



**Annual Report 2019-20**  
Indigenous Land and Sea Corporation

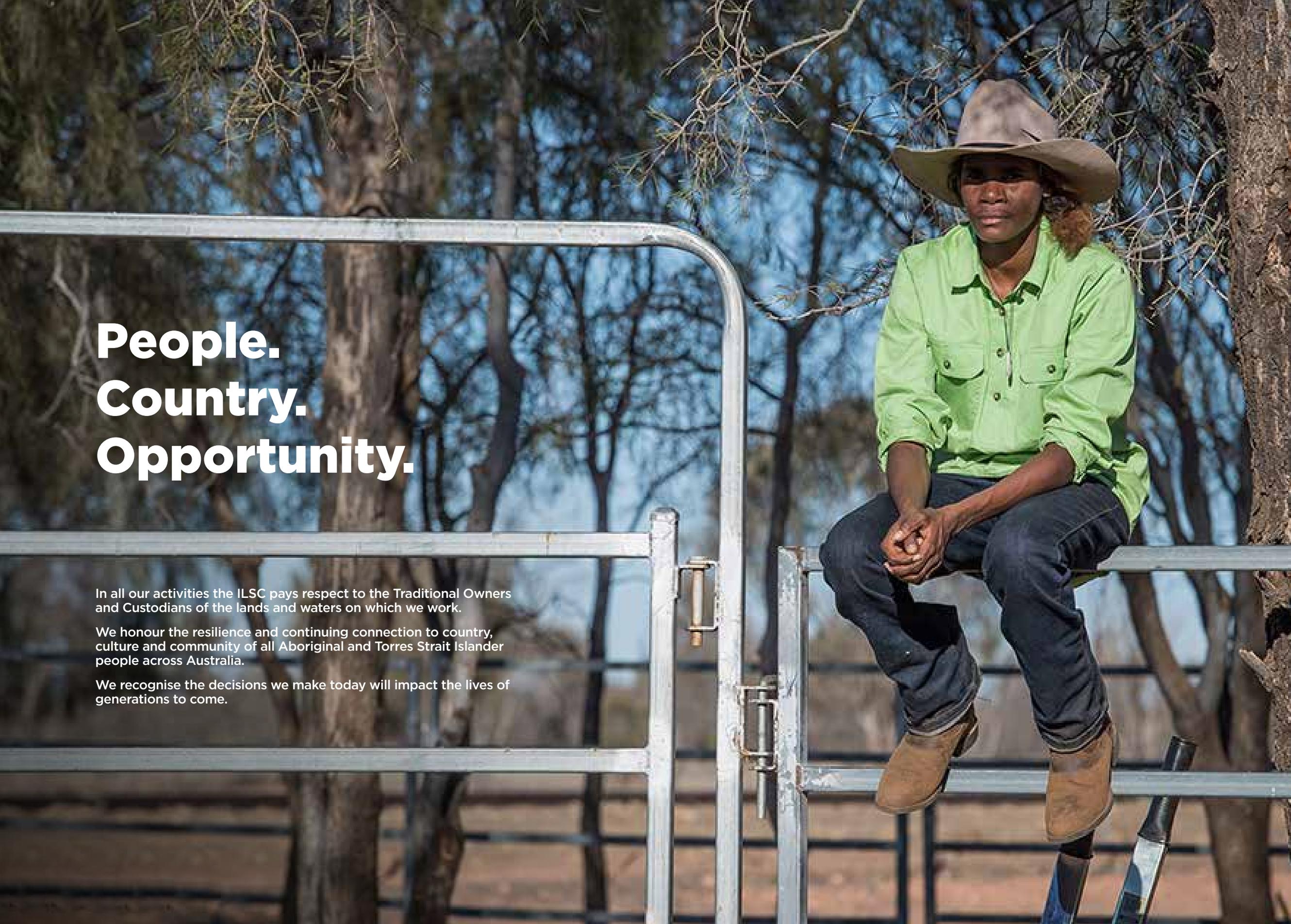


**Australian Government**  
**Indigenous Land and Sea Corporation**



**The ILSC GROUP**

**PEOPLE. COUNTRY. OPPORTUNITY.**

A woman wearing a wide-brimmed hat and a bright green long-sleeved shirt is sitting on a metal gate. She is looking towards the camera. The background shows a rural landscape with trees and a clear sky. The gate is made of metal bars and has a latch.

# People. Country. Opportunity.

In all our activities the ILSC pays respect to the Traditional Owners and Custodians of the lands and waters on which we work.

We honour the resilience and continuing connection to country, culture and community of all Aboriginal and Torres Strait Islander people across Australia.

We recognise the decisions we make today will impact the lives of generations to come.

PEOPLE. COUNTRY. OPPORTUNITY.

September 2020  
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The ILSC's Annual Reports are available electronically on the Publications page of the ILSC website [www.ilsc.gov.au](http://www.ilsc.gov.au)

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

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23 September 2020

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

Dear Minister Wyatt

On behalf of the Board of the Indigenous Land and Sea Corporation (ILSC) I am pleased to present our Annual Report for the financial year ended 30 June 2020.

The Board is responsible for the preparation of the Annual Report and presenting it to you in accordance with a resolution of Directors dated 23 September 2020 in accordance with section 46 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

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

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

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

Yours sincerely

**Edward Fry**  
Chairperson



Pictured: Eulimbah, Gayini in NSW.  
Photo Credit: Annette Ruzicka & The Nature Conservancy.



Pictured: Real Jobs Program participant in training in the NT.  
Photo Credit: Northern Territory Cattlemen's Association.

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Our Values:  
**Responsibility.**  
**Respect.**  
**Courage.**  
**Teamwork.**  
**Trust.**



Pictured: Harvesting kuti (pipis) on Ngarrindjeri country in SA.  
Photo Credit: Andy Steven Photography & Goolwa PipiCo.

## Foreword from the ILSC Board

On behalf of the ILSC Board, I am pleased to present the ILSC's 2019-20 Annual Report.



With investment growth into the Indigenous Estate in 2018-19, we entered what was to be a uniquely challenging year with so much optimism.

By February, Australia's bushfire season had already devastated many lives as fire engulfed our country. Followed so closely by the COVID-19 pandemic, the unpredictable global and national, social, cultural and economic disruption has significantly tested even the most robust among us.

The ILSC initiated its Bushfire Emergency Relief Grants, then responded to the COVID-19 pandemic with a reconfiguration of activities, safeguarding our ability to assist our clients. As with all parts of the globe, the ILSC and our partners in tourism, agribusiness and social services navigate these uncertain economic conditions with continual business adjustments.

Despite these challenges, and with a strengthened client-centric commitment, I am pleased to report that the ILSC met or exceeded our core performance measures. We made significant gains in forging new partnerships and opening new territories, particularly in our extended water remit.

We have assisted Aboriginal and Torres Strait Islander corporations to acquire and manage water-related interests which realised six major projects, including investing \$6.1 million in commercial fishing and aquaculture ventures in South Australia and Western Australia.

We now face generational disruptions and uncertainties, impacting our lives in ways not anticipated. However, we will navigate these challenges with our partners, embracing new discussions along our recovery journey. We will pursue partnerships in new priorities and opportunities for Indigenous Australians, including:

- > National self-sufficiency projects, particularly manufacturing, energy, security and landscape management;
- > ILSC key focus areas outlined in the *National Indigenous Land and Sea Strategy (NILSS)*;
- > Our revised national funding program 'Our Country Our Future'; and
- > Project investments to generate cascading growth and prosperity.

As the ILSC focuses on strategic horizons to deliver long term sustainable success to Indigenous people and communities, our transformation agenda and commercial focus will underpin the future growth of the Indigenous Estate and the utilisation of its assets. Capital discipline, financial strength, mutually beneficial relationships with investors and joint venture opportunities for Indigenous project equity will grow intergenerational social and economic benefits.

I believe our customer-focused strategic vision and understanding of the 'current state' as a source of prosperity for the Indigenous Estate remains front and centre. The transition to the 'future state' will position more Indigenous Australians to be influential contributors to the social and productive economic future of this nation.

A significant and tireless contribution was made by the outgoing ILSC Group CEO Mr John Maher and acting Group CEOs Mr Leo Bator and Ms Tricia Stroud and I sincerely thank them. I extend my thanks to the ILSC Group-wide staff, for their extraordinary resilience and dedicated commitment in pursuing greater outcomes for Indigenous communities and people.

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

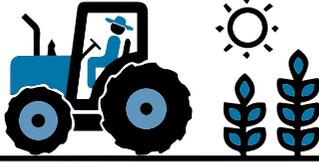
**Edward Fry**

ILSC Chairperson  
October 2020

# ILSC by the numbers 2019-20



**9** **ACQUIRED PROPERTIES** for Indigenous corporations  
8x Land-based  
1x Water-related



**9** **AGRICULTURAL BUSINESSES**



**3** **tourism businesses**  
1 Ayers Rock Resort  
2 Mossman Gorge Centre  
3 Home Valley Station

**425** **Indigenous Jobs**  
CREATED THROUGH  
ILSC GROUP  
FUNDED PROJECTS



**1** **investment incubator**  
YAMANAH  
INVESTMENTS



**8** **INTERESTS GRANTED**  
7x Land-based 1x Water-related  
to Indigenous corporations

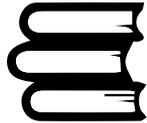
**\$5.57 million**  
transferred to Indigenous  
businesses through  
the procurement of  
goods and services

**4.2%**  
**INDIGENOUS  
PROCUREMENT**



**695**  
**INDIGENOUS  
EMPLOYMENT  
OUTCOMES**  
Across the  
ILSC Group

**42%**  
**Indigenous  
Employees**  
Across the  
ILSC Group  
at 30 June 2020



**1** **social enterprise**  
NATIONAL CENTRE  
OF INDIGENOUS  
EXCELLENCE

**1167** **Completed training**  
Indigenous people who completed training  
through **ILSC GROUP FUNDED PROJECTS**



**208**  
**Land and water-based  
PROJECTS**  
Acquisition and management

**147**  
**Indigenous  
ENTERPRISES**  
ASSISTED THROUGH  
ILSC PROJECTS



# Indigenous Land and Sea Corporation

## Our Strategic Framework

### Legislated Purposes

#### ABORIGINAL AND TORRES STRAIT ISLANDER ACT

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

### Statutory Strategic Plans

#### NILSS AND RILSS (ATSI ACT)

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

#### CORPORATE PLAN (PGPA ACT)

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

### ILSC Long-Term Outcomes (What the ILSC is hoping to achieve)

#### INDIGENOUS PEOPLE ARE:

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

### What the ILSC Group does

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

### Legislated Performance Standards

#### PGPA ACT

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

### ILSC Strategic Pillars

- > Increasing our return against the ILSC's Purposes.
- > Increasing our investment in the ILSC's Purposes.
- > Focusing on our clients and sector relationships.
- > Continuous improvement and alignment.

### ILSC Vision

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

### PBS Strategic Direction Statement (for each financial year)

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

#### FOR 2019-20, PRIORITISING OPERATIONALISATION OF EXPANDED REMIT:

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

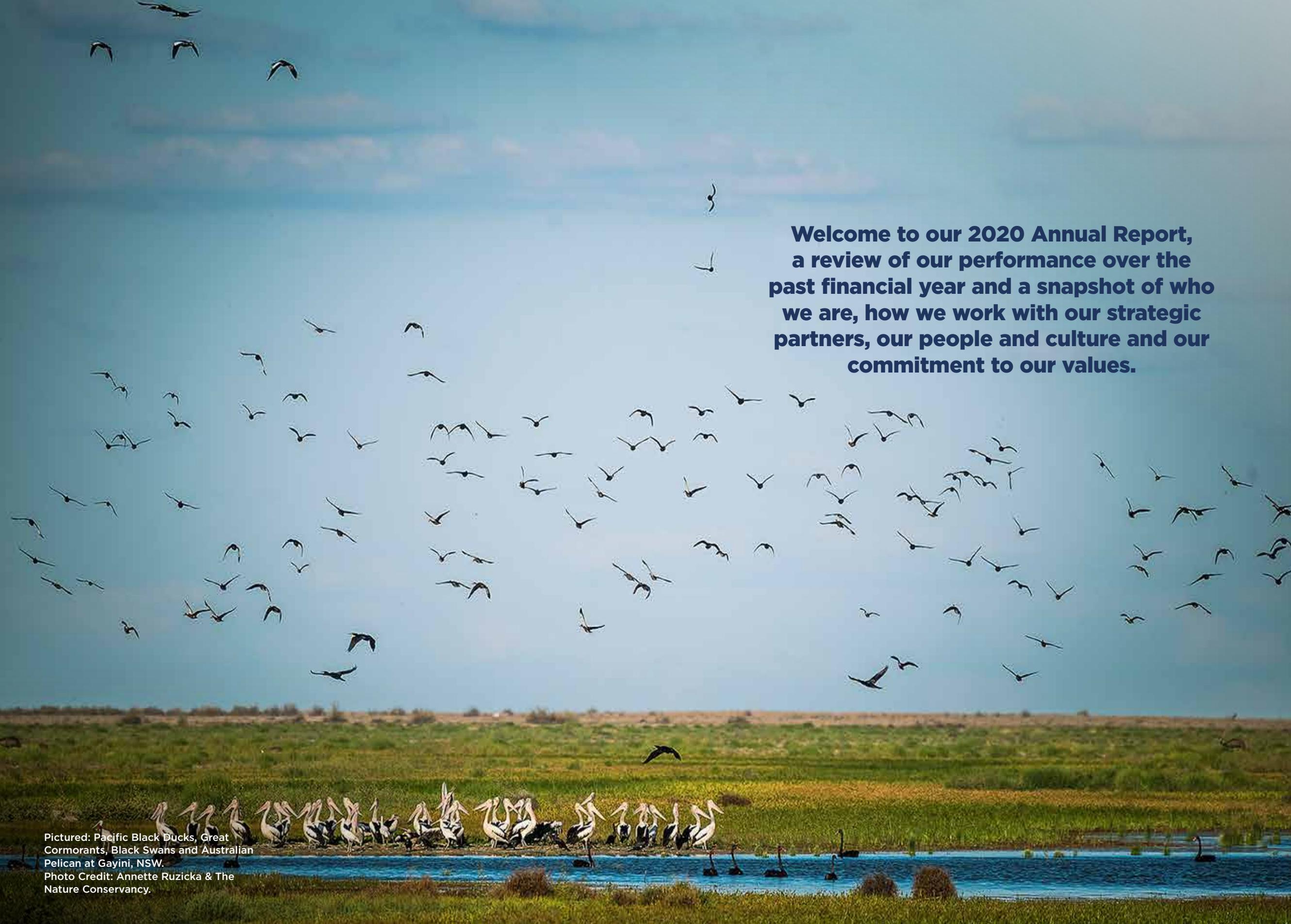
### Enabled by

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



*Part One:*  
**Overview**

Pictured: Mark Schneider, Nari Nari  
Tribal Council at Gayini, NSW.  
Photo Credit: Annette Ruzicka & The  
Nature Conservancy.

A large flock of birds, including Pacific Black Ducks, Great Cormorants, Black Swans, and Australian Pelicans, is captured in flight over a lush green wetland landscape. The birds are scattered across the sky, with some in the foreground and others further away. The ground is covered in green grass and reeds, and a body of water is visible in the lower part of the image. The sky is a clear, light blue.

**Welcome to our 2020 Annual Report,  
a review of our performance over the  
past financial year and a snapshot of who  
we are, how we work with our strategic  
partners, our people and culture and our  
commitment to our values.**

Pictured: Pacific Black Ducks, Great  
Cormorants, Black Swans and Australian  
Pelican at Gayini, NSW.  
Photo Credit: Annette Ruzicka & The  
Nature Conservancy.



Pictured: Okan Woods and Kerrie Parker, Nari Nari Elder, at Gayini, NSW. Photo Credit: Annette Ruzicka & The Nature Conservancy.

## What We Do and Why

The ILSC works towards our **long-term vision** for Indigenous people to enjoy the rightful entitlements, opportunities and benefits that the return of country and its management brings.

We believe this will be achieved when Indigenous people are growing the size, value and productivity of their country; when they are sustainably managing their country including protecting and preserving culture; and when they drive and influence policy and opportunities for their country.

Achieving this will require us to unlock the Indigenous Estate. The 'Indigenous Estate' refers to the tangible and intangible aspects of Indigenous Australia collectively held by Indigenous Australians.

Physically, this refers to land under the care and control of Indigenous Australians, alongside the fresh and saltwater country over which there are recognised Indigenous interests. Less tangibly, it refers to the cultural assets, cultural knowledge and intellectual property collectively held by Indigenous Australians and associated with their country.

The ILSC is proud of the role it plays in unlocking the Indigenous Estate and the opportunities and benefits it can bring. We contribute to this by:

- > Acquiring and returning land and water-related rights and assets to Indigenous people
- > Supporting Indigenous people to preserve and protect cultural and environmental sites and traditional knowledge through reconnection with country
- > Building the capacity and capability of Indigenous people to sustainably manage and protect country.

Established to redress the dispossession of Indigenous Australians through colonisation we provide for the contemporary and future land needs of Indigenous Australians, particularly those unlikely to benefit from Native Title or Land Rights. From cities, to regional and remote areas, to the coast, we work in partnership with Indigenous Australians across vastly diverse landscapes and demographics with our activities, (see ILSC by the Numbers on pages VI and VII) providing greater opportunities for a more prosperous and culturally-centred future for Indigenous Australians.

## Achieving the ILSC's Purpose

The ILSC's purpose, as defined in section 191B of the amended *Aboriginal and Torres Strait Islander Act 2005* (ATSI Act), is to assist Aboriginal persons and Torres Strait Islanders:

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

Aligned with our purpose under the ATSI Act, we have identified a series of medium to long-term outcomes (or changes) that Indigenous Australians are expected to accrue as a result of involvement in our activities.

We call these outcomes our **four pathways of change**:

- > Indigenous people are maintaining and growing the value and productivity of country
- > Indigenous people are owning and managing country sustainably
- > Indigenous people are influencing policy and opportunity for country
- > Indigenous people are strengthening culture through reconnection to country.

In addition to reporting against our Deliverables and Key Performance Indicators (KPIs) the 2019-20 Performance Statement (page 11) is furnished with six case studies showcasing the range of changes (outcomes) Indigenous people have experienced as a result of involvement in ILSC projects and activities. This reflects our ongoing work to transition our approach from *activities* to *outcomes* reporting.

## ILSC Funding

The ILSC is funded by the Aboriginal and Torres Strait Islander Land and Sea Future Fund (ATSILSFF). The ILSC received \$54.1 million in 2019-20, equivalent to the legislated annual allocation of \$45 million (in 2010 values). A full account of ILSC finances is provided in Part Seven.

### Legislative, governance and strategic context

The ILSC is a corporate Commonwealth entity under the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) which first commenced as the Indigenous Land Corporation (ILC) on 1 June 1995.

It was established by the *Aboriginal and Torres Strait Islander Act 2005* (ATSI Act) in response to the Mabo judgement (1992) and as such complements the *Native Title Act 1993* in the recognition of common law native title rights to land.

In 2019, the ILC became the Indigenous Land and Sea Corporation (ILSC) with the *Aboriginal and Torres Strait Islander Amendment (Indigenous Land Corporation) Act 2018* extending the corporation's remit to include water-based interests (salt and fresh).

The ILSC's primary decision-making body is its seven-member Board appointed by the Minister for Indigenous Australians. The Board is responsible for the proper and efficient performance (see Part Five, Governance) and setting the strategic direction (see the ILSC's full strategic framework on page VIII and IX).

## ILSC Plans and Strategies

ILSC operations are underpinned by several plans and strategies.

### National Indigenous Land and Sea Strategy (NILSS)

A requirement under the ATSI Act and the ILSC's key policy document, the NILSS sets out how the ILSC will perform its acquisition and management functions over the next three to five years, in order to meet the ILSC's statutory obligation to provide benefits for Indigenous Australians. NILSS identifies five focus areas – Conservation and Healthy Country; Urban Investment; Agribusiness; Tourism; and Niche Indigenous Products.

### Regional Indigenous Land and Sea Strategies (RILSS)

Based on stakeholder consultation, these four regional strategies – for northern, desert, south-west and south-east Australia – highlight regional opportunities aligned with the five focus areas outlined in the NILSS.

### Corporate Plan

An annual publication under the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) providing more detail on implementing the general directions contained in the NILSS.

The documents can be read at [www.ilsc.gov.au](http://www.ilsc.gov.au)

## ILSC Programs

ILSC operations are delivered via three main mechanisms.

### Our Country Our Future funding program

The ILSC's principal funding program, *Our Country Our Future*, enables the development and delivery of new land and water acquisition and management projects with Indigenous groups. Indigenous groups bring forward and work up project ideas collaboratively with the ILSC, benefiting from the ILSC's expertise, investment and ability to attract project partners across the government, non-government and private sectors.

Prospective projects are subject to due diligence and assessed on their merits (namely value for money, sustainability and expected Indigenous benefits), relative to other projects in assessment and in the context of resources available in the ILSC.

The program is delivered from the ILSC's three divisional offices: Western (Perth), Central (Adelaide) and Eastern (Brisbane).

### ILSC Agribusiness Investment

The ILSC's Agribusiness Investment program continued to provide flexible and customised support and 'patient capital' to develop and grow new and existing Indigenous agribusinesses. With a program model and mechanism well harmonised to the *Our Country Our Future* program, the Agribusiness Investment program offers a range of investment packages such as equity investments, partnership arrangements and joint ventures as well as loans and repayable grants tailored to both the commercial aspirations of Indigenous agribusiness operators and the growing appetite of the private sector to partner with Indigenous groups.

### Bushfire Emergency Response Grants program

In response to the devastating bushfire season of 2019–20, the ILSC established its Bushfire Emergency Response Grants (BERG) in January. Recognising the bushfire disaster as a national crisis, the ILSC adopted an unprecedented level of flexibility for the administration of BERG.

BERG facilitated rapid response grants of up to \$20,000 to eligible Indigenous corporations whose property was immediately affected by the bushfire event, and Indigenous land management organisations playing an active role (volunteer or paid) in the immediate recovery efforts. The ILSC developed a streamlined, easy-to-use application process for eligible organisations and proactively undertook welfare checks on properties known to have been affected.

In the period to 30 June, 56 enquiries about available assistance were received, resulting in the submission of 12 applications for assistance. Of these applications, six were approved with an average application to approval time of less than three days. The ILSC made grants totalling \$109,693 under the BERG program.

The ILSC also administered its ongoing Urgent Health and Safety funding stream, where grants are offered to remedy situations posing immediate risk to human or animal safety on Indigenous-held land. In 2019–20 the ILSC supported nine projects via this funding including a \$28,000 BERG application referred to the program because it exceeded the threshold under the BERG arrangements.

### Subsidiaries

The ILSC's subsidiaries are specifically structured and geared to generate outcomes through operating commercially in industry sectors in which Indigenous peoples hold a competitive advantage:

#### Voyages Indigenous Tourism Australia Pty Ltd

Voyages owns and manages Ayers Rock Resort in the Northern Territory (NT) on behalf of the ILSC, and manages two other tourism enterprises developed by the ILSC including the Mossman Gorge Centre in far north Queensland and up until 30 June 2020, Home Valley Station in the east Kimberley region of Western Australia.

#### National Centre of Indigenous Excellence (NCIE) Ltd

Manages the ILSC-developed social enterprise of the same name in Redfern, Sydney, New South Wales (NSW).

#### Primary Partners Pty Ltd (formerly Australian Indigenous Agribusiness Company Pty Ltd)

Employs labour on ILSC-operated agribusinesses, and oversees nine agribusinesses operations (at 30 June 2020), mainly in the northern Australian beef industry.

#### Yamanah Investments Pty Ltd

Established January 2020 as a pilot program seeking to identify and accelerate ILSC partnership opportunities in the Murray-Darling Basin region of NSW.

See page 62 for a full account of 2019–20 subsidiary activities as well as within individual sections.

### Funded land management programs

The ILSC is involved in a variety of land management projects via funding from government programs which leverage our specific skills, scope and scale.

#### Real Jobs Program, NT

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

#### Savanna Fire Management Program, NT

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



Pictured: Mustering at Roebuck Plains Station on Yawuru country, near Broome, WA.

#### North West Indigenous Pastoral Program (NWIPP), SA

The ILSC delivers the North West Indigenous Pastoral Program (NWIPP) in partnership with six Indigenous-owned pastoral stations and the Department of Primary Industries and Regions in far north-west of SA. Over three years the program will support Indigenous landholders to improve productivity of pastoral land, bring undeveloped pastoral land into production and create employment opportunities in the agricultural, mining or civil construction industries in the region.

#### Reef Trust Project, Qld

In 2017, the ILSC commenced a gully remediation project on ILSC's Crocodile-Welcome Station in northern Queensland. The project was awarded \$2 million by the Australian Government Reef Trust and is co-funded through the ILSC's *Our Country Our Future* and Agribusiness Investment programs. The project is actively working on erosion prone gully sites where soils can erode into the Normanby catchment, harming the Great Barrier Reef. Recent activities include gully shaping and stabilisation, exclusion of cattle from riparian areas, and monitoring of sites that will be addressed in future years. During 2019-20, the project employed six Indigenous crew members to undertake on-ground activities.

#### Murray-Darling Basin Aboriginal Water Entitlement Program, Regional

Throughout 2019-20, the ILSC has continued to work with the Australian Government and other interests (including Indigenous peak groups) to formalise the role of the ILSC in the management and delivery of a Murray-Darling Basin Aboriginal Water Entitlement Program, announced by the then Minister for Agriculture and Water Resources in 2018. As at June 30, no formal agreement for the delivery of the program had been developed.

#### Australian Government COVID-19 Support Package to ILSC and IBA

In response to the impact of COVID-19 on key Indigenous Portfolio Bodies, ILSC and IBA, The Australian Government, through the National Indigenous Australians Agency (NIAA), has provided \$19.8 million in funding support. For the ILSC, the package provides financial relief to help subsidiary businesses, Voyages and NCIE survive the impacts of the pandemic and associated restrictions, better positioning them to make a rapid recovery as restrictions are lifted, and protecting the underlying assets for the future divestment and benefit to Indigenous groups.

Both NCIE and Voyages are significant employers. The funding provides for the retention of employees and assists in meeting fixed operational costs for the duration of the grant period (to October 2020).

The ILSC will report on the outcomes of this grant to NIAA under the terms of its funding agreement.

## Alignment with Australian Government Priorities

The ILSC has committed to perform its functions to support Australian Government priorities in Indigenous Affairs (to the extent allowed by its legislation) including 'closing the gap' between Indigenous and other Australians. Through its acquisition and management activities, the ILSC complements the Indigenous Advancement Strategy managed by the NIAA.

The ILSC had one outcome in the Budget Statement 2019-20 (Prime Minister and Cabinet Portfolio Budget Statements).

**Outcome 1:** Enhanced socio-economic development, maintenance of cultural identity and protection of the environment by Indigenous Australians through the acquisition and management of land, water and water-related rights.

## 2019-20 Focus Areas

As set out in the National Indigenous Land and Sea Strategy 2019-22, in 2019-20 the ILSC Board continued its focus on supporting five key sectors of the economy that present opportunities for Indigenous landholders: Conservation and Healthy Country; Urban Investment; Agribusiness; Tourism; and Niche Indigenous Products.

The following sections provide an overview of new projects relating to each priority focus area, noting that many projects encompass multiple priority areas; for example, the acquisition and grant of Nimmie Caira in south-west NSW encompasses commercial agribusiness and conservation and healthy country (see case study page 58).

### Conservation and Healthy Country

Conservation and Healthy Country relates to cultural and environmental protection and the development of enterprises based on the delivery of ecosystem services. As a focus area, it reflects the requirement of the ATSI Act that the ILSC prioritise the delivery of cultural and social benefits. The ILSC actively leverages the opportunities presented by this sector to facilitate the multiple benefit streams generated through working on country; for example, ranger-type activities which look after land and water, reconnect Indigenous people to country and also provide economic benefits in payment for ecosystem services.

Since 2010, the ILSC has also been supporting Indigenous participation in the carbon economy based on reinstating and promoting traditional Indigenous burning practices. Known as savanna fire abatement, the practice of early dry season burning harnesses traditional ecological knowledge to reduce carbon emissions through the avoidance of uncontrolled late season wildfire. Savanna fire abatement is the principal emissions-reduction methodology available to land managers in northern Australia. These projects result in a flow of additional benefits for land managers, including employment and income for Indigenous communities from carbon credit trade and reconnection with country.

In 2019-20 16 new projects aligned with this focus area.

### Urban Investment

The ILSC continues to prioritise strategic acquisitions in urban locations as well as providing management support to enhance commercial or social uses for existing Indigenous urban assets in regional or urban centres.

This focus serves to bring geographical balance to the ILSC's investments and to acknowledge that most Indigenous Australians live in urban areas. Activities supported under this focus area seek to expand the Indigenous physical and cultural footprint in urban areas, to provide meeting places and to support service provision.

In 2019-20 four of the ILSC's acquisitions and grants were in regional centres: Cairns, Toowoomba, Berri and Bendigo. All were concerned with building viable, sustainable enterprises that also provide opportunity to raise the profile of Indigenous culture in the broader community, increase culturally appropriate services and reinvigorate culture and language.

The ILSC also continued to progress the divestment of two of its most significant urban assets: the National Centre of Indigenous Excellence in Sydney, NSW, and Clontarf Campus in Perth, WA, with a view to increasing their viability and ultimately achieving divestment of these properties to an Indigenous body. Due to the impacts of COVID-19 on economic activity, these divestments are likely to be delayed until viability can be assured.

### **Agribusiness**

Following the January 2019 launch of its Agribusiness Investment program, the ILSC has strengthened its focus on being an equity partner and facilitating commercial arrangements, such as joint ventures, across agribusiness sectors including horticulture, aquaculture and fisheries in locations throughout Australia.

In 2019–20, in addition to the ILSC Group's own agribusiness operations under the management of Primary Partners Pty Ltd (see page 69), 13 projects involved support to Indigenous groups engaging in areas of agribusiness including horticulture, fisheries, aquaculture and meatworks.

Four of these projects relate to aquaculture or the fishing industry, reflecting the ILSC's expanded remit into water interests. For example, the acquisition and grant of a fishing quota for Southern Blue Fin Tuna in SA through a joint venture enables Indigenous participation in this industry (see case study page 52).

Another agribusiness project is focused on the development of a long-term strategy to establish a commercial fishing enterprise which will allow Traditional Owners to re-engage in fishing traditional waters around Yorke Peninsula, SA with the intention of developing capability, capacity and to secure long-term sustainability for future generations.

### **Tourism**

The tourism sector has been severely impacted by the COVID-19 pandemic and the resultant restrictions on movement and gathering. In addition to working with its own subsidiaries to minimise losses, support business continuity and expedite recovery, the ILSC maintains an

active watch on the support needs of Indigenous tourism operators to ensure the resilience and recovery of these enterprises and to prevent the stranding of assets as a result of the pandemic.

The ILSC Group has continued to engage directly in the tourism sector through its existing operations at Ayers Rock Resort, Mossman Gorge and Home Valley Station, and through investing in other tourism enterprises across the Indigenous Estate.

In 2019–20 three of the ILSC's acquisition and grant projects incorporated elements relating to cultural tourism along with other activities, including the development of a hub for cultural tourism products and services (St Georges Terrace, Bachsten Bush Camp), and ecotourism (Nimmie Caira). As has been the case in previous years, many land management and culturally focused enterprises seek to develop small scale tourism product offerings to diversify income streams and underpin the viability of their land holdings.

### **Niche Indigenous Products**

The ILSC continues to work with partners to develop products and industries based on Australian flora and fauna which build on traditional cultural and ecological knowledge and connections to country. The niche Indigenous product industry leverages growing consumer understanding and interest in the value and properties of these products and continues to present a growth opportunity for the Indigenous Estate.

In 2019–20 six new projects aligned with this focus area.

Several of these projects aim to further develop capacity and capability of participants and supply chains through collaboration and learning through networks. Project activities included attendance and hosting of conferences, overseas delegations, and piloting an Indigenous food provenance and traceability platform.

An example of a multi-staged project is the Tidal Moon initiative in Western Australia which is piloting the harvesting and processing of beche de mer (sea cucumber), but is ultimately seeking to create an Indigenous seafood industry supply chain throughout the Australasian markets (see case study page 69).



## *Part Two:* **ILSC Group Performance**



*Pictured: Mossman Gorge in  
far North Queensland.  
Photo Credit: Voyages Indigenous  
Tourism Australia Pty Ltd.*



Pictured: Australian Pelican at Pollen Creek, Gayini, NSW.  
Photo Credit: Annette Ruzicka & The Nature Conservancy.

I, Edward Fry, as Chairperson of the Board of the Indigenous Land and Sea Corporation (ILSC) (the Accountable Authority) present the 2019–20 Annual Performance Statement for the ILSC as required under paragraph 39(1)(a) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

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

**Edward Fry**  
Chairperson  
23 September 2020

A handwritten signature in black ink that reads "Edward Fry". The signature is written in a cursive, flowing style.



## ILSC Group Performance in 2019–20

Welcome to the ILSC's Performance Statement for 2019–20.

The ILSC's purpose, as defined in section 191B of the amended *Aboriginal and Torres Strait Islander Act 2005*, is:

- > to assist Aboriginal persons and Torres Strait Islanders to acquire land and water-related rights;
- > to assist Aboriginal persons and Torres Strait Islanders to manage Indigenous-held land and Indigenous waters;

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

We call the economic, environmental, social and cultural returns derived from Indigenous ownership and management of land and water the four streams of Indigenous benefit.

The 2019–20 Portfolio Budget Statements (PBS) committed the ILSC Group to achieving targets against three Deliverables and six Key Performance Indicators (KPIs). Collectively these contribute to the ILSC's primary outcome of enhanced socio-economic development, maintenance of cultural identity and protection of the environment by Indigenous Australians through the acquisition and management of land, water and water-related interests.

This performance statement provides summaries of 2019–20 performance (Table 1 and 2) along with additional detail against each deliverable and KPI (page 18–23).

## ILSC Performance Framework review

As set out in our Corporate Plan 2019–20, the review and maturation of our performance framework has been a focus over the past year. We have worked to embed a greater emphasis on *outcome* measurement over *output* and *activity* measures across our processes and programs. Using the foundation of the ILSC Program Logic (page 15), we have identified four pathways of change which describe the long term outcomes that we expect to see accruing to the Indigenous Estate through our activities:

- > Indigenous people are maintaining and growing the value and productivity of country
- > Indigenous people are owning and managing country sustainably
- > Indigenous people are driving and influencing policy and opportunity for country
- > Indigenous people are strengthening culture through reconnection to country.

In delivering these outcomes, we expect to deliver against our purposes and achieve our vision of Indigenous people enjoying the rightful entitlements, opportunities and benefits that the return of country and its management brings.

The ILSC's Deliverables and KPIs (as per the Portfolio Budget Statements) are aligned to its Program Logic and may be seen as lead indicators along these pathways of change.

The 2019–20 performance statement is supported by six case studies (Part Three) mapped to these pathways of change to showcase the range of outcomes Indigenous people have experienced as a result of involvement in ILSC projects and activities.

## ILSC Program Logic

<b>GLOBAL OUTCOMES</b> What the ILSC is contributing towards	The physical condition and resilience of the Indigenous Estate is improved	Enduring Indigenous prosperity and wellbeing from the Indigenous Estate	A strong and influential Indigenous Estate recognised for its value to Indigenous wellbeing and the nation's prosperity	
<b>VISION</b> What the ILSC is ultimately seeking to achieve	Indigenous people enjoy the rightful entitlements, opportunities and benefits that the return of country and its management brings			
<b>PATHWAYS OF CHANGE</b> Medium to long-term outcomes expected from ILSC activities	Indigenous people are growing the value and productivity of country	Indigenous people are owning and managing country sustainably	Indigenous people are driving and influencing policy and opportunity for country	Indigenous people are preserving and protecting culture through reconnection with country
<b>ILSC PBS MEASURES</b>	<b>Deliverable 1, 2; KPI 1b, 3</b>	<b>Deliverable 1, 2; KPI 4</b>	<b>KPI 6</b>	<b>KPI 4</b>
<b>ACTIVITIES EXTERNAL OUTPUTS</b> Key services provided by the ILSC	<b>Invest in projects</b> Funding associated with acquiring, divesting, managing and/or developing land/water interests, and/or foundation projects (e.g. infrastructure, plant and equipment, feasibility assessments, planning)	<b>Provide advice and capability support</b> Support Indigenous landholders with access to information, training, knowledge and systems to support sustainable land management and benefits.	<b>Connect Indigenous landowners</b> With markets, opportunities, partnerships (facilitate, advocate, negotiate)	
<b>ILSC PBS MEASURES</b>	<b>Deliverable 3</b>	<b>KPI 2b</b>	<b>KPI 5</b>	
<b>ACTIVITIES INTERNAL OUTPUTS</b> Internal capability improvement strategies	Strategies and tactics that maximise return on mandate; improve client and sector relationships; and improve business alignment with the Board's strategic intent			
<b>FOUNDATIONAL OUTCOMES</b> Resources the ILSC already has to deliver its services	Sustainable, compensatory funding stream	ATSI Act (mandate) and PGPA Act (governance and performance)	ILSC organisation resources – premises, equipment, staff, support systems, expertise	Social and human capital – staff, stakeholders, partnerships, relationships

## Data Sources

To report performance against its Deliverables and KPIs, information is collated on all active projects related to the acquisition and/or management of land and water-related rights and interests, as well as relevant internal achievements generated across the ILSC Group during 2019-20.

The ILSC draws on the following sources of information:

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

Progress reports provided by recipients of ILSC funding are assured by the corporations providing the report. While these reports are verified through discussions with ILSC staff and in some instances field visits and documentary evidence, the ILSC does not require that certified evidence of reported outcomes is provided by its partners.

## Overall ILSC Performance

We are very proud of our achievements in 2019-20 which built on the successful achievement of our acquisition and divestment targets in 2018-19.

In partnership with Indigenous corporations, we built on the growth outlook pursued by the Board to again meet and exceed our key acquisition and grant targets. The result is an expansion to the Indigenous Estate of more than 84,000 hectares - country that has been returned to Indigenous control through the granting of eight interests in land and waters.

During 2019-20, the ILSC also exceeded its expected performance for the number of projects actively supported and the number of employment and training opportunities afforded to Indigenous people through our operations, and the efforts of our funded partners. The ILSC supported the creation, income growth or expansion of 147 Indigenous enterprises, significantly exceeding our target of supporting 60 enterprises.

The ILSC is proud of the outcomes generated through its partnerships with Indigenous corporations in what have been difficult times. The COVID-19 pandemic and its impact on businesses, small and large, cannot be underestimated. While the achievement of employment and training outcomes, as well as that of growing Indigenous enterprises is cause for celebration this year, the ILSC recognises the prolonged COVID-19 impacts on the Australian economy will present significant challenges in sustaining these current achievements. The ILSC will be reviewing its performance targets for 2020-21, balancing a continued commitment to a growth agenda with the realities of operating in an environment impacted by COVID-19.

Overall, as detailed below, the ILSC has met (or exceeded) all of its Deliverables and met (or exceeded) five out of eight KPIs for 2019-20. This achievement is consistent with results from 2018-19.

More specific information is provided against each deliverable and KPI in the following sections.

**Table 1 ILSC performance against deliverables 2019-20**

Performance measure	Definition	2019-20 targets	2019-20 achieved	Status
<b>Deliverable 1</b>	Interests in land and water/waters acquired	5	9	<b>Exceeded</b> Ref page 18
<b>Deliverable 2</b>	Interests in land and water/waters granted	8	8	<b>Met</b> Ref page 20
<b>Deliverable 3</b>	Number of active acquisition and management projects <sup>1</sup>	110	208	<b>Exceeded</b> Ref page 22

**Table 2 ILSC performance against key performance indicators 2019-20**

Performance measure	Definition	2019-20 targets	2019-20 achieved	Status
<b>KPI 1a Indigenous employment - direct</b>	Number of Indigenous staff directly employed across the ILSC Group	550	695	<b>Exceeded</b> Ref page 33
<b>KPI 1b Indigenous employment - enabled</b>	Number of Indigenous employees enabled <sup>3</sup> by acquisition and management projects active in the financial year (Deliverable 3)	550	425	<b>Not Met</b> Ref page 34
<b>KPI 2a Indigenous Training</b>	Total number of Indigenous trainees hosted/ employed across the ILSC Group	140	188	<b>Exceeded</b> Ref page 36
<b>KPI 2b Indigenous Training</b>	Number of Indigenous training completions enabled by land acquisition and land management projects active in the financial year (Deliverable 3)	1100	1167	<b>Exceeded</b> Ref page 36
<b>KPI 3 Indigenous business development</b>	Number of Indigenous enterprises assisted by active ILSC Group projects (Deliverable 3)	66	147	<b>Exceeded</b> Ref page 37
<b>KPI 4 Protection of Indigenous culture, heritage and the environment</b>	Proportion of active ILSC Group projects (Deliverable 3) that maintained or protected Indigenous culture, heritage and/or the environment	50%	28%	<b>Not met</b> Ref page 38
<b>KPI 5 Collaboration</b>	Proportion of active ILSC Group projects (Deliverable 3) that involved contributions from third parties (beyond immediate beneficiary group)	60%	38%	<b>Not met</b> Ref page 39
<b>KPI 6</b>	ILSC Group contribution to the Indigenous Estate	Qualitative measure		Ref page 40

<sup>1</sup> **Active** is defined as:

- > Management projects that have been in implementation at any stage during the financial year; or
- > Acquisition projects that have been:
  - in implementation at any stage during the financial year; or
  - within three years of the acquisition date; or
  - granted during the financial year; or
  - expected to be granted within 12 months of the financial year.

