenous employment and training programs, and related contributions of \$1.9 million from the ILSC; \$0.3 million from the Real Jobs Program (via the ILSC); \$1.4 million from the Department of the Prime Minister and Cabinet; 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 \$33.8 million and for partpayment of principal and interest totalling \$40.1 million due on loans secured against Ayers Rock



Resort held by Voyages and the ILSC. Of the principal and interest payments made, a total of \$23.5 million related to a restructuring of existing debt facilities (refer 'Debt facilities' below). Voyages' net profit before tax for 2018–19 was \$19.6 million.

Ayers Rock Resort

Ayers Rock Resort recorded occupancy of 86 per cent for the financial year, down from 89 per cent for the previous year (noting that The Lost Camel Hotel, closed in 2017-18, was brought back on to the hotel inventory during this year expanding the resort's capacity). Management continued to focus on growing the average room rate which increased by \$23.46 over the previous year. Market conditions remained strong with favourable exchange rates, positive economic conditions and expanded air capacity to Australia all contributing to a strong financial performance.

Field of Light Uluru, a stunning and extensive LED artwork by Bruce Munro, continues to be a powerful drawcard with over 125,000 guests buying tours during the year.

Next year will see the start of a major renovation of the Sails in the Desert rooms, including transformation of the bathroom facilities.

Debt facilities

Voyages has a bank loan with ANZ that is fully drawn to \$107.5 million at the balance date. The loan facility matures on 20 January 2021. The loan is secured by a mortgage over the Ayers Rock Resort property, an equitable mortgage over shares in the company and a guarantee from the ILSC. \$7.5 million of the bank loan is repayable in instalments over the remaining term with equal six-monthly instalments of \$2.5 million until the 20 January 2021. The total amount repayable on maturity is \$100 million. As at the balance date, \$5 million of the bank loan is classified as current and \$102.5 million bank loan is classified as a non-current interest-bearing loan.

On 14 December 2018, Voyages entered into a project finance facility with NAIF for a 20-year term of up to \$27.5 million, to fund the upgrade of the Airport and associated Contractors Accommodation Project. This funding enabled Voyages to make \$23.5 million in advanced repayments on the ILSC-held Commonwealth loan. The Commonwealth loan balance was \$26.8 million at year end, with all principal and interest payments due on this loan during 2018-19, other than that funded through the NAIF facility, being met by Voyages' operating cash flows. The loan is secured by a mortgage over the ARR property, an equitable mortgage over shares in the company and a guarantee from the ILSC. Security in connection with the NAIF loan ranks pari-passu with the Voyages primary lender ANZ, but is subordinate in terms of cash flow servicing.

Home Valley Station

The tourist season at Home Valley Station operates from May to October each year, though reporting is by financial year. In 2018–19 Home Valley recorded an occupancy of 43.7 per cent, compared to 43.6 per cent last year. After allowing for costs associated with Indigenous engagement programs and wet-season property maintenance, Home Valley Station recorded an operating loss of \$0.8 million (subsidised by the ILSC), an increase from a loss of \$0.7 million in 2017–18.

Recently announced tri-weekly direct Melbourne to Kununurra charter flights over a 13-week period commencing in 2020 should increase the number of fly-drive travellers into the region, creating opportunities for Home Valley Station.

Mossman Gorge Centre_

Mossman Gorge Centre welcomed 335,000 visitors in 2018-19, an increase of 1 per cent from the previous year. Total operating loss inclusive of costs associated with Indigenous employment and training programs was \$0.5 million (subsidised by the ILSC), compared with a loss of \$1.12 million last year.

The centre's foremost tour operator decided to remove the Welcome to Country experience from their Cape Tribulation itinerary from April 2019, diluting touring revenue.

However, this company's acquisition of smallgroup tour operator and their offer of a daily Daintree Rainforest day tour including Mossman Gorge Centre is hoped to mitigate the loss of revenue from the Cape Tribulation tour.

Indigenous employment and training

See the Annual Performance Statement at pages 7-35.

Indigenous engagement

During the year, Voyages began implementing a regional engagement model, including establishment of an Anangu Advisory Group with membership from Mutitjulu, Docker River, Imanpa and the APY Lands. The first meeting was held in March 2019. The role of the group is to:

- receive up-to-date information about Voyages' business, focusing on Anangu training, employment and economicparticipation opportunities
- collaborate to improve Voyages' outcomes in the above areas
- > provide a forum where ideas, opportunities and information can be shared.

Effective collaboration involving Mutitjulu Sports Association, Mutitjulu Community Safety Program, AFLNT (Australian Rules Football, Northern Territory) and Ayers Rock Resort enabled the first of a series of combined sporting events in April 2019, including women's softball, Auskick by AFLNT and an AFL feature game between Yulara and Mutitjulu. This event's format and its ongoing delivery are aimed at:

- promoting a healthy lifestyle through physical activity (children and adults)
- > providing role models for younger children
- relationship building between Mutitjulu and Yulara residents
- > promotion of employment opportunities for Anangu through the Australian Government's Community Development Program and the ILSC-managed Real Jobs Program.

Mutitjulu Foundation

The Mutitjulu Foundation was renamed the Anangu Communities Foundation, commencing 1 July to reflect the wider reach of the program's support. Wide stakeholder consultation was undertaken to inform the name change last financial year.

The Anangu Foundation's project expenditure decreased this year, with a total of seven projects supported at a total cost of \$179,793, compared to 23 projects and an outlay of \$626,594 in the previous year.

The closing balance of net assets at 30 June 2019 was \$1,328,871. Annual revenue for this financial year was \$468,807, representing a 1.2 per cent increase from the previous year (\$418,708). Voyages continued to match guest and staff donations to the foundation, dollar for dollar; the total matching donations reached a maximum capped amount of \$200,000 in 2018-19

Looking forward

The outlook for Australia's tourism sector, including for the NT, is expected to be more challenging than in previous years. Uncertain political and economic factors in major international markets—the United Kingdom, Continental Europe and the USA—are showing early signs of impacting travel to Australia.

Additionally, the perceived stabilisation of a number of Middle Eastern countries including Turkey, Egypt and Jordan is presenting travellers from our primary inbound source markets with alternative long-haul holiday destinations. The Climb Closure on 26 October 2019 is expected to boost visitation to Ayers Rock Resort in the months leading up to the closure, particularly from Australia and Japan. The resort has steadily built its cultural experiences in preparation for the climb closure, providing visitors with alternative activities.

The new Brisbane flight has settled in well, generating additional visitors from the southeast Queensland market. Two new flights this year - twice weekly from Adelaide and Darwin - will open up new opportunities for growth. The Adelaide service will expand the SA market and the Darwin flight should assist in expanding the China market to Uluru through the connection out of Shenzhen.

The ILSC's commitment to its mandate of divesting land that has been acquired and improved, will see continued efforts to build the value and financial sustainability of Voyages' assets in readiness for future granting. The subsidiary will continue to focus on infrastructure improvements, operational efficiencies and Indigenous benefits to ensure an optimal transition of ownership to Traditional Owners.

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AUSTRALIAN INDIGENOUS AGRIBUSINESS COMPANY PTY LTD

AIA operates solely as an employment vehicle, engaging workers on the ILSC's agribusiness operations and a number of other ILSC-held properties. While the entity currently still holds business assets in its name, work continues on the transfer of these assets (including livestock, plant and equipment).

Management of the ILSC's commercial agribusiness operations now resides within the ILSC under the ILSC Agribusiness function (see Part 2, Performance – ILSC Agribusiness).



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NATIONAL CENTRE OF INDIGENOUS EXCELLENCE LTD

NCIE is a social enterprise that aims to build capability and create life-changing opportunities for young Aboriginal and Torres Strait Islander peoples to positively impact wellbeing.

Developed by the ILSC on the site of the former Redfern Public School, the land and historic 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, indoor and outdoor training areas, and an undercover pool—accommodation and conferencing facilities, and corporate and tenant offices. Services delivered from the NCIE are detailed below.

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), Tribal Warrior Aboriginal Corporation, and Redfern Youth Connect, whose own activities from the NCIE site support thousands of Aboriginal and Torres Strait Islander people. Ngakkan Nyaagu (NGNY), an Aboriginal-owned digital agency was a permanent tenant, and SEDA Sporting College—also an NCIE tenant during this period—are working towards majority participation of Aboriginal and Torres Strait Islander students in its Year 11 and 12 courses.

RESULTS IN 2018-19 NCIE services

The NCIE delivers five discrete yet interrelated services from the Redfern site:

- Fitness and Aquatics (including Café and Retail)
- Hospitality (including Conference, Accommodation and Catering)
- NCIE Job Ready, a training-to-employment program
- TATU, part of the national Tackling Indigenous Smoking program
- > IDX in partnership with Telstra.



Each service is driven by the NCIE's goal of delivering long-term improvements to Aboriginal and Torres Strait Islander wellbeing.

In addition to these services, NCIE Corporate provides internal support in finance, human resources, work health and safety, communications and marketing, and governance and risk management.

Through these operations, the NCIE supports the ILSC to achieve one land management outcome through its management of the Redfern site.

Business performance

The NCIE is a not-for-profit social enterprise. In 2018–19, its earnings (before grant funding from the ILSC) were \$5.3 million in total, including revenues from its three businesses (Fitness and Aquatics; Hospitality; and Job Ready) and grants and sponsorships from third parties to run programs.

The NCIE generated a loss of \$852,274 in 2018-19; however, before financial support from the ILSC of \$3,954,7827, the result was a deficit of \$4,807,056.

The NCIE Strategic Plan 2018-20 came into operation in July 2018 and 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. NCIE developed a social impact reporting framework and dashboard in this period to articulate, measure, and report on its social impact.

NCIE's redeveloped website was launched in August 2018. NCIE'S largest piece of marketing and engagement collateral has facilitated rapidly improved online engagement for all NCIE services.

⁷ Includes concessional lease contribution of \$2,002,000



Engagement and social impact

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

- NCIE Job Ready mentored and assisted 76 Aboriginal and/or Torres Strait Islander participants into training or employment.
- NCIE Hospitality hosted 9,420 conference guests from the community, corporate and government spheres, for meetings, conferences, launches and other events, an 18.3 per cent increase on the previous year. NCIE Catering was a finalist in the 2018 Food for Good Awards.
- NCIE's new off-site catering business delivered to 14,866 people in 447 orders. Organisations tasting NCIE Catering included Lendlease, SBS, Aboriginal Affairs NSW, NSW Treasury, Transgrid, Transport for NSW, Stockland, UTS and Sydney Opera House.
- NCIE's retail and café businesses continued to grow, supporting 25 Aboriginal and Torres Strait Islander artists and businesses.

- 61 school, university, sporting and other groups stayed at NCIE Accommodation, a total of 1,562 campus guests, of whom 64 per cent identified as Aboriginal and/or Torres Strait Islander.
- In Fitness and Aquatics, 24 per cent of NCIE's 2,000 NCIE Fitness and Aquatics members identify as Indigenous. The NCIE pool was utilised by nine schools hosting around 1,300 students for swimming lessons.
- The Homework Centre, a pilot program commenced in October 2018 in collaboration with local community organisations, provided 240 young people in Years 8 to 12 with help with homework through time management and tutoring.
- The NCIE-Telstra Foundation IDX program initiative delivered digital tech workshops to foster digital learning and employment opportunities to 649 young Aboriginal and Torres Strait islander people, 66 communityfocused organisations, and 29 regional and remote communities across Australia.

On-site events and visitors

The annual Inner City NAIDOC Family and Sports Day held on the Friday 13 July 2018 and organised in collaboration with a community committee, attracted more than 3,000 people to the NCIE for a day of cultural events, sports and activities. As part of NAIDOC, NCIE hosted the *Deadly Women of Redfern* photo exhibition, comprising 52 new photographs by photojournalist Barbara McGrady of women from the Redfern community.

In partnership with Redfern Youth Connect, NCIE hosts a three-day a week Homework Centre for high school students as well as regular smokefree and alcohol-free Saturday night events including culture, sport and wellbeing activities for local families and young people.

Tribal Warrior's Clean Slate Without Prejudice and Never Going Back boxing, fitness and mentoring program attracts broad community attendance three mornings a week, each session regularly attracting up to 100 participants.

In partnership with Gadigal Information Service, NCIE hosted a movie night on 21 January 2019 in the lead up to the Yabun Festival. The documentary 88 was screened to coincide with the theme of the festival. The event was well patronised by community and first-time visitors.

Indigenous employment and training

During 2018–19, NCIE employed 51 Aboriginal and Torres Strait Islander people. Job Ready mentored and assisted 76 Aboriginal and Torres Strait Islander participants into training or employment.

Looking forward

2018-19 continued recent years of consolidation and growth, while building on processes and procedures for more efficient and effective NCIE operations. The NCIE Strategic Plan 2018-20 will guide the organisation over the next two years, and the new social impact report processes will clearly show what the centre delivers, not just what it does.

The ILSC and NCIE are working to establish sustainable operating models to ensure the NCIE's continued generation of benefits to the Indigenous community, locally and nationally, and its ultimate divestment from the ILSC's property portfolio.

As one of the ILSC's most valuable landholdings, the ILSC's core mandate of divestment of improved land will require careful and considered due diligence, planning and community engagement. The ILSC will focus on this during the 2019-20 period, while its subsidiary, NCIE, continues to focus on transforming its operations to a sustainable economic business model to enable future divestment.



>

National centre of Indigenous Excellence, NSW



ILSC GOVERNANCE (EXCLUDING SUBSIDIARIES)

ILSC BOARD

Board Committees

Audit and Assurance Remuneration and Nomination Work Health and Safety

ILSC Group Chief Executive Officer (GCEO)

ILSC Executive Management Team

National operational units

Program Delivery

Central Divisional Office (SA, NT, Vic., Tas.): Adelaide, SA
Eastern Divisional Office (Qld, NSW): Brisbane, Qld
Western Divisional Office (WA): Perth, WA
ILSC Agribusiness

Carbon and Environment

National support units

Finance

Information and Communication Services
People and Culture including Human Resources and
Work Health and Safety

Legal including Governance, Risk and Internal Audit
Policy

Communications

Stakeholders and accountabilities

BENEFICIARIES AND PARTNERS

Aboriginal and Torres Strait Islander people and communities including landholders, Traditional Owners, land councils, corporations, business operators, contractors and service providers

GOVERNMENT

Parliament of Australia

Prime Minister - Minister for Indigenous Australians

Department of the Prime Minister and Cabinet (PM&C) - lead portfolio agency

(National Indigenous Australians Agency—from 1 July 2019)

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

GOVERNANCEFRAMEWORK

Legislation

The ILSC is established under the *Aboriginal* and *Torres Strait Islander Act 2005* (ATSI Act), which sets out the ILSC's functions, powers and governance framework. This Act was substantially amended during the year under review, as described in the Overview chapter of this report. The ILSC is a corporate Commonwealth entity under the *Public Governance, Performance and Accountability Act 2013* (PGPA Act). The ILSC Board is the Accountable Authority under the PGPA Act.

Budget

The ILSC participates in the whole-ofgovernment budget process through the Portfolio Budget Statements for the Prime Minister and Cabinet Portfolio.

The ILSC and its subsidiaries (other than Voyages) are included in the General Government Sector. Voyages is classified as a Public Non-Financial Corporation.

Responsible Minister

During 2018–19 the ILSC had two responsible Ministers:

- Senator the Hon Nigel Scullion, Minister for Indigenous Affairs until 29 May 2019
- > the Hon Ken Wyatt AM MP, Minister for Indigenous Australians from that date.

The PGPA Act requires that the ILSC 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 ILSC Board is also required to notify the Minister of any significant non-compliance with finance law. The ILSC 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 ILSC must comply with any Australian Government Policy Order to the extent that it applies to the ILSC. 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 ILSC website.

Related Party Transactions

ILSC has a system of delegated powers that enables decisions to be made on a range of transactions at the appropriate organisational level. The Board Governance Charter adopts better practices as contained in the ANAO Better Practice Guide on Governance and the ASX Corporate Governance Guidelines. The Charter requires the disclosure of any conflict of interests including all related party transactions, and this matter is reported on at each ILSC Board meeting for Directors. The Executive Management Team is required to provide an Annual Declaration of Interest. In the 2018-19 Financial Year, the ILSC has reported a series of transactions with two related parties, one of which is another Commonwealth related entity. Note 12B (Transactions with Related Parties) to the Financial Statements of the ILSC sets out ILSC's related party disclosure for 2018-19.

ILSC Board

The seven-member Board is the ILSC'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 ILSC, and is responsible for the proper and efficient performance of the ILSC'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 ILSC purpose set out in the ATSI Act
- providing accountable, effective, measurable and strategic leadership
- exercising control over the ILSC 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 ILSC Group CEO or to ILSC staff members. Accordingly, decision making within the ILSC is governed by the Instrument of Delegations. This includes where the decision is to approve the ILSC'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 two Board changes over the year. The terms of Directors Ashby and Hosch ended on 15 March 2019 and on the following day (16 March 2019) Directors Ah-See and Tucker were appointed. Chairperson Fry was reappointed for another term during the year.

