



Annual Report **2022-23**

Indigenous Land and Sea Corporation



Australian Government
Indigenous Land and Sea Corporation



The **ILSC GROUP**

PEOPLE. COUNTRY. OPPORTUNITY.

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Introduction

People. Country. Opportunity.

In all our activities the Indigenous Land and Sea Corporation (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.

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. Aboriginal and Torres Strait Islander readers are advised that this publication may contain the names or images of people who have passed away.

About this Report

September 2023

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Letter of Transmittal

15 September 2023

The Hon Linda Burney MP
Minister for Indigenous Australians
Parliament House
Canberra ACT 2600

Dear Minister Burney

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 2023.

The Board is responsible for the preparation of the Annual Report and presenting it to you in accordance with a resolution of Directors dated 15 September 2023 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

A handwritten signature in black ink, appearing to read 'I. Hamm', with a long horizontal stroke extending to the right.

Ian Hamm

ILSC Chair

Foreword from the ILSC Chair

On behalf of the ILSC Board, I am pleased to present the Indigenous Land and Sea Corporation's (ILSC) 2022-23 Annual Report.

This past year has been tremendously productive in progressing our ambitious agenda to revisit and redefine our relationships with Aboriginal and Torres Strait Islander peoples, culminating in the release of our new National Indigenous Land and Sea Strategy (NILSS) 2023-2027.

The development of the Strategy, launched in June at the 2023 Australian Institute of Aboriginal and Torres Strait Islander Studies Summit, was the outcome of our largest ever consultation process. It reflects the input of First Nations people from around the country and sets up three guiding principles for improving First Nations' access to and management of Country: Caring for Country, Self-Determination, and Partnerships. In so doing, it provides a roadmap for the ILSC to deliver a foundational contribution to a self-determined Indigenous economy.

Since it was drafted in March, we have commenced the process of internally mapping the NILSS outcomes to our workplans, ensuring that all our future operations are geared to delivering the NILSS six strategic priorities – Returning Country, Managing Country, Sector Leadership, Meaningful Connection, Cultural Leadership, and Excellent Service.

Aligned to the NILSS priority of Returning Country, in 2022-23 we continued our commitment to ramp up divestment of ILSC properties and wrap up our subsidiaries and agribusinesses. Primary Partners Pty Ltd now owns just one agribusiness and we have created a subsidiary – ILSC Employment Pty Ltd – that is supporting the labour hire requirements of former Primary Partners' commercial agribusinesses as they are divested. This year two properties were also divested from our agribusiness portfolio to Indigenous corporations. In accordance with its statutory functions, during 2022-23, the ILSC commenced work on a divestment plan for the land and operational assets at Yulara, currently owned by the ILSC subsidiary, Voyages Indigenous Tourism Australia Pty Ltd.

Meanwhile, our Annual Performance Statement (page 20) shows that we substantially achieved or exceeded seven of our 10 performance measures. Our work in acquiring and returning Country to Indigenous people and funding a productive pipeline of land and water-based projects continues to contribute to training and employment for Aboriginal and Torres Strait Islander people and supporting Indigenous businesses and enterprises.

Sea and freshwater Country in Australia has particularly low levels of Indigenous ownership and rights, and, through the Returning Country priority, the NILSS reaffirms our focus on growing our efforts in this space. With 40 per cent of Australian land being held under native title and traditional ownership, there is an urgent need to address the huge imbalance in access to water, with traditional landowners holding less than 0.2 per cent of surface water entitlements.

In May 2023, the ILSC partnered with the First Nations Portfolio of the Australian National University and the National Native Title Council to deliver the National First Nations' Water Roundtable in Canberra. The roundtable was attended by over 80 delegates with expertise on First Nations water rights and its intersection with public policy and water management. In considering actions to address the critical challenges ahead, the roundtable resolved to facilitate the establishment of a First Nations alliance to negotiate and seek a national accord with all Australian governments to implement a consistent approach to First Nations' water rights.

Another area reaffirmed through our conversations with First Nations people and formalised in the NILSS is the importance of building partnerships with organisations that have shared interests and influence. In 2022-23, we leveraged just under \$60 million investment into Indigenous-held land and water assets from proponents and external partners – \$59 million committed and \$545,000 pledged – in addition to significant in-kind capability and/or capacity assistance.¹ We intend to extend our efforts in future, increasingly fulfilling the roles of broker, partner and facilitator and, where requested, use our unique position to amplify Indigenous voices, perspectives and priorities with industry and government.

In the first half of 2023, the ILSC distributed over \$250,000 in flood recovery grants to 13 organisations across the Northern Territory, Queensland and the Kimberley region in Western Australia. With this being the fourth year the ILSC has raised an emergency grants program, we must accept climate realities: natural disasters are increasing in number and severity. Work has now commenced on restructuring our program to a permanently accessible disaster recovery program that will be more immediately responsive to any Indigenous corporation whose property has been directly affected by natural disasters.

¹ Inclusive of proponent contribution. Refer to page 62 for analysis.

During 2022-23, we also progressed the roll-out of the ILSC organisation performance framework and its underpinning Value for Money evaluation approach to ILSC internal operations (see page 75). Where the new NILSS guides our decision-making for the next five years; and the Corporate Plan sets out *what we will do*; once it is extended across all our programs, projects, and teams, the Value for Money evaluation approach will enable us to report more effectively on *how we went* in delivering the NILSS and, ultimately, outcomes for Indigenous people. Future Annual Performance Statements (Part Two) will continue to reflect these changes to our evaluation and performance reporting as they are rolled out.

In presenting our Annual Report for the 2022-23 period I extend my thanks, on behalf of all the Board, to our many Indigenous partners who share in our achievements.

As with last year, I also encourage you to have a read of *Returning and Managing Country* when it is released on our website www.ilsc.gov.au later in the year. Now in its second year, this 'friendly' companion publication to the compliance-based Annual Report puts the Indigenous corporations that we work with at its centre, showcasing through case studies how the activities the ILSC supported in 2022-23 are leading to positive change for Indigenous people.

A handwritten signature in black ink, appearing to read 'Ian Hamm', with a long horizontal stroke extending to the right.

Ian Hamm

ILSC Chair

September 2023

Our strategic framework

ILSC purpose

ATSI Act

To assist Indigenous people to acquire land and water rights and to manage land and water so as to provide economic, environmental, social or cultural benefits

ILSC vision

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

What the ILSC 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

ILSC pathways of change

(The long-term outcomes we hope to achieve)

INDIGENOUS PEOPLE ARE:

- > maintaining and growing the value and productivity of Country
- > owning and managing Country sustainably
- > influencing policy and opportunity for Country
- > strengthening culture through reconnection to Country

Enabled by

- > Aboriginal and Torres Strait Islander Land and Sea Future Fund
- > Social and human capital, staff, stakeholders, expertise, partnerships, relationships and knowledge

Legislated Performance Standards

PGPA ACT

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

Strategic documents

Statutory strategies, plans, reports and frameworks for achieving our purposes and measuring our success

- > NILSS, RILSS, Corporate Plan, Portfolio Budget Statement, Performance Framework, Annual Report (Annual Performance Statement)

Our strategic documents

National Indigenous Land and Sea Strategy

ATSI Act

Our broad strategic focus areas (5 years)

- > Chief policy document setting the ILSC's strategic direction and guiding our performance and functions
- > Defines focus areas for ILSC investment which present Indigenous Australians with opportunities and/or competitive advantage

Regional Indigenous Land and Sea Strategy

ATSI Act

Our regional strategic focus areas (5 years)

- > Highlight regional opportunities aligned with the focus areas outlined in the NILSS

Corporate Plan

PGPA Act

What we will do, where, why and how

- > Primary planning document providing more detail on implementing the NILSS direction
- > Includes operating context, key activities, performance measures, subsidiary operations, partnerships, funding and program structure, people and capability, and risk management

Performance Framework

PGPA Act

Our monitoring and evaluation approach

- > A combination of plans, measures, methods and reporting
- > Enables assessment of the extent to which we are achieving *Our purpose*

Portfolio Budget Statements (Prime Minister and Cabinet)

PGPA Act

What targets we expect to achieve with our funding

- > Annual statement setting out how the ILSC's funding will be expended over four years and how the impact of that expenditure will be measured

Annual Report

PGPA Act

What we did and how we went

- > Summary of actual performance against planned performance forecast in the Corporate Plan and Portfolio Budget Statement
- > Summary of performance against ILSC pathways of change (long-term outcomes)
- > Financial and non-financial performance statements and reports

PGPA Act - Public Governance, Performance and Accountability Act 2013

ATSI Act - Aboriginal and Torres Strait Islander Act 2005

Part One: Overview

Welcome

Welcome to our 2023 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.

What we do and why

The ILSC's long-term vision is for ***Indigenous people to enjoy the rightful entitlements, opportunities and benefits that the return of Country and its management brings.***

The ILSC works towards this vision 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
- partnering with Indigenous people to lead and influence opportunities for their Country.

By 'Country' we mean the tangible and intangible aspects of Indigenous Australia collectively held by Aboriginal and Torres Strait Islander people – sometimes referred to as the Indigenous Estate. Physically, this refers to land under Indigenous care and control alongside 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 Aboriginal and Torres Strait Islander people and associated with their Country.

Established to partially redress the dispossession of Indigenous Australians through colonisation, we provide for the contemporary and future land and water needs of Aboriginal and Torres Strait Islander people, particularly those unlikely to benefit from Native Title or Land Rights. From cities and towns, to regional and remote areas, we work in partnership with Indigenous Australians across diverse landscapes and demographics.

Through our activities Indigenous people are generating capital from Country – economic, cultural, social and environmental assets that persist and develop in value over time – providing greater opportunities for a more prosperous and culturally-centred future.

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 –

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

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 from involvement in our activities.

We call these outcomes our four pathways of change:

1. Indigenous people are growing the value and productivity of Country
2. Indigenous people are owning and managing Country sustainably
3. Indigenous people are influencing policy and opportunity for Country
4. Indigenous people are preserving and protecting culture through reconnection to Country.

The 2022-23 Annual Performance Statement (page 20) shows the ILSC's 2022-23 contribution to our four 'pathways of change' while also reporting against the performance measures in our Corporate Plan and Key Performance Indicators and Deliverables set out in the 2022-23 Portfolio Budget Statements.

Reflecting our ongoing work to transition our approach from activities to outcomes reporting and to renew our connection with community, *Returning and Managing Country*, a 'friendly' companion publication to the compliance-based Annual Report will again be delivered later in 2023. Focused on our 2022-23 acquisition and management projects, it will showcase the range of changes (outcomes) Indigenous people have experienced as a result of involvement in ILSC projects and activities.

ILSC funding

The ILSC is funded by the Aboriginal and Torres Strait Islander Land and Sea Future Fund. The ILSC received \$58.2 million in 2022-23, equivalent to the legislated annual allocation of \$45 million (in 2010 values). A full account of ILSC finances is provided in Part Six.

ILSC strategic documents

The ILSC's strategic framework is underpinned by a series of plans, strategies and reports required under the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) and ATSI Act – see page 7. These documents, which connect 'who we are' to 'why we are', 'what we do' and 'how we went', are also the key external-facing expressions of the ILSC Performance Framework, collectively reflecting the continuous improvement cycle of 'plan – deliver – monitor – review'.

They can be accessed at: www.ilsc.gov.au

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 ATSI Act in response to the High Court's Mabo judgement (1992) and as such complements the *Native Title Act 1993* in recognising 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 of the ILSC's functions and to determine the ILSC's policy with respect to any matter (see section 191W of the ATSI Act). As the governing body (as defined in the PGPA Act) the Board is also the Accountable Authority under the PGPA Act.

ILSC operations

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, benefitting 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 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).

Subsidiaries

The ILSC's subsidiaries are specifically structured to generate outcomes by operating commercially in industry sectors in which Indigenous people may hold a competitive advantage.

Voyages Indigenous Tourism Australia Pty Ltd

Owns and manages Ayers Rock Resort in the NT and manages the Mossman Gorge Centre in Far North Qld on behalf of the ILSC.

National Centre of Indigenous Excellence Ltd

An ILSC-developed social enterprise based in Redfern, Sydney, NSW.

Primary Partners Pty Ltd

Employs labour on a number of ILSC-held properties and operates a cattle export depot near Broome, WA (at 30 June 2023), mainly in the north Australian beef industry.

ILSC Employment Pty Ltd

Established on 2 June 2023 to take over the labour hire operations of Primary Partners Pty Ltd in the first quarter of 2023-24.

See Part Three for a full account of 2022-23 subsidiary activities as well as within individual sections.

Funded land management programs

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

Real Jobs Program, NT

In 2022-23, the ILSC continued operation of the Real Jobs Program (RJP) in the NT. Funded from the Federal Budget since 2007, the program provides over 100 full time equivalent positions each year for Indigenous people seeking careers in the land management, tourism, and agribusiness sectors. By working with local Indigenous host organisations across the NT, RJP provides employment and training opportunities that build individuals' capacity to gain employment in the workforce and provides an employment pathway for people in remote communities where employment opportunities are limited. Increasing local capacity through RJP funding is also enabling host organisations to directly care for Country, which contributes to broad benefits to participants, community, and Country. In 2022-23, the program partnered with 12 Indigenous-owned and controlled organisations to deliver RJP projects. At year end, 239 Indigenous people were employed and 128 Indigenous participants completed 445 training courses through RJP involvement.

Savanna Fire Management Program, NT

The Savanna Fire Management (ATSI) Program funds the coordination, training, start-up and early operational costs for new carbon projects on Aboriginal land in the NT. The program is resourced by INPEX Operations Australia on behalf of Ichthys LNG joint venture partners as a voluntary offset program. Between 2022-23 the program held agreements with five projects covering 3.6 million hectares of Indigenous land to support the delivery of fire management for generating social, cultural, environmental, and economic benefits. The program generated casual employment of 57 Traditional Owners and Indigenous rangers and enabled 30 participants to undertake training in fire planning, aerial incendiary, and wildfire response. The program has partnerships with four Indigenous organisations and 10 Indigenous ranger groups to deliver savanna fire management activities, improving access and management of Country. Collectively, the SFM Program has generated over 300,000 Australian Carbon Credits with projects working to continually improve their emissions reduction targets. The program continues to develop regional governance structures developing towards independent, sustainable carbon business.

Reef Trust Project, Qld

This was the final year of Reef Trust Project which commenced on Crocodile-Welcome Station in north Queensland in 2017 tackling and remediating gully erosion in the area – a significant source of fine sediments washing into the Great Barrier Reef Lagoon which can smother corals and interfere with fish and other animal life. The final year of the project was focused on repairing gully erosion mitigation structures that had been damaged during the previous wet season, and minimising cattle access to erosion-prone areas (e.g., through installing sprung self-closing gates in public access areas). Eight local Indigenous people worked on the project at different times, with most going on to employment in earthworks or as rangers.

The project was funded by the Australian Government Reef Trust and through the ILSC's *Our Country Our Future* program.

Other programs and packages

Emergency Response Grants

With the Kimberley, WA and the Top End of the NT experiencing catastrophic flooding in late 2022 and early 2023, the ILSC re-initiated its Floods Emergency Response Grants Program. The rapid response grants enabled Indigenous corporations with property directly affected by flooding to undertake urgent recovery and clean-up works. In the reporting period, the ILSC released funds to 13 eligible applicants; additional details are provided on page 64.

In June 2023, the program was restructured to become ongoing as Disaster Recovery Quick Response Grants. The eligibility criteria were expanded, so that Indigenous corporations with property directly affected by a declared natural disaster can now apply for recovery support. This grant now also covers events such as bushfires and cyclones in addition to floods.

Urgent Health and Safety Program

The ILSC continued to administer 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 2022-23, the ILSC supported three new projects via this funding stream.

Default Prescribed Body Corporate

The ILSC is named as a default Prescribed Body Corporate (PBC) under Regulation 4 of the Native Title (Prescribed Bodies Corporate) Regulations 1999. Following the appointment of the ILSC as an agent PBC for the Birriman-gan Common Law Holders on 2 July 2022^[2], the ILSC has held initial meetings with members of the Birriman-gan and engaged an anthropologist to assist in determining appropriate decision-making principles. Several pending Future Acts have been resolved since the ILSC's appointment.

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:

- the National Agreement on Closing the Gap – particularly target 15 which aspires to increase Indigenous people's ownership of Australia's land and sea by 15 per cent and, once determined, the proposed inland water target will see the ILSC working in collaboration with agencies to support achievement in this area
- the Indigenous Advancement Strategy managed by the National Indigenous Australians Agency, complemented by the ILSC's acquisition and management activities
- the ILSC's Portfolio Budget Statement 2022-23 (Prime Minister and Cabinet Portfolio) and specifically 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.'

² See the National Native Title Register for further details: www.nntt.gov.au

2022-23 focus areas

As set out in the National Indigenous Land and Sea Strategy 2021-23, the ILSC Board continued its focus in 2022-23 on supporting six key sectors of the economy that present opportunities for Indigenous landholders: conservation and healthy Country; urban investment; agribusiness; tourism; niche Indigenous products; and water-based activities.

The following sections provide an overview of how new projects relate to each focus area, noting that many projects indirectly or directly encompass multiple priority areas.

For example, the Savanna Fire Management Extension Research project is establishing an alliance between two Indigenous land councils, non-government organisations and university-based researchers to extend existing savanna fire management methodology to new parts of WA and the NT. This aligns with three focus areas: agribusiness; conservation and healthy Country; and niche Indigenous products. This project will enable the application of appropriate seasonal fire management practises for carbon abatement across large areas of Indigenous owned and controlled Country, contributing substantially to the land management aspirations of multiple Traditional Owners.

Conservation and healthy Country

Conservation and healthy Country relates to the management and protection of environmental and cultural heritage, and the development of enterprises based on the delivery or maintenance of ecosystem services. As a focus area, it reflects the ATSI Act requirement 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 provide economic benefits in payment for ecosystem services.

In 2022-23, 11 new projects aligned with this focus area, two of which involve property acquisition. The first of these – Budj Bim Cultural Landscapes – was the acquisition and grant of three culturally-significant properties in the Budj Bim World Heritage Landscape in Victoria. The return of these properties to Indigenous hands helps reconnect a fragmented landscape, enabling improved water management practices, and the expansion of existing tourist facilities across multiple sites. This will ultimately lead to a more meaningful understanding and interpretation of the complex and layered stories of the Budj Bim Cultural Landscape.

The second acquisition project – Samphire Swamp Cultural Acquisition – is of a culturally-significant block located next to the Kingston Aboriginal Historic Burial Ground and Camping site, a registered Aboriginal burial site in SA. The discovery of an Aboriginal burial on this property revealed that the burial grounds extend beyond the current registered boundary. The property was purchased on the open market after the group that cares for the burial ground raised their concerns that ancestral remains might be disturbed or damaged, and the cultural and archaeological value of the site diminished. The group will now expand their work to this block and work with the ILSC towards successful divestment of the property.

Three planning projects are also aligned with this focus area; two of these are also aligned with the agribusiness and tourism focus areas:

- Belele and Buttah Stations Property Management Plan, WA – a property management plan will be developed for these two pastoral properties that considers their current state; land, environmental and cultural management priorities; and potential carbon opportunities.
- Developing East Arnhem Land Alternative Funding, NT – five Indigenous ranger groups will develop a feasibility study and implementation plan focused on five, previously identified, alternative revenue opportunities and the extent to which they can support employment; training and capability activities; and overall improvements in organisational resilience and self-determination through greater financial autonomy. The aim is to reduce reliance on restrictive government funding for resourcing and employment opportunities.
- Coober Pedy Human Induced Regeneration, SA – focused on the development of a detailed carbon feasibility and comparative land use assessment on three Indigenous-held properties near Coober Pedy.

The previously mentioned Savanna Fire Management Extension Research project will extend the savanna fire methodology into the northern Tanami area of WA and NT, enabling seasonally appropriate fire regimes that generate substantial benefit for carbon abatement and contribute to the land management aspirations of multiple Traditional Owners.

The Urannah Properties Drought Proofing project, Qld, seeks to improve grazing control and environmental management by restricting cattle access to the river, reducing erosion and sediment loss, and improving land condition. It also offers employment and training for local Indigenous people, as well as future, increased income potential from increased stock carrying capacity.

Two projects – Solar Unit and Generator for Wuyagiba Study Hub, NT and TAC Solar Water, SA – address reliability and safety issues with existing equipment through, respectively, the purchase of a new solar unit and generator, and plumbing and structural repairs.

Finally, the First Nations Clean Energy Network multi-state project aims to grow and develop a clean energy network, and position it as a national hub for engagement, empowerment, advocacy, education, and advice for First Nations people regarding renewable energy. It fills a critical national coordination gap, ensuring Indigenous people are supported to drive and influence renewable energy policy and effectively access opportunities.

Urban investment

The ILSC continues to prioritise strategic acquisitions in urban and regional centres as well as providing management support to enhance commercial, cultural and/or social uses for existing Indigenous urban assets. This focus serves to bring geographical balance to the ILSC's investments and to acknowledge that most Indigenous people live in urban or large regional centres. Activities supported under this focus area seek to expand the Indigenous physical and cultural footprint in urban and regional areas, providing meeting places, supporting culturally-appropriate service provision, and raising the profile of Indigenous culture in the surrounding community.

In 2022-23, 12 new projects align with this focus area. Three of these, all located in WA – ABC Foundation HQ; Aboriginal Family Law Services HQ; and Wilinggin Head Office – involved the acquisition and grant of a property to serve as a permanent base for operations and head office for the delivery of cultural programs and culturally-appropriate services.

Two planning projects, also in WA – KALACC Cultural Centre Planning and Ebenezer Office Facility Planning – are both developing business plans for new administration buildings from which to deliver a range of existing programs include health and wellbeing, family support and counselling, employment, crime prevention, and cultural programs. A third planning project – Centre for Appropriate Technology Planning – is preparing a business and feasibility plan to support the expansion of an existing satellite ground station in Alice Springs, NT.

Six projects – Mparntwe Health Hub, NT; St George Community Wellbeing Centre, Qld; Dalki Ghuli Community Hub, Vic; Wilcannia Health and Wellbeing Centre, NSW; Lake Tyers Childrens Services Expansion, Vic; and the Balgo Dialysis Building, WA – are focused on the construction or refurbishment of community service centres. These will variously deliver high quality education, health, wellbeing, and family and community services to Indigenous clients in the surrounding areas; instil a sense of pride and achievement for staff, clients and community; and contribute to Indigenous self-determination. The new Balgo dialysis building will enable Elders to stay on Country in WA while being treated at a culturally-appropriate dialysis service while the new building at Lake Tyers, Vic will facilitate the delivery of culturally appropriate kindergarten and early learning programs.

Finally, through the Normanton Foodworks project a new supermarket has been constructed for Normanton, Qld. This will be the largest supermarket of its kind in the region and represents a significant economic development that is expected to generate ongoing regional employment and training opportunities.

Agribusiness

In addition to the ILSC Group's agribusiness operations (page 86), eight projects this year focused on developing or enhancing agribusiness operations.

Two of these projects – Coobabla Farm Assistance and Coobabla Farm Urgent Health and Safety – focused on the same WA property to reduce fuel loads and construct fire breaks to address a severe fire risk and associated work health and safety hazard; and to cover rates and insurance to ensure the property is retained in Indigenous control.

Another project – Girringun Nursery and Rainforest Fruits, Qld – will redevelop a native plant nursery and establish up to seven orchards of native rainforest fruits (Ooray Plum, Boonjje Tamarind, Lemon Aspen, and Cape York Lilly Pilly). The enterprise will be operated as a joint venture involving multiple Traditional Owner groups, and will also deliver demonstrations, training, and other support services.

Three projects involved upgrading farming infrastructure and equipment to enable improved operations:

- Trelawney Fencing and Yard, NSW – installed internal fencing to create additional paddocks, holding yards and a laneway for moving cattle efficiently so as to improve land condition and long-term sustainability of an existing cattle enterprise on Trelawney Station.
- Kokatha Pastoral Grading Machinery, SA – purchased a wheeled grader and bob cat with trailer and attachments to help improve management of three stations which collectively cover more than 500,000 hectares in northern SA.
- Beemurra Aboriginal Corporation Farm Vehicle, WA – purchased a replacement farm vehicle to support cattle backgrounding activities and general farming operations.

Another project – Wiradjuri Condobolin Corporation, NSW – worked on a new property management plan for developing a mixed farming operation, with the goal of developing a viable operating model that can support the provision of Indigenous youth training and employment opportunities.

Finally – the Bulimba Station Management Transition, Qld – is focusing on transitioning an ILSC-held and managed property and associated assets to new landholders. This has involved the development of an asset management solution designed to guide agriculture operations for improved financial performance and property resilience.

Tourism

The tourism sector continued to experience some impacts from the COVID-19 pandemic and associated economic downturn, particularly in the earlier stages of this financial year. In addition to working with its own subsidiaries to minimise losses, support business continuity and expedite recovery, the ILSC has maintained its 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, NT and Mossman Gorge, Qld and through investing in other tourism enterprises.

One new project – the Koorie Heritage Trust, Vic – aligned with this focus area during 2022-23. It involves expanding and refitting an existing facility in Federation Square, Melbourne, a prominent civic and cultural destination. The project is expected to cement the location as a place of Indigenous relevance and pride; contribute an Indigenous voice in the area; and provide opportunities for social, environmental, economic, educational and cultural benefits to Victorian Aboriginal communities.

Niche Indigenous products

The ILSC continues to work with partners to develop products and industries 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 Aboriginal and Torres Strait Islander people.

Three new projects aligned with this focus area this year:

- Saltwater Freshwater Arts Alliance, NSW – involved the acquisition and grant of a property that will provide a permanent administration base with dedicated spaces for program delivery and the opportunity to develop an art gallery with secure, art collection storage.
- Utopia Art Centre, NT and Umoona Community Art Centre, SA – these management projects both focused on developing opportunities within the art industry and involved the construction and fit-out of a new art centre in Alice Springs – the first locally owned and directed arts/cultural enterprise for the town – and Coober Pedy. Both are expected to generate significant economic and cultural opportunities to local communities.

Water-based

The ILSC prioritises facilitating partnerships and promoting Indigenous interests to find ways to address barriers to Indigenous participation in water-based industries. It also prioritises investment in water-based projects that show strong potential for delivering economic, social, environmental or cultural benefits to Aboriginal and Torres Strait Islander people.

In May 2023, the ILSC partnered with the First Nations Portfolio of the Australian National University and the National Native Title Council to deliver the National First Nations' Water Roundtable in Canberra. Attended by over 80 delegates with expertise on First Nations water rights, public policy and water management, the roundtable resolved to establish a First Nations alliance which would seek an accord with all Australian governments to implement a nationally consistent approach to First Nations' water rights.

Part Two: ILSC Group Performance

Introductory statement

I, Ian Hamm, as Chairperson of the Board of the Indigenous Land and Sea Corporation (ILSC) (the Accountable Authority) present the 2022-23 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.

A handwritten signature in black ink, appearing to be 'I. Hamm', with a long horizontal stroke extending to the right.

Ian Hamm

Chair

15 September 2023

ILSC Group performance in 2022-23

Welcome to the ILSC's Performance Statement for 2022-23

This statement provides:

- an overarching summary of 2022-23 ILSC performance against the Value for Money evaluation methodology, performance targets, and contribution to the ILSC's four 'pathways of change'
- summaries against each performance target set out in the Portfolio Budget Statements (PBS) 2022-23 and the ILSC Corporate Plan 2022-23

Ongoing work to mature the ILSC's performance measures, systems and reporting has meant that for this year's statement:

- there remains some overlap between the ILSC Corporate Plan 2022-23 targets and PBS 2022-23 Key Performance Indicators (KPIs) and Deliverables. This overlap is now expected to be resolved through work currently underway to realign and extend the performance framework to track progress and performance against NILSS priorities consistently across the whole organisation.
- targets based on previous achievement have now been devised for Corporate Plan measures.

Additional background on the ILSC Performance Framework and ongoing work occurring within the ILSC to mature and expand the scope of this framework and the impact of this work on the 2022-23 Performance Statement is provided on page 20.

Value for Money – performance summary

In addition to its PBS and Corporate Plan measures, the ILSC includes a quality-assured assessment of its performance using the Value for Money (VfM) evaluation methodology.³ VfM allows the ILSC to assess the extent to which its core activities represent the best possible use of resources in the delivery of its purpose, providing a broader evaluative perspective on the story told by our performance against quantitative measures set out in the PBS and Corporate Plan.

The VfM methodology views performance through different lenses – economy, efficiency, effectiveness and equity – which complement the quantitative PBS measures set out in the next section and Table 3. This methodology incorporates consideration of contextual factors associated with project delivery which can either add value to performance or disrupt delivery in ways that are out of the control of project proponents, such as global economic downturns, inflation, and natural disasters, as has been the case during 2022-23.

This is the third year that the ILSC has collected this information, and future refinement and expansion is expected. Table 1 sets out the results.

³ Further detail on the application of the Value for Money methodology by the ILSC can be found on page 75.

Table 1 Assessment of ILSC projects against Value for Money criteria

Criteria	Assessment /definition	Results**
Technical efficiency Are projects meeting expectations considering context?	A. Proportion of active projects* that met or exceeded all projected indicators	86%**
	B. Proportion of active projects# with 'adequate' or better performance rating	87%##
Dynamic efficiency Are proponents actively considering and adapting to change?	Proportion of active projects# with 'adequate' or better performance rating	85%##
Effectiveness Are project activities leading to outcomes?	Proportion of active projects# with 'adequate' or better performance rating	87%##
Equity Are project activities inclusive of different Indigenous beneficiaries?	Proportion of active projects# with 'adequate' or better performance rating	86%##
Economy To what extent is the ILSC showing good stewardship and choosing the right investments?	Overall average performance against all criteria	86%

* Calculated by comparing the value of planned vs achieved values for each project indicator. For unplanned indicators 'zero' planned value is used to compare against achieved value.