<sup>2</sup> **Direct** > ILSC directly engages (employment) or hosts (training) Indigenous people

<sup>3</sup> **Enabled** > training and employment opportunities that are created through proponent delivered projects, funded by the ILSC.

## Deliverable 1 - Interests in Land and Water/Waters Acquired

Deliverable 1 reports achievement towards the ILSC's core land and water acquisition functions and is a progress indicator across the following ILSC pathways of change:

- > Indigenous people are maintaining and growing the value and productivity of country
- > Indigenous people are owning and managing country sustainably.

### Results

**Table 3 Performance against Deliverable 1 Interests in land and water/waters acquired**

Performance measure	Definition	2019-20 targets	2019-20 achieved
<b>Deliverable 1</b>	Interests in land and water/waters acquired	5	9

### Analysis

The target for Deliverable 1 was significantly exceeded in 2019-20 (Table 3), reflecting the current Board's renewed focus on strategic acquisitions in partnership with Indigenous groups; internal process improvements; and the improved financial position of the ILSC.

Of the nine interests acquired, one is water-based, being the acquisition of Southern Bluefin Tuna quota off Port Lincoln, SA. The remaining eight land-based interests represent just over 84,300 hectares of land returned to the Indigenous Estate.



Pictured: Murrayfield Station on Bruny Island in Tasmania.

Table 4 provides an overview of each acquisition completed during 2019-20.

**Table 4 Interests in land and water acquired in 2019-20**

Property name	Location	Size (Ha)	Date acquired	Acquired and granted to:
<b>Lot 555 Derby Highway</b>	Via Derby, WA	89.56	26.09.2019	Establish a commercial cherabin (freshwater prawn) farm, as well as a variety of agribusiness enterprises.
<b>Nimmie Caira</b>	Via Mildura, NSW	84314.21	19.12.2019	Enable access and protection of property's significant natural and cultural heritage values and to develop economic opportunities for the local community, including grazing, dryland and irrigated cropping, ecotourism and carbon sequestration (see case study page 58).
<b>RMMAC Head Office</b>	Berri, SA	0.036	06.01.2020	Provide a central office and meeting space for corporation members, as well as generating rental income from unused office spaces.
<b>Garden Range Rock Art Sites</b>	Euroa, Vic	20.57	03.03.2020	Enable access and protection of 22,000-year-old rock art sites. Ownership will assist the Traditional Owner group to manage and protect these significant cultural assets, strengthening connection to their traditional lands and providing a focal point for revitalising cultural identity.
<b>Bachsten Bush Camp</b>	Via Derby, WA	5.9	09.03.2020	Increase engagement of corporation members in cultural tourism and environmental land management opportunities on their traditional lands. The property will also serve as a dry season ranger base to enable Traditional Owners to more effectively manage the Wilinggin IPA.
<b>TSIRC Cairns Business, Logistics and Training Facility</b>	Cairns, Qld	0.77	20.05.2020	Use the two adjacent parcels in Cairns industrial zone as a business, logistics and training hub. The hub will expand the service scope and revenue of the Regional Council; enable additional Indigenous employment and training outcomes; and support Council in delivering social and cultural activities.
<b>St Georges Terrace</b>	Via Toowoomba, Qld	0.25	22.05.2020	Establish a 'Harmony Centre' in St George, Qld to create a cultural tourism hub. Additional focus on reinvigorating the endangered language.
<b>Wanna Mar Southern Bluefin Tuna Quota</b>	Via Port Lincoln, SA	00.0	29.05.2020	Enable a joint commercial fishing venture and Indigenous participation in the local tuna industry (see case study page 52). Quota: 25 tonnes.
<b>BDAC Early Learning Centre</b>	Bendigo, Vic	0.86	09.06.2020	Construct an Early Years Centre in Bendigo to deliver education and social services to the region's Indigenous children, extending the suite of culturally based family services already delivered by this organisation.

## Deliverable 2 - Interests in Land and Water/Waters Granted

Deliverable 2 reports achievements towards the ILSC's core land and water divestment functions and is an outcome indicator across the following ILSC pathways of change:

- > Indigenous people are maintaining and growing the value and productivity of country
- > Indigenous people are owning and managing country sustainably.

### Results

**Table 5 Deliverable 2 Interests in land and water/waters granted**

Performance measure	Definition	2019-20 targets	2019-20 achieved
<b>Deliverable 2</b>	Interests in land and water/waters granted	8	8

### Analysis

The ILSC has a statutory obligation to divest or grant all acquired land and/or water interests to Indigenous corporations. The ILSC's current strategies and processes support the immediate granting of land or water-based assets to Indigenous groups at the time of acquisition. This approach recognises that ownership provides greater opportunities to generate more significant long-term benefits, including the development of an economic base, provision of training and jobs, managing and protecting culturally and/or environmentally significant country, or securing/expanding the delivery of culturally safe services.

The target to grant eight land or water-based interests for Deliverable 2 was met this year (Table 5), with all grants being of interests simultaneously acquired and granted. Seven land-based and one water-based interest valued collectively at \$15,098,000<sup>4</sup> were granted to Indigenous corporations. These interests encompass some 84,225 hectares of land and the previously noted tuna quota in SA. This significant accomplishment recognises the growing capability of Indigenous corporations to beneficially hold and utilise assets and to identify capability partners where these are required. Table 6 provides more information on each of the interests granted.

**Table 6 Interests in land and water granted in 2019-20<sup>5</sup>**

Property name	Location	Size (Ha)	Date acquired	Title-holding body
<b>Nimmie Caira</b>	Via Mildura, NSW	84314.21	19.12.2019	Nari Nari Tribal Council
<b>RMMAC Head Office</b>	Berri, SA	0.036	06.01.2020	River Murray and Mallee Aboriginal Corporation
<b>Garden Range Rock Art Sites</b>	Euroa, Vic	20.57	03.03.2020	Taungurung Lands & Waters Council (Aboriginal Corporation)
<b>Bachsten Bush Camp</b>	Via Derby, WA	5.9	09.03.2020	Wilinggin Aboriginal Corporation
<b>TSIRC Cairns Business, Logistics and Training Facility</b>	Cairns, Qld	0.77	20.05.2020	Torres Strait Island Regional Council
<b>St Georges Terrace</b>	Via Toowoomba, Qld	0.25	22.05.2020	South West Indigenous Corporation
<b>Wanna Mar Southern Bluefin Tuna Quota</b>	Via Port Lincoln, SA	0.0000	29.05.2020	Wanna Mar Holdings Ltd
<b>BDAC Early Learning Centre</b>	Bendigo, Vic	0.86	09.06.2020	Bendigo and Districts Aboriginal Co-operative

<sup>4</sup> Value of interests at the time of granting by the ILSC, relates to Section 7E in Financial Statements (Finances section, page 145) documenting the contribution of the ILSC to the purchase of these properties.

<sup>5</sup> All interests simultaneously acquired and granted.

### Additional grants of interests in land and water approved in 2019-20

The ILSC aims to minimise the time between acquisition and grant but maintains high expectations of ownership and requirements for the generation of long-term benefits. Owning and managing land and water interests can be complex and some prospective titleholders may require additional assistance through an initial leasehold phase to enable them to demonstrate their capability and expertise, while building practical experience to maximise the chance of success.

The ILSC develops a plan in partnership with prospective titleholders that sets out a clear pathway to grant that is actively monitored for compliance before the grant is finalised. In total, nine projects are currently well progressed along this divestment pathway. Three of these (Table 7) have been approved for grant during 2019-20 by the ILSC Board or have been carried over from previous years and are currently awaiting transfer.

While not standard operational practice, the ILSC has delayed the formal grant of two interests as a result of changing circumstances for the prospective title holders that impact on the ability of the group to beneficially and sustainably hold the interest in the immediate term. The ILSC continues to work towards divestment of these interests. Table 7 provides more information on each of the interests which have been approved for grant during 2019-20 but not yet granted, or where past approvals have been carried over.

**Table 7 Properties approved for grant and awaiting transfer**

Property name	Location	Size (Ha)	Board approval date	Prospective Title-holding Body
<b>Old Pooncarie</b>	Pooncarie, NSW	249.3	August 2019	Barkandji Native Title Group Aboriginal Corporation
<b>Jinchilla Gardens</b>	Via Dubbo, NSW	12.14	October 2018 (delayed - carried over into 2020-21)	Tubba Gah (Maing) Wiradjuri Aboriginal Corporation
<b>88 Renwick St</b>	Redfern, NSW	0.018	October 2015 (delayed - carried into 2020-21)	Aboriginal Dance Theatre Redfern

The ILSC retains ownership of properties for a longer period in circumstances where a suitable land-holding entity is yet to be identified; where the prospective land-holding group is building its capacity; or where the land itself (quality or scale) is unable to immediately meet its operational costs or support sustainable activities. Where possible, the ILSC collaborates with prospective land-holding corporations to work up strategies for viability prior to divestment approval.



Pictured: Gunbalanya Station in West Arnhem Land, NT, during the wet season. Photo Credit: Pam Daniell.

## Deliverable 3 - Active Projects

Deliverable 3 provides insight into the overall activity across the land and water acquisition and management functions and is used to determine projects in scope for reporting against KPIs 1b, 2b, 3, 4 and 5. Deliverable 3 is an activity indicator across all of the ILSC's pathways of change:

- > Indigenous people are maintaining and growing the value and productivity of country
- > Indigenous people are owning and managing country sustainably
- > Indigenous people are driving and influencing policy and opportunity for country
- > Indigenous people are strengthening culture through reconnection to country.

### Results

**Table 8 Deliverable 3 Number of active acquisition and management projects**

Performance measure	Definition	2019-20 targets	2019-20 achieved
<b>Deliverable 3</b>	Number of active acquisition and management projects <sup>6</sup>	110	208

<sup>6</sup> **Active** is defined as:

- > Management projects that have been in implementation at any stage during the financial year; or
- > Acquisition projects that have been:
  - in implementation at any stage during the financial year; or
  - within three years of the acquisition date; or
  - granted during the financial year; or
  - expected to be granted within 12 months of the financial year.

### Analysis

ILSC projects are typically implemented over at least two financial years, often longer depending on their nature and complexity. Some projects extend over multiple years where there are ongoing administrative and ILSC operational activities, beyond the span of 'on-ground' project activities.

For annual reporting purposes, the ILSC defines 'active' projects as meeting one or more of the following four criteria:

1. Project has been in the 'implementation' stage at any time during the financial year
2. Project relates to a land/water holding or interest acquired within three years
3. Project relates to a land/water holding or interest divested or granted during the financial year
4. There is an expectation that the land/water holding or interest that the project relates to will be divested or granted within 12 months of the financial year.

In 2019-20 the ILSC Group significantly exceeded its target of 110 for Deliverable 3 with 208 active projects, 73 of which were projects approved this year, and 135 were continuing projects approved in previous years (Table 8).

This in part reflects the 'systematised' nature of the KPI definition where approximately 60 active projects are counted as they remained active in the system, although finalised. While this highlights a need for process discipline to ensure all projects are finalised 'in system' as soon as completed, this target would have still been achieved with 148 active projects in total. The ILSC has set this target with an intent of reducing the volume of projects funded over time, reflecting a Board prioritisation of larger quantum of investment in larger scale projects. Overachievement against this target reflects ongoing demand from Indigenous corporations for a sustained volume of smaller value projects, including planning and other foundational projects and reflects the ILSC's strong financial position in 2019-20.

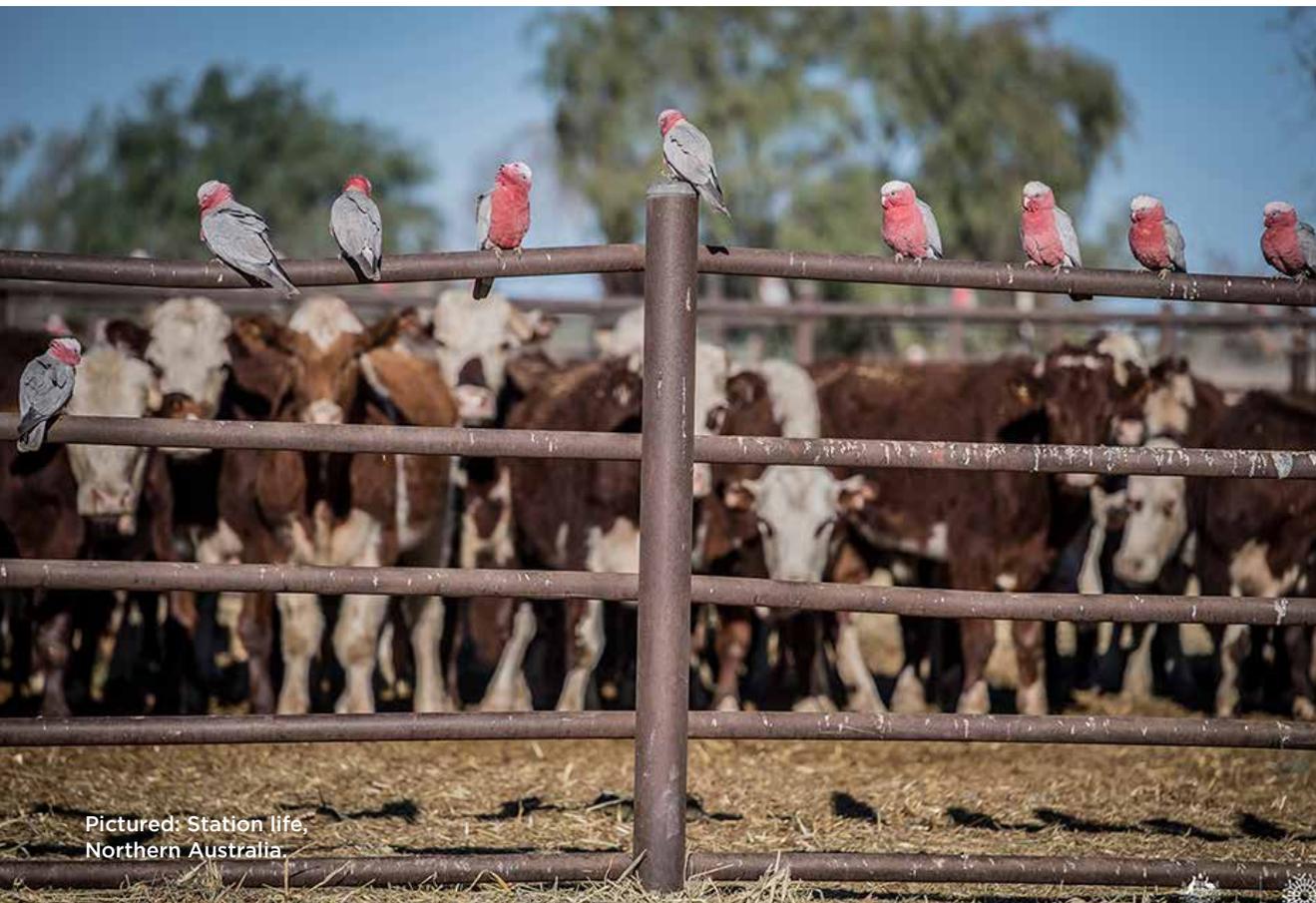
Table 9 provides more detailed information on contributions by the ILSC Core and subsidiaries towards Deliverable 3.

**Table 9 Total active projects for 2019-20**

Type	Number
<i>Our Country Our Future</i> projects	177
Projects managed by Voyages	3
Projects managed by NCIE	1
Projects managed by ILSC Agribusiness	27
<b>Total</b>	<b>208</b>

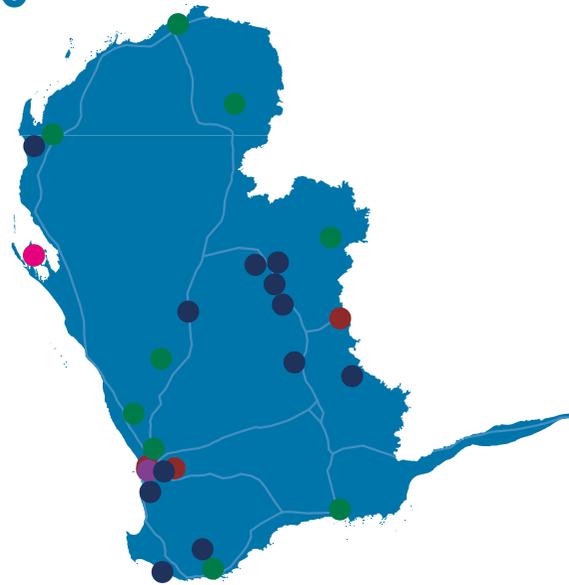
At the end of June 2020, an additional 101 potential projects were being assessed in the *Our Country Our Future* 'pipeline', with a value of just over \$56.7 million. This includes 18 proposals for acquisition at \$22.3 million and 83 management proposals at \$34.4 million.

Table 10 (A-E) set out more detailed information about each of the new land acquisition and land management projects approved for funding in 2019-20, noting those projects with ILSC funding of \$100,000 or more, and/or where funding has been carried over to 2020-21. New acquisition projects are also highlighted, and details of project partners are provided where relevant.



Pictured: Station life, Northern Australia.

## ILSC Group Projects In 2019-20 South-West Australia Region



●	ILSC Held Properties
●	Granted Properties
●	Active Management Projects
●	New Active Management Projects
●	Case Studies

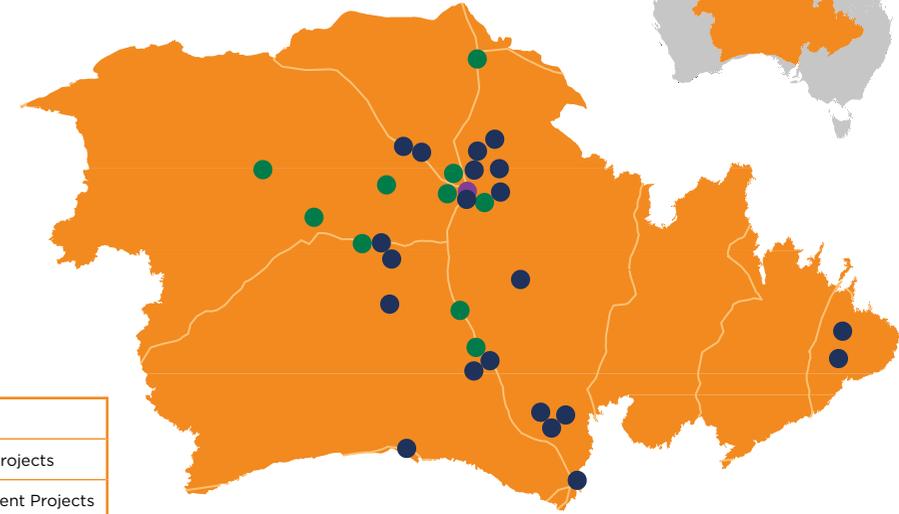
**Table 10A** ILSC-funded acquisition and management projects commencing during 2019-20

Project name, proponent, location and partners	Description
<b>Project Name</b> Innovation Park Horticulture Infrastructure <b>Proponent</b> MEEDAC Incorporated <b>State</b> WA <b>Partner</b> Department of Prime Minister and Cabinet	Installation of new cool room for horticulture enterprise to scale up fresh produce supply chain to commercial market.
<b>Project Name</b> Baiyungu Aboriginal Corporation Business Development <sup>§</sup> <b>Proponent</b> Baiyungu Aboriginal Corporation <b>State</b> WA	Employment grant for working on Cardabia Station.
<b>Project Name</b> Noongar Land Enterprise Group Strategic Alliance <sup>§*</sup> <b>Proponent</b> Noongar Land Enterprise Group Incorporated <b>State</b> WA <b>Partner</b> Department of Primary Industries and Regional Development	Grower group supporting Indigenous landowners based in south-west WA in commercially viable land-based businesses.
<b>Project Name</b> Tidal Moon Beche de Mer Infrastructure <b>Proponent</b> Tidal Moon Pty Ltd <b>State</b> WA <b>Partner</b> Department of Primary Industries and Regional Development	Infrastructure to construct beche-de-mer facility to process wild caught stock for sale in the domestic market.
<b>Project Name</b> Art centre merchandise planning <sup>§</sup> <b>Proponent</b> Aboriginal Art Centre Hub of Western Australia Aboriginal Corporation <b>State</b> WA <b>Partner</b> Department of Primary Industries and Regional Development	Pilot project engaging six Aboriginal-controlled art enterprises in an action research approach to commercialise cultural products.
<b>Project Name</b> Yallalie Downs Pasture Development and Water Infrastructure <b>Proponent</b> Beemurra Aboriginal Corporation <b>State</b> WA <b>Partner</b> Department of Primary Industries and Regional Development	Establish perennial pastures, and the installation of a water treatment and storage system.
<b>Project Name</b> Highland Park Infrastructure Development <sup>§</sup> <b>Proponent</b> Wongutha CAPS Developments Inc <b>State</b> WA <b>Partner</b> Noongar Land Enterprise Group Incorporated; Department of Primary Industries and Regional Development	Infrastructure improvements to either repair or replace ageing infrastructure, which will contribute positively to the group's financial position and enable a more suitable and safer training environment.
<b>Project Name</b> Walitj Mia Mia Farm Urgent Health and Safety <b>Proponent</b> Walitj Aboriginal Corporation <b>State</b> WA	Refurbish dams and fencing to address animal welfare issues.
<b>Project Name</b> Windidda Station Solar Water Points <sup>*</sup> <b>Proponent</b> Windidda Aboriginal Corporation <b>State</b> WA	Re-establish solar water points on pastoral lease station.

<sup>§</sup> ILSC funding of \$100,000 or more  
<sup>#</sup> Land acquisition project

<sup>\*</sup> Funding to be released next financial year.  
<sup>^</sup> Broad scale or non-location based projects

## ILSC Group Projects In 2019-20 Australian Desert Region



●	Granted Properties
●	Active Management Projects
●	New Active Management Projects

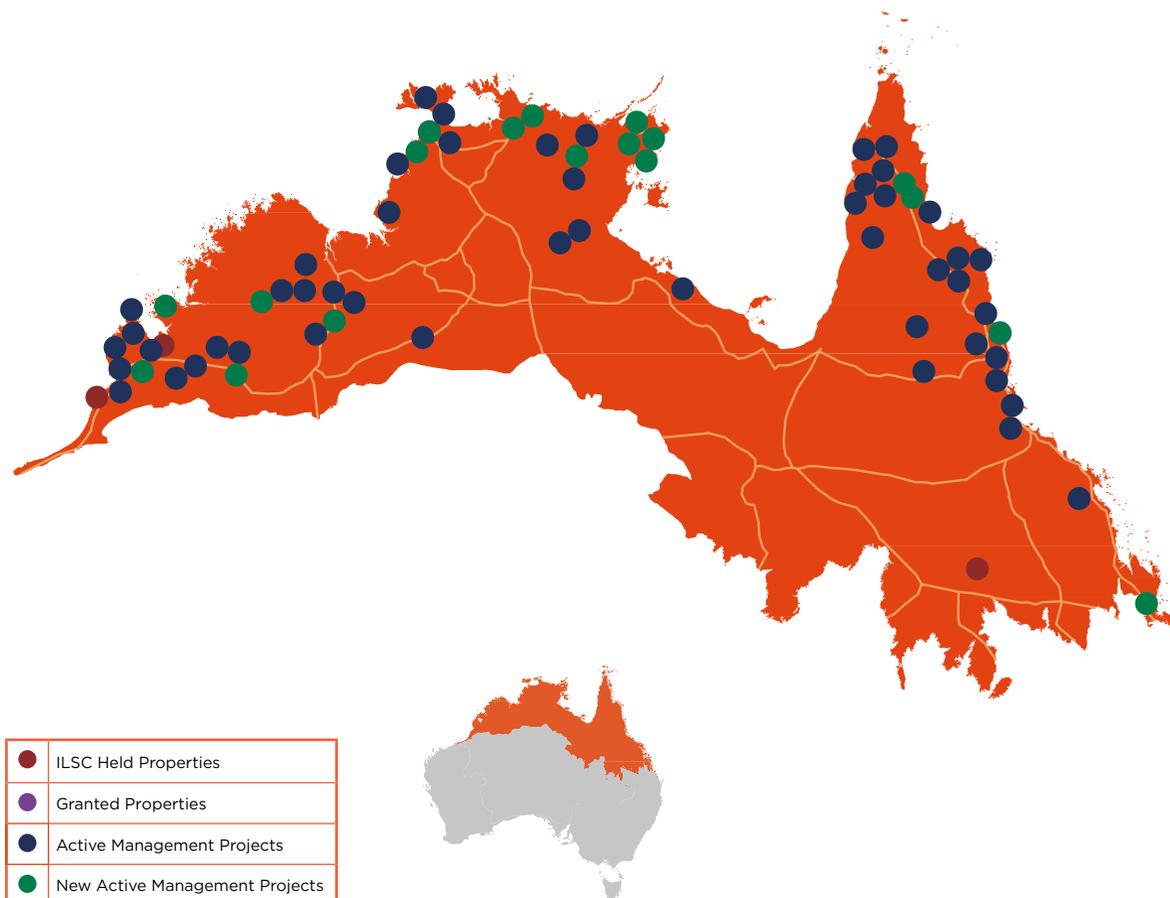
**Table 10B** ILSC-funded acquisition and management projects commencing during 2019-20

Project name, proponent, location and partners	Description
<b>Project Name</b> CAAAPU training farm equipment <sup>§</sup> <b>Proponent</b> Central Australian Aboriginal Alcohol Programmes Unit <b>State</b> NT	Expansion of scope and impact of organic farm established on-site of residential rehabilitation facility, used for wellbeing, work-readiness and training.
<b>Project Name</b> JCAC Karguru Camp Nursery Upgrades <b>Proponent</b> Julalikari Council Aboriginal Corporation <b>State</b> NT	Upgrade facilities at Karguru Camp Nursery, a major base for Indigenous land management, horticulture and training.
<b>Project Name</b> Ikuntji Artists Centre Upgrade <sup>§</sup> <b>Proponent</b> Ikuntji Artists Aboriginal Corporation <b>State</b> NT	Undertake urgent maintenance related to the operations of an Indigenous-owned art centre to enable expansion.
<b>Project Name</b> Infrastructure Office - Santa Teresa <b>Proponent</b> Santa Teresa Enterprises Limited <b>State</b> NT	Construct office for a recently engaged enterprise business manager at Santa Teresa who will develop the existing micro businesses to be self-sustaining to provide income and jobs to members.
<b>Project Name</b> Mt Willoughby Urgent Health and Safety <b>Proponent</b> Tjirilya Aboriginal Corporation <b>State</b> SA	Generator and solar hot water service for Mt Willoughby homestead to address maintenance issues.
<b>Project Name</b> Indigenous Desert Alliance Conference <sup>*</sup> <b>Proponent/Beneficiary</b> ILSC/Indigenous Desert Alliance <b>State</b> NT	Sponsorship for the Indigenous Desert Alliance Conference in 2019.
<b>Project Name</b> Purple House building renovation <sup>§</sup> <b>Proponent</b> Western Desert Nganampa Walytja Palyantjaku Tjutaku Aboriginal Corporation <b>State</b> NT	Plan the repurposing of a property to function as a social enterprise and retail hub for an expanding enterprise.
<b>Project Name</b> Yankunytjatjara Cultural, Community Learning and Innovative Hub Plan <b>Proponent</b> Yankunytjatjara Native Title Aboriginal Corporation <b>State</b> SA <b>Partner</b> South Australian Native Title Services Limited	Plan for the development of a cultural community learning and innovation hub to achieve primarily social benefits, with the capacity to cater for business opportunities as they arise.
<b>Project Name</b> Pilbara Cultural Land Management Project <sup>**</sup> <b>Proponent</b> Yindjibarndi Aboriginal Corporation RNTBC <b>State</b> WA <b>Partner</b> Pilbara Development Commission; Ngarluma and Yindjibarndi Foundation Ltd; The Pew Charitable Trust	Planning for Country; Pilbara Traditional Owner groups coming together to develop a shared strategic approach to the negotiation of land access agreements and realising benefits from Native Title.
<b>Project Name</b> Kiwirrkurra PBC & Ranger Administration Office <sup>§*</sup> <b>Proponent</b> Tjamu Tjamu (Aboriginal Corporation) RNTBC <b>State</b> WA <b>Partner</b> National Indigenous Australians Agency; Ten Deserts Project	Construction of an administration office to support the Kiwirrkurra Prescribed Body Corporate and Indigenous Protected Area Ranger operations.

<sup>§</sup> ILSC funding of \$100,000 or more  
<sup>#</sup> Land acquisition project

<sup>\*</sup> Funding to be released next financial year.  
<sup>^</sup> Broad scale or non-location based projects

## ILSC Group Projects In 2019-20 Northern Region



**Table 10C ILSC-funded acquisition and management projects commencing during 2019-20**

Project name, proponent, location and partners	Description
<b>Project Name</b> Bachsten Bush Camp <sup>#</sup> <b>Proponent</b> Wilinggin Aboriginal Corporation <b>State</b> WA	Develop dry season ranger base and increase participation in cultural tourism and environmental management on country.
<b>Project Name</b> TSIRC Cairns Business, Logistics and Training Facilities <sup>#</sup> <b>Proponent</b> Torres Strait Island Regional Council <b>State</b> Qld	Business, logistics and training hub development.
<b>Project Name</b> Larrakia Rangers Plant and Equipment <b>Proponent</b> Larrakia Nation Aboriginal Corporation <b>State</b> NT	Purchase of plant and equipment to enable participation in tenders for contract work.
<b>Project Name</b> Dreamtime Cultural Centre Planning <b>Proponent</b> Dreamtime Cultural Centre Pty Ltd <b>State</b> Qld	Refurbishment of Dreamtime Cultural Centre.
<b>Project Name</b> Northern Australia Aquaculture Industry <sup>^</sup> <b>Proponent</b> Cooperative Research Centre for Developing Northern Australia <b>State</b> Multi-state <b>Partner</b> James Cook University; CSIRO Sustainable Ecosystems; Australian Barramundi Farmers Association; Australian Prawn Farmers Association; Blueshift Consulting; Torres Strait Regional Authority	Identify challenges and opportunities facing the aquaculture industry in northern Australia and develop an industry vision in consultation with Indigenous stakeholders.

<sup>#</sup> ILSC funding of \$100,000 or more  
<sup>#</sup> Land acquisition project

<sup>\*</sup> Funding to be released next financial year.  
<sup>^</sup> Broad scale or non-location based projects

Project name, proponent, location and partners	Description
<b>Project Name</b> Gunbalanya Business Operations <sup>§</sup> <b>Proponent</b> ILSC <b>State</b> NT <b>Partner</b> Department of Lands, Planning and Environment; Territory Natural Resource Management Incorporated	Business operations for pastoral and meatworks enterprises.
<b>Project Name</b> Savanna Living Biomass Carbon <sup>§^</sup> <b>Proponent</b> Jawoyn Association Aboriginal Corporation <b>State</b> NT	Enabling the expansion of carbon farming on Indigenous-held land via the development of improved fire management methods that maintain carbon sequestration.
<b>Project Name</b> Buku-Larrnggay workshop <sup>§</sup> <b>Proponent</b> Buku-Larrnggay Mulka Incorporated <b>State</b> NT	Upgrade and refurbishment of existing workshop to provide additional employment outcomes and storage for artworks.
<b>Project Name</b> Gibb River Station Urgent Health and Safety <b>Proponent</b> Ngallagunda Aboriginal Corporation <b>State</b> WA <b>Partner</b> Department of Primary Industries and Regional Development	Installation of permanent, solar-powered water infrastructure as a reliable, year-round water source for livestock.
<b>Project Name</b> Cape York Corporation - Planning <b>Proponent</b> Cape York Corporation Pty Ltd <b>State</b> Qld	Investigating the feasibility of a major extension of a current building to allow space for remote Prescribed Bodies Corporate, and a new training facility.
<b>Project Name</b> Natural Capital Accounting Trial <sup>^</sup> <b>Proponent</b> ILSC <b>State</b> NT	Conduct a case study of natural capital accounting as a method of identifying and avoiding ecosystem degradation and supporting more sustainable and profitable land management.
<b>Project Name</b> Kakadu Plum Tokyo Mission <sup>^</sup> <b>Proponent/Beneficiary</b> ILSC/NAAKPA <b>State</b> SA <b>Partner</b> Austrade Tokyo	Support two organisations to participate in a trade delegation to Tokyo, Japan to drive opportunities in the export of Indigenous foods produced from Aboriginal lands.
<b>Project Name</b> Environmental Offset opportunities in Queensland <sup>^</sup> <b>Proponent</b> ILSC <b>State</b> Qld	Investigations into the environmental offset market in Queensland, relating to the potential for offsets for several properties.
<b>Project Name</b> NLC Ranger vehicles <sup>§</sup> <b>Proponent</b> Northern Land Council <b>State</b> NT	Vehicles purchase to enable the environmental and cultural asset protection work undertaken by rangers on country.
<b>Project Name</b> Mimal Land Management <sup>§^</sup> <b>Proponent</b> Mimal Land Management Aboriginal Corporation /ILSC <b>State</b> NT	Commercial harvest of buffalo - a feral species - that will afford Traditional Owners opportunities for direct employment and contribute to outcomes in the Mimal Healthy Country Plan.
<b>Project Name</b> Moomba-Awu AC Business Development Support <b>Proponent</b> ILSC <b>State</b> Qld	Support for building capability and capacity of Traditional Owners, and assessment and optimisation of a business model for property, prior to developing a full divestment plan.
<b>Project Name</b> Dhimurru Rangers IPA Boat and Trailer <b>Proponent</b> Dhimurru Aboriginal Corporation <b>State</b> NT <b>Partner</b> Northern Land Council	Purchase a boat and trailer to enable management of sea country.
<b>Project Name</b> Gunbalanya Meats Business Improvement <sup>§</sup> <b>Proponent</b> ILSC <b>State</b> NT	Upgrading existing infrastructure at Gunbalanya meatworks.
<b>Project Name</b> Backgrounding Cattle out of Cape York <sup>**</sup> <b>Proponent</b> ILSC <b>State</b> Qld	Business planning assistance for the creation of an Indigenous-led partnership focused on backgrounding cattle out of Cape York.
<b>Project Name</b> Gulkula Mining Equipment <sup>§</sup> <b>Proponent</b> Gulkula Mining Company <b>State</b> NT	Supporting the acquisition of equipment enabling GMC to supply rather than subcontract the transport of raw materials from mining on their country. The project generates training and employment outcomes while generating increased income for GMC to reinvest for community benefit.
<b>Project Name</b> Kooljaman Urgent Health and Safety <b>Proponent</b> Bardina Pty Ltd as Trustee for the Kooljaman Resort Unit Trust <b>State</b> WA <b>Partner</b> Tourism Western Australia	Replacement of contaminated water infrastructure needed for ongoing supply of potable water to the Kooljaman Resort.

# ILSC Group Projects In 2019-20

## South-East Australia Region

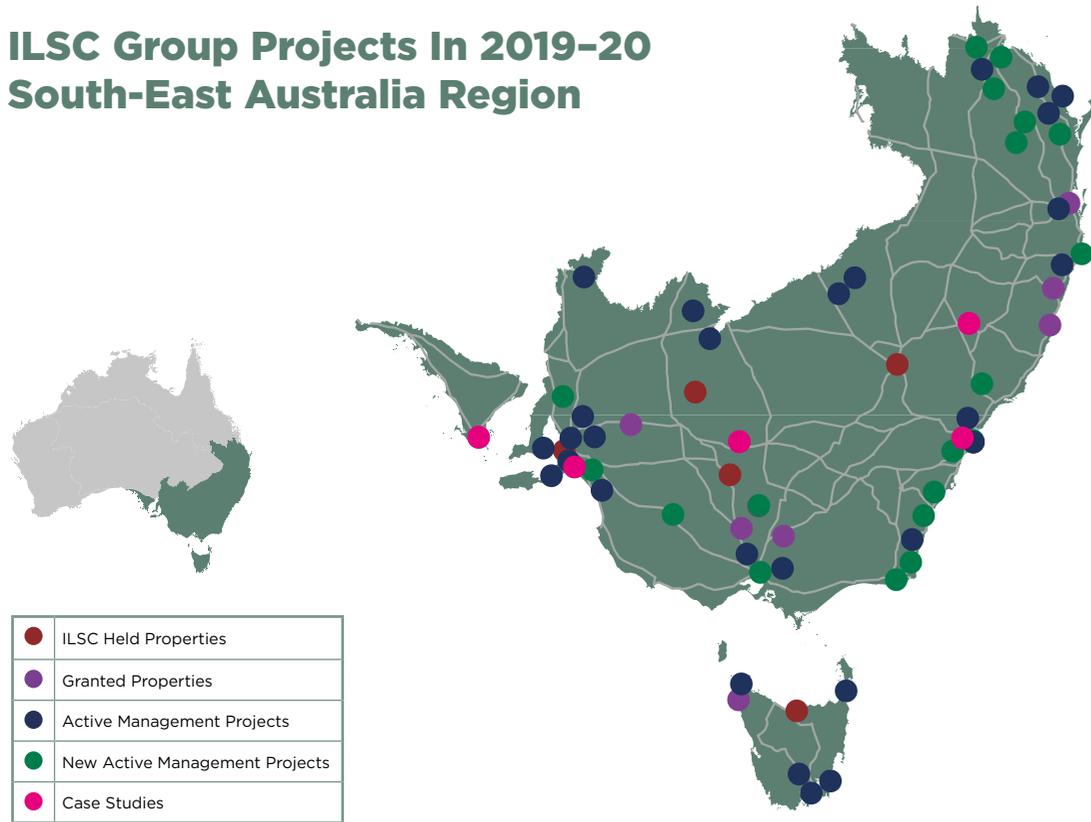


Table 10D ILSC-funded acquisition and management projects commencing during 2019-20

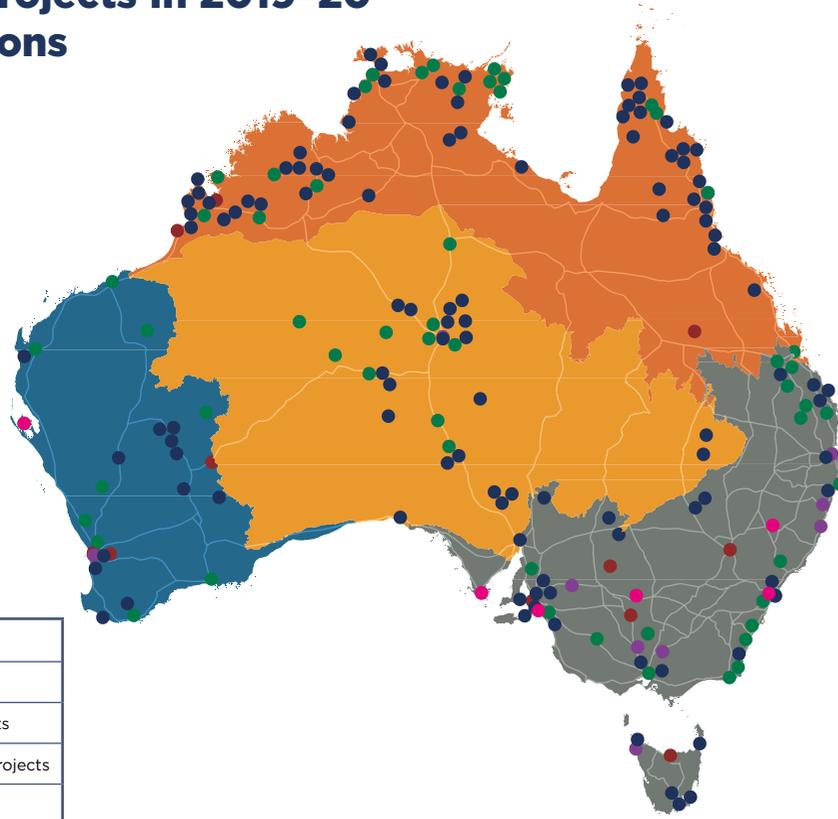
Project name, proponent, location and partners	Description
<b>Project Name</b> RMMAC Head Office Berri <sup>§</sup> <b>Proponent</b> River Murray and Mallee Aboriginal Corporation <b>State</b> SA	Develop central office and meeting space for corporation members and generate additional rental income to support the core functions of a Prescribed Body Corporate.
<b>Project Name</b> Wanna Mar Southern Bluefin Tuna Quota <sup>#§</sup> <b>Proponent</b> Wanna Mar Holdings Ltd <b>State</b> SA	Fishing quota for participation in Southern Bluefin Tuna industry.
<b>Project Name</b> BDAC Early Learning Centre <sup>#§</sup> <b>Proponent</b> Bendigo and Districts Aboriginal Co-operative <b>State</b> Vic	Construction of Early Years Centre for delivery of education and social services.
<b>Project Name</b> Djirra Koori Women's Place Upgrade <b>Proponent</b> Djirra <b>State</b> Vic	Renovation of property to enhance delivery of Koori Women's Place programs.
<b>Project Name</b> Bushfood Symposium <sup>§^</sup> <b>Proponent</b> First Hand Solutions Aboriginal Corporation <b>State</b> NSW <b>Partner</b> University of Technology, Sydney; Lendlease Corporation	Delivery of Bushfood Symposium in Sydney.
<b>Project Name</b> Global Table Conference <sup>^</sup> <b>Proponent</b> ILSC <b>State</b> Vic	Support attendance of Indigenous native food industry representatives at the Global Table Conference and industry networking event.
<b>Project Name</b> Moama Shed <b>Proponent</b> Moama LALC <b>State</b> NSW	Increasing secure storage space for equipment and vehicles at LALC offices to reduce rental costs, security costs and travel time, increasing delivery of land management activities.
<b>Project Name</b> Narungga Commercial Fishing Strategy <sup>^</sup> <b>Proponent</b> Narungga Nation Aboriginal Corporation <b>State</b> SA <b>Partner</b> Department of Primary Industries and Regions South Australia	Development of a commercial fishing strategy.