Fourteen Board meetings were held in 2018-19; these meetings and Directors' attendance are detailed at Table 21

The following are short biographies of the nine ILSC Directors who served in 2018-19. All are non-executive Directors, and all except Director Crossin are Indigenous Australians.

ILSC BOARD OF DIRECTORS



Mr Edward (Eddie) Fry

- Chairperson
- Chair, Remuneration and Nomination Committee

Mr Fry has extensive experience within the Australian resource sector, specialising in Indigenous affairs and native title matters. Based in Adelaide, Mr Fry was born and raised in Darwin and his mother is a Dagoman woman from the Katherine region of the Northern Territory.

Mr Fry holds a Diploma in Business Management from the University of South Australia and has held senior executive roles with Normandy Mining Ltd, having established the company's Traditional Owner policy, managed international logistics, investor relations and marketing of Normandy's base-metal portfolio. A consultant of TNG Ltd (ASX), he led Native Title Agreement negotiations for the TNG Ltd world-class ferro/vanadium Mount Peake project in the Northern Territory. He previously worked at the Aboriginal and Torres Strait Islander Commission (ATSIC), the Aboriginal Development Commission and the Department of Aviation.

Mr Fry is Chairperson of Indigenous Business Australia (IBA); Deputy Chair of the Aboriginal Foundation of South Australia Inc.; Chair of the Indigenous Advisory Board at Broadspectrum; Chair of Todd River Resources Mineral Exploration (ASX); and Executive Director of Gimbulki Ltd, a native title land-access company he established in 2002.





Mr Joseph Elu AO

- > Deputy Chairperson
- Member, Audit and Assurance Committee and Remuneration and Nomination Committee

Mr Elu has a strong background in local government and business. He is the current chairman of Seisia Enterprises, the Torres Strait Regional Authority (TSRA), Chair and Member for Seisia community, and a former Mayor of the Northern Peninsula Area Regional Council.

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

Mr Elu is also a former Chairman of Indigenous Business Australia. In 2008, Mr Elu was made an Officer of the Order of Australia for his service to Indigenous people.

Mr Roy Ah-See (from 16 March 2019)

> Director, National Centre of Indigenous Excellence Ltd

Roy Ah-See is a Wiradjuri man who was born and raised on Nanima Reserve, near Wellington in New South Wales.

Mr Ah-See was elected to the NSW Aboriginal Land Council in 2007 and was Chairperson of the Council from 2015 until mid-2019. He is also a member of the Darkinjung Local Aboriginal Land Council and Gandangara Local Aboriginal Land Council.

In 2017, Mr Ah-See was selected to be a member of the Prime Minister's Indigenous Advisory Council and chosen to be a member of the Advisory Committee for the Australian Law Reform Commission's Inquiry into the incarceration rates of Aboriginal and Torres Strait Islander peoples.

He has served on the New South Wales Local Government and Shires Association and previously worked at various government agencies and Aboriginal community controlled organisations.

Mr Ah-See also has qualifications in social welfare and works in a voluntary capacity to help Aboriginal men who are experiencing challenges with drugs and alcohol.

ILSC BOARD OF DIRECTORS





Mr Anthony Ashby (to 15 March 2019)

- Member, Aboriginal and Torres Strait Islander Land Account Consultative Forum
- **Director, National Centre of Indigenous Excellence Ltd**

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.

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 is a former Senator and was the first woman to represent the Northern Territory in the Federal Parliament. Ms Crossin 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, Ms Crossin was Chair of the Legal and Constitutional Committee and Joint Select Committee on Constitutional Recognition of Aboriginal and Torres Strait Islander Peoples. She was a member of the Joint Statutory Committee for Native Title and the Aboriginal and Torres Strait Islander Land Account and the Education, Employment and Workplace Relations Committee. Ms Crossin 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 ILSC subsidiaries (Voyages Indigenous Tourism Australia and Australian Indigenous Agribusiness AIA); the Mutitjulu Foundation; St Columba's College Pty Ltd, Westjustice Community Legal Centre and Asthma Foundation NT. Ms Crossin is also a member of the Advisory Committee on Indigenous Eye Health at Melbourne University and the Wyndham City Council Safer Communities Committee.





Ms Tanya Hosch (to 15 March 2019)

- Member, Remuneration and Nomination Committee
- Member, Aboriginal and Torres Strait Islander Land Account Consultative Forum

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

Director, Australian Indigenous Agribusiness
 Company Pty Ltd

Mr Bruce Martin is a Wik Ngathan man from the community of Aurukun on western Cape York, Qld. Mr Martin 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 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), a community-owned organisation focusing on the development of productive livelihoods on traditional Wik country. APN 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.

ILSC BOARD OF DIRECTORS





Dr Donna Odegaard AM

- Member, Work Health and Safety Committee
- Director, National Centre of Indigenous Excellence Ltd

Dr Odegaard AM, Larrakia Elder from Darwin, NT is a business woman with over 40 years' experience and has a Masters degree on Aboriginal Land Rights and PhD on Treaty.

Dr Odegaard is the owner and founder of Australia's largest privately owned media network, Aboriginal Broadcasting Australia, which has four television channels, four radio stations and a production company reaching 2,400 Indigenous communities across Australia in over 30 Indigenous languages.

With over 30 years' experience in Indigenous heritage, education, native title, land rights, community development and business Dr Odegaard was appointed in 2017 as senior Indigenous leader on the Ministerial Forum Indigenous Reference Group for Developing Northern Australia.

Dr Odegaard's accomplishments include: Indigenous Alumni Award University of Newcastle; Naming Lady and Commissioning Lady HMAS Larrakia; Order of Australia in 2016 for significant service to Indigenous cultural heritage, broadcast media, education and training, and Reconciliation. In 2018 Dr Odegaard was awarded the prestigious Sir John Storey Lifetime Leadership Award for significant leadership in Indigenous affairs and business.

Dr Odegaard is a speaker on Indigenous Business and Entrepreneurship, Indigenous Affairs, Policy Reform and Indigenous Women in Leadership.

Mr Daniel Tucker (from 16 March 2019)

Director, Voyages Indigenous Tourism
 Australia Pty Ltd

Mr Daniel Tucker, a Wongatha/Mirning man, is an Aboriginal leader and businessman from Kalgoorlie, Western Australia.

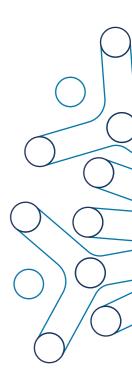
Mr Tucker is the founding and Managing Director of Carey Mining, the largest 100 per cent Indigenous owned and managed contracting company in Australia. He has over 28 years' experience in the mining industry having held executive roles in both ASX listed public companies and other private companies.

Mr Tucker is an inaugural member of the Prime Minister's Indigenous Advisory Council and has previously served on the Council of Curtin University in Perth, WA, as well as on the boards of a number of private, not for profit and publicly listed Australian Stock Exchange companies.

Mr Tucker has won numerous industry and government awards including Ernst & Young Entrepreneur of the Year 2012 Service Category, Western Region; and Ethnic Business Awards 2013, Champion of Champions, Indigenous in Business.

Table 21: ILSC Board meetings, 2018-19

Meeting No	Date	Location	Attendees	Leave of absence	Not attending
226	06.07.18	Teleconference	Fry, Elu, Ashby, Crossin, Odegaard		Hosch, Martin
227	22.08.18	Perth	Fry, Elu, Ashby, Crossin, Odegaard, Hosch, Martin		
228	12.09.18	Teleconference	Fry, Elu, Ashby, Crossin, Odegaard	Hosch, Martin	
229	24.10.18	Sydney	Fry, Elu, Ashby, Crossin, Odegaard, Hosch, Martin		
230	01.11.18	Teleconference	Fry, Elu, Crossin, Odegaard, Martin	Ashby, Hosch	
231	12.12.18	Uluru	Fry, Elu, Ashby, Crossin, Hosch	Odegaard, Martin	
232	01.02.19	Teleconference	Fry, Elu, Ashby, Crossin, Odegaard, Martin	Hosch	
233	19-20.02.19	Adelaide	Fry, Elu, Ashby, Crossin, Odegaard, Hosch, Martin		
234	28.03.19	Teleconference	Fry, Elu, Crossin, Ah-See, Tucker	Martin, Odegaard	
235	03.04.19	Teleconference	Fry, Elu, Crossin, Martin, Odegaard, Tucker	Ah-See	
236	05.04.19	Teleconference	Fry, Elu, Crossin, Martin, Odegaard, Tucker	Ah-See	
237	17.04.19	Canberra	Fry, Elu, Crossin, Martin, Odegaard, Tucker	Ah-See	
238	29.04.19	Teleconference	Fry, Elu, Crossin, Martin, Odegaard, Tucker		Ah-See
239	23.05.19	Sydney	Fry, Elu, Crossin, Martin, Odegaard, Ah-See	Tucker	
240	19.06.19	Sydney	Fry, Elu, Crossin, Martin, Odegaard, Ah-See, Tucker		



Board Committees

Three Board committees operated in 2018-19.

Audit and Assurance Committee

The Audit and Assurance Committee provides independent assurance and advice to the Board on the ILSC 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 and is chaired by Ms Maria Storti who was reappointed as the independent member for two further years in February 2018. As at 30 June 2019 Committee members were Directors Crossin and Flu

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 ILSC Group remuneration policy. Committee members as at 30 June 2019 were Chairperson Fry and Director Elu.

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 ILSC Group.

As at 30 June 2019 the committee was chaired by Director Crossin with Director Odegaard as a member, supported by the Group WHS Manager and senior ILSC Group management.



SUBSIDIARY GOVERNANCE AND MANAGEMENT

The ILSC's three subsidiaries each have their own boards and are managed by agreements with the ILSC under section 191G of the ATSI Act. Each year, the ILSC Board issues a Statement of Expectation to each subsidiary setting out the ILSC's expectations including outcomes to be achieved by subsidiaries. The ILSC Board appoints directors to subsidiary boards: they include some ILSC Directors as well as independent members. The ILSC Group CEO is an ex officio member of all subsidiary boards under their respective constitutions. Subsidiary boards establish committees, where appropriate.

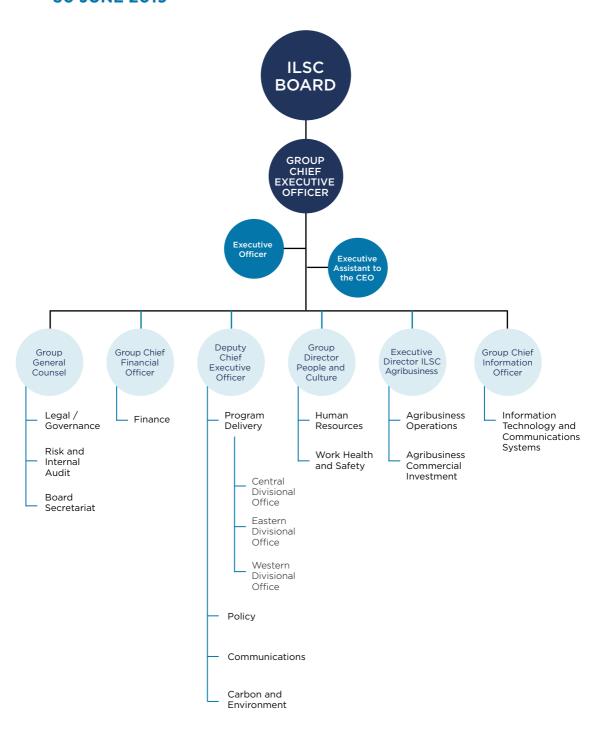
Subsidiaries other than AIA, have their own management structures, headed by a CEO or Managing Director. AIA is being integrated into the ILSC, with its former CEO re-joining the ILSC as Executive Director Agribusiness on 1 July 2018. The company will continue as a vehicle to employ staff on ILSC-operated agribusinesses and transition its other assets in an orderly fashion. Both AIA and NCIE receive corporate-services support from the ILSC in the areas of human resources, information technology, finance, risk management and legal.

Table 22: ILSC Subsidiary Boards, as at 30 June 2019

Voyages Indigenous Tourism Australia	Australian Indigenous Agribusiness Company Pty Ltd	National Centre of Indigenous Excellence Ltd
Rick Allert (Chair)	John Maher, ILSC Group CEO ex officio (Chair)	Alison Page (Chair)
lain Evans, WU (associate director, non-voting)*	Bruce Martin, ILSC Director	Kate Cam
Dorothea Randall*	Patricia Crossin, ILSC Director	Dillon Kombumerri
Patricia Angus		Donna Odegaard, ILSC Director
Andrew McEvoy		Roy Ah-See, ILSC Director
Dana Ronan		John Maher, ILSC Group CEO ex officio
Grant Hunt (Managing Director)		
John Maher, ILSC Group CEO ex officio		
Daniel Tucker, ILSC Director		
Patricia Crossin, ILSC Director		

^{*}A Deed of Agreement with Wana Ungkunytja 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.

> ILSC ORGANISATION CHART 30 JUNE 2019



> ILSC ADMINISTRATION

The ILSC Group CEO is a statutory officer appointed by the Board. The Board appointed Mr John Maher as Group CEO from 1 June 2016. Mr Maher tendered his resignation during this year and will cease as ILSC Group CEO on 13 September 2019. The Board has resolved that, Mr Leo Bator will act in the role in accordance with the provisions of section 192E of the ATSI Act following Mr Maher's departure.

The Group CEO is responsible for managing the day-to-day administration of the ILSC according to directions and policies set by the Board. The Group Executive Management Team's role is to support the Group CEO in strategic, operational and administrative matters and in carrying out the decisions of the Board.

The ILSC administration (excluding subsidiaries) is a dispersed entity that works from three main office locations: Adelaide (Head Office), Brisbane and Perth.

The 2018-19 year saw the ILSC close its office in Canberra as part of strategic and operational changes. As noted elsewhere in this report, corporate management of ILSC subsidiary AIA transitioned into the ILSC from 1 July 2018 and the activities of AIA are being transitioned into ILSC, resulting in the need for fewer senior positions across the commercial operations aspect of the ILSC Agribusiness portfolio.

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

The ILSC 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 ILSC Group leadership team meet monthly on a face-to-face basis and gathered for a two-day strategic planning workshop in Brisbane in early 2019.





Real Jobs Program, NT

Table 23: ILSC Management Committees, 30 June 2019

Executive Management Team	ILSC Group CEO, Deputy CEO, Group Chief Finance Officer, Group Chief Information Officer, Group General Counsel, Group Director People and Culture, Executive Director ILSC Agribusiness	Senior management forum to discuss and progress corporate, policy and operational matters and assist the ILSC Group CEO to fulfil statutory responsibilities according to directions set by the Board.
Consultative Committee	Elected staff representatives, ILSC Group CEO (or CEO representative), Group Director People and Culture	Forum for discussion of issues relating to employee conditions
Indigenous Consultative Committee	Elected Indigenous staff members, ILSC Group CEO, Group Director People and Culture	Provides a support network to Indigenous staff; assists in development and implementation of ILSC Indigenous Employment Strategy

STRATEGIC AND OPERATIONAL PLANNING

As described in previous reports the ILSC Board under Chairperson Fry has been active in reviewing and reforming the ILSC Group's strategic directions and performance.

Development of the ILSC's statutory strategies, the National Indigenous Land and Sea Strategy and accompanying regional strategies, is described at pages 5 and 33 of this Annual Report.

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

- Increasing the ILSC's return on its purpose to provide benefits for Indigenous people through acquisition and management
- Increasing the ILSC's investment in its purpose
- > 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 ILSC administration's commitment to the Board's strategies as set out in the NIL(S)S, RIL(S)S and Corporate Plan.

In 2018-19 the ILSC also continued to review and refresh its principal funding vehicle, the *Our Land Our Future* Program; the systems, tools and templates that support its delivery;

and the associated ILSC Performance Evaluation and Benefits Frameworks. Program revision was also required in order to incorporate the ILSC's extended remit for water.

The scope of work is broadly to:

- > 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- and water-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.

Over 2018–19 the ILSC Group has been developing a program logic approach to model the connections between the ILSC's activities (internal and external) and the corporation's legislated purpose. See page 11 to view the draft, high level Program Logic, with current Deliverables and KPIs mapped to activities and outcomes.

A revised *Our Land Our Future* Program will be launched in the first half of 2019–20. Key features will include increased transparency in project assessment and an enhanced commitment to meeting customer service standards. It is expected that new performance measures will be incorporated in the 2020 Portfolio Budget Statements.

>

SERVICE STANDARDS

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

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

One formal process was undertaken in 2018–19: Sunrise Group Aboriginal Corporation requested a review of ILSC's decision to cease assessment of its proposal to acquire Yaraandoo Eco Lodge and Function Centre, NSW. The matter was addressed inline with the ILSC complaints handling process; the decision was upheld.

