

23 October 2018

Senator the Hon Nigel Scullion  
Minister for Indigenous Affairs  
Parliament House  
Canberra ACT 2600

Via email: [nigel.scullion@ia.pm.gov.au](mailto:nigel.scullion@ia.pm.gov.au)

Dear Minister,

### **VOYAGES CONDITIONS & CONSENT UNDER COMMONWEALTH LOAN**

Thank you for your letter dated 26 September 2018 regarding the Commonwealth's proposed conditions of consent associated with Indigenous Land Corporation's (ILC) 100% owned subsidiary, Voyages Indigenous Tourism Australia Pty Limited (**Voyages**), and their application for a concessional loan from the Northern Territory Government of Australia (facilitated by the Northern Australia Infrastructure Facility (**NAIF**)) totalling \$27.5 million to fund the upgrade the Connellan Airport in the Northern Territory and for the provision of contractor accommodation (**NAIF Loan**).

Consistent with the consents required under clause 4.4.1 and 9.3.1 of the Commonwealth Loan Agreement, ILC acknowledges and accepts the following conditions outlined in your letter dated 26 September 2018:

1. Voyages must pay down existing debts by an equivalent amount as funds are released. The payments on existing debt must be additional to the loan repayments Voyages is currently required to make under existing loan agreements.
2. Voyages must maintain a cash reserve of \$5 million for the term of the Loan Agreement, unless the Commonwealth agrees otherwise in writing.

In the context of condition 1 above, Voyages is proposing to pay down existing debts through making a \$23.5 million advanced repayment (prepayment) of the Commonwealth loan immediately prior to the first drawdown of the NAIF loan or alternatively, in a series of repayments where the aggregate amount of each repayment must be an equivalent amount to the relevant drawdown under the NAIF Loan and must occur no later than the relevant drawdown date.

The remaining outstanding balance of the \$27.5 million NAIF Loan (approximately \$4 million) reflects the headroom to capitalise interest payments on the NAIF Loan until March 2023, being the date at which the Commonwealth Loan is due to be fully repaid. The NAIF Loan is structured in this manner so as to not impact future cash flows required for payments under the Commonwealth Loan Agreement.

Voyages is additionally asking that this advanced payment (prepayment) would reduce future quarterly loan repayments ratably on the Commonwealth loan so as to maintain the current term of the Commonwealth loan, and be paid without penalty or premium. The payments on existing debt must be additional to the loan repayments Voyages is currently required to make under existing loan agreements (subject to any applicable reduction in the amount of any such loan repayments following a prepayment being made).

Through our continuing dialogue with your Department, we understand ILC's acceptance of the aforementioned conditions of consent and Voyages additional proposal to reduce future quarterly repayments will require formal ratification through amendments (or replacements) to the existing Commonwealth Loan Agreement and associated Priority Deed between the Commonwealth, ANZ, ILC and Voyages dated 28 June 2016.

As a consequence of documenting required amendments to the Commonwealth Loan Agreement and Priority Deed, we note the NAIF Loan would be secured by property that is secured under the Commonwealth Loan Agreement and will rank senior to the Loan Agreement (on substantially the same terms as the existing ANZ Facility ranks senior to the Loan Agreement). Voyages and the Northern Territory Government of Australia can choose to document this security arrangement by entering into new security documents in favour of the Northern Territory Government of Australia (or in favour of a security trustee holding security on behalf of the Northern Territory Government of Australia, and ANZ if applicable) or by acceding the Northern Territory Government of Australia into the existing security arrangements held by ANZ as security trustee.

Accordingly, and given the legal status of the aforementioned documents, we are advised that ILC's signature to the proposed "Acknowledgement and Agreement to Conditions of Consent Form" referred to in your letter is no longer required.

We thank you for your support in relation to this matter and advise we will continue to work collaboratively with your Department.

Yours faithfully



Eddie Fry  
**ILC Chair**



MINISTER FOR INDIGENOUS AFFAIRS

Reference: MS18-004568

Mr Edward Fry  
 Chair  
 Indigenous Land Corporation  
 GPO Box 652  
 ADELAIDE SA 5001

Dear Mr Fry

Thank you for your letter of 23 October 2018 accepting the Commonwealth's conditions of consent associated with Voyages' application for a Northern Australia Infrastructure Facility Loan. ✓

I understand there has been further discussion with my Department regarding the repayment schedule for the existing Commonwealth loan. I agree to Voyages' proposal to make a payment of \$15 million on 20 December 2018 and \$8.5 million on 15 January 2019. ✓

I can advise that under this arrangement Voyages' future quarterly repayments on the Commonwealth loan will be substantially reduced. The current term of the Commonwealth loan will continue to conclude in March 2023. ✓ OR EARLIER → July 2019

My Department will work with Voyages to facilitate these arrangements through variations to the ILC and Voyages' existing loan and security arrangements with the Commonwealth and the ANZ. If you have any queries in relation to this matter, please contact Ms Jo Da Rocha on (02) 6271 5579 or email at [Joanna.DaRocha@pmc.gov.au](mailto:Joanna.DaRocha@pmc.gov.au).

I look forward to hearing about the progress of the upgrade to the Connellan Airport. ✓

Yours sincerely

NIGEL SCULLION

13/11/2018

Action items: Refer S. Laws  
 List . ET.



## MINISTER FOR INDIGENOUS AFFAIRS

Reference: MC18-070401

Mr Edward Fry  
 Chairperson  
 Indigenous Land Corporation  
 GPO Box 652  
 ADELAIDE SA 5001

Dear Mr Fry

EADIE

Thank you for your letter of 3 May 2018 about the appointment of the Chief Executive Officer (CEO) of the Indigenous Land Corporation (ILC). I apologise for the delay in responding.

In your letter you state that the ILC Board has resolved to reappoint Mr John Maher as the ILC CEO until 31 May 2020 and that you are seeking my agreement to that appointment. I note that my letter to you of 18 April 2016 providing Government agreement to his initial appointment, raised our shared interest in seeing an Indigenous CEO appointed to the ILC.

I have been impressed with the efforts of the ILC Board and executive to create opportunities to develop Indigenous leaders and I consider these efforts are critical to our success in having more Indigenous Australians appointed to leadership positions. The ILC has made a serious and sustained effort to promote Indigenous executives in the organisation and in particular, I recognise the efforts of Mr Maher in mentoring Ms Tricia Button as the Deputy CEO. Accordingly, I would like to invite the ILC Board to consider an earlier transition to an Indigenous CEO, which I believe the ILC is well-placed to now achieve.

As you are aware, the appointment of the CEO is considered significant and I must refer it to the Prime Minister, the Hon Scott Morrison MP, for agreement prior to providing my agreement. The Prime Minister may refer the matter to Cabinet for decision.

Subject to your agreement, I would like to work towards a new ILC CEO by the end of February 2019. Please feel free to contact my Office on 02 6277 7780 if you would like to discuss this further.

Yours sincerely

NIGEL SCULLION

2 / 11 / 2018



Australian Government  
Indigenous Land Corporation



The ILC GROUP

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31 January 2019

Senator the Hon Nigel Scullion  
Minister for Indigenous Affairs  
Parliament House  
CANBERRA ACT 2600

Dear Minister

**Re: Investment Mandate of the incoming Aboriginal and Torres Strait Islander Land and Sea Future Fund.**

Thank you for your correspondence dated 14 January regarding Indigenous Land Corporation Board consideration of the draft Aboriginal and Torres Strait Islander Land and Sea Future Fund Investment Mandate (“Draft Mandate”).

In accordance with Section 35A(2) of the *Aboriginal and Torres Strait Islander Land and Sea Future Fund Act 2018* (the Act), the ILC Board makes the following submission:

The ILC Board is satisfied that the Investment Mandate presented is consistent with the purposes of the Aboriginal and Torres Strait Islander Land and Sea Future Fund, being to enhance the Commonwealth’s ability to make payments to the Indigenous Land and Sea Corporation in accordance with Section 22 of the Act.

Specifically, the ILC Board is satisfied that the benchmark return over the long term of at least Consumer Price Index +2.0 to +3.0 per cent per annum, net of costs (Part 2, Section 6, *Benchmark return and acceptable level of risk*), has been determined having regard to an acceptable, but not excessive, level of risk in the current economic climate and that it is broadly in line with the recommendations of the Land Account Expert Advisory Panel convened by the ILC in 2016.

However, the ILC Board proposes that the Investment Mandate is reviewed on a regular basis and that the benchmark return therein is updated, as appropriate, to reflect changes in future investment market expectations and associated risk profiles.

With regard to Section 9, *Reporting*, the ILC Board would welcome the inclusion of the following additional items within quarterly portfolio updates: (i) Risk Measures (historical and future); (ii) Outlook; and (iii) Positioning. The provision of this information would enable the ILSC to enhance the communication of the performance of the Fund to its core constituents, better meeting stakeholder expectations in relation to Indigenous oversight of the Fund.

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**Office of the Chairperson**

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[www.ilc.gov.au](http://www.ilc.gov.au)

Once again, the ILC Board would like to take this opportunity to acknowledge your support and that of your Office and the Department in pursuing this important reform on behalf of Indigenous Australians. The ILC Board and Executive look forward to meeting the challenge of the ILSC's expanded remit, supported by the stability of a more secure financial base.

Yours sincerely

A handwritten signature in blue ink that reads "Eddie Fry". The signature is written in a cursive, slightly slanted style.

Eddie Fry  
ILC Chair



## MINISTER FOR INDIGENOUS AFFAIRS

Reference: MS19-000002

Mr Edward Fry  
 Chairperson  
 Indigenous Land Corporation  
 GPO Box 652  
 ADELAIDE SA 5001

Dear Mr Fry

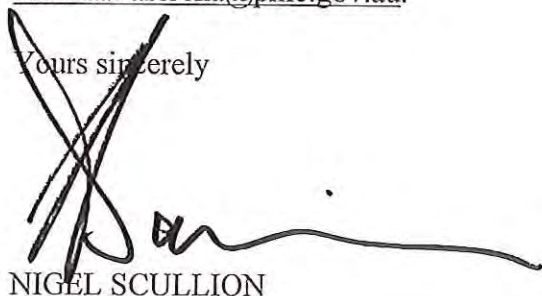
I am writing about the Investment Mandate of the incoming Aboriginal and Torres Strait Islander Land and Sea Future Fund.

As you are aware, the *Aboriginal and Torres Strait Islander Land and Sea Future Fund Act 2018* (the Act) will commence on 1 February 2019. A draft Aboriginal and Torres Strait Islander Land and Sea Future Fund Investment Mandate Direction 2018 (Investment Mandate) has been prepared. In accordance with section 35A(2) of the Act, the Investment Mandate is enclosed for the consideration of the Indigenous Land Corporation (ILC) Board.

I would appreciate a response at your earliest convenience to allow the draft Investment Mandate to be finalised before the legislation commences.

If you have any queries in relation to this matter, the contact officer in my Department is Ms Jo Da Rocha. Ms Da Rocha's contact details are (02) 6271 5579 or [Joanna.DaRocha@pmc.gov.au](mailto:Joanna.DaRocha@pmc.gov.au).

Yours sincerely



NIGEL SCULLION

14 / 1 / 2019

COPY



## Aboriginal and Torres Strait Islander Land and Sea Future Fund Investment Mandate Direction 2018

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We, JOSHUA ANTHONY FRYDENBERG, Treasurer, and MATHIAS HUBERT PAUL CORMANN, Minister for Finance, give this Direction under section 32(1) of the *Aboriginal and Torres Strait Islander Land and Sea Future Fund Act 2018*.

Dated November 2018

JOSHUA ANTHONY FRYDENBERG  
Treasurer

MATHIAS HUBERT PAUL CORMANN  
Minister for Finance

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## Part 1 Preliminary

### 1 Name

This Direction is the *Aboriginal and Torres Strait Islander Land and Sea Future Fund Investment Mandate Direction 2018*.

### 2 Commencement

This Direction commences on the 15th day after it is given to the Board.

Note 1: Section 42 (disallowance) of the *Legislation Act 2003* does not apply to the direction—see regulations made for the purposes of paragraph 44(2)(b) of that Act.

Note 2: Part 4 of Chapter 3 (sunsetting) of the *Legislation Act 2003* does not apply to the direction—see regulations made for the purposes of paragraph 54(2)(b) of that Act.

### 3 Authority

This Direction is made under the *Aboriginal and Torres Strait Islander Land and Sea Future Fund Act 2018*.

### 4 Definitions

In this Direction:

*Act* means the *Aboriginal and Torres Strait Islander Land and Sea Future Fund Act 2018*.

*Board* means the Future Fund Board of Guardians established by section 34 of the *Future Fund Act 2006*.

*Consumer Price Index* means the All Groups Consumer Price Index number, being the weighted average of the 8 capital cities, published by the Australian Bureau of Statistics.

*Fund* means the Aboriginal and Torres Strait Islander Land and Sea Future Fund established by the Act.

*Future Fund Act* means the *Future Fund Act 2006*.

*ILSC* means the Indigenous Land and Sea Corporation established by section 191A of the *Aboriginal and Torres Strait Islander Act 2005*.

*Responsible Ministers* has the same meaning as in the Act.

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## Part 2 Direction

### 5 Object

- (1) The object of this Direction is to give guidance to the Board in relation to its investment strategy for the Fund.
- (2) The Board must seek to maximise the return earned on the Fund over the long term, consistent with international best practice for institutional investment, pursuant to section 33 of the Act, and subject to its obligations under the Act and any directions given by the Responsible Ministers under subsection 32(1) of the Act.
- (3) This Direction is given under subsection 32(1) of the Act to articulate the Government's expectations for how the Fund will be invested and managed by the Board. This sets out matters of risk and return for the Fund.

### 6 Benchmark return and acceptable level of risk

- (1) The Board is to adopt an average return over the long term of at least the Consumer Price Index + 2.0 to + 3.0 per cent per annum, net of costs, as the benchmark return on the Fund.
- (2) During the initial transition period, as the Board develops a long-term strategic asset allocation, the Government anticipates a return lower than the benchmark return.

#### *Acceptable level of risk*

- (1) In constructing a portfolio, the Board:
  - (a) must determine an acceptable but not excessive level of risk for the Fund, including having regard to the plausible capital loss from investment returns over the forward three year period; and
  - (b) must have regard to its obligations under section 17 of the Act.
- (2) The Government acknowledges that targeting the long-term benchmark return implies accepting the risk of capital losses, in adverse markets, that may be 15-20 per cent of the portfolio over a three year period.

### 7 Board must consider impacts from its investment strategy

- (1) In undertaking its investment activities, the Board must act in a way that:
  - (a) minimises the potential to effect any abnormal change in the volatility or efficient operation of Australian financial markets; and
  - (b) is unlikely to cause any diminution of the Australian Government's reputation in Australian and international financial markets.

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## 8 Corporate governance

- (1) The Board must have regard to international best practice for institutional investment in determining its approach to corporate governance principles, including in relation to its voting policy.

## 9 Reporting

The Board must publish quarterly portfolio updates on its website showing:

- (a) actual returns against benchmark return; and
- (b) asset allocations by category.

Draft

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## **Explanatory Statement for the *Aboriginal and Torres Strait Islander Land and Sea Future Fund Investment Mandate Direction 2018***

### **Objective of the Direction ('Investment Mandate')**

- 1 As stated in the *Aboriginal and Torres Strait Islander Land and Sea Future Fund Act 2018* (the Act), the Government has established the Aboriginal and Torres Strait Islander Land and Sea Future Fund (the Fund) to enhance the Commonwealth's ability to make annual indexed payments to the Indigenous Land and Sea Corporation.
  - (a) The Indigenous Land and Sea Corporation (ILSC) is a corporate Commonwealth entity established in 1995 to assist Aboriginal and Torres Strait Islander people acquire and manage land to achieve economic, environmental, social and cultural benefits.
- 2 Under the Act, the Future Fund Board of Guardians (the Board), who are responsible for deciding how to invest the Fund, must seek to maximise the return earned on the Fund over the long term, consistent with international best practice for institutional investment.
- 3 This investment function is subject to any restrictions placed on the Fund by the Act and to any directions given by the responsible Ministers under subsection 32(1). Directions issued under subsection 32(1) of the Act are known collectively as the Aboriginal and Torres Strait Islander Land and Sea Future Fund Investment Mandate.

### **Notes on the Sections**

#### **Part 1 - Preliminary**

##### ***Section 1 - Name***

- 4 The naming convention of this investment mandate follows the Office of Parliamentary Counsel's Drafting Direction No 1.1A, issued 14 November 2016.
- 5 The investment mandate provides 'written directions' under section 32(1) of the Act.

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### ***Section 2 - Commencement***

- 6 The investment mandate takes effect after a period of 15 days after it has been provided to the Board, pursuant to section 32(6) of the Act.
- 7 This investment mandate is a legislative instrument that is not subject to disallowance or sunseting, pursuant to the *Legislation (Exemption and Other Matters) Regulation 2015* made under the *Legislation Act 2003*.
- 8 This investment mandate will be published on the Federal Register of Legislation, along with any submission on the draft investment mandate by the Board.

### ***Section 3 - Authority***

- 9 The Finance Minister and the Treasurer, as responsible Ministers under the Act, are required to issue at least one investment mandate to the Board under section 32(1) of the Act. This is the first investment mandate that will take effect after the commencement of the Act.

### ***Section 4 - Definitions***

- 10 Definitions are to be read in conjunction with the relevant Acts, which include the Act, the *Future Fund Act 2006*, and the *Aboriginal and Torres Strait Islander Act 2005*.
- 11 The *Aboriginal and Torres Strait Islander Amendment (Indigenous Land Corporation) Act 2018* amended the name of the Indigenous Land Corporation to the Indigenous Land and Sea Corporation.

## **Part 2 - Direction**

### ***Section 5 - Object***

- 12 The Board is to carry out the investment function as outlined in the Act and in accordance with this investment mandate, in addition to their existing functions outlined in the *Future Fund Act 2006*.
- 13 The investment mandate requires the Board to maximise the return earned on the Fund over the long term, consistent with international best practice for institutional investment.
- 14 The investment mandate provides guidance to the Board on matters of risk and returns, and other matters that are consistent with the Act.

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### *Section 6 - Benchmark return and acceptable level of risk*

- 15 The benchmark return supports the long-term sustainability of the Fund. For the purposes of this investment mandate the Government has directed the Board to adopt, as the benchmark return for the performance of the Fund, an average return over the long-term of at least the Consumer Price Index + 2.0 to + 3.0 per cent per annum net of costs.
- 16 Implementing a mandate with a range provides the Board with scope to target lower levels of return when they believe the prospective reward for investment risk is relatively low, and conversely, higher levels of return when they believe the prospective reward for investment risk is relatively high.
- 17 The Government accepts that there will need to be an initial transition period. This period includes the time required:
- (a) to transfer financial assets comprising the Aboriginal and Torres Strait Islander Land Account, currently managed by the Department of Prime Minister and Cabinet, to the Board;
  - (b) for those financial assets to mature and be able to be invested in other financial assets; and
  - (c) for the Board to implement a long term strategic asset allocation.
- 18 During this period, the portfolio will be transitioned from lower risk and return assets, and the long-term benchmark return will therefore not be met. The Government understands this transition period could be up to 12 months.

#### *Acceptable level of risk*

- 19 The Government is conscious of the risks inherent in investing financial assets and acknowledges that, in practice, this will involve some volatility in the Fund's returns, including the possibility of material losses in some years.
- 20 To provide the Board with guidance on the limits to the Government's acceptance of risk in pursuing the benchmark rate of return, the Direction states "the Government acknowledges that targeting the long term benchmark return implies accepting the risk of capital losses, in adverse markets, that may be 15-20 per cent of the portfolio over a three year period".
- 21 The investment mandate requires the Board to have regard to section 17 of the Act. This requires the Board to take all reasonable steps to ensure that the balance of the Special Account is sufficient to cover debits for the purposes of the

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Aboriginal and Torres Strait Islander Land and Sea Future Fund. The Board will need to ensure the portfolio has sufficient liquidity to meet the required cash flows.

***Section 7 - Board must consider impacts from its investment strategy***

- 22 The Government has a broad obligation to the Australian community to make decisions that are economically and fiscally responsible. In establishing the Fund, it is the expectation of the Government that the investments of the Fund should not disrupt the normal operation of domestic financial markets.
- 23 The Board, in setting the investment strategy and in instructing the investment of the Fund, must act in a manner that minimises the potential to effect any abnormal change in the volatility or efficient operation of Australian financial markets.
- 24 The Board is also required to act in a manner that is unlikely to cause any diminution of the Government's reputation in Australian and international financial markets.
- 25 The Government participates in a number of international organisations which pursue high standards of conduct in financial markets. The Government recognises that the Board will invest in international capital markets as part of a sound investment strategy involving diversification. In doing so, the Government expects that the Board will act in a manner that is unlikely to cause embarrassment to the Government.