<sup>§</sup> ILSC funding of \$100,000 or more  
<sup>#</sup> Land acquisition project

<sup>\*</sup> Funding to be released next financial year.  
<sup>^</sup> Broad scale or non-location based projects

Project name, proponent, location and partners	Description
<b>Project Name</b> Mindanao and Tiambu Lease <sup>§</sup> <b>Proponent</b> ILSC <b>State</b> Qld	Five-year lease agreement of Mindanao and Tiambu properties to pastoral company.
<b>Project Name</b> Somerset Lease <b>Proponent</b> ILSC <b>State</b> Qld	Five-year license agreement of Somerset property to pastoral company.
<b>Project Name</b> Warndu Business Planning <b>Proponent</b> Warndu Pty Ltd <b>State</b> SA	Development of business plan setting out expansion plans for existing enterprise selling native food, botanicals, events and catering, and education products.
<b>Project Name</b> Wanna Ma Joint Venture in Southern Bluefin Tuna <sup>§</sup> <b>Proponent</b> Wanna Mar Produce Pty Ltd <b>State</b> SA <b>Partner</b> Stehr Group Pty Ltd	Creation of a joint venture in the Southern Bluefin Tuna industry.
<b>Project Name</b> Jigamy Farm Youth Camp Development <b>Proponent</b> Twofold Aboriginal Corporation <b>State</b> NSW	Provision of support to meet administrative costs to enable the development of a youth camp.
<b>Project Name</b> Barengi Gadjin Wail Nursery Planning <b>Proponent</b> Barengi Gadjin Land Council Aboriginal Corporation <b>State</b> Vic	Planning project for the development of an existing nursery operation to demonstrate feasibility prior to proceeding to the development of a full operational business plan.
<b>Project Name</b> St Clair Mission Community Hall <b>Proponent</b> Wonnarua Nation Aboriginal Corporation <b>State</b> NSW <b>Partner</b> NSW Department of Transport, Roads and Maritime Services; Glencore Australia	Connect the recently completed Community Hall with essential services and undertake landscaping of the surrounding grounds to enable its use as a focal point for community to connect with an important aspect of Wonnarua history.
<b>Project Name</b> Indigenous Provenance and Traceability Platform <sup>§**</sup> <b>Proponent</b> Kakadu Plum Working Group <b>State</b> Qld <b>Partners</b> Australian Nuclear Science and Technology Organisation; IP Australia	Working with Indigenous network on the development and delivery of a system for traceability and verification of Indigenous-grown products.
<b>Project Name</b> Aboriginal Legal Rights Movement Property Development <b>Proponent</b> Aboriginal Legal Rights Movement <b>State</b> SA	Assessment of existing property portfolio to identify the highest and best use from properties currently under-utilised.
<b>Project Name</b> Black Duck Business Planning <b>Proponent</b> Black Duck Foods Ltd <b>State</b> Vic <b>Partner</b> First Australians Capital	Develop a business plan to grow an existing Indigenous foods business aiming to use Indigenous plants to improve environmental and economic outcomes.
<b>Project Name</b> North Burnett IWC Health and Wellbeing Centre <b>Proponent</b> Indigenous Wellbeing Centre Limited <b>State</b> Qld	Construction of new, purpose-built centre for delivery of existing health and wellbeing services.
<b>Project Name</b> Eurobodalla Urgent Health and Safety <b>Proponent</b> Eurobodalla Guganyala Munyunga Aboriginal Corporation <b>State</b> NSW	Addressing issues related to water supply for human consumption and general clean-up, due to fire impacts.
<b>Project Name</b> AbSec Planning <b>Proponent</b> AbSec - NSW Child, Family and Community Peak Aboriginal Corporation <b>State</b> NSW	Develop a comprehensive agency office accommodation plan to inform a future acquisition as current property is being outgrown.
<b>Project Name</b> Broken Head Holiday Park Facilities Refurbishment <sup>§</sup> <b>Proponent</b> Bundjalung of Byron Bay Aboriginal Corporation (Arakwal) <b>State</b> NSW	Redevelopment of Broken Head Holiday Park, including environmental remediation, utilities, and construction of a small shop, café and reception area.
<b>Project Name</b> Gidarjil Solar Infrastructure <b>Proponent</b> Gidarjil Development Corporation Limited <b>State</b> Qld	Installation of solar infrastructure to support existing business operations.
<b>Project Name</b> Nura Gunyu Clean Up <b>Proponent</b> N.N. Butler & P.L. Roberts <b>State</b> NSW	Removal of contaminated land and material after bushfire caused total destruction of cultural centre, learning workshop, accommodation, ablution block and storage shed.
<b>Project Name</b> Bawinanga Fisheries - Power Upgrade Infrastructure <sup>§*</sup> <b>Proponent</b> Bawinanga Aboriginal Corporation <b>State</b> SA	Upgrade the power supply for existing business, to enable the addition of ablution block and an on-site office.

## ILSC Group Projects In 2019-20 Multiple Regions



●	ILSC Held Properties
●	Granted Properties
●	Active Management Projects
●	New Active Management Projects
●	Case Studies

Table 10E ILSC-funded acquisition and management projects commencing during 2019-20

Project name, proponent, location and partners	Description
<b>Project Name</b> Bushfire Emergency Response Grant (BERG) <b>Proponent</b> Multiple <b>State</b> Multi-state	Facilitate emergency ILSC support for Indigenous landholders affected by the 2020 bushfires.
<b>Project Name</b> The Keeping Place Project - Stage 3 <sup>§</sup> <b>Proponent</b> The Place of Keeping Ltd <b>State</b> Multi-state	National implementation of The Keeping Place software platform to 25 Indigenous organisations across Australia across four years.
<b>Project Name</b> Business Edge training for cattle operators <b>Proponent</b> ILSC <b>State</b> Multi-state	Capability training in financial and business skills for Indigenous cattle operators.
<b>Project Name</b> Beef Cattle Herd Management ERF Carbon Project <b>Proponent</b> ILSC <b>State</b> Multi-state	Management of the beef herds on ILSC-held properties to result in a reduction of carbon emissions.
<b>Project Name</b> Advisory Consultancy Services for Land Restoration Fund Proposals <b>Proponent</b> ILSC <b>State</b> Qld	Costs associated with scoping for two applications to the Qld Land Restoration Fund 2020. Applications supporting seven Indigenous owned properties.
<b>Project Name</b> Aboriginal Women's Research and Evaluation (AWRAE) <sup>§</sup> <b>Proponent</b> ILSC <b>State</b> Multi-state <b>Partner</b> ABC Foundation Ltd	Building the capability of Indigenous women to conduct on-country evaluations.
<b>Project Name</b> Environmental scan; funders for Indigenous Land Management activities <b>Proponent</b> ILSC <b>State</b> Multi-state	Supporting Indigenous land management groups to gain greater awareness of, engagement with, and access to new sources of funding and other support.
<b>Project Name</b> Asset Management Plans <sup>§</sup> <b>Proponent</b> ILSC <b>State</b> Multi-state	Development of asset management plans for 23 properties.

<sup>§</sup> ILSC funding of \$100,000 or more  
<sup>#</sup> Land acquisition project

<sup>\*</sup> Funding to be released next financial year.  
<sup>^</sup> Broad scale or non-location based projects



Pictured: Real Jobs Program participant during horse handling training in NT.  
Photo Credit: Northern Territory Cattlemen's Association.

## KPI 1 - Indigenous Employment

KPI 1 measures the ILSC contribution to economic outcomes on the Indigenous Estate and reflects the ILSC Board and Australian Government commitment to economic empowerment and independence. Employment outcomes are a progress indicator across the following ILSC pathways of change:

- > Indigenous people are maintaining and growing the value and productivity of country.

### Results

**Table 11 KPI 1 Indigenous employment**

Performance measure	2019-20 targets	2019-20 achieved
KPI 1a Indigenous employment - direct	550	695
KPI 1b Indigenous employment - enabled	550	425

The ILSC reports achievement against both *direct* and *enabled* employment. In this context, *direct* refers to employment that is directly funded by the ILSC, while *enabled* refers to employment that is enabled as a result of a funding partnership between Indigenous groups and the ILSC (and potentially other agencies/ organisations). For the purposes of this indicator, the ILSC used flow<sup>7</sup> data to represent the number of employment outcomes facilitated by the ILSC's activities over the year.

Direct Indigenous employment, including investment in ongoing career development, is prioritised across the whole ILSC Group, and its performance is aggregated here for KPI 1a. In later sections (page 32), more information about employment is provided for the ILSC Core and each of its subsidiaries.

Enabled Indigenous employment refers to employees engaged by external parties - Indigenous corporations, landholders, service delivery agencies and enterprises - and is achieved through the ILSC's land acquisition and land management projects.

### Analysis

During 2019-20, KPI 1a was significantly exceeded, but KPI 1b had a shortfall (Table 11).

Both results are subject to the impact of the COVID-19 pandemic during the second half of this year, but the definition of the KPI, which captures 'flow' of employment outcomes may have the effect of obscuring reduced FTE in the latter part of the year.

KPI 1b's shortfall reflects a general trend for enabled employment outcomes to be achieved through on-ground activity and as a later stage project outcome. This means that projects commenced towards the end of 2019-20 were unable to achieve projected employment outcomes with COVID-19 impacting overall economic activity and project progress, and travel restrictions and changed working arrangements affecting the ability to recruit and onboard new staff.

## KPI 1a - Direct Indigenous Employment

The following section provides an overview of how different parts of the ILSC Group contributed to KPI 1a - direct employment. Additional information relating to Indigenous employment is provided in Part Six of this document.

### ILSC Core direct Indigenous employment

ILSC Core directly employs Indigenous staff for its program delivery and corporate sections. This year, the ILSC Core employed 31 Indigenous people over the year (flow data); a slight decrease from 35 during 2018-2019. As a flow measure, this reduction may be attributed to a reduction in turnover across the ILSC and a reduction in engagements in the final quarter of the reporting period.

At 30 June 2020 the proportion of Indigenous employees within the ILSC Core was 24 per cent, a slight decrease from 25.9 per cent in 2018-19.

### Primary Partners direct Indigenous employment

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

During 2019-20, Primary Partners employed a total of 205 Indigenous people (flow data) who were fulfilling roles across that part of the business.

At 30 June 2020 the proportion of Indigenous employees within Primary Partners was 69.5 per cent compared to 69.8 per cent in 2018-19.

### Voyages direct Indigenous employment

This year, Voyages employed a total of 398 (flow data) Indigenous people, who were fulfilling roles across Voyages' three tourism properties and the Corporate Office in Sydney, NSW.

At the end of the year, 290 Indigenous people (head count) were employed by Voyages

Indigenous people represent 38.6 per cent of the total Voyages workforce; a slight increase from 37 per cent in 2018-19.

Ayers Rock Resort provided the greatest number of opportunities, reaching an Indigenous workforce of 243 Indigenous employees at the end of 2019-20, representing 40 per cent of the Resort's workforce.

Voyages continued to support local Indigenous communities through employment, training and purchase of goods and services. Over 2019-20 six Anangu people commenced working in the business, with 16 Anangu people employed at year end.

### NCIE direct Indigenous employment

Over 2019-20, the NCIE employed 64 Indigenous people (flow data), a reduction from 82 during 2018-19. At 30 June 2020, the proportion of Indigenous employees within NCIE was 46.4 per cent, consistent with the 2018-19 year

<sup>7</sup> 'Flow data' is used to calculate the number of employment opportunities provided through ILSC funding (both direct and enabled) rather than a year end (30 June) 'point in time' head count. This choice references the seasonal nature of work and employment across the key sectors (agribusiness and tourism) in which ILSC employment occurs. Flow data is calculated through cumulation of number of employees engaged at start of year and the number of employees that commenced during the year.

## KPI 1b - Enabled Indigenous Employment in ILSC-Funded Projects

The following information identifies the contribution towards KPI 1b by the ILSC Core and subsidiaries.

### Enabled Indigenous Employment

Enabled Indigenous employment data is collected from all active projects (Deliverable 3), including third party projects that are enabled by ILSC subsidiaries. During 2019–20, 425 Indigenous employees were engaged through these projects, representing an underperformance on this KPI. As stated (page 34), this has likely occurred due to reduced economic activity from COVID-19 lockdowns and exacerbated by social distancing measures restricting training and information sharing gatherings.

Of these, 91 employees were engaged through projects operating from assets held by the ILSC Group. These comprise: 13 employed through NCIE's Job Ready program; 39 employed through Voyages; nine through Anangu Communities Foundation projects; 15 through Longitude 131 Wilderness Camp; eight engaged on capital works projects at Ayers Rock Resort; and seven were engaged on the Artists in Residence program at Ayers Rock Resort.

### Real Jobs Program

The Real Jobs Program (RJP), managed on behalf of the Australian Government, places unemployed Indigenous people in employment in the land management, tourism and agribusiness (pastoral and horticulture) sectors.

The RJP objective is to employ and train Indigenous people, and to build individual capacity to take up employment outside the program.

In 2019–20 the RJP represented 44 per cent of KPI 1b, enabling 187 Indigenous people to take up employment across 130 FTE positions. In 2019–20, the RJP provided \$8.57 million for funding employment and associated training activities. In the land management sector, it funded 74 FTE ranger positions with eight organisations.

During the year, these ranger groups completed 174 land management activities, including biodiversity monitoring, fire management, pest plant and animal control, and cultural heritage management.

In the pastoral sector, 27 positions were contracted to the Northern Territory Cattlemen's Association and ILSC Agribusiness to develop career opportunities for young Indigenous people in the pastoral industry.

In the horticultural industry, the RJP supported six FTE positions at Tiwi Enterprises Pty Ltd.

In the tourism sector, 23 positions were contracted to ILSC subsidiary Voyages, Nitmiluk Tours Pty Ltd, Adina Vibe Hotel Darwin Waterfront Adina and Kakadu Tourism.

Other organisations also deliver benefits to individuals, their families and communities. RJP organisations hosted 102 social and community events attended by 891 Indigenous people.

## KPI 2 - Indigenous Training

KPI 2 measures the ILSC contribution to economic outcomes on the Indigenous Estate and reflects the ILSC Board and Australian Government commitment to economic empowerment and independence. Training outcomes are a progress indicator across the following ILSC pathways of change:

- > Indigenous people are maintaining and growing the value and productivity of country
- > Indigenous people are owning and managing country sustainably.

### Results

Table 12 KPI 2 Indigenous training

Performance measure	2019–20 targets	2019–20 achieved
KPI 2a Number of Indigenous trainees directly hosted/employed across the group	140	188
KPI 2b Number of Indigenous training completions enabled by active projects	1,100	1,167

The ILSC prioritises Indigenous training across the ILSC Group and invests in ongoing career-development opportunities. It also provides funding support for projects that enable training outcomes to be delivered by external parties: Indigenous corporations, landholders, service-delivery agencies and enterprises. For KPI 2, the ILSC reports achievement against trainees that have been hosted or employed by the ILSC

Group (KPI 2a) and enabled training (KPI 2b) that arise due to collaboration between project proponents and the ILSC (and potentially other agencies/organisations). Enabled training counts only completions, not commencements.

In 2019–20, both KPI 2 training targets were exceeded (Table 12). See the next page for more detail.



Pictured: Real Jobs Program participant during horse handling training in NT. Photo Credit: Northern Territory Cattlemen's Association

## KPI 2a - Indigenous trainees hosted/employed by the ILSC Group

In total, 188 trainees were directly hosted/employed by the ILSC Group, more detail is provided below.

### ILSC Core direct training

The ILSC Core engaged three Indigenous trainees, who were hosted by an external provider.

### Voyages direct training

Voyages hosted 152 Indigenous trainees in 2019–20, of whom 63 were newly engaged. Voyages also employed 12 Indigenous apprentices across chef and trade roles, three of whom were new in 2019–20. Trainees undertook accredited, industry-driven, enterprise-based training in Hospitality, Tourism, Horticulture and Retail at the National Indigenous Training Academy (NITA) at Ayers Rock Resort.

Mossman Gorge Centre also hosted NITA trainees and provided a range of training programs, including the Centre's Employment Pathway Program that supports Indigenous job seekers with foundation skills to transition into traineeships and jobs.

The centre also offers a Pathway to Cookery program leading to chef apprenticeships. Voyages continued to focus on Indigenous career progression and maintained the Indigenous Future Leaders Program at Ayers Rock Resort.

### NCIE direct training

The NCIE in Redfern NSW provides Indigenous training and education and hosts a range of Indigenous service providers. NCIE contributed four trainees during 2019–20.

### Primary Partners direct training

Primary Partners hosted 17 trainees through agricultural operations over the year. Primary Partners seeks to provide opportunities for career progression through the agribusiness sector and promotes the continued learning and development of Indigenous employees.

## KPI 2b - Indigenous training completions enabled through active projects

Data on enabled training completions is collected from all recipients of ILSC assistance with projects defined as currently active.

Training participants may undertake a variety of accredited and non-accredited courses, of varying duration. Only training completions are included in the reporting against KPI 2b.

During 2019–20, 1,167 Indigenous training completions were achieved through 15 active projects. It is expected that the ability of ILSC project partners to engage in face-to-face training will be significantly impacted by COVID-19 in at least the first half of 2020–21. Consequently, the overall target has been reviewed and reduced to 800 ahead of 2020–21 reporting.

### RJP-enabled training

As stated earlier (page 34), the RJP core objective is to employ and train Indigenous people and to build individual capacity to take up employment outside the RJP.

During 2019–20, 377 training courses were completed as part of the RJP, representing 32 per cent of the total for KPI 2b.

### NCIE-enabled training (KPI 2b)

This year, the NCIE's contribution to enabled Indigenous training completions represented 38 per cent of the total achieved against KPI 2b with 444. This includes 20 through the Job Ready program, 284 through the Indigenous Digital Excellence program, and 140 through the Talking About Tobacco Use program.

## KPI 3 - Indigenous Business Development

KPI 3 tracks the ILSC contribution to economic outcomes on the Indigenous Estate through the provision of support to Indigenous enterprise. Outcomes against this measure are a progress indicator across the following ILSC pathway of change:

> Indigenous people are maintaining and growing the value and productivity of country.

### Results

Table 13 KPI 3 Indigenous business development

Performance measure	2019–20 targets	2019–20 achieved
Number of Indigenous enterprises assisted by active ILSC Group projects	66	147

### Analysis

Performance against KPI 3 is intended to reflect the Board's economic focus over the past several years, and the Australian Government's policy priority of Indigenous business development expressed in its Indigenous Business Sector Strategy (February 2018).

KPI 3 includes all Indigenous majority-owned commercial enterprises that have been created, expanded, have increased revenue and/or income for Indigenous Australians through ILSC funding.

During 2019–20, 147 businesses were assisted, through 52 projects, representing a significant over-achievement against this KPI (Table 13). The consistent increase in this figure demonstrates the ILSC's support for economic development and Indigenous financial independence through successful commercial enterprise. Of these, the NCIE supported the development of 49 businesses, primarily through the operations of its fitness and café enterprises and Blak Markets, Voyages supported 66 through its retail venues, and RJP supported 11 discrete businesses.



Pictured: Tiwi Island Ranger in the NT conducting early season fire management to protect country.

## KPI 4 - Protection of Indigenous Culture, Heritage and the Environment

KPI 4 reflects the contribution of the ILSC Group towards its core purpose of maintenance, protection and enhancement of cultural and environmental values of Indigenous-held land. Performance against this target is a lead indicator for the following ILSC pathways of change:

- > Indigenous people are owning and managing country sustainably
- > Indigenous people are preserving and protecting culture through reconnection with country.

### Results

**Table 14 KPI 4 Protection of Indigenous culture, heritage and the environment**

Performance measure	2019-20 targets	2019-20 achieved
Proportion of active ILSC Group projects (Deliverable 3) that maintained or protected Indigenous culture, heritage and/or the environment	50%	28%

### Analysis

KPI 4 is a composite measure that incorporates a range of indicator groups relating to maintenance and/or revitalisation of culture, access to and/or protection of culturally significant sites; protection and/or restoration of environmental heritage values; or access to country. The number of active projects achieving outcomes against these indicator groupings is identified and the KPI measure is calculated as the overall proportion of active projects (as identified in Deliverable 3) that contribute to these outcomes. This measure is designed to track the ILSC's contribution to achieving outcomes in this space.

In 2019-20, 28 per cent of active projects related to Indigenous culture, heritage and the environment, including those undertaken through ILSC subsidiaries (three Voyages, one NCIE); a significant shortfall from the target (Table 14).

This shortfall may have arisen because, like 2018-19, many newly funded projects are related to planning and other foundational activities; on-ground activities that relate to KPI 4 occur later in the project's implementation. Also, while the balancing of investment to explicitly encompass social, cultural and environmental values (as well as economic) remains a priority for the ILSC, project scope and focus remains largely responsive to the aspirations of the Indigenous proponents. In recent years the ILSC has seen an increase in commercial and economically focused project proposals.

Finally, COVID-19 has impacted performance against KPI 4 after travel restrictions between Indigenous communities, particularly in remote and regional areas of Australia, were introduced to reduce the risk of infection. This has prevented the delivery of many on-ground activities planned for the second half of 2019-20.

Activities contributing to KPI 4 are wide ranging, including contributions from ILSC subsidiaries Voyages and NCIE, and many other ILSC-supported tourism projects actively showcasing Indigenous culture for travellers. Both Ayers Rock Resort and Mossman Gorge Centre work with local Indigenous people as cultural interpreters, guides or performers. The NCIE was developed on a heritage site in Redfern NSW, and throughout the year hosts significant Indigenous community events.

The ILSC Group's contribution to this KPI is further supplemented by support given through other Australian Government funding sources, including the RJP, Indigenous Ranger and Indigenous Protected Area programs.

In summary, the following cultural, heritage and environmental protection activities were delivered through projects, including:

- > Cultural maintenance and revitalisation activities involving 54 events, attended by 147 Indigenous people and 5,785 non-Indigenous people, including cultural tours, cultural dance and music performances, and cultural craft workshops
- > Improved protection of 264 culturally significant sites
- > Improved protection of four sites covering over two million hectares with environmental heritage values, primarily associated with Indigenous fire management approaches, gully erosion mitigation to protect the Great Barrier Reef, and biodiversity monitoring activities tracking threatened species
- > Over 20,000 additional Indigenous people able to access country as a result of ILSC funding.

## KPI 5 - Collaboration

KPI 5 identifies the overall proportion of projects that actively collaborate with other agencies and organisations, a key strategy to ensure ILSC funding can reach the greatest number of stakeholders and deliver maximum benefit to the Indigenous Estate. Achievement against this measure contributes to the following ILSC pathways of change:

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

### Results

**Table 15 KPI 5 Collaboration**

Performance measure	2019-20 targets	2019-20 achieved
Proportion of active ILSC Group projects (Deliverable 3) that involved contributions from third parties (beyond immediate beneficiary group)	60%	38%

Collaboration is an important priority of the current ILSC Board, given its commitment to position the ILSC as a key partner in maximising use of the Indigenous Estate through strategic partnerships and leveraged funding. Formal partnerships and informal collaboration provide a means of adding value to the ILSC's own funding and expertise and is also a key pathway towards improved capacity and capability outcomes for ILSC staff, project proponents and beneficiaries.

### Analysis

KPI 5 relates to the proportion of active projects (identified in Deliverable 3) that involve collaboration with partners (in addition to the project proponent), including government and non-government. It does not refer to the relative value of ILSC or partner investment in collaborative projects. All ILSC projects involve collaboration with the project proponent (proponent engagement being one of the project assessment criteria), and many proponents contribute significantly to project value either financially or in-kind, but these are not included in this KPI. Similarly, collaboration underpins all NCIE operations as a social enterprise engaging government and corporate partners.

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

In 2019-20, 79 projects involved collaborations, which is 38 per cent of all ILSC Group active projects, reflecting an underachievement in this KPI (Table 15). Underachievement against this KPI in part reflects a high proportion of legacy projects active in 2019-20. As many of these longer run projects do not involve partnerships

beyond the ILSC and proponent group, the proportion of projects meeting this KPI is reduced, irrespective of the partnership characteristics of new projects. Analysis of 'new' projects - those commencing in 2019-20 - show a significantly higher rate of collaboration or co-investment. Eight of the nine acquisition projects undertaken in 2019-20 involved contributions from third parties and 52 per cent of projects funded under the *Our Country Our Future* program reported contributions (including from participant groups) that *at least* matched ILSC investment.

In addition to these project level achievements, the ILSC has actively prioritised a portfolio approach to delivering partnerships this year. This work has taken the path of identifying and working collaboratively with co-investment partners in impact investment, philanthropy, conservation finance and mainstream finance. This approach is resulting in a more diverse funding mix for ILSC supported projects, leveraging ILSC grant funding to attract confirmed co-investment of \$38 million in *Our Country Our Future* projects in 2019-20.<sup>8</sup>

Examples of this approach include facilitating low-interest finance from a mainstream bank for an ILSC supported land management project in North-East Arnhem Land; partnering with a corporate foundation on funding for an Indigenous social enterprise in Cairns; and partnering with a large conservation foundation on the purchase of the Nimmie Caira property for Traditional Owners in NSW. This approach has secured \$4.1 million investment in ILSC partnerships with Indigenous corporations. As part of the broader review of the ILSC's Performance Framework, the ILSC will develop additional metrics on the value and impact of partnerships for reporting in future years to better capture its commitment to collaboration and leveraging co-contributions.

<sup>8</sup> Inclusive of contributions by proponent/beneficiary groups.

## KPI 6 - ILSC Group Contribution to the Indigenous Estate

KPI 6 is a qualitative target relating to the corporation's overall contribution towards maintaining, protecting and/or enhancing the Indigenous Estate, in addition to the quantitative contribution discussed previously for each of the Deliverables and KPIs. Activities highlighted under this KPI directly contribute to the following ILSC pathway of change:

> Indigenous people are driving and influencing policy and opportunity for country.

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

### Participation in policy, industry and Indigenous forums

In recent years the ILSC has actively built stakeholder awareness of the ILSC purpose and its strategic approaches through formal consultation and involvement in industry and government events and conferences. In 2019-20, the ILSC supported the following projects focused on the development of sector strategies, supply chain maturation and protection of Indigenous intellectual property (Table 16). These activities directly contribute to positioning Indigenous people and organisations at the forefront of development of the Indigenous Estate.

**Table 16 KPI 6 ILSC Group contribution to the Indigenous Estate**

<p><b>Project Name</b> Northern Australia Aquaculture Industry  <b>Proponent</b> Cooperative Research Centre for Developing Northern Australia  <b>State</b> Multi-state  <b>Partner</b> James Cook University; CSIRO Sustainable Ecosystems; Australian Barramundi Farmers Association; Australian Prawn Farmers Association; Blushift Consulting; Torres Strait Regional Authority</p>	<p>Identify challenges and opportunities facing the aquaculture industry in northern Australia and develop an industry vision in consultation with Indigenous stakeholders.</p>
<p><b>Project Name</b> Narungga Commercial Fishing Strategy  <b>Proponent</b> Narungga Nation Aboriginal Corporation  <b>State</b> SA  <b>Partner</b> Department of Primary Industries and Regions South Australia</p>	<p>Development of a commercial fishing strategy.</p>
<p><b>Project Name</b> Art centre merchandise planning<sup>§</sup>  <b>Proponent</b> Aboriginal Art Centre Hub of Western Australia Aboriginal Corporation  <b>State</b> WA  <b>Partner</b> Department of Primary Industries and Regional Development</p>	<p>Pilot project engaging six Aboriginal-controlled art enterprises in an action research approach to commercialise cultural products.</p>
<p><b>Project Name</b> Kakadu Plum Tokyo Mission  <b>Proponent</b> ILSC  <b>State</b> SA  <b>Partner</b> Austrade Tokyo</p>	<p>Support two organisations to participate in a trade delegation to Tokyo, Japan to drive opportunities in the export of Indigenous foods produced from Aboriginal lands.</p>
<p><b>Project Name</b> Indigenous Provenance and Traceability Platform<sup>§</sup>  <b>Proponent</b> Kakadu Plum Working Group  <b>State</b> Qld  <b>Partners</b> Australian Nuclear Science and Technology Organisation; IP Australia</p>	<p>Working with Indigenous network on the development and delivery of a system for traceability and verification of Indigenous grown products.</p>
<p><b>Project Name</b> Pilbara Cultural Land Management Project*  <b>Proponent</b> Yindjibarndi Aboriginal Corporation RNTBC  <b>State</b> WA  <b>Partner</b> Pilbara Development Commission; Ngarluma and Yindjibarndi Foundation Ltd; The Pew Charitable Trust</p>	<p>Planning for Country; Pilbara Traditional Owner groups coming together to develop a regional strategic approach to negotiation of land access agreements and realising benefits from Native Title.</p>

<sup>§</sup> ILSC funding of \$100,000 or more

\* Funding to be released next financial year.



Pictured: Major Sumner (Uncle Moogie) and the Ngarrindjeri dancers at the opening of the Kuti Co launch event on Goolwa Beach in SA. Photo Credit: Jacqui Way Photography & Goolwa PipiCo.

### In addition to these targeted projects, ILSC officers at various levels attended the following events in 2019-20:

- > Developing Northern Australia Conference, Perth, August 2019
- > Annual Yule River Bush Meeting, Mid-West WA, July 2019
- > NIAA Greater WA Forum, Perth, August 2019
- > Curtin School of Design and the Built Environment's (DBE) Human Technology-oriented keynote series, Perth, September 2019
- > Shaping the next 10-year Housing Strategy for Western Australia workshop, Perth, September 2019
- > Kimberley Aboriginal Corp AGMs and Regional Forum, Kimberley, September 2019
- > Noongar Chamber of Commerce and Industry - Aboriginal Business Forum, Perth, October 2019
- > Indigenous Desert Alliance Forum, Yulara, November 2019
- > Pilbara Stakeholders Forum Series, Newman, Port Hedland and Karratha, November 2019
- > Culture in the Parks - Caring for Country through Tourism - Peel Regional Forum Mandurah, November 2019
- > Yamatji Nation Southern Regional Agreement Expo Geraldton, December 2019
- > 26th Asia Pacific Food Safety Conference, Sydney, August 2019
- > Global Table, Melbourne, September 2019
- > 9th Aboriginal Economic Forum, Darwin, November 2019
- > Real Jobs Program Regional Forum, Darwin, November 2019
- > Supply Nation Business and Trade Forum, Adelaide, November 2019
- > FRDC Indigenous Fishing Reference Group workshop, Adelaide, February 2020
- > Central West First Nations Economic Development Forum, Barcaldine, July 2019
- > South East Queensland Indigenous Tourism Working Group, Brisbane, August and October 2019
- > Smart Energy Conference, Brisbane, September 2019
- > Supply Nation Indigenous Trade Fair, Brisbane, October 2019
- > Indigenous Tourism Qld annual conference, Sunshine Coast, November 2019.

## Reacquisition

The ILSC maintains a watching brief on the properties it has divested to Indigenous landholders, to ensure that benefits continue to be generated from the use of the property and the property is not at risk of being lost from the Indigenous Estate. If a group becomes insolvent and is subsequently liquidated, a property can be reacquired by the ILSC and may be divested to a different group in due course, assuming they are able to demonstrate the delivery of Indigenous benefits, good governance, capability and a sound financial situation. The ILSC did not undertake any reacquisitions during 2019–20.

## Other dealings in land

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

The ATSI Act sets out that a landholder cannot dispose of or mortgage an ILSC-divested property without ILSC consent. The caveats placed on the titles of properties divested help to ensure that the land continues to deliver benefits for Indigenous people, remains under Indigenous control and is used for the beneficial purposes for which it was acquired. As such, caveats deliver on the ILSC's purpose through securing sustained beneficial land ownership for future generations. The ILSC's caveat does not affect an Indigenous corporation's normal use and enjoyment of their property or their full ownership of the land or water. Occasionally, the ILSC receives requests to dispose of or mortgage property from Indigenous corporations pursuing expanded economic development opportunities or seeking to change their focus or reduce organisational risk. Each case is considered on its merit.

During 2019–20, the ILSC approved three requests from Indigenous landholders (Table 17). During 2019–20, there were zero property disposals, one request to mortgage an ILSC-divested property, and two approvals to lease granted.

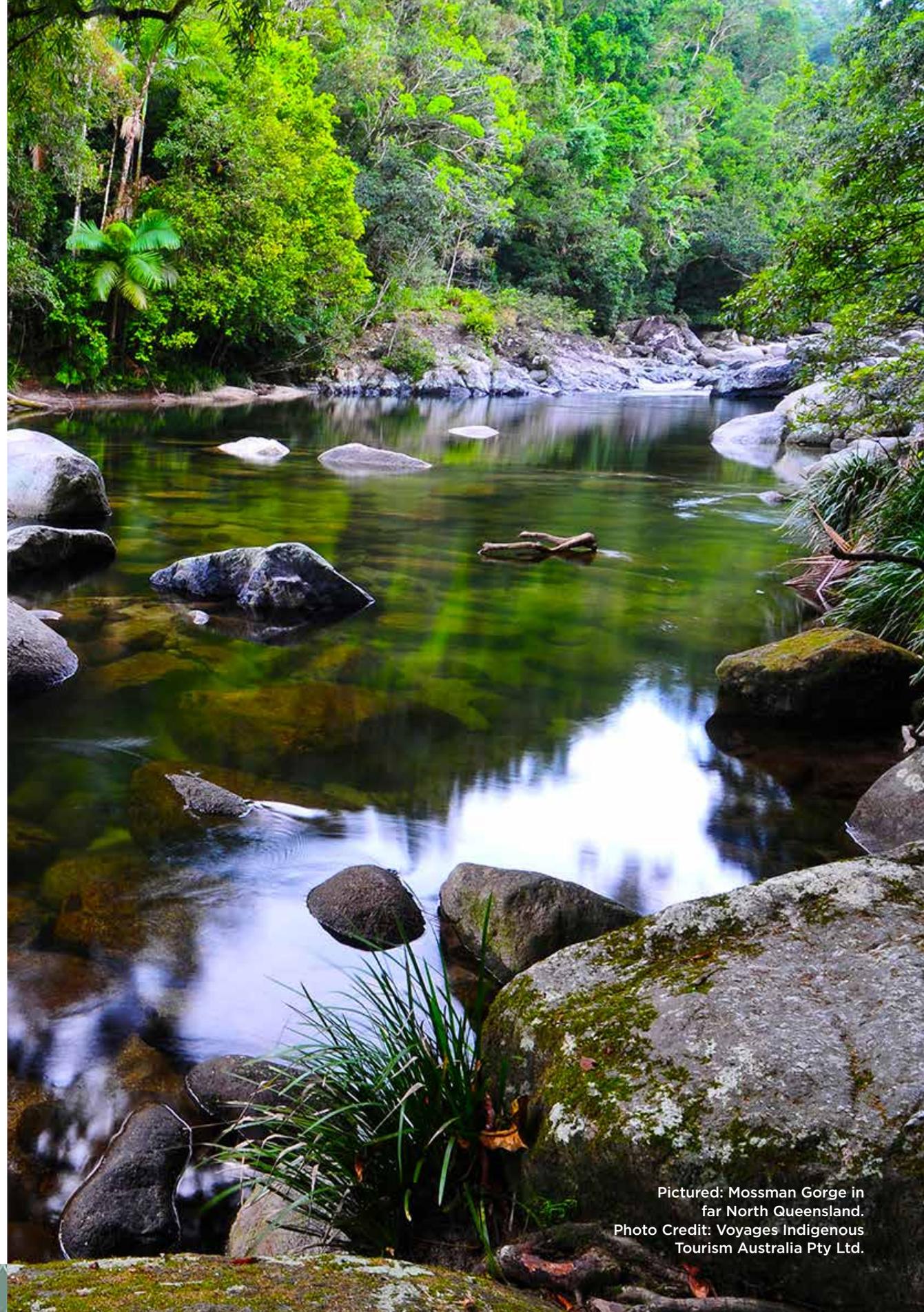
**Table 17 Approved requests from Indigenous landholders**

Group	State	Request
Maari Ma Health Aboriginal Corporation	NSW	Approval to lease.
Dowrene Farm Aboriginal Corporation	WA	Approval to temporarily lift the caveat on Dowrene Farm to enable a mortgage on the property titles.
Yaluning Aboriginal Corporation	WA	<ol style="list-style-type: none"> <li>1. Yaluning Aboriginal Corporation subleasing Mulgul Station to 3RZ Contracting Pty Ltd for a period of up to 10 years</li> <li>2. The lifting of ILSC caveat on Mugul Station to allow the sublease to be registered on the title</li> <li>3. The ILSC caveat be reinstated on the title immediately after the sublease is registered.</li> </ol>

Six requests were received throughout the reporting period that have not been progressed to consent by the ILSC. Of these, four were discontinued by the relevant title holding body as due diligence revealed unsatisfactory risks or consequences of the initial request; one has been suspended by the title holding body as the commercial arrangement the request was to support has been suspended; and one request

was declined by the ILSC as the requested action would effect a transfer of title to a different entity and deprive members of the existing titleholding body of access to and ownership of the property.

The ILSC received a further four requests that remain under consideration in partnership with the relevant title holding body.



Pictured: Mossman Gorge in far North Queensland.  
Photo Credit: Voyages Indigenous Tourism Australia Pty Ltd.