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

>

ASSURANCE AND RISK MANAGEMENT

The Group's Risk Management Framework takes a whole-of-enterprise approach, is integrated into all operations, promoting the identification and management of risk at every level of each entity. The Group Risk Management 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 Group's commitment to effective risk management is ensuring consideration and treatment of risk is integrated in all policies and procedures, underpinning all ILSC Group functions, programs and operations. The Group Risk Framework is reviewed annually. Across the group, each entity's Executive and Audit Committee review and test the systems of risk, internal control and compliance frameworks through the Group's Internal Audit Program.

Audit

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

The Audit and Assurance Committee oversees the group's Internal Audit Program. The annual program is outsourced and is designed to provide assurance that key risks and compliance requirements are managed appropriately and in a timely manner.

Insurance and indemnities

Comcover, the Australian Government's selfmanaged fund, provides cover, including directors' and officers' liability, for the ILSC Group's insurable risks.

Limited indemnities are provided by way of deed of access to each of the Board's Directors, the ILSC Group CEO and the Group General Counsel. These arrangements largely mirror those implied at common law; generally speaking, they indemnify Directors and Officers 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.

Fraud control and awareness

The ILSC maintains a rigorous Fraud Control and Awareness Program to minimise the risks of fraud and deal with any allegations of fraud that arise. The ILSC Board certifies that the ILSC complies with the Commonwealth Fraud Control Policy. The ILSC has taken all reasonable measures to minimise the incidence of fraud and to investigate and recover the proceeds of any fraud against the ILSC. 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 ILSC Group and comply with relevant guidelines.

Maintenance of ethical standards

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



Managing biosecurity and animal welfare

The ILSC continues to build biosecurity awareness among its workforce, with all relevant properties maintaining compliance with Australia's voluntary Livestock Production Assurance program. The program is the industry's on-farm assurance program covering food safety, animal welfare, and biosecurity.

This work will be further strengthened through a partnership with Animal Health Australia, engaged to support the professional development of property-based employees by increasing their knowledge and understanding of best-practice livestock health and welfare. This partnership will also result in refreshed biosecurity plans for our agribusiness properties. In 2018–19 no disruptions or loss stemmed from biosecurity incidents.

PROCUREMENT

The ILSC'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 purchase of goods and services in relation to all ILSC 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 ILSC uses corporate credits cards for efficiency.

Consultants

The ILSC engages consultants on the same basis as it procures all goods and services. In 2018-19 the ILSC continued to contract a number of consultants for the performance of specialist professional services and where the ILSC requires independent advice, review or evaluation. Consultants were selected by tender or direct sourcing. The below table identifies spending on consultants across the ILSC Group, by financial year of expenditure. Expenditure comprises actual spend on consultant arrangements, irrespective of the year of commencement of the arrangement agreement, and is thus not directly correlated to consultant reporting in previous ILSC Annual Reports. To provide greater transparency, the ILSC Group will enhance reporting on its consultant engagement next financial year.

ILSC Group Indigenous Procurement Policy

The ILSC 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 ILSC established an ILSC 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 ILSC strengthened its reporting systems to track actions and outcomes in this area. In 2018-19 the ILSC Group recorded Indigenous procurement of 2.5 per cent, at a value of \$3.7 million.

Table 24: ILSC Group spending on consultants (GST exclusive), last three financial years

Financial Year	2018 -19	2017-18	2016 -17
Expenditure (\$ million)	\$7.4	\$6.9	\$6.3

Table 25: Total Indigenous procurement (GST exclusive) for 2018-19

Category	ILSC	AIA	NCIE	Sub-Total	Voyages	Total
July 2018 - June 2019	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Total Indigenous procurement	919	1,101	481	2,501	1,262	3,763
Total procurement	18,810	8,556	2,942	30,308	121,584	151,892
% Indigenous procurement	4.9%	12.9%	16.3%	8.3%	1.0%	2.5%

EXTERNAL SCRUTINY

In 2018-19 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 ILSC. There were no reports in relation to the ILSC by the Commonwealth Ombudsman, the Auditor General or the Office of the Australian Information Commissioner.

Freedom of Information

The ILSC 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.ILSC. gov.au/about-us/ilsc-publication scheme

Parliamentary committees

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

- 26 October 2018
- 22 February 2019.

Native Title

Under its Native Title Policy (commenced 2013) the ILSC 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 ILSC received no such requests in the 2018-19 financial year.

Communications, media and marketing

Throughout the period, and as part of the ILSC's ambitious change agenda, the corporation has pursued a pro-active communications strategy focused on increased engagement with key stakeholders including Indigenous customers, government agencies, project partners and media outlets.

Changes to the functions and name of the corporation came into effect on 1 February 2019, necessitating a revision to the ILSC Group brand

identity launched in 2018. The roll out of the revised ILSC Group brand and its application to external and internal communications and marketing channels occurred from February 2019 and was complete at 30 June 2019.

The ILSC continues to build its profile to increase awareness of the functions of the ILSC and in particular, opportunities arising from the ILSC's expanded remit. Media stories about legislative reform and what it means for Indigenous Australians have appeared in major news outlets, including ABC News and Online, The Weekend Australian newspaper, Australian Financial Review and Indigenous media such as the Koori Mail and National Indigenous Times.

The ILSC's key media strategy is to promote positive stories of successful ILSC-partnered projects undertaken by Indigenous Australians. Stories appearing in major news outlets during the period included:

- Crocodile-Welcome Station and the Reef Trust Program, Cape York, Qld
- Northern Australia Aboriginal Kakadu Plum Alliance (NAAKPA)
- North West Indigenous Pastoral Project, SA
- Jumbun Farm, Qld
- Myroodah Station divestment to Walalakoo Aboriginal Corporation, Kimberley, WA
- the ILSC Group's ownership of Ayers Rock Resort and the success of Voyages.
- coverage by the Australian on the change to the ILSC remit; showcasing the partnership between the ILSC and the Karajarri Traditional Lands Association.

WORK HEALTH AND **SAFETY (WHS)**

The ILSC is committed to improving its safety performance and focusing on continuous improvement in addition to meeting our legislative requirements under the Commonwealth Work Health and Safety Act 2011.

The ILSC Board has prioritised WHS across the ILSC Group with consistency and collaboration a main focus due to the variety and types of activities being undertaken across Australia. The Board WHS Committee appointed in 2016 continued to oversee the integrated ILSC Group WHS framework.

In 2018-19 significant WHS activities included:

- Establishment of positive safety indicators and targets across the group
- Implementation of 23 Group Corporate WHS Standards
- Completion of two self-assessment activities against Group Corporate Standards
- Launch of a new Employee Assistance
 Program across the ILSC, Agribusiness and the NCIF
- Contract established for the Lucidity hazard and incident reporting software tool to be utilised across the group.

WHS: ILSC Core

Nine work-related injuries occurred; four were notifiable with two workers compensation claims.

WHS initiatives conducted:

- Completion of a safety management system audit by Comcare with an 87 per cent conformance result
- Refresh of consultation arrangements including work groups and worker-led WHS Committee
- > Appointment of a WHS business partner
- > Health and safety representatives trained
- Review of asbestos landholdings, asbestos management plans and site registers
- Revision of three-year WHS Strategic Plan to align with risk register and annual plan
- > Incident and hazard-reporting procedures reviewed and refined
- > Launch of a health and wellbeing program
- > Safety for leaders training
- > Due diligence refresher training
- > Integration of WHS into land-holdings management and inspections.

WHS: Voyages

287 work-related injury incidents recorded; five were notifiable; 71 workers compensation claims made at an average of \$3,700 per claim.

WHS improvements achieved:

- Engagement of a suitably qualified and experienced senior health and safety advisor
- > Completion of safety management system documentation
- > Training program for senior managers in incident management
- Delivery of health and safety representative training
- Lead indicators established and tracked (inspections, hazards)
- Progress on improving investigation outcomes
- > Business partner assurance program implemented.

WHS: AIA

19 workplace incidents; one was notifiable with six workers compensation claims accepted.

WHS activities included:

- > Update of the Property Manager's Handbook and Operations Manual
- Mental Health First Aid training for workers and property managers
- > WHS data dashboard created to provide data and trend analysis to property managers and workers for feedback and review
- > Appointment of a WHS business partner
- Monthly toolbox topics coordinated centrally to focus on priority areas
- Consultation arrangements reviewed and reestablishment of WHS Committee meetings
- > Risk workshop completed to refresh risk register to inform WHS annual plans and set priorities
- > Incident and hazard-reporting procedures reviewed and refined
- > Coordination of the annual property planner
- > Review of asbestos management plans and site registers
- > Revision of three-year WHS Strategic Plan to align with risk register and annual plan
- > Launch of a health and wellbeing program.

WHS: NCIE

21 workplace incidents; one notifiable incident and one workers compensation claim.

Other notable WHS activities included:

- > WHS training needs analysis developed
- Review of procurement process with WHS aspects
- > Refresh and update of site Emergency Response Plan
- Site WHS and environmental risks reviewed and assessed
- > Review of contractor management process
- > Due diligence refresher training.

> ENVIRONMENTAL PERFORMANCE

In 2018–19, the ILSC 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 ILSC, 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 ILSC, the

Heritage Strategy documents how the ILSC plans to manage all heritage values on ILSC properties in accordance with the ATSI Act and the EPBC Δct

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 ILSC, including those properties where ILSC subsidiaries conduct business operations.

ILSC 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 ILSC-controlled component is separately metered. The most significant ILSC-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 ILSC office activities; all ILSC offices collect waste paper for recycling.

Water usage charges for ILSC 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.

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





EMPLOYEE ARRANGEMENTS: ILSC CORE

The ILSC Group CEO is responsible for the engagement of employees necessary to perform the functions of the ILSC. At 30 June 2019 the core ILSC (excluding subsidiaries) employed 107.4 full-time equivalent (FTE) employees. This is an increase from 2017-18 (100.30 FTE).

Thirty-six new employees (16 female, 1 Indeterminate/Intersex/Unspecified and 19 male) were engaged in 2018-19 and 26 employees separated, resulting in 23.6 per cent average turnover (2017-18: 18.8 per cent).

The ILSC maintained a high level of workplace diversity. At 30 June 2019 the proportion of Indigenous employees was 25.9 per cent and female employees 51.8 per cent.

Table 26: ILSC Core employees by diversity group (FTE), 30 June 2019

	Non-Ind	ligenous	Indige	enous	Tot	al
	17-18	18-19	17-18	18-19	17-18	18-19
Program Executive and Support	-	1.0	-	3.0	-	4.0
Female	-	-	-	2.0	-	2.0
Male	-	1.0	-	1.0	-	2.0
Carbon and Environment	4	5.0	-	.25	4	5.25
Female	1	2.0	-	-	1	2.0
Male	3	3.0	-	.25	3	3.25
Central Division	6.8	9.8	5.0	5.0	11.8	14.8
Female	1.8	3.8	4.0	5.0	5.8	8.8
Male	5.0	6.0	1.0	-	6.0	6.0
Eastern Division	8.8	6.8	8.25	3.25	17.05	10.05
Female	3.8	2.8	5.0	2.0	8.8	4.8
Indeterminate/Intersex/Unisex	-	1.0	-	-	-	1.0
Male	5.0	3.0	3.25	1.25	8.25	4.25
Western Division	7.9	8.6	5.25	4.25	13.15	12.85
Female	5.0	6.6	2.0	1.25	7.0	7.85
Male	2.9	2.0	3.25	3.0	6.15	5.0
Corporate Executive and Support	43	46.4	7.6	8.05	50.6	54.45
Female	24	25.4	4.6	4.0	28.6	29.4
Male	19	21.0	3.0	4.05	22.0	25.05
Agribusiness	2.7	4.0	1.0	2.0	3.7	6.0
Female	0.7	-	1.0	1.0	1.7	1.0
Male	2.0	4.0	-	1.0	2.0	5.0
Grand Total	73.2	81.6	27.1	25.8	100.30	107.4

Table 27: ILSC salaries by diversity group (FTE), 30 June 2019

		Female		Indetermi	nate/Inters	ex/Unisex		Male		Grand
Classification	Non- Indigenous	Indigenous	Total	Non- Indigenous	Indigenous	Total	Non- Indigenous	Indigenous	Total	Total
ILC1: \$48,000-\$57,000	-	1.25	1.25	-				3.55	3.55	4.8
ILC2: \$59,000-\$72,000	5.8	8.0	13.8				2.0	2.0	4.0	17.8
ILC3: \$74,000-\$90,000	16.2	2.0	18.2	1.0	-	1.0	7.0	2.0	9.0	28.2
EL: \$98,000-\$133,000	18.6	1.0	19.6				22.0	1.0	23.0	42.6
Legal: \$58,000-\$136,000	-	1.0	1.0	-	-	-	2.0	-	2.0	3.0
SE: >\$133,000	-	2.0	2.0	-	-	-	7.0	2.0	9.0	11.0
Grand total	40.6	15.25	55.85	1.0	-	1.0	40.0	10.55	50.55	107.4

EL = Executive Level SE = Senior Executive Classifications as per the Employment Instrument (Enterprise Agreement) used by the ILSC.

Reconciliation Action Plan

The ILSC 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 ILSC'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 ILSC Group Innovate RAP; consultation with Reconciliation Australia (RA) commenced in February 2019 and conditional endorsement was received 14 May 2019. Board approval (with amendment) was received on 19 June 2019. It is expected that this RAP will be finalised and launched in the first half of 2019-20.

The Group RAP builds on the previous development of individual RAP by the ILSC and Voyages.

Indigenous Employment Strategy

The ILSC's Indigenous Employment Strategy (IES) operates within the core ILSC, aligns with the Group RAP and complements the training and employment strategies delivered through ILSC subsidiaries. The purpose of the IES is to promote the improvement and maximise Indigenous employment within the ILSC Group and is consistent with the direction of the Aboriginal and Torres Strait Islander Act 2005 (ATSI Act) of giving priority to 'maximising the employment of Aboriginal persons and Torres Strait Islanders'.

The IES is monitored through the Indigenous Consultative Group (ICG), made up of Indigenous employees elected from each ILSC office, in conjunction with the ILSC Group CEO and Group Director People and Culture. During the reporting period the ILSC Group CEO met with the ICG to discuss progress of the IES, the Group RAP, and the ILSC's learning and development strategies.

The ILSC filled five Indigenous training positions in 2018–19, and four cadet positions were hosted through the National Indigenous Cadetship Project.

Remuneration framework and governance

The ILSC Remuneration and Nominations Committee (RANC) makes recommendations to the ILSC Board on ILSC Group-wide remuneration policy. Any reports in relation to the remuneration framework applicable to the ILSC, including any proposed changes, are presented to the RANC.

The ILSC Group CEO's remuneration arrangements are administered by the Australian Government Remuneration Tribunal under the Principal Executive Office classification. The ILSC Board considers, reviews and recommends the remuneration review and arrangements of the ILSC Group CEO through the RANC.

The Australian Public Service (APS) Executive Remuneration Management Policy and the APS Workplace Bargaining Policy set out arrangements for managing the remuneration of Senior Executive Employees (SEEs) at the ILSC. Executive positions at ILSC are evaluated and benchmarked based on the APS Executive Salary Guidelines and reviews conducted by independent consultants.

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.

All other ILSC employees are engaged under the ILC Enterprise Agreement (EA) 2019-2022. 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.

Key Management Personnel: ILSC

During the reporting period ended 30 June 2019, ILSC had 17 directors and executives who met the definition of Key Management Personnel (KMP)8. Their names, details of remuneration and term as KMP are set out in the following tables9:

Table 28: ILSC Key Management Personnel - appointments and tenure

Name	Position Title	Term as KMP
Roy Ah-See	ILSC Board	Part-year - Appointed 16.3.2019
Anthony Ashby	ILSC Board	Part-year - Ceased 15.3.2019
Leo Bator	Executive Director Strategic Initiatives ¹⁰	Part-year - Appointed 3.5.2019
Patricia Crossin	ILSC Board and Audit and Assurance Committee	Full year
Trevor Edmond	Group General Counsel	Part-year - Appointed 4.11.2018
Joseph Elu	ILSC Board - Deputy Chairperson	Full year
Edward Fry	ILSC Board - Chairperson	Full year
Tanya Hosch	ILSC Board	Part-year - Ceased 15.3.2019
John Maher	Group Chief Executive Officer	Full year
Bruce Martin	ILSC Board	Full year
Craig North	Executive Director Agribusiness Full year	
Donna Odegaard	ILSC Board	Full year
Timothy Price	Group Chief Information Officer	Part-year - Appointed 2.7.2018
David Silcock	Group Chief Financial Officer	Full year
Jodie Stevens	Group Director People and Culture	Part-year - Seconded to subsidiary National Centre of Indigenous Excellence 10.6.2019
Patricia Stroud	Deputy Chief Executive Officer	Full year
Daniel Tucker	ILSC Board	Part-year - Appointed 16.3.2019

⁸ The ILSC defines Key Management Personnel in accordance with Department of Finance RMG-No. 139: Commonwealth companies Executive Remuneration Reporting Guide for Annual Reports, consistent with AASB 124: https://www.aasb.gov.au/admin/file/ content105/c9/AASB124_07-15.pdf

⁹ The Table for Other Highly Paid Staff is excluded for ILSC and Voyages, as there are no employees that fall into this category.