***Section 8 - Corporate governance***

- 26 In undertaking its investment functions, the Board must act consistent with, and establish policies on matters relevant to, international best practice for institutional investment. In particular, the Government would expect the Board's policies to include its approach to corporate governance principles, including its voting policy.

***Section 9 – Reporting***

- 27 To provide appropriate transparency on the investment performance of the Fund, the Board is required, at a minimum, to publish quarterly reports on their website.
- 28 Consistent with the quarterly reports for the Future Fund and Medical Research Future Fund, the quarterly reports are to include information on the asset



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allocation of the portfolio by category and the actual returns against the benchmark return.

## Consultation

- 29 The Board has been consulted prior to setting this investment mandate, in accordance with section 35 of the Act. Their submission, if made, will be tabled and published on the Federal Register of Legislation.
- 30 The Minister for Indigenous Affairs has been consulted prior to setting this investment mandate, in accordance with section 32(7) of the Act.
- 31 The Office of Best Practice Regulation assessed that the impact of the changes made by the investment mandate are minor and do not require a Regulation Impact Statement (OBPR ID: XXXXX).



Australian Government  
Indigenous Land Corporation



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14 February 2019

Senator the Hon Nigel Scullion  
Minister for Indigenous Affairs  
Parliament House  
Canberra ACT 2600

Dear Minister Scullion

### **Re: Reappointment of the ILSC CEO**

Thank you for your letter dated 02 November 2018 (reference MC18-070401) regarding the re-appointment of the Chief Executive Officer (CEO) of the Indigenous Land and Sea Corporation (ILSC). In particular, I do acknowledge the matters you raise concerning the timetable to transition to an Indigenous ILSC Group CEO.

The Board decision to re-appoint Mr John Maher for a further term until 31 May 2020 was taken after significant discussion on the role and the term of reappointment and was made in consideration of ILSC Directors tenure and two additional important factors.

The first of these factors is the significant changes in the operations of the ILSC, not only as a result of the recent enhancement to our remit, but also the transitional changes being made more generally across the ILSC. Our significant change agenda requires strategic specialist skills to progress changes from the formative stage to success. The Board considered that the continuation of Mr Maher would provide leadership stability during this important period to have a consolidating effect in maintaining the momentum of these changes and provide the best possible outcomes for our Indigenous stakeholders.

The second consideration is that whilst there are a number of excellent Indigenous Executives at the ILSC that hold a deep understanding of our mandate and future focus the Board feels that their skill development requires further nurturing and refinement. This will ensure the success of major fledgling initiatives and continual improvements implemented in line with the Boards strategic agenda across the ILSC Group. The

Indigenous Executives have been effecting great changes to their own program areas which have seen substantial advancements, along with participating in a business skills development pathway across the ILSC and IBA that I have had significant input into, allowing me to gauge their development.

The transition towards an Indigenous Group CEO has been a particular focus of Mr Maher and myself over the past 18 months. This is an enormous step under usual circumstances but given the comprehensive change agenda that the ILSC has embraced, progressive leadership and business skills are critical to our success. For these reasons, I restate my support for the decision to extend Mr Maher's appointment as Group CEO to 31 May 2020 and look forward to continuing to work with the emerging leadership group to transition to an Indigenous leader to Group CEO as soon as possible.

In completeness of our discussions on this matter, I am steadfastly committed to achieving the transition to an Indigenous CEO within the timeframe outlined above. This does not limit the opportunity to achieve this outcome earlier.

Yours sincerely

A handwritten signature in dark ink, appearing to read 'Eddie Fry', with a stylized flourish at the end.

Eddie Fry  
ILSC Chair



Australian Government  
Indigenous Land Corporation



The ILC GROUP

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12 February 2019

Senator the Hon Nigel Scullion  
Minister for Indigenous Affairs  
Parliament House  
CANBERRA ACT 2600

Dear Minister Scullion

**Re: Correction of the Indigenous Land Corporation Annual Report 2017-2018**

Please find enclosed a correction to the 2017-2018 Annual Report of the Indigenous Land Corporation in the form of a correction to page 57.

As per Item 4.24 of the *Guidelines for the Presentation of Documents to the Parliament* issued by the Department of the Prime Minister and Cabinet, the correction is to be tabled in the Parliament in the same manner as was the original document. To this effect, the enclosed is provided for your approval in advance of the printing and provision of copies to the Parliamentary Tabling Officer as per the guidelines previously noted.

Yours sincerely,

Eddie Fry  
Chair  
Indigenous Land and Sea Corporation

**Attachment A:** Correction to the Indigenous Land Corporation Annual Report of 2017-2018

Table 7: ILC Board meetings, 2017-18

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

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

## Board Committees

Three Board committees operated in 2017-18.

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

## Audit and Assurance Committee

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

## Remuneration and Nomination Committee

The Remuneration and Nomination Committee assists the Board to select the CEO and monitor his/her performance; consider and make

recommendations about appointments to Board committees and subsidiary boards; and oversee and make recommendations on ILC Group remuneration policy. Committee members are Chairperson Fry and Director Hosch.

## Work Health and Safety Committee

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

## Subsidiary Governance and Management

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

The ILC Board appoints directors to subsidiary boards; they include some ILC Directors as well as independent members. The ILC Group CEO is an ex officio member of all subsidiary boards. Subsidiary boards establish committees, where appropriate.

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





MINISTER FOR INDIGENOUS AFFAIRS

Reference: MS19-000120

Mr Edward Fry  
Chairperson  
Indigenous Land and Sea Corporation  
GPO Box 652  
ADELAIDE SA 5001

Dear Mr Fry

Thank you for your letter of 31 January 2019, regarding the draft Investment Mandate for the Aboriginal and Torres Strait Islander Land and Sea Future Fund.

I note your support for the Future Fund Board of Guardians to adopt an average return over the long term of at least CPI +2.0 to +3.0 per cent per annum, net of costs, as the benchmark for the Fund.

In relation to your request the Investment Mandate be reviewed on a regular basis, Investment Mandates are intended to be relevant throughout business cycles, not requiring revision on the basis of normal, short term market fluctuations. Under the *Aboriginal and Torres Strait Islander Land and Sea Future Fund Act 2018*, the operation of the Act must be reviewed within 10 years. The Investment Mandate could also be reviewed at this time. The Indigenous Land and Sea Corporation (ILSC) Board is able to request a review earlier, if circumstances warrant it.

I note the ILSC Board would welcome the inclusion of 'risk measures', 'outlook' and 'positioning' in the quarterly portfolio updates. The Future Fund Board of Guardians will consider the best mechanism and frequency for providing this information.

I look forward to seeing Aboriginal and Torres Strait Islander Australians benefit from the establishment of the Aboriginal and Torres Strait Islander Land and Sea Future Fund.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Nigel Scullion', written over a horizontal line.

NIGEL SCULLION

17/2 / 2019



Australian Government  
Indigenous Land and Sea Corporation



The ILSC GROUP

PEOPLE. COUNTRY. OPPORTUNITY.

08 March 2019

Senator the Hon Nigel Scullion  
Minister for Indigenous Affairs  
Parliament House  
CANBERRA ACT 2600

Dear Minister Scullion

### **ILSC Board Meeting Update**

On behalf of the Indigenous Land Corporation (ILC) Board, and in accordance with section 19 of the *Public Governance, Performance and Accountability Act 2014*, I am writing to inform you of significant decisions taken by the Board at its most recent meetings.

Firstly, let me apologise for not providing a separate update following the Board meeting of 12 December 2018. The failure was due to an internal variation of practice within the ILSC and oversight as to where the obligation to provide the information now sat. I write to assure you those matters have now been dealt with and going forward there will no repeat of that oversight.

I therefore take this opportunity to provide an update on the last two in session Board meetings as well as an out of session meeting held on 1 February 2019.

#### **Board Meeting of 12 December 2018**

##### **ILC Group Treasury Policy**

The Board approved a Group Treasury Risk Management and Investment Policy Framework at this meeting. Discussion subsequent to the December meeting led to a minor change that was approved at the next in session meeting in February 2019.

The effect of the resolutions was to fix updated strategies for investments and how surplus funds were to be invested. In particular the strategy notes the spread of risk in investing those funds amongst first and second tier banks.

##### **Investment Strategy**

The Board was presented with a briefing paper on possible key investment strategies available with the impending extension of remit to water and some key opportunities that would be available with the extension.

The Board noted a presentation would be made at a subsequent Strategic Planning Day on the investment options available.

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## **Water Strategy**

Being the first meeting of the Board following the passing of the Act extending the Corporation's remit, the Board and Management spent some considerable time discussing the impact the changes would have upon the Corporation. This included the scope of acquisitions and disposals as well as the proposed consultative events to be undertaken as part of the work necessary to update the National and Regional Indigenous Land Strategies as required by the extended powers granted to the Corporation.

There were also discussions around the suggested communication plan as well as the whole of entity impact the changes would have.

## **Agribusiness Strategy**

The Board was also presented with an update on the progress the Corporation was making under the previously approved Agribusiness Strategy and Portfolio Plans. The Board noted the steps made in the divestment of identified properties as well as those taken to enhance Indigenous Capability.

## **NAIF Funding**

The Board considered and signed off on all of the documentation necessary for the refinancing arrangements between Voyages Indigenous Tourism Australia Pty Ltd (Voyages), the Corporation's subsidiary, the Northern Territory of Australia, the ANZ Bank, the Commonwealth and the Corporation.

The refinancing allowed the paying down of debt to the Commonwealth and it is noted that since the completion of the transaction over \$23.5 million has been paid back to the Commonwealth.

## **Audit & Assurance Committee Charter**

The Board also received a report on the charter of the above committee. It is noted the charter is to be reviewed annually based upon recommendations from the committee itself and the Board approved those recommended following the latest review.

## **Strategic Planning Day 19 February and Board Meeting of 20 February 2019**

### **Planning Day Outcomes**

The Board noted the planning going in to the Corporation's strategic plan arising out of the increased remit to water rights which had now been proclaimed, The Board received several presentations on the possible impact the change would have on the Corporation and the proposed repositioning of the Corporation to capture the extended areas of activity. The Board noted the need to a rebranding and the need to address expectations around the increased ability to fund water based rights.

### **ILSC Group Media and Representation Protocol**

The Board received a presentation on updating the ILSC Group protocols on media and representation to allow some increased flexibility for the Corporation's subsidiaries to not need the Corporation's approval for certain releases. However, it was emphasised that engagement with Government will still need the prior approval of the Chair of the Corporation.

### **2019-20 Budget**

Noting the changed need to complete the budget process for the 2019-20 year, the Board received a report on the budget. In particular, it was noted the increased activities concerning disposals and acquisitions of land based assets and the impact going forward of increasing acquisitions to water rights without receipt of additional funds.



The Board noted the Group's overall balance sheet position and the amount of funding to be provided to subsidiary entities. It was also noted the budget was still being worked upon and would be included for further discussion at the next Board meeting.

### **Reappointment of Chair of Voyages**

The Board reappointed Mr Rick Allert AO as a Director and Chair of Voyages for a further period of two years from 12 February 2019. It was also noted that the appointment was subject to any decision of the ILSC Board with regard to the future of Voyages within the ILSC Group.

### **Out of Session Meeting 01 February 2019**

As previously advised by Mr John Maher, the ILSC Group CEO, the Board also met in an out of session meeting on 1 February 2019.

There was only one topic on the agenda for that meeting; the approval of the Corporation to the decision by Voyages to look to terminate certain agreements it had entered in to with the operator of a proposed SkyShip from a site near Uluru.

The Board heard from Voyages Chair and CFO as well as Voyages General Counsel and after confirmation that Voyages would be able to fund the proposed litigation, endorsed Voyages proposal to terminate the various agreements.

As mentioned, Mr Maher wrote to you about the decision and the possible impact upon the Group. I understand that since the notices were served, the operator has commenced proceedings in the New South Wales Supreme Court and that commercial discussions have also started between Voyages and the operator.

Please do not hesitate to contact me or Mr Maher should you or officers of your Department have any questions in relation to the contents of this letter or more generally.

Yours faithfully



Eddie Fry  
ILSC Chair



MINISTER FOR INDIGENOUS AFFAIRS

Reference: MS18-005231

Mr Edward Fry  
Chairperson  
Indigenous Land and Sea Corporation  
PO Box 652  
ADELAIDE SA 5001

Dear Mr Fry

*EDDIE*

I am writing in response to your letter of 12 February 2019 regarding a correction to the 2017-18 Annual Report of the Indigenous Land Corporation (ILC).

The correction provided clarifies the information in the ILC 2017-18 Annual Report, Table 7, page 57, relating to the absences of ILC Director, Mr Bruce Martin, from three meetings of the ILC Board during the 2017-18 reporting period.

I wish to advise that I have agreed to table the corrected page in both Houses of Parliament. My Department will confirm with your officers once tabling occurs so that the correction can be published.

If you have any questions regarding this matter, the contact officer in my Department is Mr Brendan Jacomb, Assistant Secretary, Indigenous Affairs Group. Mr Jacomb may be contacted on (02) 6152 3555 or by email at [brendan.jacomb@pmc.gov.au](mailto:brendan.jacomb@pmc.gov.au).

Yours sincerely

A handwritten signature in black ink, appearing to read 'Nigel Scullion', written over a horizontal line.

NIGEL SCULLION

15/2/2019



**Australian Government**

**Department of the Prime Minister and Cabinet**



**CHARLES PERKINS HOUSE  
16 BOWES PLACE  
WODEN**

Reference: MC19-025466

Mr Edward Fry  
Chairperson  
Indigenous Land And Sea Corporation  
GPO Box 652  
ADELAIDE SA 5001

Dear Mr Fry

Thank you for your letter of 5 April 2019 to the Minister for Indigenous Affairs, Senator the Hon Nigel Scullion, about the annual remuneration arrangements for the Chief Executive Officer (CEO) of the Indigenous Land and Sea Corporation (ILSC). I am replying on behalf of the Minister as the Government is now in a caretaker period pending the outcome of the federal election on 18 May 2019.

The Remuneration Tribunal Performance Remuneration Guidelines include that the views of the relevant Minister will normally be a consideration before settling performance pay. The ILSC Board's recommendation regarding the proposed performance pay outcome for the CEO for 2017-18 will be drawn to the attention of the incoming Government after the outcome of the election is known.

Yours sincerely

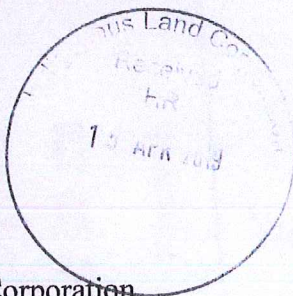
**BRENDAN JACOMB**  
Assistant Secretary  
Legal Services Branch

16 / 4 / 2019



MINISTER FOR INDIGENOUS AFFAIRS

Reference: MS19-001213



Mr Edward Fry  
 Chairperson  
 Indigenous Land and Sea Corporation  
 GPO Box 652  
 ADELAIDE SA 5001

Dear Mr Fry

Thank you for your letter of 14 February 2019 about the reappointment of the Chief Executive Officer (CEO) of the Indigenous Land and Sea Corporation (ILSC). I Sincerely apologise for the delay in responding.

As you will be aware, under the Cabinet Handbook the appointment of the CEO is considered significant and is subject to formal Commonwealth Government processes. I am pleased to advise the appointment of the ILSC CEO has been considered by the Commonwealth Government and agreed. This agreement is for an appointment of Mr John Maher as CEO until 31 May 2020.

I acknowledge the continuation of Mr Maher's appointment would maintain progress with the ILSC's significant change agenda and expanded operations. I also appreciate your commitment to achieving the transition to an Indigenous ILSC CEO by May 2020.

If you have any questions on this matter, the contact officer in the Department of the Prime Minister and Cabinet is Assistant Secretary, Legal Services Branch, Mr Brendan Jacomb. Mr Jacomb can be contacted by phoning (02) 6152 3555 or via email at [brendan.jacomb@pmc.gov.au](mailto:brendan.jacomb@pmc.gov.au).

Yours sincerely

NIGEL SCULLION

4 / 4 / 2019



Australian Government  
Indigenous Land and Sea Corporation



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27 June 2019

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

Dear Minister Wyatt

**Re: Balangarra Aboriginal Corporation and Home Valley Pastoral Lease Matter.**

I write in regard to correspondence from Mr Floyd Grant, Chair, Balangarra Aboriginal Corporation, dated 10 June, addressed to Mr Colin Slattery, Divisional Manager, Western Division of the Indigenous Land and Sea Corporation (ILSC) and received by the ILSC on June 18 2019.

As you are aware, this correspondence (enclosed) was copied to yourself as Minister for Indigenous Australians.

The ILSC subsequently received additional correspondence from the Balangarra Aboriginal Corporation (BAC), contrary to the original letter (also enclosed).

As Chair of the ILSC, I would like to assure you that the Corporation takes its role and responsibility as an Agency serving the land needs and aspirations of Indigenous Australians very seriously. To that end, I take this opportunity to provide additional information pertinent to the matters raised by Mr Grant in the enclosed Brief.

Irrespective of the inaccuracies presented in Mr Grant's correspondence, the ILSC is deeply concerned by the dissatisfaction articulated in the letter and will review its recent actions on this matter for opportunities to improve stakeholder engagement going forward.

The ILSC remains committed to ensuring that the divestment of the Home Valley Pastoral Lease is pursued in a timely manner, with professionalism and due diligence and are pleased to note that the second letter from BAC invites this ongoing collaboration.

The ILSC will address the Directors of the Balangarra Aboriginal Corporation at their meeting of 28 July, to discuss the matter of extending the existing diversification permit and progressing divestment planning.

Yours sincerely

Eddie Fry  
ILSC Chair



## Briefing to the Hon Ken Wyatt AM MP, Minister for Indigenous Australians

### Re: Letter from Balanggarra Aboriginal Corporation (BAC) regarding Home Valley Station

#### ISSUE

- On 18 June 2019, a letter (the letter) addressed to Colin Slattery, Divisional Manager, Western Division ILSC, (and copied to the Hon. Ken Wyatt AM MP, The Minister for Indigenous Australians) was received via mail from the Balanggarra Chairperson Mr Floyd Grant expressing displeasure with the ILSC<sup>1</sup>.
- The letter addresses the dissatisfaction of BAC in relation to:
  - a) Engagement between the ILSC, the Kimberley Land Council (KLC) and Balanggarra Aboriginal Corporation
  - b) The ownership of Home Valley
  - c) Permission for the ILSC/Voyages to conduct a tourism operation on Home Valley
  - d) The employment of Balanggarra youth at HV8 (the tourism facility operating on Home Valley pastoral lease)
  - e) The application of a caveat to any transfer of land title
- The dissatisfaction expressed in the letter appears founded on some significant misunderstandings. For clarity, the ILSC provides the following facts:
  - a) The Kimberley Land Council is the Native Title Representative Body relevant to the Home Valley Pastoral Lease. As such, the KLC has been the legal representative of Balanggarra Aboriginal Corporation throughout the period of their Native Title claim, and in the post-determination phase, have continued to act as advisor and legal representative to the BAC PBC. The KLC does not represent the ILSC or in any way act in the interest of the ILSC.
  - b) The Home Valley Station Pastoral lease is held by the ILSC. The lease was acquired in 1999. The Western Australia Department of Lands renewed all pastoral leases on 1 July 2015; the ILSC remains as the registered lease holder.
  - c) As the ILSC is the registered holder of the Home Valley Pastoral Lease, no lease is required between ILSC and BAC to enable the ILSC/Voyages to conduct a tourism operation on Home Valley, or for any other purpose.
  - d) Attempts have been made by Voyages to employ local youth with limited success. ILSC will continue to work with Voyages to pursue employment and training opportunities for local youth at HV8 in the future.
  - e) Sections 191S and 191SA of the Aboriginal and Torres Strait Islander Act (2005) (the ATSI Act), reserve to the ILSC certain enduring rights and interests (as a consenting authority and chargee) post grant. These interests prevent the disposal or registering of charges over granted properties without the consent of

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<sup>1</sup> Refer Attachment 1: **Letter BAC to ILSC** (page 4)

the ILSC. The caveat is lodged over granted properties as a warning of these enduring statutory interests.