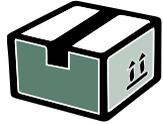
## 2019–20 Contribution to the Four Pathways of Change

### > Growing the value and productivity of country



#### Expanded the Indigenous Estate

Acquisition of **8** regional properties, **1** fishing quota, covering a total of **84,432** hectares



#### Improved enterprise productivity

- > Created **14** new enterprises
- > Increased the income of **32** enterprises
- > Expanded **101** enterprises (more products/services)



#### Improved enterprise efficiency

Improved the efficiency of **12** enterprises (upgraded premises, infrastructure and/or equipment)



#### Improved enterprise resilience

- > Improved strategic and operational strength of **26** enterprises through planning
- > Assisted **7** enterprises to diversify income streams

#### How our partners describe change

- > *Gaining ownership of country has provided a platform to educate local, regional and global community on the true history of our culture.*
- > *We can now use our own equipment as needed instead of fitting around funding and contractor availability. This is a major step forward.*
- > *Our new equipment can cope with harsh terrain and difficult jobs has made our Ranger work faster and more effective.*
- > *We can now do our work in half the time, we are more organised and our product is improved due to less handling.*

### > Preserving and protecting culture through reconnection with country



#### Improved access to country / cultural sites

Enabled **20,653** additional Indigenous Australians to access country/cultural sites



#### Increased participation in cultural events and activities

Held **485** cultural events, with **3,742** Indigenous participants and **6,075** non-Indigenous participants



#### Increased development of Indigenous products and services

- > Developed Indigenous food products through **8** projects
- > Utilised Indigenous burning practices in **3** projects



#### Improved access to culturally appropriate services and activities

Actively improved services and activities for Indigenous Australians through **14** projects (eg pastoral support, on-country evaluators, health and wellbeing, cultural learning and innovation, art and craft, cultural interpretation, fire management, cultural immersion)

#### How our partners describe change

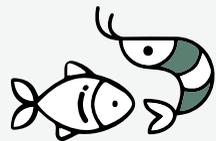
- > *We are now actively on-country and working hard with a young dedicated team doing positive things.*
- > *The younger generation and family of members are now showing greater interest in becoming active members of the corporation.*
- > *Having a central premises has increased the acknowledgement and recognition of First Peoples and we have more opportunity to engage with non-Indigenous people in the surrounding area.*
- > *Community days have been a resounding success in bringing communities together to share cultural and social activities.*

### > Driving and influencing policy and opportunity for country



#### Refined Indigenous knowledge

Conducted **8** research projects including commercialisation of Indigenous art and plants; Indigenous fire management carbon sequestration methodology; online Indigenous Estate mapping tools; Indigenous knowledge database



#### Raised the profile of Indigenous cultural methods, products and/or services

Sponsored **4** conferences, including Maori Fisheries, Global Table, Indigenous Desert Alliance, Bushfood Symposium



#### Participated in partnerships and networks

Partnered with **92** external parties to deliver **79** projects (representing the following sectors; non-profit, social enterprise and philanthropic; training and employment; aquaculture, agriculture, fishery, engineering, construction and mining; professional services; and all levels of government)

#### How our partners describe change

- > *The networks and working relationships built over the years have given us great strength.*
- > *The network that has been formed through ILSC support has been without doubt a turning point for our economic future and that of the industry.*
- > *With this network we are stronger, have access to information, funding and advice in becoming export ready.*

### > Owning and managing country sustainably



#### Building Indigenous capability

- > Training participated in by **2,191** people, with **155** people completing accredited training, and **608** people with improved knowledge and skill through other activities
- > Completed **157** different types of training



#### Maintaining the condition and resilience of Indigenous-held country

- > Held **336** land management events (on-country activities)
- > Protected **264** culturally significant sites
- > Protected **2,646,700** hectares of environmentally significant land



#### Improved management of country

Improved management of country through **26** planning projects (business plans, healthy country plans, masterplan, feasibility studies, industry strategy, concept design plan)

#### How our partners describe change

- > *Doing workshops helped us build relationships that provide ongoing support and advice – these were of greatest value.*
- > *We now have improved capacity to provide training both due to physical space as well as technological equipment for online training, which meant we were able to continue even during COVID-19 restrictions.*



*Part Three:*  
**Case Studies**

Pictured: Harvesting kuti (pipis) on  
Ngarrindjeri country in SA.  
Photo Credit: Andy Steven  
Photography & Goolwa PipiCo.



Pictured: Sunset on Goolwa Beach on Ngarrindjeri country in SA.  
Photo Credit: Andy Steven Photography & Goolwa PipiCo.

## The ILSC performance story

The following six case studies form part of the ILSC's 2019–20 Annual Performance Statement (Part Two) and are mapped against the ILSC's four pathways of change aligned to the ILSC purpose and articulated as medium to long-term outcomes in our Corporate Plan 2019–20:

- > Indigenous people are maintaining and growing the value and productivity of country
- > Indigenous people are owning and managing country sustainably
- > Indigenous people are influencing policy and opportunity for country
- > Indigenous people are strengthening culture through reconnection to country.

The pathways reflect the series of long-term outcomes that are expected to accrue to Indigenous people as a result of involvement in ILSC activities as well as the transition of the ILSC's Performance Framework from activities to outcomes reporting.

The case studies provide richer insights on the outcomes that are expected to be achieved by each project, as well as highlighting the different pathways that our clients and partners choose to reach these outcomes. They are also aligned to ILSC's current suite of deliverables, KPIs and outcomes.

This has been our first full year operating under an expanded remit, so we are pleased to profile several water, as well as land-based projects.



## Tidal Moon, Denham, Western Australia

### Tidal Moon looks to resurrect centuries old Sea Cucumber trade

A \$92,000 ILSC investment in October 2019 kickstarted an Indigenous-owned wild sea cucumber harvesting business on Western Australia's Coral Coast that is looking to resurrect a centuries old trade route between Asia and Indigenous Australians.

Investment in Tidal Moon Pty Ltd, an emerging business that is seeking to collaborate with local Aboriginal communities, is providing some of the necessary start-up operating equipment to establish a dried sea cucumber onshore processing facility based at Denham, Western Australia.

The fledgling company, incorporated in 2017 with the intent of establishing a commercial business, will initially supply the cucumber to the domestic market via a Perth wholesaler, with plans to expand to more lucrative International markets.

Also known as beche-de-mer or trepang, sea cucumbers are considered a delicacy in Asia, prized for their culinary and medicinal properties.

They are traditionally harvested, dried for preservation and then rehydrated before eating and were once traded between Macassan seafarers of modern-day Indonesia and Indigenous Australians from the Kimberley and Arnhem Land regions. The funding has enabled the purchase of a heavy-duty cooker for blanching, a temperature-controlled greenhouse

for drying, a specialised dive vehicle for harvesting and training, a dome shelter and storage shed, and related building and electrical works.

Tidal Moon is keen to see traditional knowledge passed from one generation to the next in support of social and cultural wellbeing and will train and employ local Indigenous people.

Initially, the business is expected to employ four Indigenous people and provide training for 10 Indigenous job seekers, with employment expected to grow to 25-30 Indigenous people in the first five years.

Certified training in marine industry operations will be delivered through Tidal Moon's partnerships with the National Indigenous Australians Agency (NIAA), CSIRO, the Challenger TAFE WA Maritime Centre and the Swan Maritime Institute.

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



**“ The Tidal Moon project is an acknowledgement to the history of Aboriginal commerce. Australia’s first export was trade of sea cucumbers and our goal is to preserve and enhance our heritage while creating a business that will last for years to come. ”**

**Michael Wear**  
Mulgana Traditional Owner and Tidal Moon Managing Director

Pictured: Tidal Moon Boat mooring in WA. Photo Credit: Michael Wear.



## Wanna Mar, Port Lincoln, South Australia

### ILSC supports Wanna Mar investment in Southern Bluefin Tuna industry

A \$3.565 million investment by the ILSC has contributed to the establishment of a new Indigenous-owned commercial fishing enterprise on the Far West Coast of South Australia, the first of its kind in the area.

Funds from the ILSC have enabled the Wanna Mar group to acquire 25 tonnes of Southern Bluefin Tuna quota and launch a 50-50 joint venture with Stehr Group, one of Australia's largest tuna producers.

In its first few months of operation the company, Wanna Mar Stehr, has caught its combined 50 tonne quota of tuna and is currently and is currently feeding these fish anticipating sales to Japanese buyers from September 2020.

Wanna Mar, a term meaning 'Food of the Sea' in Wirangu and Mirning languages, is supported by the Far West Coast Aboriginal Corporation, an organisation representing the interests of Native Title holders of the region.

With a strong connection to saltwater country, engagement in the commercial fishing sector has been a long-term aspiration for the community. The opportunity to acquire water-related rights in an industry where there are low levels of Indigenous participation nationally will see

strong revenue streams flow back to Native Title holders from their traditional fishing areas. In the long term these funds will be reinvested in commercial and social initiatives.

For Stehr Group, pioneers in the industry and leaders in sustainable Southern Bluefin Tuna management, the partnership is an opportunity for value-adding to their product through Indigenous branding, improved community engagement and new possibilities for business expansion.

The \$7.45 million joint venture, where the ILSC funds combined with \$200,000 capital investment by Native Title holders and \$3.7 million Stehr Group capital and assets, is an example of how ILSC funds and expertise can be leveraged to attract private capital for the benefit of Indigenous Australians.

#### Contribution towards Deliverables and KPIs

DEL 1	DEL 2	DEL 3	KPI 1a	KPI 2a	KPI 3	KPI 4	KPI 5
1	1	1	0	0	3	0	1

**“ Indigenous people are under-represented in the commercial fishing and aquaculture industries across Australia. Through Wanna Mar Stehr we can bring an Indigenous flavour to the Australian market, telling our story about our sea country and what we’ve been doing for thousands of years. Even overseas we reckon there are big possibilities. ”**

**Paul Vandenberg**

Wanna Mar Group Director, Wirranguru man and member of the Far West Coast Aboriginal Community

Pictured: Southern Bluefin Tuna



## Kuti Co, Goolwa, South Australia

### Ngarrindjeri launch commercial Coorong pipi venture

The launch of an historic multi-million dollar commercial fishing venture on South Australia's Coorong, the first water-based investment for the ILSC, will create jobs and training opportunities for the Ngarrindjeri people.

Majority-funded by the ILSC, Kuti Co is an enterprise established to harvest pipis in the Lower Lakes and Coorong fishery. The \$5 million investment over four years has enabled Kuti Co to acquire a fishing licence and a significant quantity of commercial pipi quota. Kuti Co has also become a major shareholder in Goolwa PipiCo, Australia's largest pipi processing and marketing company, with the ground-breaking partnership enabling Goolwa Pipi Co to grow its quota from 60 per cent to up to 85 per cent of the total fishery.

Kuti Co is expected to return significant long-term economic, social, environmental and cultural benefits for the Ngarrindjeri people.

Pipis are sold to high-end restaurants, generating a significant annual financial return, which will be reinvested in the Ngarrindjeri community and enterprises.

The venture will create full-time employment positions and training opportunities for others, in harvesting and processing.

In addition, the Ngarrindjeri people can continue cultural practices and knowledge associated with the harvest, trade and consumption of pipi and are directly involved in the sustainable management of the fishery. Kuti Co is jointly owned by the Ngarrindjeri Aboriginal Corporation, which represents Native Title holders, and Ngopamuldi Aboriginal Corporation, a small corporation with experience in successfully managing land-based enterprises.

The venture is the ILSC's first investment in sea country assets following the change to the ILSC's remit to include fresh and saltwater-based projects.

#### Contribution towards Deliverables and KPIs

DEL 1	DEL 2	DEL 3	KPI 1b	KPI 2b	KPI 3	KPI 4	KPI 5
0	0	1	7	0	1	1	0

### What are Pipi?

Pipi, or kuti in the Ngarrindjeri language, is a small clam that occurs along surf beaches on the south coast of Australia. The pipi beds in the Lakes and Coorong Fishery represent the largest population in Australia with middens and historic campsites containing millions of pipi shells, evidence that the shellfish was a staple in the diets of Ngarrindjeri people for millennia. Pipis are manually harvested from the intertidal zone using hand-held rakes and specially equipped 4WD vehicles. Commercial harvesting of pipi in the fishery is restricted to a 60 kilometre stretch of beach on the Youngusband Peninsula, adjacent to the Coorong National Park and inside the Ngarrindjeri Native Title determination area.



**“ Kuti have been harvested, traded and consumed for thousands of years and hold significant cultural and economic importance for Ngarrindjeri people. It has long been an aspiration of the Ngarrindjeri nation to acquire a commercial fishing licence and participate in the fishing economy of our land and waters – the funding and support we have received from the ILSC and others has enabled our vision to come to fruition. ”**

**Derek Walker**

Kuti Co CEO and Ngarrindjeri leader

Pictured: Harvesting kuti (pipis) on Ngarrindjeri country in SA.  
Photo Credit: Andy Steven Photography & Goolwa PipiCo.



## Trelawney Station, Somerton, New South Wales

### Trelawney Station growing education and employment for Aboriginal youth

The handover of a mixed farming property in northern NSW to the local Indigenous community will see an expansion of education, employment and social services for Indigenous people in the area.

Trelawney Station, a 766-hectare property near Somerton and Tamworth has a history of irrigated and dryland farming associated with livestock enterprises.

Its facilities and infrastructure support a wide range of agriculture and training activities including a homestead, woolshed and sheep yards, cattle yards, hay and machinery sheds and accommodation and conference facilities.

The return of country to former lessee Tamworth Local Aboriginal Land Council (TLALC) is the culmination of a five-year partnership with the ILSC to establish training, employment and social programs at the station; develop and implement a 10-year property management plan; and to put the property in a viable financial position.

Since the return of country, celebrated with a community event in August 2019, the TLALC has been working to diversify its income opportunities; undertake environmental works including weed and erosion control

and revegetation; and pursue training and employment programs.

The agricultural business remains a key investment focus, while the property's newly refurbished accommodation and conference facilities are providing an important source of revenue, hosting a steady stream of visitors as well as cultural and sporting events.

With Trelawney previously the site of heavy vehicle and excavator training, leading to subsequent employment for 10 participants, TLALC is pursuing opportunities to introduce education programs for Aboriginal youth and offenders.

Employment has been provided to one casual Indigenous consultant as well as a full-time caretaker.

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



**“ The handover of Trelawney gives the Aboriginal community important access to traditional country. Over the past five years, we have been able to use the facilities extensively for our school holiday programs, cultural learning days and training programs for high school students, as well as other community events. The assistance we received in putting our farm management plan and business plan in place will ensure the Tamworth LALC’s ongoing ability to use the land to its full potential. ”**

**Harry Cutmore**  
Tamworth Local Aboriginal Land Council (TLALC) Chairperson

Pictured: Trelawney Station divestment ceremony near Tamworth, NSW.



## Gayini (Nimmie Caira) Hay, New South Wales

### Nari Nari people build property portfolio and sustainability

Traditional custodians will ensure the ongoing protection of ecologically vital wetlands and significant Aboriginal heritage sites.

The traditional home of the Nari Nari people, Gayini (Nimmie Caira) is an environmentally and culturally significant property on the Murrumbidgee floodplains, located between Hay and Balranald in NSW.

An important breeding ground for wildlife often referred to as the 'Kakadu of the south', since May 2018 Gayini has been the focus of an ambitious and collaborative wetlands restoration program. More than 2,000 cultural sites, including burial sites, middens and camp sites, have also been recorded on the property to date.

The official return of country to the Nari Nari Tribal Council (NNTC), the result of a successful partnership between the ILSC, The Nature Conservancy and the NNTC, will help preserve the Aboriginal heritage and enhance environmental water flows in the Murray-Darling Basin. Nari Nari access and reconnection with country will also enable the transfer of knowledge between generations and the

development of new enterprises, with benefits flowing to the local Indigenous community.

With the NNTC already the owner of three ILSC-acquired properties being Lorenzo, Toogimbie and Glenhope, the Gayini acquisition galvanises a 20-year relationship between the ILSC and NNTC.

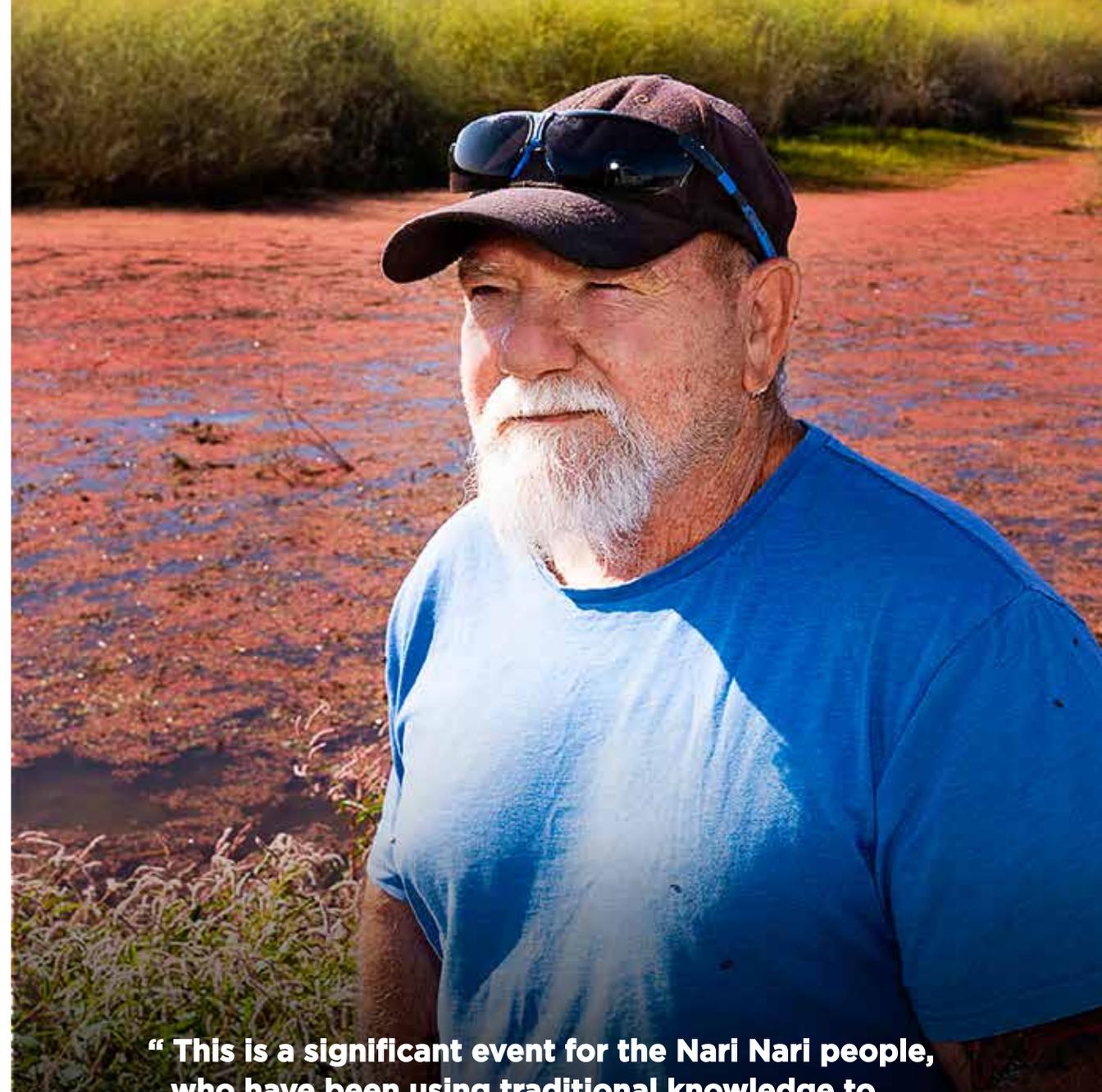
Meanwhile, a further \$1.2 million ILSC funding to purchase vital land and water management equipment has removed the ongoing financial burden of equipment and contractor hire for NNTC and is enabling improved employment and training opportunities for local Aboriginal people. Capital previously used to hire equipment or to engage contractors has been redirected to on-the-job training and work on country for local Indigenous people and other projects that benefit NNTC members.

#### Contribution towards Deliverables and KPIs

DEL 1	DEL 2	DEL 3	KPI 1b	KPI 2b	KPI 3	KPI 4	KPI 5
1	1	1	0	8	0	1	1

### Building ongoing partnerships

Gayini represents a successful partnership between government, Aboriginal people and environmentalists. Gayini has been co-managed by the Nari Nari Tribal Council since May 2018 as part of a consortium including The Nature Conservancy, the Murray-Darling Wetlands Working Group and the Centre for Ecosystem Science at the University of NSW. The Gayini purchase by the Nari Nari people was facilitated by The Nature Conservancy and made possible through funding from the ILSC, the Wyss Campaign for Nature and John Fairfax.



**“ This is a significant event for the Nari Nari people, who have been using traditional knowledge to sustain our country for thousands of years. Having the property back in Nari Nari hands will allow us to pursue sustainable sources of income such as carbon farming, grazing in non-sensitive areas and cultural eco-tourism and enable the intergenerational transfer of knowledge of caring for country. ”**

**Ian Woods**

Nari Nari Tribal Council (NNTC) Chair

Ian Woods, Chairman of the Nari Nari Tribal Council at Gayini in NSW.  
Photo Credit: Annette Ruzicka & The Nature Conservancy.



## Bushfood Symposium, Sydney, New South Wales

### National Indigenous Bushfood Symposium leads to coordinated action

A national symposium in November 2019 aimed at increasing Indigenous participation in Australia's \$20 million bush food industry led to concrete and coordinated actions to ensure Indigenous people and their interests are better represented on a national scale.

Held in Barangaroo, Sydney over two days, the inaugural Indigenous Bush Food Symposium was driven by the reality that Indigenous people make up just one to two per cent of Australia's bushfood market despite it being an industry founded on Indigenous traditional knowledge and country.

The ILSC-funded event brought together 120 Indigenous delegates from across the country representing 83 organisations with an interest in the sector and a keen focus on accessing markets for niche Indigenous products and particularly bush foods.

Delegates discussed key issues including market trends analysis, establishing supply chains, identifying international opportunities and asserting legal rights over knowledge, plants and foods.

A major outcome of the event was the formulation, agreement and delivery of a National Indigenous Bushfood Statement which set out key actions including:

- > the ongoing responsibility for Indigenous Australians to lead the national conversation
- > the requirement for national standards and protocols that promote Indigenous values and protect cultural integrity

- > development of a certification system to recognise provenance and authenticity
- > support for a national Indigenous-controlled industry body
- > protection of Indigenous knowledge and intellectual property through legislation
- > education and awareness to promote respect for Indigenous knowledge and protocols.

This led to the registration of a formal entity called the First Nations Bushfood and Botanicals Alliance, with an elected Board of Indigenous people from across Australia which will act as a peak body representing Indigenous interests.

The symposium was followed by the Twilight Blak Markets at the National Centre of Indigenous Excellence in Redfern, where Indigenous businesses showcased their bush food produce and other products.

The ILSC-funded symposium is an example of the ILSC supporting Indigenous Australians to achieve commercial success in the agribusiness sector. The event was delivered by First Hand Solutions Aboriginal Corporation, with support from UTS Business School and Lendlease.

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



**“ Every bush food has its own creation story, its own song and dance and cultural knowledge that has been handed down by our ancestors for thousands of years. The challenge for us is how do we bring our ancient foods into a contemporary industry while maintaining our connection to our culture, because for us, it's not just about money, it's about our identity. ”**

**Pat Torres**

Northern Australia Aboriginal Kakadu Plum Alliance (NAAKPA)

Pictured: Bruce Pascoe, Peter Cooley, Pat Torres, Eddie Fry & Robynne Quiggin at the Bushfoods Symposium in Sydney.

A photograph of Uluru at sunset, with the rock formation illuminated in warm orange and red tones against a clear sky. The foreground shows sparse desert vegetation.

*Part Four:*  
**ILSC Group  
Subsidiaries**

Pictured: Uluru sunset in the NT.  
Photo Credit: Voyages Indigenous  
Tourism Australia Pty Ltd.

**ILSC Group at 30 June 2020**  
**Indigenous Land and Sea Corporation**  
**Head office: Adelaide, SA**  
**ABN 59 912 679 254**

**Voyages Indigenous Tourism Australia Pty Ltd**

ABN 82 146 482 591  
 Head office: Sydney, NSW  
 CEO: Grant Hunt

**Anangu Communities Foundation**

ABN 63 494 833 077  
 Head Office: Sydney, NSW  
 CEO: (Acting) Leo Bator,  
 8 May to 17 June 2020,  
 (Acting) Tricia Stroud,  
 Commencing 18 June 2020

**Primary Partners Pty Ltd (Formerly Australian Indigenous Agribusiness Company Pty Ltd)**

ABN 28 108 266 548  
 Head office: Adelaide, SA  
 CEO: (Acting) Leo Bator,  
 8 May to 17 June 2020,  
 (Acting) Tricia Stroud,  
 Commencing 18 June 2020

**Yamanah Investments Pty Ltd**

ABN 83 637 596 617  
 Head Office: Adelaide, SA  
 CEO: Jason Collins

**National Centre of Indigenous Excellence Ltd**

ABN 98 133 644 578  
 Office: Redfern, NSW  
 CEO: Clare McHugh

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

ILSC subsidiaries are governed by the ATSI Act (Part 4A) and by the *Corporations Act 2001*. Under the PGPA Act (Section 86) subsidiaries must perform the same functions as the ILSC; that is, the management of land and water interests owned by the ILSC Group or leased from Indigenous owners.

Information on subsidiary governance in 2019-20 is provided in Part Five of this report, and individual reports for each subsidiary can be found in this section.

## Voyages Indigenous Tourism Australia Pty Ltd

The ILSC established Voyages to own and manage Ayers Rock Resort (acquired in May 2011) at Yulara, NT, supporting the development of Indigenous tourism in Australia.

In 2019-20, Voyages also operated two other tourism enterprises developed by the ILSC on ILSC held land:

- > Home Valley Station (HV8), an adventure tourism destination on a pastoral lease in the East Kimberley, WA
- > Mossman Gorge Centre, an ecotourism centre north of Cairns, Qld, developed by the ILSC in partnership with Traditional Owners.

Voyages proudly provides employment and training opportunities for Indigenous people in tourism and hospitality, offering guests unique experiences of Indigenous culture.

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

In 2019-20 the ILSC continued to underwrite operating and capital expenditure at Home Valley Station and Mossman Gorge Centre. Voyages handed back operations of Home Valley Station to the ILSC on 1 July 2020 (see p 66 for details on Home Valley Station).

## Results in 2019-20

### Business performance

In the 2019-20 financial year Voyages' operations generated Earnings Before Interest, Taxation, Depreciation and Amortisation (EBITDA) of \$37.9 million, down from \$48.4 million in 2018-19. The decrease was due to the impact firstly, of bushfires and subsequently, of COVID-19. This reported EBITDA is after \$6.1 million in expenses associated with Voyages' Indigenous employment and training programs, and related contributions of \$1.8 million from the ILSC; \$0.3 million from the Real Jobs Program (via the ILSC); \$8.9 million from the National Indigenous Australians Agency (\$2.3 million for opex subsidy; \$3.9 million for wages subsidy;

\$2.7 million other); and \$0.4 million from the Queensland and Northern Territory Governments. The operating cash flows generated during the year were used to fund capital expenditure of \$19.7 million and for part-payment of principal and interest totalling \$12.2 million due on loans secured against Ayers Rock Resort.

Voyages' net profit before tax for 2019-20 was \$5.7 million.

### Ayers Rock Resort

Ayers Rock Resort recorded occupancy of 56 per cent for the financial year, down from 86 per cent for the previous year. There was a continued focus on growing the average room rate by \$21.00 compared to 2018-19. Market conditions remained strong for the first half of 2019-20 with favourable exchange rates, positive economic conditions and expanded air capacity to Australia.

The second half of 2019-20 was impacted first by the drop in demand across Australia in January and February and then by the COVID-19 pandemic from March 2020. Ayers Rock Resort was effectively closed on 1 April 2020 due to NT border closures and the introduction of a biosecurity zone which prevented travel both into and out of Yulara. The borders remained closed at 30 June. While the bio-security restrictions were lifted on 5 June, enabling Northern Territory-based travellers, the Uluru-Kata Tjuta National Park did not reopen until 19 June. All flights into Ayers Rock Resort ceased in late March and did not resume for the remainder of 2019-20.

Key activities and highlights for 2019-20 included:

- > Field of Light Uluru, a stunning and extensive LED artwork by Bruce Munro, continued to be a powerful drawcard
- > 110 of 228 Sails in the Desert Hotel rooms were completed as part of a major renovation
- > An expansion to the Connellan airport terminal security screening area to accommodate the mandated introduction of full body scanners by December 2020
- > Refurbishment of all public ablutions and caravan park ablution blocks
- > Conversion of the old visitor's centre (Wintjiri Gallery) into a major gallery featuring Central Australian Aboriginal Art.

## Debt facilities

Voyages' ANZ bank loan is fully drawn to \$102.5 million at the balance date. Maturing on 20 July 2025, the loan is secured by a mortgage over the Ayers Rock Resort property, an equitable mortgage over shares in the company and a guarantee from the ILSC. \$2.5 million of the loan is repayable in instalments over the remaining term with equal quarterly instalments of \$0.3 million from 1 July 2023 until 1 July 2025. The total amount repayable on maturity is \$100 million. As at the balance date, the \$102.5 million bank loan is classified as a non-current interest-bearing loan.

On 14 December 2018, Voyages entered into a project finance facility with the Northern Australian Infrastructure Facility (NAIF) for a 20-year term of up to \$27.5 million, to fund the upgrade of the Connellan airport and associated Contractors Accommodation Project. The loan is secured by a mortgage over the Ayers Rock Resort, an equitable mortgage over shares in the company and a guarantee from the ILSC. Security in connection with the NAIF loan ranks equally with the Voyages primary lender ANZ but is subordinate in terms of cash flow servicing with principal repayments commencing in March 2023.

Furthermore, ILSC had previously entered into a \$65 million loan with the Commonwealth Government in 2016. The loan was secured by a mortgage over Ayers Rock Resort, an equitable mortgage over shares in Voyages and a guarantee from Voyages. Principal and interest repayments of \$1.95 million were being made quarterly during 2019–20 until the loan balance was repaid in full in January 2020. Subsequent to this repayment in full, all security was discharged.

## Home Valley Station

The tourist season at Home Valley Station runs from May to October each year. In 2019 Home Valley operated from July to October then closed for the wet season. Due to COVID-19 travel restrictions, a decision was made to keep the property closed throughout the 2020 season. After allowing for costs associated with wet season property maintenance, Home Valley Station recorded an operating loss of \$0.8 million (subsidised by the ILSC).

Due to the challenges of remote management, the decision was made for Voyages to cease management on behalf of the ILSC on 30 June 2020. In consultation with Traditional Owners, the ILSC is undertaking an Expression of Interest process to identify a suitable local operator for Home Valley Station and anticipates that operations will resume as soon as practicable allowing for the impact of COVID-19.

## Mossman Gorge Centre

Mossman Gorge Centre welcomed 261,230 visitors in 2019–20, a 22 per cent decrease from the previous year. The Centre, like all other tourism businesses, was adversely affected by COVID-19 and was closed to the public from March to 30 June 2020. To protect the health and safety of local Aboriginal communities, a conservative approach to scheduling a reopening timeframe was implemented.

Total operating profit inclusive of costs associated with Indigenous employment and training programs in 2019–20 was \$0.1 million, compared with a \$0.5 million loss in 2018–19 (subsidised by the ILSC).

## Indigenous employment and training

See the Annual Performance Statement (see page 32 for more information).

## Indigenous engagement

Voyages continued to build its regional engagement model, forming the Anangu Advisory Group with membership from Mutitjulu, Docker River, Imanpa and the Anangu Pitjantjatjara Yankunytjatjara (APY) Lands. The Group met three times to exchange information and identify opportunities that can lead to improved collaboration and partnership in economic participation, tourism, training, employment and activities at Ayers Rock Resort. The Group also assists Voyages to understand and remain connected with community-based aspirations and projects ensuring it is supporting local and regional Anangu priorities.

The Real Jobs Program continued its support for 11 Anangu participants to engage in meaningful work and skills development through employment at Ayers Rock Resort. The program was impacted by COVID-19, and participants were supported to engage in positive activity and work in Mutitjulu.

Other new programs designed and delivered over the year include:

## Education Pathways Program

Designed to deliver meaningful education pathways through:

- > delivery of a suite of school-based activities, workplace exposure, familiarisation and work experience programs to primary and secondary school aged students in the Ngaanyatjarra, Pitjantjatjara and Yankunytjatjara (NPY) and Central Australia region
- > partnerships with key education network stakeholders and schools in the NPY and Central Australia region to ensure continuous improvements in program design and delivery.

## Employment Pathways Program

Designed to support job seekers to understand opportunities via:

- > building relationships at a community level
- > partnering with Job Network and Community Development Plan providers to create flexible and appropriate ways to develop work skills at a community level
- > developing a range of site visit and work experience opportunities that can lead to employment at Ayers Rock Resort.

## Wellbeing Program

Implementing a wellbeing framework for Ayers Rock Resort that is culturally responsive to the needs of Indigenous staff by:

- > enhancing the capacity of all employees to work with Indigenous staff in meeting the organisation's strategic goals
- > assessing the wellbeing needs of staff living and working at Ayers Rock Resort through extensive consultation with staff at all levels of the organisation
- > designing and implementing structured wellbeing programs for staff that are responsive to staff-identified need and proactively enhance staff wellbeing.

## Anangu Communities Foundation

The Anangu Communities Foundation (formerly the Mutitjulu Foundation) has worked to improve its position as a genuine regional partner at a grass roots level, supporting Anangu and improving their wellbeing through increased education, improved health and greater social and economic participation. The Foundation has focused heavily on implementing projects to support families and the Mutitjulu community during the COVID-19 pandemic and lock-down period. The Foundation funded 13 projects in 2019–20.

The closing balance of net assets at 30 June 2020 was \$1,216,213. Annual revenue for this financial year was \$225,613.48, representing a 5.19 per cent decrease from the previous year (\$468,807). Voyages continued to match guest and staff donations to the Foundation, dollar for dollar; the total matching donations reached a maximum capped amount of \$79,200 in 2019–20.

Pictured: Indigenous Bush Food products.  
Photo Credit: Voyages Indigenous Tourism Australia Pty Ltd.



### Looking Forward

The outlook for Australia's tourism sector is expected to be more challenging than in previous years as we emerge from the COVID-19 pandemic. With approximately 48 per cent of Voyages' business at Ayers Rock Resort coming from international guests who cannot enter the country, the closure of international borders will curtail business for some time to come.

Recovery will be slow as air capacity is rebuilt, and demand is generated solely from the domestic market which is expected to be crowded with competing offers from other parts of the country. The uncertainty surrounding the future of Virgin Airlines also impacts Ayers Rock Resort, with Virgin services not expected to return until international markets are active again in Australia. Voyages has developed a comprehensive marketing campaign to remain competitive.

In October 2019, the Uluru climb was closed permanently, and Voyages is developing alternative activities and experiences to ensure future demand remains strong. Both Ayers Rock Resort and Mossman Gorge Centre are

expected to generate significant financial losses in the coming year, with full recovery from COVID-19 not anticipated until 2023. Voyages places the health and wellbeing of the Aboriginal communities in which we operate, in addition to all its guests and staff, as a priority. COVID-19 has presented us, as it has with many businesses in Australia, with unprecedented challenges, and Voyages have worked hard to find solutions that address the concerns of communities and comply with all State and Australian Government requirements. While Voyages remains confident in its stringent COVID-19 protections it will continue to work collaboratively with all stakeholders to ensure that the necessary, best-practice precautions are being implemented throughout its tourism facilities across Australia.

The ILSC's commitment to its mandate of divesting acquired and improved land will see continued efforts to rebuild the value and financial sustainability of Voyages' assets in readiness for future granting. The subsidiary will continue to focus on infrastructure improvements, operational efficiencies and Indigenous benefits.

## Primary Partners Pty Ltd (formerly Australian Indigenous Agribusiness Company Pty Ltd)

Primary Partners is a wholly owned ILSC subsidiary responsible for overseeing the ILSC's interest in the agricultural sector.

Formerly known as the Australian Indigenous Agribusiness Company Pty Ltd, the entity's name changed to Primary Partners Pty Ltd on 20 February, signalling its focus on growing the Indigenous Estate by partnering with Indigenous Australians to realise agricultural sector opportunities.

At the start of 2019-20, Primary Partners oversaw 10 commercial agribusiness operations on Indigenous-held land (either ILSC-held or leased from Indigenous landholders). During the year, Primary Partners reduced its operational footprint to nine commercial agribusinesses across 1,392,430 hectares of Indigenous-held land (see Table 18). This reduction in Primary Partner's Agribusiness Portfolio reflects the strategic decision to achieve greater efficiencies by reducing agribusinesses and undertaking alternative management arrangements.

### Results in 2019-20 Operations

The start of the 2020 production season was disrupted by the COVID-19 pandemic and, like many Australian businesses, Primary Partners needed to respond swiftly and efficiently to disruptions in the agricultural sector.

This saw a rapid change in the way in which it operates to protect its staff; Indigenous landholders and people in the communities in which Primary Partners operates; as well as other workers in the supply chain.

Working closely with its dedicated Work, Health and Safety team, Primary Partners formulated safety procedures and risk controls to ensure the organisation could continue to operate as an essential business in the agricultural sector under this new tightened environment. Staff acceptance, resilience and commitment to the new safety and precautionary measures has been appreciated and fundamental to our response, with some operational staff willing

to be quarantined on properties to ensure the wellbeing of others and so that business could continue. Throughout this crisis, it has become clear that the agricultural industry remains a valued and essential component of Australia's economy; that the production of food and fibre is not only considered essential but remains a relevant market in the future. Fortunately, due to the nature and remote location of our operations Primary Partners is well set up to weather the disruptions of the pandemic.

### Indigenous employment and training

See the Annual Performance Statement (see page 32 for more information).

### Looking forward

Primary Partners will continue to adjust the Agribusiness Portfolio, transitioning towards alternative management arrangements for two commercial agribusinesses. These challenges will continue to affect the outlook for 2020-21.

Primary Partners will continue to adjust the Agribusiness Portfolio and transition into alternative management arrangements with plans underway to transition out of two further commercial agribusinesses. A focus on portfolio business performance improvements will continue, with changes in adopting new production systems being implemented, as well as evaluating opportunities to diversify income streams through alternative land management use.

Throughout this change, Primary Partners will maintain its focus on creating positive working relationships with Indigenous landholders to derive strong benefits from the agriculture sector.

### ILSC Agribusiness Results in 2019-20

At 30 June 2020, the ILSC's agribusiness properties carried 40,950 head of beef cattle and 8,855 sheep; a total of 49,805 livestock (Table 18). Consistent with our focus to adjust the portfolio, during 2019-20 the number of livestock held decreased by 5.6 per cent, or 2,976 head. The value of livestock held however increased during the year reflecting an increase in market value due to overall turnover and high demands from restockers.



Pictured: Gunbalanya Station in West Arnhem Land, NT.  
Photo Credit: Pam Daniell.

Despite the reduction of livestock numbers, the portfolio value increased by 17.5 per cent or \$4.6 million, to close at \$31.1 million. The gross trading profit for all livestock was \$7.5 million at 30 June 2020. The Roebuck Export Depot also contributed net income of \$2.1 million and agistment income of \$0.6 million was received from Gunbalanya Station. In large part, the sale value of livestock reflects adjustments to the

portfolio, positive changes in the cattle market and herd management in response to climatic conditions. The agribusiness portfolio generated a total income of \$14.1 million mostly from its agribusiness operations.

The total operating expenses for the agribusiness portfolio was \$15.9 million. The ILSC's contribution to supporting the agribusiness operations in 2019-20 was \$0.1 million.

**Table 18 ILSC Agribusiness Portfolio, at 30 June 2020**

Property	Areas in hectares	Status at 30 June 2020	Livestock** numbers at 30 June 2020
<b>Queensland</b>			
Bulimba, via Chillagoe	294,740	Leased	<b>5,890</b>
Crocodile/Welcome, via Laura	124,800	ILSC - held	<b>5,857</b>
Merepah, via Coen*	186,000	ILSC - held	<b>5,310</b>
<b>Western Australia</b>			
Roebuck Plains, via Broome	283,493	Leased	<b>17,245</b>
Roebuck Export Depot	100	Leased	<b>n/a</b>
<b>Northern Territory</b>			
Gunbalanya Station	80,000	Leased	<b>1,374</b>
Gunbalanya Meats	n/a	Leased	<b>n/a</b>
Hodgson Downs*	419,200	Leased	<b>5,274</b>
<b>Tasmania</b>			
Murrayfield, Bruny Island	4,097	Leased	<b>8,855 (sheep)</b>

\* Commercial agribusiness earmarked for transition.

\*\* Beef cattle except where indicated

## National Centre of Indigenous Excellence Ltd (NCIE)

The National Centre of Indigenous Excellence (NCIE) is a social enterprise that builds capability and creates life-changing opportunities for Aboriginal and Torres Strait Islander people to positively impact wellbeing. Developed by the ILSC on the former Redfern Public School site, the land and historic buildings were purchased from the NSW Government in 2006 with the newly developed centre opening in 2010. The NCIE site encompasses a fitness and aquatics centre, including an outdoor sports field, basketball stadium, indoor and outdoor training areas, and an undercover pool. There are also accommodation and conferencing facilities, and corporate and tenant offices. NCIE services are detailed below.

The NCIE site is a hub for other Aboriginal and Torres Strait Islander organisations: National Aboriginal Sporting Chance Academy (NASCA), Australian Indigenous Mentoring Experience (AIME), Tribal Warrior Aboriginal Corporation, Inner Sydney Empowered Communities (ISEC) and Redfern Youth Connect (RYC), whose own activities from the NCIE site support thousands of Aboriginal and Torres Strait Islander people. Yamanah Investments Pty Ltd, a newly created ILSC subsidiary, became a tenant in January 2020, and SEDA Sporting College, concluded their four-year tenancy with NCIE in August 2019.

### NCIE services

The NCIE delivers six discrete yet interrelated services from the NCIE site:

- > Fitness and Aquatics - includes café and retail
- > Hospitality - includes conference, accommodation, and on-site and off-site catering
- > Job Ready - a training-to-employment program
- > TATU - Talking About Tobacco Use, part of the national Tackling Indigenous Smoking program
- > IDX - National Centre for Indigenous Excellence, in partnership with Telstra
- > Blak Impact - a First Nations-led design, evaluation, readiness building and systems change service.

Each service is driven by NCIE's goal of delivering long-term improvements to Aboriginal and Torres Strait Islander wellbeing. NCIE Corporate provides internal support in finance, human resources, Work Health and Safety, ICT, communications and marketing, governance and risk management. Through these operations, NCIE supports the ILSC to achieve strategic land management outcomes through its management of the Redfern site.