Performance ratings represent evaluative judgements of performance made by ILSC project staff against a standard rubric that takes into consideration observed and reported information and operating context using five standards (not known, poor/at risk, adequate, good, excellent).

** Results from 83 active projects with completed and verified reported achievement against indicators.

Results from 83 active projects with complete and verified performance assessment ratings.

Efficiency

Technical efficiency relates to whether projects are delivering planned outputs on schedule and on budget. The purpose of this measure is to incorporate ILSC staff evaluative judgements of project performance considering delivery context (Technical efficiency B) as well as assessing whether a project achieved expected outputs (Technical efficiency A). This combination of measures is currently of value when considering the impacts of global economic downturn, inflation and natural disasters.

Results: During 2022-23, 86 per cent of planned indicators were achieved or exceeded (Technical efficiency A) and a similar proportion (87 per cent) were assessed by ILSC project staff as performing at a standard of 'adequate' or higher when considering the context in which delivery occurred (Technical efficiency B).

Despite reporting that delivery was impacted by natural disasters, inflation and lingering effects from COVID-19, most Indigenous proponents identified that they were able to pivot their focus to different ways of achieving project objectives to ensure delivery momentum was maintained.

Dynamic efficiency provides additional insight into whether proponents are adapting proactively or reactively in response to operating context, lessons learned, emergent needs and/or opportunities relating to projects and/or broader priorities.

Results: This year, 85 per cent of proponents were reported to be actively planning and adapting to change, with some groups identifying ongoing impacts from COVID-19; climate change-related floods and fire; and government-related protracted delays and slippages as significant drivers requiring ongoing project adaptation. The majority of these were proactively carrying out ‘formal, regular’ (44 per cent), or ‘informal, occasional’ (31 per cent) project plan reviews to identify lessons, emerging risks or opportunities, and to make decisions about adjustments to improve outcomes.

Reported activities focused on the importance of holding regular meetings with all stakeholders (including the ILSC and other government agencies) to manage timeframes, budgets, set targets, review progress, discuss emerging issues, and share achievements with a team or committee. Some also identified they actively consider the need to adjust specific project activities, or even project direction, in order to pivot to new opportunities and maintain or improve long-term viability.

Effectiveness

Effectiveness is a performance rating that identifies the extent to which, in the judgement of proponents and project staff, project outputs are enabling progression towards the achievement of desired outcomes.

Results: This year, 87 per cent of projects were considered effective in that activities delivered were reported as bringing about desirable change and progressing towards the achievement of project objectives or outcomes.

Specific examples included seeing new sites or premises progress into dynamic, creative hubs well-used by Indigenous and non-Indigenous people for learning, participating, connecting to culture, and sharing knowledge. Others reported being enabled to showcase their professionalism, leading to additional credibility with local government and businesses, that in turn generated more opportunities, and increased pride of community members. There were also notable improvements reported after on-ground works – for example, new landscaping that increased the diversity of native plants and ecosystems; and feral pig control that led to improved grassland and waterway condition, and improved soil integrity.

Equity

Equity considers who the project is benefitting, and whether efforts are made for the project to be inclusive of as many people as practical, and of different ages, genders and abilities within Indigenous communities across Australia to ensure that project benefits are shared as broadly as possible.

Results: Eighty-six per cent of responses were rated as ‘adequate’ or higher, reflecting that project activities were involving multiple beneficiaries where possible. Of these, 36 per cent identified that the majority of the proponent group and/or Indigenous Australians more broadly were involved and/or benefiting from different project activities; and 36 per cent indicated that a reasonable proportion of the proponent group were involved.

Many projects reported that their activities were benefitting Indigenous groups and at varying scales e.g., the whole group; more than one group in the local area; the broader local community and town residents; throughout extensive regional networks; or even to Aboriginal groups at regional and state scales. Other projects were targeted to specific sub-groups including kindergarten children; people requiring dialysis; male and female artists; ranger groups; young men; and agricultural trainees.

Economy

Economy is broadly defined by the ILSC as good stewardship of resources: choosing the right investments. Assessment of *Economy* is currently limited to reflecting on the effectiveness of the ILSC’s selection processes for *Our Country Our Future* funding, which aims to identify projects for funding that represent the best use of resources. This is done by carefully considering the opportunity, likely outcomes, deliverability, viability and cost of a project as well as the opportunity cost of funding projects that are unsuccessful.

For the first time this year, a scoring tool was devised for the Economy criteria which considers performance standards –

- >85% Excellent
- 70-84% Good
- 50-69% Adequate
- <50% Poor/at risk

– against all other Efficiency, Effectiveness and Equity criteria identified in Table 1.

Results: This year, the average achievement against the Economy criteria is 86 per cent, which correlates to ‘excellent’ performance. Funded proponents are performing very well in managing their projects effectively and dynamically; projects are progressing towards the attainment of desirable outcomes; and project benefits are being shared across different Indigenous beneficiaries, and at varying scales.

In future, assessment across all VfM criteria will be expanded beyond the *Our Country Our Future* program to consider the ILSC’s internal performance practices across all areas to improve practice, probity and transparency.

Measures and targets – performance summary

For the first time, the ILSC has added a rating structure (Table 2) to its Corporate Plan and Portfolio Budget Statement (PBS) 2022-23 measures and associated targets.

Table 2 Rating structure for assessing ILSC performance

Proportion of target achieved	Performance classification
<70%	Not achieved
70% – 85%	Partially achieved
85% – 100%	Substantially achieved
100%	Achieved
>100%	Exceeded

This is consistent with the use of the Value for Money methodology in providing deeper insight into the performance of the ILSC and its partners in achieving identified outcomes.

Throughout the Annual Performance Statement, we also align our performance reporting to our four ‘pathways of change’ which describe the medium- to long-term outcomes that we expect to see accruing to Country through our 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 to Country

– and which map our trajectory from inputs to impact for Aboriginal and Torres Strait Islander people.

Table 3 maps the ILSC’s Corporate Plan and PBS targets to the outcomes/pathways of change and summarises the ILSC’s performance against the performance classifications.

Table 3 Overall ILSC Performance against Corporate Plan and Portfolio Budget Statement targets

Outcome/pathway of change	Corporate Plan and PBS targets	2022-23 target	2022-23 actual	Performance summary	Page reference
Indigenous people are growing the value and productivity of Country	Corporate Plan target	289	287	<i>On track</i>	Page 30
	1.By 2026 the ILSC will have acquired 308 and returned 264 land or water-based since inception	238	243	<i>On track</i>	
	PBS targets	9	8	<i>Substantially Achieved</i>	Page 30
	Deliverable 1 Properties acquired				
	Deliverable 2 Properties granted	8	9	<i>Exceeded</i>	Page 32
	Deliverable 3 Active projects	80	130	<i>Exceeded</i>	Page 36
	KPI 1a Indigenous staff directly employed by the ILSC Group	440	403	<i>Substantially Achieved</i>	Page 48
	KPI 1b Indigenous employees indirectly employed (enabled through projects)	300	497	<i>Exceeded</i>	Page 48
Indigenous people are owning and managing Country sustainably	KPI 3 Indigenous enterprises assisted by active ILSC Group projects	50	58	<i>Exceeded</i>	Page 56
	Corporate Plan targets	<12.6%	12.75%	<i>On track</i>	Page 32
	2.The proportion of ILSC granted assets returned to the ILSC and/or lost from Country is decreasing year on year				
	3.Proportion of projected deliverables achieved by active projects	80%	86%	<i>Exceeded</i>	Page 22
	4.The extent of Indigenous participation in and completion of capability-building activities related to ownership and/or management of Country and/or enterprise	1,959	1,827	<i>Substantially achieved</i>	Page 52
	PBS targets	180	167	<i>Substantially achieved</i>	Page 52
	KPI 2a Indigenous trainees hosted				
	KPI 2b Indigenous people training completions	1000	697	<i>Not achieved</i>	Page 52

Indigenous people are preserving and protecting culture through reconnection with Country	Corporate Plan targets	20%	53%	<i>Exceeded</i>	Page 58
	5. Proportion of new active projects during 2021-25 that contribute to raising the profile of Indigenous communities and their achievements in the broader community				
	6. Indigenous Australians are supported to: - maintain and/or protect Country - experience improved access to Country and significant cultural sites - gain access to culturally safe services and activities - participate in events and activities which strengthen and maintain culture	<i>as per KPI 4</i>			Page 58
	PBS target KPI 4 Proportion of new projects enhancing Indigenous culture, heritage and the environment	50%	45%	<i>Substantially achieved</i>	Page 58
Indigenous people are driving and influencing policy and opportunity for Country	Corporate Plan targets	19%	22%	<i>Exceeded</i>	Page 58
	7. The proportion of new projects involving Indigenous people and/or corporations established in decision-making structures across geography, industry or sector leadership bodies assisted by ILSC				
	8. Extent of formal partnerships and informal collaboration	<i>as per KPI 5</i>			Page 62
	PBS target KPI 5 Proportion of new projects involving a contribution from third parties	60%	43%	<i>Partially achieved</i>	Page 62
	PBS target KPI 6 ILSC Group contribution to the Indigenous Estate*	Qualitative			Page 63

* This reflects the formal Portfolio Budget Statement target wording; noting 'Indigenous Estate' is now referred to by the ILSC Board's preferred term of 'Country'

Overall, the ILSC has substantially achieved or exceeded seven of the ten targets for Deliverables and KPIs set out under the Portfolio Budget Statements 2022-23. Of the remaining three measures, one was partially achieved, one was not achieved, and one is a qualitative measure.

This year we substantially achieved one of our two key acquisition and divestment targets – **Deliverable 1** and exceeded our target for **Deliverable 2**. The target for Deliverable 1 was increased this year from the 2021-22 target to sustain the growth outlook sought by the ILSC Board and the eight land-based acquisitions achieved fell just one short of the target. The ILSC has worked consistently with Indigenous corporations towards the return of rights and interests over Country in 2022-23, resulting in a strong pipeline of projects supporting this outcome for delivery in 2023-24; a productive first quarter is predicted. The target for Deliverable 2 was maintained at eight, consistent with 2021-22, and was exceeded with the return of nine land-based assets, comprising just under 532 hectares.

We consider the return of these areas of Country to Indigenous control a great success, demonstrating the effectiveness with which the ILSC adapted its business approach to ongoing disruptions from COVID-19 and other global economic influences. It also speaks to the resilience, adaptability and capability of Aboriginal and Torres Strait Islander enterprises across Country to respond to emerging challenges while progressing the aspirations of Indigenous Australians.

The ILSC exceeded its **Deliverable 3** target for acquisition and management projects by over 60 per cent with 130 active projects in 2022-23 from a target of 80. Of these, 42 projects commenced in 2022-23 and 88 projects continued from previous years; with projects predominantly delivered over multiple financial years through the ILSC's principal *Our Country Our Future* funding program, this represents a productive pipeline of projects generating benefits for Indigenous Australians across Country,

Targets for KPIs 1 and 2, associated with training and employment outcomes were all adjusted from 2021-22 levels. Three were increased (KPI 1b, KPI 2a, KPI 2b) following last year's excellent performance where the ability of our partner organisations and subsidiaries to generate outcomes exceeded expectations given the context of COVID-19. The fourth (KPI 1a) was reduced, in expectation that the NCIE divestment, and the planned transition away from ILSC-held and managed agribusiness properties, would reduce direct employment.

The ILSC substantially achieved or exceeded three of its four employment and training targets this year, with **KPI 1b**, significantly exceeding its target even after it was increased from 2021-22.

The **KPI 3** target, which was reduced from 2021-22, was slightly exceeded this year. **KPI 4** and **KPI 5** were maintained at the same level this year, and were substantially and partially achieved respectively.

These results reflect a significantly reduced contribution by the National Centre of Indigenous Excellence (NCIE) and Primary Partners which are both undergoing significant change. The ILSC is winding down Primary Partners and its agribusiness operations, while NCIE is restructuring operations following the 2021-22 divestment of the 180 George St, Redfern, NSW site (see Part Three for further detail).

Regarding performance against the eight Corporate Plan measures (Table 3):

- 1 and 2 are cumulative targets intended to track long-term trends relating to acquisitions, grants and interests returned or lost to Country; these are both on track.
- 3 – the proportion of projects achieving all projected deliverables – has been exceeded against the target of 80 per cent. This significant achievement is clearly reflected in the Value for Money analysis provided above.
- 4 is an aggregate measure of participation in capability-building activities intended to complement KPI 2a and 2b. A target was set for the first time this year based on average results in previous two years, and it was substantially achieved.
- 5 reports the proportion of projects that include activities intended to raise the profile of Indigenous culture; this target was again significantly exceeded.
- 6 is equivalent to KPI 4 which was substantially achieved.
- 7 – the proportion of new projects involving establishment of Indigenous Australians in decision-making structures – has had a target set this year for the first time based on last year's baseline, and it was achieved.
- 8 – a collaboration measure equivalent to KPI 5 – was partially achieved.

The ILSC is satisfied that its 2022-23 outcomes represent continued strong performance against our purpose and progress toward our vision for 'Indigenous Australians to enjoy the rightful entitlements, opportunities and benefits that the return of Country and its management brings'.

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 associated with the following outcome/pathways of change and associated activities, objectives and targets from the ILSC Corporate Plan:

1: Indigenous people are growing the value and productivity of Country

Results

Table 4 summarises achievements against Deliverable 1 for 2022-23.

Table 4 Performance against Deliverable 1 Interests in land and water/waters acquired

Performance target	Definition	2021-22 targets	2021-22 achieved	2022-23 targets	2022-23 achieved
PBS target Deliverable 1	Interests in land and water/waters acquired	8	8	9	8
Corporate Plan target	By 2026, the ILSC will have acquired 308 land or water-based interests for the benefit of Indigenous corporations since inception	280	279	289	287

Analysis

The target for Deliverable 1 was substantially achieved in 2022-23 with the acquisition of eight locations (target: nine locations). The eight acquisitions that have seen Country returned to Indigenous control are all land-based interests covering just over 528 hectares.

The ILSC increased its acquisition target for 2022-23, reflecting the growth outlook pursued by the ILSC Board over recent years. This is likely to change in response to feedback received during the 2022-23 public consultation on the National Indigenous Land and Sea Strategy which indicated a strong demand for the return of water-related rights and for meaningful support for the realisation of aspirations through the management and protection of Country.

The ILSC considers that its achievement of eight acquisitions represents a highly successful year of engagement with its partners. This engagement has supported the development of a strong pipeline of acquisition projects to be delivered in 2023-24, with the ILSC anticipating multiple projects to come to fruition in the first quarter. Further, that this has been achieved in the context of ongoing global economic downturn, and considerable volatility in the property market, demonstrates the robustness of ILSC program processes, and the resilience and capability of Indigenous corporations to pursue outcomes despite significant disruption.

Achievement against the cumulative Corporate Plan target identifies that 287 properties have been acquired since the ILSC's 1995 inception; although this is two less than expected by 2022-23, the ILSC is confident it remains on track to achieve the target over the longer term.

The ILSC prioritises the acquisition of land and water-related interests that are capable of sustaining and growing benefits to landholders, and which can attract co-investment (see KPI 5 for more information on co-investment) to ensure that the intrinsic and economic value of Country is increasing.

Table 5 provides an overview of each acquisition completed during 2022-23.

Table 5 Interests in land and water acquired, 2022-23

Property name	Location	Size (ha)	Date acquired	Acquired to:
Wilinggin HQ	Derby WA	0.2	17.03.2023	Provide a permanent base for Wilinggin Aboriginal Corporation to use as a head office; to enable future enterprise growth to meet future service demands; and to generate sub-leasing revenue from a portion of the property.
Saltwater Freshwater HQ, Art and Cultural Centre	Coffs Harbour NSW	0.05	04.04.2023	Provide a permanent, multi-purpose headquarters to house the centre's commercial enterprise and staff; to deliver cultural programs; and showcase Aboriginal culture and creativity.
Budj Bim Cultural Landscapes	Breakway Creek Homerton Lake Condah Vic	332.55 72.19 123	05.04.2023	Re-unite three, fragmented, culturally-significant properties and enhancing Country by protecting cultural and environmental values; expanding existing tourism facilities; and creating a world-class tourist destination and experience.
Aboriginal Family Law Services HQ	Rivervale WA	0.11	17.05.2023	Provide a head office for Aboriginal Family Law Services (WA) to deliver all existing services from one location.
Samphire Swamp	Kingston SE SA	0.1	07.06.2023	Preserve culturally and historically significant ancestral remains located adjacent to a registered Aboriginal burial site.
ABC Foundation HQ	East Carnarvon WA	0.56	16.06.2023	Provide a permanent base and head office for ABC Foundation and its services and programs.

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 outcomes/pathways of change and associated Corporate Plan activities, objectives and targets:

1: Indigenous people are growing the value and productivity of Country

2: Indigenous people are owning and managing Country sustainably

Results

Table 6 provides an overview of each grant completed during 2022-23.

Table 6 Deliverable 2 Interests in land and water/waters granted

Performance target	Definition	2021-22 targets	2021-22 achieved	2022-23 targets	2022-23 achieved
PBS target Deliverable 2	Interests in land and water/waters granted	8	13	8	9
Corporate Plan targets	By 2026 the ILSC will have returned 264 land or water-based interests since inception	230	234	242	243
	The proportion of ILSC granted assets returned to the ILSC and/or lost from Country is decreasing year on year*	<12.6%	12.6%	<11.96%	12.75%

* Total losses/reacquisitions as a proportion of the total number of grants since the inception of the ILSC: TL/TGx100.

Analysis

The ILSC has a statutory obligation to divest or grant all acquired land and/or water interests to Indigenous corporations and prioritises acquisitions that can be immediately divested to enable the most efficient flow of benefits to Indigenous people.

This approach recognises that ownership provides greater opportunities than leasehold or other tenure arrangements 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, and/or securing/expanding the delivery of culturally safe services.

The target to grant eight land or water-based interests for Deliverable 2 was exceeded this year, with nine grants achieved; of these, seven were acquired and granted simultaneously.⁴ All were interests in land, encompassing just under 532 hectares, and were valued collectively at \$12.16 million.

In addition, two interests acquired in previous years were granted, encompassing just over 250 hectares and valued collectively at \$2.88 million.

Table 7 provides more information on each of the interests granted.

Achievement against Corporate Plan measures relating to the proportion of acquired interests (Table 4) compared with granted interests (Table 6) identifies that 243 of the 287 properties acquired since the ILSC's inception have been granted (just under 85 per cent), representing a slight improvement from the 2021-22 achievement of just under 84 per cent, so the cumulative target remains on track.

The second Corporate Plan measure (Table 6) tracks the proportion of granted assets returned to the ILSC and/or lost from Country since ILSC inception. During the 2022-23 year, zero properties were lost from Country. Three properties were reacquired by the ILSC this year (see section below). In addition one property (Warriparinga) was subdivided into three lots, with two lots sold, and the other lot retained and scheduled for divestment in 2023-24. The subdivision and sale processes have been directed by the Indigenous corporation identified as the future landholder of the remaining plot; as such, this is not considered a loss to Country.

This calculates as an overall total of 12.75 per cent, a slight increase from the 11.96 per cent calculated in 2021-22, but the cumulative target remains on track.

Reacquisitions

The ILSC maintains a watching brief on the properties it has divested to Indigenous landholders, to ensure that benefits for Indigenous Australians continue to be generated from the use of the property, and that the property is not at risk of being lost to Indigenous control. Where a landholding group experiences difficulties in maintaining their land or water holdings, the ILSC may move to reacquire the land or water asset to prevent it being lost to Indigenous care and control. The ILSC may then seek to grant the asset to an alternative group in due course. This is consistent with the requirements of the ATSI Act that the ILSC grant all acquired rights and interests and ensuring that beneficial outcomes can be delivered to Aboriginal and Torres Strait Islander people through the care, use and management of the asset.

The ILSC undertook three reacquisitions during 2022-23 – Lenahans, McLeouds and Doltons – all based in Victoria and all reacquired following voluntary liquidation of the title-holding body.

⁴ These acquisitions were achieved via a Grant of Monies to the new titleholding entity, enabling their direct acquisition of the relevant asset.

Table 7 Interests in land and water granted, 2022-23

Property name	Location	Size (ha)	Date granted	Title-holding body
Willingin HQ	Derby WA	0.2	17.03.2023	Willingin Aboriginal Corporation
Saltwater Freshwater HQ, Art and Cultural Centre	Coffs Harbour NSW	0.05	04.04.2023	Saltwater Freshwater Arts Alliance Aboriginal Corporation
Budj Bim Cultural Landscapes	Breakway Creek Vic Homerton Vic Lake Condah Vic	332.55 72.19 123	05.04.2023	Gunditj Mirring Traditional Owners Aboriginal Corporation RNTBC
Aboriginal Family Law Services HQ	Rivervale WA	0.11	17.05.2023	Western Australian Family Violence Prevention Legal Service Aboriginal Corporation
ABC Foundation HQ	East Carnarvon WA	0.56	16.06.2023	ABC Foundation Ltd
Old Pooncarie Mission	Pooncarie NSW	249.3	21.04.2023	Barkandji Native Title Group Aboriginal Corporation
Sister Kate's – Health and Wellbeing Centre	Queens Park WA	2.07	22.05.2023	Sister Kate's Home Kids Aboriginal Corporation

Additional grants of interests in land and water approved but not completed in 2022-23

The ILSC aims to minimise the time between acquisition and grant while maintaining high expectations related to ownership ensuring the generation of long-term benefits for Aboriginal and Torres Strait Islander people.

If required, additional assistance is provided to prospective titleholders during an initial leasehold period to provide opportunity to build experience and demonstrate capability and expertise in managing the complexities of sustainably owning interests in land and water.

The ILSC develops a plan in partnership with prospective titleholders that sets out a clear pathway that is actively monitored for compliance before the grant is finalised. 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 develop strategies for viability prior to divestment approval.

Two projects are well progressed along this divestment pathway but are experiencing delays (Table 8). One was approved for grant by the ILSC Board in 2020-21; and the other in 2021-22, but delays have prevented grant completion. The ILSC is actively working with the future title holders for these properties to assure a transfer within the 2023-24 period.

Table 8 Properties approved for grant and awaiting transfer

Property name	Location	Size (ha)	Board approval date	Prospective Title-holding Body
Panatana	Budehaven Tas	234.88	August 2020 (delayed)	Six Rivers Aboriginal Corporation
Black Theatre Site, First Floor	Redfern NSW	0.10	July 2021 (delayed)	New South Wales Indigenous Chamber of Commerce

Other dealings in land

Related to its land acquisition and grant functions (Deliverables 1 and 2), the ILSC has continuing responsibilities for land that originates from section 191S of the ATSI Act, as well as interests in properties transferred to the ILSC from organisations such as the former Aboriginal and Torres Strait Islander Commission.

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 divested properties 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 serve to secure 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 and/or water interests.

The ILSC occasionally 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.

In 2022-23, three consents were approved (Table 9); one to remove the caveat to allow for private sale to recover rate arrears, and the second provided administrative consent to right of carriage way.

In addition, one consent request was declined, and another is currently being reviewed.

Table 9 Approved requests from Indigenous landholders

Group	State	Request
Nari Nari Tribal Council Ltd	NSW	Consent to transfer Toogimbie, Glenhope, Lorenzo and Gayini, and associated assets and/or interests from Nari Nari Tribal Council Inc to Nari Nari Tribal Council Ltd
Doonyahgahl Aboriginal Elders Council Incorporated	NSW	Withdraw caveat to effect the settlement of a compulsory acquisition by Transport NSW
Tamworth Local Aboriginal Land Council	NSW	Consent to extend an existing lease

Deliverable 3 Active projects

Deliverable 3 provides insight into the overall activity across the land 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 the following ILSC outcomes/pathways of change and associated Corporate Plan activities and objectives:

- 1: Indigenous people are growing the value and productivity of Country*
- 2: Indigenous people are owning and managing Country sustainably*
- 3: Indigenous people are driving and influencing policy and opportunity for Country*
- 4: Indigenous people are preserving and protecting culture through reconnection to Country.*

Results

Tables 10 and 11 summarise achievements against Deliverable 3 for 2022-23.

Table 10 Deliverable 3 Number of active acquisition and management projects

Performance target	Definition	2021-22 targets	2021-22 achieved	2022-23 targets	2022-23 achieved
PBS target Deliverable 3	Number of active acquisition and management projects	90	139	80	130

Table 11 Total active projects for 2022-23 by ILSC Group (by program/subsidiary)

Type of project	Number
<i>Our Country Our Future</i> projects	116
Projects managed by Voyages	2
Projects managed by National Centre of Indigenous Excellence	1
Projects initiated by ILSC Agribusiness*	11
Total	130

* Includes projects of the ILSC's subsidiary entity, Primary Partners Pty Ltd, and those initiated by the ILSC's former Agribusiness Investment program which is now managed within ILSC Program Delivery.

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. All projects are selected with a view to maximising the generation of benefits for Aboriginal and Torres Strait Islander people, while sustaining and growing cultural and environmental benefits.

Indigenous applicants are encouraged to participate in industry and other networks, and to adopt suitable risk measures to mitigate and/or adapt to climate change and other impacts to Country, heritage sites, or cultural sites. The overarching aim is to support Indigenous landholders in whatever ways are required to support their aspirations as well as ensuring sustainable management and ownership of Country and associated enterprises.

For annual reporting purposes, the ILSC defines ‘active’ projects as meeting one or more of the following four criteria; that the project:

- has been in the ‘implementation’ stage at any time during the financial year
- relates to a land/water holding or interest acquired within three years
- relates to a land/water holding or interest divested or granted during the financial year
- relates to a land/water holding or interest expected to be divested or granted within 12 months of the financial year.

Table 10 shows that the ILSC Group significantly exceeded its target of 80 for Deliverable 3 with 130 active projects in 2022-23; of these, 42 projects commenced in 2022-23 and 88 projects continued from previous years.

The figure is the result of a systematised report, drawn from Altus⁵ – the ILSC’s project management system – and based on the definitions of ‘active’ set out above. These definitions require that projects be actively monitored and transitioned ‘out of’ an active status in a timely manner.

Over previous years, the ILSC has reported that this figure has been slightly overstated and considerable effort has been made since the introduction of Altus to instigate more responsive project management practices, with additional systematised approaches implemented as needed to ensure accurate and complete reporting. As such, the current achievement against Deliverable 3 is now considered an accurate reflection of ‘active’ projects.

Given the 2023-24 introduction of two new ongoing funding programs (the Disaster Recovery Quick Response Grants and *Our Country Our Future* Evaluation Program) it is highly likely that this target will need to be increased.

Table 11 provides more detailed information on contributions by the ILSC and its subsidiaries towards Deliverable 3. At the end of 30 June 2023, there were 57 *Our Country Our Future* proposals under active assessment estimated at \$52.6 million. Sixteen of these proposals are acquisition projects worth an estimated \$23 million, and 41 are management proposals worth an estimated \$29.6 million.

Table 12 (A-D) sets out more detailed information about each of the new land acquisition and land management projects approved for funding in 2022-23, noting those projects with ILSC funding of \$100,000 or more, and/or where funding has been carried over to 2023-24. New acquisition projects are also highlighted, and details of project partners are provided where relevant.

⁵ Previously called Sensei IQ; for more detail on the ILSC’s project management system transition refer to page 79.