- On 25 June 2019, the ILSC received further correspondence from BAC (Attachment 2) clarifying matters raised in the initial correspondence - specifically that the view expressed was not representative of all Balanggarra Directors. The letter reiterates an invitation to the ILSC to attend an upcoming meeting of the Balanggarra Board and reaffirms the commitment of BAC to continue to work with the ILSC towards divestment.

## **BACKGROUND**

- The (then) Indigenous Land Corporation (ILC) purchased the Home Valley pastoral lease in 1999 for the purposes of divesting to the Balanggarra Aboriginal Corporation (BAC) within 12 months.
- This proposed timeline did not take full account of the dissection of the Home Valley Station lease by two native title claims. Both of these claims have subsequently been determined in favour of Balanggarra Aboriginal Corporation (BAC) and Wanjina-Wunggurr (Native Title) Aboriginal Corporation (WWAC) in 2013 and 2005 respectively, preventing the divestment of the Pastoral Lease to one or other party without agreement.
- The pastoral lease has a very low carrying capacity for cattle, being less than 2000 head, and would be marginal as a single lease without supplementing income through diversifying business activity. As a result, tourism accommodation was developed at the homestead in the early 1990's.
- The operation and management of the tourism facility was transferred to Voyages Indigenous Tourism Australia (Voyages) commencing in 2012, following the acquisition of Voyages by the ILSC in 2011.
- The Home Valley tourism facility (branded as HV8) has been operating on a diversification permit on the Pastoral Lease under the Land Administration Act WA 1997 since its completion in 2005. The Pastoral Lands Board via the Department of Planning, Lands and Heritage (DPLH) has approved renewal of the permit with the expectation that a more permanent form of tenure is attained for the tourism precinct by June 2021. To issue the permit, DPLH required the ILSC to provide a copy of the permit to the registered RNTBC and to obtain their consent.

## **ILSC DIVESTMENT POLICY**

- The ILSC's divestment policy, as revised and endorsed by the ILSC Board in August 2017, has regard to the diversity of landholdings currently held by the ILSC. The policy requires that the ILSC makes consideration of both the length of time of holding by the ILSC (noting that long-held properties represent specific characteristics in relation to the viability of potential land-holding groups) and current engagement in ILSC operated businesses in pursuing divestment.
- The ILSC's approach to divestment takes into account land-holder aspirations, and the capacity of prospective land-holders including their assessed ability to manage the land sustainably, pay all land-holding costs and achieve Indigenous benefits. The ILSC's preference is to divest properties as soon as possible.
- The ILSC's Divestment Policy sits within a broader policy framework supporting the assurance of a corporately consistent approach to divestment activities. This framework cascades from the NILSS, through to the Divestment Policy and is underpinned by an Annual Divestment Schedule (presented bi-monthly to the ILSC Board) and individual Property Divestment Plans for all properties held by the ILSC.

## **DIVESTMENT PLANNING FOR HOME VALLEY STATION**

- The former ILC and now ILSC have undertaken a range of divestment actions, planning reports and Traditional Owner / RNTBC consultations since the purchase of the Home Valley pastoral lease in 1999. This has included tenure pathway options discussions with the former WA Department of Planning and Infrastructure in April 2009 and an subsequent application in 2011 to the then WA Department of Regional

Development and Lands to create a new Land Administration Act (WA) lease for the tourism facility and that that land area be excised from the pastoral lease. This lease application did not proceed.

- Despite ILSC exploring tenure options, to date there has been no documented input on the future uses of the land under the pastoral lease by the Traditional Owners / RNTBCs. This is a critical gap in being able to plan the future uses and thus the most appropriate tenure for whole or parts of Home Valley.
- An inaugural 'Getting Together' meeting on country at Home Valley was held in October 2018. This meeting resulted in a joint-commitment to form a Working Together Working Group by ILSC, Voyages, BAC, Wanjina-Wunggurr (Native Title) Aboriginal Corporation (WWAC) and the Kimberley Land Council (KLC).
- In March 2019, the ILSC engaged a land tenure expert to conduct full review of land tenure issues associated with Home Valley.
- Through this engagement, and consistent with its divestment policy, the ILSC will now pursue a detailed plan for the divestment of Home Valley Station Pastoral Lease. The plan will prioritise:
  - Identifying the aspirations of the two RNTBCs for future uses of the land under the existing Home Valley pastoral lease and future operation and scale of tourism facility, and agreeing on the most appropriate land tenure form(s) for these aspirations.
  - Confirmation of new land holding boundaries in favour of each RNTBC and the native title determination extents within the pastoral lease and the intersection with the tourism excision area.
  - Pursuit of negotiations of agreements to facilitate required tenure (e.g. commitment to enter into an ILUA).

#### **CAVEATS**

- The ILSC lodges caveats on the titles of land it grants to protect a property purchased by the ILSC from sale or transfer, ensuring that the property remains in the Indigenous Estate and continues to deliver benefits for Indigenous people.
- The ILSC is empowered to lodge a caveat as a warning of enduring interests afforded to the ILSC through Section 191S and 191SA of the ATSI Act.
- The caveat does not affect the landowner's full ownership of the land or their normal use and enjoyment of their property.
- The ILSC regularly provides consent to landowners to mortgage, lease, or otherwise leverage the value of their land to generate increased benefits.





Mr. Colin Slattery  
Divisional Manager

ILSC Western Divisional Office  
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Perth WA 6000

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Perth WA 6850

Phone: (08) 9420 6300

Email: [WesternOffice@ilsc.gov.au](mailto:WesternOffice@ilsc.gov.au)

10 June 2019

Dear Mr Slattery,

**Re: Home Valley Land Title transfer from ILSC to Balanggarra Aboriginal Corporation,**

At our most recent board meeting of the Balanggarra Aboriginal corporation (prescribed body corporate, PBC) we felt insulted by KLC representing what appeared to be the interests of the ILSC, when the KLC representative was almost demanding that we sign an agreement that would permit ILSC to have an extension for another three years to the property referred to herein as Home Valley Pastoral Station.

Your ILSC website affirms that Home Valley was purchased for Balanggarra

Indigenous Land and Sea Corporation (ILSC) purchased Home Valley Station along with Karunjie Station and Durack River Station on behalf of the Balanggarra people (Home Valley Station) and the Nyaliga people (Karunjie and Durack River Stations) of the East Kimberley, who are the traditional owners.

<https://www.ilsc.gov.au/Home/What-We-Do/Project-Profiles/Home-Valley-Station>

We are insulted by the ILSC because of your organisation's lack of professional conduct and due diligence in respect of your association with us, Balanggarra representing Traditional Owners. The actual true Traditional Owners of Home Valley, the Common Law Holders are disgusted that your organisation never at any time treated us with any degree of Respect and professionalism. The following facts are presented for your information:

1. There are no copies of any formal lease arrangements between Balanggarra and the ILSC in Balanggarra's registered office in Wyndham. In this regard, we certainly do not have any understanding of the commencement and end date of this lease and or arrangement, nor do we have any written terms of this lease and or arrangement as are set out in that supposed document.
2. The ILSC and your company Voyages are conducting a tourist adventure program from Home Valley without any formal knowledge and formal written agreement between Balanggarra and the ILSC. It is our understanding that Voyages is also conducting hospitality and tourism training for young Aboriginal people. To this end we understand Voyages brings young Aboriginal trainees from Yulara adjacent to Uluru to have a training stint here on Home Valley. In this regard, we are alarmed at your failure to have the decency to ask if any Common Law Holders of Balanggarra would be interested in having their young ones trained at this facility as well. In this regard we do not have any idea of the locations of where your tourist program conducts its business on and within our lands and we are concerned that it may be that your tourism operation could be visiting sites that are sacred to us as the Common Law Holders of this Country.
3. Finally, clearly the ILSC and Voyages have deceived us when this agreement for the original lease to ILC was formalised. The deceit I refer to is twofold:
  - We do not have a copy of the original lease and the terms of that lease over Home Valley and the fact that the terms of the lease was alleged to allow ILC and Voyages to conduct a tourism venture from Home Valley.

We are further insulted by the fact that when this lease was entered into there was no identified lease payments to the Common Law Holders for ILSC's use of Home Valley lands and waters.

In light of these matters Balanggarra is not interested in extending any lease arrangements with the ILSC and/or Voyages. In this regard we request that ILSC and Voyages bring to an immediate conclusion their operations on and within our Country at Home Valley.

Most importantly, I wish to bring to your attention a breach of the ILSC legislated mandate on the acquisition of lands for and on behalf of First Nations Peoples. Under section 191D (3) (b) of the *Aboriginal and Torres Strait Islander Act (2005)* it states:

(b) in a case where the Indigenous Land Corporation acquires an interest in land for the purpose of making a grant of the interest to an Aboriginal or Torres Strait Islander corporation—that grant being made **within a reasonable time** after that acquisition.

Further, at section 191E (1) (a) of the above Act proceedings must operate with free prior and informed consent:

### **191E Land management functions of Indigenous Land Corporation**

#### *Functions*

The *land management functions* of the Indigenous Land Corporation are as follows:

(1) (a) to carry on, or arrange for the carrying on of, land management activities in relation to indigenous-held land under agreements with the holders of the land;

The Certificate of Title record of Home Valley shows that the ILC registered its name on the Certificate of Title of Home Valley [8/DP220359] on 1 July 2015.

There appear to be two encumbrances registered on this Certificate of Title, however, the details are scant. Balangarra therefore seeks your co-operation in explaining to us what these encumbrances are.

**Furthermore, we insist that an immediate transfer of Certificate of Title of Home Valley [8/DP220359] from the ILSC/ILC to Balangarra Aboriginal Corporation, in accordance with the Act as cited above, be commenced immediately.**

We also request that the ILSC refrain from holding a gun to our head, demanding that a transfer of land title will only occur if we allow ILSC to have a caveat registered on the title and/or an extension for their current operations. This would be illegal coercion and is tantamount to blackmail. In light of this we ask that the transfer take place immediately without any encumbrances whatsoever.

We also request that all the assets that are currently on Home Valley remain as they are, including buildings, plant and equipment that are currently being used on Home Valley for the businesses that are being carried out.

Sincerely,



Floyd Grant

Chair, Balangarra Aboriginal Corporation.

PO Box 168, Wyndham WA 6740

Please mark **Attention Chair Floyd Grant**

Fwilliang65@gmail.com

[www.balangarra.com.au](http://www.balangarra.com.au)

0438823184

cc: Ken Wyatt AM, MP, Minister for Indigenous Australians



Mr Colin Slattery  
Divisional Manager, Western Division  
Indigenous Land and Sea Corporation  
P.O. Box 7502,  
Cloisters Square, WA 6740

Dear Sir,

I would like to clarify matters as per advice received by you, dated the 10<sup>th</sup> June 2019, from the Balanggarra Chairperson Mr Floyd Grant.

Unfortunately, the opinion offered in this correspondence, does not reflect the views of **ALL** current Balanggarra Directors; and I request that you disregard this advice.

At the last Balanggarra Directors meeting, held in Wyndham on the 14<sup>th</sup>-15<sup>th</sup> May 2019, Directors resolved to invite the ILSC to attend the next meeting of the Balanggarra board of Directors to be held on the 25<sup>th</sup> and 26<sup>th</sup> July 2019 at the Balanggarra Rangers Base, (TAFE Campus), Sharp Street, Wyndham.

I would like also to confirm, in regards to the Home Valley property and HV8 activities; that the Balanggarra Aboriginal Corporation NTBC and Traditional Owners would like to work with the ILSC to progress and develop plans that have appropriated economic modelling, best land use, appropriate tenure and developing TO skills and knowledge in preparation for divestment.

To this end, you are invited to attend the Balanggarra board of Directors meeting to be held on 26<sup>th</sup> July 2019 at 2.00pm at the address provide.

Please call our Project Officer Mr Gerald Mills [REDACTED] if you have any questions and to confirm if the proposed date and time is suitable.

Yours sincerely

A handwritten signature in blue ink that reads "Darryl Smith".

Mr Darryl Smith  
25<sup>th</sup> June 2019  
Vice Chairperson  
**BALANGGARRA ABORIGINAL CORPORATION**

Balanggarra Aboriginal Corporation  
PO Box 372 WYNDHAM W.A. 6740  
Email: [geraldamills55@gmail.com](mailto:geraldamills55@gmail.com)  
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Australian Government  
Indigenous Land and Sea Corporation



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21 June 2019

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

Dear Minister Wyatt

On behalf of the Directors of the Indigenous Land and Sea Corporation (ILSC), I congratulate you on your appointment as Minister for Indigenous Australians.

The Indigenous Land and Sea Corporation (ILSC) is pleased to take this opportunity to share with you our vision, strategic opportunities, impact and performance.

I have enclosed with this letter briefing documents that provide a comprehensive overview of the ILSC, including our continued efforts and successes in transforming the ILSC into a contemporary and effective agency delivering increased wellbeing and prosperity for Indigenous Australians.

The ILSC looks forward to working closely with you, your office, the National Indigenous Australians Agency, and other Ministers and their agencies to continue to contribute towards ensuring that Indigenous Australians enjoy the entitlements and benefits that the return and management of rights and interests in land and water brings.

As the ILSC begins the next chapter of its activities, working with Indigenous Australians to realise opportunities through water-based investments, I would be delighted to brief you in person. Should you wish to discuss this further please contact Sheelagh Loss, Executive Assistant on (08) 8100 7147 or email [Sheelagh.loss@ilsc.gov.au](mailto:Sheelagh.loss@ilsc.gov.au).

Yours sincerely

Eddie Fry  
ILSC Chair

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Office of the Chairperson

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**Australian Government**

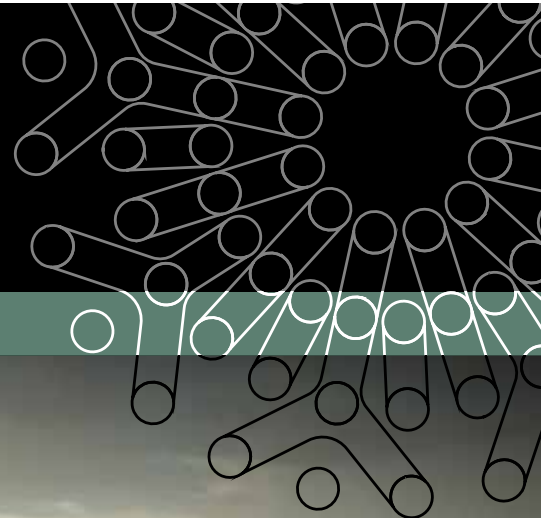
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# INCOMING GOVERNMENT BRIEF







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**OPPORTUNITY.**







# WELCOME 2019

## from ILSC's Chair



**Mr Edward Fry, Chairperson**  
 Indigenous Land and Sea Corporation (ILSC)

### DEAR MINISTER

On behalf of the Board and all at the ILSC, I would like to congratulate you on your appointment as Minister for Indigenous Australians and warmly welcome you to your new role. The ILSC looks forward to working closely with you and the National Indigenous Australians Agency to improve the lives and economic opportunities of Aboriginal and Torres Strait Islander people across Australia.

We are proud of our contribution to the enduring prosperity and wellbeing of Indigenous people through delivering on our core purpose of returning land and water country to Indigenous people. Their rightful entitlement to and deriving of opportunities and benefits from the ownership and productive management of land and waters remains at the heart of the Board's agenda.

The ILSC directly employs 109 people, 29 of whom are Indigenous a further 1308 people (530 Indigenous) are employed by ILSC subsidiaries. We have a national footprint with ILSC offices in 5 locations. Subsidiary staff are located across 15 businesses.

Although we are small, we have contributed significantly to the lives of Indigenous people. Since our inception in 1995, we have acquired 257 properties across Australia, seeing the return of 6 million hectares to Indigenous people. We have divested 197 properties, or 3.8 million hectares valued at \$271 million back to Indigenous communities who now enjoy land-based benefits. Additionally, 741 land management projects, which along with land acquisitions, have enabled over 7,000 employment outcomes and supported on average more than 90 Indigenous businesses per year since 2012/13. Through our subsidiary companies we have seen 3,200 Indigenous people employed since 2012/13.

Work is currently underway to finalise our inaugural *National Indigenous Land and Sea Strategy (NILSS)* that will outline the ILSC's strategy for both water and land following the legislative amendments which came into effect on 1 February 2019 to extend the remit of the ILSC to include interests in water (salt and fresh). I expect to be able to provide you with the NILSS by August 2019.

In 2015 the ILSC Board commenced an ambitious change agenda to modernise the ILSC, ensure a clearer focus on mandate and deliver better client centred outcomes. As a result the Board believes that the ILSC is now better placed to:

- Make a tangible contribution to the National Closing the Gap Agenda** - uniquely positioned to facilitate the return of land and water country to Indigenous Australians through an alternate avenue to native title. Through the ownership of

land and water interests, and their productive management, the ILSC is supporting Indigenous people to realise cultural, social and economic prosperity as well as the productivity of the Indigenous Estate and its place in nation building.

- **Provide a stronger value proposition, legitimacy and support for key constituencies** – supported the Government to progress the extension of the ILSC remit into water, reflecting the needs, opportunities and aspirations of Indigenous Australians. These changes were supported by 75 Indigenous organisations, reflecting the ILSC's strengthened relationship with government and its Indigenous constituents.

We are delivering a broader scope of land and water acquisition and management assistance products and taking on a partnership and enabler role in addition to our traditional grant provider role.

The Australian Government's Murray Darling Basin Aboriginal Water Entitlements Program (\$40 million investment over four years), provides a new opportunity for the ILSC to support Basin Nations by investing in cultural and economic water entitlements.

- **Invest in the future** – the creation of the Aboriginal and Torres Islander Land and Sea Future Fund improves our ability to invest for future generations. We are a financially healthier organisation providing clients with confidence that we are spending less internally and on our own operations, and more on their acquisition and management needs. We achieved this by managing administrative costs and reducing subsidies to subsidiary companies, resulting in the ILSC being able to commit \$150 million for acquisition and management projects over the next three years. **This will be the largest investment against its core mandate in the last 8 years.**
- **Improve performance and operate on a more commercial basis** – turning around a stagnate performance against our core business of acquiring and divesting land and water-based interests, adopting a growth mindset while applying commercial thinking and discipline to our investment decisions. The ILSC is set to exceed its targets for Deliverables in the PBS this financial year, **something not achieved since 2008/09.**
- **Support Indigenous people to take advantage of current and emerging markets** – partnering with Indigenous groups, positioning them to maximise their unique market advantage. We are well placed to secure opportunities and

assist Indigenous groups to protect Indigenous knowledge and intellectual property, particularly in cultural tourism, carbon farming, agriculture and niche Indigenous products.

- **Improve efficiency and drive strategic intent** – investing in our people and our systems and building a culture of continuous business improvement. We are building systems that will benefit our clients, reducing the administrative burden and red tape of partnering with us. We are also building mapping technologies to assist the ownership and management of Indigenous land and waters.

We are building a safer organisation, taking the protection of our people seriously. The ILSC is introducing a consistent safety framework across the group and achieving an 87% conformance assessment against Comcare's work health and safety management system audit.

Our reform agenda has not been easy, but this Board remains firm in its commitment to protect and build the future of the ILSC for Indigenous peoples, and in ensuring it operates in a manner appropriate to a government statutory body.

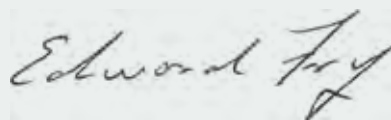
We are proud of our 24 year history and buoyed by gains achieved over the last 2 years in particular, as well as the growing strength of this iconic organisation as set out in the following pages. We acknowledge the support of the Government in our endeavours.

With key achievements under our belt, the Board and I look forward to working with you to progress our change agenda and deliver enhanced benefits for Indigenous Australians.

The ILSC Chief Executive Officer, Mr John Maher, and I would be pleased to meet you at your convenience to discuss how the ILSC might best work with you and your office.

**Please consider Mr Maher as your primary point of contact. Mr Maher can be contacted by mobile on 0418 687 016 or email [john.maher@ilsc.gov.au](mailto:john.maher@ilsc.gov.au)**

Yours sincerely  
Edward Fry  
Chair

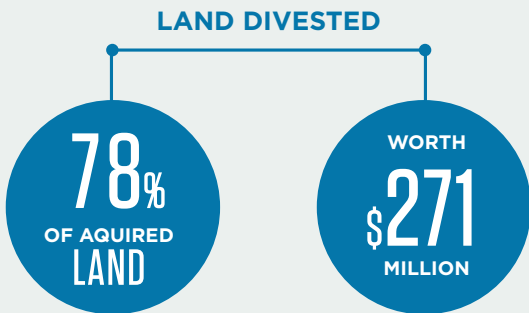




# BY THE NUMBERS 2019



## LAND MANAGEMENT



\* Average, per year since 2012



# KEY PERFORMANCE INDICATORS 2017/18

**one**  
PROPERTY  
RETAINED TO

**INDIGENOUS ESTATE  
VALUED AT \$1.6M**  
the ILSC has re-acquired  
only 3% of divested properties  
since commencement.