### Business performance

The NCIE is a not-for-profit social enterprise. In 2019-20, its earnings (before grant funding from the ILSC) were \$5.2 million in total, including revenues from its four businesses (Fitness and Aquatics, Hospitality, Job Ready and Blak Impact) and grants and sponsorships from third parties to run programs.

NCIE generated a loss of \$0.6 million in 2019-20; however, before financial support from the ILSC of \$4.9 million, the result was a deficit of \$4.3 million (including concessional lease contribution of \$2.0 million).

NCIE is in its last year of the Strategic Plan 2018-20, which focused on optimising and developing NCIE as a high-performing organisation for social impact, financial viability, internal culture and partnerships.

### Engagement and social impact

Strong and effective partnerships with Indigenous people, organisations and the local community underpin all NCIE activities. Here are some of the 2019-20 highlights:

- > NCIE Job Ready mentored and assisted 33 Aboriginal and/or Torres Strait Islander participants into training or employment
- > NCIE Hospitality hosted 6,043 conference guests from the community, corporate and government spheres with key delegations including the NSW Department of Premier and Cabinet, Transport NSW, Aboriginal Community Housing, ABC Television and the University of Technology Sydney
- > NCIE Accommodation facilities hosted 1,251 guests across 57 school, university, sporting and other groups, with 61 per cent identifying as Aboriginal and/or Torres Strait Islander.



Pictured: National Centre of Indigenous Excellence (NCIE) in Redfern, NSW.

- > NCIE Catering delivered to 15,121 people in 518 orders, including Transport NSW, City of Sydney, Cancer Institute and the UNSW Business School
- > NCIE Retail and Café supported 49 Aboriginal and Torres Strait Islander artists and businesses
- > NCIE Fitness and Aquatics – 19 per cent of 2008 members identify as Aboriginal and/or Torres Strait Islander; the pool was utilised by seven schools hosting 1,303 students for swimming lessons
- > The Homework Centre, delivered in collaboration with local community organisation Redfern Youth Connect, was attended 1,517 times, assisting an average of 169 year 8-12 Aboriginal and Torres Strait Islander youth with time management and tutoring
- > IDX – 284 young Aboriginal and Torres Strait Islander people, 51 community focused organisations, and 15 regional and remote communities across Australia attended workshops to foster digital learning and development.

### On-site events and visitors

2020 marked 10 years since NCIE opened its doors to the public.

While COVID-19 impacted on planned on-site celebrations (a themed Blak Markets and NAIDOC@NCIE), the NCIE marked the milestone with:

- > 10-year anniversary t-shirts and enamel mugs displaying artwork by Gomeroi/Gamillaraay artist Dennis Golding which officially launched at Yabun in January
- > Interviews with community members who shared what NCIE has meant to them since it opened, including one with journalist, author and academic, Stan Grant, which was shared across all NCIE's social media channels in June.

### Other highlights for 2019–20 included:

- > Inner City NAIDOC Family and Sports Day – in its 10th year on NCIE grounds, the July event was organised in collaboration with a community committee and attracted more than 4,000 people for a day of cultural events and performances, activities and food stalls
- > Twilight Markets – held in partnership with Blak Markets on NCIE grounds, the November market celebrated and showcased Indigenous businesses from around Australia, attracting 1,200 people to enjoy art and food stalls, music, and cultural performances
- > The Heart of Social Enterprise Discussion Panel – an October event marking Indigenous Business Month; four Indigenous social entrepreneurs talked about their business journey and how they contribute to community
- > Clean Slate Without Prejudice and Never Going Back – Tribal Warrior's boxing, fitness and mentoring program attracts broad community attendance three mornings a week, each session regularly attracting up to 100 participants
- > Biggest Bootcamp for the Bushfires – this Tribal Warrior January event saw 200 fitness and boxing class participants raise funds for the NCIE Wildlife, Information, Rescue and Education Service for wildlife affected by the unprecedented 2019–20 NSW bushfires.

### Indigenous employment and training

See the Annual Performance Statement (see page 32 for more information).

### Looking forward

2019–20 continued recent years of consolidation and growth while building on processes and procedures for more efficient and effective NCIE operations. The final year of the NCIE Strategic Plan 2018–2020 focused on optimising and developing NCIE as a high-performing organisation for social impact, financial viability, internal culture and partnerships.

The NCIE continues to work to establish sustainable operating models to ensure it continues generating benefits to the Indigenous community, locally and nationally, and supporting the ILSC's mandate of divestment.

The NCIE was significantly impacted by the global outbreak of COVID-19. The site was closed temporarily from 18 March to 30 June 2020 impacting all services; 63 per cent of the workforce was not able to work due to government restrictions.

The NCIE's achievements and its contribution towards ILSC Key Performance Indicators in 2019–20 was directly impacted by the pandemic. This is evident in the results compared to the previous year.

Guided by the NCIE Operation and Workforce Plan to 30 September 2020, the NCIE will continue to operate pivoted services and act in accordance with public health orders during 2020–21.

As one of the ILSC's most valuable landholdings, the ILSC's core mandate of divestment of improved land will require careful and considered due diligence, planning and community engagement. The ILSC will focus on this during the 2020–21 period, while its subsidiary, NCIE, continues to focus on transforming its operations to a sustainable economic business model to support future divestment.

## Yamanah Investments Pty Ltd

Yamanah Investments Pty Ltd was established as a wholly owned subsidiary of the ILSC in January 2020. A place-based investment and impact incubator, Yamanah is a pilot program aiming to extend localised project identification and development support to the Murray-Darling Basin region of NSW. Yamanah Investments supports the delivery of the ILSC's purposes by brokering greater private capital into and with Indigenous communities, businesses and entrepreneurs.

In the period to 30 June Yamanah:

- > established its governance structures, comprised of a three member Board under Chair Bruce Martin;
- > recruited staff including its inaugural General Manager Jason Collins;
- > established itself in offices in Dubbo and Sydney; and

- > commissioned and received an in-depth environmental scan of opportunities and challenges in the target region, taking in key market sectors and ensuring alignment with the 20-Year Economic Vision for Regional NSW (July 2019). This vision sets out a pathway for ensuring that regional NSW will continue to be a growing part of the NSW economy, and that people are supported in their decision to live in the regions, providing a sound foundation for the direction of Yamanah resources.

By December 2020, Yamanah Investments will report to the ILSC Board on its successes and challenges in brokering private and philanthropic capital into Indigenous opportunities throughout the program region. It is intended that an assessment of these achievements will inform the ILSC Board on the value of a place-based approach to investment incubation.



## Part Five: Governance



Pictured: Pius Gregory, Yawuru Country Manager at Roebuck Plains Station on Yawuru country near Broome, WA.



Pictured: Kakadu plum or Gubinge from Northern Australia.

## ILSC BOARD

### BOARD COMMITTEES

Audit and Risk  
Remuneration and Nomination  
Work Health and Safety (Transitioned to a Management Committee in November 2019)

### ILSC GROUP CHIEF EXECUTIVE OFFICER (GCEO)

### ILSC Executive Management Team

#### NATIONAL OPERATIONAL UNITS

Program Delivery  
Central Divisional Office (SA, NT, Vic, Tas): Adelaide, SA  
Eastern Divisional Office (Qld, NSW): Brisbane, Qld  
Western Divisional Office (WA): Perth, WA  
ILSC Agribusiness  
Carbon and Environment

#### NATIONAL SUPPORT UNITS

Finance  
Information and Communication Services  
People and Culture including Human Resources and Work Health and Safety  
Legal including Governance, Risk and Internal Audit  
Policy  
Communications and Media

### Stakeholders and accountabilities

#### BENEFICIARIES AND PARTNERS

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

#### GOVERNMENT

Parliament of Australia  
Prime Minister - Minister for Indigenous Australians  
Department of the Prime Minister and Cabinet - lead portfolio agency  
National Indigenous Australians Agency

#### POTENTIAL PROJECT PARTNERS AND/OR CO-INVESTORS

Indigenous Business Australia and other portfolio agencies  
Other Australian, state/territory and local government entities including regulators  
Private-sector companies and peak bodies in relevant industries  
Non-government organisations (philanthropic, not-for-profit)  
Academia/research centres

## Governance Framework

### Legislation

The ILSC is established under the *Aboriginal and Torres Strait Islander Act 2005* (ATSI Act), which sets out the ILSC's functions, powers and governance framework. The ILSC is a corporate Commonwealth entity under the *Public Governance, Performance and Accountability Act 2013* (PGPA Act). The ILSC Board is the Accountable Authority under the PGPA Act.

### Budget

The ILSC participates in the whole-of-government budget process through the Portfolio Budget Statements for the Prime Minister and Cabinet Portfolio. The ILSC and its subsidiaries (other than Voyages) are included in the General Government Sector. Voyages is classified as a Public Non-Financial Corporation.

### Responsible Minister

During 2019-20 the ILSC had one responsible Minister:

- > The Hon Ken Wyatt AM MP, Minister for Indigenous Australians.

The PGPA Act requires that the ILSC keep the Minister informed of its operations, including any events of significance, and provide both the Minister and the Minister for Finance with reports, documents and information that they may request. The ILSC Board is also required to notify the Minister of any significant non-compliance with finance law. The ILSC Board has determined that there has been no significant non-compliance with finance law during the reporting period that needed to be notified to the Minister.

### General policies of the Australian Government

The ILSC must comply with any Australian Government Policy Order to the extent that it applies to the ILSC. The Senate Procedural Order of Continuing Effect (Senate Order) applies to corporate Commonwealth entities from 1 July 2017; it requires a list of active contracts at or above \$100,000 (GST inclusive) to be published on an agency's website. The Minister is required to table a letter in accordance with the Senate Order, providing a link to the location on the ILSC website.

### Related Party Transactions

ILSC has a system of delegated powers that enables decisions to be made on a range of transactions at the appropriate organisational level. The Board Governance Charter adopts better practices as contained in the Australian National Audit Office Better Practice Guide on Governance and the Australian Stock Exchange Corporate Governance Guidelines.

The Charter requires the disclosure of any conflict of interests including all related party transactions, and this matter is reported on at each ILSC Board meeting for Directors. The Executive Management Team is required to provide an Annual Declaration of Interest. In 2019-20, the ILSC has reported a series of transactions with two related parties, one of which is another Commonwealth related entity. Note 12B (Transactions with Related Parties) to the Financial Statements of the ILSC sets out ILSC's related party disclosure for 2019-20.

## ILSC Board

The seven-member Board is the ILSC's primary decision-making body. Five members including the Chairperson must be Indigenous Australians with all Directors appointed by the Minister. On 26 June 2020, Director Elu submitted his letter of resignation to the Minister. It is therefore noted that as at 30 June 2020, there are six members of the ILSC Board.

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

Key objectives of the Board include:

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

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

The 17 Board meetings held in 2019-20 and the Directors' attendance are outlined in Table 19.

The following are short biographies of the seven ILSC Directors who served during 2019-20. All are non-executive Directors, and all except Director Crossin are Indigenous Australians.

## ILSC Board of Directors



### Mr Edward (Eddie) Fry

- > **Chairperson**
- > **Chair, Remuneration and Nomination Committee**

Mr Eddie Fry was born and grew up in Darwin and is from the Dagoman Native Title group of the Katherine region in the Northern Territory. He is Chair of the ILSC and Indigenous Business Australia.

Mr Fry holds a Diploma in Business Management, has extensive experience in the Australian resource sector and is a specialist in Indigenous and native title issues.

He is Executive Director of Gimbulki Ltd, a native title land access company which he established, Chair of Broadspectrum/Ventia Indigenous Advisory Board and Chair of Todd River Resources Ltd.

As a senior executive with Normandy Mining Ltd, Eddie gained a wealth of experience in domestic and international corporate operations. During his time with the company, he established the Traditional Owner policy, managed international logistics and marketing of Normandy's base and strategic metal portfolio and was an investor relations analyst.



### Mr Joseph Elu AO (resigned 26 June 2020)

- > **Deputy Chairperson**
- > **Member, Audit and Risk Committee**
- > **Member, Remuneration and Nomination Committee**

Mr Joseph Elu has a strong background in local government and business. He is the current Chairperson of Seisia Enterprises and a current Member and former Chairperson for Seisia community. From 2008-2012, Mr Elu was Chairperson of the Torres Strait Regional Authority (TSRA). He is currently the TSRA Portfolio Member for Economic Development, and former 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. He was the former Mayor of the Northern Peninsula Area Regional Council and a former Chairperson of Indigenous Business Australia. In 2008, Mr Elu was made an Officer of the Order of Australia for his service to Indigenous people.



### Mr Roy Ah-See

- > **Director, National Centre of Indigenous Excellence Ltd**
- > **Director, Yamanah Investments Pty Ltd**

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

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

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

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

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

## ILSC Board of Directors



### Ms Patricia (Trish) Crossin

- > **Chair, Work Health and Safety Committee (transitioned to a Management Committee in November 2019)**
- > **Member, Audit and Risk Committee**
- > **Director, Voyages Indigenous Tourism Australia Pty Ltd**
- > **Director, Primary Partners Pty Ltd (formerly Australian Indigenous Agribusiness Company Pty Ltd)**

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

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

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

Current board positions include directorships of two ILSC subsidiaries (Voyages Indigenous Tourism Australia and Primary Partners Pty Ltd); the Anangu Foundation; St Columba's College, Westjustice Community Legal Centre and Asthma Foundation NT. Ms Crossin is also a member of the Advisory Committee on Indigenous Eye Health at Melbourne University and a Special Advisor to Gender Equity Victoria.

### Mr Bruce Martin

- > **Chair, Primary Partners Pty Ltd (formerly Australian Indigenous Agribusiness Company Pty Ltd)**
- > **Chair, Yamanah Investments Pty Ltd**

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

He has worked for the Cape York Land Council, the Wuchopperen Aboriginal Medical Service, the Queensland Department of Families in Cairns and the Aurukun Shire Council. Mr Martin is president of the Cape York Peninsula Live Export Group and a member of Regional Development Australia Far North Queensland and Torres Strait.

Mr Martin has been instrumental in the establishment of Aak Puul Ngantam (APN), 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.

### Dr Donna Odegaard AM

- > **Member, Work Health and Safety Committee (transitioned to a Management Committee in November 2019)**
- > **Director, National Centre of Indigenous Excellence Ltd**
- > **Director, Yamanah Investments Pty Ltd**

Dr Donna Odegaard AM, Larrakia Elder from Darwin, NT is a businesswoman with over 40 years' experience and has a Master's degree on Aboriginal Land Rights and PhD on Treaty.

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

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

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

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

### Mr Daniel Tucker

- > **Director, Voyages Indigenous Tourism Australia Pty Ltd (resigned 19 June 2020)**

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

Mr Tucker is the founding and Managing Director of Carey Mining, the largest 100 per cent Indigenous owned and managed contracting company in Australia. He has over 29 years' experience in the mining industry, having held executive and board roles in both Australian Stock Exchange listed public companies and other private companies.

Mr Tucker was an inaugural member of the Prime Minister's Indigenous Advisory Council and has previously served on the Council of Curtin University in Perth, WA, as well as on the boards of several not-for-profit and community control organisations.

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

Mr Tucker was made a Member of the Order of Australia in 2020.

**Table 19 ILSC Board meetings 2019–20**

Meeting No.	Date	Location	Attendees	Apology / Leave of Absence
241	24.07.2019	Teleconference	Fry, Crossin, Martin, Elu, Odegaard, Ah-See	Tucker
242	21.08.2019	Perth	Fry, Crossin, Martin, Elu, Odegaard, Tucker	Ah-See
243	11.09.2019	Teleconference	Fry, Crossin, Martin, Ah-See, Tucker	Elu, Odegaard
244	23.10.2019	Sydney	Fry, Crossin, Martin, Elu, Odegaard, Ah-See, Tucker	
245*	29.11.2019	Teleconference	Fry, Martin, Elu, Odegaard, Ah-See, Tucker	Crossin
246	11.12.2019	Canberra	Fry, Crossin, Martin, Elu, Ah-See, Tucker	Odegaard
247*	18.12.2019	Teleconference	Fry, Crossin, Martin, Elu, Odegaard, Ah-See, Tucker	
248	19.02.2020	Adelaide	Fry, Crossin, Martin, Elu, Odegaard, Ah-See, Tucker	
249*	13.03.2020	Teleconference	Fry, Crossin, Martin, Elu, Odegaard, Ah-See, Tucker	
250*	26.03.2020	Teleconference	Fry, Crossin, Elu, Ah-See, Tucker	Martin, Odegaard
251*	02.04.2020	Teleconference	Fry, Crossin, Martin, Elu, Odegaard, Tucker	Ah-See (LOA)
252*	09.04.2020	Teleconference	Fry, Crossin, Martin, Elu, Odegaard, Ah-See, Tucker	
253*	23.04.2020	Teleconference	Fry, Crossin, Martin, Elu, Odegaard, Ah-See, Tucker	
254*	07.05.2020	Teleconference	Fry, Crossin, Martin, Elu, Odegaard, Ah-See, Tucker	
255*	27.05.2020	Microsoft Teams	Fry, Crossin, Martin, Elu, Odegaard, Ah-See, Tucker	
256	17.06.2020	Microsoft Teams	Fry, Crossin, Martin, Elu, Odegaard, Ah-See, Tucker	
257*	25.06.2020	Microsoft Teams	Crossin, Martin, Elu, Odegaard, Ah-See, Tucker	Fry (LOA)

\* Out of session meeting.

### Board Committees

Three Board committees operated in 2019–20.

#### Audit and Risk Committee

The Audit and Risk Committee provides independent assurance and advice to the Board on the ILSC Group's systems for managing risk, control and compliance, financial statements and performance reporting responsibilities as required by subsection 45(1) of the *Public Governance, Performance Act and Accountability Act 2013* (PGPA Act).

The committee has two non-executive Directors and is chaired by Ms Maria Storti who was reappointed in February 2020 as the independent member for a further two years. Committee members during the year were Directors Elu and Crossin. Director Elu was replaced by Director Ah-See at the ILSC Board meeting of 15 July 2020. See Table 22 (page 88) for additional Audit and Risk Committee membership details.

#### Remuneration and Nomination Committee

The Remuneration and Nomination Committee assists the Board to select the ILSC CEO and monitor their performance; consider and make

recommendations about appointments to Board committees and subsidiary boards; and oversees and makes recommendations on ILSC Group remuneration policy. Committee members during the year were Chairperson Fry and Director Elu. Director Elu was replaced by Director Tucker at the ILSC Board meeting of 15 July 2020.

#### Work Health and Safety Committee

Established in March 2016, the Work Health and Safety Committee (WHSC) provides assurance and advice to the Board on work, health and safety matters across the ILSC Group. In its report to the Board on 6 December 2017, the WHSC recommended the continuation of its work for a further two years.

Following positive improvements in performance across the Group, the Committee met in November 2019 to review its Charter and governance structure. It recommended that the Sub-Board Committee transition to a Management Committee; that the Management Committee consist of all WHS personnel employed within Group entities and an independent member, Mr J Kent; and that the appointed Committee Chairperson is the present ILSC Group WHS Manager.

## Subsidiary Governance and Management

The ILSC's subsidiaries each have their own Board of Directors (Table 20). The activities of subsidiaries are managed by agreements with the ILSC under section 191G of the ATSI Act. The ILSC Board issues a Statement of Expectation to each subsidiary setting out the ILSC's expectations including outcomes to be achieved by subsidiaries. The ILSC Board appoints directors to subsidiary boards; they include some ILSC Directors as well as independent members. Subsidiary boards establish committees, where appropriate.

During the reporting period, subsidiaries Voyages and NCIE had their own management structures headed by a CEO or Managing Director. Primary Partners (formerly AIA), has been in transition from a vehicle to employ staff to the principal entity involved in agricultural activities. Primary Partners and NCIE receive corporate-services support from the ILSC in the areas of human resources, information technology, finance, risk management and legal.

On 21 November 2019, Yamanah Investments Pty Ltd was incorporated as a whole-owned subsidiary to facilitate a Murray-Darling Basin Indigenous Investment Centre pilot program to be run until December 2020.

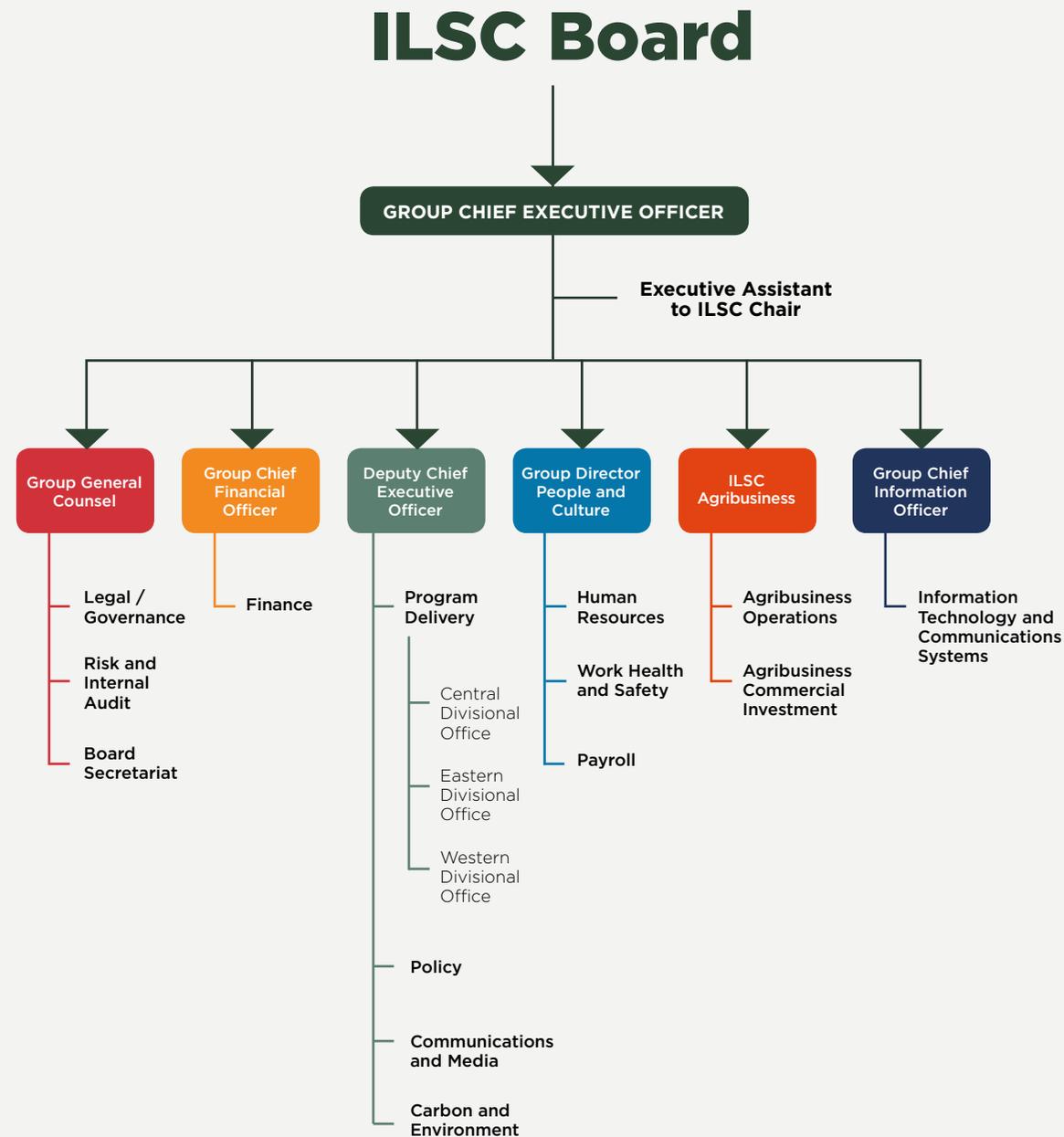
**Table 20 ILSC Subsidiary Boards, as at 30 June 2020**

Voyages Indigenous Tourism Australia	Primary Partners Pty Ltd	National Centre of Indigenous Excellence Ltd	Yamanah Investments Pty Ltd
Rick Allert (Chair)	Bruce Martin, ILSC (Chair)	Alison Page (Chair)	Bruce Martin (Chair), ILSC Director
Iain Evans, WU (associate director, non-voting)*	Patricia Crossin, ILSC Director	Kate Cam	Roy Ah-See, ILSC Director
Dorothea Randall*	John Maher (resigned 25 Nov 2019)	Dillon Kombumerri	Dr Donna Odegaard, ILSC Director
Patricia Angus		Dr Donna Odegaard, ILSC Director	John Maher (resigned 25 Nov 2019)
Andrew McEvoy		Roy Ah-See, ILSC Director	
Dana Ronan		Leo Bator	
Grant Hunt (Managing Director)			
Leo Bator			
Daniel Tucker, ILSC Director (resigned 19 June 2020)			
Patricia Crossin, ILSC Director			

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

# ILSC Organisational Chart

30 June 2020



## ILSC Administration

The ILSC Group CEO is a statutory officer appointed by the Board. Mr John Maher, the Group CEO at the commencement of 2019-20, ceased the position on 13 September 2019. The Board resolved that Mr Leo Bator would act in the role for a temporary period in accordance with the provisions of section 192P of the ATSI Act. Recruitment for the ILSC Group CEO position commenced in March 2020 and remains in progress as at 30 June 2020.

Mr Bator ceased in the role of acting Group CEO and returned to his substantive position on 17 June 2020. The Board resolved that commencing 18 June 2020, Ms Tricia Stroud would act in the role of Group CEO for a temporary period until a new Group CEO is appointed.

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

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

In response to the COVID-19 pandemic, the ILSC transitioned all office-based staff to work from home arrangements for the period 15 March to 30 July 2020. Over this period, the ILSC maintained business as usual capability through the establishment of a Business Continuity Management team comprising senior executive and relevant ILSC subject matter experts.

Further information about ILSC Group staffing is provided in Part Six of this Annual Report.

The ILSC Group CEO, Executive, management and employees participate in several committees where policy, operational, technical or staffing issues are deliberated (Table 21). The Executive Management Team meets regularly; other committees meet regularly or as required.

The ILSC Group leadership team meets monthly. While a number of the meetings have been on a face to face basis, following the commencement of restrictions on movement as a result of COVID-19, the meetings have been virtual, via videoconference.

**Table 21 ILSC Management Committees, 30 June 2020**

<b>Executive Management Team</b>	ILSC Group CEO, Deputy CEO, Group, Chief Finance Officer, Group Chief Information Officer, Group General Counsel, Group Director People and Culture, Executive Director Program Delivery, Executive Director Strategic Reform Unit	Senior management forum to discuss and progress corporate, policy and operational matters and assist the ILSC Group CEO to fulfil statutory responsibilities according to directions
<b>Consultative Committee</b>	Elected staff representatives, ILSC, Group CEO (or CEO representative), Group Director People and Culture	Forum for discussion of issues relating to general employee conditions and operation of the ILC Enterprise Agreement
<b>Indigenous Consultative Group</b>	Elected Indigenous staff members, ILSC Group CEO, Group Director People and Culture	Forum for discussion of matters and policies relating to Indigenous employees including Indigenous Employment Strategy
<b>Group WHS Committee</b>	Group WHS Manager, ILSC and subsidiary WHS Business Partners/ members	Forum to discuss, monitor and address Work Health & Safety matters arising within the ILSC Group

## Strategic and Operational Planning

The ILSC Board under Chairperson Fry continues reviewing and reforming the ILSC's strategic direction and operational structures to maximise delivery of outcomes for the Indigenous Estate.

Following on from the trajectory set in the 2020 Vision, the ILSC has undertaken significant review activities and strategic planning work toward strategic reform throughout the 2019–20 period. The ILSC has established an internal Strategic Reform Unit, charged with the delivery of a structural and efficiency review and the development of recommendations for alternate business structures and operating models to deliver on the Board's objective of unlocking the value of the Indigenous Estate. Early recommendations for the Strategic Reform Unit identify opportunities to address operational inefficiencies across the ILSC Group and streamline organisational structures to reduce costs of service delivery. The ILSC Board has considered a number of interim reports by the Strategic Reform Unit over the 2019–20 period and a final report recommending a reformed organisational structure was due to be delivered to the ILSC Board in August 2020. The implementation of these reforms is expected to be a core strategic focus of the ILSC Board in 2020–21.

In 2019–20 the ILSC re-launched its principal funding vehicle, the *Our Land Our Future* program as *Our Country Our Future*, reflecting the addition of water-based activities to the ILSC's legislative remit. More than a refresh of language and scope, *Our Country Our Future* represents a strengthened delivery model with increased transparency in project assessment and an enhanced commitment to improving stakeholder experiences of partnering with the ILSC. Improved workflows and decision tools are built into the processes underpinning *Our Country Our Future* to ensure that the program maximises benefits to Indigenous Australians through robust grant allocation decision-making.

The ILSC is investing in the replacement of its existing grants and project management and reporting system. To support the strengthened *Our Country Our Future* process, deliver business efficiencies and drive further uplift in stakeholder experience, the ILSC's existing, bespoke database will be retired and replaced with a contemporary, proprietary Project Portfolio Management platform based on the Microsoft 365 suite of products. Expected to be in use by late 2020, the new tool will support greater project partner engagement and visibility across the project lifecycle and drive more efficient internal resource allocation across the ILSC, while supporting enhanced project and portfolio scale reporting and knowledge capture.

The ILSC continues to reset its approach to performance measurement, transitioning its measurement framework from an output to an outcome focus. The ILSC has identified four primary pathways of change expected to deliver on its vision:

- > Indigenous people are maintaining and growing the value and productivity of country
- > Indigenous people are owning and managing country sustainably
- > Indigenous people are influencing policy and opportunity for country
- > Indigenous people are strengthening culture through reconnection to country.

These pathways frame the ILSC's assessment of its achievement against its legislated purposes, as set out in Part Two of this report (see pages 11 to 45). In line with the amendments to the PGPA Rule that came into effect in February 2020, the ILSC has included additional performance measures in its 2020–21 Corporate Plan that will be reported against in the 2020–21 Annual Report.

## Service standards

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

The Complaints Handling System encompasses internal processes as well as timeframes within which the ILSC must respond to complaints.

Both the Service Charter and Complaints Handling Procedure encourage resolution of complaints at the Divisional Office level, but provide for their referral to the Deputy CEO, where necessary.

There were no formal complaints or review processes undertaken in 2019–20.

## Assurance and Risk Management

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

The Group's commitment to effective risk management is ensuring consideration and treatment of risk is integrated in all policies and procedures, underpinning all ILSC Group functions, programs and operations. The Group Risk Framework is reviewed annually. Across the ILSC Group, each entity's Executive and Audit Committee review and test the systems of risk, internal control and compliance frameworks through the Group's Internal Audit Program.

### Audit

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

The Audit and Risk Committee (Table 22) oversees the group's Internal Audit Program. The annual program is outsourced and is designed to provide assurance that key risks and compliance requirements are managed appropriately and in a timely manner.

### Insurance and indemnities

Comcover, the Australian Government's self-managed fund, provides cover, including Directors' and Officers' liability, for the ILSC Group's insurable risks.

Limited indemnities are provided by way of deed of access to each of the Board's Directors, the ILSC Group CEO and the Group General Counsel. These arrangements largely mirror those implied at common law; generally speaking, they indemnify Directors and Officers against personal liabilities they might incur while properly performing their roles as office holders. The indemnities do not cover liabilities arising from particular statutory breaches, breaches of the criminal law or actions involving a lack of good faith.

### Fraud control and awareness

The ILSC maintains a rigorous Fraud Control and Awareness Program to minimise the risks of fraud and deal with any allegations of fraud that arise. The ILSC Board certifies that the ILSC complies with the Commonwealth Fraud Control Policy. The ILSC has taken all reasonable measures to minimise the incidence of fraud and to investigate and recover the proceeds of any fraud against the ILSC. It has in place fraud risk assessment and fraud control plans, as well as fraud prevention, detection, investigation, reporting, and data collection procedures to meet the specific needs of the ILSC Group and comply with relevant guidelines.

### Maintenance of ethical standards

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

**Table 22 Audit and Risk Committee membership, 2019-20**

Member	Qualifications, knowledge, skills or experience (include formal and informal as relevant)	Number of meetings attended / total number of meetings	Total annual remuneration
<b>Maria Storti</b>	Maria serves as an independent member of a number of Commonwealth audit committees as well as serving as a non-executive director on a number of entities. Maria is a Fellow of the Institute of Chartered Accountants, a Fellow of the Australian Institute of Company Directors, a member of the Australian Institute of Internal Auditors and hold both a degree in economics and a Masters in Business Administration. Maria is a former Ernst & Young advisory partner and has over 17 years' experience working at senior levels in the areas of audit, risk and consultancy.	5/5	\$38,200.00
<b>Joseph Elu</b>	See Director statement, page 79	5/5	Nil
<b>Patricia Crossin</b>	See Director statement, page 80	5/5	\$8,160.00

### Managing biosecurity and animal welfare

The ILSC continues to build biosecurity awareness among its workforce, with all relevant properties maintaining compliance with Australia's voluntary Livestock Production Assurance program. The program is the industry's on-farm assurance program covering stock feed safety, animal welfare, and biosecurity. This work has been further strengthened through a partnership with Animal Health Australia (AHA), which has been engaged to assist with the development of comprehensive biosecurity plans for a number of the ILSC's agribusiness properties. In the second stage of this project, AHA will assist property-based employees to increase their knowledge and understanding of best-practice biosecurity outcomes, by holding on-property workshops for management and staff. In 2019-20 no disruptions or loss stemmed from biosecurity incidents.

**Table 23 ILSC Group spending on consultants (GST exclusive), last three financial years**

Financial Year	2019 -20	2018 -19	2017-18
Expenditure (\$ million)	\$6.9	\$7.4	\$6.9

During 2019-20 there were 177 new consultancy contracts totalling \$4.6 million and 83 ongoing consultancy contracts totalling \$2.3 million.

### Consultants

The ILSC engages consultants on the same basis as it procures all goods and services. In 2019-20 the ILSC continued to contract consultants to provide specialist professional services and where the ILSC required independent advice, review or evaluation. Consultants were selected by tender or direct sourcing.

Table 23 identifies identifies spending on consultants across the ILSC Group, by financial year of expenditure. Expenditure comprises actual spend on consultant arrangements, irrespective of the year of commencement of the arrangement agreement and is thus not directly correlated to consultant reporting in previous ILSC Annual Reports.

## Procurement

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

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

### ILSC Group Indigenous Procurement Policy

The ILSC has a legislative requirement to maximise the use of goods and services from Indigenous-owned businesses (s191F [2], ATSI Act). In line with the Australian Government's commitment to Indigenous procurement, the ILSC established an ILSC Group Indigenous Procurement Policy in 2016-17 with a view to maximising procurement of Indigenous goods and services and supporting Indigenous businesses to grow and employ more Indigenous people. The ILSC strengthened its reporting systems to track actions and outcomes in this area. In 2019-20 the ILSC Group recorded Indigenous procurement of 4.2 per cent, at a value of \$5.57 million (Table 24).

**Table 24 Total Indigenous procurement (GST exclusive) for 2019-20**

Category	ILSC	AIA	NCIE	Sub-Total	Voyages	Total
July 2019 - June 2020	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Total Indigenous procurement	2,716	1,318	320	4,353	1,218	5,571
Total procurement	20,230	8,288	2,369	30,887	100,685	131,572
Indigenous procurement	13.4%	15.9%	13.5%	14.1%	1.2%	4.2%

## External Scrutiny

In 2019-20 there were no judicial decisions, decisions of administrative tribunals or decisions by the Australian Information Commissioner that had, or may have, a significant impact on the operations of the ILSC. The ILSC is aware that the Commonwealth Ombudsman has produced one report in relation to the ILSC in this period. The report has not been made public or provided to the ILSC. No reports dealing with the ILSC have been prepared by the Auditor General or the Office of the Australian Information Commissioner.

### Freedom of Information

The ILSC is subject to the *Freedom of Information Act 1982* and displays on its website a plan showing the information it publishes under that Act. The information is at: [www.ilsc.gov.au/home/about/publications](http://www.ilsc.gov.au/home/about/publications)

### Parliamentary committees

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

- > 24 October 2019
- > 6 March 2020

### Native Title

Under its Native Title Policy (commenced 2013) the ILSC reports on any approaches to assist in the full and final resolution of native title claims through alternative settlements—that is, settlements negotiated out of court under an alternative framework, such as the *Traditional Owner Settlement Act 2010* (Vic) as opposed to the *Native Title Act 1993*.

The ILSC received no such requests in the 2019-20 financial year.

## Work Health and Safety

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

The ILSC Board has prioritised Work Health and Safety (WHS) across the ILSC Group with consistency and collaboration a main focus due to the variety and types of activities being undertaken across Australia. Positive improvements across the Group in relation to WHS performance (reduced Group lost time injury frequency rate and implementation of the Group WHS Framework) has prompted a review of the future of the Sub-Board WHS Committee and its charter and governance structure (see page 82 for further details).

The ILSC is committed to providing and maintaining a safe and healthy workplace for all workers (including contractors, volunteers and visitors). This commitment is underpinned by our ability to empower workers and collaborate with stakeholders to continually improve our practices, systems and standards to eliminate, reduce and manage risk in our workplaces. Senior leadership, management and workers all have an important role to play to ensure the success of our health, safety and wellbeing strategies and deliver on our commitments. As part of its commitment to WHS across the Group, the ILSC has established a three-year strategic plan (2019–2021) that identifies the following prioritised pillars:

- > Establish a targeted risk management program focusing on key WHS risks
- > Foster a proactive and positive safety culture through leadership, inclusion and gratitude
- > Create a health and wellbeing ecosystem which focuses on prevention and builds capacity
- > Build the capacity of our people through education, engagement and co-design to ensure their success
- > Integrate our governance, compliance, audit and assurance activities into our business operations.

In 2019–20 significant WHS activities included:

- > Engagement of a contractor to perform an ILSC Group-wide WHS audit focusing on contractor management, emergency management and the lifecycle of plant and equipment
- > Completion of two self-assessment activities against ILSC Group Corporate Standards
- > Launch of Lucidity hazard and incident reporting software system to incorporate and streamline ILSC Group-wide reporting.

### WHS: ILSC Core

Eleven workplace injuries occurred in 2019–20; none were notifiable with no workers' compensation claims.

The following WHS initiatives were conducted:

- > Refresh of WHS procedures to embed into existing business processes and platforms
- > WHS performance dashboard created to provide data and trend analysis
- > Update of asbestos landholdings, asbestos management plans and site registers
- > Implementation of a COVID-19 plan for office-based sites and properties
- > Further review and integration of WHS into land-holdings management, inspections and post-grant monitoring
- > Continuation of our health and wellbeing program.

### WHS: Voyages

During the reporting period ending 30 June 2020, 228 work related injury incidents were recorded; three of these injuries were notifiable (includes two Business Partner incidents); 57 claims lodged with an average spend of \$5,072 per claim.

In 2019–20 the following WHS improvements were achieved:

- > Engagement of a Physiotherapy business partner and the establishment of a treatment room facility at Ayers Rock Resort
- > Major hazard reduction exercise achieved by Technical Services at Ayers Rock Resort
- > Increased consistent focus on hazard identification, with hazard reporting more than doubling from 151 (2018–19) to 316 (2019–20). Subsequent clearance has greatly reduced the number of hazards at Ayers Rock Resort
- > Contractor induction improvements
- > Management and response to COVID-19 has been managed well under the various protocols and processes that had been established in dealing with this unprecedented situation.

### WHS: Primary Partners

Thirteen workplace incidents occurred in 2019–20; one was notifiable with three workers' compensation claims accepted.

The following WHS initiatives were conducted:

- > Review and update of the Property WHS Information Handbook
- > Updated Emergency Response Plans for all Agribusiness properties
- > Completion of plant and equipment inspections and reports for all Agribusiness properties
- > Plant, equipment and task risk assessments developed and undergoing consultative process
- > Safe work procedures developed for all identified plant, equipment and tasks (where required)
- > WHS performance dashboard created to provide data and trend analysis

- > Monthly toolbox topics and inspections coordinated centrally to focus on priority areas
- > Implementation of COVID-19 risk management plans for all properties
- > Coordination of the annual property planner
- > Review of asbestos management plans and site registers
- > Implementation and promotion of health and wellbeing program
- > Completion of a mental health awareness training program for all workers.

### WHS: National Centre of Indigenous Excellence (NCIE)

Thirty-nine workplace incidents occurred in 2019–20; one notifiable incident and no workers' compensation claims.

The following WHS initiatives were conducted:

- > Review of contractor engagement process
- > Annual Royal Lifeguard Aquatic Facility Safety Assessment completed with a conformance of 95 per cent
- > Development of a COVID-19 Safe Plan
- > WHS performance dashboard created to provide data and trend analysis
- > Cross training in key functional areas to manage leave arrangements
- > Engagement of contractors to undertake a site assessment of all NCIE buildings and facilities
- > Operational maintenance processes reviewed
- > Enhancement of workplace inspection program and hazard identification process.