¹⁰ The Executive Director Strategic Initiatives and Group Chief Information Officer were newly created positions during the year with a single occupant in each of these roles.

Table 29: ILSC Key Management Personnel Remuneration

	Short-term benefits ¹¹	ı benefits¹¹			Post-employment benefits ¹²	Other le	Other long-term benefits ¹³	Termination Benefits ¹⁴	
Уа ше	Position Title	Base salary Bonuses	Bonuses	Other benefits and allowances	Superannuation contributions	Long service leave	Other long-term benefits		Total Remuneration ¹⁵
Roy Ah-See	ILSC Board	\$10,941	₹Z	1	\$1,685	1	1	1	\$12,626
Anthony Ashby	ILSC Board	\$27,425	∀/N	ı	\$4,223	1	1	ı	\$31,648
Leo Bator	Executive Director Strategic Initiatives	\$48,059	A/N	\$81	\$7,095	\$1,051	-	-	\$56,286
Patricia Crossin	ILSC Board and Audit and Assurance Committee	\$45,903	A/N	1	82,069	1	1	-	\$52,972
Trevor Edmond	Group General Counsel	\$145,363	A/N	\$21,874	\$21,700	\$3,386	-	-	\$192,323
Joseph Elu	ILSC Board - Deputy Chair	\$64,862	∀N	ı	\$9,931	1	1	-	\$74,793
Edward Fry	ILSC Board - Chair	\$75,847	N/A	1	\$11,681	-	1	-	\$87,528
Tanya Hosch	ILSC Board	\$27,425	A/N	1	\$4,223	1	1	ı	\$31,648
John Maher	Group Chief Executive Officer	\$357,832	\$016	\$491	\$20,531	\$8,730	1	1	\$387,584
Bruce Martin	ILSC Board	\$37,929	N/A	-	\$5,856	-	1	-	\$43,785
Craig North	Executive Director Agribusiness	\$238,326	N/A	\$38,102	\$39,834	\$6,079	1	-	\$322,341
Donna Odegaard	ILSC Board	\$37,929	N/A	1	\$5,776	-	1	-	\$43,705
Timothy Price	Group Chief Information Officer	\$153,136	N/A	\$30,478	\$29,917	\$3,900	-	-	\$217,431
David Silcock	Group Chief Financial Officer	\$242,178	N/A	\$35,059	\$24,922	\$6,222	1	-	\$308,381
Jodie Stevens	Group Director People and Culture	\$206,889	N/A	\$33,062	\$23,654	\$5,195	-	-	\$268,800
Patricia Stroud	Deputy Chief Executive Officer	\$239,240	A/N	\$44,709	\$42,804	\$6,064	1	-	\$332,817
Daniel Tucker	ILSC Board	\$10,941	∀,N	1	\$1,685	-	,	-	\$12,626

Short-term benefits include:

a) Base Salary - salary calculated on an accrual basis (actual earnings), annual leave taken and accrued and higher duties allowance (where applicable)
 b) Bonuses - Performance bonuses where eligible and payable within 12 months

Other Benefits and allowances - Motor vehicle, car parking benefits/allowances and fringe benefits tax.

Post-employment benefits include - employer superannuation contributions for individuals in a defined superannuation contribution and super choice), individuals in a defined superannuation contribution and superannuation includes the relevant Notional Employer Contribution Rate amount and the Employer Productivity Superannuation Contribution and Refer to table 29 above for details relating to terms of KMP's. accrual for the period

³ Other long-term benefits include - Long service leave accrued and taken for the period and bonuses deferred for more than 12 months

⁴ Termination Benefits include - Voluntary redundancy and ex-gratia payments

During the reporting period ended 30 June 2019, ILSC had seven executives who met the definition of Senior Executive and who are not Key Management Personnel.

This table reports the average total remuneration of senior executives who received remuneration during the reporting period. The information is presented in bandings of \$25,000 increments or, in the situation where the total remuneration for a senior executive is below the \$220,000 threshold, the reporting will be \$0-\$220,000.

The average figures presented in each of the bands are based on the total amount for the category divided by the number of senior executives in the band. There are no Senior Executives between the band of \$245,001 and \$270,000.

Table 30: ILSC Senior Executive Remuneration

		Short-term	-term benefits		Post-employment benefits	Other long-term benefits	g-term its	Termination Benefits	Total remuneration
Remuneration band	Number of Senior Executives	Average base salary (\$)	Average bonuses (\$)	Average other benefits and allowances (\$)	Average superannuation contributions (\$)	Average long service leave (\$)	Average other long-term benefits (\$)	Average termination benefits (\$)	Average total remuneration (\$)
\$0-\$220,000	9	\$86,133	1	\$11,720	\$11,654	\$2,241	1	\$39,916	\$151,664
\$270,001-\$295,000	1	\$218,001	,	\$35,072	\$24,507	\$5,520	1	1	\$283,100



▶ EMPLOYEE ARRANGEMENTS: AUSTRALIAN INDIGENOUS AGRIBUSINESS COMPANY PTY LTD

AIA is a wholly-owned subsidiary of the ILSC. At 30 June 2019, AIA had 150 employees (head count) across 10 agribusinesses and a number of other ILSC-owned properties, compared to 206 (head count) at 30 June 2018 across 14 properties. The proportion of Indigenous employees was 70 per cent, and female employees 20.7 per cent.

During the reporting period, 127 new employees were engaged; of these 51 were returning employees, and 182 employees separated, of these 159 were casual or seasonal employees, resulting in a 122.6 per cent average turnover (2017–18: 64.5 per cent). The high turnover is due to; the casual or seasonal nature of work in the agricultural sector, a number of properties being divested and a review of the employee database on the Human Resources Information System (HRIS), resulting in casual employees that were no longer actively working being separated.

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 eight new individual employment agreements in 2018–19; 14.7 per cent of AIA employees were on employment agreements at the end of the reporting period (2017–18: 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 32, 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 31: AIA Company employees by diversity group (head count), 30 June 2019

	Non-Inc	digenous	Indig	enous	Tot	tal
	17-18	18-19	17-18	18-19	17-18	18-19
Northern Territory	13	19	54	38	67	57
Female	6	6	7	8	13	14
Male	7	13	47	30	54	43
Queensland	9	8	33	28	42	36
Female	4	4	4	4	8	8
Male	5	4	29	24	34	28
Western Australia	27	14	56	29	83	43
Female	12	4	3	1	15	5
Male	15	10	53	28	68	38
Tasmania	4	4	6	7	10	11
Female	1	1	2	3	3	4
Male	3	3	4	4	7	7
South Australia	1	-	-	-	1	-
Female	-	-	-	-	-	-
Male	1	-	-	-	1	-
New South Wales	-	-	3	3	3	3
Female	-	-	-	-	-	-
Male	-	-	3	3	3	3
АСТ	-	-	-	-	-	-
Female	-	-	-	-	-	-
Male	-	-	-	-	-	-
Grand total	54	45	152	105	206	150
EL =	Executive Le	evel SE = Se	nior Executive	9		

Table 32: AIA Company employees by diversity group (head count), 30 June 2019

		Female			Male		Grand
Classification	Non- Indigenous	Indigenous	Total	Non- Indigenous	Indigenous	Total	Total
Juniors/trainee: <\$41,000	2	2	4	1	15	16	20
ILC2: \$59,000-\$72,000	-	2	2	-	14	14	16
ILC1: \$48,000-\$57,000	2	3	5	5	26	31	36
ILC2: \$59,000-\$72,000	2	-	2	1	6	7	9
ILC1: \$48,000-\$57,000	3	3	6	6	14	20	26
ILC2: \$59,000-\$72,000	-	1	1	2	3	5	6
ILC1: \$48,000-\$57,000	1	1	2	1	3	4	6
ILC2: \$59,000-\$72,000	-	-	-	4	5	9	9
EL: \$98,000-\$133,000	5	4	9	10	3	13	22
Grand total	15	16	31	30	89	119	150
	ı	EA = Individua	al Employmen	t Agreement			

EMPLOYEE ARRANGEMENTS: NATIONAL CENTRE OF INDIGENOUS EXCELLENCE **PTY LTD**

NCIE is a wholly-owned subsidiary of the ILSC. At 30 June 2019, the NCIE had 110 employees (head count), compared to 126 employees (head count) at 30 June 2018. NCIE Executives are engaged on Individual Employment Agreements. NCIE employees are also engaged on Individual Employment Agreements with terms and conditions reflective of the relevant

Modern Award. The majority (62 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 2018-19 the NCIE engaged 44 new employees (27 female and 17 male); 60 employees separated during the year, a 51.6 per cent average turnover (2017-18: 28.7 per cent). At 30 June 2019 the proportion of Indigenous employees was 46.4 per cent, and female employees 52.7 per cent.

Table 33: NCIE employees by diversity group (head count), 30 June 2019

	Non-Inc	ligenous	Indig	enous	Tot	:al
	17-18	18-19	17-18	18-19	17-18	18-19
Female	30	28	35	30	65	58
Male	35	31	26	21	61	52
Grand Total	65	59	61	51	126	110

Table 34: NCIE salaries by diversity group (head count), 30 June 2019

		Female			Male		Grand
Annual	Non- Indigenous	Indigenous	Total	Non- Indigenous	Indigenous	Total	Total
<\$50,000	3	11	14	2	6	8	22
\$50,000-100,000	22	18	40	29	14	43	83
\$100,000-150,000	3	-	3	-	1	1	4
>\$150,000	-	1	1	-	-	-	1
Grand total	28	30	58	31	21	52	110

EMPLOYEE ARRANGEMENTS: VOYAGES

Voyages is a wholly-owned subsidiary of the ILSC. At 30 June 2019, Voyages had 1124 employees (head count), compared to 1103 employees (headcount) at 30 June 2018. In 2018-19 Voyages engaged 787 new employees (402

female and 385 male); 686 employees separated delivering a 64 per cent turnover (2017-18: 63 per cent). At 30 June 2019 the proportion of Indigenous employees was 37 per cent, and of female employees 50.5 per cent.

Table 35 provides data on head count (not FTE). Remuneration ranges in Table 35 are provided on an annual equivalent excluding superannuation and other salary entitlements.

Table 35: Voyages employees by salary range (head count), 30 June 2019

		Female			Male		Grand
Annual	Non- Indigenous	Indigenous	Total	Non- Indigenous	Indigenous	Total	Total
Trainees <\$50,000	-	62	62	-	29	29	91
<\$50,000	185	117	302	131	119	250	552
\$50,000 to \$99,999	144	42	186	211	41	252	438
\$100,000 to \$129,999	10	1	11	9	-	9	20
>\$130,000	9	1	10	13	-	13	23
Grand total	348	223	571	364	189	553	1124

Table 36: Voyages employees by location and gender, 2018-19

	Non-Inc	digenous	Indig	enous	Tot	tal
	17-18	18-19	17-18	18-19	17-18	18-19
Northern Territory	543	571	357	341	900	912
Female	232	250	176	187	408	437
Male	311	321	181	154	492	475
Queensland	17	22	58	54	75	76
Female	9	13	27	27	36	40
Male	8	9	31	27	39	36
Western Australia	28	33	11	11	39	44
Female	17	20	5	6	22	26
Male	11	13	6	5	17	18
Tasmania	84	87	5	5	89	92
Female	62	62	4	3	66	65
Male	22	25	1	2	23	27
Grand total	672	713	431	411	1103	1124

Remuneration framework and governance

Remuneration and benefits for all Voyages employees are guided by Voyages' Remuneration and Benefits Policy and associated plans intended to set market competitive, fair and equitable guidelines for remuneration and benefits so that Voyages is able to attract and retain the right people in a competitive commercial marketplace, remunerate them appropriately for the work that they perform, ensure they are incentivised to perform their work to the best of their abilities and ensure Voyages has a positive culture.

Oversight and overall responsibility for Voyages' remuneration policy and practices rests with the ILSC Board through the board of Voyages. This oversight and authority is delegated to a sub-committee of the Voyages board, the Remuneration Committee. Day-to-day management of the remuneration practices of Voyages rests with Voyages' Chief Executive Officer, Remuneration benchmarking is provided by Korn Ferry on an annual basis.

Remuneration and benefits for the executive management (including the CEO) in 2018-19 may include base salary, superannuation, employee benefits (such as professional development contributions and membership, travel provisions and accommodation support for those whose primary residence is in a different location to their primary work location). For executive management living and working in remote locations in which Voyages operates tourism businesses, additional benefits may include housing and utilities; motor vehicle, food and beverage allowances; private health insurance and vacation bonus.

In 2018-19 Voyages discontinued the practice of objectives-based bonus payments of up to 30 per cent for executive management and replaced this with a short-term incentive plan (to apply from 2019-20) designed to incentivise executive management to achieve specific individual, team or company-related goals over a specific period or project of 12 months or less.

Remuneration and benefits for senior management and senior professionals in 2018-19 may include base salary, superannuation, employee benefits (such as professional development contributions and membership). For senior management and senior professionals living and working in remote locations in which Vovages operates tourism businesses, additional benefits may include housing and utilities; motor vehicle, food and beverage allowances; private health insurance and vacation bonus. In 2018-19 Voyages discontinued the practice of objectives-based bonus payments of up to 20 per cent for senior management and senior professionals and replaced this with the shortterm incentive plan described above. Only senior management and senior professionals who have directly contributed to the financial and strategic performance of the company are eligible to participate in the plan which operates from 1 July 2019.

Bonus payments made in 2018-19 related to performance and remuneration and benefits arrangements in the previous year.

Voyages' employees are engaged variously under either a Common Law Contract, an Enterprise Agreement or a relevant Modern Award. Some of the benefits available to employees outside the executive management, senior management and senior professionals 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.

Key Management Personnel: Voyages

During the reporting period ended 30 June 2019, Voyages had 18 directors and executives who meet the definition of Key Management Personnel. Their names, details of remuneration and term as KMP are set out in the following table:

Table 37: Voyages Key Management Personnel - appointments and tenure

Name	Position title	Term as KMP
Richard Allert	Board Director	Full year
Patricia Angus	Board Director	Full Year
Leo Bator	Chief Executive Officer	Part-year - Ceased 3.8.2018
George Bedwani	Board Director	Part-year - Ceased 28.3.2019
Owen Cole	Board Director	Part-year - Ceased 12.3.2019
Patricia Crossin	Board Director	Full year
lain Evans	Board Director	Part-year - Appointed 28.3.2019
Grant Hunt	Chief Executive Officer	Part-year - Appointed 1.9.2018
Kerrynne Liddle	Chief People and Performance Officer	Full year
Andrew McEvoy	Board Director	Part-year - Appointed 28.3.2019
Manfred Pieper	Chief Operations Officer	Full year
Dorethea Randal	Board Director	Full year
Dana Roman	Board Director	Part-year - Appointed 28.3.2019
Mark Seatree *	Chief Commercial Officer	Full year
Ray Stone	Chief Marketing Officer	Full year
Peter Thomas	Board Director	Part-year - Ceased 2.4.2019
lan Ward-Ambler	Board Director	Part-year - Ceased 2.4.2019
David White	Chief Infrastructure Officer	Part-year - Appointed 15.10.2018
* Mark Seatree is en	gaged via SRG Partners on a fee-for-service co	ntract arrangement



Table 38: Voyages Key Management Personnel Remuneration

	Short-term benefits ¹⁷	benefits ¹⁷			Post-employment benefits ¹⁸	Other I ben	Other long-term benefits ¹⁹	Termination Benefits ²⁰	
Name	Position Title	Base salary Bonuses	Bonuses	Other benefits and allowances	Superannuation contributions	Long service leave	Other long-term benefits		Total Remuneration ²¹
Richard Allert	Board Director	\$77,626	,	,	\$7,374	1	,		\$85,000
Patricia Angus	Board Director	\$38,813	1	1	\$3,687	1	1	1	\$42,500
Leo Bator	Chief Executive Officer	\$38,769	1	\$3,015	\$3,683			1	\$45,467
George Bedwani	Board Director	\$31,875	,	ı	1	1	,	,	\$31,875
Owen Cole	Board Director	\$35,361	1	1	\$3,359	1	1	1	\$38,720
Patricia Crossin	Board Director	\$38,813	1	1	\$3,687	1	,	1	\$42,500
lain Evans	Board Director	\$9,703	1	ı	\$922	-	•	1	\$10,625
Grant Hunt	Chief Executive Officer	\$362,551	\$87,996	\$15,962	\$17,328	\$9,167	-	-	\$493,004
Kerrynne Liddle	Chief People and Performance Officer	\$279,000	\$59,550	ı	\$20,531	\$6,500	•	1	\$365,581
Andrew McEvoy	Board Director	\$9,703	1	ı	\$922	1	-	-	\$10,625
Manfred Pieper	Chief Operations Officer	\$296,124	\$63,346	\$87,477	\$20,531	\$7,498	•	,	\$474,976
Dorethea Randal	Board Director	\$38,813	1	ı	\$3,687	1	,	,	\$42,500
Dana Roman	Board Director	\$9,703	1	1	\$922	1	,	1	\$10,625
Ray Stone	Chief Marketing Officer	\$286,525	\$67,579	ı	\$20,531	666'9\$,	\$381,634
Peter Thomas	Board Director	\$39,825	-	-	\$3,783	-	-	-	\$43,608
lan Ward-Ambler	Board Director	\$17,870	-	1	\$2,794	-	-	-	\$20,664
David White	Chief Infrastructure Officer	\$180,128	\$28,127	\$14,726	\$15,016	\$4,167	-	-	\$242,164

In addition to the information provided in relation to Voyages' KMP in the above table, KMP services, amounting to \$455,000, were provided by SRG Partners on a fee-for-service contract arrangement.