**123**

**INDIGENOUS  
ENTERPRISES  
ASSISTED**  
TARGET GOAL: 60

**FIVE**

**PROPERTIES  
DIVESTED**

TARGET GOAL: 8  
**TOTAL VALUE:  
\$3.57M**

**10**  
REAL JOBS  
PROGRAMS

**20**  
PASTORAL  
EXTENSIONS

**% INDIGENOUS  
PROCUREMENT**

**\$14.7**  
MILLION

**11.1%**  
TARGET:  
5%

**156**  
ACTIVE LA & LM  
PROJECTS

TARGET GOAL: 100

**845**

**DIRECT  
INDIGENOUS  
EMPLOYMENT**

TARGET: 500

**632**

**INDIGENOUS  
EMPLOYEES  
ENABLED**

TARGET: 500

**INDIGENOUS TRAINING  
OUTCOMES**

**DIRECT:  
253**  
TARGET:  
200

**ENABLED:  
3528**  
TARGET:  
1000

**42.3%**

**PROJECTS PROTECTING  
Culture, Heritage  
or Environment**

TARGET GOAL: 50%

**51%**

**PROJECTS WITH  
3rd-Party  
CONTRIBUTION**

TARGET GOAL: 66%



# LAND ACQUISITION & LAND MANAGEMENT ACTIVITIES 2018/19 (YTD)

**OVER \$17.3M SPEND YTD** : **\$24M+** NEW PROJECTS APPROVED



# STRATEGY AT A GLANCE

## OUR PURPOSE:

To return **land, fresh water and salt water country** to Indigenous people, and enable sustainable management of country for social, cultural, economic and environmental benefits.

## OUR VISION:

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

## OUR VALUES:

Responsibility | Respect | Courage | Teamwork | Trust

## OUR ROLE:

- 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.

## STRATEGIC PILLARS:

- **Increasing our Return on Mandate** - increasing our performance against the acquisition and management of land and water-related interests for maximum social, cultural, economic and environmental returns for Indigenous people.
- **Increasing our Investment against Mandate** - increasing actual dollars spent on our core mandate.
- **Focussing on our clients and sector relationships** - being more relevant and responsive to the land and water opportunities for our clients, being a partner not a competitor to our clients, and positioning Indigenous land holders in markets.
- **Continuous business improvement and alignment** - investing in our people and systems in the pursuit of a high-performing, efficient and accountable organisation.

## KEY OBJECTIVES:



1. \$36 million in investment for the acquisition and management of rights and interests in land and water
2. 8 properties divested to Indigenous groups
3. \$80 million + Cash Reserves as at 30 June 2020 (excludes Voyages)
4. Overheads to Investment ratio of 30-35%
5. Investment review conducted on all active Land Acquisition and Land Management projects
6. Strategy on a Page is cascaded down to all functional areas and subsidiaries by 30 December 2019



1. \$125 million in investment for the acquisition and management of rights and interests in land and water
2. 29 properties divested to Indigenous groups
3. \$15 million + Cash Reserves as at 30 June 2022 (excludes Voyages)
4. All subsidiaries profitable and fully self-sufficient
5. Overheads to investment ratio of 40-45%
6. Client automated online application portal launched
7. Automated dashboard reporting launched
8. LTIFR reduced by 10%



# Action 1

## ENSURING INDIGENOUS PEOPLE'S PROSPERITY IS BEING BUILT THROUGH THE ILSC'S LEGISLATED MANDATE

We are currently developing systems and capabilities to deliver on our extended legislative remit into water, to realise opportunities for Indigenous people. These efforts will be complimented by the investment reform activities set out in **Action 2**.

Legislation requires that we consult Indigenous communities in the development of a new *National Indigenous Land and Sea Strategy (NILSS)* and *Regional Indigenous Land and Sea Strategies (RILSS)*. RILSS will be developed for the bio regions of Northern Australia, Desert, South-West Australia and South-East Australia reflecting the opportunities, needs and aspirations for these regions in land, and now, salt water and freshwater.

Our extended remit into water will be delivered consistent with our Board commitment to increased return on mandate. We are transforming for greater performance of our core business activities via acquisition, divestment and partnerships, to assist our clients to manage land and water-related rights and interests. We are committed to having and delivering a client focused outlook on our products and investments contributing to enduring prosperity and wellbeing for Indigenous people.

To this end, our investment and operational focus is shifting away from a historical model of operating Indigenous businesses, particularly in agriculture. We are transitioning to be a partner, enabler and financier for Indigenous pastoralists. We have commenced this work with some of our cattle operations to establish partnerships with proven operators, allowing us to fulfill our new commitment to being an investment partner with Indigenous land holders to build capability and capacity.

We are also looking to diversify our agribusiness activities into new geographies and sectors. The ILSC reform agenda is built on a premise that Indigenous owners of land and waters should prosper from their country, **not the ILSC**.

Refocussing our investment to ensure that Indigenous people are immediately and directly benefiting from our support, the Indigenous Estate requires us to measure our work differently. We are currently moving from an outputs measurement approach to an outcomes and impact approach.

Through a methodology of 'theory of change' the ILSC is pursuing a performance framework which better measures and reports on the impact of our work for Indigenous people. Complimenting these reforms, the ILSC has been selected to participate in a pilot project supporting Indigenous Portfolio Bodies to strengthen the impact narrative of their Annual Performance Statement with the 'Performance Story' methodology. The pilot has been organised through Departments of Finance and Prime Minister and Cabinet.



## Action 2

### INVESTING WISELY AND FOR THE BENEFIT OF INDIGENOUS AUSTRALIANS

The ILSC takes seriously its legislated mandate, and its 'guardian-like role' with the Indigenous Land Account, now the Aboriginal and Torres Strait Islander Land and Sea Future Fund (ATSILSFF). The ILSC's administration of ATSILSFF draw-down respects the compensatory and perpetual nature of the ATSILSFF, with a fundamental belief that the application of funds must generate assets, opportunities and benefits which will serve future generations.

The ILSC is working hard to maximise the impact that the ATSILSFF has in growing the size, value and productivity of the Indigenous Estate; thus contributing to the prosperity of Indigenous Australians.

#### Core reform activities to this Action include:

- Development of a 'return on mandate (RoM) calculator' providing a methodology for placing financial proxies on the acquisition and management of land and water-related rights and interests and the social, cultural, environmental and economic benefits that flow. The RoM calculator will provide a tool for the ILSC to make commercial decisions on its investment (value for money) and enable the ILSC to place a commercial value on its outcomes and the impacts of its investments.
- The establishment of an Investments Committee to provide independent commercial expertise and analysis to the ILSC's investment decisions.
- Adoption of *Investment Principles* that support ILSC investment which is demand driven, outcomes focussed, yields maximum impact, respects the source of funding's intent, and is compliant with our legislation.
- Refresh its acquisition and management (land and water-related rights) products to: (a) deliver a simpler more client friendly system; (b) reduce administrative burden for staff and clients; and (c) provide equitable product delivery across the Indigenous population.
- Targeting investment in areas where: Indigenous land and water owners have a unique market advantage and/or have a historical or cultural affinity; there is a higher yield of Indigenous jobs and economies; and there is a clear and consistent demand/need from Indigenous people.

**The ILSC is investing record amounts into projects focused on the acquisition and management of land and water-related rights and interests over the next 3 years, supported by new systems, capability and commercial due diligence.**



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# 1. Key Matters

## 1.1 LEGISLATIVE REFORM; THE ILSC'S ROLE IN WATER – NILSS AND RILSS

- Under amendments to the *Aboriginal and Torres Strait Islander Act 2005* (ATSI Act) passed in late 2018 and coming into effect on 1 February 2019, the Indigenous Land Corporation became the Indigenous Land **and Sea** Corporation (ILSC), with an extended remit to include acquisition and management functions over fresh and salt water country.
- The ILSC is also required to develop new National and Regional Indigenous Land and Sea Strategies (NILSS and RILSS) for presentation to the Minister for Indigenous Affairs by 1 August 2019. The NILSS and RILSS will set out the first of the ILSC's strategies for delivering its functions in the water space.
- A national consultation program was undertaken throughout April and May 2019, with face-to-face meetings run alongside an open submission process to inform the development of the NILSS and RILSS. The NILSS is statutorily required to be provided to the Minister and tabled in Parliament.

## 1.2 ABORIGINAL AND TORRES STRAIT ISLANDER LAND AND SEA FUTURE FUND

- On 1 February the Aboriginal and Torres Strait Islander Land Account transitioned to the Aboriginal and Torres Strait Islander Land and Sea Future Fund (ATSILSFF). To be managed now by the Future Fund – Australia's Sovereign Wealth Fund.
- The transition of the Aboriginal and Torres Strait Islander Land Account to the ATSILSFF is expected to underpin the financial sustainability of the ILSC into perpetuity, in line with the intent of the Fund's establishment. The ILSC recently welcomed news that the return of the Future Fund is up 5.9 per cent so far this year<sup>1</sup>.

## 1.3 RESIGNATION OF THE ILSC GROUP CEO

- The ILSC Board at their meeting of 17 April 2019 accepted the resignation of the current ILSC Group CEO, Mr John Maher. Mr Maher has served as ILSC Group CEO since 1<sup>st</sup> June 2016.
- Mr Maher will remain in the position of Group CEO until 9<sup>th</sup> August 2019.
- The ILSC Board has appointed Mr Leo Bator to commence as Acting CEO upon Mr Maher's departure.
- Mr Bator will be undertaking special projects at the direction of the Board and undertaking duties as Acting CEO as required throughout Mr Maher's notice period.

## 1.4 MURRAY-DARLING BASIN ABORIGINAL WATER ENTITLEMENTS PROGRAM

- On 7 May 2018 the Minister for Agriculture and Water Resources announced a range of measures

to support the achievement of cultural and economic outcomes for Aboriginal nations in the Murray-Darling Basin (MDB).

- Part of this investment is \$40 million commitment over four years to "support Basin Nations by investing in cultural and economic water entitlements and associated planning activities", "to be administered by the ILSC or another suitable organisation".
- Discussions were held between the ILSC, the Department of Agriculture and Water Resources (DAWR), the Murray-Darling Basin Authority (MDBA) and key Basin Indigenous stakeholder groups, MLDRIN (Murray Lower Darling Rivers Indigenous Nations) and NBAN (Northern Basin Aboriginal Nations) regarding program governance and implementation.
- The ILSC Board subsequently provided the ILSC Group CEO with the delegation required to enter into a funding agreement with DAWR to deliver the program.
- At time of drafting, the ILSC had received a final form Agreement for the Program but no public announcement with regard to funding arrangements had been made.

## 1.5 NORTHERN AUSTRALIA INFRASTRUCTURE FACILITY LOAN

- The NAIF Loan facility ("NAIF Loan") to Voyages was executed in December 2018.
- As a condition to entering into the NAIF Loan the Commonwealth requires a repayment of existing debt to an equivalent amount of any drawdown under the NAIF Loan.
- As at 30 April 2019, Voyages have drawn down \$23.5 million under the NAIF Loan and is expected to draw down an aggregate of \$23.5 million by the end of the financial year.
- Voyages repaid \$15.0 million and \$8.5 million of existing debt in December 2018 and January 2019, respectively. The repayments were made in respect of the Commonwealth loan that is held by the ILSC and, hence, Voyages' repayment was effected through the intercompany loan between ILSC and Voyages.

## 1.6 MINISTER'S STATEMENT OF EXPECTATIONS

- The ILSC has not received a Statement of Expectations from the Minister for Indigenous Affairs since 2013.
- The Department of Prime Minister and Cabinet corresponded with the ILSC Board in late 2018 regarding the Minister's intent to provide an updated statement. A draft version was provided to the ILSC Board for comment in early 2019. The Board was broadly happy with the content of the Statement and advice was provided to the Department to this effect.
- There has been no further progress on the completion of the Statement.

<sup>1</sup> The Sydney Morning Herald 29/04/19.

## 2. Current Issues

### 2.1 AYERS ROCK SKYSHIP

- In 2015 Voyages entered into certain agreements with Ayers Rock Skyship Pty Ltd (Skyship) granting rights to Skyship to conduct a business providing rides at Ayers Rock Resort (ARR) in an open air gondola.
- In October 2018, during a storm at ARR, the gondola was damaged and since then Skyship has not been able to operate the business.
- In accordance with the various agreements and based upon advice, Voyages has served notices to terminate, an entitlement Skyship disputes.
- Skyship has instituted proceedings claiming injunctive relief in the New South Wales Supreme Court. There have been some discussions but the matter is set down for argument in June 2019.

### 2.2 ADDENDUM TO THE 2017-18 ANNUAL REPORT

- The ILSC 2017-18 Annual Report was amended via addendum to reflect leave provided to a Board Director.
- The addendum to the Annual Report was provided to the Minister on 12 February 2019. The addendum was tabled in the Parliament on 19 February and the updated version of the Annual Report has been published on the ILSC website in accordance with advice from the Department of Prime Minister and Cabinet.
- Specifically, the addendum relates to the attendance of Director Martin at ILSC Board meetings. Director Martin was absent from five consecutive Board meetings numbered 220, 221, 222, 223 and 224 held respectively on 1 February, 21 February, 9 March, 18 April and 11 May 2018. These were documented in the (then) ILSC's 2017-18 Annual Report as absences.
- The granting of leave to Director Martin was the subject of further consideration, following its discussion in the October 2018 Senate Estimates hearing. This resulted in an out of session meeting of the ILSC Board on 1 December, where the Board resolved to grant Director Martin retrospective leave for meetings 220, 221 and 223 held respectively on 1 February, 21 February and 18 April of 2018. The addendum to the Annual Report reflects this granting of leave.

### 2.3 MANAGEMENT OF INDIGENOUS CATTLE STATIONS IN WA

- An article in the Sunday Times in Perth on 3 March 2019 noted the death of cattle on Indigenous-managed cattle stations in WA. The article was critical of station managers and the state government. The matter was subsequently raised with the Minister for Indigenous Affairs, with particular reference to the ILSC.
- While both properties referred to in the article (though not named) are known to the ILSC, neither property is an ILSC held, managed or granted property.
- ILSC-operated properties in the Kimberley are also experiencing the effects of the poor wet season. The ILSC is actively managing the situation as it relates to market and weather information and forecasts.
- The ILSC is currently liaising with the WA Government on a role it might play in supporting strategies to build the capacity and capability of Indigenous pastoralists in WA.

### 2.4 EUROOL PROPERTY AND MENZIES PUMPS AND IRRIGATION (RAY HADLEY MORNING SHOW, APRIL 2019)

- On Friday, 29 March, the Ray Hadley Morning Show ran a story on the claims by Menzies Pumps and Irrigation that Eurool Traditional Owners Aboriginal Corporation owed them \$65,540 and the ILSC was now responsible for the debt owed to Menzies.
- The ILSC had no involvement in the running of this property. Eurool Traditional Owners Aboriginal Corporation (ETOAC) was solely responsible for running this property, and solely responsible for both selecting, engaging and paying contractors.
- The ILSC's only role was to provide a land management grant of monies to ETOAC, which ETOAC would then pay for the work undertaken by Menzies. As the works were not completed, the full grant was not supplied to ETOAC. All matters concerning the ILSC's grant and the use of these funds is a matter between the ILSC and now the ETOAC Liquidator.

## 3. ILSC Strategic Directions

### 3.1 STRATEGIC CHANGE AGENDA

In 2015 the ILSC Board commenced an ambitious change agenda - charging the ILSC with the challenge of modernising the ILSC; refocussing on its legislative mandate; and refocussing its efforts to meet the greater needs of Indigenous clients. In doing so the ILSC Board committed to a Statement of Strategic Intent which, in 2019, continues to influence its strategic direction and operations:

- Creating a strong value proposition, legitimacy and support for key constituencies.
- Positioning the ILSC to invest in the future.
- Developing the ILSC has a high performing and more commercial entity.
- Ensuring the ILSC can take advantage of current and emerging markets.
- Building an ILSC structure, capability and culture to drive strategic intent.

In pursuing the Board's Strategic Intent, the ILSC remains focussed on a four-pronged strategy to bring about immediate and long-term changes for the ILSC, its staff, clients and partners.



#### INCREASED RETURN ON MANDATE

- Increasing the focus on acquisitions (land and water-related rights)
- Pursuing a larger number of, and larger spend on, acquisition and management activities (in land and water-related rights)
- Yielding a greater social, cultural, environmental and economic return from ILSC acquisition and management investments.
- Strengthening its due diligence and decision-making to ensure funds are deployed optimally.



#### INCREASED SPEND ON MANDATE

- Restructuring subsidiaries to reduce the level of ILSC subsidies and to increase the yield of Indigenous Benefits.
- Working resources and systems more efficiently to allow greater investment in acquisition and management activities.
- Reducing operating costs and overheads to increase investments in acquisition and management activities.
- Supporting legislative changes which increase the ILSC's capital base and investment capacity for future generations.



#### FOCUS ON CLIENTS AND SECTOR RELATIONSHIPS

- Shifting from being a sole grant provider to one of a partner and enabler.
- Developing and being accountable for performance measures which are client focussed and more relevant.
- Becoming more partnership, demand and opportunity driven and less application-based.
- Shaping investment around bio-regions rather than state and territory based.
- Building the ILSC Brand recognition, respect and relevance for clients.
- Honouring and protecting the ILSC's history, purpose and mandate.



#### CONTINUOUS BUSINESS IMPROVEMENT AND ALIGNMENT

- Investing in ILSC people and systems to better deliver for clients.
- Developing internal and external performance measurement rigor.
- Ensuring one source of truth for safety, financial and mandate performance reporting.

### 3.2 STRATEGIC ACHIEVEMENTS

The ILSC Board's commitment to its strategic directions and change agenda is resolute, and it has made a commitment to achieve the above strategic outcomes by 2020. A rigorous planning and reporting mechanism has been established (*Vision 2020*) with the ILSC Group CEO reporting to each Board meeting on progress made against the above four strategic pillars.

Over the past two years in particular, the ILSC has made significant gains against the Board's strategic agenda with evidence of these in key metrics of subsidiaries and performance reporting (sections 7 and 8 respectively).

1. **Legislative Reforms:** The passing of legislative changes gave effect to the Indigenous Land and Sea Corporation (ILSC) and the Aboriginal and Torres Strait Islander Land and Sea Future Fund. The welcomed changes secures the perpetual nature of the formerly named Land Account, protecting the ability to acquire and manage both land and sea country for future generations of Indigenous people.

The expanded remit into salt and fresh water, rightly reflects the common law recognition of rights to water, and opens up further economic, environmental, social and cultural opportunities for Indigenous people.

## 2. Improvement and growth against PBS Targets:

The ILSC has focussed on building a culture of continual improvement and growth particularly as it relates to its mandate and the opportunities, benefits and outcomes for ILSC clients.

Against PBS Target 1 (properties acquired) the ILSC has exceeded this year's target of 4 Year to date, the ILSC has approved the acquisition of 5 properties<sup>1</sup>, valued at \$9.178m and returning over 85,000 ha to Indigenous groups. A further 7 acquisitions (valued at \$5m) are under due diligence and the ILSC has taken a right to buy option out on eight properties in WA.

The ILSC has not acquired this number of properties in any one year since 2010/11. Its growth agenda is evident in the key deliverables YTD but also in the growing pipeline of projects – demonstrating a growing interest and demand from clients.

Against PBS Target 2 (properties granted) the ILSC has exceeded this year's target of 6, having granted 8 properties YTD.

The ILSC has committed a budget to reflect the growth agenda with: \$20m committed to 18/19 Land Acquisition and Land Management project funding; \$17.55m in acquisition and management projects approved YTD and a further \$12m of projects in the pipeline.

## 3. Aligning ILSC Subsidiaries and improving their financials:

Over the past 2 years the ILSC has worked hard to improve operational results of subsidiary entities, thereby reducing intercompany funding requirements and increasing funds available for core activities. Additionally, significant effort has gone into improving governance, strategic and performance alignment within the ILSC Group. Voyages is currently experiencing higher occupancy rates and gross margins than it has for a number of years, allowing it to be self-sufficient. NCIE has had a focus on external grants and controlling its costs and has been able to lower its funding requirements from ILSC.