## Environmental Performance

In 2019-20, the ILSC pursued sound land and environmental practices and appropriate management of cultural and sacred-site matters across its programs and operations in accordance with the ATSI Act and the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act). The EPBC Act requires that the ILSC, as a corporate Commonwealth entity that owns or controls land with Commonwealth heritage values, prepare a Heritage Strategy. Heritage is broadly defined in the EPBC Act to include natural environments, culturally important and historic places, and artefacts. While there are currently no Commonwealth heritage values on land owned or controlled by the ILSC, the Heritage Strategy documents how the ILSC plans to manage all heritage values on ILSC properties in accordance with the ATSI Act and the EPBC Act.

Heritage and Environment Management Plans (HEMPs) outline specific environmental and heritage characteristics of properties and include responsible consideration of environmental risks and opportunities. HEMPs are in place on most rural and urban properties either held or directly managed by the ILSC, including those properties where ILSC subsidiaries conduct business operations. ILSC offices are located in buildings with multiple tenancies, so a component of electricity use (e.g. lift operation, foyer lighting) is managed by building managers. The ILSC-controlled component is separately metered. The most significant ILSC-held property, Ayers Rock Resort, has a 1.8MW solar system producing up to 30 per cent (on average 15 per cent) of the resort's electricity. Further increases in renewables at the resort are planned. Paper is the most significant waste product generated by ILSC office activities; all ILSC offices collect waste paper for recycling. Water usage charges for ILSC offices are either included in lease fees or apportioned by floor area. This means that water use figures vary depending on the rental status and water use behaviour of the building's occupants as a whole and cannot be accurately linked to water use for reporting purposes. The ILSC makes extensive use of videoconferencing to reduce the need for air travel.



## Part Six: People

Pictured: Tiwi Island Ranger in the NT conducting early season fire management to protect country.

## Employee Arrangements: ILSC Core

The ILSC Group CEO is responsible for the engagement of employees necessary to perform the functions of the ILSC. At 30 June 2020 the ILSC Core (excluding subsidiaries) had 104 employees (head count). This is a decrease from 2018-19 (112 headcount)

During 2019-20 the ILSC engaged 15 new employees (seven female and eight male) and 23 employees separated, resulting in a 21.3 per cent average turnover (2018-19: 23.6 per cent). At 30 June 2020 the proportion of Indigenous employees was 24.0 per cent and female employees 50.0 per cent.

**Table 25 ILSC Core employees by diversity group (head count), 30 June 2020**

	Non-Indigenous		Indigenous		Total	
	18-19	19-20	18-19	19-20	18-19	19-20
<b>Australian Capital Territory</b>	3	1	-	-	3	1
Female	2	-	-	-	2	-
Male	1	1	-	-	1	1
<b>New South Wales</b>	3	-	-	-	3	-
Female	2	-	-	-	2	-
Male	1	-	-	-	1	-
<b>Northern Territory</b>	2	2	1	1	3	3
Female	-	-	-	-	-	-
Male	2	2	1	1	3	3
<b>Queensland</b>	13	14	8	7	21	21
Female	6	6	5	6	11	12
Indeterminate/Intersex/Unisex	1	1	-	-	1	1
Male	6	7	3	1	9	8
<b>South Australia</b>	51	51	15	13	66	64
Female	24	25	9	7	33	32
Male	27	26	6	6	33	32
<b>Victoria</b>	-	1	-	-	-	1
Female	-	-	-	-	-	-
Male	-	1	-	-	-	1
<b>Western Australia</b>	11	10	5	4	16	14
Female	8	6	2	2	10	8
Male	3	4	3	2	6	6
<b>GRAND TOTAL</b>	<b>83</b>	<b>79</b>	<b>29</b>	<b>25</b>	<b>112</b>	<b>104</b>

**Table 26 ILSC employees by employment status (head count), 30 June 2020**

	Non-Indigenous		Indigenous		Total	
	18-19	19-20	18-19	19-20	18-19	19-20
Ongoing Full Time	47	43	19	14	66	57
Ongoing Part Time	4	5	-	-	4	5
Fixed Term Full Time	31	30	5	7	36	37
Fixed Term Part Time	1	1	5	4	6	5
Casual	-	-	-	-	-	-
<b>GRAND TOTAL</b>	<b>83</b>	<b>79</b>	<b>29</b>	<b>25</b>	<b>112</b>	<b>104</b>

## Remuneration framework and governance

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

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

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

Senior Executive Employees are employed under Individual Common Law Contracts and have access to vehicle allowance/leasing and parking, business-class official travel (when travelling more than two hours), airline lounge membership, mobile phones and salary-sacrificing arrangements.

All other ILSC employees are engaged under the ILC Enterprise Agreement (EA) 2019-2022. Benefits under the EA include studies assistance, an employee assistance program, learning and development, a healthy employee scheme (individual and team), screen-based eyesight testing and vaccinations.

## Key Management personnel: ILSC

During the reporting period ended 30 June 2020, the ILSC had 16 directors and executives who met the definition of Key Management Personnel (KMP). Their names, details of remuneration and term as KMP are set out in the following tables.<sup>9</sup>

<sup>9</sup> The ILSC defines Key Management Personnel in accordance with Department of Finance RMG No. 138. RMG 138 consolidates information from and refers to Public Governance, Performance and Accountability Rule (PGPA) Rule and Australian Accounting Standards Board 124 (AASB 124).

**Table 27 ILSC Key Management Personnel - appointments and tenure**

Name	Position Title	Term as KMP
<b>Roy Ah-See</b>	ILSC Board	Full year
<b>Leo Bator</b>	Executive Director Strategic Initiatives <sup>10</sup>	Part year 27.6.2019 to 13.9.2019 16.3.2020 to 20.3.2020 18.6.2020 onwards
<b>Patricia Crossin</b>	ILSC Board and Audit and Risk Committee	Full year
<b>Trevor Edmond</b>	Group General Counsel <sup>11</sup>	Full year - Acting Group CEO 16.3.2020 to 20.3.2020
<b>Joseph Elu</b>	ILSC Board - Deputy Chair and Audit and Risk Committee	Part year Ceased 26.6.2020
<b>Edward Fry</b>	ILSC Board - Chairperson	Full year
<b>John Maher</b>	Group Chief Executive Officer	Part year Ceased 13.9.2019
<b>Bruce Martin</b>	ILSC Board	Full year
<b>Craig North</b>	Executive Director Agribusiness	Part year Ceased 31.1.2020
<b>Donna Odegaard</b>	ILSC Board	Full year
<b>Anthony Piantadosi</b>	Acting Group Director People and Culture	Part year Appointed 20.1.2020
<b>Timothy Price</b>	Group Chief Information Officer	Full year
<b>David Silcock</b>	Group Chief Financial Officer	Full year
<b>Jodie Stevens</b>	Group Director People and Culture	Part-year Seconded to subsidiary National Centre of Indigenous Excellence 10.6.2019 to 13.12.2019 - Ceased 17.1.2020
<b>Patricia Stroud</b>	Acting Group Chief Executive Officer <sup>12</sup>	Full year - Deputy CEO 01.6.2020 to 14.6.2020 18.6.2020 onwards
<b>Daniel Tucker</b>	ILSC Board	Full year

<sup>10</sup> Leo Bator, Acting Group Chief Executive Officer part year 14.09.19 to 15.03.20 and 21.03.20 to 17.06.20, remuneration included in Executive Director Strategic Initiatives.

<sup>11</sup> Trevor Edmond, Acting Group Chief Executive Officer 16.3.20 to 20.3.20 remuneration included in Group General Counsel Table 3.

<sup>12</sup> Patricia Stroud, Deputy Chief Executive Officer, 27.6.19 to 31.5.20 and 15.6.20 to 17.6.20 remuneration included in Acting Group Chief Executive Officer position in Table 26.

**Table 28 ILSC Key Management Personnel Remuneration**

Name	Position Title	Base Salary	Short-term benefits <sup>13</sup>			Post-Employment Benefits <sup>14</sup>			Other Long-Term Benefits <sup>15</sup>			Termination Benefits <sup>16</sup>	Total Remuneration <sup>17</sup>
			Bonuses	Other Benefits and Allowances	Superannuation Contributions	Long Service Leave	Other Long-Term Benefits	Long Service Leave	Other Long-Term Benefits				
<b>Roy Ah-See</b>	ILSC Board	\$38,984	N/A	\$877	\$6,003	-	-	-	-	-	-	\$45,864	
<b>Leo Bator</b>	Executive Director Strategic Initiatives	\$330,798	N/A	\$8,666	\$23,915	\$7,798	-	-	-	-	-	\$371,177	
<b>Patricia Crossin</b>	ILSC Board and Audit and Risk Committee	\$47,180	N/A	-	\$7,543	-	-	-	-	-	-	\$54,723	
<b>Trevor Edmond</b>	Group General Counsel	\$230,986	N/A	\$27,075	\$33,054	\$5,529	-	-	-	-	-	\$296,644	
<b>Joseph Elu</b>	ILSC Board - Deputy Chair and Audit and Risk Committee	\$58,244	N/A	-	\$10,119	-	-	-	-	-	-	\$68,363	
<b>Edward Fry</b>	ILSC Board - Chair	\$77,967	N/A	-	\$12,007	-	-	-	-	-	-	\$89,974	
<b>John Maher</b>	Group Chief Executive Officer	\$81,262	\$50,900 <sup>18</sup>	-	\$4,443	\$1,927	-	-	-	-	-	\$138,532	
<b>Bruce Martin</b>	ILSC Board	\$38,984	N/A	-	\$6,019	-	-	-	-	-	-	\$45,003	
<b>Craig North</b>	Executive Director Agribusiness	\$140,592	N/A	\$15,671	\$26,040	\$3,622	-	-	-	-	\$377,021	\$562,946	
<b>Donna Odegaard</b>	ILSC Board	\$38,984	N/A	-	\$5,938	-	-	-	-	-	-	\$44,922	
<b>Anthony Piantadosi</b>	Acting Group Director People and Culture	\$67,786	N/A	\$32,170	\$14,237	\$2,237	-	-	-	-	-	\$116,430	
<b>Timothy Price</b>	Group Chief Information Officer	\$174,041	N/A	\$25,893	\$31,316	\$4,124	-	-	-	-	-	\$235,374	
<b>David Silcock</b>	Group Chief Financial Officer	\$263,451	N/A	\$26,431	\$25,192	\$6,222	-	-	-	-	-	\$321,296	
<b>Jodie Stevens</b>	Group Director People and Culture	\$15,025	N/A	\$2,448	\$2,404	\$509	-	-	-	-	-	\$20,386	
<b>Patricia Stroud</b>	Acting Group Chief Executive Officer	\$248,535	N/A	\$42,848	\$45,570	\$6,088	-	-	-	-	-	\$343,041	
<b>Daniel Tucker</b>	ILSC Board	\$38,984	N/A	-	\$6,003	-	-	-	-	-	-	\$44,987	

<sup>13</sup> Short-term benefits include:

a) Base Salary - salary calculated on an accrual basis (actual earnings), annual leave taken and accrued and higher duties allowance (where applicable)

b) Bonuses - Performance bonuses where eligible and payable within 12 months

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

Refer to table 27 for details relating to terms of KMP's.

<sup>14</sup> Post-employment benefits include - employer superannuation contributions for individuals in a defined superannuation contribution scheme (e.g. PSSap and super choice), individuals in a defined superannuation benefit scheme (e.g. PPS and CSS) superannuation includes the relevant Notional Employer Contribution Rate amount and the Employer Productivity Superannuation Contribution and accrual for the period.

<sup>15</sup> Other long-term benefits include - Long service leave accrued and taken for the period and bonuses deferred for more than 12 months.

<sup>16</sup> Termination Benefits include - Voluntary redundancy and ex-gratia payments

<sup>17</sup> Total Remuneration: Short-term benefits, plus Post-employment benefits, plus Termination benefits.

<sup>18</sup> Bonus relates to a performance bonus for the 2017/18 period which was paid in this financial reporting period. This bonus was previously noted as awaiting consultation with the Minister in the 2018/19 Annual Report.

During the reporting period ending 30 June 2020, the ILSC had four executives who met the definition of senior executive who are not Key Management Personnel.

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

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

During the reporting period ending 30 June 2020, the ILSC had no employees who met the definition of other highly paid staff.

**Table 29 ILSC Senior Executive Remuneration**

Total Remuneration Bands	Number of Senior Executives	Short-term benefits			Post-Employment Benefits	Other Long-Term Benefits		Termination Benefits	Total Remuneration
		Average Base Salary	Average Bonuses	Average Other Benefits and Allowances		Average Long Service Leave	Average Other Long-Term Benefits		
\$0 - \$220,000	1	\$113,057	-	\$57,727	Average Superannuation Contributions \$24,303	\$4,124	-	-	\$199,211
\$220,001 - \$245,000	2	\$174,134	-	\$26,469	\$26,310	\$4,243	-	-	\$231,156
\$270,001 - \$295,000	1	\$172,665	-	\$82,102	\$34,450	\$5,520	-	-	\$294,737

## Employee Arrangements: Primary Partners (Formerly Australian Indigenous Agribusiness Company)

Primary Partners is a wholly owned subsidiary of the ILSC. At 30 June 2020, Primary Partners had 151 employees (head count) across 13 properties on Indigenous-held land, compared to 150 (head count) at 30 June 2019 across 14 properties. The proportion of Indigenous employees was 69.5 per cent, and female employees 22.5 per cent.

During the reporting period, 156 new employees were engaged; of these 64 were returning employees. During the period 155 employees separated; of these 142 were casual or seasonal employees, resulting in a 107.6 per cent average turnover (2018-19: 122.6 per cent).

The high turnover is due to the casual or seasonal nature of work in the agricultural sector.

As part of Primary Partners' attraction and retention strategy, property managers and similar level positions are engaged on Individual Common Law Contracts. This enables flexible remuneration arrangements including the private use of work-related vehicles, housing, remote location allowances, and salary-sacrificing provisions.

All other employees are engaged under the National Indigenous Pastoral Enterprises (NIPE) Pty Ltd Enterprise Agreement. Benefits under the Enterprise Agreement include an employee assistance program, learning and development, time off in lieu provisions, board and/or lodging, and vaccinations.

**Table 30 Primary Partners employees by diversity group (head count), 30 June 2020**

	Non-Indigenous		Indigenous		Total	
	18-19	19-20	18-19	19-20	18-19	19-20
<b>Northern Territory</b>	<b>19</b>	<b>16</b>	<b>38</b>	<b>54</b>	<b>57</b>	<b>70</b>
Female	6	8	8	6	14	14
Male	13	8	30	48	43	56
<b>Queensland</b>	<b>8</b>	<b>11</b>	<b>28</b>	<b>28</b>	<b>36</b>	<b>39</b>
Female	4	6	4	4	8	10
Male	4	5	24	24	28	29
<b>Western Australia</b>	<b>14</b>	<b>15</b>	<b>29</b>	<b>17</b>	<b>43</b>	<b>32</b>
Female	4	8	1	-	5	8
Male	10	7	28	17	38	24
<b>Tasmania</b>	<b>4</b>	<b>3</b>	<b>7</b>	<b>5</b>	<b>11</b>	<b>8</b>
Female	1	1	3	1	4	2
Male	3	2	4	4	7	6
<b>New South Wales</b>	<b>-</b>	<b>1</b>	<b>3</b>	<b>1</b>	<b>3</b>	<b>2</b>
Female	-	-	-	-	-	-
Male	-	1	3	1	3	2
<b>GRAND TOTAL</b>	<b>45</b>	<b>46</b>	<b>105</b>	<b>105</b>	<b>150</b>	<b>151</b>

**Table 31 Primary Partners employees by employment status (head count), 30 June 2020**

	Non-Indigenous		Indigenous		Total	
	18-19	19-20	18-19	19-20	18-19	19-20
Fixed Term Full time	15	13	7	6	22	19
Fixed Term Part time	-	-	1	-	1	-
Casual	30	33	97	99	127	132
<b>GRAND TOTAL</b>	<b>45</b>	<b>46</b>	<b>105</b>	<b>105</b>	<b>150</b>	<b>151</b>

## Employee Arrangements: National Centre of Indigenous Excellence (NCIE)

The NCIE is a wholly owned subsidiary of the ILSC. At 30 June 2020, NCIE had 110 employees (head count) (2018-19: 110 headcount) all of whom are in New South Wales. The NCIE executives are engaged on Individual Common Law Contracts. The NCIE employees, subject to positions held, are engaged on either Individual Common Law Contracts or Individual Employment Agreements with terms and conditions reflective of the relevant Modern Award.

The majority (66 per cent) of NCIE employees are engaged on a casual basis which is reflective of the types of industries operating from the NCIE site. Benefits provided under these agreements include an employee assistance program, gym membership, learning and development, and salary-sacrificing provisions.

During 2019-20 NCIE engaged 35 new employees (25 female and 10 male); 35 employees separated during the year, a 30.4 per cent average turnover (2018-19: 51.6 per cent). At 30 June 2020 the proportion of Indigenous employees was 46.4 per cent, and female employees 55.5 per cent.

**Table 32 NCIE employees by diversity group (head count), 30 June 2020**

	Non-Indigenous		Indigenous		Total	
	18-19	19-20	18-19	19-20	18-19	19-20
Female	28	31	30	30	58	61
Male	31	28	21	21	52	49
<b>GRAND TOTAL</b>	<b>59</b>	<b>59</b>	<b>51</b>	<b>51</b>	<b>110</b>	<b>110</b>

**Table 33 NCIE employees by employment status (head count), 30 June 2020**

	Non-Indigenous		Indigenous		Total	
	18-19	19-20	18-19	19-20	18-19	19-20
Fixed Term Full time	15	17	15	15	30	32
Fixed Term Part time	5	3	7	2	12	5
Casual	39	39	29	34	68	73
<b>GRAND TOTAL</b>	<b>59</b>	<b>59</b>	<b>51</b>	<b>51</b>	<b>110</b>	<b>110</b>

## Employee Arrangements: Yamanah Investments Pty Ltd

Established in January 2020, Yamanah Investments is a wholly owned subsidiary of the ILSC. At 30 June 2020, Yamanah had 7 employees (head count) - 3 female and four male - all of whom are in New South Wales.

Yamanah employees are engaged on Individual Common Law Contracts. Staff engaged by Yamanah Investments did not disclose diversity group upon engagement so the information was not available to the ILSC. Given the low employee numbers, the ILSC considers that this information does not have a material impact on the reporting of its 2019-20 achievements.

## Employee Arrangements: Voyages

At 30 June 2020, Voyages had 744 employees (head count), compared to 1,135 employees (headcount) at 30 June 2019. In 2019-20 Voyages engaged 480 new employees (234

female and 246 male). 871 employees left the business, delivering a 89.7 per cent average turnover rate (2018-19: 64 per cent). At 30 June 2020 the proportion of Indigenous employees was 39 per cent, and proportion of female employees was 46.2 per cent.

**Table 34 Voyages employees by diversity group (head count) at 30 June 2020**

	Non-Indigenous		Indigenous		Total	
	18-19	19-20	18-19	19-20	18-19	19-20
<b>Northern Territory</b>	<b>578</b>	<b>364</b>	<b>341</b>	<b>243</b>	<b>919</b>	<b>607</b>
Female	250	139	187	123	437	262
Male	328	225	154	120	482	345
<b>Queensland</b>	<b>23</b>	<b>21</b>	<b>55</b>	<b>46</b>	<b>78</b>	<b>67</b>
Female	13	8	27	23	40	31
Male	10	13	28	23	38	36
<b>Western Australia</b>	<b>44</b>	<b>0</b>	<b>8</b>	<b>0</b>	<b>52</b>	<b>0</b>
Female	26	0	2	0	28	0
Male	18	0	6	0	24	0
<b>NSW</b>	<b>82</b>	<b>69</b>	<b>4</b>	<b>1</b>	<b>86</b>	<b>70</b>
Female	61	50	3	1	64	51
Male	21	19	1	0	22	19
<b>GRAND TOTAL</b>	<b>727</b>	<b>454</b>	<b>408</b>	<b>290</b>	<b>1135</b>	<b>744</b>

**Table 35 Voyages employees by employment status (head count) at 30 June 2020**

	Non-Indigenous		Indigenous		Total	
	18-19	19-20	18-19	19-20	18-19	19-20
Fixed Term Full time	159	53	77	74	236	127
Ongoing Full time	437	339	269	173	706	512
Fixed Term Part time	1	4	11	10	12	14
Ongoing Part time	40	37	10	8	50	45
Casual	90	21	41	25	131	46
<b>GRAND TOTAL</b>	<b>727</b>	<b>454</b>	<b>408</b>	<b>290</b>	<b>1135</b>	<b>744</b>

## Remuneration framework and governance

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

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

Remuneration and benefits for the executive management (including the CEO) in 2019–20 may include base salary, superannuation, employee benefits (such as professional development contributions and membership, travel provisions and accommodation support for those whose primary residence is in a different location to their primary work location). For executive management living and working in remote locations in which Voyages operates tourism businesses, additional benefits may include housing and utilities; motor vehicle, food and beverage allowances; private health insurance and vacation bonus.

Remuneration and benefits for senior management and senior professionals in 2019–20 may include base salary, superannuation, employee benefits (such as professional development contributions and membership). For senior management and senior professionals living and working in remote locations in which Voyages operates tourism businesses, additional benefits may include housing and utilities, motor vehicle, food and beverage allowances and vacation bonus.

Only senior management and senior professionals who have directly contributed to the financial and strategic performance of the company were eligible to participate in the incentive bonus plan which operated from 1 July 2019. Bonus payments made in 2019–20 would have related to performance and remuneration and benefits arrangements in the previous year, however, due to the COVID-19 crisis, no bonuses were awarded for this financial year.

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

## Key Management Personnel (KMP): Voyages

During the reporting period ending 30 June 2020, Voyages had sixteen directors and executives who met the definition of Key Management Personnel. Their names, details of remuneration and terms as KMP are set out in Tables 35 and 36.

**Table 36 Voyages Key Management Personnel - appointments and tenure**

Name	Position Title	Term as KMP
<b>Richard Allert</b>	Voyages Board - Chair	Full year
<b>Patricia Angus</b>	Board Director	Full year
<b>Leo Bator</b>	Board Director	Part year Appointed 14.9.2019 and Ceased 23.6.2020
<b>Patricia Crossin</b>	Board Director	Full year
<b>Grant Hunt</b>	Chief Executive Officer and Board Director	Full year
<b>Kerrynne Liddle</b>	Chief People and Performance Officer	Part year Ceased 07.8.2019
<b>John Maher</b>	Board Director	Part year Ceased 13.9.2019
<b>Andrew McEvoy</b>	Board Director	Full year
<b>Manfred Pieper</b>	Chief Operations Officer	Part year Ceased 05.7.2019
<b>Dorothea Randall</b>	Board Director	Full year
<b>Dana Ronan</b>	Board Director	Full year
<b>Mark Seatree</b>	Chief Commercial Officer	Full year
<b>Jodie Stevens</b>	Chief Human Resources Officer	Part year Appointed 20.1.2020
<b>Ray Stone</b>	Chief Marketing Officer	Full year
<b>Daniel Tucker</b>	Board Director	Part year Ceased 19.6.2020
<b>David White</b>	Chief Operations Officer	Full year

A Deed of Agreement with Wana Ungkuntja Pty Ltd (WU), a Central Australian Indigenous organisation, provides for WU to have two representatives on the Voyages board, one a full director, the second an Observer representing WU.

**Table 37 Voyages Key Management Personnel Remuneration**

Name	Position Title	Short-term benefits <sup>19</sup>			Post-Employment Benefits <sup>20</sup>		Other Long-Term Benefits <sup>21</sup>		Termination Benefits <sup>22</sup>	Total Remuneration <sup>23</sup>
		Base Salary	Bonuses	Other Benefits and Allowances	Superannuation Contributions	Long Service Leave	Other Long-Term Benefits			
<b>Richard Allert</b>	Voyages Board – Chair	\$72,278	-	-	\$6,596	-	-	-	-	\$78,874
<b>Patricia Angus</b>	Board Director	\$50,949	-	-	\$4,840	-	-	-	-	\$55,789
<b>Leo Bator</b>	Board Director	-	-	-	-	-	-	-	-	-
<b>Patricia Crossin</b>	Board Director	\$36,139	-	-	\$3,451	-	-	-	-	\$39,590
<b>Grant Hunt</b>	Chief Executive Officer and Board Director	\$338,796	-	\$69,174	\$21,003	\$9,286	-	-	-	\$438,259
<b>Kerryne Liddle</b>	Chief People and Performance Officer	\$6,000	-	-	\$5,251	-	-	\$138,000	-	\$149,251
<b>John Maher</b>	Board Director	-	-	-	-	-	-	-	-	-
<b>Andrew McEvoy</b>	Board Director	\$36,438	-	-	\$4,383	-	-	-	-	\$40,821
<b>Manfred Pieper</b>	Chief Operations Officer	\$5,768	-	\$23,371	\$5,251	-	-	\$230,721	-	\$265,111
<b>Dorothea Randall</b>	Board Director	\$36,139	-	-	\$3,433	-	-	-	-	\$39,572
<b>Dana Ronan</b>	Board Director	\$36,438	-	-	\$4,384	-	-	-	-	\$40,822
<b>Mark Seatree</b>	Chief Commercial Officer	\$363,840	-	-	-	-	-	-	-	\$363,840
<b>Jodie Stevens</b>	Chief Human Resources Officer	\$111,997	-	-	\$9,978	-	-	-	-	\$121,975
<b>Ray Stone</b>	Chief Marketing Officer	\$225,827	-	-	\$20,829	\$5,908	-	-	-	\$252,564
<b>Daniel Tucker</b>	Board Director	\$44,798	-	-	\$4,255	-	-	-	-	\$49,053
<b>David White</b>	Chief Operations Officer	\$269,183	-	-	\$21,329	\$5,729	-	-	-	\$296,241

<sup>19</sup> Short-term benefits include:

- a) Base Salary - salary calculated on an accrual basis (actual earnings), annual leave taken and accrued and higher duties allowance (where applicable)
- b) Bonuses - Performance bonuses where eligible and payable within 12 months
- c) Other Benefits and allowances - Motor vehicle, car parking benefits/allowances and fringe benefits tax. Refer to Table 36 above for details relating to terms of KMPs.

<sup>20</sup> Post-employment benefits include - employer superannuation contributions for individuals in a defined superannuation contribution scheme (e.g. PSSap and super choice), individuals in a defined superannuation benefit scheme (e.g. PPS and CSS) superannuation includes the relevant Notional Employer Contribution Rate amount and the Employer Productivity Superannuation Contribution and accrual for the period.

<sup>21</sup> Other long-term benefits include - Long service leave accrued and taken for the period and bonuses deferred for more than 12 months.

<sup>22</sup> Termination Benefits include - Voluntary redundancy and ex-gratia payments

<sup>23</sup> Total Remuneration: Short-term benefits, plus Post-employment benefits, plus other long-term benefits, plus Termination benefits.

During the reporting period ending 30 June 2020, there was one Voyages executive who met the definition of Senior Executive and who is not Key Management Personnel.

Table 37 reports the average total remuneration of senior executives who received remuneration during the reporting period. The information is presented in bandings of \$25,000 increments or, in the situation where the total remuneration for a senior executive is below the \$220,000 threshold, the reporting will be \$0-\$220,000.

The average figures presented in the band are based on the total amount for the category divided by the number of senior executives in the band. There are no senior executives between the band of \$0 - \$220,000 and \$220,001 - \$245,000.

During the reporting period ending 30 June 2020, Voyages had two employees who met the definition of Other Highly Paid staff.

Table 38 reports the average total remuneration of other highly paid staff who received remuneration during the reporting period. The information is presented in bandings of \$25,000 increments and where the total remuneration for other highly paid staff is above the \$225,000 threshold. There are no other highly paid staff between the band of \$0 - \$225,000 and \$250,001 - \$275,000.

**Table 38 Voyages Senior Executive Remuneration**

Total Remuneration Bands	Number of Senior Executives	Short-term benefits			Post-Employment Benefits		Other Long-Term Benefits		Termination Benefits	Total Remuneration
		Average Base Salary	Average Bonuses	Average Other Benefits and Allowances	Average Superannuation Contributions	Average Long Service Leave	Average Other Long-Term Benefits			
\$245,001 - \$270,000	1	\$253,996	-	-	-	-	-	-	-	\$253,996

**Table 39 Voyages Other Highly Paid staff**

Total Remuneration Bands	Number of other highly paid staff	Short-term benefits			Post-Employment Benefits		Other Long-Term Benefits		Termination Benefits	Total Remuneration
		Average Base Salary	Average Bonuses	Average Other Benefits and Allowances	Average Superannuation Contributions	Average Long Service Leave	Average Other Long-Term Benefits			
\$225,001 - \$250,000	1	\$224,992	-	-	\$19,953	\$4,583	-	-	-	\$249,528
\$275,001 - \$300,000	1	\$255,605	-	-	\$21,314	\$5,276	-	-	-	\$282,195



*Part Seven:*  
**Finance**

Pictured: Roebuck Plains Station trainees and workers on Yawuru country, WA.

## Aboriginal and Torres Strait Islander Land and Sea Future Fund

In 2019-20, the Aboriginal and Torres Strait Islander Land and Sea Future Fund (ATSILSFF) replaced the Aboriginal and Torres Strait Land Account (Land Account) as the primary ILSC funding source.

Established on 1 February 2019 by the *Aboriginal and Torres Strait Islander Land and Sea Future Fund Act 2018* (ATSILSFF Act), and introduced in concert with amendments to the ATSI Act, the ATSILSFF is managed by the Future Fund Management Agency and Board of Guardians. Funding is to be released to the ILSC annually through the ILSC Funding Special Account in accordance with section 20(3) of the ATSILSFF Act. The balance of the ATSILSFF at 30 June 2020 was \$1.953 billion.

The ILSC will receive from the ATSILSFF, a minimum guaranteed annual payment of \$45 million (2010-11 values), indexed annually by the Consumer Price Index. The *Aboriginal and Torres Strait Islander Act 2005* (ATSI Act) also provides for additional payments to be made to the ILSC where the actual capital value of the ATSILSFF exceeds its real capital value. The additional amount to be paid is the excess above the real capital value. In recent years, these top-up payments have not been made, given low returns to the Land Account and ATSILSFF.

**Table 40 Funding received from the Land Account and ATSILSFF since July 2004**

Financial year	Amount	Financial year	Amount
2004-05	\$4.0m	2012-13	\$65.9m
2005-06	\$23.8m	2013-14	\$52.5m
2006-07	\$96.4m	2014-15	\$49.9m
2007-08	-	2015-16	\$50.7m
2008-09	\$44.8m	2016-17	\$51.4m
2009-10	-	2017-18	\$52.3m
2010-11	\$45.0m	2018-19	\$53.3m
2011-12	\$51.3m	2019-20	\$54.1m

Under the ATSILSFF Act, the ILSC Board may, on a quarterly basis subsequent to the publication by the Future Fund Board of the quarterly report, request the Minister for Indigenous Australians to convene a meeting of officials from the National Indigenous Australians Agency, the Finance Department and the ILSC to discuss the performance of the ATSILSFF.

## Management of ILSC Investment Funds

The ILSC invests its funds in accordance with policy set by the ILSC Board. Section 193K of the ATSI Act exempts the ILSC from complying with section 59(1) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) dealing with authorised investments. The investment policy objectives include: the protection of the investments' capital value; the maintenance of liquidity; and the achievement of high rates of return with minimal risk. The investment portfolio is monitored by the Board and the returns on investments supplement annual payments from the ATSILFF to fund the ILSC's functional and operational expenditure.

## Overview of ILSC Group Financial Results

Under section 191H of the ATSI Act, the ILSC can invest money of the ILSC. The ILSC Group had \$101.3 million in cash reserves and investments at 30 June 2020 (30 June 2019: \$126.4 million). The funds are used towards functional and operational expenditure, as well as servicing debt associated with Ayers Rock Resort.

The ILSC acquires land and water-related interests for granting that interest to Aboriginal and Torres Strait Islander corporations. At 30 June 2020, the ILSC-held properties at a value of \$162 million (excludes Ayers Rock Resort). While the ILSC holds properties, it is responsible for maintenance and statutory costs.

The ILSC holds properties with significant livestock numbers. At 30 June 2020, the ILSC Group held 49,805 head of livestock at a value of \$31.1 million. In accordance with Australian Accounting Standards, the ILSC values the livestock on a market value basis. Accordingly, positive changes in the market value of livestock in any given period are recognised as a gain, while negative movements are recognised as an expense in the Statement of Comprehensive Income. Transfers between properties do not create profits or losses (See Part Four for information on ILSC-operated businesses).

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

A directors' valuation, supported by an independent valuer, of the non-financial assets of Ayers Rock Resort was undertaken at 30 June 2020. At that date, the fair value of these assets was assessed to be \$390 million, representing a fair value decrease of \$55 million compared with the previous year's valuation. This decrease is consistent with observable market data in which reductions to market valuations of Australian Hotels of between 5-15 per cent have been observed. Additionally, there has been downward pressure on Australian Hotel valuations as at 30 June 2020, driven by reductions to forecast earnings as a consequence of COVID-19 and general uncertainty within the market.

The financial statements presented in this Annual

Report represent the consolidation of the entire ILSC Group, comprising Indigenous Land and Sea Corporation (ILSC), Primary Partners Pty Ltd (Primary Partners) (formerly Australian Indigenous Agribusiness Company Pty Ltd), National Centre of Indigenous Excellence Ltd (NCIE), Voyages Indigenous Tourism Australia Pty Ltd (Voyages), The Owners - Strata Plan No. 86156 (Owners Corp) and Yamanah Investments Pty Ltd (Yamanah).

The Group generated a profit after income tax of \$5.0 million in 2019-20. However, if Voyages is excluded, the Group comprising ILSC, Primary Partners, NCIE, Owners Corp and Yamanah generated a profit after income tax of \$1.0 million during 2019-20.

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

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

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

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

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

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

Table 41 Agency Resource Statement\*

	2019-20 Actual \$'000
Opening balance/cash reserves at 1 July	86,257
<b>Funds from Government</b>	
Ordinary annual services (Appropriation Bill No. 1)	8,576
<b>Special accounts</b>	
Aboriginal and Torres Strait Islander Land and Sea Future Fund	54,143
<b>Total funds from Government</b>	<b>62,719</b>
<b>Funds from other sources</b>	
Interest	11,840
Other	18,424
<b>Total funds from other sources</b>	<b>30,264</b>
<b>Total net resourcing for ILSC</b>	<b>179,240</b>
Payments made	(116,431)
<b>Closing balance/cash reserves at 30 June</b>	<b>62,809</b>

\* Represents the ILSC Group excluding its subsidiary Voyages



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## INDEPENDENT AUDITOR'S REPORT

### To the Minister for Indigenous Australians

#### Opinion

In my opinion, the financial statements of the Indigenous Land and Sea Corporation and its subsidiaries (together the Consolidated Entity) for the year ended 30 June 2020:

- comply with Australian Accounting Standards – Reduced Disclosure Requirements and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- present fairly the financial position of the Consolidated Entity as at 30 June 2020 and its financial performance and cash flows for the year then ended.

The financial statements of the Consolidated Entity, which I have audited, comprise the following as at 30 June 2020 and for the year then ended:

- Statement by the Accountable Authority, Chief Executive Officer and Chief Financial Officer;
- Consolidated Statement of Comprehensive Income;
- Consolidated Statement of Financial Position;
- Consolidated Statement of Changes in Equity;
- Consolidated Cash Flow Statement; and
- Notes to the financial statements comprising a summary of significant accounting policies and other explanatory information.

#### Basis for opinion

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

#### Emphasis of Matter

I draw your attention to the Overview Note of the financial statements, which describes the assumptions used in the valuation of the Ayers Rock Resort, including the increased uncertainty arising from the outbreak of COVID-19 as a global pandemic on future forecasts assumed in the valuation models. The note also outlines the uncertainty in the forecast taxable profits that the recognition of deferred tax losses has been based on, which are the same as those used in the Ayers Rock Resort valuation assessment. My opinion is not modified in respect of this matter.

#### Accountable Authority's responsibility for the financial statements

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

In preparing the financial statements, the Chair of the Board is responsible for assessing the ability of the Consolidated Entity to continue as a going concern, taking into account whether the entity's operations will cease as a result of an

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Pictured: Crocodile-Welcome Station in far North Queensland.  
Photo Credit: Karlene Shephard.

administrative restructure or for any other reason. The Chair of the Board is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

**Auditor’s responsibilities for the audit of the financial Statements**

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

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

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

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

Australian National Audit Office



Rahul Tejani  
Executive Director  
Delegate of the Auditor-General

Canberra  
28 September 2020



Australian Government  
Indigenous Land and Sea Corporation



The ILSC GROUP

PEOPLE. COUNTRY. OPPORTUNITY.

ABN 59 912 679 254

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

In our opinion, the attached financial statements for the year ended 30 June 2020 comply with subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

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

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

Signed  .....

**Mr Edward Fry**  
Chair

Signed  .....

**Dr Donna Odegaard AM**  
Director

Signed  .....

**Ms Tricia Stroud**  
Acting Group Chief Executive Officer

Signed  .....