⁷ Short-term benefits include:

a) Base Salary - salary calculated on an accrual basis (actual earnings), annual leave taken and accrued and higher duties allowance (where applicable)
 b) Bonuses - Performance bonuses where eligible and payable within 12 months
 c) Other Benefits and allowances - Motor vehicle, car parking benefits/allowances and fringe benefits tax.
 Refor the Benefits and allowances - Motor vehicle, car parking benefits/allowances and fringe benefits tax.
 Refor the form of KMPs.
 a) Sa Boove for details contens of KMPs.
 b) Post-employment benefits include - employer superannuation contributions for individuals in a defined superannuation benefit scheme (e.g. PPS and CSS) superannuation includes the relevant Notional Employer Contribution Rate amount and the Employer Productivity. Superannuation includes the relevant Notional Employer Contribution Rate amount and the Employer Productivity. Superannuation includes the relevant Notional Employer Contribution Rate amount and the Employer Productivity.

[🕫] Other long-term benefits include - Long service leave accrued and taken for the period and bonuses deferred for more than 12 months

²⁰ Termination Benefits include - Voluntary redundancy and ex-gratia payments 21 Total Remuneration: Short-term benefits, plus Post-employment benefits, plus Other long-term benefits, plus Termination benefits

During the reporting period ended 30 June 2019, there were two Voyages executives who met the definition of Senior Executive and who are not KMP. This table reports the average total remuneration of senior executives who received remuneration during the reporting period. The information is presented in bandings of \$25,000 increments or, in the situation where the total remuneration for a senior executive is below the \$220,000 threshold, the reporting will be \$0-\$220,000. The average figures presented in the band are based on the total amount for the category divided by the number of senior executives in the band. There were no senior executives over the band of \$220,000.

Table 39: Voyages Senior Executive Remuneration

		Short-term k	benefits		Post-employment benefits	Other long-term benefits	y-term its	Termination Benefits	Total remuneration
Remuneration band	Number of Senior Executives	Average base salary (\$)	Average bonuses (\$)	Average other benefits and allowances (\$)	Average superannation contributions (\$)	Average long service leave (\$)	Average other long-term benefits (\$)	Average termination benefits (\$)	Average total remuneration (\$)
\$0-\$220,000	5	\$147,161	\$11,723	\$26,069	\$14,716	\$2,188	1		\$201,857



ABORIGINAL AND TORRES STRAIT ISLANDER LAND ACCOUNT AND ABORIGINAL AND TORRES STRAIT ISLANDER LAND AND SEA FUTURE FUND

In 2018–19 the Aboriginal and Torres Strait Islander Land Account (Land Account) remained the primary source of funding to the ILSC. The Land Account was established in 1995 with the intention of providing a secure income stream to the ILSC in perpetuity.

As of 1 February 2019, the balance of funds from the Land Account, \$2,008 million, was transferred to the Aboriginal and Torres Strait Islander Land and Sea Future Fund (ATSILSFF). Established by the *Aboriginal and Torres Strait Islander Land and Sea Future Fund Act 2018* (ATSILSFF Act), introduced in cognate with amendments to the ATSI Act, the ATSILSFF

is managed by the Future Fund Management Agency and Board of Guardians. Funding is to be released to the ILSC annually through the ILSC Funding Special Account in accordance with section 20(3) of the ATSILSFF Act. The balance of the ATSILSFF at 30 June 2019 was \$2,026 million

The ILSC has received from the Land Account and, from 1 February 2019, will receive from the ATSILSFF, a minimum guaranteed annual payment of \$45 million (2010–11 values), indexed annually by the Consumer Price Index. The Aboriginal and Torres Strait Islander Act 2005 (ATSI Act) also provides for additional payments to be made to the ILSC where the actual capital value of the Land Account or ATSILSFF 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 40: 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
2018-19	\$53.3m

Prior to 1 February 2019, the Minister for Indigenous Affairs (Minister) was 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 enabled nominated ILSC 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.

From February 2019, under the ATSILSFF Act (2018), the ILSC Board may, on a quarterly basis subsequent to the publication by the Future Fund Board of the quarterly report, request the Minister for Indigenous Australians (Minister) to convene a meeting of officials from the National Indigenous Australians Agency, the Finance Department and the ILSC to discuss the performance of the ATSILSFF. No meetings took place during 2018–19 as there were no results released for a full quarter due to the commencement date of the Fund.

MANAGEMENT OF ILSC INVESTMENT FUNDS

The ILSC has accumulated surpluses from previous years. The ILSC invests its funds in accordance with policy set by the ILSC Board. Section 193K of the ATSI Act exempts the ILSC from complying with section 59(1) of the Public Governance, Performance and Accountability Act 2013 (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 or (from February 2019) ATSILFF to fund the ILSC's functional and operational expenditure.

> OVERVIEW OF ILSC GROUP FINANCIAL RESULTS

Under section 191H of the ATSI Act, the ILSC can invest money of the ILSC. The ILSC Group had \$126.4 million in cash reserves and investments at 30 June 2019 (30 June 2018: \$105.9 million). The funds are used towards functional and operational expenditure, as well as servicing debt associated with Ayers Rock Resort.

The ILSC acquires land for granting an interest in that land to Aboriginal and Torres Strait Islander corporations. At 30 June 2019 the ILSC held properties at a value of \$159 million (excludes Ayers Rock Resort). While the ILSC holds properties, it is responsible for maintenance and statutory costs.

The ILSC holds properties that have a significant amount of livestock on them. At 30 June 2019 the ILSC Group held 52,781 head of livestock at a value of \$26.5 million. In accordance with Australian Accounting Standards, the ILSC values the livestock on a market value basis. Accordingly, positive changes in the market value of livestock in any given period are recognised as a gain, while negative movements are 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 ILSC-operated businesses.)

The ILSC 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 2019. At that date, the fair value of these assets was assessed to be \$445 million, representing a fair value increase of \$35 million compared with the previous year's valuation.

The financial statements presented in this annual report represent the consolidation of the entire ILSC group, comprising Indigenous Land and Sea Corporation, Australian Indigenous Agribusiness Company Pty Ltd, National Centre of Indigenous Excellence Ltd and Voyages Indigenous Tourism Australia Pty Limited.

The group generated a profit of \$12.9 million in the 2018-19 financial year. However, if Voyages is excluded, the group comprising ILSC, AIAC and NCIE generated a loss of \$0.9 million during 2018-19. This loss does not impact the financial sustainability of the group or individual subsidiaries.

The group excluding Voyages expects to generate losses in each of the three subsequent financial periods. These losses are anticipated to be \$46 million for the 2019-20 financial year, \$33 million for the 2020-21 financial year and \$17 million for the 2021-22 financial year. These losses are not expected to impact the financial sustainability of the group or individual subsidiaries.

These losses are the result of actual and intended expenditure of funds accumulated over prior periods. The ILSC's primary source of income is the ATSILSFF (and, previously, the Land Account), from which it receives a minimum guaranteed annual payment. While the ILSC recognises the Land Account/ ATSILSFF payment as income in the period in which it is received, it is not required to spend the funds in that period.

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

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

The ILSC 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 ILSC 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 ILSC to carry out its legislated functions.

In accordance with the Australian Government's budgetary framework, the ILSC prepares budget estimates for the coming financial year and three future years.

Table 41: Agency Resource Statement*

	2018-19 Actual \$'000
Opening balance/cash reserves at 1 July	66,180
Funds from Government	
Ordinary annual services (Appropriation Bill No. 1)	8,749
Special accounts	
Aboriginal and Torres Strait Islander Land Account	53,290
Total funds from Government	62,039
Funds from other sources	
Interest	14,182
Other	35,683
Total funds from other sources	49,864
Total net resourcing for ILSC	178,083
Payments made	(91,826)
Closing balance/cash reserves at 30 June	86,257
*Represents the ILSC Group excluding its subsidiary	y Voyages





INDEPENDENT AUDITOR'S REPORT

To the Minister for Indigenous Australians

Opinion

In my opinion, the financial statements of the Indigenous Land and Sea Corporation and its subsidiaries (together the 'Consolidated Entity') for the year ended 30 June 2019:

- (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 Consolidated Entity as at 30 June 2019 and its financial performance and cash flows for the year then ended.

The financial statements of the Consolidated Entity, which I have audited, comprise the following statements as at 30 June 2019 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 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.

Accountable Authority's Responsibility for the Financial Statements

As the Accountable Authority of the Consolidated Entity 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 ability of the Consolidated Entity 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.

GPO Box 707 CANBERRA ACT 2601 19 National Circuit BARTON ACT Phone (02) 6203 7300 Fax (02) 6203 7777 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 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 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 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 Consolidated Entity to express an opinion on the financial report. I am responsible for the direction, supervision and performance of the Consolidated Entity audit. I remain solely responsible for my audit opinion.

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

Australian National Audit Office

Rahul Tejani **Audit Principal** Delegate of the Auditor-General

Canberra 12 September 2019





PEOPLE. COUNTRY, OPPORTUNITY.

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 2019 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.

Mr Edward Fry

Chair

Mr John Maher

Group Chief Executive Officer

Signed

Mr Bruce Martin

Director

Mr David Silcock Group Chief Financial Officer

11 September 2019

Indigenous Land and Sea Corporation Contents

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Indigenous Land and Sea Corporation Consolidated Statement of Comprehensive Income for the year ended 30 June 2019

NET COST OF SERVICES	Notes	Consol 2019 \$'000	Consol 2018 \$'000 Restated
Expenses			
Property granted Provision for property held for grant and assets held	1A 1B	14,606 6,548	3,282 (21)
in trust	1C	00 702	0E 021
Employee benefits Suppliers	1C 1D	98,783 135,903	95,031 117,367
Depreciation and amortisation	1E	21,415	19,531
Finance costs	1G	7,703	8,884
Total expenses		284,958	244,074
Own-source income			
Own-source revenue			
Interest	2A	2,770	2,253
Sale of goods and rendering of services	2B	203,078	176,812
Grants	2C	3,521	3,619
Other revenue	2D	24,536	16,145
Total own-source revenue		233,905	198,829
Gains/(losses)			
Net gain/(loss) in the net market value of livestock	3A	9,952	(6,221)
Net market value of agricultural produce sold	3B	1,166	1,090
Other net loss	3C	(1,874)	(191)
Net loss from sale of assets		(677)	(321)
Total gains/(losses)		8,567	(5,643)
Total own-source income		242,472	193,186
Net cost of services		(42,486)	(50,888)
Revenue from Government			
Revenue from Government	4	62,039	61,224
Surplus before income tax on continuing operations		19,553	10,336
Income tax expense/(benefit)	5A	6,677	(24,433)
Surplus attributable to the Australian Government		12,876	34,769
Other comprehensive income			
Changes in asset revaluation surplus	7E	18,422	81,382
Tax effect of revaluations	5B	(5,008)	(35,511)
Total comprehensive income attributable to the Australian Government		26,290	80,640

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

Indigenous Land and Sea Corporation Consolidated Statement of Financial Position as at 30 June 2019

	Notes	Consol	Consol
		2019 \$'000	2018 \$'000
ASSETS		\$ 000	Restated
Financial assets			Nestated
Cash and cash equivalents	6A	58,374	57,921
Trade and other receivables	6B	17,494	9,883
Investments	6C	68,000	48,000
Other financial assets	6D	308	380
Tabel Consideration		444.476	116 101
Total financial assets		144,176	116,184
Non-financial assets			
Biological assets	7A	26,511	36,042
Inventory - other	7B	4,730	4,797
Inventory - property held for grant	7C	106,968	100,447
Assets held in trust	7D	52,047	52,020
Land	7 E	87,367	83,553
Property, plant and equipment	7E	439,758	419,976
Intangible assets	7F	5,383	5,588
Finance lease	7G	5,777	5,988
Prepayments	71	2,760	3,780
Total non-financial assets		731,301	712,191
Total assets		875,477	828,375
LIABILITIES			
Payables			
Suppliers	8A	21,223	20,029
Other payables	8B	22,397	14,253
Interest bearing loans	8C	151,702	161,049
Finance lease	8E	6,805	6,699
Deferred tax liability	5B	21,714	10,029
Other financial liabilities	8E	1,342	
Total payables		225,183	212,059
Provisions			
Employee provisions	10	12,260	11,439
Provision for property held for grant	7C	106,968	100,447
Provision for assets held in trust	7D	52,047	52,020
Provision for make good	9A	722	403
Total provisions		171,997	164,309
Total liabilities		397,180	376,368
NET ASSETS		478,297	452,007
EQUITY			
Parent entity interest			
Reserves		114,331	106,440
Retained surplus		363,966	345,567
·			
Total parent entity interest		478,297	452,007
TOTAL EQUITY		478,297	452,007

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

Indigenous Land and Sea Corporation
Consolidated Statement of Changes in Equity
for the year ended 30 June 2019

Consolidated	Retained Surplus	urplus	Reserves	es	Total Equity	quity
	2019	2018	2019	2018	2019	2018
	000.\$	5.000 Restated	000.\$	\$'000 Restated	000.\$	\$'000 Restated
Opening Balance Balance carried forward from previous period	345,567	311,284	106,440	60,083	452,007	371,367
Comprehensive Income Surplus for the period	12,876	34,769	'	1	12,876	34,769
Other comprehensive income:						
Fair value revaluation of property, plant and equipment	•		18,422	81,382	18,422	81,382
Tax effect of revaluations	•		(2,008)	(35,511)	(2,008)	(35,511)
Total comprehensive income attributable to the Australian Government	12,876	34,769	13,414	45,871	26,290	80,640
Amount transferred to/(from) revaluation reserve for property, plant and equipment disposed of	5,591	(486)	(5,591)	486	•	1
Income tax equity adjustment	(89)		89	•	•	•
Closing balance attributable to the Australian Government	363,966	345,567	114,331	106,440	478,297	452,007

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

Indigenous Land and Sea Corporation Consolidated Cash Flow Statement for the year ended 30 June 2019

	Consol 2019	Consol 2018
	\$'000	\$'000
ODERATING ACTIVITIES		Restated
OPERATING ACTIVITIES Cash received		
Appropriations from Government	8,749	8,928
Receipts from Government	54,939	53,952
Goods and services	243,563	214,349
Interest Other	2,655	2,616
	15,970	17,214
Total cash received	325,876	297,059
Cash used		
Employees	(101,680)	(99,479)
Suppliers	(142,946)	(125,397)
Interest paid	(5,380)	(4,324)
GST paid (net)	(6,999)	(7,452)
Total cash used	(257,005)	(236,652)
Net cash from operating activities	68,871	60,407
INVESTING ACTIVITIES Cash received		
Proceeds from the sale of property, plant and equipment	-	90
Total cash received	-	90
Cash used		
Purchase of property, plant and equipment	(36,622)	(18,153)
Purchase of intangibles	(44)	(95)
Investments (net)	(20,000)	(27,000)
Total cash used	(56,666)	(45,248)
Net cash used by investing activities	(56,666)	(45,158)
FINANCING ACTIVITIES Cash received		
Proceeds from loans	23,500	-
Total cash received	23,500	
Cash used		
Repayment of loans	(34,691)	(14,819)
Loan transaction costs	(561)	-
Total cash used	(35,252)	(14,819)
Net cash used by financing activities	(11,752)	(14,819)
Net increase in cash held	453	430
Cash at the beginning of the reporting period	57,921	57,491
Cash at the end of the reporting period	6A 58,374	57,921
cash at the cha of the reporting period	50,514	

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

Indigenous Land and Sea Corporation Notes to and forming part of the financial statements for the year ended 30 June 2019

Overview

Change of Name

With effect from 1 February 2019, the name of the parent entity was changed from Indigenous Land Corporation to Indigenous Land and Sea Corporation.

Objective of the Indigenous Land and Sea Corporation

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

The ILSC may make arrangements with its controlled entities to carry out functions of the ILSC.