## 4. ILSC Enterprise Agreement:

The ILSC's EA was approved by the Fair Work Commission on 15<sup>th</sup> April 2019, with a nominal expiry date of 22 May 2022. The ILSC has applied the 4 percent increase from 12 weeks after the date of the successful EA ballot. As such staff were given their 4 percent pay increase backdated to 6 March 2019. The finalisation of the EA came after lengthy negotiations which had commenced in March 2014 (the previous EA expired on 19<sup>th</sup> October 2014).

## 5. Improved safety:

The ILSC has introduced a consistent safety framework across the group. A Comcare work health and safety management system audit on the ILSC in December 2018, assessed the ILSC to have 87% conformance. This is an excellent outcome and a huge improvement of only a couple of years ago. It is attributed to the commitment and emphasis placed on prioritising safety across the organisation.

## 6. Improved financial health:

The ILSC has worked hard over the past few years to improve its financial security and capacity to invest in core mandate activities of land acquisition and land management (and now water). Reduction in its internal administrative costs and subsidies to subsidiary companies have increased the ILSC's funds available for core mandate activities. Confidence in the client demand and a strong pipeline of projects has given the Board confidence to approve record investments for land (and now water-related rights) acquisition and management activities (see Finance section). The ILSC Board has endorsed approximately \$150m of funding for acquisitions and management investments over the next 3 years, the largest investment in its core mandate in the last 8 years.

## 7. A shift to Bio Regions:

Recognising the diverse environments, needs and aspirations of its clients has seen the ILSC move from a state-based structure to its strategic directions. Under its current *2018-2022 National Indigenous Land Strategy* the ILSC has moved to focus on bio-regions which better reflect the important environmental, demographic, cultural and economic circumstances and opportunities of Indigenous peoples.

## 8. Changed Agribusiness directions:

The ILSC's return to focussing on its mandate will see it move out of being a sole operator of cattle, and one in competition with Indigenous groups. Preferring to be a partner and enabler of Indigenous pastoralists, the ILSC's agribusiness is transitioning out of a number of its operations. This has entailed transferring some of our cattle operations to proven operators allowing us to fulfil our new commitment to be a partner to Indigenous landholders helping to build capability and not being a sole operator in competition. We are also looking to diversify our agribusiness activities into new geographies and sectors.

<sup>1</sup> ATSILS North Quay (settled), Njernda (Vic), Nimmie Caira (NSW), Gurehlgam (NSW) and Gracevale Station (QLD)

## 4. Overview of the ILSC

### – Its functions, purpose and new focus

#### 4.1 HISTORY OF THE ILSC

In June 1992, the High Court recognised native title to land in the form of the Mabo judgement. A national settlement was subsequently negotiated between the Australian Government and a group of senior Indigenous leaders<sup>3</sup>, allowing for the legislation of Native Title processes through the Native Title Act 1993.

Through this settlement, often referred to as ‘The Grand Bargain’, the Aboriginal and Torres Strait Islander Land Fund (Subsequently Land Account and now Aboriginal and Torres Strait Islander Land and Sea Future Fund) was established. Its sole purpose to provide some land justice for the many Indigenous Australians who were unlikely to benefit as a result of the specific provisions of the Native Title Act 1993. The (then) Land Fund was part of a legally and politically complex agreement, providing partial compensation for the dispossession of Aboriginal and Torres Strait Islander peoples of their land through non-Indigenous settlement.

The (then) ILC was established to be the conduit for revenues flowing from the Land Fund to the Indigenous peoples, using the funds to acquire and grant land to Indigenous groups and to work with Indigenous groups to manage their lands.

In 2018 both houses of the parliament passed legislation extending the ILC remit into fresh and salt water activities; changing its name to the ILSC; and investing the ILSC’s principle source of income, the Land Account, into the Future Fund (see section 5).

#### 4.2 INTRODUCTION

The Indigenous Land and Sea Corporation (ILSC) is established and governed by the *Aboriginal and Torres Strait Islander Act 2005 (ATSIA Act)*.

As a corporate Commonwealth entity, the ILSC is regulated by the *Public Governance Performance and Accountability Act 2013 (Cth) (PGPA Act)*.

The *ATSIA Act* proscribes the functions that the ILSC must fulfil, which are to assist Indigenous Australians to:

- a) acquire interests in land and water-related rights for the purpose of divesting those interests to Indigenous entities; and
- b) manage Indigenous held interests in land and water-related rights.

In fulfilling these functions the ILSC must create social, cultural, economic and environmental benefits for Indigenous Australians with a legislatively mandated priority towards social and cultural benefits. The Board is the ILSC’s primary decision-making body and sets out the ILSC’s strategic direction, policies and strategies.

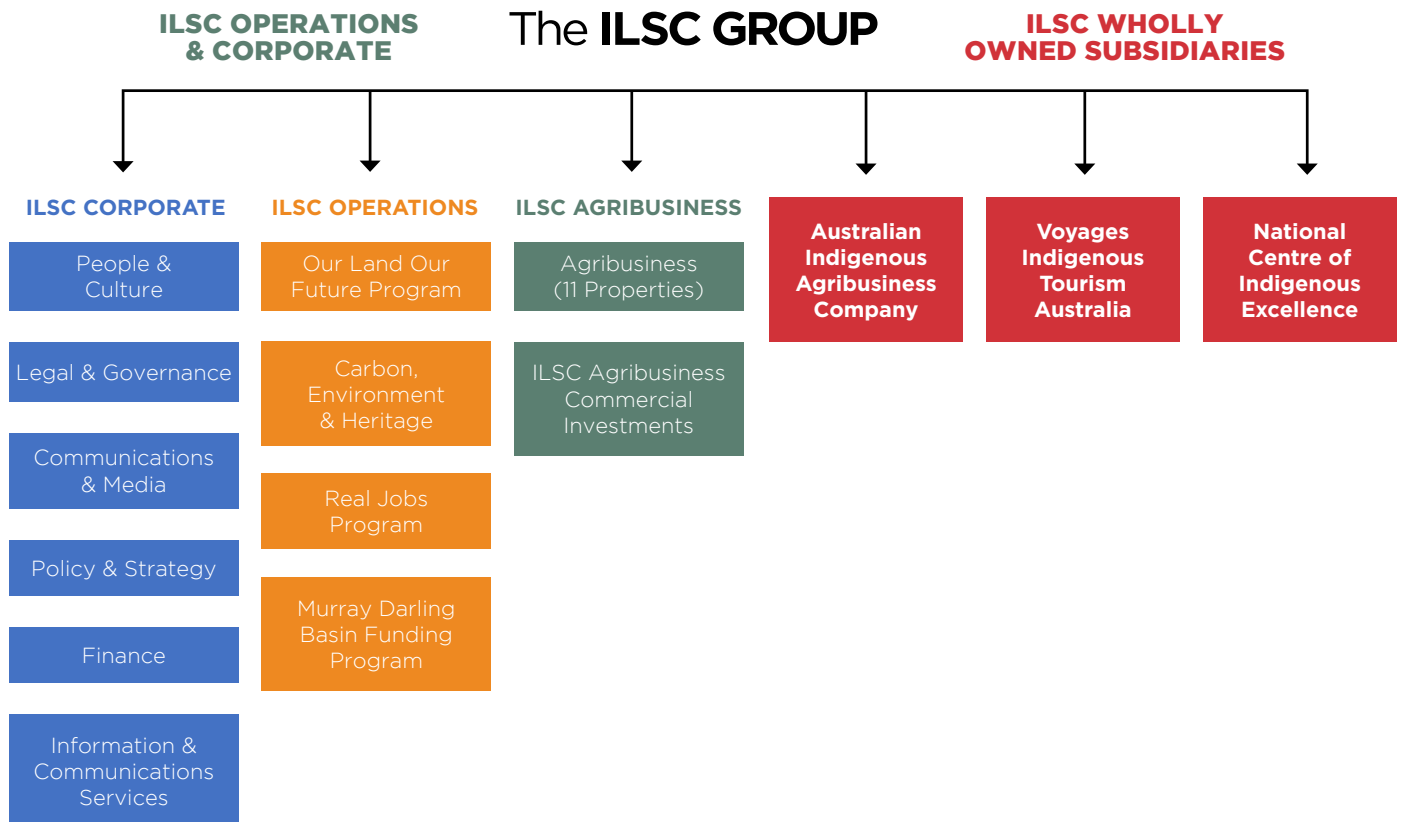
The ILSC works with Aboriginal and Torres Strait Islander peoples to invest in Indigenous held-land and waters to build Indigenous prosperity and wellbeing. The ILSC supports the return and management of country to and by Aboriginal and Torres Strait Islander peoples and corporations to achieve economic independence (in particular jobs); social benefit; strengthened cultural identity through connection to country; and environmental sustainability.

Where practicable, the ILSC prioritises active collaboration in its projects and businesses with other government entities, industry, peak Indigenous organisations and the non-government sector. These collaborations bring additional expertise, funding and resources to allow the ILSC to achieve greater impact.

#### 4.3 THE ILSC MAY ESTABLISH SUBSIDIARIES FOR THE PURPOSE OF CARRYING OUT THE ILSC’S FUNCTIONS. CURRENTLY THE ILSC HAS THREE WHOLLY OWNED SUBSIDIARIES:

- a) **Voyages Indigenous Tourism Australia Pty Ltd**, which owns and operates Ayers Rock Resort and manages the ILSC owned Mossman Gorge Visitors’ Centre and Home Valley Station tourist operation.
- b) **National Centre of Indigenous Excellence Ltd**, which is a company limited by guarantee and registered with the Australian Charities and Not-for-Profit Commission. It manages the ILSC owned National Centre of Indigenous Excellence in Redfern, Sydney.
- c) **Australian Indigenous Agribusiness Company Pty Ltd (AIA)**, AIA is a wholly owned subsidiary of the ILSC, operating as an employment vehicle in the pastoral sector. AIA provides an enterprise agreement consistent with the pastoral industry, providing flexibility for the ILSC Agribusiness to engage staff on commercial terms.

<sup>3</sup> Lowitja O’Donohue, Noel Pearson, David Ross, Darryl Cronin and Darryl Pearce.



#### 4.4 ACCOUNTABILITY TO GOVERNMENT

The ILSC is accountable to Parliament through the Minister for Indigenous Affairs. The ILSC sits within the Prime Minister and Cabinet portfolio.

The Minister is responsible for appointing the ILSC Board of Directors, but is not empowered to direct the ILSC in relation to any of its activities except as expressly provided for in the *ATSI Act* or under the *PGPA Act*.

#### 4.5 IN ACCORDANCE WITH PGPA ACT, THE ILSC BOARD MUST:

- keep the Minister informed of the activities of the ILSC and its subsidiaries;
- give the Minister or the Finance Minister any reports, documents and information in relation to those activities that the Minister requires;
- notify the Minister as soon as practicable after the ILSC or its subsidiaries makes a significant decision; and
- give the Minister notice if the ILSC Board becomes aware of any significant issue that may affect the ILSC or its subsidiaries.

The ILSC also engages in the following whole of government planning and reporting processes:

- Participation in the whole of government Budget preparation through inclusion in the Portfolio Budget Statement for the Department of Prime Minister and Cabinet.
- Preparation of an Annual Corporate Plan as per the provisions of the *PGPA Act*.
- Annual reporting to Parliament, including a formal Annual Performance Statement under the *PGPA Act*.
- Financial statements prepared in accordance with the Finance Minister's instructions, which are included in the ILSC's Annual Report.
- Financial statements for the ILSC and each subsidiary independently audited through the Australian National Audit Office (ANAO).
- Performance audits carried out by the ANAO.
- Senate Estimates hearings.

#### 4.6 GOVERNMENT POLICY ORDERS

The Finance Minister may make a Government Policy Order that specifies a policy of the Australian Government to apply to one or more corporate Commonwealth entities including the ILSC.

Before making a Government Policy Order that applies to the ILSC, the Finance Minister must be satisfied that the Minister responsible for the policy has consulted the ILSC. If the order applies to the ILSC, the ILSC Board must ensure compliance.

#### 4.7 STRUCTURE

##### Board

The ILSC undertakes its functions through the Board. Pursuant to the *ATS/ Act*, the ILSC Board must comprise seven Directors, five of whom including the Chairperson must be Indigenous. ILSC Directors are appointed via written instrument by the responsible Minister. The Minister also nominates the Chairperson and Deputy Chairperson. The maximum term of appointment is four years, after which Directors may be reappointed.

#### THE CURRENT DIRECTORS OF THE ILSC ARE:

DIRECTOR	TERM (S)	INDIGENOUS
Mr Edward (Eddie) Fry, Chairman	20 <sup>th</sup> October 2015 – 15 <sup>th</sup> March 2019 16 <sup>th</sup> March 2019 – 30 <sup>th</sup> November 2021	Y
Ms Patricia Crossin	20 <sup>th</sup> October 2015 to 19 <sup>th</sup> October 2019	N
Mr Bruce Martin	20 <sup>th</sup> October 2015 to 19 <sup>th</sup> October 2019	Y
Mr Joseph Elu, Deputy Chair	15 <sup>th</sup> June 2017 to 14 <sup>th</sup> June 2020	Y
Dr Donna Odegaard AM	15 <sup>th</sup> June 2017 to 14 <sup>th</sup> June 2020	Y
Mr Roy Ah-See	16 <sup>th</sup> March 2019 to 15 March 2022	Y
Mr Daniel Tucker	16 <sup>th</sup> March 2019 to 15 March 2022	Y

#### BOARD COMMITTEES

COMMITTEE / SUBCOMMITTEE	MEMBERSHIP	ROLE
Audit and Assurance Committee (AAC) – required by PGPA Act	Ms Maria Storti (Independent Chair) Ms Patricia Crossin (ILSC Director) Mr Joseph Elu (ILSC Director)	Oversight of the audit and risk management programs, and advisory body on administrative, operational and financial controls.
Remuneration and Nomination Committee (RANC)	Mr Eddie Fry (ILSC Chair) Mr Joseph Elu (ILSC Deputy Chair)	Provide recommendations to the Board on subsidiary board membership, CEO performance and remuneration, and performance of ILSC committees.
Work Health and Safety Committee	Ms Patricia Crossin (Chair & ILSC Director) Dr Donna Odegaard (ILSC Director) Mr Jim Kent (Independent)	Provide assurance and advice to the Board on WHS matters across the ILSC and subsidiaries.
Investment Committee	Mr Geoff Lovell (Independent Member) Nigel Renton (Independent Member)	To provide advice and recommendations to the ILSC Board on investments (over \$5m and major transactions).



## BIOGRAPHIES OF ILSC DIRECTORS IS SET OUT AT ATTACHMENT A.

### Key objectives of the ILSC Board include:

- Achieve the ILSC purpose specified in the *ATS/ Act*;
- Provide accountable, effective, measurable and strategic leadership;
- Exercise control over the ILSC and subsidiary operations, including consideration and adoption of appropriate risk management strategies; and
- Review and enhancing Board governance arrangements.

Across the ILSC Group, the ILSC Board has overall responsibility for identifying strategic risks and setting the risk appetite, tolerance and culture for the management of risk. The Board has set up a number of sub-committees, each with its own charter, to assist in the performance of its role.

### Roles and powers of the CEO

As per s191K of the *ATS/ Act*, the ILSC Board appoints a CEO who is responsible for managing the day-to-day administration of the ILSC and must act in accordance with policy determined and any directions given by the Board. The ILSC CEO remuneration is set by the Australian Government Remuneration Tribunal.

Mr John Maher has been ILSC CEO since 1 June 2016 and will cease in this role 9<sup>th</sup> August 2019. Mr Maher holds the title ILSC Group CEO, recognising the ILSC's focus on aligning subsidiary companies, and the group nature of the ILSC and its subsidiaries (refer Strategic Directions).

Under s192P of the *ATS/ Act* the ILSC Board can appoint an acting CEO for a period up to 6months. The ILSC Board has appointed Mr Leo Bator to act as the ILSC Group CEO from 9<sup>th</sup> August 2019 (refer Key Matters).

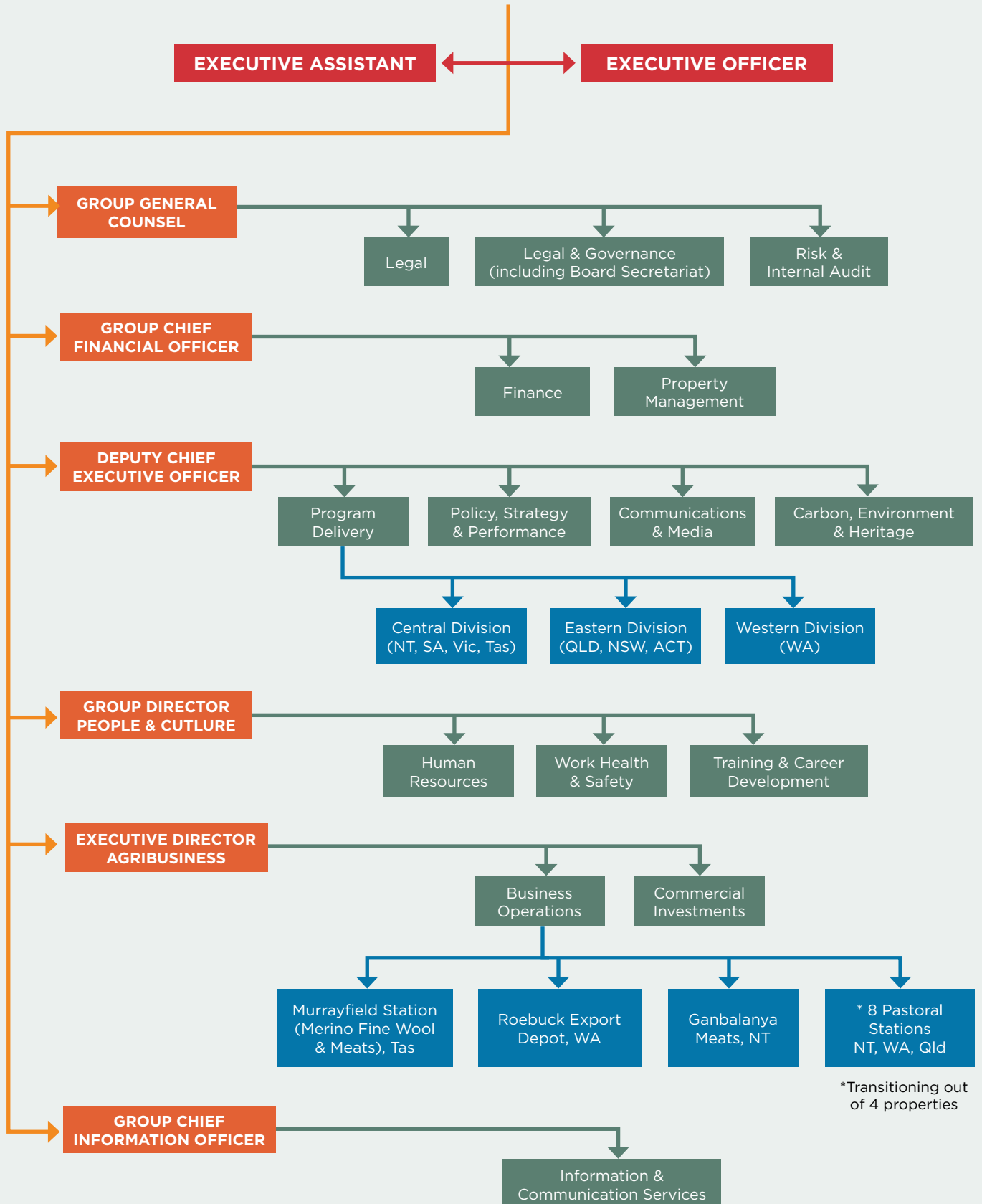
INDIGENOUS LAND AND SEA CORPORATION BOARD	
<b>Board Committees</b> <b>Audit and Assurance</b> <b>Remuneration and Nomination</b> <b>Work Health and Safety</b>	
ILSC GROUP CEO	
ILSC Executive Management	
NATIONAL OPERATIONS UNITS	NATIONAL SUPPORT UNITS
<b>Program Delivery Executive Office, Adelaide SA</b> <ul style="list-style-type: none"> <li>- Central Divisional Office (SA, NT, Vic, Tas), Adelaide SA</li> <li>- Eastern Divisional Office (Qld, NSW, ACT), Brisbane Qld</li> <li>- Western Divisional Office (WA), Perth WA</li> </ul> <b>ILSC Carbon, Environment and Heritage, Adelaide SA</b> <ul style="list-style-type: none"> <li>- INPEX Team, Darwin NT ILSC Agribusiness Executive, Brisbane Qld</li> <li>- 11 Agribusiness properties nationally</li> </ul>	<b>Finance, Adelaide SA</b>  <b>Information and Communication Services, Adelaide SA</b>  <b>People and Culture, Adelaide SA</b> <ul style="list-style-type: none"> <li>- Human Resources</li> <li>- Work Health and Safety</li> <li>- Training and Career Development</li> </ul> <b>Legal</b> <ul style="list-style-type: none"> <li>- Governance (including Board Secretariat)</li> <li>- Risk and Internal Audit</li> </ul> <b>Policy, Strategy and Performance</b>  <b>Communications and Media</b>
STAKEHOLDERS AND ACCOUNTABILITIES	
<b>Beneficiaries and Partners</b> <ul style="list-style-type: none"> <li>- Aboriginal and Torres Strait Islander peoples and communities including land holders, Traditional Owners, Native Title Holders, Land Councils, Corporations, business operators, contractors and service providers.</li> </ul> <b>Government</b> <ul style="list-style-type: none"> <li>- Parliament of Australia, Prime Minister, Minister for Indigenous Affairs and Department of Prime Minister and Cabinet (lead Portfolio Agency).</li> </ul> <b>Potential Partners and Co-Investors</b> <ul style="list-style-type: none"> <li>- Indigenous Business Australia (IBA), portfolio agencies; state, territory and local governments including regulators; Private sector companies and peak bodies in relevant industries; Non-government organisations (philanthropic and not-for-profit); and Academia/research centres</li> </ul>	

**ILSC Administration**

The organisational chart below sets out ILSC divisions and business units.