ILSC Group projects in 2022-23, Northern region

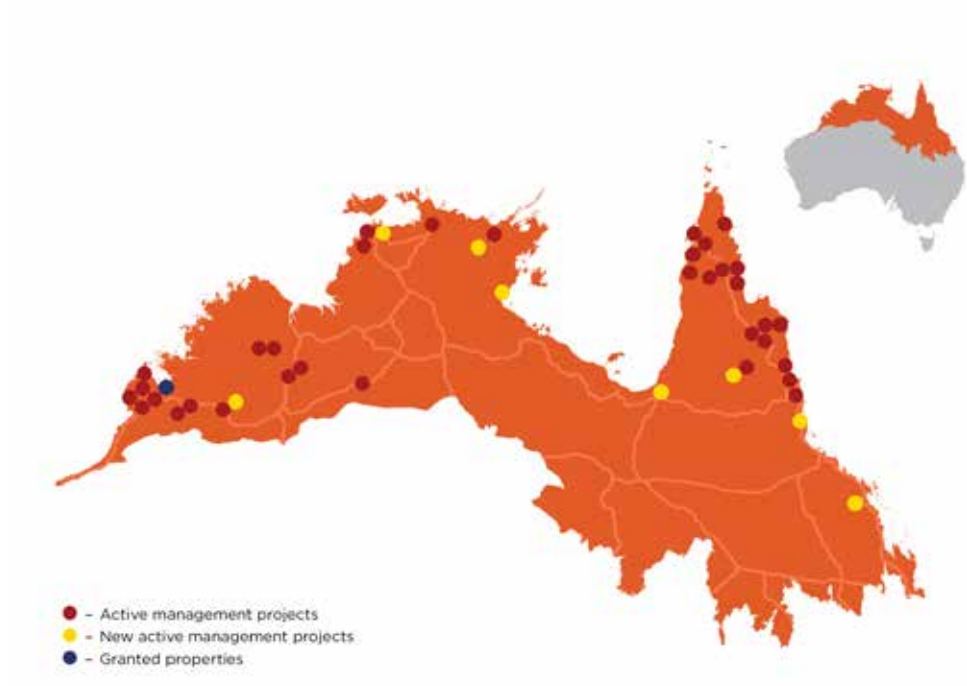


Table 12A ILSC funded acquisition and management projects commencing ‘active’ status in 2022-23, Northern region

Project name, proponent, location and partners	Description
Project name Balgo Dialysis Building ^s Proponent Wirrimanu Aboriginal Corporation State WA Partners Granite Mines Affected Areas Aboriginal Corporation; Western Desert Nganampa Walytja Palyantjaku Tjutaku Aboriginal Corporation	Construction of a four-bed, dialysis building at the Balgo Aboriginal Community to enable Elders to stay on Country and in the community while undergoing treatment
Project name DEAL Alternative Funding for Indigenous Rangers in East Arnhem Land Proponent Developing East Arnhem Land State NT	Feasibility study and implementation plan for five ranger-identified, alternative revenue opportunities, building on work already completed to identify commercial opportunities
Project name KALACC Cultural Centre Planning ^s Proponent Kimberley Aboriginal Law and Culture Centre Aboriginal Corporation State WA	Support to develop a sustainable business plan/model and needs analysis to assist with the staged development of a new administration/headquarters and cultural centre

<p>Project name Girringun Nursery and Rainforest Fruits[§]</p> <p>Proponent Girringun Aboriginal Corporation</p> <p>State Qld</p> <p>Partners National Indigenous Australians Agency; Office of Northern Australia; Rainforest Australia; Rainforest Bounty</p>	<p>Redevelopment of the Girringun native plant nursery, and establishment of up to seven orchards to produce native rainforest fruits. The enterprise will operate as a 'hub and spoke' model joint venture in which multiple Traditional Owner Groups will participate</p>
<p>Project name Normanton Foodworks[§]</p> <p>Proponent Bynoe Properties Pty Ltd</p> <p>State Qld</p> <p>Partners National Indigenous Australians Agency; The Trustee for Gulf Regional Economic Aboriginal Trust; Bynoe Community Advancement Co-Operative Society Ltd</p>	<p>Construction of a supermarket on Indigenous-held land that represents a significant economic development for the local community</p>
<p>Project name Solar and Generator for Study Hub Urgent Health and Safety[§]</p> <p>Proponent Wuyagiba Study Hub Aboriginal Corporation</p> <p>State NT</p>	<p>Purchase of a new solar unit and generator to provide safe, reliable power to the study hub for improved student learning outcomes</p>
<p>Project name Urannah Properties Drought Proofing[§]</p> <p>Proponent Urannah Properties Association Incorporated</p> <p>State Qld</p> <p>Partner NQ Dry Tropics Ltd</p>	<p>Installation of fencing, piping, troughs and tanks on Urannah Station to improve grazing control, exclude cattle access to the river, and improve land condition</p>
<p>Project name Wilinggin Head Office^{§#}</p> <p>Proponent Wilinggin Aboriginal Corporation</p> <p>State WA</p>	<p>Commercial building to use as permanent base for head office, enable growth, and for partial sublease to generate passive income</p>

[§] ILSC funding of \$100,000 or more [#] Land acquisition project * Funding to be released next financial year

ILSC Group projects in 2022-23, South-West Australia region

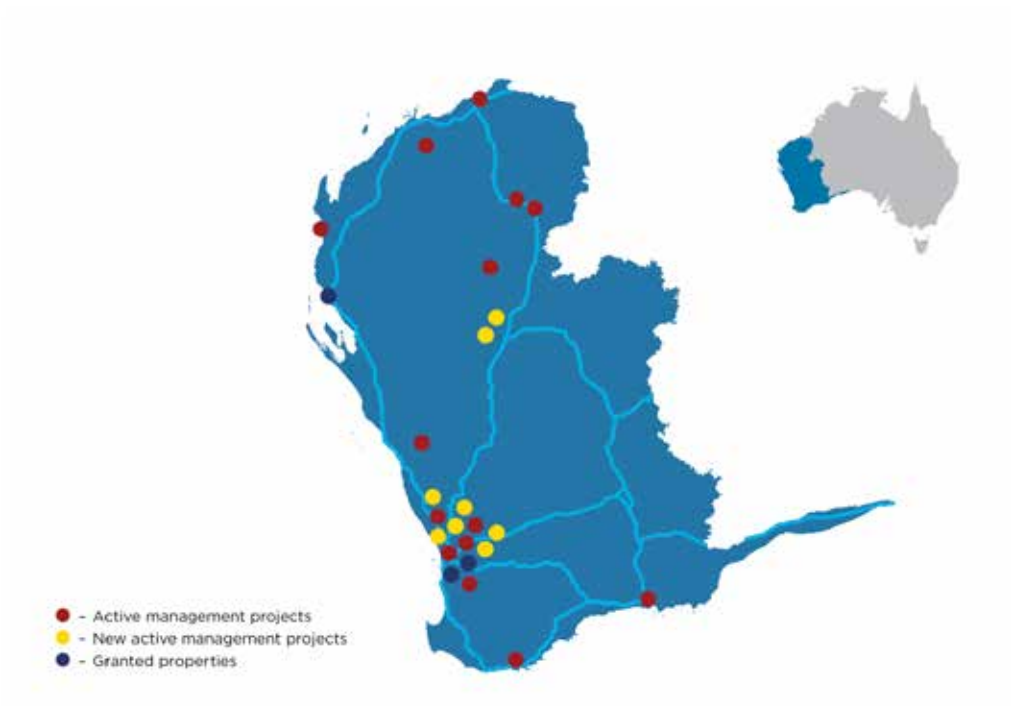


Table 12B ILSC funded acquisition and management projects commencing ‘active’ status in 2022-23, South-West region

Project name, proponent, location and partners	Description
Project name ABC Foundation Carnarvon Property ^{\$\$} Proponent ABC Foundation State WA	Purchase an industrial property to function as head office and a base for all other services and programs
Project name AFLS HQ ^{\$\$} Proponent Western Australian Family Violence Prevention Legal Service Aboriginal Corporation State WA	Purchase a building to function as head office and a base for all other services and programs
Project name Beemurra Aboriginal Corporation Farm Vehicle Purchase Proponent Beemurra Aboriginal Corporation State WA	Assistance with purchasing a replacement farm vehicle used to support cattle backgrounding and farming operations

Project name Belele and Buttah Stations Property Management Plan* Proponent Bundundea Aboriginal Corporation State WA Partner Department of Primary Industries and Regional Development	Development of a property management plan covering three pastoral stations which considers all aspects of land management, with a focus on environmental and cultural management, including carbon opportunities
Project name Coobabla Farm Assistance* Proponent Woolah-Wah Land Aboriginal Corporation State WA	Assistance with rates and insurance fees for a granted property experiencing financial hardship due to lost income associated with agistment and cropping contracts
Project name Coobabla Farm Urgent Health and Safety Proponent Woolah-Wah Land Aboriginal Corporation State WA	Mitigation of fire and work health and safety hazards through reduction of fuel loads and establishment of fire breaks
Project name Ebenezer Office Facility Planning Proponent Ebenezer Aboriginal Corporation State WA	Review, update and further develop existing Strategic Plan, and create a Business Plan, that includes detailed staged development for establishing a new administration headquarters that brings together all staff and services

\$ ILSC funding of \$100,000 or more # Land acquisition project * Funding to be released next financial year

ILSC Group projects in 2022-23, South-East Australia region



Table 12C ILSC funded acquisition and management projects commencing ‘active’ status in 2022-23, South-East region

Project name, proponent, location and partners	Description
<p>Project name Budj Bim Cultural Landscapes^{S#}</p> <p>Proponent Gunditj Mirring Traditional Owners Aboriginal Corporation RNTBC</p> <p>State Vic</p>	Purchase of three, culturally-significant properties on the Budj Bim World Heritage Landscape to address landscape fragmentation, protect cultural and environmental values, and to enable expansion of existing tourist facilities into a range of interpretation and visitor facilities
<p>Project name Dalki Ghuli Community Hub (Goolum Goolum)^{S*}</p> <p>Proponent Goolum Goolum Aboriginal Co-operative Ltd</p> <p>State Vic</p> <p>Partner Department of Jobs, Skills, Industry and Regions</p>	Renovation and fit-out of a new community hub for delivering family and community services and other programs, alongside existing primary medical services

<p>Project name Kokatha Pastoral Grading Machinery^{\$}</p> <p>Proponent Kokatha Pastoral Pty Ltd</p> <p>State SA</p> <p>Partner Kokatha Aboriginal Corporation RNTBC</p>	<p>Purchase of plant and equipment (a wheeled grader and bob cat, or skid steer, with trailer and attachments) to improve the management of three pastoral stations</p>
<p>Project name Koorie Heritage Trust Expansion^{\$}</p> <p>Proponent Koorie Heritage Trust Inc</p> <p>State Vic</p> <p>Partners Department of Jobs, Skills, Industry and Regions; Fed Square Pty Ltd; Melbourne Arts Precinct Corporation</p>	<p>Expansion and refit of current Federation Square, Melbourne facility to support the generation of economic, educational and cultural benefits to Victorian Aboriginal communities, contributing a significant Aboriginal voice to the civic and cultural destination and cementing the location as a place of relevance and pride</p>
<p>Project name Lake Tyers Children's Services Expansion^{\$}</p> <p>Proponent Lake Tyers Health and Children's Services Association In</p> <p>State Vic</p>	<p>Construction of a purpose-built building to deliver its kindergarten programs, including playground and landscaping</p>
<p>Project name Saltwater Freshwater Arts Alliance^{\$#}</p> <p>Proponent Saltwater Freshwater Arts Alliance Aboriginal Corporation</p> <p>State NSW</p> <p>Partner New South Wales Aboriginal Land Council</p>	<p>Purchase of property to serve as multi-purpose headquarters for showcasing Aboriginal culture and creativity and to provide a permanent base for cultural programs, staff, and commercial enterprises</p>
<p>Project name Samphire Swamp Cultural Acquisition^{\$#}</p> <p>Proponent Kungari Heritage Association</p> <p>State SA</p>	<p>Purchase of a culturally and historically significant property adjacent to a registered Aboriginal burial site to ensure its cultural and archaeological value is not diminished by future private development</p>
<p>Project name St George Community Wellbeing Centre^{\$}</p> <p>Proponent Goondir Aboriginal and Torres Strait Islanders Corporation for Health Services</p> <p>State Qld</p> <p>Partners Department of Health; Feed Appeal; The Department of Agriculture, Water and the Environment</p>	<p>Staged refurbishment of an existing property to create a wellbeing centre for delivering new and existing holistic health care programs and activities, complementing an existing clinic service</p>
<p>Project name Trelawney Fencing and Yard^{\$}</p> <p>Proponent Tamworth Local Aboriginal Land Council</p> <p>State NSW</p> <p>Partner Judd's Park</p>	<p>Upgrade of farming infrastructure – including new internal fencing, holding yards and movement laneways – to develop a sustainable cattle enterprise and support future, scaled economic development</p>

Project name Wilcannia Health and Wellbeing Centre^{\$}

Proponent Maari Ma Health Aboriginal Corporation

State NSW

Partners Australian Government Department of Health; Department of Regional NSW; NSW Ministry of Health

Construction of a culturally-appropriate health and wellbeing centre from which a broad range of health care services and community programs can be delivered

Project name Wiradjuri Condobolin Corporation - Galari Farm

Proponent Wiradjuri Condobolin Corporation Ltd

State NSW

Partner Many Rivers Microfinance

Develop a property management plan for redeveloping an existing mixed farming operation into a viable operating model, with the goal of providing Indigenous youth training and employment opportunities in the agricultural sector

^{\$} ILSC funding of \$100,000 or more [#] Land acquisition project ^{*} Funding to be released next financial year

ILSC Group projects in 2022-23, Australian Desert region

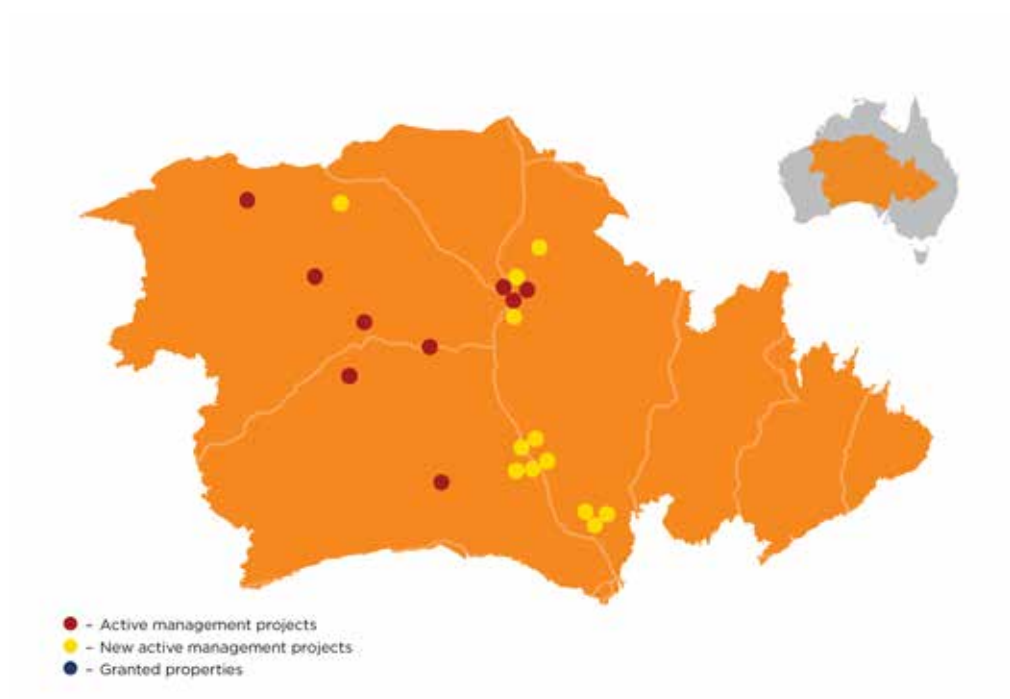


Table 12D ILSC funded acquisition and management projects commencing ‘active’ status in 2022-23, Australian Desert region

Project name, proponent, location and partners	Description
Project name Centre for Appropriate Technology Planning [§] Proponent Centre for Appropriate Technology State NT	Preparation of a business and feasibility plan to support the expansion of an existing satellite ground station enterprise onto neighbouring land
Project name Coober Pedy Human Induced Regeneration Feasibility Study* Proponent The Trustee for A.M.Y Nominees Charitable Trust State SA	Development of a detailed carbon project feasibility and comparative land use assessment on three Indigenous-held pastoral properties
Project name First Nations Clean Energy Network [§] Proponent Original Power State Multi-state Partners Sunrise Project; World Wide Fund of Nature Australia	Two-stage project to incorporate, grow and develop the First Nations Clean Energy Network, positioning it to become a national hub for engagement, empowerment, advocacy, education, and advice for First Nations people regarding renewable energy

<p>Project name Mparntwe Health Hub[*]</p> <p>Proponent Central Australian Aboriginal Congress Aboriginal Corporation</p> <p>State NT</p> <p>Partners Department of Health and Aged Care</p>	<p>Construction of a contemporary hub, strongly identified with the Aboriginal community it serves, from which to deliver high quality health services and to instil a sense of pride and achievement for staff, clients and community, and contribute to the self-determination of Aboriginal people</p>
<p>Project name Savanna Fire Management 500mm method extension research[§]</p> <p>Proponent Desert Support Services Pty Ltd</p> <p>State Multi-state</p> <p>Partners Kimberley Land Council Aboriginal Corporation; The Nature Conservancy Australia</p>	<p>Complete the research required to extend the savanna fire management methodology into the northern Tanami Desert, enabling Indigenous access to substantial carbon abatement benefits, and to meet land management aspirations associated with seasonal fire management on Indigenous owned and controlled land</p>
<p>Project name Umoona Community Art Centre[*]</p> <p>Proponent Umoona Community Art Centre Aboriginal Corporation</p> <p>State SA</p> <p>Partners APY Art Centre Collective Aboriginal Corporation; Department of Premier and Cabinet</p>	<p>Construction and fit out of new Coober Pedy arts centre, providing a safe and inclusive place for Aboriginal artists and families to maintain and share culture through art production, develop skills, and pursue commercial and culturally-successful careers</p>
<p>Project name Utopia Art Centre[*]</p> <p>Proponent Urapuntja Aboriginal Corporation</p> <p>State NT</p> <p>Partners Aboriginal Benefit Account; Indigenous Visual Arts Industry Support</p>	<p>Construction and establishment of a new arts centre, the first locally-owned and directed arts and cultural enterprise in the area</p>

[§] ILSC funding of \$100,000 or more * Funding to be released next financial year

KPI 1 Indigenous employment

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

1: Indigenous people are growing the value and productivity of Country

The ILSC reports achievement against two employment categories:

- *Direct*: employment that is directly funded by the ILSC.
- *Enabled*: employment that is enabled through a funding partnership between Indigenous groups and the ILSC (and potentially other agencies/organisations).

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.⁶ Further information about employment for the ILSC and each of its subsidiaries is provided in Part Three and Part Five of the Annual Report.

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 acquisition and management projects.

The ILSC proactively identifies third parties for strategic partnerships in a commercial setting to maximise employment and enterprise opportunities for Aboriginal and Torres Strait Islander people.

Results

Table 13 summarises achievements against KPI 1 for 2022-23.

Table 13 KPI 1 Indigenous employment

Performance target	Definition	2021-22 targets	2021-22 achieved	2022-23 targets	2022-23 achieved
PBS target KPI 1a	Indigenous employment – direct	450	515	440	403
PBS target KPI 1b	Indigenous employment – enabled	250	666	300	497

⁶ '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.

Analysis

During 2022-23, KPI 1a was substantially achieved and KPI 1b was significantly exceeded.

This is impressive considering the ongoing global economic influences on overall economic activity; the impacts arising from the planned wind down of the National Centre of Indigenous Excellence operations; and progress made in transitioning the ILSC away from being a direct manager of agribusinesses on Indigenous-held land.

KPI 1a Direct Indigenous employment

The following section provides an overview of how the ILSC Group contributed to KPI 1a – direct employment. Additional information relating to Indigenous employment is provided in Part Three and Part Five of the Annual Report.

ILSC

The ILSC directly employs Indigenous staff for its program delivery and corporate sections. In 2022-23, the ILSC employed 25 Indigenous people over the year (flow data) which is a minor reduction from 26 in 2021-22.

At 30 June 2023 the proportion of Indigenous employees within the ILSC was 17.3 per cent (2021-22: 18.3 per cent).

Primary Partners

During 2022-23, Primary Partners employed 82 Indigenous people (flow data) who were fulfilling roles across its agribusinesses. This is a significant decrease from 109 in 2021-22 and is consistent with the ILSC's reduction in its property holdings as it transitions away from being a direct manager of agribusinesses on Indigenous-held land.

As the ILSC reduces its agribusiness portfolio, in the last quarter of 2022-23, it made new arrangements for managing employees on former Primary Partners properties which take effect from 1 July 2023. Refer to Part Three for additional detail.

Voyages

This year Voyages employed 272 (flow data) Indigenous people who were fulfilling roles across Voyages' two tourism properties and the corporate office in Sydney. This is a slight decrease from 338 Indigenous people employed during 2021-22.

Ayers Rock Resort provided the greatest number of opportunities with its 204 Indigenous employees representing 26.2 per cent of the Resort's workforce (2021-22: 217 Indigenous employees; 32 per cent).

Mossman Gorge Centre provided the greatest rate of participation with its 51 Indigenous employees representing 66.2 per cent of the Centre's workforce (2021-22: 48 Indigenous employees; 70.6 per cent).

National Centre of Indigenous Excellence

Over 2022-23, the National Centre of Indigenous Excellence directly employed 24 Indigenous people (flow data) (2021-22: 42 Indigenous people). This decrease is consistent with the property divestment in June 2022 and the subsequent cessation of some services and programs.

At 30 June 2023, the proportion of Indigenous employees was 25 per cent (2021-22: 42.3 per cent).

KPI 1b Enabled employment in ILSC-funded projects

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

ILSC

Enabled employment data is collected from all active projects (Deliverable 3), including third party projects enabled by ILSC subsidiaries.

During 2022-23 the target for KPI 1b was slightly increased from 2021-22 in anticipation of post-COVID-19 economic recovery, enabling Indigenous corporations to again generate employment outcomes through land and water-based enterprises.

Despite this increase, the target was significantly exceeded with 497 Indigenous employees engaged through active projects during 2022-23.

Of these, two employees were engaged through a project operating from an ILSC Group asset: Voyages' Artists in Residence program at Ayers Rock Resort.

The ability of partner enterprises to meet their employment targets despite ongoing global economic disruptions post-COVID-19 suggests that the ILSC's program investment is a useful catalyst of Indigenous employment opportunities. However, even though the target was significantly exceeded for this measure, the nature or term of employment is not captured. This means that the extent to which economic and other benefits are flowing to Indigenous Australians cannot be directly estimated.

Real Jobs Program

The Real Jobs Program (RJP), managed by the ILSC on behalf of the Australian Government, supports Indigenous owned and controlled organisations to engage Indigenous people in employment in the land management, tourism, and agribusiness (pastoral and horticulture) sectors in the Northern Territory. The program objective is to employ and train Indigenous people and to have immediate on-Country benefit.

In 2022-23, the program expended \$9.9 million supporting employment and associated training activities. In total, 239 Indigenous people were enabled to take up employment across 119 FTE positions, representing 48 per cent of the total achieved against KPI 1b.

Enhanced RJP project assessments implemented in the previous financial year determined that contracts with two organisations (total of 20 FTEs) no longer aligned with the RJP guiding principles and were concluded on 31 December 2022. Funds associated with the conclusion of these contracts are planned to be reinvested into the RJP across the next two financial years.

In the land management sector, 69 FTE ranger positions across 11 Indigenous Ranger Groups were funded through seven organisations, including Central Land Council, Northern Land Council, Larrakia Nation Aboriginal Corporation, Warddeken Land Management Limited, Laynhapuy Homelands Aboriginal Corporation, Demed Aboriginal Corporation, and Bush Heritage Australia.

In the agribusiness sector, 31 FTE positions were funded through four organisations, including the ILSC subsidiary Primary Partners Pty Ltd, the Northern Territory Cattlemen's Association, Tiwi Enterprises Pty Ltd, and Julalikari Council Aboriginal Corporation.

In the tourism sector, 19 FTE positions were funded through four organisations – Kakadu Tourism, Nitmiluk Tours Pty Ltd, Adina Vibe Hotel Darwin Waterfront, and the ILSC subsidiary Voyages.

In addition to employment and training achievements, the Real Jobs Program also reported six cultural events attended by 583 Indigenous people and five non-Indigenous people, and improved access to Country enabled for 286 Indigenous people.

The program also reported 400 on-ground management events covering 24,000 hectares and 129 sites, primarily aimed at improving ecosystem and/or cultural heritage health. Activities included water, weeds and biodiversity monitoring; fencing and weed management to protect sacred sites; and participation in aerial and on-ground fire management activities.

KPI 2 Indigenous training

KPI 2 measures the ILSC contribution to capability outcomes on Country. It reflects the ILSC Board and Australian Government commitment to capability-building that leads to economic empowerment and independence. Training outcomes are a progress indicator across the following ILSC outcome/pathways of change:

2: Indigenous people are owning and managing Country sustainably

The ILSC prioritises capability-building across the ILSC Group and invests in ongoing career development opportunities as well as providing funding support for projects that enable training outcomes to be delivered by external parties: Indigenous corporations, landholders, service delivery agencies and enterprises.

This includes both formal and informal learning activities, such as cultural traditional knowledge sharing, participatory planning, networking and working with partners, all of which contribute to improving participants' knowledge and skills in sustainably owning and managing Country.

For KPI 2, the ILSC reports achievement against two training categories:

- *Direct*: trainees directly hosted or employed by the ILSC Group (KPI 2a).
- *Enabled*: all training completed by participants in funded projects (KPI 2b).

In addition, achievement against the ILSC Corporate Plan measure encompasses broader participation in capability-building activities undertaken as a result of ILSC investments.

Indigenous network development and use is also considered a significant capability indicator that will be measured in future years.

Results

Table 14 summarises achievements against KPI 2 for 2022-23.

Table 14 KPI 2 Indigenous training

Performance target	Definition	2021-22 targets	2021-22 achieved	2022-23 targets	2022-23 achieved
PBS target KPI 2a	Number of Indigenous trainees <i>directly</i> hosted/employed across the group	150	194	180	167
PBS target KPI 2b	Number of Indigenous training completions <i>enabled</i> by active projects	800	1,099	1,000	697
Corporate Plan target	Number of Indigenous participants in and completion of capability-building activities related to ownership and/or management of Country and/or enterprise	n/a	2,092	1,959	1,827

Analysis

In 2022-23, the training and capability-building targets for KPI 2 and the Corporate Plan were substantially achieved. The target for KPI 2b was not met.

More information on KPI 2a, KPI 2b and the Corporate Plan training measure is provided in the next sections.

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

In total, 167 trainees were directly hosted/employed by the ILSC Group; more detail is provided here.

ILSC

The ILSC did not engage any internally-hosted Indigenous trainees during 2022-23.

Voyages

Voyages had 161 trainees and apprentices in 2022-23, of whom 86 were newly engaged (2021-22: 178 Indigenous trainees with 97 newly engaged). These represent trainees and apprentices who undertook accredited, industry-driven, enterprise-based training in hospitality, tourism, horticulture and/or retail at the National Indigenous Training Academy (NITA) at Ayers Rock Resort.

Voyages continued to focus on Indigenous career progression and maintained the Indigenous Future Leaders Program at Ayers Rock Resort. NITA achieved Registered Training Organisation registration in April 2023 with the Australian Skills Quality Authority.

Mossman Gorge Centre not only hosted NITA trainees but also facilitated traineeship work placements with a range of leading regional employers.

A broad range of training programs delivered by Voyages via its Employment and Education Pathways Programs based at Ayers Rock Resort also supported job seekers with foundation skills to transition into traineeships and jobs.

National Centre of Indigenous Excellence

The National Centre of Indigenous Excellence provides Indigenous training and education opportunities to its employees and the local community through hosted events utilising conference room facilities, and onsite training for employees and community members.

NCIE hosted two trainees during 2022-23. NCIE employees also participated in cultural awareness training and provided cultural awareness opportunities for youth through its Young Fit and Deadly Program.

Primary Partners

Primary Partners hosted four trainees through agricultural operations in 2022-23.

KPI 2b Indigenous training completions enabled by active projects

During 2022-23, 697 Indigenous training completions were enabled through active projects. This result falls short of the target of 1000 set for this measure. The reduced delivery of training outcomes through ILSC funded projects compared with previous years in part reflects the reduced delivery of training programs through NCIE Ltd following the divestment of the 180 George St, Redfern property.

Real Jobs Program

As stated earlier, the Real Jobs Program core objective is to employ and train Indigenous people and to build individual capacity to take up employment outside the program.

During 2022-23, 445 training courses were completed by 128 Indigenous participants, representing over 64 per cent of the total training completions reported for KPI 2b across the ILSC Group.

The completed training courses included work-related skills, environmental management, conservation, pastoralism, first aid and WHS, machinery operation, concreting, and use of digital technology.

National Centre of Indigenous Excellence

This year the National Centre of Indigenous Excellence did not report any enabled Indigenous training completions.

Our Country Our Future active projects

During 2022-23, 252 additional training completions were reported through *Our Country Our Future* funded projects, representing almost 36 per cent of the total achieved against KPI 2b.

The majority were completed in the short- to medium-term – days to months – with only 25 completed over a long-term (>12 months) duration. The completions comprised a range of training categories, with the majority focusing on industry-specific training and management of Country. Of these, 188 (just under 75 per cent) were part of accredited training courses which resulted in a Certificate I, II or III.

Specific courses completed included emergency animal disease response, maritime, food service training, Aboriginal sites work, aerial ignition, operations, biosecurity, public speaking, grader and bobcat licenses; Coxswain Certificate; Certificate I and/or II AgriFood; Certificate II Horticulture; Certificate II Agriculture; and/or Certificate II Conservation and Ecosystem Management.

The Corporate Plan measure in this section is intended to provide additional insight into the total breadth of Indigenous participation in capability-building activities as a result of ILSC support, to supplement the training completions already reported through KPI 2b.

This year, 1,827 Indigenous participants⁷ were reported against this measure, across a range of capability activities. This includes 422 Indigenous participants in industry-specific, and Country-management training categories, with the majority participating over a short- (days) to medium-term (months) duration; of these 93 (22 per cent) were attending accredited courses.

Specific courses included professional development, working with beef cattle, capacity building, emergency animal disease response, barista, retail, cultural development, introduction to fire mapping, maritime training, pipi harvesting, using satellite imagery for fire mapping; art exhibition curation, product and business development; and working towards Certificate II Horticulture; Certificate II Conservation and Ecosystem Management; Certificate I Construction; Certificate III Retail; Certificate III Land Management; Certificate III Agriculture, and Certificate I AgriFood.

Forty-four projects reported the involvement of 555 Indigenous participants in a range of planning activities, including the development of property or healthy Country plans; enterprise and feasibility planning; event planning and curriculum planning.

Finally, six projects reported 520 Indigenous people participated in traditional knowledge sharing activities through Country visits and cultural events, including a Careers Expo involving industry and government representatives.

Reported participation in cultural knowledge sharing activities was significantly lower than planned this year, largely due to delays in project commencement that are beyond the control of proponents.

KPI 3 Indigenous business development

KPI 3 measures the ILSC contribution to economic outcomes through the provision of support to the creation and improvement of Indigenous enterprises on Country. It reflects the commitment of the ILSC Board and Australian Government to economic empowerment and independence.

Enterprise outcomes are a progress indicator across the following ILSC outcomes/pathways of change, and associated Corporate Plan activities and objectives:

- 1: Indigenous people are growing the value and productivity of Country*
- 2: Indigenous people are owning and managing Country sustainably*

Performance against KPI 3 is intended to reflect the Board's focus on economic empowerment as a driver for Indigenous self-determination and inter-generational wealth creation, and considers economic outcomes as a common prerequisite for the achievement of sustainable cultural and environmental outcomes. This view also aligns with the broader Australian Government's policy priority of Indigenous business development as expressed in its Indigenous Business Sector Strategy (February 2018).

⁷ Includes participation in planning, training and traditional knowledge sharing activities reported through active projects.