Principles of consolidation

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

- ILSC (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 ILSC 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 and liabilities 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 and amended standards and interpretations

Adoption of new Australian Accounting Standards requirements

The Group applied AASB 9 for the first time. The nature and effect of the changes as a result of the adoption are described in Note 14.

Several other amendments and interpretations apply for the first time in the year ended 30 June 2019, but do not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

Future Australian Accounting Standards requirements

New standards, revised standards, interpretations and amending standards, issued prior to the signing of the statements, which are applicable to future reporting periods are not expected to have a substantial impact on the Group, except for AASB 16 Leases described below.

AASB 16 Leases

AASB 16 was issued in January 2016 and it replaces AASB 117 Leases, AASB Interpretation 4 Determining whether an Arrangement contains a Lease, AASB Interpretation-115 Operating Leases-Incentives and AASB Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. AASB 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under AASB 117. The standard includes two recognition exemptions for lessees — leases of 'low-value' assets (e.g. personal computers) and short-term leases (i.e. leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g. a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under AASB 16 is substantially unchanged from today's accounting under AASB 117. Lessors will continue to classify all leases using the same classification principle as in AASB 117 and distinguish between two types of leases: operating and finance leases.

AASB 16, which is effective for annual periods beginning on or after 1 January 2019, requires lessees and lessors to make more extensive disclosures than under AASB 117.

Transition to AASB 16

The Group plans to adopt AASB 16 using the modified retrospective approach. The Group will elect to apply the standard to contracts that were previously identified as leases applying AASB 117 and AASB Interpretation 4. The Group will therefore not apply the standard to contracts that were not previously identified as containing a lease applying AASB 117 and AASB Interpretation 4.

The Group will elect to use the exemptions proposed by the standard on lease contracts for which the lease terms ends within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low value. The Group has leases of certain office equipment (i.e. printing and photocopying machines) that are considered of low value.

The date of initial application for the Group is 1 July 2019. Using the modified retrospective approach, comparatives are not restated on initial application. The impact on the statement of financial position on 1 July 2019 is estimated to be a right-of-use asset of \$23,951,000 and lease liability of \$23,951,000.

AASB 15 Revenue from Contracts with Customers

AASB 15 establishes a five-step model to account for revenue arising from contracts with customers. Under AASB15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard is not expected to have a substantial impact on the transactions and balances recognised in the financial statements.

Either a full retrospective application or a modified retrospective application is required. The Group plans to adopt the new standard on 1 July 2019 using the modified retrospective method. Using the modified retrospective approach, comparatives are not restated on initial application.

AASB 1058 Income of Not-for-Profit Entities

AASB 1058 will defer income recognition in some circumstances for not-for-profit entities, particularly where there is a performance obligation or any other liability. In addition, certain components in an arrangement, such as donations, may be separated from other types of income and recognised immediately. The Standard also expands the circumstances in which not-for-profit entities are required to recognise income for goods and services received for consideration that is significantly less than the fair value of the asset principally to enable the entity to further its objectives (discounted goods and services), including for example, peppercorn leases.

Consequently AASB 1004 Contributions is also amended, with its scope effectively limited to address issues specific to government entities and contributions by owners in a public sector entity context.

AASB 1058 is not expected to have a substantial impact on the transactions and balances recognised in the financial statements. Either a full retrospective application or a modified retrospective application is required. The Group plans to adopt the new standard on 1 July 2019 using the modified retrospective method. Using the modified retrospective approach, comparatives are not restated on initial application.

Comparative figures

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

During the 2019 financial year, the Group determined that in the 2018 financial statements:

- (i) There was a misclassification. The concessional loan benefit was incorrectly recorded in financial assets instead of interest bearing loans.
- (ii) There was a misclassification. A property known as Clontarf was incorrectly classified as Inventory property held for grant instead of Assets held in trust.



The Group has corrected the prior period by restating the amounts for the 2018 financial year in the consolidated statement of financial position. Restatements for the prior year are detailed in the table below:

	2018 Original \$'000	Adjustment \$'000	2018 Restated \$'000
Consolidated Statement of Financial Position			
(i) Concessional loan			
Other financial assets	8,289	(7,909)	380
Interest bearing loans	(168,958)	7,909	(161,049)
(ii) Clontarf classification			
Inventory - property held for grant	126,784	(26,337)	100,447
Provision for property held for grant	(126,784)	26,337	(100,447)
Assets held in trust	25,683	26,337	52,020
Provision for assets held in trust	(25,683)	(26,337)	(52,020)

The presentation of the consolidated statement of financial position and the associated notes have been appropriately restated.

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
 the GGS in a way that the individual entity's budget is not separately identified as relating to
 that entity; and
- 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 ILSC 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 ILSC and its controlled entities
 other than Voyages and therefore is not a separate individual budget presented to parliament
 for the ILSC entity or any separate entity within the group.

Events after the reporting period

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

Consol	Consol
2019	2018
\$'000	\$'000
	Restated

Financial Performance

This section analyses the financial performance of the Group for the year ended 30 June 2019.

1. Expenses

1A. Property granted

Value of property granted	14,510	3,266
Associated costs of property granted	96	16
Total property granted expenses	14,606	3,282

The expense relates to the value of property granted (at cost) to Indigenous organisations in line with the objectives of the ILSC. Associated costs include those incurred in transferring property, 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	6,521	(21)
Increase/ (decrease) in the provision for assets held in trust	27	-
Total increase/(decrease) in provision	6,548	(21)

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

1C. Employee benefits

Wages and salaries	89,836	86,873
Superannuation		
Defined contribution plans	7,722	7,284
Defined benefit plan	562	707
Separation and redundancy	663	167
Total employee benefits	98,783	95,031

Accounting Policy

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

	Consol	Consol
	2019	2018
	\$'000	\$'000
		Restated
1D. Suppliers		
Raw materials and consumables	45,069	40,907
Agribusiness supplies and expenses	4,988	6,497
Resort supplies and expenses	2,088	1,776
Travel	2,584	2,481
Consultants	7,445	6,862
Marketing	4,336	4,722
Repairs and maintenance	13,400	10,859
Utilities, rates and services	8,453	7,568
Fuels	1,316	1,084
Grant funding	21,595	11,684
Staff expenses	8,538	8,600
Information and communication expenses	2,545	2,560
Insurance	1,116	900
Other	7,415	6,328
Total goods and services supplied or rendered	130,888	112,828
Other supplier expenses:		
Lease and lease related expenses	2,714	2,287
Workers compensation expenses	2,301	2,252
Total other supplier expenses	5,015	4,539
Total suppliers	135,903	117,367

Consol

Consol

Supplier expenses include property management expenses. The Group works with Indigenous corporations and develops a package of support in the form of agreed solutions to property management issues identified by the property owners. Property management expenses also include property management on property held by the Group and include the costs of caretaking, use, maintenance and improvement of that property.

1E. Depreciation and amortisation

Buildings and infrastructure	11,946	9,734
Plant and equipment	3,121	2,698
Furniture and fittings	3,638	4,756
Motor vehicles	1,279	1,222
Computer equipment	604	488
Leasehold improvements	229	175
Total depreciation	20,817	19,073
Software	146	74
Other contracts and relationships	39	38
Goodwill	64	7
Finance lease	349	339
Total amortisation	598	458
Total depreciation and amortisation	21,415	19,531

1F. Leasing commitments	Consol 2019 \$'000	Consol 2018 \$'000 Restated
Commitments payable		
Operating leases ¹	30,187	30,682
Other ²	18,888	19,626
Total commitments payable	49,075	50,308
Commitments are payable as follows:		
One year or less	4,214	5,592
From one to five years	15,965	15,106
Over five years	28,896	29,610
Total commitments payable	49,075	50,308

The amounts reported as commitments payable include GST where relevant.

- Leases for office accommodation relate to tenancy of the ILSC 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.

• 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.

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

Unwinding of discount on concessional loans	2,214	2,964
Loan interest	4,796	5,230
Finance leases	693	690
Total finance costs	7,703	8,884

All borrowing costs are expensed as incurred.

¹ Operating leases commitments comprise:

² Other commitments comprise:

Own source income	Consol 2019 \$'000	Consol 2018 \$'000 Restated
2. Own-source revenue		
2A. Interest		
Term deposits	2,715	2,080
Interest on bank and other securities	55	173
Total interest	2,770	2,253
Interest revenue is recognised using the effective interest method.		
2B. Sale of goods and rendering of services		
Agribusiness	5,143	3,071
Tourism	194,143	169,967
Other	3,792	3,774
Total sale of goods and rendering of services	203,078	176,812

Accounting Policy

Tourism mainly includes revenue from hotel rooms, food & beverage and merchandise at Ayers Rock Resort.

Agribusiness mainly includes the sale of fodder and agistment fees.

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.

Sale of goods and rendering of services does not include income from biological assets. See Note 3A and 7A in relation to recognition of income from biological assets.

2C. Grants	Consol 2019 \$'000	Consol 2018 \$'000 Restated
Grants from:		
Department of Prime Minister and Cabinet	1,484	2,132
Department of Health	943	861
State and Territory Governments	956	623
Other	138	3
Total grants	3,521	3,619

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.

2D. Other revenue

Diesel fuel rebate	371	320
Grant recovery	290	-
Insurance recovery	395	643
Rent received	9,974	9,232
Corporate sponsorship	614	1,100
Carbon and environment programmes	2,639	1,989
Resources received at nominal amount ¹ Inventory - property held for grant	9.034	_
Other	1,219	2,861
Total other revenue	24,536	16,145

¹Resources received free of charge/at nominal amounts are recognised as revenue when, and only when, a fair value can be reliably determined.

2E. Commitments receivable

Leases	4,446	5,408
Total commitments receivable	4,446	5,408
BY MATURITY		
Commitments receivable		
One year or less	1,072	1,046
From one to five years	3,374	4,027
Over five years	-	335
Total commitments receivable	4,446	5,408

Commitments receivable comprise lease receivable as a result of agreements to lease Voyages property to third parties.

	Consol 2019 \$'000	Consol 2018 \$'000 Restated
3. Gains/(losses)		
3A. Net gain/(loss) in the net market value of livestock		
Net gain/(loss) in net market value during the reporting period		
Cattle Sheep	7,163 (84)	(8,105) 314
Gross change in net market value Decrease in provision for deaths	7,079 2,873	(7,791) 1,570
Net gain/(loss) in the net market value of livestock	9,952	(6,221)
Net market value is fair value less costs to sell.		
3B. Net market value of agricultural produce sold		
Net market value of agricultural produce sold during the reporting period	1,166	1,090
Comprising: Wool Carcasses Net market value is fair value less costs to sell.	711 455	774 316
3C. Other net loss		
Net movement in impairment of receivables Write-down of property, plant and equipment Concessional loan discount (net) Fair value loss on financial instruments ¹	(379) (50) (30) (1,415)	(114) (40) - (37)
Total net loss	(1,874)	(191)

¹On 22 June 2016, Voyages executed two interest rate swaps with a notional value of \$60m and \$30m with the Australia and New Zealand Banking Group Limited (ANZ). On the 20 July 2018 the swap with a notional value of \$30m was cancelled. On 3 June 2019, a new Interest Rate Swap with a notional value of \$50m was executed, commencing 20 January 2021 until 22 January 2024. The change in fair value of the interest rate swaps is recognised through the Statement of Comprehensive Income.

4. Revenue from Government	Consol 2019 \$'000	Consol 2018 \$'000 Restated
Department of the Prime Minister and Cabinet Corporate Commonwealth entity payment ¹ Receipts from the Land Account ²	8,749 53,290	8,928 52,296
Total revenue from Government	62,039	61,224

¹The 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.

The Land Account has been administered by the Department of the Prime Minister and Cabinet. Receipts from the Land Account have been recognised at the time ILSC becomes entitled to receive the revenue.

As of 1 February 2019, the balance of funds from the Land Account, \$2.01 billion, was transferred to the Aboriginal and Torres Strait Islander Land and Sea Future Fund (ATSILSFF).

Established by the Aboriginal and Torres Strait Islander Land and Sea Future Fund Act 2018 (ATSILSFF Act), introduced in cognate with amendments to the ATSI Act, the ATSILSFF is managed by the Future Fund Management Agency and Board of Guardians. Funding will be released to the ILSC annually through the ILSC Funding Special Account in accordance with section 20(3) of the ATSILSFF Act.

²The ILSC was established under the Aboriginal and Torres Strait Islander Act 2005 (ATSI Act) and is controlled by the Commonwealth of Australia. The ILSC is dependent on an annual payment from the Aboriginal and Torres Strait Islander Land Account (Land Account).

Consol	Consol
2019	2018
\$'000	\$'000
	Restated

Taxation

This section analyses the taxation of the Group. AIAC and Voyages are the only entities in the Group subject to all Commonwealth and State taxation, including income tax.

5. Income tax

5A. Income tax expense/(benefit)

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

Current	income	tax.

Current income tax charge	5,892	-
Deferred income tax:		
Relating to origination and reversal of temporary	513	(285)
differences		
Adjustments in respect of income tax of previous years	4	-
Value of deferred tax assets not recognised/derecognised	=	2,249
Recognition of prior year temporary differences not	268	(26,397)
previously recognised		
Income tax expense/(benefit) reported in Statement of	6,677	(24,433)
Comprehensive Income		

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

Total accounting surplus/(loss) subject to income tax	21,063	(1,183)
Income tax on profit at statutory rate (30%)	6,319	(355)
Entertainment	6	5
Intangibles	12	12
Property, plant and equipment	68	53
Adjustments in respect of income tax of previous years	4	
Value of deferred tax assets not recognised/derecognised	-	2,249
Recognition of prior year temporary differences not previously recognised	268	(26,397)
Aggregate income tax expense/(benefit)	6,677	(24,433)

5B. Deferred income tax

Deferred tax relates to the following:	Statem Financial		Statem Comprel Inco	hensive
	Consol	Consol	Consol	Consol
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
		Restated		Restated
Provision for doubtful debts	82	46	(36)	25
Provision for employee entitlements	2,807	2,573	(234)	(106)
Fixed assets	(40,354)	(35,995)	(648)	160
Other	309	378	68	(221)
Losses available for offsetting future taxable income	15,442	22,969	7,527	2,105
Value of net deferred tax assets not recognised – prior years	-	-	-	(26,397)
Deferred tax expense/(benefit)			6,677	(24,433)
Net deferred tax liabilities	(21,714)	(10,029)		
Reconciliation of net deferred tax asset/(liability):				
Opening balance as of 1 July	(10,029)	1,049		
Tax (expense)/income during the period recognised in Statement of Comprehensive Income	(6,677)	24,433		
Amounts recorded within equity	(5,008)	(35,511)		
Closing balance as at 30 June	(21,714)	(10,029)		

In accordance with Section 193P of the Aboriginal and Torres Strait Islander Act 2005, the ILSC 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
2019	2018
\$'000	\$'000
	Restated

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	34,660	18,342
Deposits at call	13,714	14,380
Deposits with maturity three months or less	10,000	25,199
Total cash and cash equivalents	58,374	57,921

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.

The closing balance of Cash at bank and on hand includes sinking fund amounts relating to assets held in trust of \$3,283,000 (2018: \$3,258,000). See note 7D Assets Held in Trust for more information.

6B. Trade and other receivables

Goods and services receivables	13,352	7,647
Other receivables:		
Interest receivable	462	290
Other debtors	4,228	2,185
Total other receivables	4,690	2,475
Total trade and other receivables (gross)	18,042	10,122
Less: Allowance for expected credit losses	(548)	(239)
Total trade and other receivables (net)	17,494	9,883
Reconciliation of allowance for expected credit losses		
Opening balance	(239)	(301)
Amounts written off	23	145
Amounts recovered or reversed	76	26
(Increase)/decrease recognised in net cost of services	(408)	(109)
Closing balance	(548)	(239)

Credit terms for goods and services were generally within 28 days (2018: 28 days).

	Consol	Consol
	2019	2018
	\$'000	\$'000
		Restated
6C. Investments		
Term deposits	68,000	48,000
•		
Total investments	68,000	48,000

Accounting Policy

Term deposits generally have a maturity of three to six months and earn interest at fixed rates. The carrying amounts of term deposits are recorded at amortised cost.

6D. Other financial assets

Repayable grants provided to Indigenous corporations	565	563
Derivative financial assets	-	73
Other deposits	7	8
Total other financial assets (gross)	572	644
Less: Provision for impairment	(264)	(264)
Total other financial assets (net)	308	380

Accounting Policy

Repayable grants provided to Indigenous corporations 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 with gains and losses recognised through profit or loss when there is an expected credit loss.