PEOPLE. COUNTRY. OPPORTUNITY.

# ILSC GROUP CEO



## 5. Legislative Reform

### Background

In May 2016, the ILSC established an expert advisory panel to advise the Board on how best to ensure the sustainability and growth of the Aboriginal and Torres Strait Islander Land Account (Land Account) for future generations of Indigenous Australians.

The Panel reported to the (then) ILC Board in December 2016, recommending the transition of the management of the Land Account to the Future Fund Board of Guardians to secure an investment return capable of sustaining the perpetual nature of the Fund.

Over July to September 2017, 16 consultations were undertaken in 11 locations around Australia, involving 75 Indigenous organisations, representing at least 75,403 Indigenous people [representative figures are based on ORIC records and other publicly available membership information (annual reports, websites) for relevant organisations]. 24 written submissions were also received through the process.

The majority of feedback received during the process was in favour of the two sets of legislative amendments. **In summary:**

- 75% of the consultation sessions provided consensus support for both areas of proposed reform.
- Over 85% of sessions provided consensus support to the reform of management and governance arrangements for the Land Account.
- Unanimous support for reform to the investment mandate of the Land Account was evidenced in the written submissions received on the issue.
- Of the 17 submissions received that addressed both areas of proposed reform, 77% gave support to both.
- Only 8% noted that they did not support one or other area of reform.
- Overwhelming support at 87% of the face-to-face consultation sessions supported the legislative changes proposed to ensure the sustainability of the Land Account.
- 81% of consultation sessions returned a consensus positive response to the proposal to extend the ILSC's remit to water-based activities and a further 83% of submissions received supported the proposed reform.

### Passing of Legislative Reforms

A package of three Bills relating to the functions and funding of the ILSC were enacted in November 2018, and came into effect 1 February 2019.

The package comprised the:

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

and enacted the following key changes:

- Changes the name of the Indigenous Land Corporation to the Indigenous Land and **Sea** Corporation.
- Extends the ILSC's functions to include acquisition and management activities in relation to Indigenous Waters, and water-related rights and Interests.
- Transfers the Aboriginal and Torres Strait Islander Land Account into a (newly established) Aboriginal and Torres Strait Islander Land and Sea Future Fund under the management of the Future Fund Board of Guardians.
- Invests the ATSILFF subject to an investment mandate determined by the Minister for Finance with consultation with the Minister for Indigenous Affairs and having regard to the views of the ILSC Board.

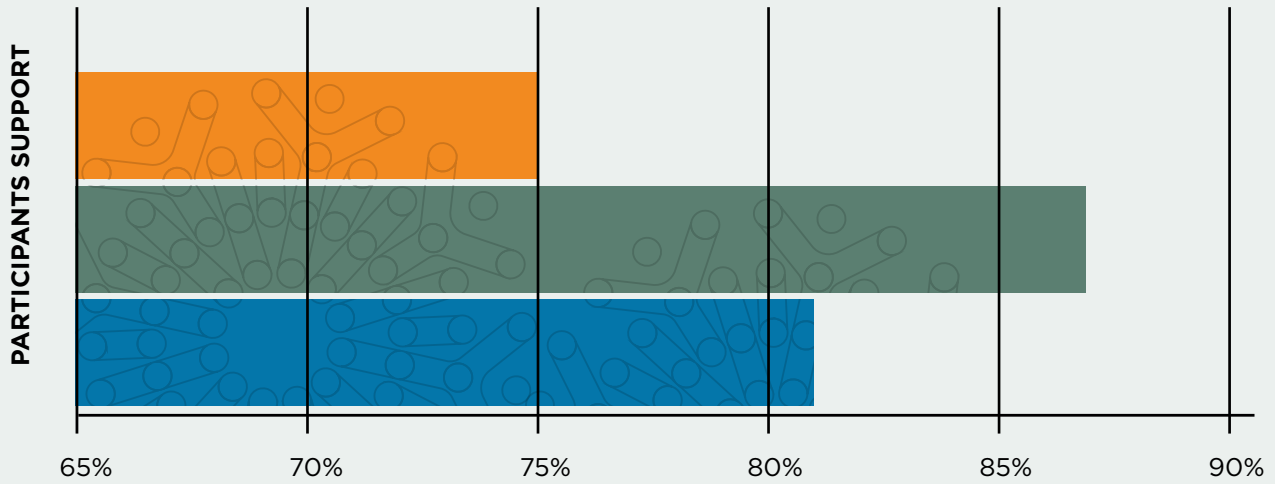
### Impact of Reform

While the change to the ATSILFF does not directly affect the day-to-day operations of the ILSC, significant work is being undertaken to operationalise the ILSC's new role in water. Primarily this has involved consultations on the development of the National and Regional Indigenous Land and Sea Strategies (NILSS and RILSS – refer Key Matters in this briefing pack) and in ensuring the ILSC has the internal resources to extend its expertise in land to encompass 'country' (land and waters).



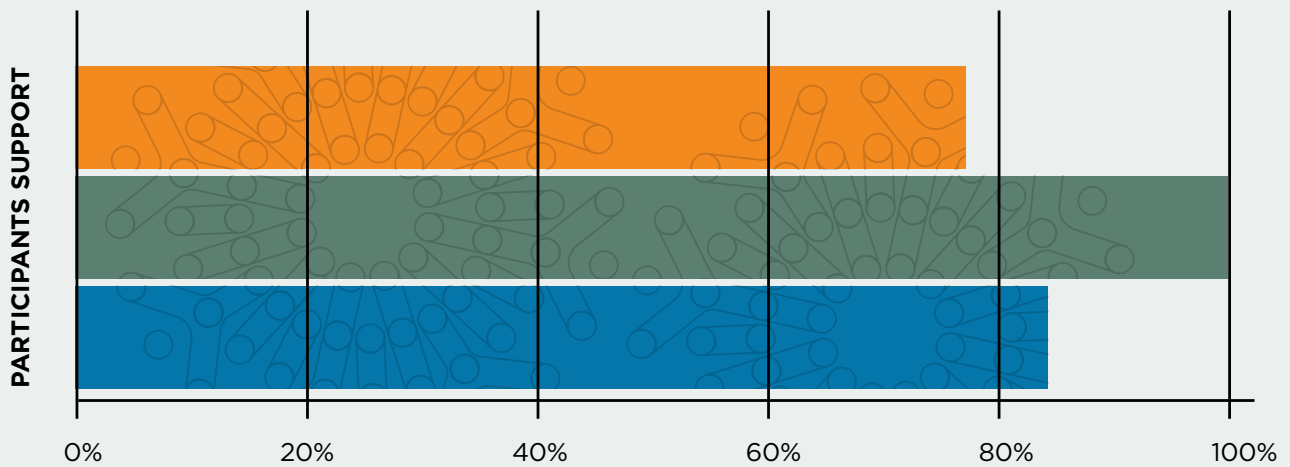
# Face-to-Face Consultation - OUTCOMES

■ BOTH REFORMS    
 ■ LAND ACCOUNT    
 ■ WATER



# SUBMISSIONS

■ BOTH REFORMS    
 ■ LAND ACCOUNT    
 ■ WATER



## 6. ILSC Operations

The ILSC delivers investment into its core mandate of acquisition and management through a number of operational settings and funding streams. As set out in the Strategy and Finance sections, the ILSC is committing to record program investments. Allocations for these over current and out-years is as follows:

FUNDING STREAM	18/19	19/20	20/21	21/22
<b>LAND HOLDING TO GRANT</b> Holding, protecting and developing assets for granting to Indigenous groups.	\$7m	\$7m	\$7m	\$7m
<b>OLOF ROUNDS</b> 3 funding rounds per year.	\$17m	\$21m	\$21m	\$21m
<b>OLOF STRATEGIC PROJECTS</b> Open, flexible timelines for strategic, high impact partnerships.	\$-	\$15m	\$15m	\$15m
<b>AGRIBUSINESS PARTNERSHIPS</b> Partnership investments in diversified agribusiness.	\$8m	\$15m	\$15m	\$10m
<b>Total</b>	<b>\$32m</b>	<b>\$58m</b>	<b>\$58m</b>	<b>\$53m</b>

### 6.1 PROGRAM DELIVERY

#### Overview

Since the establishment of the ILSC in 1995, its core operational business, the acquisition and management of land (now to include water and water-related interests) has been delivered through the 'Program Delivery' Directorate. The central operational unit of the ILSC, the Directorate is geographically dispersed across three divisional offices and falls under the remit of the Deputy CEO. Divisional Offices are headed by Divisional Managers, responsible for the day to day delivery of the ILSC's key externally facing functions.

The work of operational teams can be divided according to the ILSC's legislated functions:

- Acquisition and granting - The return of country to Aboriginal and Torres Strait Islander peoples*
  - Acquisition and grant of new land and water-related interests.
  - Management of interests held by the ILSC including those that are: leased to Indigenous organisations and part of a divestment (grant) strategy; managed by an ILSC subsidiary; or being managed by the ILSC (while an appropriate strategy for the granting of these interests is developed and or implemented).
  - Implementation of post-grant monitoring of properties (to include water-related interests) returned (divested) by the ILSC (supporting the beneficial retention of country by Aboriginal and Torres Strait Islander peoples and corporations).
- Land management - The beneficial management of country by Aboriginal and Torres Strait Islander peoples*
  - Development of partnerships with Aboriginal and Torres Strait Islander peoples and corporations to enable the sustainable management, use and or care of land, waters and water-related rights and interests

- Partnerships may take various forms along a spectrum of ILSC involvement from 'simple' grant type arrangements for projects valued at under \$100k, through to the pursuit of joint venture and equity partnership opportunities for land management and land-based enterprises.

The ILSC's program delivery directorate is responsible for administering the ILSC's land holding and 'Our Land Our Future' (OLOF) rounds and Strategic Project funding streams set out above.

#### Mechanism

Launched in 2015, the 'Our Land Our Future' (OLOF) funding program is the current mechanism used by the ILSC to identify, investigate, support, implement and monitor the delivery of the ILSC's core functions. Currently under review (in alignment with continuous quality improvement processes and in line with the ILSC's expanded role in relation to water-based activities) the program adopts a tailored grant making model, adhering to the following **Investment Principles**:

- Demand driven** - responsive to the needs of Aboriginal and Torres Strait Islander peoples and corporations for the return and management of country; emphasising flexible timelines and supporting stakeholder aspirations.
- Outcomes focussed** - All investment decisions based on maximising expected project outcomes, using a comparative assessment model with transparent decision making processes.
- Prioritising the experience of proponent groups** - Driven by a clear service charter, established roles and a distribution of responsibilities for project progress between the ILSC and proponent groups.

- **Maximising impact** through a diverse portfolio of investment types:
  - New vs existing projects/investments
  - Types of outcomes achieved
  - Equitable geographic distribution of ILSC funds
- **Respecting investment source** – ensuring that we learn from previous investment legacies and continue to protect the compensation and perpetual nature of our investment funds.
- **Compliance with the legislation** – adopting a cautious and considered approach to new investment ideas until fully tested for compliance of new legislation (specifically applied to water-based investments).

As part of its reform strategy, the ILSC is striving to build relevance and responsiveness with its core constituent, Indigenous people. In doing so it is currently refreshing OLOF with a priority focus on:

- Program guidelines that align with the newly developed program logic outcome statements.

- The review and upgrade to systems to better support the delivery model, both for staff and clients.
- The expanded remit into include fresh and salt-water activities.
- An improved equitable geographic investment for OLOF projects to enhance equity of ILSC investment across the population of Aboriginal and Torres Strait Islander peoples.

While the ILSC welcomes proposals in all areas, subject to eligibility, it has identified a number of areas that it will focus its effort on. These focus areas have been identified where:

- Indigenous landholders have a unique market advantage.
- Indigenous landholders have a historical or cultural affinity toward.
- There is potential for high yield of Indigenous Benefits.
- There is a clear and consistent demand/need from Indigenous landholders

FOCUS AREA	SCOPE
<b>Agribusiness</b>	<ul style="list-style-type: none"> <li>• Agriculture (including cropping, aquaculture and horticulture), and food and fibre processing.</li> <li>• Research and development leading to greater yields and profitability including; demand for produce; improved technologies and methods of production.</li> <li>• Infrastructure investment to improve stocking rates, market supply chains and animal welfare.</li> <li>• Dairy</li> <li>• Wool</li> <li>• Carbon</li> <li>• Water and irrigation</li> </ul>
<b>Tourism</b>	<ul style="list-style-type: none"> <li>• Eco Tourism</li> <li>• Cultural Tourism</li> </ul>
<b>Urban Development</b>	<ul style="list-style-type: none"> <li>• Cultural and social engagement, cohesion and connection in urban areas</li> <li>• Historical and cultural preservation</li> <li>• Cultural enterprises</li> </ul>
<b>Niche Indigenous Products</b>	<ul style="list-style-type: none"> <li>• Bush foods</li> </ul>
<b>Culture and Heritage</b>	<ul style="list-style-type: none"> <li>• Cultural and environmental protection and the development of enterprises based on the delivery of eco-system services.</li> </ul>

They are areas where the ILSC will actively pursue partnership opportunities but not limit its investment to.

## Water Activities

The ILSC's extended remit came into effect on 1 February 2019, with legislation allowing six months for the development of a new National Indigenous Land and Sea Strategy (NILSS) and Regional Indigenous Land and Sea Strategies (RILSS). Accordingly, the new NILSS and RILSS are currently being developed in consultation with Indigenous groups from across Australia.

The NILSS and RILSS are the ILSC's core policy documents. The priorities and aspirations of stakeholder groups will be central to the delivery of a cohesive and implementable strategy for the period 2019-2022. In acknowledging the vast opportunities and challenges presented by the expansion of the ILSC's remit to include water, it is essential that the scope of ILSC activities in this space be clearly defined to ensure maximum impact is generated by ILSC investment. The definition of focus areas, locations and types of opportunity will be critical to informing the ILSCs needs in regards to corporate capability and knowledge development.

## 6.3 ILSC AGRIBUSINESS

### Agribusiness strategy

The ILSC reviewed its strategic direction in the agribusiness sector, and in particular its investment in its own agribusiness portfolio, to determine if its longstanding operational model was the most effective in supporting Indigenous Australians to achieve commercial success in the agribusiness sector.

In April 2018, the ILSC Board approved a set of Investment and Operating Principles specific to the agribusiness sector, to guide the ILSC's future investment. These principles will see the ILSC diversifying its investments and seeking to open up new opportunities in markets for Indigenous agribusiness in southern Australia.

This includes a shift of focus to create a balance from operating agribusinesses itself, to being an equity partner (or otherwise facilitating commercial arrangements e.g. joint ventures between Indigenous groups, proven operators, investors and business partners) with performing businesses within the agricultural sector.

This new approach will diversify ILSC's investment in agribusiness both within the sector to manage business and market risks, and geographically to open up new opportunities and reduce overall risk. ILSC Agribusiness is committed to sound land and environmental management practices through valuing human, animal and environmental health. The ILSC prioritises animal welfare on ILSC-operated agricultural properties and by supporting initiatives on other Indigenous-held land that involve good animal welfare practices along the entire production and supply chain.

# 7. Overview of ILSC Subsidiaries

## Background

Along with the ILSC's core activities, the corporation's three wholly-owned 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 perform only the functions of the ILSC itself, in all cases, subsidiary activities pertain to the management of land owned by the ILSC Group or leased from Indigenous owners.

Unlike the ILSC, for some purposes, the subsidiaries are not considered to be a Commonwealth entity, freeing them from the restrictions of some public sector regulation, including the *PGPA Act*. Utilising subsidiary companies allows the ILSC to perform its functions on a more flexible and commercial basis where public sector type operational requirements would be inappropriate or impede efficient performance. Subsidiaries can employ people on commercial terms.

Ultimately, the subsidiaries have allowed the ILSC to establish commercial and social enterprises that will deliver ongoing benefits for the Indigenous corporations to whom land is to be divested to. In its simplest form subsidiaries exist to manage ILSC held properties (on behalf of the ILSC); ensuring they are held in good working order; are delivering Indigenous benefits; and are kept at or achieve divestment readiness. The ILSC does not establish subsidiaries as ongoing entities, and like its interests in land and waters, must divest its interests in subsidiaries as well.

Australian Indigenous Agribusiness (AIA) and the National Centre of Indigenous Excellence (NCIE) receive back-office support from the ILSC in areas such as human resources, information technology, finance and legal. Any profits from ILSC subsidiaries have been invested back into the businesses or used to support Indigenous training-to-employment programs on subsidiary businesses. In the case of Voyages, income is also used to help pay off debt on the acquisition of Ayers Rock Resort.

## Subsidiary governance

The subsidiaries are managed by agreements with the ILSC under section 191G of the *ATSI Act*. This 'Section 191G Agreement' also includes a subsidiary decision and authority framework setting out which decisions are to be made by the ILSC Board, and which by subsidiary boards. Each year, the ILSC issues a Statement of Expectation to each subsidiary setting out the ILSC's expectations, including outcomes to be achieved by subsidiaries. Subsidiaries are to report back to the ILSC at the end of each year on outcomes achieved and any exceptions.

Nominated ILSC Directors and the ILSC Group CEO occupy positions on subsidiary boards. The requirement to have ILSC Directors sitting on subsidiary boards is entrenched in each constitution. The ILSC Board appoints other independent Directors to subsidiary Boards.

SUBSIDIARY	ILSC APPOINTED DIRECTORS	OTHER DIRECTORS
<b>Australian Indigenous Agribusiness (AIA)</b>	Ms Patricia Crossin Mr John Maher (ex-officio)	
<b>National Centre of Indigenous Excellence</b>	Mr Roy Ah-See Dr Donna Odegaard Mr John Maher (ex-officio)	Ms Alison Page (Chair) Mr Dillon Kombumerri Ms Kate Cam
<b>Voyages</b>	Ms Patricia Crossin Mr Daniel Tucker Mr John Maher (ex-officio)	Mr Rick Allert (Chair) Ms Patricia Angus Ms Dorothea Randall Mr Andrew McEvoy Ms Dana Ronan

Individual subsidiaries monitor the performance of their operations. As sole owner of the subsidiaries, the ILSC Board has oversight of the performance of the ILSC Group through annual corporate planning and reporting. This involves reviewing annual performance, setting corporate priorities and approving annual reporting of financial and non-financial performance.



## 7.1 VOYAGES INDIGENOUS TOURISM AUSTRALIA PTY LTD

The purpose of establishing Voyages was initially to manage the Ayers Rock Resort (ARR) (strategically acquired by the ILSC in 2010/11), and to assist in the development of Indigenous tourism across Australia.

Voyages now operate two other tourism enterprises developed by the ILSC on IL SC-owned land, those being:

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

In addition to its tourism assets, Voyages aims to be a leader in employment and training of Aboriginal and Torres Strait Islander people in the tourism and hospitality industries, to support the development of Indigenous businesses, and to offer guests unique experiences of Indigenous cultures.