KPI 3 reports all Indigenous majority-owned commercial enterprises that have been created and/or have improved productivity, efficiency and/or resilience as a result of ILSC funding. Note that KPI 3 reports only the number of unique enterprises, many of which have undertaken more than one improvement; further information on improvements is provided in the analysis.

Results

Table 15 summarises achievements against KPI 3 for 2022-23.

Table 15 KPI 3 Indigenous business development

Performance target	Definition	2021-22 targets	2021-22 achieved	2022-23 targets	2022-23 achieved
PBS target KPI 3	Number of Indigenous enterprises assisted through active projects	60	109	50	58

Analysis

During 2022-23, 58 unique enterprises were assisted through 37 active projects, representing an over-achievement against this KPI. The target was reduced from 2021-22 in expectation of ongoing post-COVID-19, inflation and global economic impacts, but it has still been slightly exceeded. This is a strong reflection of the ILSC's commitment to supporting economic development and Indigenous financial independence through successful commercial Country-based enterprises, and the impressive resilience of Indigenous enterprises to significant and ongoing changes to their operating environment.

Of these, the Real Jobs Program supported 13 existing enterprises, primarily to improve their efficiency and productivity.

Our Country Our Future projects reported nine new enterprises, focusing on tree farming, land and sea management, native crops, tourism, a supermarket, and work contributing to an inland rail project.

Thirty-four enterprises reported improvements through *Our Country Our Future* projects, many implementing more than one improvement. This includes:

- 30 enterprises improving their productivity through market expansion, refurbished facilities, upgraded infrastructure and/or plant and equipment. Specific activities included the purchase of a barge and sheep yards; improved processes reaping economies of scale; and the installation of fencing and water points expanding cattle access to productive grazing country.

- 13 enterprises increasing their operational efficiency through improvements in workforce capability; changes to inefficient systems or processes; and/or implementing changes in infrastructure, plant and/or equipment. Specific activities included investing in electronic cattle reporting tools, improved IT systems for reservations, management and communication; stockyard upgrades to facilitate lower stress stock handling; minimising external machinery hire, extending pasture grazing time through environmental management; and access to enterprise-owned vehicles and machinery rather than relying on personal vehicles.
- 24 enterprises increasing their resilience through improvements in governance, enterprise partnerships, strategic and operational planning, and/or through diversification of products, services and/or income streams. Specific activities included the development of a collaborative enterprise partnership; completion of business, strategic and/or feasibility planning processes; completion of a code of conduct and policies and procedures manual; expanding into fee for service work; and investing in drought proofing properties to improve longer-term environmental and economic resilience for a grazing enterprise.

KPI 4 Protection of Indigenous culture, heritage and the environment

KPI 4 provides insight into the proportion of projects commenced in the current financial year that reflect the contribution of the ILSC Group towards its core purpose of maintaining and enhancing cultural and environmental values relating to Indigenous communities and Indigenous-held land. Performance against this target is an indicator for the following ILSC outcomes/pathways of change and associated Corporate Plan activities, objectives and targets:

3: Indigenous people are preserving and protecting culture through reconnection with Country

4: Indigenous people are driving and influencing policy and opportunity for Country

KPI 4 is a composite measure that incorporates a range of indicators relating to the maintenance, protection and enhancement of cultural practice and environment values. This reflects the ATSI Act, and the ILSC Board's commitment to supporting projects that foster and strengthen Indigenous cultural practices, and to raise the profile of Indigenous culture across the broader community.

The ILSC's acquisition and grant activities in particular result in significantly increased opportunity for Indigenous people to access Country and cultural sites to manage and protect Country; and to practise culture, language and other sharing of traditional knowledge.

The ILSC also supports the development of viable, Indigenous-owned enterprises which deliver culturally-appropriate, safe services and activities that can holistically meet the needs of the growing Indigenous population.

These aims are also reflected in two associated Corporate Plan measures relating to raising the profile of Indigenous culture; and increasing Indigenous representation in decision-making at all levels. These broader measures were introduced in recognition that these aspects of projects deliver significant positive change but are impossible to capture using a simple indicator.

Both KPI 4 and the associated Corporate Plan measures consider the proportion of active projects (as identified in Deliverable 3) that *commenced* in the current financial year with *either* planned *or* actual achievements against relevant sub-measures. This is intended to enable the ILSC to more effectively track its success in prioritising projects that contribute towards these important outcomes.

Results

Table 16 summarises achievements against KPI 4 for 2022-23.

Table 16 KPI 4 Protection of Indigenous culture, heritage and environment

Performance target	Definition	2021-22 targets	2021-22 achieved	2022-23 targets	2022-23 achieved
PBS target KPI 4	Proportion of ILSC Group projects commenced in the current financial year that maintained or protected Indigenous culture, heritage and/or the environment	50%	42%	50%	45%
Corporate Plan targets	Proportion of new active projects during 2021-25 that contribute to raising the profile of Indigenous communities and their achievements in the broader community	20%	68%	20%	53%
	Indigenous Australians are supported to:	<i>As for KPI 4</i>			
	- maintain and/or protect Country				
	- experience improved access to Country and significant cultural sites				
	- gain access to culturally safe services and activities				
	- participate in events and activities which strengthen and maintain culture				
	The proportion of new projects involving Indigenous people and/or corporations established in decision-making structures across geography, industry or sector leadership bodies assisted by ILSC	n/a	16%	19%	22%

Analysis

In 2022-23, the target for KPI 4 (and equivalent Corporate Plan measure) was substantially achieved, with 45 per cent of new active projects including cultural and environmental heritage aspects.

Results achieved against each of the contributing indicators relating to cultural and environmental heritage associated with new projects are summarised here:

- Cultural participation and revitalisation activities reported through 10 projects involved 561 Indigenous participants, and four events relating to knowledge and language sharing, arts and crafts; and Country visits and professional services. Specific activities reported included art and culture programs; a 'diversity dash' colour run; and track maintenance enabling easier access to key hunting areas on Country. Three projects reported that planned activities had not yet started as their funding approval had occurred close to the end of the financial year.
- Culturally-safe service provision activities relating to arts and crafts; performance; dialysis service; genealogy studies; kindergarten; continuation of study hub; and professional licensing and commissioning services were reported through six projects, and were accessed by 350 Indigenous people during 2022-23.
- Improved access to Country was identified by two projects, but no achievement was reported because the property acquisitions associated with the projects were completed just before the end of the financial year. Note that this does not count actual on-Country visits but identifies the number of Indigenous people with an improved ability to access Country, in alignment with the ILSC's purpose of redressing historical dispossession, generally associated with acquisition projects.
- On-ground management activities were reported through nine projects with specific activities related to three major purposes:
 - Maintaining or improving the condition of productive Country – e.g. fencing 688 acres and developing landscaping using local plants; controlling erosion through constructed banks; improved cattle management to prevent soil erosion.
 - Maintaining or improving the condition of cultural heritage sites – e.g. planting 19,000 seedlings; and improving fire management on two properties.
 - Improving ecosystem health – e.g. ongoing weed eradication, repair of erosion gullies and protection of the river across 8,000 hectares; and, on one property, 2,250 kilometres of ground and aerial burning timed to avoid any impact to ecologically and culturally significant flora species.

The ILSC Corporate Plan 2022-23 target of 20 per cent of new projects contributing to improving the profile of Indigenous culture has again been significantly exceeded at 53 per cent. The contrast between the achievement against this indicator and KPI 4 highlights the complexity in capturing cultural participation and strengthening activities using conventional indicators and continues to validate the decision to introduce this broader measure to capture this important information.

Relevant project activities reported against this measure include:

- development and expansion of art, culture and language activities, including hosting art exhibitions and festivals that are open to the general public and promote Indigenous culture
- expanding Indigenous-owned Country, installing interpretive signage, and improving and expanding tourism offerings, facilitating increased cultural knowledge-sharing opportunities during Country visits, and raising Indigenous cultural visibility and tourism profile
- several projects involved property acquisition and/or construction which enabled a permanent high-profile presence in the community from which to run core business and on Country activities
- continuing the growth of centralised activities and services to support Aboriginal people, increasing visibility and opportunity through partnerships
- assisting artists to reclaim, promote and strengthen their existing art brand, using a unique Indigenous-owned art centre model to facilitate access to local, national and international markets, and to reinforce and raise awareness of culture and profile more broadly
- a new supermarket located in a prominent main street position that is visible to all visitors and the first constructed in the town
- an important cultural activity – Indigenous fire management – that strengthens connection with Country, and is widely recognised as an essential management tool
- providing Indigenous-led and controlled services to ensure continuity of culture and education in a culturally-safe and responsive system that generates important benefits to older adults and children
- an Indigenous-owned and controlled, culturally-safe, purpose-built, health facility that is expected to exemplify a community-led approach to providing services in remote and Indigenous communities
- participation in professional industry and science networks, research, compliance and other services, raising the profile of Indigenous knowledge and facilitating broader access to markets and opportunities.

KPI 5 Collaboration

KPI 5 identifies the overall proportion of projects commenced in the reporting period that actively collaborate with other agencies and organisations. This is a key strategy to ensure ILSC funding can reach the greatest number of stakeholders and deliver maximum benefit to Country.

Achievement against this measure contributes to the following ILSC outcomes/pathways of change and associated Corporate Plan activities, objectives and targets:

- 1: Indigenous people are growing the value and productivity of Country*
- 2: Indigenous people are owning and managing Country sustainably*
- 3: Indigenous people are preserving and protecting culture through reconnection with Country*
- 4: Indigenous people are driving and influencing policy and opportunity for Country*

Collaboration through effective partnerships is an important priority of the current ILSC Board. Leveraging its funding and strategic position to extend employment and enterprise opportunities for Aboriginal and Torres Strait Islander people is key to maximising outcomes for Country.

Partnerships that contribute funding and/or in-kind assistance can add significant value to the ILSC's own funding and expertise, as well as that of the proponent. Effective collaboration between public and private organisations strongly contributes towards improved capacity, capability and policy outcomes for all involved, including ILSC staff, project proponents and beneficiaries.

KPI 5 (and equivalent Corporate Plan collaboration measure) considers only the proportion of active projects (as identified in Deliverable 3) that *commenced* in the current financial year with committed contributions by project proponents, and external project partners including government and non-government. This is intended to enable the ILSC to report more fully on partnership contributions and more effectively track its success in leveraging external funding from other parties year on year.

Not all ILSC-leveraged collaborations are captured by this KPI. It does not include the many proponents that contribute significantly to project value either financially or in-kind; instead, these are reported separately in the analysis below.

Projects featuring collaboration also contribute towards other KPIs.

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

Results

Table 17 summarises achievements against KPI 5 for 2022-23.

Table 17 KPI 5 Collaboration

Performance target	Definition	2021-22 targets	2021-22 achieved	2022-23 targets	2022-23 achieved
PBS target KPI 5 (also Corporate Plan target)	Proportion of ILSC Group projects commenced in the financial year that involved contributions from third parties (beyond immediate beneficiary group)	60%	65%	60%	43%

Analysis

In 2022-23, 18 new projects reported partner collaborations, representing 43 per cent of new active projects.

Collectively, these projects attracted just over \$40 million in funding contributions committed by 23 external partners including Granite Mines Affected Areas Aboriginal Corporation; Western Desert Nganampa Walytja Palyantjaku Tjutaku Aboriginal Corporation; Department of Jobs, Skills, Industry and Regions; Sunrise Project; World Wide Fund of Nature Australia; National Indigenous Australians Agency; Office of Northern Australia; Fed Square Pty Ltd; Melbourne Arts Precinct Corporation; Department of Health and Aged Care; The Trustee for Gulf Regional Economic Aboriginal Trust; New South Wales Aboriginal Land Council; Kimberley Land Council Aboriginal Corporation; The Nature Conservancy Australia; Department of Health; Feed Appeal; Department of Agriculture, Water and the Environment; SA Department of Premier and Cabinet; NQ Dry Tropics Ltd; Aboriginal Benefit Account; Indigenous Visual Arts Industry Support; Department of Regional NSW; and NSW Ministry of Health.

Although not counted as part of KPI 5, an additional \$545,000 partner funding has been reported but currently remains uncommitted. This often occurs when potential funding partners prefer to delay their commitment to a project until after approval of other funding has been attracted, to maximise project viability.

In addition, 14 of the proponent groups associated with new active projects committed just over \$19 million of their own funding towards their projects.

In summary, for a total ILSC project budget of \$39 million, just under \$60 million committed additional funding was leveraged from proponents and external partners.

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 Estate⁸ – henceforth referred to here as Country – in addition to the quantitative contribution discussed above for each of the previous Deliverables and KPIs.

Activities highlighted under this KPI directly contribute to the following ILSC outcomes/pathways of change and associated Corporate Plan activities:

1: Indigenous people are growing the value and productivity of Country

2: Indigenous people are owning and managing Country sustainably

4: Indigenous people are driving and influencing policy and opportunity for Country

KPI 6 provides a space to articulate the ILSC's diverse activities that work towards developing Country. This includes engagement, facilitation, negotiation and advocacy to remove barriers and maximise opportunities for Aboriginal and Torres Strait Islander people, and to assist with the development of connections to markets and industries. The aim is to raise the profile and representation of Indigenous Australians, ensuring representation and participation in policy, research and decision-making in any sectors relevant to their lives and interests, and/or that drive opportunities for Country.

'Country' 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 stories, spiritual connections, language, cultural expression, and knowledge.

The ILSC proactively seeks strategic, commercial opportunities across geographies, markets and industry sectors and leads the development of collaborative projects to benefit Aboriginal and Torres Strait Islander people. This includes pursuing and growing co-investment from the corporate and private sector (KPI 5) and leveraging the value and impact of the ILSC's investment to assist Indigenous Australians meet their own aspirations.

The ILSC also collects descriptive information on aspects of all new projects that it considers to be very important drivers of positive change, but that are very difficult to directly measure. One is related to the outcome/pathway of change *Indigenous people are driving and influencing policy and opportunity for Country*, and the other describes broader transformative elements of projects that are related to all outcomes/pathways of change.

⁸ This reflects the formal Portfolio Budget Statement target wording; noting 'Indigenous Estate' is now referred to by the ILSC Board's preferred term of 'Country'.

Results

Table 18 summarises achievements against KPI 6 for 2022-23.

Table 18 KPI 6 ILSC Group contribution to the Indigenous Estate

Project name, location and partners	Description
Project name Floods Emergency Response Grants [§] Proponent ILSC State WA	Emergency grant program to assist those affected by the 2023 floods in WA
Project name Bulimba Station Management Transition [§] Proponent ILSC State Qld	Transitioning Bulimba Station from ILSC management and asset ownership to new landholders – Uwoykand Corporation Pty Ltd – and management by New Harvest Asset Managers

Analysis

During 2022-23 the ILSC responded rapidly to the widespread floods that occurred in the north-west of Australia by developing an emergency grant program which offered up to \$20,000 (GST exclusive) to any Indigenous corporation whose property was either directly affected by the flood disaster, or those who were assisting with the immediate recovery and clean-up efforts on Indigenous lands. During the six months the program was active, 22 enquiries were received, with the ILSC releasing \$260,000 to 13 eligible groups to assist with urgent repairs to flood damaged infrastructure.

Another ILSC-led project focused on transitioning Bulimba Station from being operated and managed by Primary Partners – the ILSC’s agriculture subsidiary – to its Indigenous owners and their corporate subsidiary. This involved creating a financial and operational model that will generate opportunity for multiple Indigenous operators who can work together to see improved performance from their land.

Projects that drive policy and opportunity

The ILSC prioritises projects that include activities that broadly drive policy and legislation development, and/or opportunities of any kind that are advantageous to the interests of Aboriginal and Torres Strait Islander people.

This year 33 per cent of new active projects have reported activities that could leave a lasting influence on the lives of Indigenous Australians well beyond the project footprint. This includes:

- development of enterprises which contribute to a sustainable and authentic Indigenous design industry in Australia; help create an income stream for artists; and demonstrate how an Indigenous-owned enterprise can influence policy and present new opportunities
- increased tourism activities generating economic benefits in terms of employment, wealth creation, and self-determination

- fit-for-purpose headquarters which enable increased participation in reforming Indigenous family violence policy in Western Australia and nationally, and a model demonstrating how non-Indigenous and Indigenous operators can partner and work together to achieve shared aims
- development of a regional-specific carbon model which increases Indigenous engagement in the carbon community and creates additional benefits for ranger groups and the broader community in areas where there are few economic opportunities
- a purpose-built, compliant, early learning facility, in partnership with government, which enables further community participation in development opportunities, and a greater voice to advocate and influence community service reforms
- expansion of a Melbourne-based tourism facility providing for an increased public profile, platform and role in influencing policy development; promoting equity; and in leading and influencing strategic decision-making about how 'Aboriginal Victoria' is represented in city-based cultural and tourism initiatives
- a partnership with an Indigenous-owned health service to develop a new community-based renal service which facilitates improved Indigenous participation in driving government policy for Indigenous-owned/operated renal services in remote communities
- a network that aims to be the key national peak body for Indigenous Australians participating in the renewable energy industry, providing a seat at the table, an equity stake, and improved influence on policies affecting opportunities within the renewable sector
- sponsored attendance at the First Nations Economic Development Symposium which aimed to illuminate rights and assets that First Nations have already claimed, and improve understanding of the opportunities and challenges of realising the full value of these rights and assets
- a business plan supporting the expansion of existing satellite ground stations and that identifies new services in line with the current enterprise to create additional opportunities for remote communities.

Projects that involve transformative activities

Similarly, the ILSC prioritises projects that have a transformative element intended to drive planned and ongoing change in the trajectory of the enterprises, Country and/or lives of proponents and/or broader Indigenous beneficiaries.

This year, 49 per cent of new active projects reported transformative elements such as:

- the acquisition of a culturally significant property that will ensure its appropriate future management and protection from development
- a permanent head office that will provide security for all management and support staff as well as enabling the organisation to expand into a prominent service provider across the state

- a 'hub and spoke' model for a shared enterprise that will enable Indigenous groups to continue to work together, share knowledge and cultural practice, while generating economic benefits
- an Indigenous-owned cattle backgrounding business, the first of its kind, supporting other Indigenous groups to establish similar businesses, sharing knowledge, and lessons learned
- new, sustainable revenue streams for ranger groups which will provide for greater financial autonomy and additional Indigenous employment and training opportunities in regions where few culturally-aligned employment opportunities exist
- improved infrastructure (e.g. fencing, water points) aiding in drought-proofing and new pasture creation, ultimately leading to a sustainable increase in long-term livestock carrying capacity
- upgraded and expanded facilities that will provide for improved tourism visibility, community relevance and recognition, and long-term sustainability
- the provision of comprehensive information about fire activity across northern Australia will assist Indigenous groups to generate carbon-based income and improve their technical capacity, governance, regional cooperation and self-sufficiency, all contributing towards healthier Country
- a health and wellbeing hub that will improve services and access to family, youth, Elders and the local Indigenous community and, ultimately improved family, cultural and community connections and health and wellbeing outcomes
- a new clinic that will provide local treatment for Elders and important artists so they can stay on Country, ensuring cultural knowledge can be shared across all generations, and providing for local employment opportunities, so young people can return home if they wish to after completing medical studies
- a permanent administration and operations base that will ensure business continuity and enhance community partnerships, business growth, and development
- an extension to the savanna fire management method that will transform economic opportunities once established in the new region
- a purpose-built art and cultural facility that will transform ad hoc practices into an ethical, professional, locally-owned enterprise
- a peak body representing Indigenous people within the renewable energy sector that will realise significant generational-scale economic and social benefits by providing a voice; ensuring best practice governance and benefits sharing; addressing remote energy insecurity; and removing federal and state-level policy barriers for Indigenous people
- the acquisition of a culturally-significant lake which will enable control of water flow, improved environmental impact management, and expansion of community facilities for healing, and cultural strengthening activities.

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. The ILSC held multiple roundtables and face-to-face, on-Country sessions between May and August 2022 to inform the development of the new National Indigenous Land and Sea Strategy; see page 105 for more information. In addition to these consultation sessions, ILSC officers attended various events in 2022-23 (Table 19).

Table 19 Events attended by ILSC officers

Date	Forum/conference	Location
July 2022	Developing the North Conference – ILSC presentation on the <i>Our Country Our Future</i> program	Cairns, Qld
July 2022	Indigenous Environmental Research – North Australian Indigenous Land and Sea Management Alliance/Curtin University	Virtual
July 2022	ILSC/Australian National University – First Nations Meeting	Canberra, ACT
July 2022	Western Australian Social Enterprise Council – Social Enterprise World Forum	Perth, WA
July 2022	National Marine Safety Committee – formal meeting and workshop on Marine Order 504	Canberra, ACT
July 2022	Department of Agriculture, Fisheries and Forestry – Forward Strategy Meeting	Virtual
July 2022	Cooperative Research Centre for Developing Northern Australia – ILSC, Australian National University, Australian Bureau of Statistics, Department of Agriculture, Water and Environment	Virtual
August 2022	Central Land Council – Economic Development Forum	Alice Springs, NT
August 2022	Joint Opportunities – ILSC, Department of Climate Change, Energy, Environment and Water	Virtual
August 2022	CSIRO – Roundtable – Mapping the Indigenous Estate	Virtual
September 2022	Minister Plibersek – Roundtable – Nature and Productivity	Sydney, NSW
September 2022	Indigenous Agriculture Product Framework and Credential – Department of Agriculture, Fisheries and Forestry	Virtual
September 2022	Seed Nursery Industry Forum at Biliya Koort Boodja – Department of Primary Industries and Regional Development	Northam, WA
September 2022	Social Enterprise World Forum	Brisbane, Qld

October 2022	Queensland University of Technology – Roundtable – St George fish hatchery	Brisbane, Qld
October 2022	Minister Pilbersek – Roundtable – Biodiversity Market	Sydney, NSW
October 2022	Indigenous Agriculture Product Framework and Credential – Department of Agriculture, Fisheries and Forestry	Virtual
October 2022	United Nations Framework Convention on Climate Change Head of Delegation, Sally Box – Indigenous Roundtable – multiple agencies	Virtual
October 2022	Australian National University – First Nations Water Rights and Interests	Virtual
October 2022	9 th Australasian Emissions Reduction Summit – Closing Plenary Speaker Briefing – Pathways to 2035 and Beyond	Virtual
October 2022	Australian National University – Gandaywarra First Nations Innovation Hub Launch and Panel Session	Canberra, ACT
October 2022	Outback Academy Australia – Follow the Flowers Roundtable	Perth, WA
October 2022	National Marine Safety Committee – formal meeting and workshop on Marine Order 504	Adelaide, SA
October 2022	Fisheries Research and Development Corporation – forum on research priorities	Adelaide, SA
November 2022	Minister Pilbersek – Roundtable – First Nations Biodiversity	Virtual
November 2022	First Nations Clean Energy Network – Strategy Session	Melbourne, Vic
December 2022	National Indigenous Legal & Health Justice Conference	Hobart, Tas
December 2022	Real Jobs Program – forum	Darwin, NT
December 2022	Environmental Law Reform Roundtable - Department of Climate Change, Energy, the Environment and Water	Virtual
January 2023	Australia's North West Tourism Round Table – Kununurra Roundtable of Kimberley Flood crisis	Virtual
February 2023	Indigenous Land and Water Management Forum – National Indigenous Australians Agency	Virtual
February 2023	Australian National University – Murru waaruu (On Track) Seminar Series – Seminar 1	Canberra, ACT
February 2023	Department of Agriculture, Fisheries and Forestry – Indigenous Rangers Participation Workshop	Darwin, NT

February 2023	Savanna Fire Management Forum	Darwin, NT
March 2023	2023 Ocean Business Leaders' Summit – Panel Session 'No Fences'	Sydney, NSW
March 2023	Department of Climate Change, Energy, Environment and Water – Basin States and Territories Roundtable – Land and Water Opportunities	Sydney, NSW
March 2023	Gur A Baradharaw Kod Torres Strait Sea and Land Council – Directors Forum – ILSC presentation to the Torres Strait Prescribed Body Corporates	Saibai Island, Qld
March 2023	Science Meets Parliament 2023 – Speaker Session – First Nations Knowledge: Solving Complex Challenges	Brisbane, Qld
March 2023	First Nations Public Administration Conference (ILSC-sponsored) – Australia and New Zealand School of Government	Brisbane, Qld and virtual
March 2023	Responsible Investment Association Australasia – Taskforce – Nature-related Financial Disclosures	Virtual
March 2023	Shelter WA – Launch – Aboriginal Housing Partnership Prospectus	Perth, WA
March 2023	Central Land Council – 2023 Ranger Camp	Alice Springs, NT
March 2023	International Women's Day Event – Celebrating Aboriginal Women's Voices	Perth, WA
March 2023	World Indigenous Tourism Summit	Perth, WA
April 2023	South Australian Indigenous Land and Sea Ranger Conference	Adelaide, SA
April 2023	Australian National University – Murru waaruu (On Track) Seminar Series – Seminar 2	Canberra, ACT
April 2023	Department of Climate Change, Energy, Environment and Water – Roundtable – First Nations Land and Water Opportunities	Canberra, ACT
April 2023	Aboriginal Land Management Advisory Group – meeting	Darwin, NT
May 2023	Indigenous Protected Area Forum – National Indigenous Australians Agency and Department of Climate Change, Energy, the Environment and Water	Virtual
May 2023	100 Climate Conversations – Powerhouse Museum	Sydney, NSW

May 2023	Office of the Secretary, Treasury – First Nations	Canberra, ACT
May 2023	National First Nations Water Roundtable – a joint initiative of the Australian National University First Nations Portfolio, the Indigenous Land and Sea Corporation and the National Native Title Council.	Canberra, ACT
May 2023	Carbon Farming Industry Forum – Indigenous Carbon: Opportunities & ‘Right Way, Wrong Way Engagement’	Virtual
May 2023	Department of Climate Change, Energy, the Environment and Water – First Nations Consultations – National Climate Risk Assessment	Virtual
June 2023	Australian Institute of Aboriginal and Torres Strait Islander Studies – Summit (including ILSC National Indigenous Land and Sea Strategy 2023-28 Launch)	Perth, WA
June 2023	Department of Climate Change, Energy, the Environment and Water – Roundtable – Next phase of the Indigenous Protected Areas Program	Virtual
June 2023	International Water Conference – plenary presentation	Brisbane, Qld
June 2023	Indigenous Rangers Cross-Jurisdictional Working Group – National Indigenous Australians Agency Department of Climate Change, Energy, the Environment and Water	Virtual
June 2023	Delivering the Murray-Darling Basin Plan Workshop: First Nations - Department of Agriculture, Fisheries and Forestry	Virtual

Launch of the National Indigenous Land and Sea Strategy

In June 2023, the ILSC launched the new National Indigenous Land and Sea Strategy (NILSS) 2023-2028 at the 2023 Australian Institute of Aboriginal and Torres Strait Islander Studies Summit. The NILSS is the ILSC's primary policy document under the ATSI Act and will shape the organisation's strategic direction for the next five years as well as influence the ILSC's performance assessment, reporting and continuous improvement processes. Its launch was the culmination of four months of extensive consultation with Aboriginal and Torres Strait Islander people, much of it on Country, which took place from May to August 2022.

The primary purpose of the consultation process was to listen to people's ideas and aspirations for Country and to understand the role Indigenous people want the ILSC to play.

From 1 July 2022, the ILSC conducted an additional 17 meetings with 170 people, bringing the total to 44 sessions and 392 face-to-face participants for the entire consultation period. An additional 165 online surveys were received for a total of 258 responses across the whole consultation period, while 51 participants attended six roundtable sessions held in August focused on carbon, bushfoods, Caring for Country, renewables, water, and fisheries. Each session was attended by at least one senior member of the ILSC's staff. Supporting materials included a welcome brochure, seven sector factsheets, and 10 detailed discussion papers.

The NILSS is underpinned by three guiding principles – Caring for Country, Self-Determination and Partnership – and six strategic priorities – Returning Country, Managing Country, Sector Leadership, Meaningful Connection, Excellent Service and Cultural Leadership. These will guide the ILSC's actions for the next five years and ensure that the ILSC works with its Indigenous partners, and that its corporate structures are geared to better serving Indigenous people.

Each strategic priority includes a set of commitments that reflect the aspirations of Aboriginal and Torres Strait Islander people. Over 2023-24 the ILSC will be defining its actions against those commitments and re-aligning its governance, operations, performance, reporting, systems, processes and improvements so that they are all geared to the NILSS delivery.

An extensive public consultation report summarising the consultation process and feedback was released in February 2023 and is available at www.ilsc.gov.au along with the NILSS.

Measuring and evaluating performance at the ILSC

A requirement under the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), the ILSC's Annual Performance Statement is influenced by ongoing improvements to internal ILSC processes, systems and associated methods for performance monitoring, evaluation and reporting.

In recent years the ILSC has been maturing the way it measures its performance, transitioning away from counting and measuring our activities to an enhanced focus on the outcomes for Aboriginal and Torres Strait Islander people that result from these activities, and the ILSC's performance in maximising these outcomes.

In 2022-23, the ILSC continued its investment in the systems, processes and frameworks required to align, capture and report on the information needed to enable this transition.

A summary of these ongoing efforts along with underpinning concepts supporting our performance evaluation and reporting – Figure 1 and 2 – is provided in this section.

Performance measures and targets

The ILSC currently maintains a combination of qualitative and quantitative performance measures linked to its revised Performance Framework and Program Logic (Figure 1).

These reflect the extent to which our activities and investments have generated outcomes in partnership with Aboriginal and Torres Strait Islander people, and so the extent to which we have delivered against our 'pathways of change'.

Deliverables and KPIs

The 2022-23 Portfolio Budget Statements (PBS) continue the ILSC's commitment to achieving targets against three Deliverables and six Key Performance Indicators (KPIs) which collectively contribute to the ILSC's PBS outcome:

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.