	Consol 2019 \$'000	Consol 2018 \$'000 Restated
7. Non-financial assets		nestated
7A. Biological assets		
Livestock Less: Provision for livestock deaths	26,772 (261)	39,176 (3,134)
Total biological assets	26,511	36,042
Managed to England	Consol 2019 \$'000	Consol 2019 Number
Movement in livestock: Opening on hand (at net market value) Less provision for deaths	39,176 (3,134)	76,908
Net sales Purchases Natural increase Deaths/rations/other	(20,313) 830	(36,124) 787 19,451 (8,241)
Change in net market value Change in provision for deaths	7,079 2,873	
Closing on hand (at net market value)	26,511	52,781
Livestock on hand at the beginning of the reporting period at net rifer deaths):	narket value (exclu	ding provision
,,,	Consol	Consol
	2018	2018
	\$'000	Number
Cattle	38,158	67,063
Sheep	1,018	9,845
	39,176	76,908
Livestock on hand at the end of the reporting period at net market deaths):	value (excluding p	rovision for
	Consol	Consol
	2019	2019
	\$'000	Number
Cattle	25,741	43,160
Sheep	1,031	9,621
	26,772	52,781

Accounting Policy

Biological assets consists of livestock. Livestock is held for trading purposes and includes cattle and sheep. Livestock is accounted for in accordance with AASB 141 Agriculture and measured at fair value less costs to sell (net market value). Gains or losses on changes in the net market value of livestock are recognised in the Statement of Comprehensive Income.

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 Group, (e.g. weather), natural increase and deaths are estimated based on the most recent muster results and where relevant, long term historical natural increase and mortality rates for the relevant property. 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.

Provision for deaths is equivalent to 1% (2018: 8%) of the value of livestock held at reporting date. The provision for deaths each year reflects estimated unrecorded livestock deaths as at reporting date. The likelihood of unrecorded deaths at reporting date decreases when the annual mustering process has been completed on or close to reporting date. The percentage of livestock mustered at reporting date was greater than prior year, lowering the likelihood of unrecorded deaths.

7B. Inventory - other	Consol 2019 \$'000	Consol 2018 \$'000 Restated
Inventory held for sale Materials on hand Agricultural produce	4,716 9 5	4,732 57 8
Carrying amount 30 June	4,730	4,797

Total amount of other inventory expensed during the period is \$45,069,000 (2018: \$41,310,000).

Accounting Policy

Inventory - other primarily consists of food, beverage and merchandise at Ayers Rock Resort.

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 Less: Provision for grant	106,968 (106,968)	100,447 (100,447)
Carrying amount 30 June		
A summary of the movement in property held for grant is as follows	s:	
Opening balance 1 July (restated)	100,447	100,468
Additions to 30 June	11,312	3,340
Reclassified from property, plant and equipment	9,843	-
Granted to 30 June	(14,510)	(3,266)
Disposal of assets held for grant	(98)	(95)
Amount transferred to assets held in trust	(26)	-
Net movement	6,521	(21)
Carrying amount 30 June	106,968	100,447

Accounting Policy

Property held for grant is land and waters, 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 Group. These assets are held for distribution at no consideration in the ordinary course of business of the Group. 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.

Property 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 asset 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 basis the corresponding asset is classified as property, plant and equipment in accordance with AASB 116 Property, Plant and Equipment.

	Consol	Consol
	2019	2018
	\$'000	\$'000
		Restated
7D. Assets held in trust and provision for assets held in trust		
Assets held in trust	52,047	52,020
Less: Provision for assets held in trust	(52,047)	(52,020)
Carrying amount 30 June	<u>-</u>	
Total amount held at the beginning of the reporting period (restated)	52,020	52,020
Additions (Amount transferred from property held for grant)	27	-
Total amount held at the end of the reporting period	52,047	52,020

Non-monetary assets

The ILSC (the Parent Entity) entered into a Deed of Gift and Trust with Rio Tinto Aluminium Limited ('Rio Tinto') in 2009. Pursuant to that deed, Rio Tinto gifted the property known as Weipa Hostel to the ILSC to hold in a charitable purpose trust for the benefit of Aboriginal and Torres Strait Islander students so as to enhance their educational opportunities. At the time of gift and creation of the trust the estimated value of the land was \$3,583,000. Additional capital works of \$22,100,000 were incurred for the construction of buildings. The capital works were funded by a grant of money.

The ILSC (the Parent Entity) entered into a Deed of Gift and Trust with The Christian Brothers in 2012. Pursuant to that deed, The Christian Brothers gifted the property known as Clontarf for the spiritual betterment, education, welfare and development of the Aboriginal people and Torres Strait Islanders residents in Western Australia. The property must be granted to an Aboriginal and Torres Strait Islander Corporation within 80 years from the date of the deed, otherwise the title to the property will revert to The Christian Brothers.

Accounting Policy

Assets held in trust are primarily land and buildings gifted to the Group and are subject to trust deeds. The assets are held for the purpose of grant to appropriate organisations in line with the legislative function and objectives of the Group.

Property held in trust is initially recorded at fair value. Contributions of assets at no cost of acquisition or for nominal consideration are recognised at their fair value (deemed cost) and a gain recognised in the Statement of Comprehensive Income. Ongoing, the assets are valued at cost.

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

At initial recognition, a provision is raised against the Statement of Comprehensive Income for the full amount of the asset representing the sacrifice of the future benefits embodied in the asset.

The asset and provision offset against one another.

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
Net book value as at 1 July 2018 (restated)	83,553	368,831	22,610	20,297	6,392	1,465	381	419,976	503,529
Additions By purchase	ı	26,480	2,998	1,300	265	812	1,767	36,622	36,622
Revaluation and impairments recognised in other comprehensive income	3,814	14,434	187	(2)	(19)	6	(1)	14,608	18,422
Revaluations recognised in net cost of services	1	(49)	ı	2	1	(9)	П	(49)	(49)
Depreciation	ı	(11,946)	(3,121)	(3,638)	(1,279)	(604)	(229)	(20,817)	(20,817)
Reclassified to proprty held for grant	ı	(8,803)	(625)	(34)	(381)	'		(9,843)	(9,843)
Disposals	•	(104)	(470)	(23)	(108)	(1)	(33)	(739)	(739)
Net book value as at 30 June 2019	87,367	388,843	24,579	17,905	4,870	1,675	1,886	439,758	527,125

Consol	Consol
2019	2018
\$'000	\$'000
	Restated

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	25,659	67
Increment (decrement) in asset revaluation reserve:		
As a result of disposal/transfer:		
Land	-	-
Buildings and structures	(3,380)	609
Plant and equipment	(506)	(110)
Furniture and fittings	(63)	-
Motor vehicles	(492)	(12)
Computer systems	-	(1)
Leasehold improvements	(1,150)	-
	(5,591)	486
As a result of revaluation:		
Land	3,814	15,643
Buildings and structures	14,434	63,803
Plant and equipment	187	1,117
Furniture and fittings	(2)	180
Motor vehicles	(19)	763
Computer systems	9	8
Leasehold improvements	(1)	(132)
	18,422	81,382
Total increment (decrement) in asset revaluation reserve	12,831	81,868

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 is 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:

Asset class: Fair value measured at: Land Market selling price Building structures and improvements Market selling price and current replacement cost Plant and equipment Market selling price Leasehold improvements Current replacement cost Office equipment, furniture and fittings and Market selling price computer systems

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	Diminishing	Prime	Prime
	Value	Value	Cost	Cost
	2019	2018	2019	2018
Buildings and infrastructure	2.5-40%	2.5-40%	-	-
Plant and equipment	5-80%	5-80%	-	-
Office equipment	20-50%	20-50%	-	-
Motor vehicles	20-45%	20-45%	-	-
Furniture and fittings	8-80%	8-80%	-	-
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.

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 applied a pre-tax discount rate of 10% to the cash flow range and a terminal yield of 8.5%. 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 \$460,000,000 (2018: \$410,000,000). CBRE Hotels provided a market-based valuation report to support the valuation adopted by the Group for financial reporting purposes as at 30 June 2019. Continuing favourable trading conditions for the resort combined with a steady 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.

While CBRE valuation methodology was consistent with prior years, the valuation did not consider a proposed commercial restructure of the National Indigenous Training Academy (NITA) and its potential impact on forecast ARR earnings. Subsequent to receipt of the CBRE valuation, the Group resolved to restructure the commercial re-charge arrangements between ARR hotels and NITA. Whilst this decision has no impact on the forecast earnings of Voyages, it does have the effect of reducing forecast ARR trading profitability of approximately \$1.2m per annum. When considering the potential reduction in forecast earnings and applying the CBRE capitalisation rate of 8.5%, this results in a reduction of \$15m to the ARR valuation.

The Group 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, and the proposed restructure of internal recharge arrangements between ARR and NITA, the Group 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 2019 of \$445,000,000 (2018: \$410,000,000).

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 \$16,631,000 (2018: \$68,919,000).

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 2020 to 2024 was used as a valuation cross-check within levels 2 and 3 and included:

- Discount rate
- Resort occupancy, average daily rate and terminal yield

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 captial expenditure. The valuer assessed a terminal yield of 8.5% 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 \$20,000,000.

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. 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 in relation to the valuation of ARR 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:

			Other contracts		
	Software	Trade marks and licences	and relationships	Goodwill	Total
	\$,000	\$,000	000,\$	\$,000	\$,000
As at 1 July 2018 (restated)					
Gross book value	5,083	20,469	3,243	107	28,902
Accumulated amortisation and impairment	(4,905)	(15,170)	(3,196)	(43)	(23,314)
Total as at 1 July 2018 (restated)	178	5,299	47	64	2,588
Additions					
By purchase	44	ı	ı	'	44
Amortisation and impairment	(146)	ı	(38)	(64)	(249)
Total as at 30 June 2019	92	5,299	8	-	5,383
Total as at 30 June 2019 represented by:					
Gross book value	5,127	20,469	3,243	107	28,946
Accumulated amortisation and impairment	(5,051)	(15,170)	(3,235)	(107)	(23,563)
Total as at 30 June 2019	92	5,299	8	1	5,383

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	Consol
	2019	2018
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 impairment losses. Goodwill is subject to impairment testing on an annual basis or whenever there is an indication of impairment.

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.

7G. Finance leased assets

Reconciliation of opening and closing balances:

	Solar Panels \$'000	Motor Vehicles \$'000	Total \$'000
As at 1 July 2018			
Gross book value	6,771	-	6,771
Accumulated amortisation	(783)	-	(783)
Total as at 1 July 2018	5,988	-	5,988
Additions			
By purchase	-	138	138
Amortisation	(339)	(10)	(349)
Total as at 30 June 2019	5,649	128	5,777
Total as at 30 June 2019 represented by:			
Gross book value	6,771	138	6,909
Accumulated amortisation	(1,122)	(10)	(1,132)
Total as at 30 June 2019	5,649	128	5,777

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 2019 was \$5,649,000 (2018: \$5,988,000). 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.

Leased assets are pledged as security for the related finance lease liabilities.

7H. Commitments - property plant and equipment	Consol 2019 \$'000	Consol 2018 \$'000 Restated
Capital commitments payable Capital commitments	6,744	1,363
Total capital commitments Commitments are payable as follows:	6,744	1,363
One year or less Total capital commitments payable	6,744	1,363

At 30 June 2019 Voyages had capital commitments for:

- The construction of staff accommodation and communications infrastructure; and
- A hotel refurbishment project.

7I. Prepayments

Prepaid operating leases	1,644	2,517
Other prepayments	1,116	1,263
Total prepayments	2,760	3,780

	Consol 2019 \$'000	Consol 2018 \$'000
8. Payables		Restated
8A. Suppliers		
Trade creditors and accruals	21,223	20,029
Total suppliers	21,223	20,029
Settlement is usually made net 30 days.		
8B. Other payables		
Salaries and wages	2,202	1,762
Superannuation	667	119
Net GST payable to ATO	800	338
Unearned income received in advance	15,382	8,733
Sinking fund	3,335	3,301
Other payables	11	-
Total other payables	22,397	14,253
8C. Interest bearing loans		
Commonwealth Government	26,798	56,458
ANZ Bank	107,500	112,500
Northern Australia Infrastructure Facility (NAIF)	23,069	-
Concessional loan discount	(5,665)	(7,909)
Total interest bearing loans	151,702	161,049

Loan with Commonwealth Government

In May 2016, ILSC and Voyages entered into a \$65,000,000 loan with the Commonwealth Government. The loan is secured by a mortgage over the Ayers Rock Resort (ARR) property, an equitable mortgage over shares in Voyages and a guarantee from Voyages. Principal and interest repayments are made quarterly at \$1,950,000 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.

Loan with ANZ Bank

The \$107,500,000 bank loan with ANZ is fully drawn at the balance date. The loan facility matures 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 ILSC. 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. \$7,500,000 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, \$102,500,000, classified as non-current.

Interest on the ANZ loan is variable at an agreed commercial margin above bank bill swap bid rate (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 56% of the outstanding loan balance (\$60,000,000) was subject to interest rate swaps. The fair value of these interest rate swaps is disclosed in note 8E.

On 22 June 2016, Voyages executed 75% of its loan facility (\$90m) in two Interest Rate Swaps with notional values of \$60m and \$30m with ANZ. On 20 July 2018, the swap with a notional value of \$30m was cancelled and on 3 June 2019, a new Interest Rate Swap with a notional value of \$50m was executed, commencing 20 January 2021 and effective until 22 January 2024.

The fair value determined through a mark-to-market (MTM) calculations as at balance date, being the difference between the transaction price and fair value, has been recognised as a derivative financial liability. This liability represents a fair value movement of the asset that was previously attributable to the MTM calculation for held interest rate swaps as at 30 June 2018.

Loan with NAIF

On 14 December 2018, the Group entered into a project finance facility with NAIF for a 20 year term of up to \$27.5 million, to fund the upgrade of the Ayers Rock Airport runway and associated Contractors Accommodation Project. The loan is deemed to be concessional due to the length of the facility (20 years), the subordinate cash flow structure of the loan and a reduced credit margin applicable to the loan when compared to the ANZ facility. The loan is recognised at fair value net of directly attributable transaction costs. The Group incurred transaction costs of \$561,000 in establishing the loan. The loan is secured by a mortgage over the ARR property, an equitable mortgage over shares in Voyages and a guarantee from ILSC. Security in connection with the NAIF loan ranks pari-passu with the ANZ loan, however is subordinate in terms of cashflow servicing.

Interest on the Group's total borrowing facilities during the current financial year was an average of 3.05%.

8D. Finance lease	Consol 2019 \$'000	Consol 2018 \$'000 Restated
Finance lease liability	6,805	6,699
Total finance lease liability	6,805	6,699

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.

8E. Other financial liabilities

Derivative financial liabilities	1,342	-
Total other financial liabilities	1,342	-
9. Other provisions		
9A. Provision for make good		
As at 1 July	403	403
Amounts used	(160)	-
Amounts reversed	(33)	-
Additions	512	-
Total as at 30 June	722	403

The Group currently has five 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.

The provision also includes \$400,000 in relation to infrastructure improvements associated with the divestment of a cattle station.

Consol	Consol
2019	2018
\$'000	\$'000
	Restated

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	6,049	5,259
Long service leave	4,270	4,608
Provision for bonus ¹	1,732	1,572
Provision for redundancy	209	-
Total employee provisions	12,260	11,439

¹Certain Voyages employees are eligible for short-term incentives 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.

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 (KMP) 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 other Senior Executive Level staff of the ILSC and its significant controlled entities. In prior year, NCIE KMP were regarded as Group KMP. However, in the current year NCIE is not considered to have authority and responsibility for planning, directing and controlling the activities of the Group.

	Consol	Consol
	2019	2018
	\$'000	\$'000
		Restated
Key management personnel remuneration is reported in the table below	w:	
Short-term employee benefits	4,849	6,143
Post-employment benefits	391	500
Other long-term employee benefits	75	69
Termination benefits	-	603
Total key management personnel remuneration expenses	5,315	7,315

The total number of key management personnel included in the above table is 33 (2018: 40).

12. Related party disclosure

12A. Related party relationships

ILSC 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 ILSC

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

The following Directors of ILSC, or its subsidiaries, are also Directors of Indigenous Business Australia (IBA):

Ah See, Roy

Allert, Richard

Ashby, Anthony (ceased from ILSC Mar 2019)

Fry, Eddie

Transactions with IBA are disclosed in note 12B.

The Group received services from SRG Partners (an accounting and corporate advisory practice) at which time a KMP was a Director of this business. Transactions with SRG Partners 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 grants from other Australian Government controlled entities consistent with normal day to day business operations.

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.

	Consol	Consol
	2019	2018
	\$'000	\$'000
		Restated
The following transactions with KMP related parties occurred du	iring the financial year:	
Purchases from related parties:		
Indigenous Business Australia	97	354
SRG Partners	382	-
Sales to related parties:		
Indigenous Business Australia	185	162

12C. ILSC Group

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

	2019	2018
	%	%
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 ILSC. Until 1 September 2014 AIAC was the employment vehicle for staff working on ILSC-held properties and agribusinesses. Thereafter some properties were transferred to and managed by AIAC. During the current financial year, some properties were transferred back to ILSC to grant to Aboriginal Corporations.

NCIE was incorporated to manage the National Centre of Indigenous Excellence in Redfern NSW on behalf of the ILSC. 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 ILSC is the sole member of NCIE.