ARR itself includes five hotels and a campground, with 755 guest rooms, offering a full range of accommodation from luxury to basic, an airport, extensive food and beverage outlets, a world-class

conference centre, spa and numerous retail outlets, including art galleries, gift stores, a supermarket and a petrol station.

Voyages has established the National Indigenous Training Academy (NITA) located at the ARR. NITA was established in 2011 and provides accredited training to Indigenous trainees, who are offered employment across all of Voyages' tourism businesses. Around 100 Indigenous trainees at any one time undertake residential accredited enterprise-based training each year, with flexible placements across the three Voyages sites for trainees and employees.

Voyages has a strong commitment to social responsibility. All profits are reinvested in the ILSC's Indigenous training and development programs across Australia. Voyages is privileged to operate in some of Australia's most sensitive ecosystems and culturally significant locations. Its reputation is built on the philosophy of supporting the local communities and protecting and enhancing the culture and environment at these locations. Voyages is therefore committed to behaving ethically and operating in a sustainable manner that continues to enhance economic, societal and environmental values. Their commitment is detailed in the ILSC's Corporate Responsibility Policy which promotes economic development whilst also improving the quality of life of staff, the local community and society at large.

The ILSC wholly owns Voyages and is a significant funder and guarantor to Voyages. Since acquiring the ARR in 2011, ILSC has advanced funds for major refurbishments and provided debt service support from acquisition to 2014, at which point performance of the ARR was sufficient to support the external debt servicing.

### **Anangu Communities Foundation** (previously Mutitjulu Foundation)

The Anangu Communities Foundation is a charitable trust established by the resort's former owners to assist neighbouring Aboriginal communities; it was inherited with the acquisition of the resort and integrated into the Voyages corporate structure in 2014-15, ceasing to be a direct ILSC subsidiary. The Anangu Communities Foundation is a company limited by guarantee with the only member being Voyages (making Anangu Communities Foundation a subsidiary of the ILSC vicariously through Voyages).





### 7.3 NATIONAL CENTRE OF INDIGENOUS EXCELLENCE LTD

The ILSC-developed National Centre of Indigenous Excellence facility at Redfern NSW is a not-for-profit social enterprise which aims to build capability and create opportunities with and for young Aboriginal and Torres Strait Islander people from Sydney and across Australia.

The ILSC, with the support of the local community, purchased the site of the former Redfern Public School from the NSW Government in 2006. The heritage-listed buildings were converted to conference, accommodation and office spaces and a purpose-built gym and aquatics centre, and sports field were developed and opened in early 2010.

Guided by the ILSC Board's Statement of Strategic Intent, *the NCIE's Strategic Plan 2018-2020* outlines how the NCIE will contribute to the ILSC's vision of growing and realising the potential of the Indigenous land estate, by aligning the NCIE's operations with the priorities of the ILSC to create value and benefits for Aboriginal and Torres Strait Islander peoples.

In accordance with the ILSC Divestment Policy, NCIE remains focussed on building a sustainable business model capable of supporting divestment to enable the property to be handed back to a local Indigenous title holding body.

The NCIE runs programs and enterprises from its Sydney premises for Indigenous people from the local community and around Australia.

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

- Fitness & Aquatics
- Hospitality (includes conference, accommodation and catering)
- NCIE Job Ready
- Children Services including after-school and school-holiday programs
- Talking About Tobacco Use (TATU)
- Indigenous Digital Excellence (IDX)

The NCIE generates revenue from its three businesses and receives grants and sponsorships from third parties to run programs.



### 7.2 AUSTRALIAN INDIGENOUS AGRIBUSINESS COMPANY PTY LTD (AIA)

Formerly National Indigenous Pastoral Enterprises (NIPE), AIA is now primarily a vehicle for the employment of labour for the agribusinesses run by ILSC Agribusiness.

NIPE was originally established for the purpose of managing ILSC held pastoral properties, ensuring they were operational, delivering Indigenous benefits and kept in good working order before divestment.

The ILSC strategically invests in the agribusiness sector to maximise opportunities and benefits for Indigenous Australians, with a focus of laying the foundations for a thriving and sustainable Indigenous agribusiness sector.

In August 2017 the ILSC Board resolved to integrate the management of the agribusiness operations and associated assets of AIA back into the ILSC to achieve greater group-wide efficiency and alignment.

Through its agribusiness platform, the ILSC operates 14 commercial businesses, across 2.15m hectares of Indigenous-held land, which is proudly managed by a 78% Indigenous workforce supporting a herd of approximately 67,000 cattle and 9,800 sheep (as at 30 June 2018). In line with its Agribusiness Strategy to diversify and move from being a sole operator to a partner and enabler of Indigenous pastoralists, the ILSC's Agribusiness is currently transitioning out of 4 of the commercial businesses.

## 8. Performance

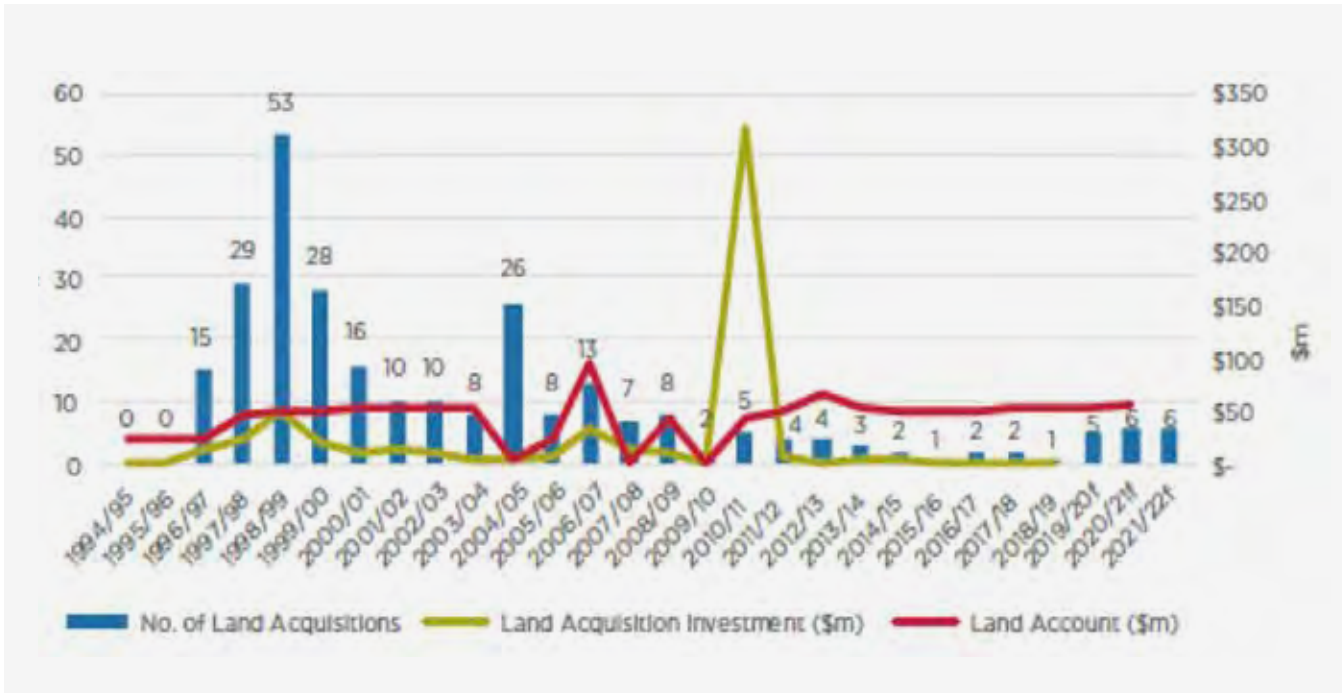
### 8.1 PERFORMANCE 2011-2018

The ILSC externally reports on its non-financial performance through metrics and measures set out in its contribution to the Portfolio Budget Statements. The below provides a snapshot of ILSC performance against these measures for the period 2011 to 2018 and is consistent with the ILSC's Annual Reports over this period.

KEY PERFORMANCE INDICATORS		FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18
<b>KPI 1: Indigenous employment</b>	Number of Indigenous staff employed directly across the ILSC Group	135	344	393	504	521	601	542	845
	Number of Indigenous employment outcomes enabled by land acquisition and land management projects active in financial year	1,446	1,612	1,451	1,011	902	1,096	993	632
<b>KPI 2: Indigenous training</b>	Total number of Indigenous trainees hosted/employed across the ILSC Group	188	281	350	359	370	287	255	253
	Number of Indigenous training completions enabled by land acquisition and land management projects active in financial year	4,834	5,456	2,347	5,315	2,677	2,745	1,474	3,528
<b>KPI 3: Indigenous business development</b>	Number of Indigenous enterprises assisted by ILSC Group projects	123							
<b>KPI 4: Protection of Indigenous culture, heritage and the environment</b>	Proportion of active ILSC Group projects that maintained or protected Indigenous culture, heritage and/or the environment	31%	34%	35%	25%	49%	38%	48%	42%
<b>KPI 5: Collaboration</b>	Proportion of active ILSC Group projects that involved contribution from third parties (beyond immediate beneficiary group)	69%	87%	78%	66%	41%	53%	44%	51%
<b>KPI 6:</b>	ILSC Group contribution to the Indigenous Estate	Qualitative Measure							

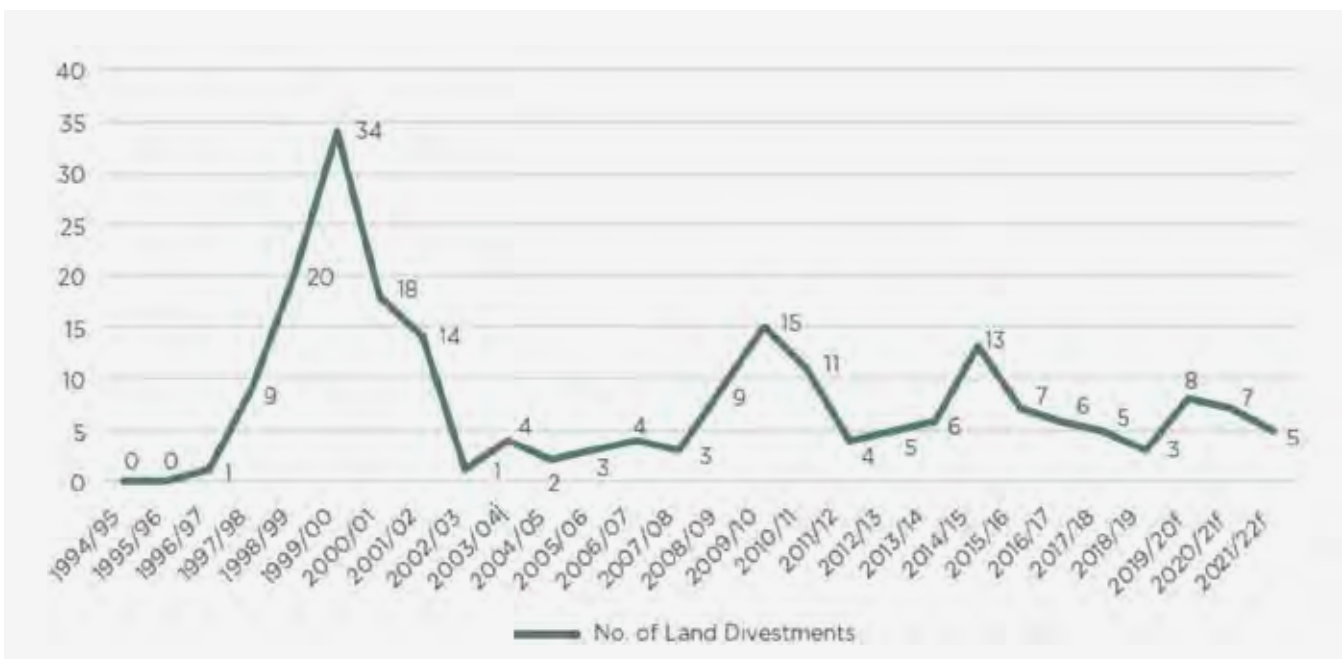
8.2 DETAILED PERFORMANCE

**Deliverable 1: Land Acquisition** - Properties acquired for socio-economic development and cultural and environmental heritage protection. The ILSC has spent a total of \$560m acquiring 257 properties during the period between 1996-2018.



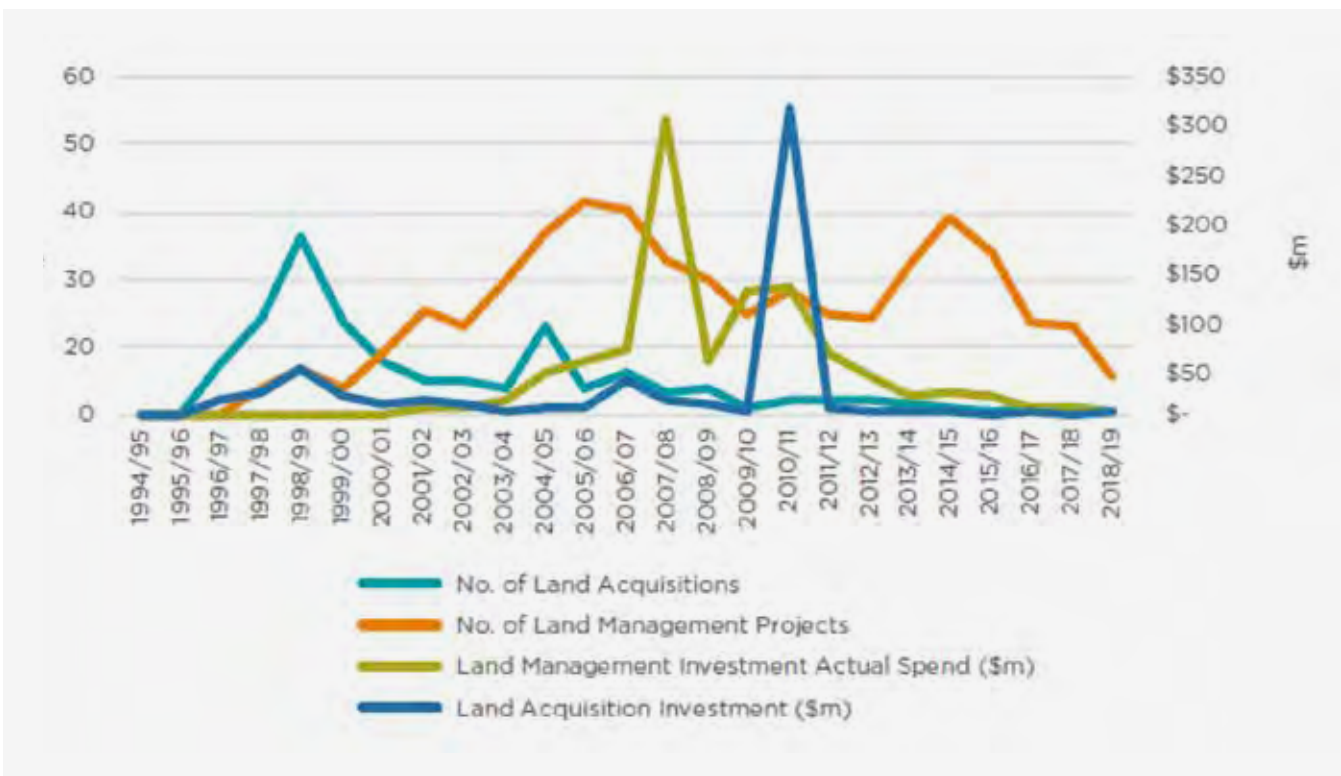
**Deliverable 2: Land Granted** - Properties granted to Indigenous Corporations. The ILSC has a statutory obligation to grant the properties it acquires to Indigenous corporations.

- 257 - Properties Acquired
- 197 - Land Granted
- 77% - Percentage of land granted to Indigenous Corporations



**Deliverable 3: Active Projects** - Number of active land acquisition and land management projects

- 752 - Land Management Projects
- \$299m - Approved for Land Management Projects
- \$284m - Actual spend on Land Management Projects
- 257 - Properties Acquired
- 1,009 - Total Land Acquisition & Land Management Projects

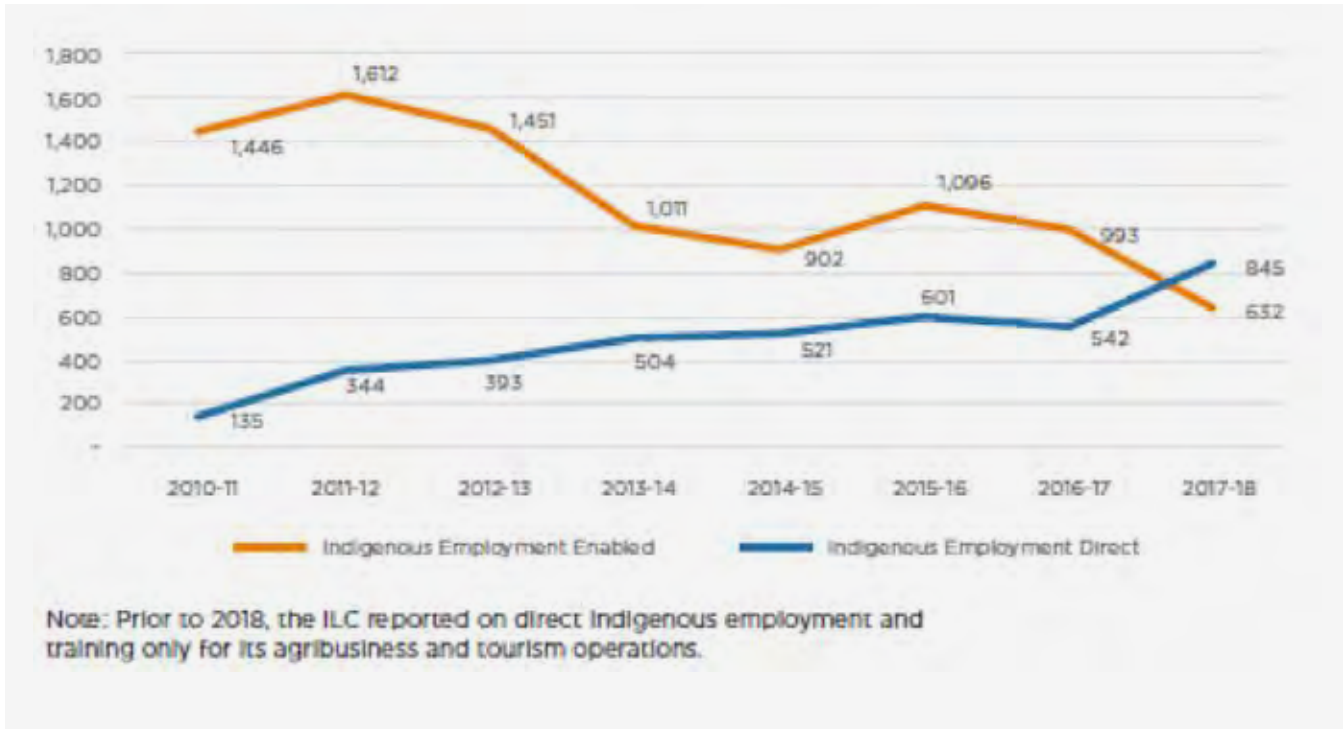


**KPI 1: Indigenous Employment** - There are two parts to KPI 1 which include:

**KPI 1a** - Number of Indigenous staff employed directly across the ILSC Group

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

KPI 1a relates to the number of Indigenous staff employed directly by the ILSC Group and counts all employment opportunities created during the whole reporting period; rather than at a point in time (i.e., at 30 June 2018, there were 674 Indigenous employees).



**KPI 2: Indigenous Training** - Like KPI 1, there are two parts to KPI 2, which include:

**KPI 2a** - Number of Indigenous trainees hosted/employed across the ILSC Group

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



**KPI 3: Indigenous Business Development** - number of Indigenous enterprises assisted by ILSC Group projects

This is a new measure introduced by the Board in 2017-18 to reflect the Board’s increased commercial focus and the Australian Government’s policy priority of Indigenous business development expressed in the Indigenous Business Sector Strategy (February 2018).

- 60 - Target
- 123 - Achieved
- 63 - 2019 Target

**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



**KPI 5: Collaboration** - proportion of active projects that involve collaborating with partners beyond the primary project proponent group



## 9. Financials (Revenues and Forecasts)

Over the past two years the ILSC has pursued an ambitious corporate and operational reform agenda, combined with a growth mindset. This approach has been directed at releasing funds from our internal and subsidiary operations to provide additional funds to realising our legislative purpose of buying and granting land and now water-related rights, as well as partnering with Indigenous people in managing and improving their lands and waters. Our resulting healthier financial situation will also allow us to provide a surge investment into fresh and salt water country, kick-starting our foray into this area.