Corporate Plan targets

The ILSC's Corporate Plan 2022-23 includes additional measures intended to provide extra information that complements the PBS measures (see Table 3). New targets have been identified for some of these measures in 2022-23, where noted.

Figure 1 The ILSC Program Logic



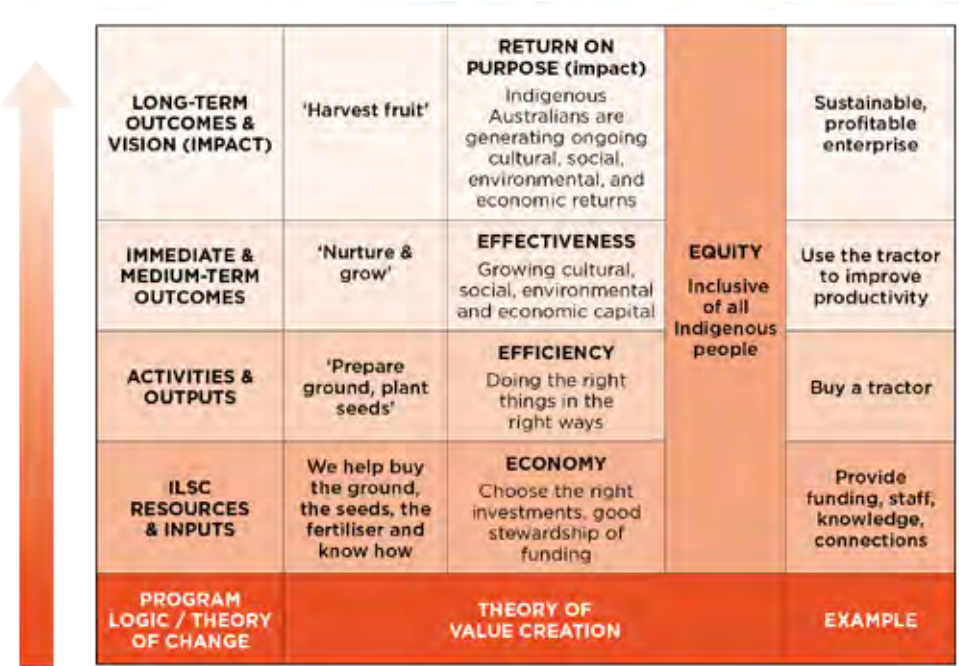
The Value for Money evaluation approach

Underpinned by the ILSC Program Logic (Figure 1), the ILSC’s Performance Framework builds upon the four outcomes/pathways of change and employs a Value for Money⁹ (VfM) evaluation methodology, which considers ILSC performance from the four perspectives of economy, efficiency, effectiveness and equity.

Through the ILSC’s Theory of Value Creation (Figure 2), the adoption of the VfM approach helps facilitate a richer insight into the value and performance of our activities at multiple scales and enables us to more confidently report and track the extent to which Indigenous people – through our programs – are generating and building economic, social, cultural and environmental capital and reaping outcomes.

In this way, the ILSC can more clearly understand how effectively we are generating significant positive change, and maximising return on our purposes and investment.

Figure 2 Theory of Value Creation



⁹ The ILSC’s Performance Framework is specifically based on the ‘Value for Investment’ approach, which is used globally to evaluate complex and hard-to-measure programs and policy reforms (King J (2019) Evaluation and Value for Money: Development of an approach using explicit evaluative reasoning. Doctoral dissertation. University of Melbourne).

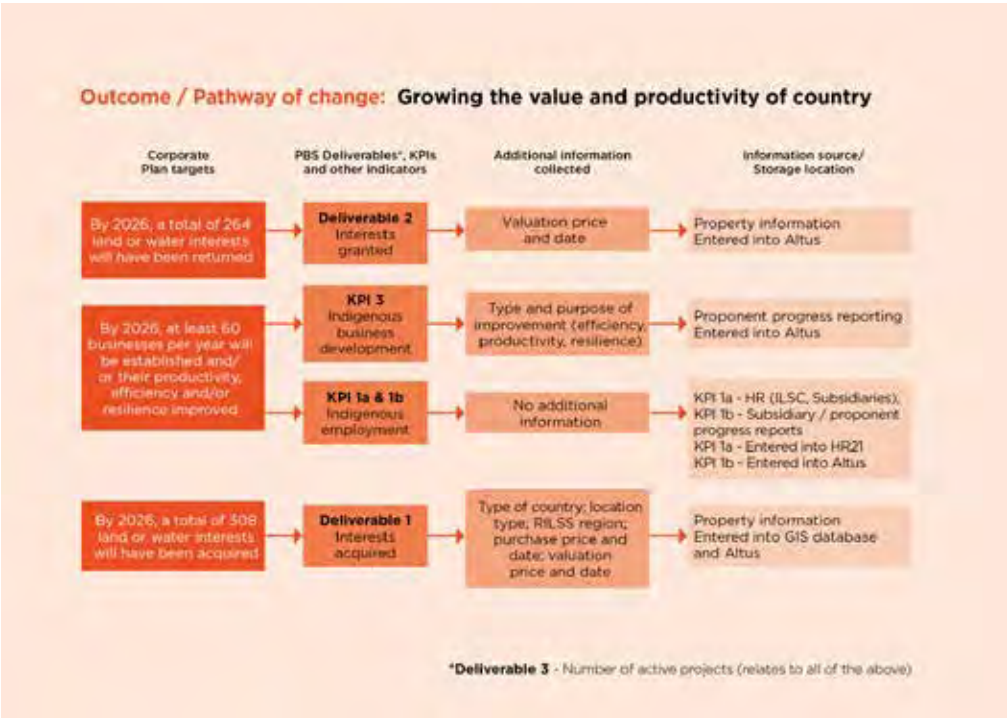
Data sources

To report performance against the ILSC’s performance measures, 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 2022-23. The ILSC draws on information from:

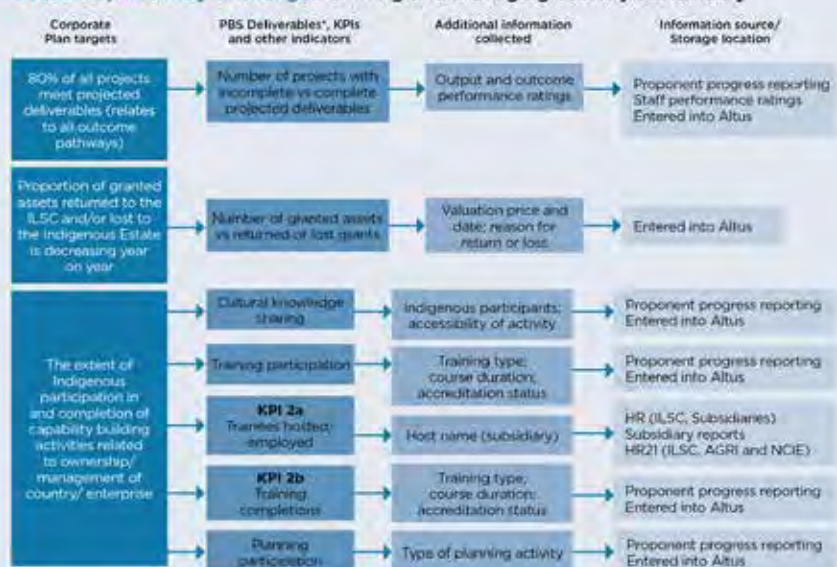
- corporate databases (human resources and training data from the ILSC Group)
- data supplied by ILSC subsidiaries (data on benefits achieved by subsidiary activities)
- progress reports provided by recipients of ILSC assistance (data on benefits achieved by funding recipients) and entered into Altus, the ILSC’s project management system
- rubric-based assessments conducted by project staff against Value for Money criteria (based on knowledge accumulated throughout the year and including progress reports and correspondence with proponents).

Where data is collected from external sources, every effort is made to verify the accuracy of the data as it is received; however, exactness cannot be guaranteed. In Figure 3 the ILSC’s Deliverables and KPIs have been mapped to the ILSC Program Logic where they represent a combination of progress and outcome indicators along the four ‘pathways of change’ or long-term outcomes.

Figure 3 Information sources and indicators for the ILSC targets, deliverables and KPIs

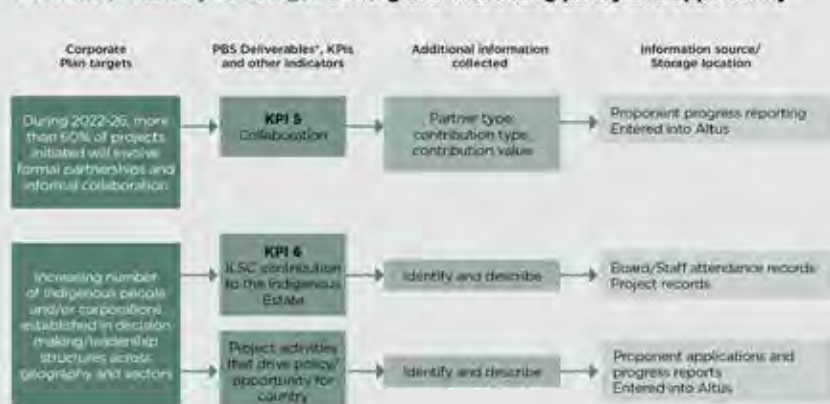


Outcome / Pathway of change: Owning and managing country sustainably

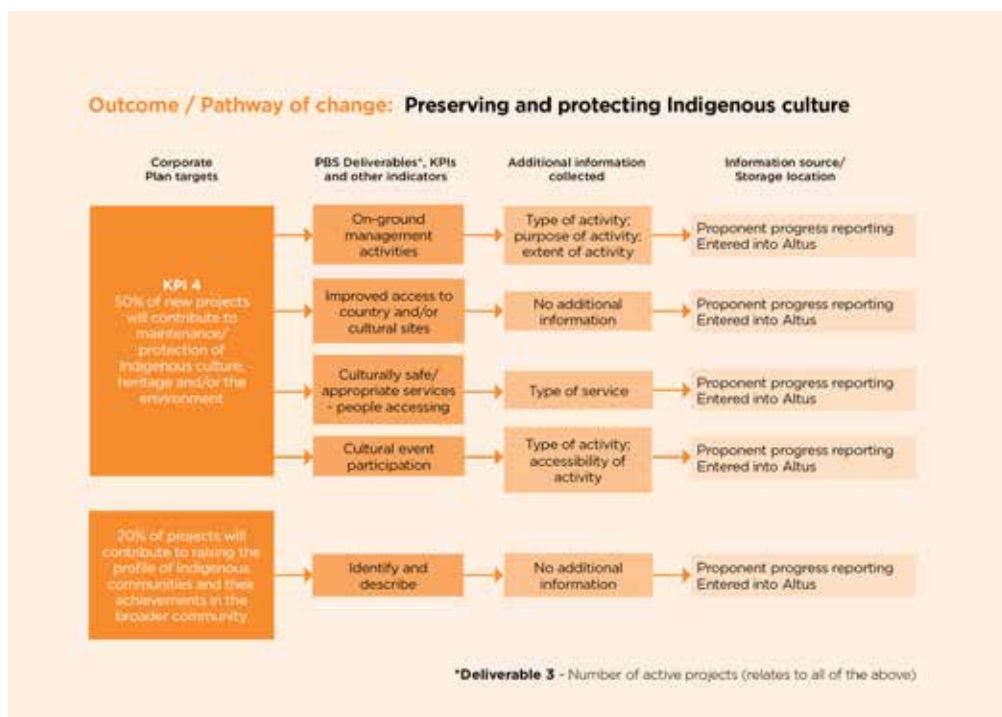


*Deliverable 3 - Number of active projects (relates to all of the above)

Outcome / Pathway of change: Driving and influencing policy and opportunity



*Deliverable 3 - Number of active projects (relates to all of the above)



Internal audit

The ILSC's Internal Audit program – conducted by KPMG for 2022-23 – includes an annual review of the process by which data for the Annual Performance Statement is extracted, analysed and reported. The scope of work includes:

- a review of the ILSC's requirements as described in the PBS and Corporate Plan, as required by both the ATSI Act and PGPA Act and in accordance with the Australian Government's Resource Management Guide 134 and the 'Enhanced Commonwealth Performance Framework'
- understanding the processes related to the reporting and calculating of the Annual Performance Statement measures, and considering the risks and controls at each stage of the process
- a review of the appropriateness of the current processes and controls used to develop the 2022-23 Annual Performance Statement
- consideration of opportunities for the introduction of better practice and process improvements.

Only data that has been systematically extracted and verified as 'in scope' by the internal audit program is used when reporting against our PBS targets and Value for Money results.

System change

In 2022-23, as part of the ongoing, broader Digital Transformation Program, the ILSC continued to improve the general functionality and user experience of Altus (previously called Sensei IQ), the project management system launched in 2020-21.

In the short- to medium-term, planned additional enhancements to Altus include:

- continued improvements to Altus functionality and user experience
- extension across other ILSC business units for improved management of corporate projects
- more active portfolio management, including consistent, transparent and more effective performance reporting across the ILSC.

Detailed requirements for these enhancements are currently being developed.

Looking ahead

In 2023-24 the ILSC will continue to improve and extend the ILSC's Performance Framework, progressing towards a whole of organisation performance framework.

This includes:

- reviewing and amending current external-facing performance assessment processes in response to Indigenous input collected through the National Indigenous Land and Sea Strategy consultation process
- developing an Indigenous Evaluation Framework and priority evaluation program aligned with the Productivity Commission's Indigenous Evaluation Strategy
- launch of two new funded programs – the *OCOF Evaluation Fund*, designed to facilitate Indigenous-led evaluations of projects funded through *Our Country Our Future* program; and the Disaster Recovery Quick Response Grants, an ongoing funding program for Indigenous corporations directly affected by a declared natural disaster.
- developing a consistent approach to measurement across all ILSC business units to complement the ILSC's overall performance story
- continuing to implement continuous improvement activities to improve staff practices, system features, and reporting processes.

Part Three: ILSC Group Subsidiaries

ILSC Group at 30 June 2023

ILSC Group at 30 June 2023			
Indigenous Land and Sea Corporation			
Head office: Adelaide, SA			
ABN 59 912 679 254			

Voyages Indigenous Tourism Australia Pty Ltd	Primary Partners Pty Ltd	National Centre of Indigenous Excellence Ltd	ILSC Employment Pty Ltd
ABN 82 146 482 59	ABN 28 108 266 548	ABN 98 133 644 578	ABN 67 668 482 639
Head office: Sydney, NSW	Head office: Adelaide, SA	Head Office: Redfern, NSW	Head Office: Adelaide, SA
Anangu Communities Foundation	CEO: Joe Morrison	CEO: Jasmine Ryan	CEO: Joe Morrison
ABN 63 494 833 077			
Head Office: Sydney, NSW			
CEO: Matthew Cameron-Smith			

The ILSC’s wholly owned subsidiaries are established to assist the ILSC to deliver on its purposes of assisting Aboriginal and Torres Strait Islander people to generate social, environmental, cultural and economic capital. 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 held by the ILSC Group or leased from Indigenous owners.

Part Three includes detailed 2022-23 reports for each subsidiary. Additional subsidiary information – including on governance, Work Health and Safety, employee arrangements, and performance – are addressed in other parts of the report.

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.

Voyages also operates one other tourism enterprise developed by the ILSC on ILSC-held land: Mossman Gorge Cultural Centre, a cultural tourism centre situated on Kuku Yalanji land 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 founder and 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.

Results in 2022-23

Business performance

Ayers Rock Resort exhibited a significant year on year turnaround as domestic travel rebounded strongly. However, this was ultimately moderated by the frequency, availability and cost of airline access into Yulara.

In 2022-23, Voyages' operations generated an Earnings Before Interest, Taxation, Depreciation and Amortisation (EBITDA) of \$29 million, being \$36.4 million up from the loss of \$7.4 million in 2021-22.

The reported EBITDA in 2022-23 also includes \$6 million in expenses associated with Voyages' Indigenous employment and training programs, and related contributions of \$1.8 million from the ILSC; \$0.2 million from the Real Jobs Program (via the ILSC); \$3.2 million from the National Indigenous Australians Agency; and \$0.7 million from the NT Government.

Ayers Rock Resort

Ayers Rock Resort recorded average hotel occupancy of 69 per cent for 2022-23, up from 34 per cent in the previous year, as the Resort continued to recover following the COVID-19 pandemic. Average room rate increased significantly to \$335 per night, up from \$293 per night in 2021-22.

Key activities and highlights for 2022-23 included:

- the launch of Wintjiri Wiru, a cultural tourism experience where the ancient Anangu Mala story is brought to life through drones, lights and traditional music; this product has been characterised by joint Indigenous community consultation in its creation, and is infused with Indigenous flavours through the food, beverage and amenity offering
- the major refurbishment of 125 hotel rooms and some public amenities, and repositioning of the Outback Hotel & Lodge to significantly strengthen the product

- lobbying airline and government in response to constantly changing airline schedules – these created challenges for guest travel planning, particularly with the seasonal suspension of the Brisbane route
- significant investment in the underlying infrastructure throughout the township to ensure it is future proofed
- rebuilding a comprehensive, well trained and established workforce in an ongoing challenging labour market.

Debt facilities

Voyages has a bank loan facility with ANZ that matures on 1 July 2025. The loan is secured by a mortgage over the Ayers Rock Resort property, an equitable mortgage over shares in Voyages and a parent company guarantee from the ILSC.

As at 30 June 2023, the total loan facility with ANZ of \$112.5 million had been fully drawn, with an outstanding balance of \$110.5 million as the quarterly instalment repayments commenced from June 2023.

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 Voyages and a parent company 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. Principal repayments commenced from June 2023.

Mossman Gorge Cultural Centre

Mossman Gorge Cultural Centre welcomed 309,368 visitors in 2022-23, a significant 35 per cent increase from the previous year. EBITDA for the Mossman Gorge Cultural Centre (not including Indigenous employment and training programs) was \$1.9 million.

Mossman Gorge Cultural Centre was month-on-month having their most successful year on record with visitor numbers, revenues and profitability.

Indigenous employment and training

See the Annual Performance Statement (page 20) for more information.

Indigenous engagement (Ayers Rock Resort)

Voyages has enhanced its commitment to engagement with communities regionally by facilitating, participating in, or partnering on a range of activities such as community clean-ups, functions both in community and at Ayers Rock Resort (Mutitjulu Picnic Day and Christmas events), as well as hosting/funding NAIDOC week events to celebrate great community members and enhance regional connections.

A working group was formed comprised of 10 Senior Elders from Muṭitjulu and Docker River to advise and guide the process for Wintjiri Wiru, the Resort's new guest experience. The consultation process set a new national standard for engagement in sharing cultural heritage/storytelling and Indigenous Cultural and Intellectual Property protocols. This group will form the basis of a new cultural advisory body to Voyages.

The Indigenous Engagement Team partnered with key regional organisations such as Empowered Communities to deliver on 'The Story of Work' – about valuing the lived experience of young Anangu workers – hosting a workshop in Yulara and Patji homeland in August 2022. Voyages has also supported the upskilling of our teams through hosting three, two-day Pitjantjatjara language classes and sending team members to the two-week advanced Pitjantjatjara language course at the University of South Australia. This continues to enhance Voyages' ability to engage in meaningful ways that assist in remaining connected with community-based aspirations and projects ensuring it is supporting local and regional Anangu priorities.

The Real Jobs Program continued its support for six Anangu participants (as of 30 June 2023) to engage in meaningful work and skills development through employment at Ayers Rock Resort. Throughout the year, a further three Anangu participants transitioned into full time work.

Other developing programs delivered over the year are outlined below.

Education Pathways Program

The Education Pathways Program works closely with local and regional partners across the Ngaanyatjarra Pitjantjatjara Yankunytjatjara (NPY) lands and Central Australia regions, to support stronger education and career pathways opportunities for students. This year it was expanded to provide work experience opportunities in kitchens, housekeeping, food and beverage, reception, barista training, horticulture and laundry for primary and high school students from NPY lands, Central Australia, and the Tiwi Islands. An information session on the National Indigenous Training Academy was also conducted.

The education pathways programs engaged with over 200 students from 22 schools throughout 2022-23, both at Ayers Rock Resort or delivering accredited training in hospitality and horticulture in community.

Continuous feedback is sought to enhance the design of the program, increase engagement and provide opportunities to enter employment.

Employment Pathways Program

In partnership with community-based stakeholders, based on the needs and strengths of each community, the Employment Pathways Program offers flexible employment pathways activities, including:

- information sessions to Community Development Program (CDP) providers about working at Ayers Rock Resort
- adult training support activities with CDP and Job Network Providers
- site visits and work experience activities at Ayers Rock Resort
- mapping support, with interested job seekers.

The program was expanded in 2022-23, engaging with two new CDPs in the Ngaanyatjarra Lands in WA. Voyages also worked with existing CDPs to design 'skills development' training with activities.

Wellbeing Program

Voyages Wellbeing Program is embedded within the organisation offering a range of services and functions, including:

- hosting culture and language education courses to enhance cultural safety
- partnering with regional health services Headspace and Central Australian Aboriginal Congress to provide comprehensive remote mental health strategies, including alcohol and other drug, and mental health education workshops
- providing a robust counselling service (over 700 counselling sessions for 2022-23) underpinned by the National Strategic Framework for Aboriginal and Torres Strait Islander Peoples' Mental Health and Social and Emotional Wellbeing
- partnering with internal and external stakeholders to deliver large-scale community connection activities such as inter-community football matches to promote healthy lifestyle choices
- hosting multiple small-scale, community-identified activities that engage a broad range of participants to promote community connection in remote environments
- initiating multiple collaborative forums, engaging regional social and emotional wellbeing service providers to improve coordination and capacity of providers to respond to issues such as domestic violence, sexual assault, and alcohol and other drug abuse
- opportunities for Anangu to share culture, such as hosting the Iwiri Choir – with a positive and powerful focus on cultural reclamation through Inma performance and song this event provided a rare coming together of community from all over the tri-state NPY region.

The Wellbeing team also continue to support our National Indigenous Training Academy trainees (partnering with specialist psychologists from Max Employment) from initial recruitment, through to transition into full time employment by offering culturally-safe strategies that enhance their cultural, physical, social and emotional wellbeing.

Anangu Communities Foundation

The Anangu Communities Foundation is an established regional partner for Anangu communities, providing support for their projects and a focus on fundraising to strengthen assets and enable the funding of more initiatives. By fostering a strengths-based approach that acknowledges the self-determination and leadership of the community, the Foundation not only aims to improve the wellbeing of Anangu through enhanced education, improved health, and increased social, cultural, and economic participation, but also empowers the community to lead their own initiatives, leveraging their inherent strength and resilience.

The Foundation has maintained a focus on awarding funding to projects in 2022-23 to support Anangu communities and initiatives, funding six projects totalling \$271,851. This included support for a two-year project with Nyangatjatjara College to strengthen education outcomes and employment capability for Anangu young people, Maruku Arts Interim Executive Management support, IT equipment for Mutitjulu Primary School, and Mentoring and Exposure Programs for Anangu youth.

The closing balance of net assets at 30 June 2023 was \$994,872 (compared to \$847,214 at 30 June 2022). Annual revenue for 2022-23 was \$477,539, representing a \$245,037 increase from the previous year (\$232,502). Voyages continued to match guest and staff donations to the Foundation, dollar for dollar. The total matching donations reached \$125,917 in 2022-23.

Looking forward

The Australian Bureau of Statistics released the March quarter 2023 tourism labour force statistics in June 2023. These showed that growth in tourism and hospitality jobs (filled) was consistent with strong domestic tourism demand and the consistent (but slow) recovery from international. During this quarter there were 727,200 filled tourism jobs, 43,700 (6 per cent) more than the December quarter 2022 and 177,200 (32 per cent) more than in March 2022. This is the highest number since March 2020 (the start of the COVID-19 pandemic).

Additionally, Tourism Research Australia's (TRA) *International Visitor Survey* indicates the continued recovery of international visitation with March 2022-23 data showing:

- 4.6 million trips to Australia (58 per cent of March 2020 levels)
- \$28.8 billion in total trip spend (69 per cent of March 2020 levels).

Key to further recovery for Ayers Rock Resort is access. The aviation market remains challenged, and the resort is currently experiencing 53 per cent of pre-COVID-19 aviation capacity. We have been actively lobbying airlines and governments to better secure stable and frequent air access from major capital cities. While discussions with all carriers continue, key to growth will be competitive tension created by more carriers entering the Connellan (Ayers Rock) Airport market.

The previous skills and labour challenges for both Mossman Gorge and Ayers Rock Resort have subsided with the Pacific Labour Scheme and general recruitment activities providing sufficient intake for current demand levels.

The Japan market is also key to growth and recent TRA reports indicate that Uluru is now the fastest growing (unpromoted) desired destination from this key source market. Trade partners believe visitation should start to increase consistently from October 2023. Prior to the COVID-19 pandemic, Japan accounted for 15 per cent of the entire Uluru visitation.

Primary Partners Pty Ltd

Primary Partners is a wholly owned subsidiary of the ILSC and is responsible for overseeing the ILSC Group's interest in the agribusiness sector. This includes Primary Partners-held and ILSC-held properties.

At the start of 2022-23, Primary Partners oversaw seven commercial agribusiness operations on Indigenous-held land (either ILSC-held or leased from Indigenous landholders). By 30 June 2023, the ILSC Group had reduced its operational footprint to five agribusiness properties (Table 20).

Table 20 ILSC Group's agribusiness portfolio as at 30 June 2023

Property	Areas in hectares	Status at 30 June 2023	Livestock numbers at 30 June 2023
Queensland			
Crocodile/Welcome, via Laura	124,800	ILSC-held, managed by New Harvest	5,620 (cattle)
Meripah, via Coen	186,000	ILSC-held, no employees	1,311 (cattle)
Western Australia			
Roebuck Export Depot	100	Primary Partners-held and staffed	n/a
Northern Territory			
Gunbalanya Station	80,000	ILSC-held, staff shifting to ILSC Employment Pty Ltd 1 July 2023	1,373 (cattle)
Gunbalanya Meats	n/a	ILSC-held, staff shifting to ILSC Employment Pty Ltd 1 July 2023	n/a

The ILSC Group is continuing to wind down its agribusiness portfolio in line with the 2021 ILSC Board's determination to transition from owner-operator of businesses to instead focus on its core functions of land and water acquisition and management.

During the year, the following agribusiness transitions were completed: Murrayfield (Tas) to weetaapoon Aboriginal Corporation; Bulimba (Qld) to Uwoykand Corporation; and Crocodile/Welcome (Qld) to the ILSC. Discussions are ongoing with relevant stakeholders regarding the transitioning of the ILSC Group's remaining agribusinesses.

Primary Partners also serves as an employment vehicle for the ILSC's agribusinesses and Indigenous-held pastoral assets (see Part Five for employee arrangements). Consistent with the wind down of its agribusiness activities, Primary Partners staff that work on ILSC-held properties were transferred to a new ILSC subsidiary, ILSC Employment Pty Ltd, on 1 July 2023.

Results in 2022-23

Operations

Much of northern Australia received above average rainfall, with small pockets recording their highest wet season rainfall on record. These conditions delayed mustering at Roebuck Export Depot and Gunbalanya Station where floodplains remained higher than usual for longer. Mustering is planned for mid-August 2023 at Gunbalanya.

The only southern property in the portfolio – Murrayfield (Tas), which was divested during the year – had good rainfall, setting it up for a good season after the previous year's good rainfall.

The COVID-19 pandemic had no impact on the agribusinesses during 2022-23.

Indigenous employment and training

See the Annual Performance Statement (page 20) for more information.

Business performance

At 30 June 2023, the ILSC Group's agribusiness properties carried 8,304 head of beef cattle (Table 20). Consistent with the focus on reducing the portfolio size, during 2022-23 the number of livestock held decreased by 67 per cent or 16,874 head; the total livestock portfolio value decreased by 64 per cent or \$10.4 million, to close at \$5.8 million.

The gross trading profit for all livestock was \$1.4 million for the year ending 30 June 2023. Within the agribusiness portfolio, the export depot and meatworks contributed net income of \$1.7 million and \$0.4 million respectively.

The agribusiness portfolio generated a total income of \$6.9 million and total operating expenses of \$11.1 million. Agribusiness operations contributed a loss of \$(4.3) million to ILSC's earnings before tax, interest and depreciation in 2022-23.

Looking forward

Primary Partners continues to work with Traditional Owners to transition Roebuck Export Depot, the last of its operations. It is anticipated that this may be completed during the 2023-24 year.

For the rest of its agribusiness portfolio, the ILSC remains committed to working with Indigenous landowners to achieve the best outcome for them as it continues its agribusiness exit. Through engagement with Traditional Owners, the ILSC will support Indigenous landowners in exploring the best options for the future use of their land, whether it be operating the business themselves, entering into lease agreements, or other business arrangements. The ILSC will also support Indigenous landowners with business planning and capability development where required.

ILSC Employment Pty Ltd

ILSC Employment Pty Ltd is a new ILSC subsidiary that was established on 2 June 2023 to take over the labour hire operations from Primary Partners. From 1 July 2023, former Primary Partners staff were transferred to ILSC Employment to work on ILSC operations at Gunbalanya Station, Gunbalanya Meats, Banka Banka and Jumbun Farm.

National Centre of Indigenous Excellence Ltd

The National Centre of Indigenous Excellence (NCIE) Ltd is a not-for-profit social enterprise which aims to build capability and create opportunities for Aboriginal and Torres Strait Islander peoples and the local community to positively impact health and wellbeing. NCIE Ltd was established to operate the site developed by the ILSC at 180 George Street Redfern (the former Redfern Public School). The land and historic buildings were purchased from the NSW Government in 2006. The redeveloped centre opened in 2010 and encompassed a fitness and aquatics centre – including an outdoor sports field, basketball stadium, indoor and outdoor training areas, and undercover pool – and accommodation and conferencing facilities, and corporate and tenant offices.