**Mr David Silcock**  
Group Chief Financial Officer

25 September 2020

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**Consolidated Statement of Financial Position**  
as at 30 June 2020

	Notes	Consol 2020 \$'000	Consol 2019 \$'000 Restated
<b>NET COST OF SERVICES</b>			
<b>Expenses</b>			
Provision for property held for grant and assets held in trust	1A	2,943	21,154
Employee benefits	1B	88,413	98,864
Suppliers	1C	88,858	114,308
Grant funding	1D	30,160	21,595
Depreciation and amortisation	1E	26,965	21,415
Finance costs	1G	6,170	7,703
<b>Total expenses</b>		<b>243,509</b>	<b>285,039</b>
<b>Own-source income</b>			
<b>Own-source revenue</b>			
Interest	2A	1,727	2,770
Revenue from contracts with customers	2B	150,591	204,244
Grants	2D	10,523	3,521
Other revenue	2E	16,005	24,536
<b>Total own-source revenue</b>		<b>178,846</b>	<b>235,071</b>
<b>Gains/(losses)</b>			
Net gain in the net market value of livestock	3A	12,791	9,952
Other net loss	3B	(3,594)	(1,824)
Net loss from sale of assets		(829)	(727)
<b>Total gains</b>		<b>8,368</b>	<b>7,401</b>
<b>Total own-source income</b>		<b>187,214</b>	<b>242,472</b>
<b>Net cost of services</b>		<b>(56,295)</b>	<b>(42,567)</b>
<b>Revenue from Government</b>			
Revenue from Government	4	62,719	62,039
<b>Surplus before income tax on continuing operations</b>		<b>6,424</b>	<b>19,472</b>
Income tax expense	5A	1,401	6,677
<b>Surplus attributable to the Australian Government</b>		<b>5,023</b>	<b>12,795</b>
<b>Other comprehensive income</b>			
Changes in asset revaluation surplus	7E	(53,469)	18,422
Tax effect of revaluations		17,659	(5,008)
<b>Total comprehensive (loss)/income attributable to the Australian Government</b>		<b>(30,787)</b>	<b>26,209</b>

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

	Notes	Consol 2020 \$'000	Consol 2019 \$'000 Restated
<b>ASSETS</b>			
<b>Financial assets</b>			
Cash and cash equivalents	6A	76,272	58,374
Trade and other receivables	6B	4,413	17,494
Investments	6C	25,000	68,000
Other financial assets	6D	635	308
<b>Total financial assets</b>		<b>106,320</b>	<b>144,176</b>
<b>Non-financial assets<sup>1</sup></b>			
Biological assets	7A	31,142	26,511
Inventory - other	7B	5,120	4,730
Inventory - property held for grant	7C	109,811	106,968
Assets held in trust	7D	52,059	52,047
Land	7E	77,169	87,367
Property, plant and equipment	7E	420,036	445,535
Intangible assets	7F	5,315	5,383
Prepayments		2,800	2,760
<b>Total non-financial assets</b>		<b>703,452</b>	<b>731,301</b>
<b>Total assets</b>		<b>809,772</b>	<b>875,477</b>
<b>LIABILITIES</b>			
<b>Payables</b>			
Suppliers Creditors	8A	20,167	21,223
Other payables	8B	12,380	22,478
Interest bearing loans	8C	124,005	151,702
Leases	8D	25,783	6,805
Deferred tax liability	5B	5,454	21,714
Other financial liabilities	8E	2,293	1,342
<b>Total payables</b>		<b>190,082</b>	<b>225,264</b>
<b>Provisions</b>			
Employee provisions	10	8,994	12,260
Provision for property held for grant	7C	109,811	106,968
Provision for assets held in trust	7D	52,059	52,047
Provision for make good	9A	340	722
<b>Total provisions</b>		<b>171,204</b>	<b>171,997</b>
<b>Total liabilities</b>		<b>361,286</b>	<b>397,261</b>
<b>NET ASSETS</b>		<b>448,486</b>	<b>478,216</b>
<b>EQUITY</b>			
<b>Parent entity interest</b>			
Reserves		78,454	114,331
Retained surplus		370,032	363,885
<b>Total parent entity interest</b>		<b>448,486</b>	<b>478,216</b>
<b>TOTAL EQUITY</b>		<b>448,486</b>	<b>478,216</b>

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

1. Right-of-use assets are included in the following line items: Land and Property, Plant and Equipment

Indigenous Land and Sea Corporation  
Consolidated Statement of Changes in Equity  
for the year ended 30 June 2020

Consolidated	Retained Surplus		Asset Revaluation Reserve		Total Equity	
	2020 \$'000	2019 \$'000 Restated	2020 \$'000	2019 \$'000 Restated	2020 \$'000	2019 \$'000 Restated
<b>Opening Balance</b>	<b>363,885</b>	345,567	<b>114,331</b>	106,440	<b>478,216</b>	452,007
Balance carried forward from previous period						
Adjustment for errors	(14)	-	14	-	-	-
Adjustment for changes in accounting policies	1,057	-	-	-	1,057	-
<b>Adjusted opening balance</b>	<b>364,928</b>	345,567	<b>114,345</b>	106,440	<b>479,273</b>	452,007
<b>Comprehensive Income</b>	<b>5,023</b>	12,795	-	-	<b>5,023</b>	12,795
Surplus for the period						
Other comprehensive income:						
Fair value revaluation of property, plant and equipment	-	-	(53,469)	18,422	(53,469)	18,422
Tax effect of revaluations	-	-	17,659	(5,008)	17,659	(5,008)
<b>Total comprehensive income attributable to the Australian Government</b>	<b>5,023</b>	12,795	<b>(35,810)</b>	13,414	<b>(30,787)</b>	26,209
Amount transferred to/(from) revaluation reserve for property, plant and equipment disposed of	119	5,591	(119)	(5,591)	-	-
Income tax equity adjustment	(38)	(68)	38	68	-	-
<b>Closing balance attributable to the Australian Government</b>	<b>370,032</b>	363,885	<b>78,454</b>	114,331	<b>448,486</b>	478,216

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

Indigenous Land and Sea Corporation  
Consolidated Cash Flow Statement  
for the year ended 30 June 2020

	Consol 2020 \$'000	Consol 2019 \$'000 Restated
<b>OPERATING ACTIVITIES</b>		
<b>Cash received</b>		
Appropriations from Government	8,576	8,749
Receipts from Government	56,307	54,939
Goods and services	190,356	243,563
Interest	2,141	2,655
Other	13,953	15,970
<b>Total cash received</b>	<b>271,333</b>	325,876
<b>Cash used</b>		
Employees	(97,164)	(101,680)
Suppliers	(131,649)	(142,946)
Interest paid	(5,857)	(5,380)
Interest payments on lease liabilities	(1,279)	-
GST paid (net)	(4,073)	(6,999)
<b>Total cash used</b>	<b>(240,022)</b>	(257,005)
<b>Net cash from operating activities</b>	<b>31,311</b>	68,871
<b>INVESTING ACTIVITIES</b>		
<b>Cash received</b>		
Proceeds from the sale of property, plant and equipment	106	-
Proceeds from sale of investments, net	43,000	-
<b>Total cash received</b>	<b>43,106</b>	-
<b>Cash used</b>		
Purchase of property, plant and equipment	(24,267)	(36,622)
Purchase of intangibles	-	(44)
Investments (net)	-	(20,000)
<b>Total cash used</b>	<b>(24,267)</b>	(56,666)
<b>Net cash received (used) by investing activities</b>	<b>18,839</b>	(56,666)
<b>FINANCING ACTIVITIES</b>		
<b>Cash received</b>		
Proceeds from loans	-	23,500
<b>Total cash received</b>	<b>-</b>	23,500
<b>Cash used</b>		
Repayment of loans	(29,459)	(34,691)
Loan transaction costs	-	(561)
Principal payments of lease liabilities	(2,793)	-
<b>Total cash used</b>	<b>(32,252)</b>	(35,252)
<b>Net cash used by financing activities</b>	<b>(32,252)</b>	(11,752)
<b>Net increase in cash held</b>	<b>17,898</b>	453
Cash at the beginning of the reporting period	58,374	57,921
<b>Cash at the end of the reporting period</b>	<b>76,272</b>	58,374

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

**Indigenous Land and Sea Corporation**  
**Notes to and forming part of the financial statements**  
**for the year ended 30 June 2020**

## Overview

### Objective of the Indigenous Land and Sea Corporation

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

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

### Principles of consolidation

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

- ILSC (the Parent Entity)
- Primary Partners Pty Ltd (PPPL) - formerly Australian Indigenous Agribusiness Company Pty Ltd (AIAC)
- National Centre of Indigenous Excellence Ltd (NCIE)
- Voyages Indigenous Tourism Australia Pty Ltd (Voyages)
- The Owners – Strata Plan No. 86156 (Owners Corp)
- Yamanah Investments Pty Ltd (Yamanah)

With effect from 20 February 2020, the name of the subsidiary entity was changed from Australian Indigenous Agribusiness Company Pty Ltd to Primary Partners Pty Ltd.

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

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

### Basis of preparation of the financial statements

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

The consolidated financial statements have been prepared in accordance with:

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

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

### Basis of preparation of the financial statements (continued)

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

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

### Impact of COVID-19

The World Health Organisation declared COVID-19 a global health emergency in March 2020. The Group has considered the impact of the COVID-19 outbreak on demand for the Group's goods and services and in preparing its financial statements.

During the period the Group's operational performance was significantly impacted by Government travel restrictions, as a result of the COVID-19 pandemic. International borders and domestic Australian borders were closed by the Federal Government and State Government respectively restricting access to the Ayers Rock Resort which had a significant impact on the operating results for the Group for the last quarter of the period primarily through a significant reduction in occupancy at the Resort. While the impact is expected to be temporary due to the ongoing border closures and uncertainty surrounding the timings when the markets will re-open for tourism related activities, it is expected that the operating results of the Resort will be impacted for many months and the recovery period remains uncertain.

The Group has assessed the impact of COVID-19 on the balances included in its financial statements and on the key judgements, assumptions and estimates used. Key judgements require an assessment of future forecast performance of the Group, and, at the time of this report, those assumptions have inherent uncertainty. These judgments and estimates include:

- Assessing the fair value of property, plant and equipment, which is derived from discounted cash flows relating to future financial performance of the resort;
- Determining the net realisable value of inventory, taking into account any inventory that has become slow moving due to the effects of COVID-19;
- Analysing the methodology used to estimate the fair value of biological assets and consider any revision to the provision balance;
- Revising estimates of expected credit losses attributable to accounts receivable arising from sales to customers on credit terms, including the incorporation of forward-looking information to supplement historical credit loss rates; and
- The period for utilisation of accumulated tax losses recorded as deferred tax assets.

The Group has reduced the fair value of property, plant and equipment. The valuation methodology and assumptions, including sensitivity to changes in assumptions for the valuation of property, plant and equipment is outlined in note 7E. Forecast earnings, including occupancy rates and average daily rates, used to determine the valuation, remain subject to uncertainty and dynamic change in the current market due to COVID-19 related International travel restrictions and domestic Australian border controls. In addition, the Group has concluded that COVID-19 has not impacted the net realisable value of inventory (refer note 7B), the fair value of biological assets (refer note 7A), its ability to utilise accumulated tax losses within a reasonable timeframe (refer note 5B) and the provision for expected credit losses has taken into account the impact on the recoverability of receivables (refer note 6B).

These judgements for the forecasted earnings have been made based on the best available information to date regarding the circumstances existing at 30 June 2020. Evidence since the reporting date to the date of these financial statements was also evaluated and adjustments made where required. Adjustments were made if the information relating to border closures and occupancy rates at the resort, obtained since the reporting date provided evidence of conditions and circumstances that existed at that date. The assumptions made should not be taken to indicate the outcome of future Group decisions, rather the assumptions on which current cashflow forecasting has been performed. Should actual performance differ significantly from these assumptions, it is likely that there may be material changes to the carrying value of the assets and liabilities listed above in future reporting periods.

## New and amended standards and interpretations

### Adoption of new Australian Accounting Standards requirements

The Group applied AASB 15, AASB 2016-8, AASB 1058 and AASB 16 for the first time in the year ended 30 June 2020.

Several other amendments and interpretations apply for the first time in the year ended 30 June 2020, but do not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

Standard/ Interpretation	Nature of change in accounting policy, transitional provisions, and adjustment to financial statements
AASB 15 Revenue from Contracts with Customers / AASB 2016-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities and AASB 1058 Income of Not-For-Profit Entities	<p>AASB 15, AASB 2016-8 and AASB 1058 became effective 1 July 2019.</p> <p>AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including AASB 118 Revenue, AASB 111 Construction Contracts and Interpretation 13 Customer Loyalty Programmes. The core principle of AASB 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.</p> <p>AASB 1058 is relevant in circumstances where AASB 15 does not apply. AASB 1058 replaces most of the not-for-profit (NFP) provisions of AASB 1004 Contributions and applies to transactions where the consideration to acquire an asset is significantly less than fair value principally to enable the entity to further its objectives, and where volunteer services are received.</p> <p>The details of the changes in accounting policies, transitional provisions and adjustments are disclosed below and in the relevant notes to the financial statements.</p>
AASB 16 Leases	<p>AASB 16 became effective on 1 July 2019.</p> <p>This new standard has replaced AASB 117 Leases Interpretation 4 Determining whether an Arrangement contains a Lease, Interpretation 115 Operating Leases—Incentives and Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.</p> <p>AASB 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, together with options to exclude leases where the lease term is 12 months or less, or where the underlying asset is of low value. AASB 16 substantially carries forward the lessor accounting in AASB 117, with the distinction between operating leases and finance leases being retained. The details of the changes in accounting policies, transitional provisions and adjustments are disclosed below and in the relevant notes to the financial statements.</p>

## New and amended standards and interpretations (continued)

### Application of AASB 15 Revenue from Contracts with Customers / AASB 1058 Income of Not-For-Profit Entities

The Group adopted AASB 15 and AASB 1058 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 July 2019. Accordingly, the comparative information is not restated, that is, it is presented as previously reported under the various applicable AASBs and related interpretations.

Under the new income recognition model the Group shall first determine whether an enforceable agreement exists and whether the promises to transfer goods or services to the customer are 'sufficiently specific'. If an enforceable agreement exists and the promises are 'sufficiently specific' (to a transaction or part of a transaction), the Group applies the general AASB 15 principles to determine the appropriate revenue recognition. If these criteria are not met, the Group shall consider whether AASB 1058 applies.

In relation to AASB 15, the Group elected to apply the new standard to all new and uncompleted contracts from the date of initial application. The Group is required to aggregate the effect of all of the contract modifications that occur before the date of initial application.

In terms of AASB 1058, the Group is required to recognise volunteer services at fair value if those services would have been purchased if not provided voluntarily, and the fair value of those services can be measured reliably.

### Impact on transition

Set out below are the amounts by which each financial statement line item is affected as at and for the year ended 30 June 2020 as a result of the adoption of AASB 15 and AASB 1058. The first column shows amounts prepared under AASB 15 and AASB 1058 and the second column shows what the amounts would have been had AASB 15 and AASB 1058 not been adopted. There has been no impact on retained earnings from the adoption of AASB 15 and AASB 1058:

Transitional disclosure	AASB 15 / AASB 1058 \$'000	Previous AASB \$'000	Increase / (decrease) \$'000
<b>30/06/2020</b>			
<b>Revenue</b>			
Revenue from contracts with customers	150,591	-	150,591
Sale of goods and rendering of services	-	149,992	(149,992)
Grants	-	78	(78)
Other revenue - corporate sponsorship	-	521	(521)
<b>Net Effect</b>	<b>150,591</b>	<b>150,591</b>	<b>-</b>
<b>Liabilities</b>			
Contract liabilities	3,628	-	3,628
Other payables - Unearned income received in advance	-	3,628	(3,628)
<b>Net Effect</b>	<b>3,628</b>	<b>3,628</b>	<b>-</b>

### New and amended standards and interpretations (continued)

#### Application of AASB 16 Leases

The Group adopted AASB 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 July 2019. Accordingly, the comparative information presented for 2019 financial year is not restated, that is, it is presented as previously reported under AASB 117 and related interpretations.

The Group elected to apply the practical expedient to not reassess whether a contract is, or contains a lease at the date of initial application. Contracts entered into before the transition date that were not identified as leases under AASB 117 were not reassessed. The definition of a lease under AASB 16 was applied only to contracts entered into or changed on or after 1 July 2019.

AASB 16 provides for certain optional practical expedients, including those related to the initial adoption of the standard. The Group applied the following practical expedients when applying AASB 16 to leases previously classified as operating leases under AASB 117:

- Apply a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Exclude initial direct costs from the measurement of right-of-use assets at the date of initial application for leases where the right-of-use asset was determined as if AASB 16 had been applied since the commencement date;
- Reliance on previous assessments on whether leases are onerous as opposed to preparing an impairment review under AASB 136 Impairment of assets as at the date of initial application; and
- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term remaining as of the date of initial application.

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under AASB 16, the Group recognises right-of-use assets and lease liabilities for most leases. However, the Group has elected not to recognise right-of-use assets and lease liabilities for some leases of low value assets based on the value of the underlying asset when new or for short-term leases with a lease term of 12 months or less.

On adoption of AASB 16, the Group recognised right-of-use assets and lease liabilities in relation to leases of land, office space and automobiles, which had previously been classified as operating leases.

The lease liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as at 1 July 2019. The Group's incremental borrowing rate is the rate at which a similar borrowing could be obtained from an independent creditor under comparable terms and conditions. The weighted-average rate applied was 5.51%.

### New and amended standards and interpretations (continued)

The right-of-use assets were measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

#### Impact on transition

On transition to AASB 16, the Group recognised additional right-of-use assets and additional lease liabilities. The impact on transition is summarised below:

	1 July 2019 \$'000
Right-of-use assets - property, plant and equipment	21,225
Lease liabilities	21,133

The following table reconciles the minimum lease commitments disclosed in the Group's 30 June 2019 annual financial statements to the amount of lease liabilities recognised on 1 July 2019:

	1 July 2019 \$'000
Minimum operating lease commitment at 30 June 2019	30,187
Less: short-term leases not recognised under AASB 16	(428)
Less: obligations out of scope under AASB 16	(2,107)
Less: change in estimate - lease payment	(2,760)
<b>Undiscounted lease payments</b>	<b>24,892</b>
Less: effect of discounting using the incremental borrowing rate as at the date of initial application	(3,759)
<b>Lease liabilities recognised at 1 July 2019</b>	<b>21,133</b>

#### Future Australian Accounting Standards requirements

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

#### Comparative figures

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

During the 2020 financial year, the Group determined that in the 2019 financial statements:

(i) There was a misclassification in the Consolidated Statement of Comprehensive Income. The net market value of agricultural produce sold was incorrectly recorded in Gains/(losses) instead of agribusiness revenue in Revenue from contracts with customers (formerly Sale of goods and rendering of services).

(ii) There was a misclassification in the Consolidated Statement of Comprehensive Income. Impairment on trade and other receivables was incorrectly recorded in Other net loss instead of Impairment loss on financial instruments. Also Net loss from sale of assets was incorrectly recorded in Other net loss.

(iii) There was an understatement of award wages and entitlements as a result of a payroll review carried out at NCIE during the financial year. The payroll review has determined the applicable rates of pay, allowances, penalties and necessary back payment to be applied. The Group has been advised by the Fair Work Ombudsman (FWO) that the Group will be issued with non-conformances in relation to the underpayment of wages and entitlements, and will be required to ensure that all issues are rectified. The Group is confident that non-conformance issues have been rectified moving forward. Following the end of the reporting period, the Group has made payments to current employees and is in the process of contacting former employees.

(iv) There was a misclassification in the Consolidated Statement of Comprehensive Income. Grant funding was incorrectly recorded in Suppliers.

### Comparative figures (continued)

The Group has corrected the prior period by restating the amounts for the 2019 financial year in the Consolidated Statement of Financial Position and Consolidated Statement of Comprehensive Income. Restatements for the prior year are detailed in the table below:

	2019 Original \$'000	Adjustment \$'000	2019 Restated \$'000
(i) Revenue classification - agribusiness revenue			
Net market value of agricultural produce sold	1,166	(1,166)	-
Revenue from contracts with customers	203,078	1,166	204,244
(ii) Loss Classification - impairment loss on financial instruments and net loss from sale of assets			
Other net loss	(1,874)	429	(1,445)
Impairment loss on financial instruments	-	(379)	(379)
Net loss from sale of assets	(677)	(50)	(727)
(iii) Payroll review - NCIE			
Employee benefits	98,783	81	98,864
Other payables	22,397	81	22,478
(iv) Expense classification - grant funding			
Suppliers	135,903	(21,595)	114,308
Grant funding	-	21,595	21,595

The presentation of the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position and the associated notes have been appropriately restated.

### Budgetary reporting

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

- a consolidated GGS budget presented to Parliament incorporates a budget of an entity within the GGS in a way that the individual entity's budget is not separately identified as relating to that entity; and
- a separate individual budget is not presented to Parliament for that entity;

that entity's budget is not regarded as having been presented to Parliament and therefore the entity is not required to report the budgetary information specified in this Standard.

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

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

### Events after the reporting period

On 12 August 2020, the Group has finalised the settlement for the purchase of Baldivis Farms for the amount of \$4,510,000 [excl. GST]. A deposit of \$135,000 has been paid prior to the end of the reporting period with the deposit being recognised in prepayments on the Consolidated Statement of Financial Position.

<b>Consol</b>	Consol
<b>2020</b>	2019
<b>\$'000</b>	\$'000
	Restated

### Financial Performance

This section analyses the financial performance of the Group for the year ended 30 June 2020.

#### 1. Expenses

##### 1A. Provision for property held for grant and assets held in trust

Increase in the provision for property held for grant	<b>2,931</b>	21,127
Increase in the provision for assets held in trust	<b>12</b>	27
Total increase in provision	<b>2,943</b>	21,154

A provision is raised in the Statement of Comprehensive Income for the full cost of property and related infrastructure purchases held for grant and held in trust representing the sacrifice of future benefits embodied in the assets. On transfer, the asset and provision are offset against one another. The above disclosure should be read in conjunction with the accompanying notes 7C and 7D.

##### 1B. Employee benefits

Wages and salaries	<b>80,544</b>	89,917
Superannuation		
Defined contribution plans	<b>7,049</b>	7,722
Defined benefit plan	<b>461</b>	562
Separation and redundancy	<b>359</b>	663
Total employee benefits	<b>88,413</b>	98,864

##### Accounting Policy

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

	Consol 2020 \$'000	Consol 2019 \$'000 Restated
<b>1C. Suppliers</b>		
Raw materials and consumables	33,629	45,069
Repairs and maintenance	9,999	13,400
Staff related expenses	7,910	8,538
Utilities, rates and services	7,857	8,453
Consultants	7,638	7,445
Other expenses	3,465	7,415
Agribusiness supplies and expenses	3,755	4,988
Marketing	2,741	4,336
Travel	1,937	2,584
Information and communication expenses	2,928	2,545
Resort supplies and expenses	1,558	2,088
Fuels	933	1,316
Insurance	1,229	1,116
Total goods and services supplied or rendered	<u>85,579</u>	<u>109,293</u>
Other supplier expenses:		
Lease and lease related expenses	-	2,714
Operating lease rentals: <sup>1</sup>		
Short-term leases	1,131	-
Low value leases	12	-
Workers compensation expenses	2,136	2,301
Total other supplier expenses	<u>3,279</u>	<u>5,015</u>
Total suppliers	<u>88,858</u>	<u>114,308</u>

#### Accounting Policy

##### Short-term leases and leases of low-value assets

The Entity has elected not to recognise right-of-use assets and lease liabilities for short-term leases of assets that have a lease term of 12 months or less and leases of low-value assets (less than \$10,000). The entity recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

1. The Group has applied AASB 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under AASB 117.

The Group has short-term lease commitments of \$154,000 as at 30 June 2020.

The above lease disclosures should be read in conjunction with the accompanying notes 1F, 2E, 7E and 8D.

#### **1D. Grant funding**

Grant funding	30,160	21,595
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Grant funding to Indigenous corporations provides support to manage land and/or water-related interests.

#### **1E. Depreciation and amortisation**

	Consol 2020 \$'000	Consol 2019 \$'000 Restated
Land - Right-of-use asset	746	-
Buildings and infrastructure	17,443	11,946
Plant and equipment	3,107	3,121
Furniture and fittings	2,933	3,638
Motor vehicles	1,311	1,279
Computer equipment	597	604
Leasehold improvements	641	229
Total depreciation	<u>26,778</u>	<u>20,817</u>
Software	68	146
Other contracts and relationships	-	39
Goodwill	-	64
Finance lease	119	349
Total amortisation	<u>187</u>	<u>598</u>
Total depreciation and amortisation	<u>26,965</u>	<u>21,415</u>

#### Accounting Policy

Accounting policy for depreciation and amortisation expense is contained in Note 7E.

#### **1F. Leasing commitments**

Commitments in the prior year comprise:

	Consol 2019 \$'000 Restated
<b>Commitments payable</b>	
Operating leases	30,187
Finance leases	18,888
Total commitments payable	<u>49,075</u>

#### **Commitments are payable as follows:**

One year or less	4,214
From one to five years	15,965
Over five years	28,896
Total commitments payable	<u>49,075</u>

The Group has applied AASB 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under AASB 117.

In the 2020 financial year, lease liabilities are recorded on the Consolidated Statement of Financial Position. Refer to note 8D.

The amounts reported as commitments payable include GST where relevant.

	Consol 2020 \$'000	Consol 2019 \$'000 Restated
<b>1G. Finance costs</b>		
Unwinding of discount on concessional loans	796	2,214
Loan interest	4,095	4,796
Interest on lease liabilities <sup>1</sup>	1,279	693
Total finance costs	<u>6,170</u>	<u>7,703</u>

All borrowing costs are expensed as incurred.

1. The Group has applied AASB 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under AASB 117.

The above lease disclosures should be read in conjunction with the accompanying notes 1C, 2E, 7E and 8D.

	Consol 2020 \$'000	Consol 2019 \$'000 Restated
<b>Own source income</b>		

## 2. Own-source revenue

### 2A. Interest

Term deposits interest	1,722	2,715
Interest on bank and other securities	5	55
Total interest	<u>1,727</u>	<u>2,770</u>

Interest revenue is recognised using the effective interest method.

### 2B. Revenue from contracts with customers

Sale of goods	43,714	55,179
Rendering of services	106,877	149,065
Total revenue from contracts with customers	<u>150,591</u>	<u>204,244</u>

#### Disaggregation of revenue from contracts with customers

Agribusiness		
Fodder and mixed ration	2,922	4,326
Agistment fees	931	817
Wool	536	711
Meat	1,014	455
Tourism	141,517	194,143
Fitness and Aquatics	1,094	1,539
Conference and Venue Hire	886	1,118
Accommodation	264	335
Corporate sponsorship and grants	599	-
Other sale of goods	828	800

Total revenue from contracts with customers	<u>150,591</u>	<u>204,244</u>
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#### Accounting Policy

The Group has applied AASB 15 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under AASB 118.

Revenue is recognised to the extent that the Group has satisfied a performance obligation and the transaction price can be readily identified. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment.

Generally, the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

None of the revenue streams of the Group have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

Grant income arising from an agreement which contains enforceable and sufficiently specific performance obligations is recognised when control of each performance obligations is satisfied.

The performance obligations vary, but generally control transfers over the life of the contract. Where control is transferred over time, generally the revenue recognition is based on cost incurred.

Information about the Group's performance obligations are summarised below:

#### Agribusiness

- Sale of fodder and mixed ration - Providing food to cattle.
- Agistment fees - Providing accommodation for cattle prior to being shipped.
- Wool - providing wool to the customer
- Meat - providing meat to customers

#### Tourism

- Rooms / Campground & Lodge - Providing accommodation for guests, room/site servicing and portage.
- Food & Beverage - Providing food, beverages and dining experiences for guests, including conference and catering facilities to third party operators.
- Hotel Sundry - Relate to overhead agreed in the accommodation packages including transfers, Wi-Fi, laundry services and other amenities.
- Retail - Providing retail goods for guest purchases including fuel, groceries, souvenirs, clothing and artworks.
- Airport - Providing airport services for Virgin, Qantas & Jetstar including facilitation of screening and certified air-ground radio services.
- Travel & Touring - Providing leisure travel and touring experiences for guests and providing a booking service for third party operators.
- Shuttle Operations - Providing transportation for guests.

Fitness and Aquatics - Providing classes or access to gym and pool facilities.

Conference and Venue Hire - Providing a room for a conference to be held in and providing food and beverage when the conference is held.

#### Corporate sponsorship and grants

- Corporate - Deliver technology training and workshops to Aboriginal and Torres Strait Islanders in remote, rural and regional communities.
- National Indigenous Australians Agency - Indigenous job participation, employment length, completion of training certificates and mentorship hours.
- State & Territory Governments - Indigenous employment participation.

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

Consol	Consol
2020	2019
\$'000	\$'000

Restated

## 2C. Unsatisfied obligations

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 30 June are, as follows:

Within one year	<b>3,628</b>	-
	<b>3,628</b>	-

## 2D. Grants

Grants from:

Department of Prime Minister and Cabinet	<b>2,697</b>	1,484
National Indigenous Australians Agency	<b>6,371</b>	-
Department of Health	<b>946</b>	943
State and Territory Governments	<b>459</b>	956
Other grants	<b>50</b>	138

Total grants	<b>10,523</b>	3,521
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The Group receives grants from Commonwealth Government departments, State and Territory Government departments and corporations. Grants which are either not enforceable or do not have sufficiently specific performance obligations are in scope of AASB 1058. Assets arising from grants in scope of AASB 1058 are recognised at their fair value when the asset is received. These assets are generally cash. Once the assets have been recognised then the income is recognised.

## 2E. Other revenue

Diesel fuel rebate	<b>354</b>	371
Grant recovery	<b>64</b>	290
Insurance recovery	<b>796</b>	395
Lease income	<b>8,550</b>	9,974
Subleasing right-of-use assets <sup>1</sup>	<b>169</b>	-
Corporate sponsorship	<b>160</b>	614
Carbon and environment programmes	<b>2,688</b>	2,639
Resources received at nominal amount <sup>2</sup>		
Inventory - property held for grant	<b>1,012</b>	9,034
Other revenue	<b>2,212</b>	1,219

Total other revenue	<b>16,005</b>	24,536
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1. The Group has applied AASB 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under AASB 117. The above lease disclosures should be read in conjunction with the accompanying notes 1C, 1F, 7E and 8D.

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

	Consol 2020 \$'000	Consol 2019 \$'000 Restated
<b>2E. Other revenue (continued)</b>		
<i>Operating Leases Receivable</i>		
Operating leases	3,418	4,446
<b>Total operating leases receivable</b>	<u>3,418</u>	<u>4,446</u>

The subsidiary, NCIE, has entered into 'non-exclusive license to occupy' arrangements for various office space. These arrangements cease in 2020/21.

The subsidiary, Voyages, has rental income arising from operating leases on defined floor space used by third parties for retailing within income producing properties or housing occupied by either employees or third parties.

#### Maturity analysis of operating lease income receivables:

One year or less	1,051	1,072
From one to five years	2,367	3,374
<b>Total undiscounted lease payments receivable</b>	<u>3,418</u>	<u>4,446</u>

The above lease disclosures should be read in conjunction with the accompanying notes 1F, 2E, 7E and 8D.

### 3. Gains/(losses)

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

Net gain in the net market value during the reporting period

Cattle	12,554	7,163
Sheep	518	(84)
Gross change in net market value	<u>13,072</u>	<u>7,079</u>
(Increase) / decrease in provision for deaths	(281)	2,873
<b>Net gain in the net market value of livestock</b>	<u>12,791</u>	<u>9,952</u>

Net market value is fair value less costs to sell.

#### 3B. Other net loss

Fair value loss on financial instruments <sup>1</sup>	(951)	(1,415)
Impairment loss on trade and other receivables	(265)	(379)
Concessional loan discount (net)	<u>(2,378)</u>	<u>(30)</u>
<b>Total net loss</b>	<u>(3,594)</u>	<u>(1,824)</u>

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

### 4. Revenue from Government

	Consol 2020 \$'000	Consol 2019 \$'000 Restated
Department of the Prime Minister and Cabinet		
Corporate Commonwealth entity payment <sup>1</sup>	8,576	8,749
Receipts from the ATSILSFF / Land Account <sup>2</sup>	54,143	53,290
<b>Total revenue from Government</b>	<u>62,719</u>	<u>62,039</u>

<sup>1</sup>The amounts received by the Group as a Corporate Commonwealth Entity payment are for the support of jobs in the Northern Territory in land management and pastoral activities. The income is recognised on receipt and corresponding payments are recognised as expenses when incurred or when paid to third parties.

<sup>2</sup>The ILSC was established under the Aboriginal and Torres Strait Islander Act 2005 (ATSILS Act) and is controlled by the Commonwealth of Australia. The ILSC receives a legislated annual payment from the Aboriginal and Torres Strait Islander Land and Sea Future Fund (ATSILSFF).

The ATSILSFF payment is administered by the Department of the Prime Minister and Cabinet. Receipts have been recognised at the time ILSC becomes entitled to receive the revenue.

	Consol 2020 \$'000	Consol 2019 \$'000 Restated
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## Taxation

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

### 5. Income tax

#### 5A. Income tax expense

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

Current income tax:		
Current income tax charge	960	5,892
Deferred income tax:		
Relating to origination and reversal of temporary differences	806	513
Adjustments in respect of income tax of previous years	(70)	4
Value of deferred tax assets not recognised/derecognised	(295)	-
Recognition of prior year temporary differences not previously recognised	-	268
Income tax expense reported in Statement of Comprehensive Income	<u>1,401</u>	<u>6,677</u>

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

Total accounting profit subject to income tax	7,623	21,063
Income tax on profit at statutory rate (30%)	2,287	6,319
Entertainment	6	6
Intangibles	1	12
Property, plant and equipment	1	68
Adjustments in respect of income tax of previous years	(70)	4
Value of deferred tax assets not recognised/derecognised	(824)	-
Recognition of prior year temporary differences not previously recognised	-	268
Aggregate income tax expense	<u>1,401</u>	<u>6,677</u>

### 5B. Deferred income tax

Deferred tax relates to the following:

	Statement of Financial Position		Statement of Comprehensive Income	
	Consol 2020 \$'000	Consol 2019 \$'000 Restated	Consol 2020 \$'000	Consol 2019 \$'000 Restated
Provision for doubtful debts	252	82	(170)	(36)
Provision for employee entitlements	1,741	2,807	1,065	(234)
Fixed assets	(24,329)	(40,354)	1,636	(648)
Other	1,246	309	(936)	68
Losses available for offsetting future taxable income	14,717	15,442	725	7,527
Financial liabilities	919	-	(919)	-
Deferred tax expense			<u>1,401</u>	<u>6,677</u>
Net deferred tax liabilities	<u>(5,454)</u>	<u>(21,714)</u>		
<i>Reconciliation of net deferred tax liability:</i>				
Opening balance as of 1 July	(21,714)	(10,029)		
Tax (expense) during the period recognised in Statement of Comprehensive Income	(1,401)	(6,677)		
Other	2	-		
Amounts recorded within equity	17,659	(5,008)		
Closing balance as at 30 June	<u>(5,454)</u>	<u>(21,714)</u>		

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

PPPL, Voyages and Yamanah are subject to all Commonwealth and State taxation.

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

#### Accounting Policy

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

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

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

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

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

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

Forecasted taxable profits have been based on the forecasts used in the valuation assessment which assumes a 3 year recovery period following the disruption from COVID-19 and assumptions in relation to the reopening of borders and occupancy levels. Refer to the Overview section and note 7E for further disclosure on the uncertainty in the assumptions for the forecasts.

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

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

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

	<b>Consol</b>	Consol
	<b>2020</b>	2019
	<b>\$'000</b>	\$'000
		Restated

## Financial Position

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

Employee-related information is disclosed in the People and Relationships section.

### 6. Financial assets

#### 6A. Cash and cash equivalents

Cash at bank and on hand	<b>63,452</b>	34,660
Short-term deposits	<b>12,820</b>	23,714
Total cash and cash equivalents	<b>76,272</b>	58,374

#### Accounting Policy

Cash is recognised at its nominal amount. Cash and cash equivalents includes:

- cash on hand and demand; and
- deposits with a bank or financial institution held at call or with an original maturity of three months or less that are readily convertible to known amounts of cash and subject to insignificant risk of change in value.

The closing balance of Cash at bank and on hand includes sinking fund amounts relating to assets held in trust of \$3,186,000 (2019: \$3,283,000). See note 7D Assets Held in Trust for more information.

#### 6B. Trade and other receivables

Goods and services receivables	<b>4,248</b>	13,352
Other receivables:		
Interest receivable	<b>48</b>	462
Other debtors	<b>1,624</b>	4,228
Total other receivables	<b>1,672</b>	4,690
Total trade and other receivables (gross)	<b>5,920</b>	18,042
Less: Allowance for expected credit losses	<b>(1,507)</b>	(548)
Total trade and other receivables (net)	<b>4,413</b>	17,494
<i>Reconciliation of allowance for expected credit losses</i>		
Opening balance	<b>(548)</b>	(239)
Amounts written off	<b>2</b>	23
Amounts recovered or reversed	<b>16</b>	76
(Increase) recognised in net cost of services	<b>(977)</b>	(408)
Closing balance	<b>(1,507)</b>	(548)

Credit terms for goods and services are generally within 28 days (2019: 28 days).

#### Accounting Policy

Trade receivables, loans and other receivables that are held for the purpose of collecting the contractual cash flows where the cash flows are solely payments of principal and interest, that are not provided at below-market interest rates, are subsequently measured at amortised cost using the effective interest method adjusted for any loss allowance.

	Consol 2020 \$'000	Consol 2019 \$'000 Restated
<b>6C. Investments</b>		
Term deposits	25,000	68,000
Total investments	<u>25,000</u>	<u>68,000</u>

Accounting Policy

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

**6D. Other financial assets**

Repayable grants provided to Indigenous corporations	729	565
Other deposits	152	7
Total other financial assets (gross)	<u>881</u>	<u>572</u>
Less: Provision for impairment other financial assets	<u>(246)</u>	<u>(264)</u>
Total other financial assets (net)	<u>635</u>	<u>308</u>

Accounting Policy

Repayable grants provided to Indigenous corporations are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost with losses recognised through profit or loss when there is an expected credit loss.

**7. Non-financial assets**

**7A. Biological assets**

	Consol 2020 \$'000	Consol 2019 \$'000 Restated
Livestock	31,684	26,772
Provision for livestock deaths	(542)	(261)
Total biological assets	<u>31,142</u>	<u>26,511</u>

	Consol 2020 \$'000	Consol 2020 Number
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*Movement in livestock:*

Opening on hand (at net market value)	26,772	52,781
Less provision for deaths	(261)	
Net sales	(9,235)	(18,015)
Purchases	1,075	748
Natural increase	5,795	17,133
Deaths/rations/other	(2,233)	(2,842)
Change in net market value	9,510	
Change in provision for deaths	(281)	
Closing on hand (at net market value)	<u>31,142</u>	<u>49,805</u>

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

	Consol 2019 \$'000	Consol 2019 Number
Cattle	25,741	43,160
Sheep	1,031	9,621
	<u>26,772</u>	<u>52,781</u>

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

	Consol 2020 \$'000	Consol 2020 Number
Cattle	30,570	40,950
Sheep	1,114	8,855
	<u>31,684</u>	<u>49,805</u>

#### Accounting Policy

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

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

Where musters/counts are expected to coincide with reporting periods but are unable to be completed due to circumstances outside of the control of the Group, (e.g. weather), natural increase and deaths are estimated based on the most recent muster results and where relevant, long term historical natural increase and mortality rates for the relevant property. Where estimates of natural increase cannot be reliably made, no natural increase since the most recent muster/count is recorded. Paddock records are maintained on all properties.

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

Provision for deaths is equivalent to 1.7% (2019: 1%) of the value of livestock held at reporting date. The provision for deaths each year reflects estimated unrecorded livestock deaths as at reporting date. The likelihood of unrecorded deaths at reporting date decreases when the annual mustering process has been completed on or close to reporting date. The percentage of livestock mustered at reporting date was greater than prior year, lowering the likelihood of unrecorded deaths.

	Consol 2020 \$'000	Consol 2019 \$'000 Restated
<b>7B. Inventory - other</b>		
Inventory held for sale	5,068	4,716
Materials on hand	-	9
Agricultural produce	52	5
Carrying amount 30 June	<u>5,120</u>	<u>4,730</u>

Total amount of other inventory expensed during the period is \$33,948,244 (2019: \$45,069,000).

#### Accounting Policy

Inventory held for sale primarily consists of food, beverage and merchandise at Ayers Rock Resort.

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

#### **7C. Inventory - property held for grant and provision for property held for grant**

Property held for grant	109,811	106,968
Less: Provision for property held for grant	<u>(109,811)</u>	<u>(106,968)</u>
Carrying amount 30 June	-	-
A summary of the movement in property held for grant is as follows:		
Opening balance 1 July	106,968	100,447
Additions to 30 June	2,931	11,284
Reclassified from property, plant and equipment	-	<u>9,843</u>
Total Additions (Note 1A)	<u>2,931</u>	21,127
Granted to 30 June	-	(14,510)
Disposal of assets held for grant	<u>(88)</u>	<u>(96)</u>
Net movement	<u>2,843</u>	6,521
Carrying amount 30 June	<u>109,811</u>	<u>106,968</u>

#### Accounting Policy

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

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

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

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

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

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

	Consol 2020 \$'000	Consol 2019 \$'000 Restated
<b>7D. Assets held in trust and provision for assets held in trust</b>		
Assets held in trust	52,059	52,047
Less: Provision for assets held in trust	(52,059)	(52,047)
Carrying amount 30 June	-	-
Total amount held at the beginning of the reporting period	52,047	52,020
Additions (Note 1A)	12	27
Total amount held at the end of the reporting period	52,059	52,047

#### Non-monetary assets

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

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

#### Accounting Policy

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

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

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

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

The asset and provision offset against one another.

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

	Total Land	Building & Infrastructure Improvements	Plant and Equipment	Furniture & Fittings	Motor Vehicles	Computer Equipment	Leasehold Improvements	Total PPE	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Net book value as at 1 July 2019</b>	87,367	388,843	24,579	17,905	4,870	1,675	1,886	439,758	527,125
Recognition of right of use asset on initial application of AASB 16	3,183	17,746	262	-	34	-	-	18,042	21,225
Reclassification of finance leases into right-of-use assets on initial application of AASB 16 Leases	-	5,649	-	-	128	-	-	5,777	5,777
<b>Adjusted net book value as at 1 July 2019</b>	90,550	412,238	24,841	17,905	5,032	1,675	1,886	463,577	554,127
Additions	-	20,238	1,096	400	471	316	1,095	23,616	23,616
By purchase	-	-	61	-	590	-	-	651	651
Right-of-use assets	(12,619)	(42,465)	716	105	351	129	314	(40,850)	(53,469)
Revaluation and impairments recognised in other comprehensive income	-	(15,053)	(2,952)	(2,933)	(1,233)	(598)	(640)	(23,409)	(23,409)
Depreciation	(746)	(2,390)	(155)	-	(78)	-	-	(2,623)	(3,369)
Depreciation of right-of-use assets	(16)	-	-	-	-	-	-	-	(16)
Other movements	-	(35)	(644)	(85)	(90)	(58)	(14)	(926)	(926)
Disposals	-	-	-	-	-	-	-	-	-
<b>Total as at 30 June 2020</b>	77,169	372,533	22,963	15,392	5,043	1,464	2,641	420,036	497,205
Carrying amount of right-of-use assets	2,421	21,005	168	-	674	-	-	21,847	24,268

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

	Total Land	Building & Infrastructure Improvements	Plant and Equipment	Furniture & Fittings	Motor Vehicles	Computer Equipment	Leasehold Improvements	Total PPE	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Net book value as at 1 July 2018 (restated)</b>	<b>83,553</b>	<b>368,831</b>	<b>22,610</b>	<b>20,297</b>	<b>6,392</b>	<b>1,465</b>	<b>381</b>	<b>419,976</b>	<b>503,529</b>
Additions	-	26,480	5,998	1,300	265	812	1,767	36,622	36,622
By purchase	-	-	-	-	-	-	-	-	-
Revaluation and impairments recognised in other comprehensive income	3,814	14,434	187	(2)	(19)	9	(1)	14,608	18,422
Revaluations recognised in net cost of services	-	(49)	-	5	-	(6)	1	(49)	(49)
Depreciation	-	(11,946)	(3,121)	(3,638)	(1,279)	(604)	(229)	(20,817)	(20,817)
Reclassified to property held for grant	-	(8,803)	(625)	(34)	(381)	-	-	(9,843)	(9,843)
Disposals	-	(104)	(470)	(23)	(108)	(1)	(33)	(739)	(739)
<b>Net book value as at 30 June 2019</b>	<b>87,367</b>	<b>388,843</b>	<b>24,579</b>	<b>17,505</b>	<b>4,870</b>	<b>1,675</b>	<b>1,886</b>	<b>439,758</b>	<b>527,125</b>

	Consol	Consol
	2020	2019
	\$'000	\$'000
		Restated

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

Building and infrastructure improvements	21,921	25,659
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*Increment (decrement) in asset revaluation reserve:*

As a result of disposal/transfer:

Buildings and structures	-	(3,380)
Plant and equipment	(65)	(506)
Furniture and fittings	(22)	(63)
Motor vehicles	(18)	(492)
Computer systems	(14)	-
Leasehold improvements	-	(1,150)
	<b>(119)</b>	<b>(5,591)</b>

As a result of revaluation:

Land	(12,619)	3,814
Buildings and structures	(42,465)	14,434
Plant and equipment	716	187
Furniture and fittings	105	(2)
Motor vehicles	351	(19)
Computer systems	129	9
Leasehold improvements	314	(1)
	<b>(53,469)</b>	<b>18,422</b>

Total (decrement) / increment in asset revaluation reserve	<b>(53,588)</b>	<b>12,831</b>
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Accounting Policy

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

Property, plant and equipment are recorded at cost on acquisition (except for assets acquired at no cost). The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken.