We remain committed to this strategic reform and will continue to operationalise improvements. First, by increasing the effectiveness of our spend to achieve a greater return on mandate by objectively assessing how we spend our funds to ensure the projects we do undertake generate optimal benefits for Indigenous people.

Second, we're increasing the quantum of our dollar-value investment against our mandate by continually reshaping our overheads and improving our subsidiary operations so that they are not as dependent on the ILSC parent.

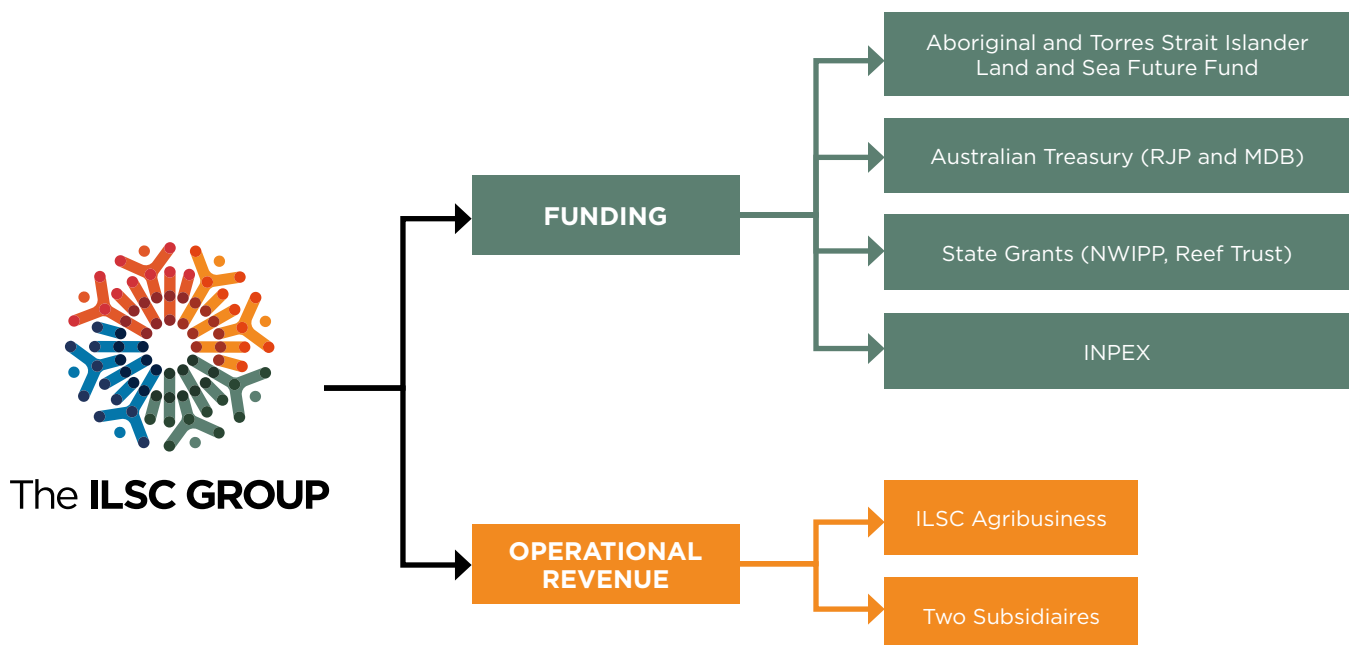
This has meant that we are able to allocate more of that money to flow directly to the Indigenous estate and, as such, increase the size and value of land and sea country area, which is and will be productively managed, improved and returned to the Indigenous estate for the benefit of Indigenous people.

Finally, we are applying a much greater focus on our customer service and stakeholder relationships and looking at continuous business improvement and alignment, purposefully building our systems' and our people's capability so we can be a more high-performing, efficient and accountable organisation.

### 9.1 INCOME PROFILE

The ILSC's key funding and revenue sources are:

- The Aboriginal and Torres Strait Islander Land and Sea Future Fund.
- Treasury - Real Jobs Program, Murray Darling Basin Aboriginal Water Entitlements Program, \* (direct appropriation and forecasted grant\*).
- Trading activities of its ILSC Agribusiness and its two subsidiaries.
- State Government grants - North West Indigenous Pastoral Project (SA), Reef Trust Project (Qld).
- Corporate grants - Inpex



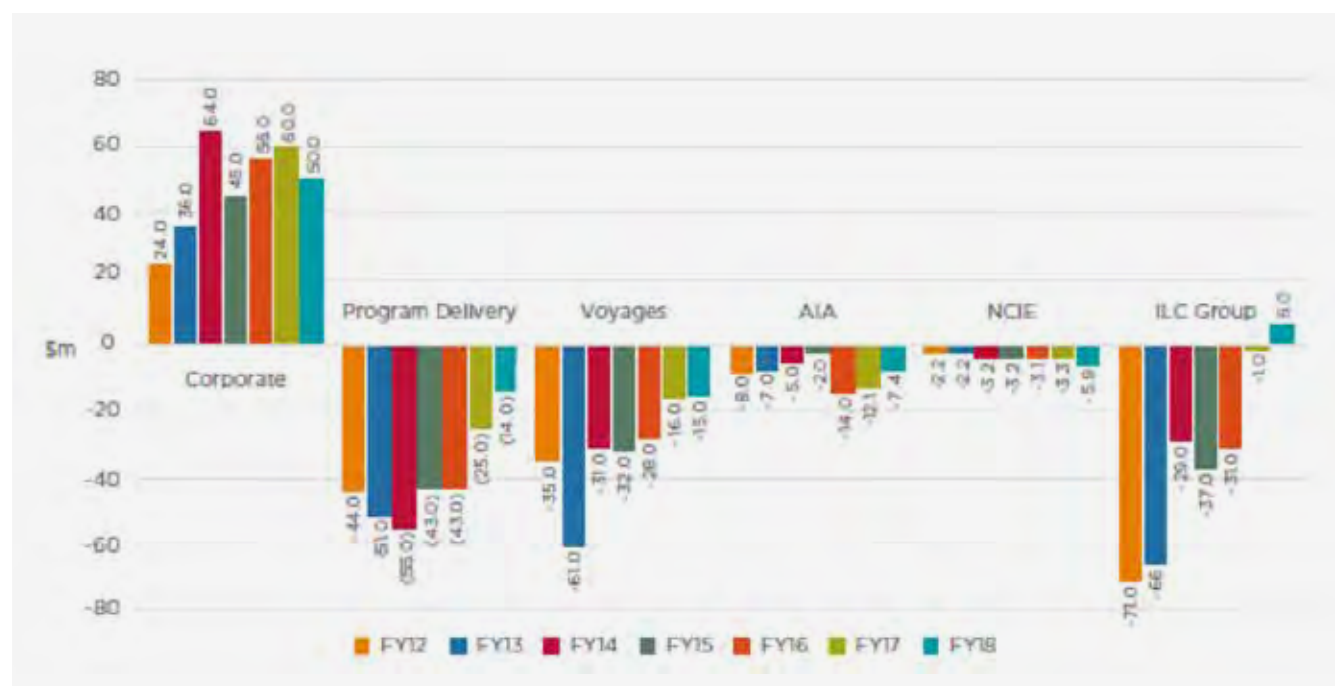
**9.2 ILSC FUNDING**

The figure below illustrates how the two different sources of funding are provided to the ILSC and how it is then allocated annually.





## 9.3 ILSC FORECAST SOURCES AND USES



\$M	FORECAST YEAR		
	2018/19	2019/20	2020/21
<b>SOURCES</b>			
OPENING CASH	66	69	59
LAND ACCOUNT RECEIPTS	53	54	55
AGRIBUSINESS INVESTMENTS EXITS	10	10	-
OTHER GOVERNMENT REVENUE	-	-	-
<b>TOTAL SOURCES</b>	<b>129</b>	<b>133</b>	<b>117</b>
<b>USES</b>			
PROGRAM DELIVERY	(32)	(47)	(42)
UNDERWRITE SUBSIDIARIES			
NCIE	(3)	(3)	(2)
AGRIBUSINESS - LEGACY	(2)	(2)	(2)
ILC ADMINISTRATION			
OPEX, OVERHEAD + CAPEX	(23)	(22)	(22)
<b>TOTAL USES</b>	<b>(60)</b>	<b>(74)</b>	<b>(68)</b>
CLOSING CASH	69	59	49

Note: the RJP funding is excluded from the table above. The allocation of RJP funds is the responsibility of the RJP (refer to Page 113). Voyages is also excluded as it is considered to be self-sustaining.

## 9.4 CURRENT FINANCIAL POSITION

## ILSC Group Consolidated Income Statement

INCOME STATEMENT									
ILSC GROUP	FY14A	FY15A	FY16A	FY17A	FY18A	FY19F	FY20F	FY21F	FY22F
<b>\$M</b>									
<b>REVENUE</b>									
RECEIPTS FROM LAND ACCOUNT/ FUTURE FUND	52.5	49.9	50.7	51.4	52.3	52.3	53.6	54.9	56.3
REAL JOBS PROGRAM	9.7	9.5	9.4	8.2	7.9	8.7	8.6	8.5	8.4
OTHER REVENUE FROM GOVERNMENT (GRANTS)	5.0	3.4	4.6	4.6	4.0	4.6	4.6	4.6	4.6
<b>TOTAL REVENUE FROM GOVERNMENT</b>	<b>67.2</b>	<b>62.8</b>	<b>64.7</b>	<b>64.1</b>	<b>64.2</b>	<b>65.6</b>	<b>66.8</b>	<b>68.0</b>	<b>69.3</b>
<b>OWN SOURCE REVENUE</b>									
NET SALES (LIVESTOCK)	-	4.0	7.6	11.4	11.8	26.4	5.1	5.2	5.2
SALES OF GOODS AND SERVICES	115.7	131.8	148.2	163.7	179.0	185.3	184.9	189.9	194.8
OTHER	11.7	12.9	13.1	11.6	16.3	14.7	14.4	14.4	13.9
<b>TOTAL OWN SOURCE REVENUE</b>	<b>127.4</b>	<b>148.7</b>	<b>168.9</b>	<b>186.8</b>	<b>207.1</b>	<b>226.5</b>	<b>204.4</b>	<b>209.5</b>	<b>213.9</b>
<b>TOTAL REVENUE</b>	<b>194.6</b>	<b>211.5</b>	<b>233.6</b>	<b>250.9</b>	<b>271.3</b>	<b>292.1</b>	<b>271.2</b>	<b>277.5</b>	<b>283.2</b>
<b>EXPENSES</b>									
ACQUISITION AND LAND MANAGEMENT	(28.4)	(24.0)	(30.9)	(24.8)	(16.7)	(36.8)	(37.0)	(39.0)	(39.0)
REAL JOBS PROGRAM (ILSC ADMIN)	(9.7)	(9.5)	(9.4)	(8.2)	(7.9)	(8.7)	(8.6)	(8.5)	(8.4)
EMPLOYEES	(76.9)	(80.6)	(85.2)	(79.7)	(91.8)	(84.6)	(85.5)	(87.6)	(89.5)
SUPPLIERS	(62.7)	(73.5)	(89.4)	(106.8)	(99.7)	(112.1)	(97.0)	(98.6)	(100.1)
<b>TOTAL EXPENSES</b>	<b>(177.7)</b>	<b>(187.7)</b>	<b>(214.9)</b>	<b>(219.4)</b>	<b>(216.1)</b>	<b>(242.1)</b>	<b>(228.1)</b>	<b>(233.7)</b>	<b>(237.0)</b>
<b>EBITDA</b>	<b>16.9</b>	<b>23.8</b>	<b>18.7</b>	<b>31.5</b>	<b>55.2</b>	<b>49.9</b>	<b>43.1</b>	<b>43.8</b>	<b>46.2</b>
DEBT AND INTEREST PAYMENTS	(2.2)	(7)	(71)	(9)	(19)	(20)	(22)	(22)	(22)
DRAW DOWNS	-	-	60	-	-	24	-	-	-
CAPEX	(10.6)	(15)	(17)	(13)	(18)	(43)	(24)	(10)	(11)
<b>SURPLUS/(DEFICIT)</b>	<b>4.2</b>	<b>2.2</b>	<b>(8.9)</b>	<b>9.9</b>	<b>17.9</b>	<b>10.3</b>	<b>(2.6)</b>	<b>11.7</b>	<b>13.7</b>

Source: ILSC 3 Year Forecast Model

## ILSC Group Net Financial Results

<b>CORPORATE</b>							
\$m	2012	2013	2014	2015	2016	2017	2018
Operating	36.0	37.0	65.0	46.0	57.0	60.0	50.0
CAPEX	(12.0)	(1.0)	(1.0)	(1.0)	(1.0)	0.0	0.0
	24.0	36.0	64.0	45.0	56.0	60.0	50.0
<b>PROGRAM DELIVERY</b>							
\$m	2012	2013	2014	2015	2016	2017	2018
Operating	(44.0)	(51.0)	(55.0)	(43.0)	(43.0)	(25.0)	(14.0)
CAPEX	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	(44.0)	(51.0)	(55.0)	(43.0)	(43.0)	(25.0)	(14.0)
<b>VOYAGES</b>							
\$m	2012	2013	2014	2015	2016	2017	2018
Operating	(25.0)	(29.0)	(24.0)	(20.0)	(14.0)	(5.0)	2.0
CAPEX	(10.0)	(32.0)	(7.0)	(12.0)	(14.0)	(11.0)	(17.0)
	(35.0)	(61.0)	(31.0)	(32.0)	(28.0)	(16.0)	(15.0)
<b>AGRIBUSINESS</b>							
\$m	2012	2013	2014	2015	2016	2017	2018
Operating	(5.0)	(5.0)	(3.0)	(1.0)	(12.0)	(11.0)	(7.0)
CAPEX	(3.0)	(2.0)	(2.0)	(1.0)	(2.0)	(1.1)	(0.4)
	(8.0)	(7.0)	(5.0)	(2.0)	(14.0)	(12.1)	(7.4)
<b>NCIE</b>							
\$m	2012	2013	2014	2015	2016	2017	2018
Operating	(2.0)	(2.0)	(3.0)	(3.0)	(3.0)	(3.2)	(5.5)
CAPEX	(0.2)	(0.2)	(0.2)	(0.2)	(0.1)	(0.1)	(0.4)
	(2.2)	(2.2)	(3.2)	(3.2)	(3.1)	(3.3)	(5.9)
<b>ILC GROUP</b>							
\$m	2012	2013	2014	2015	2016	2017	2018
Operating	(37.0)	(36.0)	(20.0)	(22.0)	(15.0)	15.0	24.0
CAPEX	(34.0)	(30.0)	(9.0)	(15.0)	(16.0)	(16.0)	(18.0)
	(71.0)	(66.0)	(29.0)	(37.0)	(31.0)	(1.0)	6.0

Source: ILC Management.

## ILSC Group Consolidated Balance Sheet

<b>ILC GROUP</b>				
<b>\$'000</b>	<b>FY15A</b>	<b>FY16A</b>	<b>FY17A</b>	<b>FY18A</b>
<b>FINANCIAL ASSETS</b>				
CASH AND CASH EQUIVALENTS	48,477	43,574	57,491	57,921
TRADE AND OTHER RECEIVABLES	9,930	11,208	8,848	9,883
INVESTMENTS	10,000	4,000	21,000	48,000
OTHER FINANCIAL ASSETS	93	14,018	11,099	8,289
<b>TOTAL FINANCIAL ASSETS</b>	<b>68,500</b>	<b>72,800</b>	<b>98,438</b>	<b>124,093</b>
<b>NON-FINANCIAL ASSETS</b>				
BIOLOGICAL ASSETS	44,277	49,206	53,812	36,042
INVENTORY - OTHER	4,428	4,747	4,812	4,797
INVENTORY - PROPERTY HELD FOR GRANT	136,419	135,014	126,805	126,784
ASSETS HELD IN TRUST	25,773	25,678	25,683	25,683
LAND	48,342	58,109	67,910	83,553
PROPERTY, PLANT AND EQUIPMENT	282,892	318,737	355,571	419,976
FINANCE LEASE	-	6,666	6,327	5,988
INTANGIBLE ASSETS AND GOODWILL	5,847	5,761	5,600	5,587
OTHER NON-FINANCIAL ASSETS	6,649	6,140	6,045	3,781
DEFERRED TAX ASSET	167	815	1,049	-
<b>TOTAL NON-FINANCIAL ASSETS</b>	<b>554,794</b>	<b>610,873</b>	<b>653,614</b>	<b>712,191</b>
<b>TOTAL ASSETS</b>	<b>623,294</b>	<b>683,673</b>	<b>752,052</b>	<b>836,284</b>
<b>LIABILITIES</b>				
<b>PAYABLES</b>				
SUPPLIERS	13,725	12,744	15,518	20,029
OTHER PAYABLES	22,487	12,737	12,320	14,253
INTEREST BEARING LOANS	198,000	185,000	182,257	168,958
FINANCE LEASE	-	6,694	6,704	6,699
DEFERRED TAX LIABILITY	-	-	-	10,029
<b>TOTAL PAYABLES</b>	<b>234,212</b>	<b>217,175</b>	<b>216,799</b>	<b>219,968</b>
<b>PROVISIONS</b>				
EMPLOYEE PROVISIONS	8,666	10,102	10,995	11,439
PROVISION FOR PROPERTY HELD FOR GRANT	136,419	135,014	126,805	126,784
PROVISION FOR ASSETS HELD IN TRUST	25,773	25,678	25,683	25,683
PROVISION FOR MAKE GOOD	403	403	403	403
<b>TOTAL PROVISIONS</b>	<b>171,261</b>	<b>171,197</b>	<b>163,886</b>	<b>164,309</b>
<b>TOTAL LIABILITIES</b>	<b>405,473</b>	<b>388,372</b>	<b>380,685</b>	<b>384,277</b>
<b>NET ASSETS</b>	<b>217,821</b>	<b>295,301</b>	<b>371,367</b>	<b>452,007</b>
<b>EQUITY</b>				
RESERVES	5,212	10,918	60,083	106,440
RETAINED SURPLUS	212,609	284,383	311,284	345,567
<b>TOTAL EQUITY</b>	<b>217,821</b>	<b>295,301</b>	<b>371,367</b>	<b>452,007</b>

Source: ILC Annual Reports

## ATTACHMENT A

## ILSC Directors



**Mr Edward (Eddie) Fry**  
**Chairperson**

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.

Eddie 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 lead 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 Chairman**

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.



#### **Ms Patricia (Trish) Crossin**

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

During her 15 years in the Senate, Trish was Chair of the Legal and Constitutional Committee and Joint Select Committee on Constitutional Recognition of Aboriginal and Torres Strait Islander Peoples. She was a member of the Joint Statutory Committee for Native Title and the Aboriginal and Torres Strait Islander Land Account and the Education, Employment and Workplace Relations Committee. Trish established and was the founding Chair of the NT Working Women's Centre. She is a member of the Australian Institute of Company Directors and holds a Bachelor of Education.

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. Trish is also a member of the Advisory Committee on Indigenous Eye Health at Melbourne University and the Wyndham City Council Safer Communities Committee



#### **Mr Bruce Martin**

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

He has worked for the Cape York Land Council, the Wuchopperen Aboriginal Medical Service, the Queensland Department of Families in Cairns and the Aurukun Shire Council. Mr Martin is president of the Cape York Peninsula 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.

## ATTACHMENT A

## ILSC Directors

**Dr Donna Odegaard AM**

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.

As owner and founder of Australia's largest privately owned media network, Aboriginal Broadcasting Australia, has four television channels, four radio stations and 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.

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, Indigenous Women in Leadership.

**Mr Roy Ah-See**

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

Roy was elected to the NSW Aboriginal Land Council in 2007 and has been Chairperson of the Council since 2015. He is also a member of the Darkinjung Local Aboriginal Land Council and Gandangara Local Aboriginal Land Council.

In 2017, Roy 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.

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



**Mr Daniel Tucker**

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

Daniel is the founding and Managing Director of Carey Mining, the largest 100 percent 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.

Daniel is an inaugural member of the Prime Ministers Indigenous Advisory Council and has previously served on the Council of Curtin University in Perth, Western Australia, as well as on the boards of a number of private, not for profit and publicly listed Australian Stock Exchange companies.

Daniel 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.





**Australian Government**

**Indigenous Land and Sea Corporation**



**The ILSC GROUP**

**PEOPLE. COUNTRY. OPPORTUNITY.**

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