180 George Street Redfern was transferred to Indigenous control on 30 June 2022, following almost two years of engagement with the New South Wales Aboriginal Land Council.

Today the Fitness and Aquatics Centre remains the primary operational focus of NCIE Ltd. The strategies for achieving the objectives for the 2022-23 period, have been focused on stabilising the Fitness & Aquatics Centre post-property divestment. Activity has centred around operational efficiency and organisational structure, including strengthening the appointment of leaders across Finance, Human Resources and Safety areas.

The NCIE supports the ILSC to achieve outcomes by delivering the Young, Fit and Deadly school holiday programs; and operating the Fitness and Aquatics Centre. These services have been underpinned by delivering long-term improvements to Aboriginal and Torres Strait Islander health and wellbeing.

The NCIE recognises that connection to culture and strong cultural identity is fundamental to achieving improvements in Aboriginal and Torres Strait Islander wellbeing. Culture overarches and underpins everything the NCIE does, contributing to protection of Indigenous cultures and heritage. This is achieved through a strengths-based approach and strong community partnerships to deliver outcomes.

Results in 2022-23

NCIE services

NCIE Ltd delivered Fitness & Aquatics services – includes café, retail, conference room, playing-field and facilities hire – from the 180 George Street Redfern site in the 2022-23 year.

- Operational performance was affected by the COVID-19 pandemic impacts lasting into 2021-22 and the June 2022 divestment announcement. These events led to a reduction in revenue with the cancellation of memberships and other income streams.
- 2022-23 saw NCIE reshape and rebuild, with services now concentrated to the Fitness and Aquatics Centre and the playing-field.

The ILSC's Corporate Services functions have continued to provide NCIE with support in finance, Work Health and Safety, information and communications technology, governance, and risk management.

Business performance

The NCIE is a not-for-profit social enterprise.

In 2022-23, its own-source income (before grant funding from the ILSC) was \$1.6 million (2021-22: \$2.6 million), including revenue from Fitness and Aquatics, and grants and sponsorships from third parties to run programs.

The NCIE generated a deficit of \$1.9 million in 2022-23 (2021-22: profit \$1.3 million).

Before financial support from the ILSC of \$1.9 million (2021-22: \$4.2 million), the result was a deficit of \$3.8 million (2021-22: deficit \$5.5 million).

Indigenous employment and training

See the Annual Performance Statement (page 20) for more information.

Engagement and social impact

Service changes associated with divestment planning both reduced outputs in terms of service offerings and generated substantial key personnel movements. These changes have limited the availability of detailed NCIE performance reports for inclusion in this report.

Key NCIE programs, initiatives and collaborations during 2022-23 included:

- restructure of the organisation, stabilising operations and hiring new employees
- obtaining funding through a NIB partnership for the Young, Fit and Deadly program
- establishing school holiday and swim-intensive programs.

Key metrics have been provided by the NCIE using established data recording, management and reporting processes and these have been included in Part Two. Detailed, qualitative and descriptive reports of performance have not been included in this report as they are not able to be adequately validated due to key staff turnover. Consistent with the guidelines in relation to the preparation of

Commonwealth entity Annual Reports¹⁰, the ILSC has assessed the impact of not including this material in its Annual Performance Statement and Annual Report. On the basis that key metrics contributing to Portfolio Budget Statement targets have been provided and assured, the ILSC has concluded that this information's exclusion, while representing reduced completeness in describing the local NCIE impact, is not material in relation to its overall performance reporting for the 2022-23 period.

Looking forward

2022-23 focused on the stabilisation of the Fitness & Aquatics Centre services and employees post-divestment.

At 30 June 2023, the future of NCIE's operational arrangements remain unresolved as the ILSC continues to underwrite NCIE operations and provide some supporting corporate services. An expression of interest process is currently underway to source a suitable community-based custodian for NCIE.

NCIE continues to work towards achieving its mission and values. A new CEO – commencing in late August 2023 – will be responsible for setting the NCIE's future direction with a focus on growing revenue streams, building partnerships, and obtaining funding to grow programs and opportunities. Their aim will be to promote the health, wellbeing and education of the local community while supporting the achievement of the ILSC's key performance indicators.

¹⁰ See Resource Management Guideline 136 on the Australian Department of Finance website www.finance.gov.au

Part Four: Governance

ILSC overview (excluding subsidiaries)

ILSC BOARD

BOARD COMMITTEES

Audit and Risk

Remuneration and Nomination

National Indigenous Land and Sea Strategy

ILSC GROUP CHIEF EXECUTIVE OFFICER

ILSC Executive Management Team

NATIONAL OPERATIONAL UNITS	NATIONAL SUPPORT UNITS
<p>Program Delivery including:</p> <p>Central Divisional Office (SA, NT, Vic, Tas) Adelaide, SA</p> <p>Eastern Divisional Office (Qld, NSW) Brisbane, Qld</p> <p>Western Divisional Office (WA) Perth, WA</p> <p>ILSC Agribusiness</p> <p>Carbon and Environment</p> <p>Strategic Divestment</p>	<p>Office of the CEO including Governance and Prescribed Body Corporate administration</p> <p>Policy, Strategy and Performance including Engagement, Communications and Media</p> <p>Corporate including Finance, Information Communication and Technology, and People and Capability</p> <p>Legal, Risk and Assurance</p>

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 its 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

While the ILSC's operations are primarily funded by the Aboriginal and Torres Strait Islander Land and Sea Future Fund (Part Six), 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 2022-23 the ILSC had one responsible Minister:

- The Hon Linda Burney, 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

The 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 of Directors.

The Executive Management Team is required to provide an Annual Declaration of Interest. In 2022–23, the ILSC has reported a series of transactions with thirteen 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 the ILSC's related party disclosure for 2022–23.

ILSC Board of Directors

The seven-member Board is the ILSC's primary decision-making body (Table 21). Five members including the Chair must be Indigenous Australians with all Directors appointed by the Minister for Indigenous Australians.

Table 21 ILSC Board of Directors 2022–23

Director	Appointed from	Appointed to*
Mr Roy Ah-See	16 Mar 2019	31 Mar 2025
Mr Ian Hamm, Chair	1 Dec 2021	30 Nov 2024
Ms Claire Filson, Deputy Chair	6 Aug 2021	5 Aug 2024
Ms Kate Healy	28 Oct 2021	27 Oct 2024
Mr Nigel Browne	28 Oct 2021	27 Oct 2024
Ms Gail Reynolds-Adamson	4 Jan 2022	3 Jan 2025
Ms Kristy Masella	16 Mar 2022	15 Mar 2025

* Under the ATSI Act, ILSC Directors automatically continue to hold office until a new appointment is made by the responsible Minister.

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

Key objectives of the Board include:

- achieving the ILSC purpose as 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 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 following are short biographies of the seven current ILSC Directors. All are non-executive Directors, and all except Directors Filson and Healy are Indigenous Australians.

Mr Ian Hamm, ILSC Chair

Ian Hamm is a Yorta Yorta man from Shepparton in central Victoria.

Ian has overseen major policy and strategic reforms for government and community organisations, including his work with the Australian Government (Office of Aboriginal and Torres Strait Islander Health), and the Victorian Government (Department of Justice, Department of Planning and Community Development, and the Department of Economic Development, Jobs, Transport and Resources).

He works with people from a vast array of backgrounds, managing complex and sensitive relationships to achieve mutually beneficial outcomes. Ian is now devoting himself to improving the representation of Aboriginal people on boards and other high-level governance, through strategic action, advocacy and mentoring.

Ian is Chair of the First Nations Foundation and Koori Heritage Trust, and President of the Community Broadcasting Foundation. He is also a Director on the board of The Healing Foundation, Yarra Valley Water, Inclusive Australia, and the Australian Institute of Company Directors, and a sessional panel member on the Australian Financial Complaints Authority and Planning Panels Victoria.

Ms Claire Filson, ILSC Deputy Chair

Claire Filson is an experienced non-executive director with more than 20 years' experience on state and federal government boards and in superannuation and infrastructure businesses.

Chairing audit, risk, finance, and remuneration committees, Claire has extensive experience in financial services, superannuation, insurance, funds management, infrastructure and property including ports, roads, rail and utilities. Her knowledge and skills include corporate legal advice, strategic risk management, compliance, and governance.

Claire currently sits on the board of Greater Western Water in Victoria, and is an Independent Director of Redundancy Payment Central Fund Limited (Incolink), and Deputy Chair of the Port of Hastings Corporation and the Portable Long Service Benefits Authority. She is also Chair and Independent Member of the City of Kingston Audit and Risk Committee.

Mr Roy Ah-See

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

Roy was elected to the NSW Aboriginal Land Council in 2007 and was Chair 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, Roy was selected to be a member of the Prime Minister's Indigenous Advisory Council and chosen to be a member of the Advisory Committee for the Australian Law Reform Commission's inquiry into the incarceration rate 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-controlled organisations.

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

Mr Nigel Browne

Nigel Browne is a descendant of the Larrakia and Wulna peoples. His traditional Country encompasses the lands and waters of the Greater Darwin Region; Darwin and Bynoe Harbours; Shoal, Adam and Chambers Bays; Cox Peninsula; Vernon Islands; Adelaide and Mary Rivers; Acacia; Cape Hotham; Fogg Dam; Humpty Doo and Koolpinyah Stations; and Djukbinj National Park.

He is the CEO of the Larrakia Development Corporation, previously serving as a Director from 2005 and Chair from 2010-13. Nigel studied at Northern Territory University where he graduated with a Bachelor of Laws in 2001. Other professional roles include Crown Prosecutor (Office of the Director of Public Prosecutions NT), Aboriginal Lands (Strong Futures NT), and Policy Adviser (Chief Minister's Office).

Nigel is a Director at The Healing Foundation, Aboriginal Area Protection Authority (NT), AFL Northern Territory, Menzies School of Health Research, and the National Centre for Indigenous Excellence amongst various other appointments.

He has served as a North-West Mobile Force Patrolman (Australian Army Reserve) and as a Legal Officer (Royal Australian Naval Reserve).

In 2011 Nigel was announced as the National Indigenous Legal Professional of the Year in recognition of his advocacy, representation, and contribution to Larrakia and Aboriginal communities. He is also a member of the Australian Institute of Company Directors.

Ms Kathryn (Kate) Healy

Kate Healy brings a decade of experience working in the field of First Nations economic development in Australia and New Zealand. After spending 15 years as a commercial lawyer, Kate gained on-the-ground operational experience working with Ngāti Whātua Orākei, an Auckland-based Maori corporation as their Chief Operating Officer. She has also had many years' experience as a Director for a range of organisations, included a listed company and various not-for-profit organisations.

Kate joined PwC Indigenous Consulting, a majority-Indigenous owned business in 2019 and leads their Economic Development practice nationally. In this role, she brings her skills, strategic approach and broad-based knowledge to a wide range of projects that focus on achieving greater prosperity for Aboriginal people and Torres Strait Islanders. A non-Indigenous ally, Kate is motivated to work with and for Aboriginal and Torres Strait Islander peoples as they realise greater self-determination. She believes that strong First Nations economies are intimately connected with improvements in the social and emotional wellbeing of Australia's First Peoples, and recognises the key role that the ILSC plays in this regard.

Ms Lynette (Gail) Reynolds-Adamson

Gail Reynolds-Adamson is a descendant of the Wadjuri peoples on the eastern border of the Nyungar Nation (Esperance) and of the Mirning People ('Whale people') – her mother's Country – which stretches along the south coast of WA to the SA border.

Gail is Chair of the Esperance Tjaltjraak Native Title Aboriginal Corporation, a position she has held since the Corporation's establishment in 2015.

She is also Chair of South East Aboriginal Health Service; Horizon Power and Indigenous Land and Sea Council board member; and member of the South-west Marine Parks Advisory Committee and the First Nations Landcare Working Group.

Gail was a previous board member of Indigenous Business Australia and a Chair of Goldfields Esperance Development Commission.

She also runs her own business, a specialist training and consultancy company that works with government, corporates, and mining companies such as Rio Tinto and Woodside to engage with and work with First Nations people.

Ms Kristy Masella

Kristy Masella is a Murri, South Sea Islander from Rockhampton, Darumbal Country in central Queensland who has dedicated her life to the empowerment of Aboriginal and Torres Strait Islander communities.

Kristy brings more than 30 years' experience working in Aboriginal affairs across multiple jurisdictions to assist Indigenous Australians realise the economic, social, cultural and environmental benefits of their land, sea and water Country.

Kristy is currently Managing Director of the Aboriginal Employment Strategy, a national Aboriginal recruitment and group training company that drives empowerment through brokering employment opportunities for Indigenous Australians and supporting candidates to have successful careers. Previously, she was the head of Social Justice for Aboriginal Affairs NSW and led a major review of the NSW Aboriginal Land Rights Act 1983.

Kristy studied journalism at the University of Queensland and holds a Master of Human Rights Law and Policy at the University of New South Wales specialising in Indigenous Rights.

Kristy is the Chair of Tranby National Indigenous Adult Education and Training; Director and Treasurer of Wunanbiri Preschool Incorporated; and a member of the Redfern Aboriginal Community Alliance.

Board meetings

There were 11 Board meetings held in 2022-23. Directors' attendance is outlined in Table 22.

Table 22 ILSC Board Meetings 2022-23

Meeting No.	Date	Location	Attendees	Apology/ Approved Leave of Absence
291*#	29 Jun 2022	Teams	Ah-See, Healy, Hamm, Reynolds-Adamson	Filson, Browne, Masella
292*	22 Jul 2022	Teams	Ah-See, Healy, Browne, Hamm, Reynolds-Adamson and Masella	Filson
293*	3 Aug 2022	Teams	Ah-See, Healy, Browne, Hamm and Reynolds-Adamson	Filson, Masella
294*	7 Aug 2022	Teams	Ah-See, Filson, Healy, Browne, Hamm and Reynolds-Adamson	Masella
295	17 Aug 2022	Brisbane	Ah-See, Filson, Healy, Browne, Hamm, Reynolds-Adamson and Masella	
296	16 Sept 2022	Teams	Ah-See, Filson, Healy, Browne, Hamm and Reynolds-Adamson	Masella
297	19 Oct 2022	Adelaide	Filson, Healy, Browne, Hamm, Reynolds-Adamson and Masella	Ah-See
298	7 Dec 2022	Teams	Ah-See, Filson, Healy, Browne, Hamm, Reynolds-Adamson and Masella	
299	15 Feb 2023	Teams	Ah-See, Filson, Healy, Browne, Hamm and Reynolds-Adamson	Masella
300*	9 Mar 2023	Adelaide	Ah-See, Filson, Healy, Browne, Hamm, Reynolds-Adamson and Masella	
301	13 Apr 2023	Perth	Ah-See, Filson, Healy, Browne, Hamm, Reynolds-Adamson and Masella	
302	14 Jun 2023	Tasmania	Ah-See, Filson, Healy, Hamm and Masella	Browne and Reynolds-Adamson

* Out of session meeting; # Meeting 291 was overlooked in the 2021-22 ILSC Annual Report and is reported in 2022-23 for completeness

Board committees

Three Board committees operated in 2022-23.

Remuneration and Nomination Committee

The Remuneration and Nomination Committee assists the Board to select and monitor the performance of the ILSC Group CEO; consider and make recommendations about appointments to Board committees and subsidiary boards; and oversees and makes recommendations on ILSC group-wide remuneration policy.

Committee members during 2022-23 were Mr Ian Hamm (ILSC Chair), Ms Claire Filson (ILSC Deputy Chair) and Ms Lynette (Gail) Reynolds-Adamson (ILSC Director). Ms Filson was a Member of the Committee until 19 October 2022. Ms Reynolds-Adamson joined the Committee on 15 February 2023.

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 PGPA Act. The Audit and Risk Committee Charter is available on the ILSC's website www.ilsc.gov.au

The Committee had five members, four Independent Members and one ILSC Director (Table 23) during the 2022-2023 financial year.

The ILSC Board representative during the year was Director Claire Filson. The Independent Members were Ms Karen Prentis (Chair), Mr Anthony Evans, Ms Helen Moore and Ms Maria Storti. Ms Storti's tenure expired on 31 January 2023.

National Indigenous Land and Sea Strategy Committee

The National Indigenous Land and Sea Strategy (NILSS) Committee was established on 19 October 2022 and closed on 13 April 2023. Committee Members were Mr Ian Hamm (Chair), Ms Kristy Masella, Ms Kate Healy and Mr Nigel Browne. The Committee was established to allow for greater strategic input from the Board in the preparation of the draft NILSS and ensure calibration with Board expectations. The Committee met twice virtually prior to the finalisation of the NILSS.

Table 23 Audit and Risk Committee, 2022-23

Member	Appointment	Number of meetings attended	Total annual remuneration*
<p>Ms Karen Prentis, Independent Chair</p> <p>As a highly experienced non-executive director and Chair, Karen has extensive experience in providing leadership in the development of strong corporate governance, risk management, compliance and strategic thinking for significant organisations in both public and private sectors. She also has extensive experience in the financial services industry as a non-executive director and compliance committee chair in funds management. Karen's current roles include her appointment as Pro-Chancellor of Griffith University, Deputy Chair of Wide Bay Hospital and Health Service, chair of audit and risk committees for several government and statutory authorities, and a director on financial services boards. She is a graduate of the Australian Institute of Company Directors and holds a Bachelor of Economics and Master of Administration.</p>	<p>From: 2 Feb 2021</p> <p>To: 31 Jan 2024</p>	6 of 6	\$39,771
<p>Mr Anthony Evans, Independent Member</p> <p>Tony Evans has extensive financial, audit, risk and governance experience as a senior executive and non-executive director in the resources, health, insurance, financial services, property, education, government and not-for-profit sectors. In addition to a range of non-executive director and board committee appointments, Tony is an Independent Member of the Finance, Audit and Risk Management Committee of the Australian Health Practitioner Regulation Agency. Tony has a Bachelor of Business (Accounting) and is a Fellow of CPA Australia, the Governance Institute of Australia, and the Australian Institute of Company Directors.</p>	<p>From: 2 Feb 2021</p> <p>To: 31 Jan 2024</p>	4 of 6	\$23,243

<p>Ms Helen Moore, Independent Member</p> <p>Helen serves as an Independent Member on several audit committees spanning all levels of government, as well as being a non-executive director for various entities. Helen is a Fellow of CPA Australia, a graduate of the Australian Institute of Company Directors and holds a Bachelor of Business with distinction (majoring in accounting). Helen has more than 20 years' experience as the executive responsible for corporate services (including finance) with statutory authorities and local government in Qld.</p>	<p>From: 2 Feb 2021 To: 31 Jan 2024</p>	<p>6 of 6</p>	<p>\$25,567</p>
<p>Ms Maria Storti, Independent Member</p> <p>A previous Chair of the ILSC Audit and Risk Committee, Maria serves as an Independent Member of several Commonwealth audit committees and as a non-executive director. Maria is a Fellow of the Institute of Chartered Accountants and Australian Institute of Company Directors and a member of the Australian Institute of Internal Auditors. She holds a degree in economics and a Master of Business Administration. Maria is a former Ernst & Young partner and has over 30 years' experience working as a consultant and executive at senior levels in finance, audit, risk and performance improvement.</p>	<p>From: 21 Feb 2018 To: 31 Jan 2023</p>	<p>4 of 4</p>	<p>\$14,914</p>
<p>Ms Claire Filson, ILSC Director[#]</p> <p>See Director Statement</p>	<p>From: 5 Nov 2021</p>	<p>5 of 6</p>	<p>\$0</p>

* GST inclusive # Remuneration is included in Directors fees

Subsidiary governance and management

The ILSC's subsidiaries each have their own Board of Directors (Table 24). Subsidiary activities are managed by arrangements with the ILSC under section 191G of the ATSI Act. The ILSC Board issues Statements of Expectation and/or Operating Guidelines to each subsidiary setting out the ILSC's expectations including outcomes to be achieved by subsidiaries.

The ILSC Board appoints Directors to subsidiary boards which may 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. With the continuing divestment of agribusinesses and the 2022-23 establishment of ILSC Employment Pty Ltd, the ILSC continues to wind up Primary Partners operations' as an owner and overseer of ILSC Group agribusiness and vehicle to employ staff.

Primary Partners and NCIE receive corporate services support from the ILSC in the areas of human resources, information technology, finance, risk management, and legal.

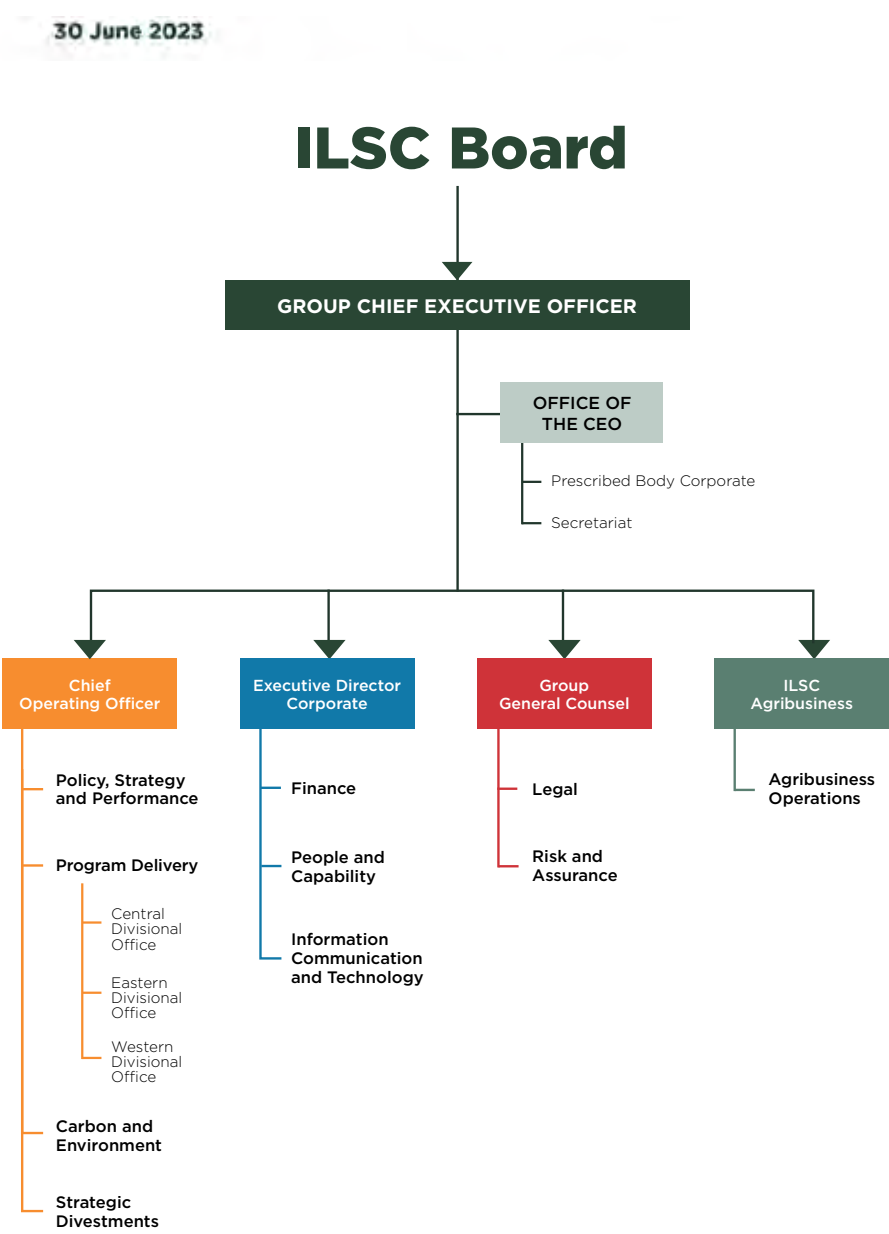
Table 24 ILSC subsidiary boards as at 30 June 2023

Voyages Indigenous Tourism Australia Pty Ltd	Primary Partners Pty Ltd	National Centre of Indigenous Excellence Ltd	ILSC Employment Pty Ltd
Mr Richard Allert, Chair	Ms Kate Healy, Chair	Mr Nigel Browne, Chair	Ms Kate Healy, Chair
Ms Patricia Angus	Mr Joseph Morrison	Mr Joseph Morrison	Mr Joseph Morrison
Ms Dorethea Randall*		Ms Claire Filson	
Mr Andrew McEvoy			
Ms Dana Ronan			
Mr Grant Hunt			
Mr Joseph Morrison			
Ms Kristy Masella			

* A Deed of Agreement with Wana Ungkuntja Pty Ltd (WU), a Central Australian Indigenous organisation, had provided for WU to have representation on the Voyages Board. In June 2023, the ILSC agreed a settlement with WU to terminate the Deed of Agreement and Ms Dorethea Randall ceased to be a director on 7 July 2023.

Detailed 2022-23 reports for ILSC subsidiaries are available in Part Three.

ILSC Organisational Chart



ILSC administration

The ILSC Group CEO is a statutory officer appointed by the Board and responsible for managing the day-to-day administration of the ILSC according to directions and policies set by the Board. The ILSC Group CEO is supported by the Executive Management Team in strategic, operational and administrative matters, and in carrying out the decisions of the Board.

Mr Joe Morrison was appointed by the ILSC Board commencing in the role on 18 January 2021.

The ILSC administration (excluding subsidiaries) is a dispersed entity that works from three main office locations: Adelaide, Brisbane, and Perth, with staff also located in Alice Springs, Darwin, Cairns, and Geelong. Virtual meeting systems facilitate business as usual between offices, and support both remote and flexible working arrangements. The ILSC Group CEO, Executive, management and employees participate in several committees where policy, operational, technical or staffing issues are deliberated (Table 25); Executive Management Team meets regularly and quarterly for full day meetings; other committees meet regularly or as required.

Table 25 ILSC Management Committees, 30 June 2023

Team/Committee	Members	Description
Executive Management Team	ILSC Group CEO Chief Operating Officer, Executive Director Corporate, Group General Counsel Manager, Agribusiness	Senior management forum to discuss and progress corporate, policy and operational matters and assist the ILSC Group CEO to fulfill statutory responsibilities according to directions
Consultative Committee	Elected staff representatives, ILSC Group CEO (or CEO representative) and Manager – People and Capability	Forum for discussions of issues relating to general employee conditions and operations of the ILSC Enterprise Agreement
Indigenous Consultative Group	Elected Indigenous staff members, ILSC Group CEO, Manager – People and Capability	Forum for discussion of matters and policies relating to Indigenous employees including the Indigenous Employment Strategy
Business Continuity and Crisis Management Team	ILSC Group CEO Chief Operating Officer, Executive Director Corporate, Group General Counsel Divisional Managers General Manager – Policy, Strategy and Performance General Manager – Information Communication and Technology Group Work Health and Safety Manager Manager – Finance Manager – People and Capability Manager – Carbon and Environment Manager – Strategic Communications Manager – Risk and Assurance Senior Legal Counsel	Responsible for reviewing and approving operational risk mitigation strategies related to disruption, including provision of advice to the ILSC Group CEO to inform decision-making required to address organisation-wide impacts.
Group WHS Committee	Group Work Health and Safety Manager ILSC and subsidiary Work Health and Safety Business Partners/members	Forum to discuss, monitor, and address Work Health and Safety matters arising within the ILSC Group

Strategic and operational planning

In June 2023, the ILSC released its new National Indigenous Land and Sea Strategy (NILSS) 2023-27. A requirement of the ATSI Act, the NILSS is the primary policy document that sets the ILSC's strategic direction and guides its performance and function.

This was a significant strategic undertaking for the Board underpinned by an extensive community consultation process that ran from May to August 2022. From 1 July 2022, face-to-face conversations continued in 17 locations with an additional 170 people from around the country, bringing the total to 44 locations with 392 face-to-face participants. A further 51 participants attended six roundtable sessions held in August 2022 focused on carbon, bushfoods, Caring for Country, renewables, water, and fisheries.

The development of the NILSS over the remainder of the 2022-23 year occupied much of our time as we worked to develop a strategy that reflected our conversations and one that reseats our relationship with Aboriginal and Torres Strait Islander people and affirms our strategic direction for the next five years.

Guided by three principles of Caring for Country, Self-Determination and Partnership, we determined that the ILSC would:

- act as a strategic funder and facilitator, supporting Indigenous people to access, use, and Care for Country on their own terms to achieve their aspirations
- support Indigenous people to leverage, and continue to grow, their assets and rights to land and water gained over the past 60 years of the land rights movement and recognition through native title and other schemes
- extend beyond grant making and enable Indigenous groups to take advantage of opportunities that optimise the use and Care of Country now and into the future
- improve our service to Indigenous people and continue our efforts to return power and control to Indigenous communities by divesting our operating businesses and landholdings.

As the NILSS took shape towards the end of 2022-23, ILSC business units commenced mapping their operational plans to its six strategic priorities – Returning Country, Managing Country, Sector Leadership, Meaningful Connection, Excellent Service and Cultural Leadership – and this work will continue in the 2023-24 year as we work towards introducing a NILSS Yearly Action Plan from August 2024.

The incremental roll-out of the ILSC Performance Framework and its Value for Money methodology to ILSC teams commenced in late 2022 and will continue into the next financial year. Already embedded in our externally funded programs, extending the Value for Money performance assessment approach (see page 75) to all operations will enable us to consistently plan, monitor, evaluate and report on the effectiveness, efficiency, economy and equity of our activities across teams, programs, and the whole-of-organisation.

The NILSS 2023-27 and the consultation report are both available at www.ilsc.gov.au

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

In line with the Australian Government's commitment to Indigenous procurement and the ILSC's legislative responsibilities (section 191F [2], ATSI Act), the ILSC's Indigenous Procurement Policy aims to maximise procurement of Indigenous goods and services, and support Indigenous businesses to grow and employ more Indigenous people. In 2022-23 the ILSC Group recorded Indigenous procurement of 5.7 per cent at a value of \$8.1 million (Table 26).