Voyages was incorporated to own and manage Ayers Rock Resort in Yulara NT on behalf of the ILSC.

On 8 February 2012, the ILSC registered a strata title scheme that separated a building owned by the ILSC 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 ILSC 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 ILSC transferred one lot to an Aboriginal Corporation. As the ILSC 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 ILSC entered into a Deed of Agreement (Deed) with Wana Ungkunytja Pty Ltd (WU) in May 2010 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 the entity operating the business of ARR, currently Voyages, for no consideration, upon the earlier of the repayment of interest-bearing loans or 17 May 2020. Under the Deed, WU have up to six months to accept the offer.

Notwithstanding the recent audited financial statements of Voyages show net assets, considering the terms of the Deed and the differing obligations that apply to the real estate and non-real estate assets held by Voyages, ILSC is of the view that it is not, for the purposes of the 30 June 2019 financial statements, possible to quantify with any reasonable certainty the fair value of WU's interest in ARR.

12D. Transactions with wholly-owned entities

The ILSC is the ultimate parent entity in the wholly-owned group comprising itself and its wholly owned subsidiaries AIAC, NCIE, Voyages and The Owners Corp.

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

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

AIAC - \$3,376,000 (2018: \$7,297,000) NCIE - \$3,955,000 (2018: \$4,089,000)

During the year, ILSC purchased services from NCIE of \$781 (2018: \$2,365) and provided sponsorship funding of \$nil (2018: \$11,000).

The ILSC owns properties that are used by its subsidiaries, NCIE and AIAC. ILSC 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 (2018: \$2,002,000), and is included in the financial support numbers noted above for each year. ILSC has recorded rental income and a corresponding contribution expense in its individual entity financial statements.

In respect of AIAC, no fair value has been determined for the rent of the properties as it is not considered to be reliably measurable.

In 2011 the ILSC provided Voyages with loan funding associated with the purchase of ARR. During the year, Voyages made \$12,161,000 (2018: \$11,910,000) of repayments of the intercompany loan to the ILSC.

The 30 June 2019 loan balance owing is \$276.9m (2018: \$299.6m). The loan includes ILSC funding provided during the year in support of Indigenous Training and Employment projects of \$2.3m (2018: \$2.2m).

Managing Uncertainties

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

13. Contingent assets and liabilities

13A. Quantifiable contingencies

The Group had no quantifiable contingencies as at reporting date.

13B. Unquantifiable contingencies

An Indigenous organisation (the "Organisation") has alleged that the ILSC 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 ILSC for any liability on a reservation of rights basis and, through its solicitors, Comcover has engaged with the Organisation's solicitors to work through the allegations. At this stage it is understood the matter should be finalised shortly. However, at this stage it is still not possible to quantify what (if any) financial impact this allegation will have on the ILSC.

Voyages is the successful Respondent in proceedings in the Supreme Court of NSW commenced by Ayers Rock SkyShip Pty Ltd ("SkyShip") with Justice Darke delivering judgement on 4 July 2019. SkyShip lodged a notice of intention to appeal on 29 July 2019 and has until 4 October 2019 to proceed or withdraw. It is not possible to estimate any potential financial impact.

Voyages is plaintiff in a civil fraud proceedings in the Supreme Court of NSW. It is anticipated the matter will be heard in early 2020. The estimated financial effect is unquantifiable at reporting date.

Accounting Policy

Contingent liabilities and contingent assets are not recognised in the Statement of Financial Position but are reported in the 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.

Consol	Consol
2019	2018
\$'000	\$'000
	Restated

14. Financial instruments

The Group adopted AASB 9 Financial Instruments on 1 July 2018 using the modified retrospective method. Comparatives are not restated. AASB 9 Financial Instruments replaces AASB 139 Financial Instruments: Recognition and Measurement.

14A. Categories of financial instruments

Financial assets under AASB 139 Held-to-maturity investments		
Cash and cash equivalents		57,921
Term deposits		48,000
Other deposits		8
Total held-to-maturity investments		105,929
Loans and receivables		
Receivables		9,883
Repayable grants / advances		299
Total loans and receivables		10,182
Financial assets at fair value through profit or loss		
Derivative financial assets		73
Total financial asset at fair value through profit or loss		73
Financial Assets under AASB 9		
Financial assets at amortised cost		
Cash and cash equivalents	58,374	
Receivables	17,494	
Repayable grants / advances	301	
Term deposits	68,000	
Other deposits	. 7	
Total financial assets at amortised cost	144,176	
Total financial assets	144,176	116,184
Financial liabilities		
Financial liabilities measured at amortised cost		
Supplier payables	21,223	20,029
Other payables	21,597	13,915
Interest bearing loans	151,702	161,049
Finance lease payable	6,805	6,699
Total financial liabilities measured at amortised cost	201,327	201,692
Financial liabilities at fair value through profit or loss		
Derivative financial liabilities	1,342	
Total financial liabilities at fair value through profit or loss	1,342	
Total financial liabilities	202,669	201,692
		- /

14A. Categories of financial instruments (continued)

Classification of financial assets on the date of initial application of AASB 9.

Financial assets class	Note	AASB 139 original classification	AASB 9 new classification	AASB 139 carrying amount at 1 July 2018 \$1000	AASB 9 carrying amount at 1 July 2018 \$'000
Cash and cash equivalents	6A.	Held-to-maturity	Amortised Cost	57,921	57,921
Receivables	6B.	Loans and receivables	Amortised Cost	9,883	9,883
Repayable grants / advances	6B.	Loans and receivables	Amortised Cost	299	299
Term deposits	9C.	Held-to-maturity	Amortised Cost	48,000	48,000
Other deposits	6D.	Held-to-maturity	Amortised Cost	8	ω
Derivative financial assets	09	Financial assets at fair value	Financial assets at fair value through	73	73
		through profit or loss	profit or loss		
Total financial assets				116,184	116,184

Reconciliation of carrying amounts of financial assets on the date of initial application of AASB 9.

	AASB 139 carrying			AASB 9 carrying
	amount at	Reclassification	Remeasurement	amount at
	30 June 2018			1 July 2018
	000,\$	\$,000	\$,000	\$,000
Financial assets at amortised cost				
Held to maturity				
Cash and cash equivalents	57,921	•		57,921
Term deposits	48,000	•		48,000
Other deposits	80	•		8
Loans and receivables				
Receivables	9,883	•		6,883
Repayable grants / advances	299	•	•	299
Total amortised cost	116 111	•		1116 1111

There is no change in carrying amount of Held-to-maturity and Loans and receivables assets based on measurement under AASB 139 on transition to amortised cost under AASB 9. No adjustment has been made to Retained Earnings. There was no adjustment as a result of the change in impairment methodology to an expected credit loss model.

14B. Net gain on financial assets	Consol 2019 \$'000	Consol 2018 \$'000 Restated
Financial assets at amortised cost Interest revenue	2,770	2,253
Net gain on financial assets at amortised cost	2,770	2,253
Net gain on financial assets	2,770	2,253
14C. Net loss on financial liabilities		
Financial liabilities measured at amortised cost Interest expense	7,703	8,884
Net loss on financial liabilities measured at amortised cost	7,703	8,884
Net loss on financial liabilities	7,703	8,884

Accounting Policy

Financial assets

With the implementation of AASB 9 Financial Instruments for the first time in 2019, the entity classifies its financial assets in the following categories:

- a) financial assets at fair value through profit or loss;
- b) financial assets at fair value through other comprehensive income; and
- c) financial assets measured at amortised cost.

The classification depends on both the entity's business model for managing the financial assets and contractual cash flow characteristics at the time of initial recognition. Financial assets are recognised when the entity becomes a party to the contract and, as a consequence, has a legal right to receive cash and derecognised when the contractual rights to the cash flows from the financial asset expire or are transferred upon trade date.

Comparatives have not been restated on initial application.

Financial Assets at Amortised Cost

Financial assets included in this category need to meet two criteria:

- 1. the financial asset is held in order to collect the contractual cash flows; and
- 2. the cash flows are solely payments of principal and interest (SPPI) on the principal outstanding amount.

Amortised cost is determined using the effective interest method.

Effective Interest Method

Income is recognised on an effective interest rate basis for financial assets that are recognised at amortised cost.

Financial Assets at Amortised Cost include:

- Cash and cash equivalents
- Trade and other receivables which generally have 28 day terms
- Repayable grants which are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market
- Fixed rate term deposits placed with major banks

Financial Assets at Fair Value Through Other Comprehensive Income (FVOCI)

Financial assets measured at fair value through other comprehensive income are held with the objective of both collecting contractual cash flows and selling the financial assets and the cash flows meet the SPPI test.

Any gains or losses as a result of fair value measurement or the recognition of an impairment loss allowance is recognised in other comprehensive income.

Financial Assets at Fair Value Through Profit or Loss (FVTPL)

Financial assets are classified as financial assets at fair value through profit or loss where the financial assets either doesn't meet the criteria of financial assets held at amortised cost or at FVOCI (i.e. mandatorily held at FVTPL) or may be designated.

Financial assets at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest earned on the financial asset.

Impairment of Financial Assets

Financial assets are assessed for impairment at the end of each reporting period based on Expected Credit Losses, using the general approach which measures the loss allowance based on an amount equal to lifetime expected credit losses where risk has significantly increased, or an amount equal to 12-month expected credit losses if risk has not increased.

The simplified approach for trade, contract and lease receivables is used. This approach always measures the loss allowance as the amount equal to the lifetime expected credit losses.

A write-off constitutes a derecognition event where the write-off directly reduces the gross carrying amount of the financial asset.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities. Financial liabilities are recognised and derecognised upon 'trade date'.

Financial Liabilities at Fair Value Through Profit or Loss

Financial liabilities at fair value through profit or loss are initially measured at fair value. Subsequent fair value adjustments are recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

Financial Liabilities at Amortised Cost

Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. These liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective interest basis.

Supplier and other payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced). Due to their short-term nature they are not discounted. The amounts are unsecured and usually paid within 30 days of recognition.

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 not designated as cash flow hedges and are entered into for periods consistent with interest rate exposure of the underlying transactions.



Consol	Consol
2019	2018
\$'000	\$'000
	Restated

15. Fair value measurement

Fair value measurements at
the end of the reporting period

	the end of the reporting period	
Financial assets		
Derivative financial assets	-	73
Non-financial assets		
Land	87,367	83,553
Buildings and infrastructure improvements	388,843	368,831
Plant and equipment	24,579	22,610
Furniture and fittings	17,905	20,297
Motor vehicles	4,870	6,392
Computer equipment	1,675	1,465
Leasehold improvements	1,886	381
Biological assets	26,511	36,042
Financial liabilities		
Derivative financial liability	1,342	-

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.

	2019 \$'000	2018 \$'000 Restated
Parent Information		
16. Indigenous Land and Sea Corporation		
Assets		
Financial assets	389,766	398,260
Non-financial assets	246,212	262,063
Total assets	635,978	660,323
Liabilities		
Payables	30,848	55,001
Provisions	162,638	155,472
Total liabilities	193,486	210,473
Net assets	442,492	449,850
Equity		
Retained surplus	423,022	426,765
Asset revaluation reserve	19,470	23,085
Net equity	442,492	449,850
Net (loss)/profit of the parent entity	(9,077)	11,951
Total comprehensive (loss)/income of the parent entity	(7,358)	23,663

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

Guarantees entered into by parent in relation to debts of subsidiaries

The ILSC provides a guarantee to the ANZ bank in relation to a \$120 million facility and to NAIF in relation to a \$27.5 million facility, each with Voyages.

The ILSC 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.

Other Information

17. Aggregate assets and liabilities

Assets expected to be recovered in: No more than 12 months More than 12 months	170,825 704,652	145,072 683,303
Total assets	875,477	828,375
Liabilities expected to be settled in: No more than 12 months More than 12 months	66,978 330,202	78,338 298,030
Total liabilities	397,180	376,368
Net assets	478,297	452,007



ACRONYMS AND ABBREVIATIONS

AAC	Audit and Assurance Committee
AASB	Australian Accounting Standards Board
ABARES	Australian Bureau of Agricultural and Resource Economics and Sciences
ABN	Australian Business Number
AC	Aboriginal Corporation
ACT	Australian Capital Territory
AEMEE	Aboriginal Enterprises in Mining, Energy and Exploration
AFL	Australian Football League
AFLNT	Australian Football League Northern Territory
a/g	acting
AIA	Australian Indigenous Agribusiness Company Pty Ltd (ILSC subsidiary)
AIAC	Australian Indigenous Agribusiness Company Pty Ltd (ILSC Subsidiary)
AIME	Australian Indigenous Mentoring Experience
AM	Member of the Order of Australia
AO	Officer of the Order of Australia
APN	Aak Puul Ngantem (Cape York organisation, Qld)
APY	Anangu Pitjantjatjara Yankunytjatjara
ARR	Ayers Rock Resort
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
CEDA	Committee for Economic Development of Australia
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CGU	cash generating unit
CIO	Chief Information Officer
CIRCA	Cultural and Indigenous Research Centre Australia
Consol	consolidated
CPI	Consumer Price Index
CSS	Commonwealth Superannuation Scheme

DCF	Discounted Cash Flow
Dept	Department
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
ERF	Emission Reduction Fund
Expert	Aboriginal and Torres
Panel	Strait Islander Land Account Expert Advisory Panel
FRR	Financial Reporting Rule
FTE	full-time equivalent (staff)
GGS	General Government Sector
GIS	Geographical Information Systems
Govt	Government
GST	Goods and Services Tax
ha	hectare
HEMP	Heritage and Environment
	Management Plan
HRIS	Human Resources Information
	System
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
ILSC	Indigenous Land and Sea Corporation
ILSC Group	ILSC and three subsidiary companies
Inc	Incorporated
inc.	including
inc. IPA	including Indigenous Protected Area
IPA	Indigenous Protected Area

KMP	Key Management Personnel		
KNAC	Karlka Nyiyaparli Aboriginal		
	Corporation		
KPI	Key Performance Indicator		
KTLA	Karajarri Traditional		
	Lands Association		
LA	land acquisition		
LALC	Local Aboriginal Land Council (NSW)		
Land	Aboriginal and Torres Strait		
Account	Islander Land Account		
Land	Aboriginal and Torres Strait		
and Sea	Islander Land and Sea Future Fund		
Future			
Fund			
Ltd	Limited		
MAAC	Moompa-Awu Aboriginal Corporation		
Mabo	Mabo and Others v Queensland		
judgment	(No 2) (High Court, 1992)		
Minister	Minister for Indigenous Affairs		
MP	Member of Parliament		
Mt	Mount		
MYAC	Mandingalbay Yidinji		
	Aboriginal Corporation		
NAAKPA	Northern Australia Aboriginal Kakadu Plum Alliance		
NABERS	National Australian Built		
	Environment Rating System		
NAIDOC	National Aborigines' and Islanders'		
	Day Observance Committee (annual celebrations over one week		
	in early		
	July named after committee)		
NAILSMA	North Australian Indigenous Land		
	and Sea Management Alliance		
NASCA	National Aboriginal Sporting Chance		
	Academy		
NCIE	National Centre of Indigenous		
NICNIX	Excellence Ltd (ILSC subsidiary)		
NGNY NIAA	Ngakkan Nyaagu		
	National Indigenous Australians Agency		
NAIF	Northern Australian Infrastructure Facility		
NILSS	National Indigenous Land and Sea Strategy		
NITA	National Indigenous Training		
	Academy (Ayers Rock Resort, NT)		

NRM	Natural Resource Management	
NSW	New South Wales	
NT	Northern Territory	
NTCA	Northern Territory	
	Cattlemen's Association	
NWIPP	North West Indigenous	
	Pastoral Project (SA)	
PBC	Prescribed Body Corporate	
PBS	Portfolio Budget Statements	
PGPA	Public Governance, Performance Act and Accountability Act 2013	
PL	Proprietary Limited	
PM&C	Department of the Prime Minister and Cabinet	
PSS	Public Sector Scheme	
PSSap	Public Sector Scheme Accumulation Plan	
Qld	Queensland	
RAP	Reconciliation Action Plan	
Rd	Road	
RILSS	Regional Indigenous Land and Sea Strategy	
RJP	Real Jobs Program (NT)	
S.	section (of an Act)	
SA	South Australia	
SE	Senior Executive (staff)	
SFM	savanna fire management	
St	Street	
Tas.	Tasmania	
TATU	Talking About Tobacco Use program	
TSRA	Torres Strait Regional Authority	
UN	United Nations	
Vic.	Victoria	
Voyages	Voyages Indigenous Tourism Australia Pty Ltd (ILSC subsidiary)	
WA	Western Australia	
WAITOC	Western Australia Indigenous Tourism Operators Committee	
WHS	work health and safety	
WU	Wana Ungkunytja Pty Ltd (Mutitjulu, NT)	
YACHATDAC	Yambangku Aboriginal Cultural Heritage and Tourism Development Aboriginal Corporation	

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Indigenous Land and Sea Corporation



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