Property, plant and equipment acquired at no cost, or for nominal consideration, are initially recognised as assets and income at their fair value at the date of acquisition.

*Asset recognition threshold*

Purchases of property, plant and equipment are recognised initially at cost in the Statement of Financial Position, except for purchases costing less than \$1,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located. This is particularly relevant to "make good" provisions in property leases taken up by the Group where there exists an obligation to restore the property to its original condition. These costs are included in the value of the Group's ROU Asset Building & Infrastructure Improvements with a corresponding provision for the "make good" recognised.

### Leased Right of Use (ROU) Assets

Leased ROU assets are capitalised at the commencement date of the lease and comprise of the initial lease liability amount, initial direct costs incurred when entering into the lease less any lease incentives received. These assets are accounted for as separate asset classes to corresponding assets owned outright, but included in the same column as where the corresponding underlying assets would be presented if they were owned.

On initial adoption of AASB 16 the Group has adjusted the ROU assets at the date of initial application by the amount of any provision for onerous leases recognised immediately before the date of initial application. Following initial application, an impairment review is undertaken for any ROU lease asset that shows indicators of impairment and an impairment loss is recognised against any ROU lease asset that is impaired. Lease ROU assets continue to be measured at cost after initial recognition.

#### Right-of-use assets

##### NT Airport lease

The Group has a lease contract with the Northern Territory government for the Yulara airport for term of 25 years, which expires on 30 June 2032. The lease contract contains variable payments based on CPI and an extension option of 25 years at the end of the current lease term. Refer to note 8D for further details on extension options not expected to be exercised.

##### Other leases

The Group has lease contracts for various items of plant, vehicles and other equipment used in its operations. Leases of plant generally have lease terms between 10 and 15 years, while motor vehicles and other equipment generally have lease terms between 3 and 5 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets and some contracts require the Group to maintain certain financial ratios. Lease contracts contain variable lease payments that are limited to CPI.

##### Revaluation

Following initial recognition at cost, property, plant and equipment (excluding ROU assets) is carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Valuations are conducted with sufficient frequency to ensure that the carrying amount of assets does not differ materially from the asset's fair value at reporting date. Independent valuations will be undertaken at not more than three-yearly intervals, unless there is a significant change to circumstances that warrants an earlier valuation.

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

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

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the asset revaluation reserve except to the extent that it reversed a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit. Revaluation decrements for a class of assets are recognised directly in the surplus/deficit except to the extent that they reversed a previous revaluation increment for that class.

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

### Depreciation and amortisation

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to the entity using, in all cases, the straight-line method of depreciation. Leasehold improvements are amortised over the lower of the estimated useful life of the improvements or the unexpired period of the lease.

Depreciation rates (useful lives) and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future, reporting periods, as appropriate.

Useful lives applying to each class of assets are as follows:

	<b>Diminishing Value 2020</b>	Diminishing Value 2019	<b>Prime Cost 2020</b>	Prime Cost 2019
Buildings and infrastructure	2.5-40%	2.5-40%	-	-
Plant and equipment	5-80%	5-80%	-	-
Office equipment	20-50%	20-50%	-	-
Motor vehicles	20-45%	20-45%	-	-
Furniture and fittings	8-80%	8-80%	-	-
Computer equipment	40-67%	40-67%	-	-
Leasehold improvements	-	-	10-67%	10-67%

The depreciation rates for ROU assets are based on the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term.

#### Impairment

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

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

#### Derecognition

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

#### Significant accounting judgements and estimates

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

#### Valuation of Ayers Rock Resort

The Group engaged CBRE Hotels, an accredited hotel valuation and advisory expert, to assist the Group in preparing a Directors' valuation of Ayers Rock Resort (ARR) for the purpose of testing for impairment and assessing the fair value of assets, less costs to sell of the ARR cash generating unit (ARR CGU), at the reporting date. Directors have assessed the risks associated with the cashflow forecast and other key assumptions used in their valuation and have determined the fair value less costs to sell of the ARR CGU to be \$390m at 30 June 2020 (2019: \$445m).

In order to reduce the carrying value of ARR to its 30 June 2020 fair value, a revaluation decrement of \$59.2m before tax (\$41.4m net of tax) has been recognised through the asset revaluation reserve as a reversal of prior period increments.

#### *Capitalisation of Earnings*

The capitalisation of earnings methodology applied a discount rate of 10% and capitalisation rate of 8.5% to the stabilised level of forecast earnings. The earnings shortfall over the years it took to achieve that level of stabilised trade were then deducted. This involved deducting the present value of earnings shortfalls forecast over the next three financial years in accordance with the recovery period expected to materialise in a COVID-19 impacted market. The approach adopted is standard valuation methodology for any tourism related property where the income is expected to move at variance to the underlying rate of inflation due to either an internal or external event. It is expected a stabilised level of earnings will be achieved in FY24, meaning earning shortfalls from FY21 to FY23 will be discounted and deducted from the Valuation.

#### *Discounted Cash flow*

Given prevailing uncertainty in short term cash flow forecasts associated with COVID-19, a 10 year discounted cash flow valuation approach was adopted in the current financial year, applying a pre-tax discount rate of 10% to the cash flow range and a terminal yield of 8.5%.

#### **Key assumptions used in fair value calculations**

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

- Forecast earnings (net operating income), including forecast resort occupancy and average daily rate;
- Investment yield or capitalisation of earnings rate; and
- Discount cash flow rate (IRR).

#### *Forecast earnings, including forecast resort occupancy and average daily rate*

Forecast net operating income is the key assumption that underpins both models and is driven by resort occupancy and average daily rate. Resort occupancy and average room rate have been forecasted based on an analysis of key market segments and expected demand in these markets. The forecast takes into account a three year recovery period in which occupancy and average room rate have been gradually increased to normalised levels. A number of assumptions driving the recovery period are based on unobservable inputs that remain subject to uncertainty and dynamic change in the current market and economic climate. Forecast assumptions are also subject to current market uncertainty associated with COVID-19, particularly the timing of current and international and domestic travel restrictions easing. Refer to the Overview section for further disclosure on the uncertainty in the assumptions for the forecasts.

#### *Capitalisation of earnings rate*

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

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

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

- Forecast net operating income, including forecast resort occupancy and average daily rate; and
- Market derived investment yield or capitalisation of earnings rate (cap rate).

The significant inputs used in the DCF method incorporating a five year trading forecast for financial years 2020 to 2024 was used as a valuation cross check within level 2 and 3 included:

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

The Group policy for determining when transfers between levels of the fair value hierarchy are deemed to have occurred is at the end of each reporting period. This would complement the assessment of fair value policy where revised valuations are conducted with sufficient frequency to ensure that the carrying amount of assets does not differ materially from the assets' fair value at reporting date.

#### **Sensitivity to changes in assumptions**

The Group valuation adopted for ARR of \$390m is sensitive to the following assumptions:

Capitalisation of earnings rate – This reflects the prevailing conditions in the hotel investment market which are subject to change based on investor sentiment and economic conditions. The Group assessed a range of capitalisation of earnings rates between 8.25% and 8.75%, with 8.5% adopted for calculating the fair value of the Ayers Rock Resort CGU. The Group is of the view that the capitalisation of earnings rate selected as part of the valuation approach is appropriate in the current market. An increase in the capitalisation of earnings rate of 0.25% would result in a reduction in the fair value of approximately \$20m.

Discounted cash flow – The cashflow analysis is based on predicted future trading and capital expenditure. The Group assessed a terminal yield of 8.5% and discount rates (IRR) between 9% and 11%, with 10% adopted for calculating the fair value of the Ayers Rock Resort CGU. The Group is of the view that the discount rate selected as part of the valuation approach is appropriate. An increase in the discount rate of 1% would result in a reduction in the fair value of approximately \$30m.

Resort occupancy and average room rate – Resort occupancy is based on a three year recovery period in which occupancy has been gradually increased to normalised levels. The occupancy adopted by the valuer increases from 19% to 80.8% over a three year period. A decrease in resort occupancy of 1% would result in a reduction in the fair value of approximately \$10m. Changes in market conditions in the tourism sector can have a significant impact on resort occupancy and average room rate. Such changes may include economic conditions in key source markets, currency fluctuations and available airline capacity. The valuer performed sensitivity analysis on the values around increases and decreases in both occupancy and average room rate. Any reduction in the occupancy rate or average room rate assumption estimated in the operating forecast would result in an adverse change in valuation and reduction in fair value.

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

## 7F. Intangible assets

Reconciliation of opening and closing balances:

	Software \$'000	Trade marks and licences \$'000	Other contracts and relationships \$'000	Goodwill \$'000	Total \$'000
<b>As at 1 July 2019</b>					
Gross book value	5,127	20,469	3,243	107	28,946
Accumulated amortisation and impairment	(5,051)	(15,170)	(3,235)	(107)	(23,563)
<b>Total as at 1 July 2019</b>	76	5,299	8	-	5,383
Additions					
By purchase	-	-	-	-	-
Amortisation and impairment	(68)	-	-	-	(68)
<b>Total as at 30 June 2020</b>	8	5,299	8	-	5,315
<b>Total as at 30 June 2020 represented by:</b>					
Gross book value	5,127	20,469	3,243	-	28,839
Accumulated amortisation and impairment	(5,119)	(15,170)	(3,235)	-	(23,524)
<b>Total as at 30 June 2020</b>	8	5,299	8	-	5,315

## 7F. Intangible assets (continued)

Reconciliation of opening and closing balances:

	Software \$'000	Trade marks and licences \$'000	Other contracts and relationships \$'000	Goodwill \$'000	Total \$'000
<b>As at 1 July 2018 (restated)</b>					
Gross book value	5,083	20,469	3,243	107	28,902
Accumulated amortisation and impairment	(4,905)	(15,170)	(3,196)	(43)	(23,314)
<b>Total as at 1 July 2018 (restated)</b>	178	5,299	47	64	5,588
Additions					
By purchase	44	-	-	-	44
Amortisation and impairment	(146)	-	(39)	(64)	(249)
<b>Total as at 30 June 2019</b>	76	5,299	8	-	5,383
<b>Total as at 30 June 2019 represented by:</b>					
Gross book value	5,127	20,469	3,243	107	28,946
Accumulated amortisation and impairment	(5,051)	(15,170)	(3,235)	(107)	(23,563)
<b>Total as at 30 June 2019</b>	76	5,299	8	-	5,383

#### Accounting Policy

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

#### Software

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

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

	Consol 2020	Consol 2019
Externally acquired software	1-5 years	1-5 years

#### Trade marks

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

#### Impairment

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

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset.

	Consol 2020 \$'000	Consol 2019 \$'000 Restated
<b>7G. Commitments - property plant and equipment</b>		
<b>Capital commitments payable</b>		
Capital commitments	9,826	6,744
<b>Total capital commitments</b>	<b>9,826</b>	<b>6,744</b>
<b>Commitments are payable as follows:</b>		
One year or less	9,690	6,744
Between 1 year to 5 years	136	-
<b>Total capital commitments payable</b>	<b>9,826</b>	<b>6,744</b>

At 30 June 2020 Voyages had capital commitments for:

- The refurbishment and upgrade of the Ayers Rock Resort.
- The purchase of Baldivis Farms.

	Consol 2020 \$'000	Consol 2019 \$'000 Restated
<b>8. Payables</b>		
<b>8A. Suppliers</b>		
Trade creditors and accruals	16,539	21,223
Contract liabilities	3,628	-
Total suppliers	<u>20,167</u>	<u>21,223</u>

#### Accounting Policy

Supplier and other payables are carried at amortised cost and not interest bearing. Due to their short term nature, they are not discounted. Liabilities are recognised to the extent that the goods and services have been received (and irrespective of having been invoiced). The amounts are unsecured and usually paid within 30 days of recognition.

The contract liabilities are associated with the Indigenous Digital Excellence program with Telstra for NCIE and Government grants where performance obligations have not yet been met for Voyages.

#### **8B. Other payables**

Salaries and wages	1,189	2,283
Superannuation payable	252	667
Net GST payable to ATO	518	800
Unearned income received in advance	7,110	15,382
Sinking fund	3,247	3,335
Other payables	64	11
Total other payables	<u>12,380</u>	<u>22,478</u>

#### Accounting Policy

Income received in advance for provision of goods and services is initially recognised as unearned, and included in other payables. It is recognised as revenue in the period when the service are performed.

#### **8C. Interest bearing loans**

Commonwealth Government	-	26,798
ANZ Bank	102,500	107,500
Northern Australia Infrastructure Facility (NAIF)	21,505	23,069
Concessional loan discount	-	(5,665)
Total interest bearing loans	<u>124,005</u>	<u>151,702</u>

#### *Loan with Commonwealth Government*

In May 2016, ILSC and Voyages entered into a \$65,000,000 loan with the Commonwealth Government. In January 2020, the loan was fully repaid. The principal repaid was \$20,520,000.

#### *Loan with ANZ Bank*

The Group's bank loan is with ANZ and is fully drawn to \$102.5m at the balance date. The loan facility matures on 1 July 2025. The loan is secured by a mortgage over the ARR property, an equitable mortgage over shares in the Group and a guarantee from the Group's parent, ILSC. \$2.5m of the bank loan is repayable in instalments over the remaining term with equal quarterly instalments of \$0.3 million from 1 July 2023 until the 1 July 2025. The total amount repayable on maturity is \$100m. As at the balance date, \$102.5m bank loan is classified as a non-current interest-bearing loan.

Under the facility terms, certain review event conditions are required to be satisfied by the Group in relation to Ayers Rock Resort. These review event conditions comprise the provision of hotel accommodation services and resumption of regular scheduled aircraft passenger services by 15 April 2021.

In the event certain review event conditions are unable to be satisfied by 15 April 2021, there are no circumstances in which the ANZ facility is required to be paid prior to 30 June 2021.

Given the Group's expectation of being able to satisfy the review event conditions by 15 April 2021, together with the fact any potential default of review event conditions will not require the debt to be repaid prior to 30 June 2021, the debt has been classified as a non-current liability.

Under the facility terms, the Group must have in effect financial instruments to hedge its interest rate risk exposure against a minimum of 50% of the loan balance over the term. As at the reporting date, the Group had 59% of the loan (\$60m) subject to interest rate swaps (refer to note 8E) over the remaining term of the loan.

#### *Loan with NAIF*

On 14 December 2018, the Group entered into a project finance facility with NAIF for a 20 year term of up to \$27.5m, to fund the upgrade of the Airport and associated Contractors Accommodation Project. The loan is deemed to be concessional due to the length of the tenor of the facility (20 years), the subordinate cash flow structure of the loan and a reduced credit margin applicable to the loan when compared to market rate. Under AASB 9 *Financial Instruments*, the NAIF loan is recognised at fair value less transaction costs and is subsequently measured at amortised cost using an effective interest rate method. The Group incurred transaction costs of \$561,000 in establishing the loan. The loan is secured by a mortgage over the ARR property, an equitable mortgage over shares in Voyages and a guarantee from ILSC. An amendment to the NAIF loan agreement was executed on 2 July 2020 to reflect updated loan security arrangements caused by the repayment of a Commonwealth loan held by the ILSC throughout the year. Security in connection with the NAIF loan ranks pari-passu with the ANZ loan, however is subordinate in terms of cash flow servicing. The NAIF facility agreement also contains a review event clause on the same terms and conditions as the ANZ Facility Agreement outlined above.

Interest on the Group's total borrowing facilities during the current financial year was an average of 4.20% (2019: 3.05%).

	Consol 2020 \$'000	Consol 2019 \$'000 Restated
<b>8D. Leases</b>		
Finance lease liability	-	6,805
Lease Liabilities	<b>25,783</b>	-
Total lease liabilities	<u><b>25,783</b></u>	<u>6,805</u>

#### Accounting Policy

The Group has applied AASB 16 *Leases* using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under AASB 117 *Leases*.

Under AASB 16 *Leases*, the Group has lease contracts for land, buildings, vehicles, solar photovoltaic systems and various other equipment used in its operations. The Group's obligations under its leases are secured by the lessor's title to the leased assets.

The lease terms are generally between:

	Years
Land	2 - 47
Buildings	2.5 - 10
Vehicles	2 - 3
Solar photovoltaic systems	20

There are several lease contracts that include extension options. Set out below are the undiscounted potential future rental payments relating to periods following the exercise date of extension options that are not included in the lease term:

	Within five years	More than five years	Total
Extension options not expected to be exercised	-	39,534	39,534

The Group has lease contracts for Solar photovoltaic systems that may contain variable payments. Annual rent may be varied only downwards should performance not meet agreed electricity efficiency levels. Current system performance would indicate that the application of this adjustment is unlikely to occur.

Total cash outflow for leases for the year ended was \$3,182,000.

The above lease disclosures should be read in conjunction with the accompanying notes 1C, 1F, 2E and 7E.

Under AASB 117 *Leases*, a distinction is made between finance leases and operating leases. Finance leases effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of the leased assets. An operating lease is a lease that is not a finance lease. Under operating leases, the lessor effectively retains substantially all such risks and benefits.

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

	Consol 2020 \$'000	Consol 2019 \$'000 Restated
<b>8E. Other financial liabilities</b>		
Derivative financial liabilities	<b>2,293</b>	1,342
Total other financial liabilities	<u><b>2,293</b></u>	<u>1,342</u>

#### Accounting Policy

Derivative financial liabilities are measured at fair value through profit or loss and reflect the negative change in fair value of interest rate swaps.

On 22 June 2016, the Group executed two Interest Rate Swaps with notional values of \$60m and \$30m with ANZ. On 20 July 2018, the swap with a notional value of \$30m was cancelled and on 3 June 2019, a new Interest Rate Swap with a notional value of \$50m was executed, commencing 20 January 2021 and effective until 22 January 2024.

The fair value determined through a Mark-to-Market (MTM) calculations as at balance date, being the difference between the transaction price and fair value, has been recognised as a derivative financial liability. This liability represents a fair value movement of the asset that was previously attributable to the MTM calculation for held interest rate swaps as at 30 June 2019. The change in the fair value determined for the financial instrument (derivative) is classified as a fair value through profit or loss (FVTPL) derivative financial asset. The change in the fair value was recorded in the Consolidated Statement of Comprehensive Income (refer note 3B).

## 9. Other provisions

### 9A. Provision for make good

As at 1 July	<b>722</b>	403
Amounts used	<b>(613)</b>	(160)
Amounts reversed	-	(33)
Additions	<b>231</b>	512
Total as at 30 June	<u><b>340</b></u>	<u>722</u>

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

<b>Consol</b>	Consol
<b>2020</b>	2019
<b>\$'000</b>	\$'000
	Restated

## People and Relationships

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

### 10. Employee provisions

Annual leave	<b>3,591</b>	6,049
Long service leave	<b>5,023</b>	4,270
Provision for bonus <sup>1</sup>	<b>380</b>	1,732
Provision for redundancy	-	209
Total employee provisions	<u><b>8,994</b></u>	<u>12,260</u>

<sup>1</sup>Certain Voyages employees are eligible for short-term incentives subject to qualifying criteria.

#### Movement in annual leave provision

Opening balance	6,049
Leave paid	(6,852)
Movement in provision	<u>4,394</u>
Closing balance	<u>3,591</u>

#### Movement in long service leave provision

Opening balance	4,270
Leave paid	(783)
Movement in provision	<u>1,536</u>
Closing balance	<u>5,023</u>

### Accounting Policy

#### Benefits

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

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

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

#### Leave

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

#### Separation and redundancy

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

### Superannuation

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

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

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

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

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

### 11. Key management personnel remuneration

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

	<b>Consol</b>	Consol
	<b>2020</b>	2019
	<b>\$'000</b>	\$'000
		Restated
Key management personnel remuneration is reported in the table below:		
Short-term employee benefits	<b>3,852</b>	4,849
Post-employment benefits	<b>375</b>	391
Other long-term employee benefits	<b>59</b>	75
Termination benefits	<b>745</b>	-
Total key management personnel remuneration expenses	<u><b>5,031</b></u>	<u>5,315</u>

The total number of key management personnel included in the above table is 31 (2019: 31).

## 12. Related party disclosure

### 12A. Related party relationships

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

#### Key management personnel

Key management personnel are described in note 11.

#### Subsidiaries of ILSC

Primary Partners Pty Ltd (PPPL)  
National Centre of Indigenous Excellence Ltd (NCIE)  
Voyages Indigenous Tourism Australia Pty Ltd (Voyages)  
The Owners – Strata Plan No. 86156 (The Owners Corp)  
Yamanah Investments Pty Ltd (Yamanah)

#### Entities controlled by a related person

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

Ah See, Roy  
Allert, Richard  
Fry, Eddie

Transactions with IBA are disclosed in note 12B.

The Group received services from SRG Partners (an accounting and corporate advisory practice) at which time a KMP was a Director of this business. Transactions with SRG Partners are disclosed in note 12B.

#### Other Australian Government controlled entities

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

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

### 12B. Transactions with related parties

#### Key management personnel

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

	Consol 2020 \$'000	Consol 2019 \$'000 Restated
The following transactions with KMP related parties occurred during the financial year:		
Purchases from related parties:		
Indigenous Business Australia	209	97
SRG Partners	512	382
Sales to related parties:		
Indigenous Business Australia	169	185

### 12C. ILSC Group

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

	2020 %	2019 %
Primary Partners Pty Ltd	100	100
National Centre of Indigenous Excellence Ltd	100	100
Voyages Indigenous Tourism Australia Pty Ltd	100	100
The Owners – Strata Plan No. 86156	61	61
Yamanah Investments Pty Ltd	100	-

PPPL was established in 2004 as a wholly-owned subsidiary of the ILSC. Until 1 September 2014 PPPL was the employment vehicle for staff working on ILSC-held properties and agribusinesses. Thereafter some properties were transferred to and managed by PPPL. More recently, some properties were transferred back to ILSC to grant to Aboriginal Corporations.

NCIE was incorporated to manage the National Centre of Indigenous Excellence in Redfern NSW on behalf of the ILSC. No income or property of NCIE may be paid or transferred, directly to any member of NCIE whether by way of dividend, bonus or otherwise. The ILSC is the sole member of NCIE.

Yamanah was incorporated in November 2019 to identify business development opportunities to benefit Indigenous organisations in the Murray Darling Basin area.

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

On 8 February 2012, the ILSC registered a strata title scheme that separated a building owned by the ILSC into separate strata title lots. Upon the registration of the strata scheme four certificates of title were issued. Three titles are in the name of the ILSC representing three separate strata title lots. The fourth title is in the name of The Owners—Strata Plan No 86156 and represents the common area of the property. During the 2015/2016 the ILSC transferred one lot to an Aboriginal Corporation. As the ILSC still owns two of the three lots it effectively controls The Owners—Strata Plan No 86156.

#### Future shareholding in Voyages

Prior to its purchase of Ayers Rock Resort (ARR), the ILSC entered into a Deed of Agreement (Deed) with Wana Ungkuntja Pty Ltd (WU) in May 2010 in recognition of WU not exercising its first right of refusal to purchase ARR. In accordance with the Deed, WU will be offered seven per cent of the issued share capital of the entity operating the business of ARR, currently Voyages, for no consideration, upon the earlier of the repayment of interest-bearing loans or May 2021. Under the Deed, WU have up to six months to accept the offer.

Considering the terms of the Deed and the differing obligations that apply to the real estate and non-real estate assets held by Voyages, ILSC is of the view that it is not, for the purposes of the 30 June 2020 financial statements, possible to quantify with any reasonable certainty the fair value of WU's interest in ARR.

## 12D. Transactions with wholly-owned entities

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

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

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

PPPL - \$3,125,000 (2019: \$3,376,000)  
NCIE - \$4,878,000 (2019: \$3,955,000)

During the year, ILSC purchased services from NCIE of \$nil (2019: \$781).

The ILSC owns properties that are used by its subsidiary PPPL. ILSC provides these properties at no, or significantly below market, rents. Under AASB 1058 *Income of Not-for-Profit Entities*, the difference between the ROU asset measured at fair value and the lease liability at nominal peppercorn payments is recognised immediately as income. In accordance with AASB 16 *Leases* the Group has elected to measure 'peppercorn' leases RoU assets at cost by the lessee.

NCIE use an ILSC premises at Redfern, NSW, however it is not considered a lease in the absence of a written agreement and ILSC directing the purpose of the use of the asset. In accordance with AASB 1058 *Income of Not-for-Profit Entities*, NCIE record the free use of the land and buildings as a resource received free of charge (income) measured at fair value, with a corresponding expense recognised for its consumption. The fair value has been estimated to be \$1,985,000 per annum (2019: \$2,002,000).

In 2011 the ILSC provided Voyages with loan funding associated with the purchase of ARR. During the year, Voyages made \$3,900,000 (2019: \$12,161,000) of repayments to the intercompany loan to the ILSC.

The 30 June 2020 loan balance owing is \$280.9m (2019: \$276.9m) and includes interest charged of \$10.7m (2019: \$12.1m). The loan includes ILSC funding provided during the year ended 30 June 2020 in support of Indigenous Training and Employment projects of \$2.1m (2019: \$2.3m). Additionally, ILSC provided funding for operations at Mossman Gorge of \$12k (2019: \$0.5m) and wage subsidies totalling \$0.5m (2019: \$nil).

## Managing Uncertainties

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

### 13. Contingent assets and liabilities

#### 13A. Quantifiable contingencies

*Guarantees entered into by parent in relation to debts of subsidiaries*

The ILSC parent entity provides a guarantee to the ANZ bank in relation to a \$102.5 million facility and to NAIF in relation to a \$27.5 million facility, each with subsidiary Voyages.

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

#### 13B. Unquantifiable contingencies

The Group had no unquantifiable contingencies as at reporting date.

#### Accounting Policy

Contingent liabilities and contingent assets are not recognised in the Statement of Financial Position but are reported in the notes. They may arise from uncertainty as to the existence of a liability or asset or represent an asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable and contingent liabilities are disclosed unless the probability of an outflow is remote.

	Consol 2020 \$'000	Consol 2019 \$'000 Restated
<b>14. Financial instruments</b>		
<b>14A. Categories of financial instruments</b>		
Financial assets at amortised cost		
Cash and cash equivalents	76,272	58,374
Receivables	4,413	17,494
Repayable grants / advances	483	301
Term deposits	25,000	68,000
Other deposits	152	7
Total financial assets at amortised cost	<u>106,320</u>	<u>144,176</u>
Total financial assets	<u>106,320</u>	<u>144,176</u>
Financial liabilities		
Financial liabilities measured at amortised cost		
Supplier payables	20,167	21,223
Other payables	11,862	21,678
Interest bearing loans	124,005	151,702
Total financial liabilities measured at amortised cost	<u>156,034</u>	<u>194,603</u>
Financial liabilities at fair value through profit or loss		
Derivative financial liabilities	2,293	1,342
Total financial liabilities at fair value through profit or loss	<u>2,293</u>	<u>1,342</u>
Total financial liabilities	<u>158,327</u>	<u>195,945</u>

	Consol 2020 \$'000	Consol 2019 \$'000 Restated
<b>14B. Net gain on financial assets</b>		
Financial assets at amortised cost		
Interest revenue	1,727	2,770
Net gain on financial assets at amortised cost	<u>1,727</u>	<u>2,770</u>
Net gain on financial assets	<u>1,727</u>	<u>2,770</u>
<b>14C. Net loss on financial liabilities</b>		
Financial liabilities measured at amortised cost		
Interest expense	6,170	7,703
Net loss on financial liabilities measured at amortised cost	<u>6,170</u>	<u>7,703</u>
Net loss on financial liabilities	<u>6,170</u>	<u>7,703</u>

#### Accounting Policy

##### Financial assets

In accordance with AASB 9 *Financial Instruments*, the Group classifies its financial assets in the following categories:

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

The classification depends on both the entity's business model for managing the financial assets and contractual cash flow characteristics at the time of initial recognition. Financial assets are recognised when the entity becomes a party to the contract and, as a consequence, has a legal right to receive cash and derecognised when the contractual rights to the cash flows from the financial asset expire or are transferred upon trade date.

##### Financial Assets at Amortised Cost

Financial assets included in this category need to meet two criteria:

1. the financial asset is held in order to collect the contractual cash flows; and
2. the cash flows are solely payments of principal and interest (SPPI) on the principal outstanding amount.

Amortised cost is determined using the effective interest method.

##### Effective Interest Method

Income is recognised on an effective interest rate basis for financial assets that are recognised at amortised cost.

Financial Assets at Amortised Cost include:

- Cash and cash equivalents
- Trade and other receivables which generally have 28 day terms
- Repayable grants which are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market
- Fixed rate term deposits placed with major banks

##### Financial Assets at Fair Value Through Other Comprehensive Income (FVOCI)

Financial assets measured at fair value through other comprehensive income are held with the objective of both collecting contractual cash flows and selling the financial assets and the cash flows meet the SPPI test.

Any gains or losses as a result of fair value measurement or the recognition of an impairment loss allowance is recognised in other comprehensive income.

##### Financial Assets at Fair Value Through Profit or Loss (FVTPL)

Financial assets are classified as financial assets at fair value through profit or loss where the financial assets either doesn't meet the criteria of financial assets held at amortised cost or at FVOCI (i.e. mandatorily held at FVTPL) or may be designated.

Financial assets at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest earned on the financial asset.

##### Impairment of Financial Assets

Financial assets are assessed for impairment at the end of each reporting period based on Expected Credit Losses, using the general approach which measures the loss allowance based on an amount equal to lifetime expected credit losses where risk has significantly increased, or an amount equal to 12-month expected credit losses if risk has not increased.

The simplified approach for trade, contract and lease receivables is used. This approach always measures the loss allowance as the amount equal to the lifetime expected credit losses.

A write-off constitutes a derecognition event where the write-off directly reduces the gross carrying amount of the financial asset.

##### Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities. Financial liabilities are recognised and derecognised upon 'trade date'.

##### Financial Liabilities at Fair Value Through Profit or Loss

Financial liabilities at fair value through profit or loss are initially measured at fair value. Subsequent fair value adjustments are recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

##### Financial Liabilities at Amortised Cost

Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. These liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective interest basis.

Supplier and other payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced). Due to their short-term nature they are not discounted. The amounts are unsecured and usually paid within 30 days of recognition.

##### Derivative financial instruments

##### Interest rate swaps

The Group uses derivative financial instruments, being interest rate swaps, to hedge its interest rate risks of its secured bank loan. The interest rate swaps are initially recognised at fair value on the date on which the contract is entered into and are subsequently remeasured at fair value at balance date. Interest rate swaps are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The interest rate swaps are not designated as cash flow hedges and are entered into for periods consistent with interest rate exposure of the underlying transactions.

	Consol 2020 \$'000	Consol 2019 \$'000 Restated
<b>15. Fair value measurement</b>		
	<b>Fair value measurements at the end of the reporting period</b>	
Non-financial assets		
Land	77,169	87,367
Buildings and infrastructure improvements	372,533	394,492
Plant and equipment	22,963	24,579
Furniture and fittings	15,392	17,905
Motor vehicles	5,043	4,998
Computer equipment	1,464	1,675
Leasehold improvements	2,641	1,886
Biological assets	31,142	26,511
Financial liabilities		
Derivative financial liability	2,293	1,342

#### Accounting Policy

##### Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as property, plant and equipment. Involvement of external valuers is determined annually. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

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

## Parent Information

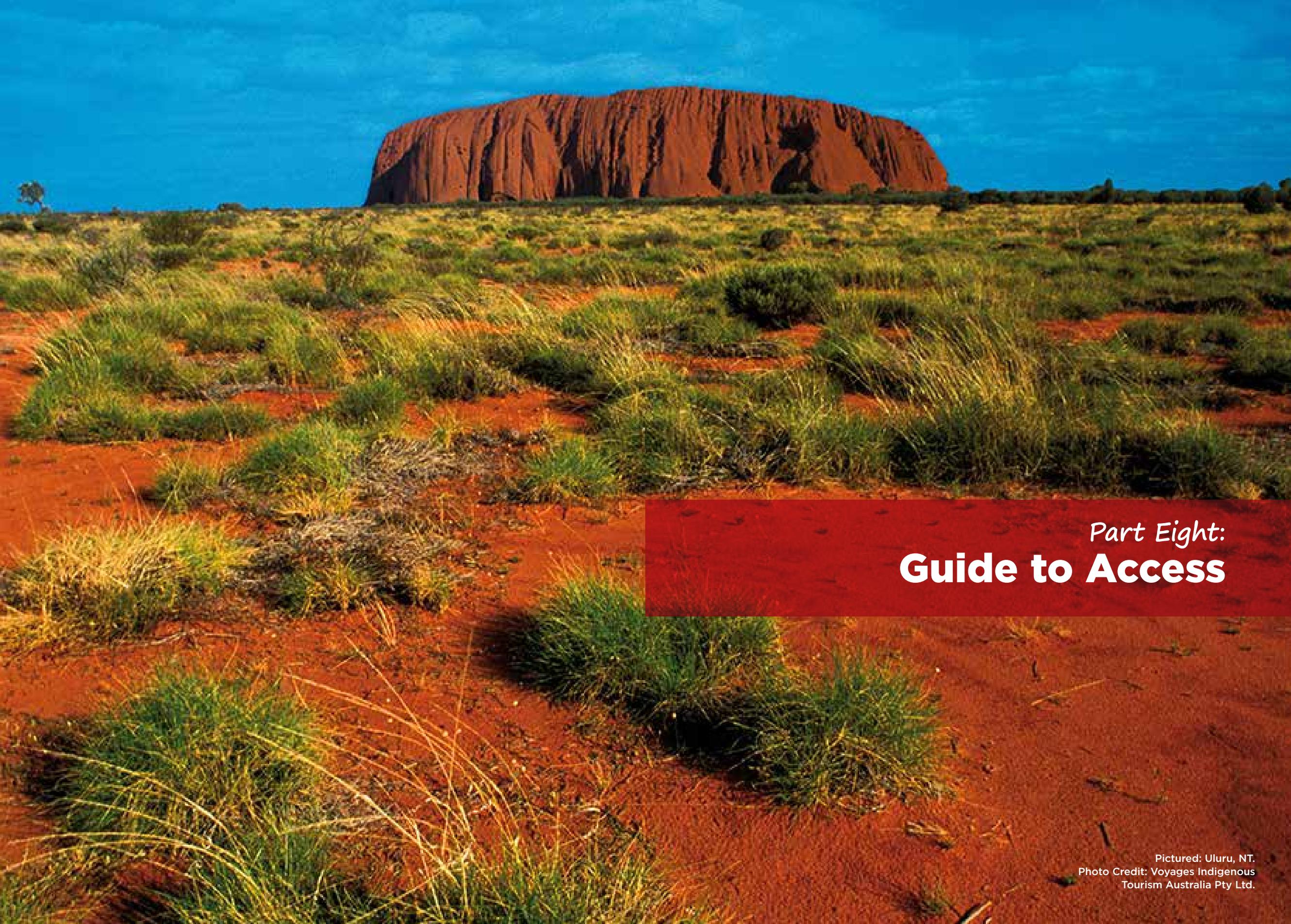
### 16. Indigenous Land and Sea Corporation

	Consol 2020 \$'000	Consol 2019 \$'000 Restated
<b>Assets</b>		
Financial assets	369,837	389,766
Non-financial assets	258,098	247,269
<b>Total assets</b>	<b>627,935</b>	<b>637,035</b>
<b>Liabilities</b>		
Payables	13,434	30,847
Provisions	165,178	162,638
<b>Total liabilities</b>	<b>178,612</b>	<b>193,485</b>
<b>Net assets</b>	<b>449,323</b>	<b>443,550</b>
<b>Equity</b>		
Retained surplus	424,649	424,128
Asset revaluation reserve	24,674	19,422
<b>Net equity</b>	<b>449,323</b>	<b>443,550</b>
Net profit/(loss) of the parent entity	598	(9,077)
Total comprehensive income/(loss) of the parent entity	5,774	(7,356)

### Other Information

#### 17. Aggregate assets and liabilities

Assets expected to be recovered in:		
No more than 12 months	133,400	170,825
More than 12 months	676,372	704,652
<b>Total assets</b>	<b>809,772</b>	<b>875,477</b>
Liabilities expected to be settled in:		
No more than 12 months	42,335	67,060
More than 12 months	318,951	330,201
<b>Total liabilities</b>	<b>361,286</b>	<b>397,261</b>
<b>Net assets</b>	<b>448,486</b>	<b>478,216</b>



*Part Eight:*  
**Guide to Access**

## Acronyms and Abbreviations

<b>ABN</b>	Australian Business Number
<b>AIA</b>	Australian Indigenous Agribusiness Company Pty Ltd (ILSC subsidiary)
<b>AM</b>	Member of the Order of Australia
<b>AO</b>	Officer of the Order of Australia
<b>ATSI Act</b>	<i>Aboriginal and Torres Strait Islander Act 2005</i>
<b>ATSILSFF</b>	Aboriginal and Torres Strait Islander Land and Sea Future Fund
<b>BDAC</b>	Bendigo and District Aboriginal Co-Operative Early Learning Centre
<b>CEO</b>	Chief Executive Officer
<b>CGU</b>	Cash Generating Unit
<b>CSIRO</b>	Commonwealth Scientific and Industrial Research Organisation
<b>CSS</b>	Commonwealth Superannuation Scheme
<b>CPI</b>	Consumer Price Index
<b>DCF</b>	Discounted Cash Flow
<b>EPBC Act</b>	<i>Environmental Protection and Biodiversity Conservation Act 1999</i>
<b>ERF</b>	Emission Reduction Fund
<b>FTE</b>	Full-time equivalent (staff)
<b>FRDC</b>	Fisheries Research and Development Corporation
<b>ILC</b>	Indigenous Land Corporation (now Indigenous Land and Sea Corporation)
<b>ILSC</b>	Indigenous Land and Sea Corporation
<b>ILSC Core</b>	ILSC excluding its subsidiaries
<b>ILSC Group</b>	ILSC and subsidiary companies
<b>LALC</b>	Local Aboriginal Land Council
<b>LOA</b>	Leave of Absence
<b>Mabo judgement</b>	<i>Mabo and Others v Queensland (No 2)</i> (High Court, 1992)
<b>MEEDAC</b>	Midwest Employment and Economic Development Aboriginal Corporation
<b>Minister</b>	Minister for Indigenous Australians (except where otherwise indicated in text)
<b>MP</b>	Member of Parliament
<b>NAIDOC</b>	National Aborigines' and Islanders' Day Observance Committee
<b>NAIF</b>	Northern Australian Infrastructure Facility
<b>NCIE</b>	National Centre for Indigenous Excellence (ILSC Subsidiary)
<b>NIAA</b>	National Indigenous Australians Agency
<b>NILSS</b>	National Indigenous Land and Sea Strategy
<b>PBC</b>	Prescribed Body Corporate
<b>PBS</b>	Portfolio Budget Statements
<b>PGPA Act</b>	<i>Public Governance, Performance Act and Accountability Act 2013</i>
<b>PPPL</b>	Primary Partners Pty Ltd
<b>PSSap</b>	Public Sector Scheme Accumulation Plan
<b>RILSS</b>	Regional Indigenous Land and Sea Strategy
<b>RJP</b>	Real Jobs Program
<b>ROU</b>	Right of Use
<b>RMMAC</b>	River Murray and Mallee Aboriginal Corporation
<b>RNTBC</b>	Registered Native Title Body Corporate
<b>TSIRC</b>	Torres Strait Islander Regional Council
<b>Voyages</b>	Voyages Indigenous Tourism Australia Pty Ltd (ILSC subsidiary)
<b>WHS</b>	Work Health and Safety
<b>WU</b>	Wana Ungkunyitja Pty Ltd

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Pictured: Real Jobs Program participant during horse handling training in NT.  
Photo Credit: Northern Territory Cattlemen's Association.



**Australian Government**  
**Indigenous Land and Sea Corporation**



The **ILSC GROUP**

**PEOPLE. COUNTRY. OPPORTUNITY.**



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