Table 26 Total Indigenous procurement (GST exclusive) for 2022-23

Category	ILSC	Primary Partners	NCIE	Sub-Total	Voyages	Total
\$'000						
Total Indigenous procurement	1,722	576	493	2,791	5,359	8,150
Total procurement	16,404	5,960	1,373	23,737	118,539	142,276
% Indigenous procurement	10.5%	9.7%	35.9%	11.8%	4.5%	5.7%

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.

Assurance and risk management

The ILSC Group Enterprise Risk Management (ERM) 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. It aligns with the Commonwealth Risk Management Policy 2014, Better Practice Guides and relevant Australian and international good-practice guides and standards.

The ILSC 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 ERM 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 23) 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 and the ILSC Group CEO. 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 confirms 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.

Consultants

The ILSC engages consultants on the same basis as it procures all goods and services. In 2022-23 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 27 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.

During 2022-23 expenditure of \$7 million comprised 80 new consultancy contracts totalling \$1.8 million and 58 ongoing consultancy contracts totalling \$5.2 million.

Table 27 ILSC Group spending on consultants (GST exclusive)

Financial Year	2022-23	2021-22	2020-21
Expenditure (\$ million)	\$7	\$5.4	\$4.2

External scrutiny

In 2022-23 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 at the ILSC.

No reports dealing with the ILSC have been prepared by the Auditor General or the Office of the Australian Information Commissioner.

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:

- Friday 11 November 2022
- Friday 17 February 2023
- Wednesday 24 May 2023 (via video-link)

Freedom of Information

The ILSC is subject to the *Freedom of Information Act 1982* and displays on its website a plan showing the information it publishes under that Act. The information is at:

www.ilsc.gov.au/about/ilsc-publications

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 2022-23 financial year.

Work Health and Safety

The ILSC is committed to providing and maintaining a safe and healthy workplace for all workers (including contractors, volunteers and visitors). We 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 play an important role in ensuring the success of our health, safety and wellbeing strategies and delivery of our commitments. As part of its commitment to work health and safety (WHS) across the Group, the ILSC established a five-year strategic plan (2019-2023) 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 2022-23 significant WHS activities included:

- ongoing WHS audits focusing on contractor management, emergency management, and the lifecycle of plant and equipment.

ILSC

There were seven workplace incidents in 2022-23 – none were notifiable – and no workers' compensation claims.

The following WHS initiatives were conducted:

- Continued management of contractor prequalification of all engaged contractors and online inductions.
- Continued management of fieldwork travel and remote community travel procedures and associated processes.

- Reviewed corporate roles for first aiders, wardens, harassment contact officers, and Health and Safety Representatives.
- Continued development of health and wellbeing initiatives.
- Reviewed and updated WHS Annual Planner.
- Completed WHS Risk bow tie assessments.

National Centre of Indigenous Excellence

There were 27 workplace incidents in 2022-23 – three were notifiable, and most were third party sports injuries. There were two workers' compensation claims.

The following WHS initiatives were conducted:

- Transitioned the business model and associated WHS practices from site-wide operations with hospitality, accommodation and lessor aspects, to just aquatics, fitness and conference room-focused business, delivering community support and engagement programs as a lessee.
- Completed Annual Royal Lifeguard Aquatic Facility Assessment – with a conformance of 81 per cent – and commenced implementation of the assessment findings including a review of Emergency Response Plan to better capture activities on site and associated potential emergency situations.
- Ran refresher training covering the identification, rectification and reporting of hazards including maintenance and incident reporting processes.
- Provided emergency evacuation training to workers.
- Commenced review of Pool Plant Room and associated chemical storage.
- Conducted weekly safety walkthroughs to proactively identify hazards and maintenance items.
- Commenced consultation and review of Incident and Hazard forms.
- Commenced review and refresh of WHS Inductions and Training Matrix.
- Prepared for NAIDOC Week, the first major site-wide community event since 2019.
- Commenced roll-out of Risk Assessment Management Plan template and associated training.
- Commenced safety and wellbeing article program for biweekly staff newsletter.
- Commenced review of stadium practice.

Primary Partners

There were 31 workplace incidents in 2022-23 – four were notifiable – and two workers' compensation claims.

The following WHS initiatives were conducted:

- Continued ongoing management of contractor prequalification of all engaged contractors and online inductions.
- Implemented Emergency Response Plans.
- Developed and introduced Property Induction materials
- Reviewed hazardous chemical stockholdings.
- Ran ongoing first aid and emergency management training for property managers.
- Shared WHS alerts, incidents, lessons learned and information via internal 'Safety Share' initiative.
- Coordinated centralised, monthly toolbox topics and inspections to focus on priority areas.
- Continued health and wellbeing program and associated activities.

Voyages

There were 227 workplace incidents in 2022-23 – none were notifiable – and 37 workers' compensation claims.

The following WHS initiatives were conducted:

- Renewed contract of the physiotherapy business partner and completed physiotherapist-facilitated, hazardous Manual Task Risk Assessments and training programs.
- Maintained consistent focus on hazard identification, with hazard reporting and hazard inspections exceeding annual targets, respectively achieving 163 per cent of target and 120 per cent of target.
- Performed external audit of Safety Management System, improving score from 55 per cent (2021-22) to 74 per cent; the audit action plan is tracking to assigned dates with 84 per cent of actions closed.
- Continued tracking department-specific WHS Plans and setting target completions at 90 per cent.
- Continued the Safety Element Internal Auditing.
- Established monthly WHS Management Performance review meetings.

Environmental performance

In 2022-23, 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 held 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.

Emissions reporting

The Australian Government has committed to introduce standardised, internationally-aligned climate risk reporting requirements for Commonwealth entities. This reporting is a requirement under section 516A of the *Environment Protection and Biodiversity Conservation Act 1999* to meet the Australian Government's commitment to reduce the emissions of the Australian Public Service (APS) through the implementation of the APS Net Zero 2030 policy.

Commencing 2022-23, the ILSC is required to publicly report on greenhouse gas emissions generated by the agency's core operations (excluding subsidiaries). The results (Table 28) were prepared using the methodology developed by the APS Net Zero Unit in the Department of Finance.

Table 28 ILSC carbon dioxide emissions

Emission Source	Scope 1 kg CO ₂ -e	Scope 2 kg CO ₂ -e	Scope 3 kg CO ₂ -e	Total kg CO ₂ -e
Electricity (Location Based Approach)	N/A	55,226	10,769	65,995
Natural Gas	-	N/A	-	-
Fleet Vehicles	-	N/A	-	-
Domestic Flights	N/A	N/A	-	-
Other Energy	-	N/A	-	-
Total kg CO₂-e	-	55,226	312,960	368,187

The electricity emissions reported above are calculated using the location based approach. When applying the market based method, which accounts for activities such as Greenpower, purchased LGCs and/or being located in the ACT, the total emissions for electricity, are below:

Emission Source	Scope 1 kg CO ₂ -e	Scope 2 kg CO ₂ -e	Scope 3 kg CO ₂ -e	Total kg CO ₂ -e
Electricity (Market Based Approach)	N/A	85,175	11,273	96,449
Natural Gas	-	N/A	-	-
Fleet Vehicles	-	N/A	-	-
Domestic Flights	N/A	N/A	302,192	302,192
Other Energy	-	N/A	-	-
Total kg CO₂-e	-	85,175	313,465	398,640

CO₂-e = Carbon Dioxide Equivalent

Part Five: People

Employee arrangements: ILSC

The ILSC Group CEO is responsible for the engagement of employees necessary to perform the functions of the ILSC. Tables 29 – 32 set out ILSC employees by employment status and diversity group.

At 30 June 2023 the ILSC (excluding subsidiaries) had 104 employees (head count). This is an increase from 2021-22 (93 head count).

During 2022-23 the ILSC engaged 36 new employees (20 woman/female and 16 man/male) and 25 employees separated, resulting in a 25.4 per cent average turnover (2021-22: 37.5 per cent). At 30 June 2023 the proportion of Indigenous employees was 17.3 per cent and woman/female employees 55.7 per cent.

Table 29 ILSC employees by employment status (head count), 30 June 2023

	Non-Indigenous		Indigenous		Total	
	21-22	22-23	21-22	22-23	21-22	22-23
Ongoing, full time	45	49	12	14	57	63
Ongoing, part time	3	4	-	-	3	4
Fixed term, full time	25	30	5	4	30	34
Fixed term, part time	3	3	-	-	3	3
Casual	-	-	-	-	-	-
GRAND TOTAL	76	86	17	18	93	104

Table 30 ILSC ongoing employees current report period 2022-23

	Man/Male		Woman/Female		Non-binary		Prefers not to answer		Uses a different term		Total
	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Full time	Part time	
NSW	-	-	-	-	-	-	-	-	-	-	-
Qld	7	-	7	6	1	7	-	-	-	-	14
SA	15	-	15	25	2	27	-	-	-	-	42
Tas	-	-	-	-	-	-	-	-	-	-	-
Vic	-	-	-	-	-	-	-	-	-	-	-
WA	4	-	4	5	1	6	-	-	-	-	10
ACT	-	-	-	-	-	-	-	-	-	-	-
NT	1	-	1	-	-	-	-	-	-	-	1
External Territories	-	-	-	-	-	-	-	-	-	-	-
Overseas	-	-	-	-	-	-	-	-	-	-	-
GRAND TOTAL	27	-	27	36	4	40	-	-	-	-	67

Table 32 ILSC employees by diversity group (head count), 30 June 2023

	Non-Indigenous		Indigenous		Total	
	21-22	22-23	21-22	22-23	21-22	22-23
Northern Territory	1	5	-	-	1	5
Woman/Female	-	2	-	-	-	2
Man/Male	1	3	-	-	1	3
Queensland	11	11	5	5	16	16
Woman/Female	7	6	3	1	10	7
Man/Male	4	5	2	4	6	9
South Australia	53	58	8	9	61	67
Woman/Female	27	34	5	7	32	41
Man/Male	26	24	3	2	29	26
Victoria	-	-	1	1	1	1
Woman/Female	-	-	-	-	-	-
Man/Male	-	-	1	1	1	1
Western Australia	11	11	3	3	14	14
Woman/Female	7	6	2	2	9	8
Man/Male	4	5	1	1	5	6
New South Wales	-	1	-	-	-	1
Woman/Female	-	-	-	-	-	-
Man/Male	-	1	-	-	-	1
GRAND TOTAL	76	86	17	18	93	104

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 Public Sector Workplace Relations Policy set out arrangements for managing the remuneration of Senior Executive Employees at the ILSC. Executive positions at the 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 an employee assistance program, study assistance, professional membership reimbursement, flexible work arrangements, a healthy employee scheme (individual and team), screen-based eyesight testing, and vaccinations.

Key Management Personnel

During the reporting period ended 30 June 2023, the ILSC had 12 directors and executives who met the definition of Key Management Personnel (KMP).¹¹ Their names, details of remuneration and term as KMP are set out in Tables 33 and 34.

Table 33 ILSC Key Management Personnel – appointments and tenure

Name	Position Title	Term as KMP
Roy Ah-See	ILSC Board	Full year
Nigel Browne	ILSC Board	Full year
Trevor Edmond	Group General Counsel	Full year
Claire Filson	ILSC Board	Full year
Ian Hamm	ILSC Board – Chair	Full year
Kathryn (Kate) Healy	ILSC Board	Full year
Timothy Larkin	Executive Director Programs	Part year – ceased 08.08.2022
Kristy Masella	ILSC Board	Full year
Joseph Morrison	Group Chief Executive Officer	Full year
Lynette (Gail) Reynolds-Adamson	ILSC Board	Full year
Matthew Salmon	Chief Operating Officer	Full year – Acting Group CEO 03.01.2023 – 13.01.2023 and Chief Operating Officer 14.01.2023 onwards
David Silcock	Executive Director Corporate	Full year

¹¹ The ILSC defines Key Management Personnel in accordance with Department of Finance Resource Management Guideline (RMG) Number 138. RMG 138 consolidates information from and refers to the Public Governance, Performance and Accountability Rule and Australian Accounting Standards Board 124.

Table 34 ILSC Key Management Personnel remuneration

Short-Term Benefits ¹										Post-Employment Benefits ²	Other Long-Term Benefits ³	Termination Benefits ⁴	Total Remuneration ⁵
	Position Title	Base Salary	Bonuses	Other Benefits and Allowances	Superannuation contributions	Long service leave	Other Long-Term Benefits						
Roy Ah-See	ILSC Board	\$39,905	-	-	\$6,146	-	-	-	-	-	-	\$46,051	
Nigel Browne	ILSC Board	\$39,905	-	-	\$6,146	-	-	-	-	-	-	\$46,051	
Trevor Edmond	Group General Counsel	\$244,980	-	\$30,506	\$34,828	\$9,838	-	-	-	-	-	\$320,152	
Claire Filson	ILSC Board – Deputy Chair	\$59,858	-	-	\$9,218	-	-	-	-	-	-	\$69,077	
Ian Hamm	ILSC Board – Chair	\$79,811	-	-	\$12,291	-	-	-	-	-	-	\$92,102	
Kathryn (Kate) Healy	ILSC Board	\$39,905	-	-	\$6,146	-	-	-	-	-	-	\$46,051	
Timothy Larkin	Executive Director Programs	-	-	\$346	-	\$25,099	-	-	\$118,041	-	-	\$143,486	
Kristy Masella	ILSC Board	\$39,905	-	-	\$6,146	-	-	-	-	-	-	\$46,051	
Joseph Morrison	Group Chief Executive Officer	\$363,294	\$27,019	\$7,300	\$25,473	\$9,683	-	-	-	-	-	\$432,769	

Lynette (Gail) Reynolds-Adamson	ILSC Board	\$39,905	-	-	\$6,093	-	-	\$45,998
Matthew Salmon⁶	Chief Operating Officer	\$263,888	-	\$29,086	\$39,023	\$5,902	-	\$337,900
David Silcock	Executive Director Corporate	\$254,336	-	\$31,159	\$27,606	\$12,648	-	\$325,748

¹ Short-Term Benefits include:

- Base Salary – salary calculated on an accrual basis (actual earnings), annual leave expenses and higher duties allowance (where applicable).
- Bonuses – Table 34 presents bonuses that relate to the 2021-22 financial year and that were determined (and paid) in the 2022-23 financial year. Subsequent to 30 June 2023, a decision was made to pay KMP a total of \$44,419 in bonuses relating to the 2022-23 financial year.
- Other Benefits and Allowances – motor vehicle, car parking benefits/allowances and fringe benefits tax.

² 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. PSS and CSS) superannuation includes the relevant Notional Employer Contribution Rate amount and the Employer Productivity Superannuation Contribution and accrual for the period.

³ Other Long-Term Benefits include long service leave expenses for the period and bonuses deferred for more than 12 months.

⁴ Termination Benefits include voluntary redundancy and ex-gratia payments.

⁵ Total Remuneration includes Short-Term Benefits, Post-Employment Benefits, Other Long-Term Benefits and Termination Benefits.

⁶ Matthew Salmon, Chief Operating Officer remuneration for full year (as a KMP) includes Acting Group Chief Executive Officer 03.01.2023 to 13.01.2023 remuneration.

During the reporting period ending 30 June 2023, the ILSC had nine executives who met the definition of senior executive who are not Key Management Personnel.

Table 35 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.

Table 35 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 Salary	Average Base	Average Bonuses	Average Other Benefits and Allowances	Average Superannuation Contributions	Average Long Service Leave	Average Other Long-Term Benefits	Average Termination Benefits	Average Total Remuneration
\$0 – \$220,000	4	\$29,551	-	-	\$1,317	\$4,523	\$3,272	-	-	\$38,663
\$220,001 – \$245,000	1	\$166,700	-	-	\$29,637	\$31,764	\$3,799	-	-	\$231,900
\$245,001 – \$270,000	2	\$190,267	-	-	\$31,156	\$27,136	\$9,659	-	-	\$258,218
\$270,001 – \$295,000	2	\$198,720	-	-	\$27,705	\$28,156	\$22,819	-	-	\$277,400

During the reporting period ending 30 June 2023, the ILSC had no employees who met the definition of other highly paid staff.

Employee arrangements: Primary Partners Pty Ltd

Tables 36 – 38 set out Primary Partners employees by employment status and diversity group.

At 30 June 2023, Primary Partners had 64 employees (head count) across seven properties on Indigenous-held land: Banka Banka West Station (NT), Crocodile/Welcome Stations (Qld), Gunbalanya Meats (NT), Gunbalanya Station (NT), Jumbun Farm (Qld), Murrayfield (Tas) and Roebuck Export Depot (WA). This compared to 75 (head count) across 11 properties at 30 June 2022. The proportion of Indigenous employees was 65.6 per cent, and woman/female employees 17.2 per cent.

During the reporting period, 65 new employees were engaged; of these 28 were returning employees. 76 employees separated; of these 63 were casual or seasonal employees, resulting in a 104.1 per cent average turnover (2021-22: 118.7 per cent).

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

Primary Partners employees are either employed on individual common law contracts or are engaged as casuals; there are no ongoing employees.

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 Pty Ltd Enterprise Agreement.¹² 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 36 Primary Partners employees by employment status (head count), 30 June 2023

	Non-Indigenous		Indigenous		Total	
	21-22	22-23	21-22	22-23	21-22	22-23
Fixed term, full time	12	7	6	6	18	13
Fixed term, part time	1	1	-	-	1	1
Casual	14	14	42	36	56	50
GRAND TOTAL	27	22	48	42	75	64

¹² National Indigenous Pastoral Enterprises Pty Ltd was the predecessor to Primary Partners Pty Ltd and the company name in effect at the time of the Enterprise Agreement being established.

Table 37 Primary Partners non-ongoing employees current report period 2022-23

	Man/Male		Woman/Female		Non-binary		Prefers not to answer		Uses a different term		Total
	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Full time	Part time	
NSW	-	-	-	-	-	-	-	-	-	-	-
Qld	1	-	1	1	-	1	-	-	-	-	2
SA	-	-	-	-	-	-	-	-	-	-	-
Tas	2	-	2	-	1	1	-	-	-	-	3
Vic	-	-	-	-	-	-	-	-	-	-	-
WA	2	-	2	1	-	1	-	-	-	-	3
ACT	-	-	-	-	-	-	-	-	-	-	-
NT	3	-	3	3	-	3	-	-	-	-	6
External Territories	-	-	-	-	-	-	-	-	-	-	-
Overseas	-	-	-	-	-	-	-	-	-	-	-
GRAND TOTAL	8	-	8	5	1	6	-	-	-	-	14

Table 38 Primary Partners employees by diversity group (head count), 30 June 2023

	Non-Indigenous		Indigenous		Total	
	21-22	22-23	21-22	22-23	21-22	22-23
New South Wales	-	-	1	-	1	-
Woman/Female	-	-	-	-	-	-
Man/Male	-	-	1	-	1	-
Northern Territory	9	8	28	25	37	33
Woman/Female	5	3	4	3	9	6
Man/Male	4	5	24	22	28	27
Queensland	8	4	13	6	21	10
Woman/Female	4	2	1	1	5	3
Man/Male	4	2	12	5	16	7
Tasmania	3	5	2	2	5	7
Woman/Female	1	1	-	-	1	1
Man/Male	2	4	2	2	4	6
Western Australia	7	5	4	9	11	14
Woman/Female	3	1	-	-	3	1
Man/Male	4	4	4	9	8	13
GRAND TOTAL	27	22	48	42	75	64

Employee arrangements: National Centre of Indigenous Excellence Ltd

Tables 39 – 41 set out NCIE employees by employment status and diversity group.

At 30 June 2023, NCIE had 56 employees (head count) (2021-22: 52 headcount) all of whom are in NSW.

During 2022-23 NCIE engaged 37 new employees (13 woman/female and 24 man/male); and 33 employees separated, resulting in a 77.2 per cent average turnover (2021-22: 65.5 per cent). At 30 June 2023 the proportion of Indigenous employees was 25 per cent, and woman/female employees 37.5 per cent.

The NCIE management 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. NCIE has no ongoing employees

The majority (69.6 per cent) of NCIE employees are engaged on a casual basis which is reflective of the types of industries operating from the NCIE site and the current divestment expression of interest, which is in progress. Benefits provided under these agreements include an employee assistance program, gym membership, learning and development, and salary-sacrificing provisions.

Table 39 NCIE employees by employment status (head count), 30 June 2023

	Non-Indigenous		Indigenous		Total	
	21-22	22-23	21-22	22-23	21-22	22-23
Fixed term, full time	10	10	11	2	21	12
Fixed term, part time	-	2	1	3	1	5
Casual	20	30	10	9	30	39
GRAND TOTAL	30	42	22	14	52	56

Table 40 NCIE non-ongoing employees current report period 2022-23

	Man/Male		Woman/Female		Non-binary		Prefers not to answer		Uses a different term		Total
	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Full time	Part time	
NSW	6	1	7	6	4	10	-	-	-	-	17
Qld	-	-	-	-	-	-	-	-	-	-	-
SA	-	-	-	-	-	-	-	-	-	-	-
Tas	-	-	-	-	-	-	-	-	-	-	-
Vic	-	-	-	-	-	-	-	-	-	-	-
WA	-	-	-	-	-	-	-	-	-	-	-
ACT	-	-	-	-	-	-	-	-	-	-	-
NT	-	-	-	-	-	-	-	-	-	-	-
External Territories	-	-	-	-	-	-	-	-	-	-	-
Overseas	-	-	-	-	-	-	-	-	-	-	-
GRAND TOTAL	6	1	7	6	4	10	-	-	-	-	17

Table 41 NCIE employees by diversity group (head count), 30 June 2023

	Non-Indigenous		Indigenous		Total	
	21-22	22-23	21-22	22-23	21-22	22-23
Woman/Female	15	15	12	6	27	21
Man/Male	15	27	10	8	25	35
GRAND TOTAL	30	42	22	14	52	56

Employee arrangements: Voyages Indigenous Tourism Australia Pty Ltd

Tables 42 – 45 set out Voyages employees by employment status and diversity group.

At 30 June 2023, Voyages had 936 employees (head count) compared to 822 (head count) at 30 June 2022.

During 2022-23 Voyages engaged 663 new employees (346 woman/female and 317 man/male) and 549 employees separated, resulting in an 61.2 per cent average turnover rate (2021-22: 89.1 per cent).

At 30 June 2023 the proportion of Indigenous employees was 27.6 per cent (2021-22: 32.7 per cent), and proportion of woman/female employees was 50.4 per cent (2021-22: 48.4 per cent).

Table 42 Voyages employees by employment status (head count), 30 June 2023

	Non-Indigenous		Indigenous		Total	
	21-22	22-23	21-22	22-23	21-22	22-23
Ongoing, full time	324	410	156	144	480	554
Ongoing, part time	11	9	3	4	14	13
Fixed term, full time	180	231	75	76	255	307
Fixed term, part time	2	2	1	3	3	5
Casual	36	26	34	31	70	57
GRAND TOTAL	553	678	269	258	822	936

Table 43 Voyages ongoing employees current report period 2022-23

	Man/Male		Woman/Female		Non-binary		Prefers not to answer		Uses a different term		Total
	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Full time	Part time	
NSW	18	1	19	51	4	55	-	-	-	-	74
Qld	13	-	13	8	1	9	-	-	-	-	22
SA	-	-	-	-	-	-	-	-	-	-	-
Tas	-	-	-	-	-	-	-	-	-	-	-
Vic	-	-	-	-	-	-	-	-	-	-	-
WA	-	-	-	-	-	-	-	-	-	-	-
ACT	-	-	-	-	-	-	-	-	-	-	-
NT	254	5	259	210	2	212	-	-	-	-	471
External Territories	-	-	-	-	-	-	-	-	-	-	-
Overseas	-	-	-	-	-	-	-	-	-	-	-
GRAND TOTAL	285	6	291	269	7	276	-	-	-	-	567

Table 44 Voyages non-ongoing employees current report period 2022-23

Man/Male		Woman/Female			Non-binary			Prefers not to answer			Uses a different term			Total	
	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total
NSW	-	-	-	6	-	6	-	-	-	-	-	-	-	-	6
Qld	4	-	4	5	-	5	-	-	-	-	-	-	-	-	9
SA	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Tas	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vic	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
WA	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ACT	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
NT	147	3	150	145	2	147	-	-	-	-	-	-	-	-	297
External Territories	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Overseas	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
GRAND TOTAL	151	3	154	156	2	158	-	-	-	-	-	-	-	-	312

Table 45 Voyages employees by diversity group (head count), 30 June 2023

	Non-Indigenous		Indigenous		Total	
	21-22	22-23	21-22	22-23	21-22	22-23
New South Wales	70	77	5	3	75	80
Woman/Female	50	60	2	1	52	61
Man/Male	20	17	3	2	23	19
Northern Territory	463	575	216	204	679	779
Woman/Female	207	261	104	105	311	366
Man/Male	256	314	112	99	368	413
Queensland	20	26	48	51	68	77
Woman/Female	10	14	25	31	35	45
Man/Male	10	12	23	20	33	32
GRAND TOTAL	553	678	269	258	822	936

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 can attract and retain the right people in a competitive commercial marketplace, remunerate them appropriately for the work they perform, and ensure they are incentivised to perform their work to the best of their abilities and that Voyages maintains 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 Voyages' Remuneration and Nominations Committee, a sub-committee of the Voyages Board.

Day-to-day management of Voyages' remuneration practices rests with the Voyages' CEO. Remuneration benchmarking is provided by Mercer and Korn Ferry on an annual basis.

Remuneration and benefits for the executive management (including the CEO) in 2022-23 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 2022-23 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.

Executive Management, senior management and senior professionals who have contributed to the company performance and as part of their employment contract were eligible to participate in the short-term incentive bonus plan which operated from 1 July 2022.

For Executive Managers, senior managers and senior professionals who participated in the short-term incentive plan, the proportion of remuneration at risk and subject to performance conditions for the following is: the Chief Executive Officer, 30 per cent; the Chief Operating Officer and Executive Assistant to CEO, 20 per cent; other Executive and Senior Managers, 15 per cent; and senior professionals, 10 per cent.

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

During the reporting period ending 30 June 2023, Voyages had 16 directors and executives who met the definition of Key Management Personnel (KMP). Their names, details of remuneration and terms as KMP are set out in Tables 46 and 47. Voyages had no employees who met the definitions of Senior Executive or Other Highly Paid Staff.

Table 46 Voyages Key Management Personnel – appointments and tenure

Name	Position Title	Term as KMP
Richard Allert	Voyages Board – Chair	Full year
Patricia Angus	Voyages Board	Full year
Ana Ayala	Chief Marketing Officer	Full year
Matthew Cameron-Smith	Chief Executive Officer	Full year
Gemma Hillis	Chief People and Culture Officer	Full year
Kristin Howden	Chief Legal and Compliance Officer	Full year
Grant Hunt	Voyages Board	Full year
Kristy Masella	Voyages Board	Part year – appointed 21.10.2022
Andrew McEvoy	Voyages Board	Full year
James McMorron	Chief Finance Officer	Full year
Roger Millar	Chief ICT Officer	Part year – ceased 12.10.2022
Claire Pillans	Acting Director of Marketing	Part year – ceased 01.03.2023
Dorethea Randall	Voyages Board	Full year
Dana Ronan	Voyages Board	Full year
Grant Sayer	Chief ICT Officer	Part year – appointed 26.10.2022
David White	Chief Operations Officer	Full year

Table 47 Voyages Key Management Personnel remuneration

	Position Title	Short-Term Benefits ¹			Post-Employment Benefits ²		Other Long-Term Benefits ³		Termination Benefits ⁴	Total Remuneration ⁵
		Base Salary	Bonuses	Other Benefits and Allowances	Superannuation contributions	Long service leave	Other Long-Term Benefits			
Richard Allert	Board Director - Chair	\$70,132	-	-	\$7,373		-	-		\$77,505
Patricia Angus	Board Director	\$47,487	-	-	\$4,993		-	-		\$52,480
Ana Ayala	Chief Marketing Officer	\$142,094	\$8,238	-	\$12,372	\$8,582	-	-		\$171,286
Matthew Cameron-Smith	Chief Executive Officer	\$605,504	\$55,678	\$22,174	\$30,000	\$19,213	-	-		\$732,569
Gemma Hillis	Chief People and Culture Officer	\$195,071	\$6,000	-	\$22,467	\$5,002	-	-		\$228,540
Kristin Howden	Chief Legal and Compliance Officer	\$318,998	\$16,475	-	\$24,864	\$18,610	-	-		\$378,947
Grant Hunt	Board Director	\$35,066	-	-	\$3,682	-	-	-		\$38,748
Kristy Masella	Board Director	\$26,775	-	-	\$2,811	-	-	-		\$29,586

Andrew McEvoy	Board Director	\$35,066	-	-	\$3,687	-	-	\$38,753
James McMorron	Chief Financial Officer	\$323,271	-	-	\$24,853	\$7,258	-	\$355,382
Roger Millar	Chief ICT Officer	\$54,076	-	-	\$6,185	-\$17,231	-	\$43,030
Claire Pillans	Acting Director of Marketing	\$110,150	\$8,250	-	\$12,684	-\$1,638	-	\$129,446
Dorethea Randall	Board Director	\$35,066	-	-	\$3,687	-	-	\$38,753
Dana Ronan	Board Director	\$35,066	-	-	\$3,687	-	-	\$38,753
Grant Sayer	Chief ICT Officer	\$208,650	-	-	\$17,705	\$4,137	-	\$230,492
David White	Chief Operating Officer	\$343,922	\$16,781	-	\$24,933	\$19,488	-	\$405,124

¹ Short-Term Benefits include:

- Base Salary – salary calculated on an accrual basis (actual earnings), annual leave expenses and higher duties allowance (where applicable).
- Bonuses – Table 47 presents bonuses that relate to the 2021-22 financial year and that were determined (and paid) in the 2022-23 financial year. Subsequent to 30 June 2023, a decision was made to pay KMP a total of \$273,250 in bonuses relating to the 2022-23 financial year.
- Other Benefits and Allowances – motor vehicle, car parking benefits/allowances and fringe benefits tax.

² 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. PSS and CSS) superannuation includes the relevant Notional Employer Contribution Rate amount and the Employer Productivity Superannuation Contribution and accrual for the period.

³ Other Long-Term Benefits include long service leave expenses for the period and bonuses deferred for more than 12 months.

⁴ Termination Benefits include voluntary redundancy and ex-gratia payments.

⁵ Total Remuneration includes Short-Term Benefits, Post-Employment Benefits, Other Long-Term Benefits and Termination Benefits.

Part Six: Finance

Aboriginal and Torres Strait Islander Land and Sea Future Fund

In 2022-23, the Aboriginal and Torres Strait Islander Land and Sea Future Fund (ATSILSFF) remained the primary ILSC funding source. Established on 1 February 2019¹³ by the *Aboriginal and Torres Strait Islander Land and Sea Future Fund Act 2018* (ATSILSFF Act) and introduced in concert with amendments to the *Aboriginal and Torres Strait Islander Act 2005* (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 2023 was \$2.1 billion. Table 48 summarises ATSILSFF – and formerly Land Account – funding to the ILSC since July 2004.

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 ATSILSFF Act also provides for additional payments to be made as determined by the Minister for Finance and Minister for Indigenous Australians and based on advice from the Future Fund Board. In recent years, no additional payments have been made.

Under the ATSILSFF Act, the ILSC Board may, on a quarterly basis subsequent to the publication by the Future Fund Board of its 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. No such meeting was requested in the 2022-23 period.

¹³ The Aboriginal and Torres Strait Islander Land and Sea Future Fund replaced the Aboriginal and Torres Strait Islander Land Account (Land Account) on 1 February 2019 as the ILSC's primary funding source.

Table 48 Funding received from the Land Account and ATSILSFF since July 2004

Financial year	Amount	Financial year	Amount
2004-05	\$4m	2014-15	\$49.9m
2005-06	\$23.8m	2015-16	\$50.7m
2006-07	\$96.4m	2016-17	\$51.4m
2007-08	–	2017-18	\$52.3m
2008-09	\$44.8m	2018-19	\$53.3m
2009-10	–	2019-20	\$54.1m
2010-11	\$45m	2020-21	\$54.8m
2011-12	\$51.3m	2021-22	\$55.7m
2012-13	\$65.9m	2022-23	\$58.2m
2013-14	\$52.5m		

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 an acceptable risk-return investment profile. 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 \$102.3 million in cash reserves and investments at 30 June 2023 (30 June 2022: \$96.8 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 to grant to Indigenous corporations. At 30 June 2023, the ILSC held properties at a value of \$166 million (excludes Ayers Rock Resort). While the ILSC holds properties, it is responsible for maintenance and statutory costs.

The ILSC holds livestock on some of its properties. At 30 June 2023, the ILSC Group held 8,304 head of livestock at a value of \$6 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 Three 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 2023. At that date, the fair value of these assets was assessed to be \$435 million, representing a fair value increase of \$8 million compared with the 2021-22 valuation.

The financial statements presented in this Annual Report represent the consolidation of the entire ILSC Group, comprising the Indigenous Land and Sea Corporation, Primary Partners Pty Ltd, National Centre of Indigenous Excellence Ltd, Voyages Indigenous Tourism Australia Pty Ltd, ILSC Employment Pty Ltd and The Owners – Strata Plan No. 86156 (Owners Corp).

The Group generated a loss after income tax of \$22.5 million in 2022-23, which included losses of \$6.3 million in relation to Voyages and \$7.5 million in relation to the transition of agribusiness operations to Indigenous-owned organisations.

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 (Table 49) 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 49 Agency Resource Statement*

	2022-23 Actual \$'000
Opening balance/cash reserves at 1 July	79,013
Funds from Government	10,629
Ordinary annual services (Appropriation Bill No. 1)	
Special Accounts	58,176
Aboriginal and Torres Strait Islander Land and Sea Future Fund	
Total funds from Government	68,805
Funds from other sources	
Interest	16,169
Other	11,435
Total funds from other sources	27,604
Total net resourcing for ILSC	175,422
Payments made	(85,586)
Closing balance/cash reserves at 30 June	89,836

* Represents the ILSC Group excluding its subsidiary Voyages



INDEPENDENT AUDITOR'S REPORT

To the Minister for Indigenous Australians

Opinion

In my opinion, the financial statements of the Indigenous Land and Sea Corporation (the Entity) and the Indigenous Land and Sea Corporation (the Entity and its subsidiaries) for the year ended 30 June 2023:

- (a) comply with Australian Accounting Standards – Simplified Disclosures and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- (b) present fairly the financial positions of the Entity and the Consolidated Entity as at 30 June 2023 and their financial performance and cash flows for the year then ended.

The financial statements of the Entity and the Consolidated Entity, which I have audited, comprise the following as at 30 June 2023 and for the year then ended:

- Statement by the Accountable Authority, Chief Executive Officer and Executive Director Corporate;
- Consolidated Statement of Comprehensive Income;
- Consolidated Statement of Financial Position;
- Consolidated Statements 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 Entity and the Consolidated Entity in accordance with the relevant ethical requirements for financial statement audits conducted by the Auditor-General and his delegates. These include the relevant independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (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.

Accountable Authority's responsibility for the financial statements

As the Accountable Authority of the 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 – Simplified Disclosures 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 Entity and the Consolidated Entity to continue as a going concern, taking into account whether the entities' operations will cease as a result of an administrative restructure or for any other reason. The Chair 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 Entity and the Consolidated Entity's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Accountable Authority;
- conclude on the appropriateness of the Accountable Authority's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity or the Consolidated Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Entity or the Consolidated Entity's to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Consolidated Entity to express an opinion on the financial report. I am responsible for the direction, supervision and performance of the Consolidated Entity audit. I remain solely responsible for my audit opinion.

I communicate with 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
15 September 2023



ABN 59 912 679 254

**Statement by the Accountable Authority, Chief Executive Officer
and Executive Director Corporate**

In our opinion, the attached financial statements for the year ended 30 June 2023 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 fall due.

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

Signed.....

Mr Ian Hamm
Chair

Signed.....

Ms Claire Filson
Deputy Chair

Signed.....

Mr Joseph Morrison
Group Chief Executive Officer

Signed.....

Mr David Silcock
Executive Director Corporate

15 September 2023

Indigenous Land and Sea Corporation Contents

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Indigenous Land and Sea Corporation
Consolidated Statement of Comprehensive Income
for the year ended 30 June 2023

	Notes	Consol 2023 \$'000	Consol 2022 \$'000
NET COST OF SERVICES			
Expenses			
Provision for property held for grant and assets held in trust	1A	12,391	1,100
Employee benefits	1B	98,946	77,889
Suppliers	1C	104,183	82,524
Grant funding	1D	38,797	24,117
Depreciation and amortisation	1E	23,637	22,648
Finance costs	1F	6,067	4,290
Total expenses		284,021	212,568
Own-source income			
Own-source revenue			
Interest	2A	3,709	362
Revenue from contracts with customers	2B	179,982	102,032
Grants	2D	4,576	4,608
Other revenue	2E	13,107	14,189
Total own-source revenue		201,374	121,191
(Losses)/ gains			
Net loss in the net market value of livestock	3A	(9,416)	(9,401)
Other net (loss)/ gain	3B	(372)	2,284
Net loss from disposal of assets	3C	(1,084)	(32,015)
Total (losses)		(10,872)	(39,132)
Total own-source income		190,502	82,059
Net cost of services		(93,519)	(130,509)
Revenue from Government			
Revenue from Government	4	68,805	64,000
(Loss) before income tax on continuing operations		(24,714)	(66,509)
Income tax (benefit)	5A	(2,256)	(9,684)
(Loss) attributable to the Australian Government		(22,458)	(56,825)
Other comprehensive income			
Changes in asset revaluation reserve	7E	(10,730)	45,826
Tax effect of revaluations		3,364	(12,901)
Changes in other reserves	7F	340	891
Total comprehensive (loss) attributable to the Australian Government		(29,484)	(23,009)

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

Indigenous Land and Sea Corporation
Consolidated Statement of Financial Position
as at 30 June 2023

	Notes	Consol 2023 \$'000	Consol 2022 \$'000
ASSETS			
Financial assets			
Cash and cash equivalents	6A	72,347	66,752
Trade and other receivables	6B	13,007	10,877
Investments	6C	30,000	30,000
Other financial assets	6D	2,413	3,451
Total financial assets		117,767	111,080
Non-financial assets¹			
Biological assets	7A	4,975	15,866
Inventory - other	7B	5,379	4,305
Inventory - property held for grant	7C	113,574	101,385
Assets held in trust	7D	52,137	52,059
Land	7E	83,954	86,807
Property, plant and equipment	7E	404,137	408,641
Intangible assets	7F	13,496	8,825
Prepayments		3,444	2,200
Total non-financial assets		681,096	680,088
Total assets		798,863	791,168
LIABILITIES			
Payables			
Suppliers	8A	32,457	14,015
Other payables	8B	20,293	21,173
Interest bearing loans	8C	134,348	126,013
Leases	8D	26,485	22,152
Deferred tax liability	5B	6	6,300
Income tax payable		-	368
Total payables		213,589	190,021
Provisions			
Employee provisions	10	11,156	10,156
Provision for property held for grant	7C	113,574	101,385
Provision for assets held in trust	7D	52,137	52,059
Other provisions	9	351	626
Total provisions		177,218	164,226
Total liabilities		390,807	354,247
NET ASSETS		408,056	436,921
EQUITY			
Parent entity interest			
Reserves		87,491	105,614
Retained surplus		320,565	331,307
Total parent entity interest		408,056	436,921
TOTAL EQUITY		408,056	436,921

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 2023

Consolidated	Retained Surplus		Asset Revaluation Reserve		Other Reserves¹		Total Equity	
	2023	2022	2023	2022	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening Balance								
Balance carried forward from previous period	331,307	375,372	104,723	84,344	891	-	436,921	459,716
Comprehensive (loss)/ Income								
(Loss) for the period	(22,458)	(56,825)	-	-	-	-	(22,458)	(56,825)
Other comprehensive income:								
Fair value revaluation of intangible assets	-	-	-	-	340	891	340	891
Fair value revaluation of property, plant and equipment	-	-	(10,730)	45,826	-	-	(10,730)	45,826
Tax effect of revaluations	-	-	3,364	(12,901)	-	-	3,364	(12,901)
Total comprehensive (loss)/ income attributable to the Australian Government	(22,458)	(56,825)	(7,366)	32,925	340	891	(29,484)	(23,009)
Amount transferred to/(from) revaluation reserve for property, plant and equipment disposed of	11,716	12,760	(11,716)	(12,760)	-	-	-	-
Income tax equity adjustment	-	-	619	214	-	-	619	214
Closing balance attributable to the Australian Government	320,565	331,307	86,260	104,723	1,231	891	408,056	436,921

¹ Other reserves incorporate the fair value revaluation movement of intangible assets (refer Note 7F).

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 2023**

	Consol 2023 \$'000	Consol 2022 \$'000
OPERATING ACTIVITIES		
Cash received		
Appropriations from Government	10,629	8,276
Receipts from Government	62,702	57,716
Goods and services	198,011	125,497
Interest	3,029	268
Other	12,621	13,465
Total cash received	286,992	205,222
Cash used		
Employees	(103,554)	(81,865)
Suppliers	(129,392)	(114,263)
Interest paid	(4,013)	(2,214)
Interest payments on lease liabilities	(1,313)	(905)
GST paid (net)	(3,312)	(519)
Income tax paid	(374)	-
Total cash used	(241,958)	(199,766)
Net cash from operating activities	45,034	5,456
INVESTING ACTIVITIES		
Cash received		
Proceeds from the sale of property, plant and equipment	112	198
Total cash received	112	198
Cash used		
Purchase of property, plant and equipment	(37,929)	(9,703)
Purchase of intangibles	(5,458)	(173)
Advances from loans, net	353	(1,399)
Total cash used	(43,034)	(11,275)
Net cash used by investing activities	(42,922)	(11,077)
FINANCING ACTIVITIES		
Cash received		
Proceeds from loans	10,000	-
Total cash received	10,000	-
Cash used		
Repayment of loans	(2,519)	-
Principal payments of lease liabilities	(3,998)	(2,144)
Total cash used	(6,517)	(2,144)
Net cash provided from (used by) financing activities	3,483	(2,144)
Net increase (decrease) in cash held	5,595	(7,765)
Cash at the beginning of the reporting period	66,752	74,517
Cash at the end of the reporting period	72,347	66,752

6A

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 2023

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. The address of the Group's registered office is GPO Box 652, Adelaide, South Australia 5001.

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)
- National Centre of Indigenous Excellence Ltd (NCIE)
- Voyages Indigenous Tourism Australia Pty Ltd (Voyages)
- ILSC Employment Pty Ltd (ILSCE)
- The Owners – Strata Plan No. 86156 (Owners Corp)

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

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

Basis of preparation of the financial statements

The consolidated financial statements are 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 - including simplified disclosures for Tier 2 entities under AASB 1060 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.

Significant accounting judgements, estimates and assumptions

The preparation of the financial statements requires judgements, estimates and assumptions that affect the amounts reported in the financial statements. These judgements and estimates are continually evaluated in relation to assets, liabilities, contingent liabilities, revenue and expenses. The Group bases its judgements and estimates on historical experience and on other various factors that are believed to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Among other things, 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, refer to note 7E;
- Determining the net realisable value of inventory, taking into account any inventory that has become slow moving, refer to notes 7B, C, D;
- Analysing the methodology used to estimate the fair value of biological assets and consider any revision to the provision balance, refer to note 7A;
- 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, refer to note 6B; and
- The period for utilisation of accumulated tax losses recorded as deferred tax assets, refer to note 5B.

New and amended standards and interpretations

Adoption of new Australian Accounting Standards requirements

All new accounting standards that were issued prior to the sign-off date and are applicable to the current reporting period did not have a material effect on the Group's financial statements.

Two amending standards (AASB 2021-2 and AASB 2021-6) were adopted earlier than the application date as stated in the standard. These amending standards have been adopted for the 2022-23 reporting period.

Standard/ Interpretation	Nature of change in accounting policy, transitional provisions, and adjustment to financial statements
<i>AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates</i> (AASB 2021-2) and	AASB 2021-2 amends AASB 7, AASB 101, AASB 108, AASB 134 and AASB Practice Statement 2. The amending standard requires the disclosure of material, rather than significant, accounting policies, and clarifies what is considered a change in accounting policy compared to a change in accounting estimate.
AASB 2021-6 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards (AASB 2021-6)	AASB 2021-6 amends the Tier 2 reporting requirements set out in AASB 1049, AASB 1054 and AASB 1060 to reflect the changes made by AASB 2021-2.

These amending standards are not expected to have a material impact on the Group's consolidated financial statements for the current reporting period or future reporting periods.

Several other amendments and interpretations apply for the first time in the year ended 30 June 2023, but do not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any other standards, interpretations or amendments that have been issued but are not yet effective.

Future Australian Accounting Standards requirements

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

Comparative figures

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

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 is 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

No matters or circumstances have arisen since the end of the reporting period which significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

Consol	Consol
2023	2022
\$'000	\$'000

Financial Performance

This section analyses the financial performance of the Group for the year ended 30 June 2023.

1. Expenses

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

Increase in the provision for property held for grant	12,313	1,100
Increase in the provision for assets held in trust	78	-
Total increase in provision	<u>12,391</u>	<u>1,100</u>

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	90,480	71,165
Superannuation		
Defined contribution plans	7,966	6,266
Defined benefit plan	358	423
Separation and redundancy	142	35
Total employee benefits	<u>98,946</u>	<u>77,889</u>

Accounting Policy

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

	Consol 2023 \$'000	Consol 2022 \$'000
1C. Suppliers		
Goods and services supplied or rendered		
Raw materials and consumables	42,764	28,771
Repairs and maintenance	10,159	9,802
Staff related expenses	8,074	6,632
Utilities, rates and services	8,153	6,877
Consultants	6,669	6,591
Other expenses	7,350	5,477
Agribusiness supplies and expenses	2,079	2,685
Marketing	3,936	3,114
Travel	1,970	977
Information and communication expenses	4,717	3,875
Resort supplies and expenses	2,082	1,230
Fuels	774	1,017
Insurance	2,116	1,792
Audit fees paid	325	332
Total goods and services supplied or rendered	<u>101,168</u>	<u>79,172</u>
Other supplier expenses:		
Operating lease rentals: Short-term leases	961	1,428
Workers compensation expenses	2,054	1,924
Total other supplier expenses	<u>3,015</u>	<u>3,352</u>
Total suppliers	<u>104,183</u>	<u>82,524</u>

Accounting Policy***Short-term leases and leases of low-value assets***

The Group 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 per asset). The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The above lease disclosures should be read in conjunction with the accompanying notes 1F, 2E, 7E and 8D.

1D. Grant funding

Grant funding	<u>38,797</u>	<u>24,117</u>
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Grant funding to Indigenous corporations provides assistance for acquiring and managing rights and interests in land, salt water and fresh water country interests.

	Consol 2023 \$'000	Consol 2022 \$'000
1E. Depreciation and amortisation		
Land - Right-of-use asset	144	140
Buildings and infrastructure	13,831	14,240
Plant and equipment	3,951	3,353
Furniture and fittings	2,218	2,340
Motor vehicles	1,731	1,220
Computer equipment	278	440
Leasehold improvements	357	465
Total depreciation	<u>22,510</u>	<u>22,198</u>
Software	1,127	450
Total amortisation	<u>1,127</u>	<u>450</u>
Total depreciation and amortisation	<u>23,637</u>	<u>22,648</u>

Accounting Policy

Accounting policy for depreciation and amortisation expense is contained in Note 7E and Note 7F.

1F. Finance costs

Unwinding of discount on concessional loans	191	160
Loan interest	4,563	2,961
Interest on lease liabilities	1,313	1,169
Total finance costs	<u>6,067</u>	<u>4,290</u>

All borrowing costs are expensed as incurred.

The above lease disclosures should be read in conjunction with the accompanying notes 1C, 2E, 7E and 8D.

	Consol 2023 \$'000	Consol 2022 \$'000
2. Own-source revenue		
2A. Interest		
Term deposits interest	3,110	335
Interest on bank and other securities	599	27
Total interest	<u>3,709</u>	<u>362</u>
Interest revenue is recognised using the effective interest method.		
2B. Revenue from contracts with customers		
Sale of goods	86,045	38,560
Rendering of services	93,937	63,472
Total revenue from contracts with customers	<u>179,982</u>	<u>102,032</u>
Disaggregation of revenue from contracts with customers		
Agribusiness		
Fodder and mixed ration	4,054	4,448
Agistment fees	768	1,108
Wool	463	760
Meat	448	687
Tourism	172,233	92,953
Fitness and Aquatics	123	158
Conference and Venue Hire	553	440
Accommodation - NCIE	26	143
Corporate sponsorship and grants	36	-
Other sale of goods	1,278	1,335
Total revenue from contracts with customers	<u>179,982</u>	<u>102,032</u>

Accounting Policy

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 obligation 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 is 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 and 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 - Delivering 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 2023	Consol 2022
Notes	\$'000	\$'000

2C. Unsatisfied obligations

The transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 30 June are, as follows:

Within one year	8A	<u>913</u>	<u>604</u>
		913	604

2D. Grants

Grants from:

Department of Prime Minister and Cabinet	3,242	3,253
Department of Health	-	972
Other grants	1,334	383

Total grants	<u>4,576</u>	<u>4,608</u>
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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	134	241
Grant recovery	46	108
Insurance recovery	224	410
Lease income	9,266	8,336
Subleasing right-of-use assets ¹	-	5
Carbon and environment programmes	2,722	3,595
Other revenue	715	1,494

Total other revenue	<u>13,107</u>	<u>14,189</u>
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¹ The lease disclosures should be read in conjunction with the accompanying notes 1C, 1F, 7E and 8D.

Consol 2023 \$'000	Consol 2022 \$'000
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2E. Other revenue (continued)*Operating Leases Receivable*

Operating leases	11,413	3,450
Total operating leases receivable	11,413	3,450

The subsidiary, Voyages, has rental income arising from operating leases on defined floor space used by third parties for retailing within income producing properties and from housing occupied by either employees or third parties.

Maturity analysis of operating lease income receivables:

One year or less	1,281	1,257
From one to five years	5,719	1,912
Over five years	4,413	281
Total undiscounted lease payments receivable	11,413	3,450

3. (Losses)/ gains**3A. Net loss in the net market value of livestock**

Net (loss) in the net market value during the reporting period

Cattle	(7,937)	(9,581)
Sheep	(978)	79
Gross change in net market value	(8,915)	(9,502)
(Increase)/ decrease in provision for deaths	(501)	101
Net (loss) in the net market value of livestock	(9,416)	(9,401)

Net market value is fair value less costs to sell.

The gross change in net market value of \$8,915,000 incorporates a gain associated with natural increase of \$273,000, offset by losses associated with deaths/rations/other of \$592,000 and a change in net market value of \$8,596,000. The decrease in net market value of \$8,596,000 includes the impact of the sale of cattle and sheep to indigenous organisations below market value (\$7.1 million) - also refer to note 7A *Biological Assets*.

3B. Other net (loss)/ gain

Fair value (loss)/ gain on financial instruments ¹	(539)	2,789
Impairment loss on trade and other receivables	(200)	(202)
Impairment reversal/ (loss) on property, plant and equipment	367	(303)
Total net (loss)/ gain	(372)	2,284

¹The change in the fair value recorded is the aggregate change in the derivative financial asset between 30 June 2022 and 30 June 2023 (derivative financial assets-refer note 6D).

Consol	Consol
2023	2022
\$'000	\$'000

3C. Net loss from disposal of assets

Net loss from disposal of assets	<u>(1,084)</u>	<u>(32,015)</u>
Total net loss from disposal of assets	<u>(1,084)</u>	<u>(32,015)</u>

The Group entered into a Deed of Grant of Assets with NSW Aboriginal Land Council (NSWALC) in May 2021 to divest the property at Redfern on which NCIE Limited operates. The Group finalised the divestment of the Redfern property on 30 June 2022 with the transfer of assets being effective at this date. In the previous financial reporting year, the Group recorded a loss on disposal against the carrying value, at an amount of \$31.5 million, of post-acquisition NCIE building and infrastructure improvement assets.

4. Revenue from Government

Department of the Prime Minister and Cabinet		
Corporate Commonwealth entity payment ¹	10,629	8,276
Receipts from the ATSILSFF ²	58,176	55,724
Total revenue from Government	<u>68,805</u>	<u>64,000</u>

¹The amounts received by the Group as a Corporate Commonwealth Entity payment are for the support of jobs in the Northern Territory in land management and pastoral activities. The income is recognised on receipt and corresponding payments are recognised as expenses when incurred or when paid to third parties.

²The ILSC was established under the *Aboriginal and Torres Strait Islander Act 2005* (ATSIA 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 are recognised at the time ILSC becomes entitled to receive the revenue.

Consol 2023 \$'000	Consol 2022 \$'000
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Taxation

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

5. Income tax

5A. Income tax (benefit)

The major components of income tax (benefit) are:

Current income tax:

Current income tax charge	-	-
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Deferred income tax:

Relating to origination and reversal of temporary differences	(2,312)	(10,052)
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Adjustments in respect of income tax of previous years	56	368
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Income tax (benefit) reported in Statement of Comprehensive Income	(2,256)	(9,684)
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Numerical reconciliation between aggregate tax expenses recognised in the Statement of Comprehensive Income and tax as calculated per the statutory income tax rate (Voyages and PPPL only):

Total accounting (loss)	(24,714)	(66,509)
Accounting (loss)/ profit not subject to income tax	4,894	16,676
Total accounting (loss) subject to income tax	(19,820)	(49,833)

Income tax (benefit) on (loss) at statutory rate (30%)	(5,946)	(14,950)
Adjustments in respect of income tax of previous years	56	368
Value of deferred tax assets not recognised/derecognised	1,377	4,839
Permanent differences	2,065	-
Recognition of prior year temporary differences not previously recognised	140	-
Other	52	59

Aggregate income tax (benefit)	(2,256)	(9,684)
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5B. Deferred income tax

Deferred tax relates to the following:

	Statement of Financial Position		Statement of Comprehensive Income	
	Consol 2023 \$'000	Consol 2022 \$'000	Consol 2023 \$'000	Consol 2022 \$'000
Provision for doubtful debts	85	115	30	137
Provision for employee entitlements	2,376	2,201	(174)	(185)
Fixed assets	(36,213)	(38,861)	1,332	(673)
Other	(559)	(254)	306	901
Losses available for offsetting future taxable income	28,802	26,661	(2,141)	(10,484)
Financial liabilities	5,503	3,838	(1,665)	252
Deferred tax expense			(2,312)	(10,052)
Net deferred tax liabilities	(6)	(6,300)		
<i>Reconciliation of net deferred tax liability:</i>				
Opening balance as of 1 July	(6,300)	(3,665)		
Tax benefit during the period recognised in Statement of Comprehensive Income	2,312	10,052		
Other	(1)	-		
Amounts recorded within equity	3,983	(12,687)		
Closing balance as at 30 June	(6)	(6,300)		

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).

Voyages and PPPL 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. Refer to the Overview section and note 7E for further disclosure on the uncertainty in the assumptions for the forecasts.

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

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

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

Consol 2023 \$'000	Consol 2022 \$'000
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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	26,916	31,656
Short-term deposits	45,431	35,096
Total cash and cash equivalents	<u>72,347</u>	<u>66,752</u>

Accounting Policy

Cash is recognised at its nominal amount. Cash and cash equivalents includes:

- a) cash on hand and demand; and
- b) 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 \$2,661,000 (2022: \$2,658,000).

6B. Trade and other receivables

Goods and services receivables	7,013	6,847
Other receivables:		
Interest receivable	800	103
Other debtors	5,610	4,615
Total other receivables	<u>6,410</u>	<u>4,718</u>
Total trade and other receivables (gross)	13,423	11,565
Less: Expected credit loss allowance	(416)	(688)
Total trade and other receivables (net)	<u>13,007</u>	<u>10,877</u>
<i>Reconciliation of expected credit loss allowance</i>		
Opening balance	(688)	(1,390)
Amounts written off	200	202
Amounts recovered or reversed	(190)	206
Decrease recognised in net cost of services	262	294
Closing balance	<u>(416)</u>	<u>(688)</u>

Credit terms for goods and services are generally within 28 days (2022: 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 2023 \$'000	Consol 2022 \$'000
6C. Investments		
Term deposits	30,000	30,000
Total investments	<u>30,000</u>	<u>30,000</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 loans provided to Indigenous corporations	2,198	2,551
Derivative financial assets	915	1,454
Total other financial assets (gross)	<u>3,113</u>	<u>4,005</u>
Less: Provision for impairment other financial assets	<u>(700)</u>	<u>(554)</u>
Total other financial assets (net)	<u>2,413</u>	<u>3,451</u>

Accounting PolicyRepayable loans provided to Indigenous corporations

Repayable loans 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.

Derivative financial assets

Derivative financial assets are measured at fair value through profit or loss and reflect the positive change in fair value of interest rate swaps. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The fair value determined through 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 asset. At 30 June 2023, the MTM calculation for held interest rate swaps resulted in a derivative financial asset. 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).

	Consol 2023 \$'000	Consol 2022 \$'000
7. Non-financial assets		
7A. Biological assets		
Livestock	5,787	16,177
Provision for livestock deaths	(812)	(311)
Total biological assets	<u>4,975</u>	<u>15,866</u>
	Consol 2023 \$'000	Consol 2023 Number
<i>Movement in livestock:</i>		
Opening on hand (at net market value)	16,177	25,178
Less provision for deaths	(311)	
Net sales	(1,988)	(21,144)
Purchases	513	352
Natural increase	273	6,211
Deaths/rations/other	(592)	(2,293)
Change in net market value ¹	(8,596)	
Change in provision for deaths	(501)	
Closing on hand (at net market value)	<u>4,975</u>	<u>8,304</u>
<i>Livestock on hand at the beginning of the reporting period at net market value (excluding provision for deaths):</i>		
	Consol 2022 \$'000	Consol 2022 Number
Cattle	15,108	15,540
Sheep	1,069	9,638
	<u>16,177</u>	<u>25,178</u>
<i>Livestock on hand at the end of the reporting period at net market value (excluding provision for deaths):</i>		
	Consol 2023 \$'000	Consol 2023 Number
Cattle	5,787	8,304
Sheep	-	-
	<u>5,787</u>	<u>8,304</u>

¹During FY23, the Group transitioned the operations of Bulimba Station (Bulimba) and Murrayfield Station (Murrayfield) to Indigenous-owned organisations with an asset sale agreement entered into. As part of the Bulimba and Murrayfield asset sale agreements, livestock were sold to the Indigenous-owned organisations for consideration below the recorded book value. This has contributed to the decrease in the change in net market value in the amount of \$7.1m.

Accounting Policy

Biological assets consist 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 14.0% (2022: 1.9%) 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.

	Consol 2023 \$'000	Consol 2022 \$'000
7B. Inventory - other		
Inventory held for sale	5,328	4,280
Agricultural produce	51	25
Carrying amount 30 June	<u>5,379</u>	<u>4,305</u>

Total amount of other inventory expensed during the period is \$42,764,000 (2022: \$28,771,000).

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.

Inventories acquired at no cost or nominal consideration are initially measured at current replacement cost at the date of acquisition.

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

Property held for grant	113,574	101,385
Less: Provision for property held for grant	<u>(113,574)</u>	<u>(101,385)</u>
Carrying amount 30 June	<u>-</u>	<u>-</u>
A summary of the movement in property held for grant is as follows:		
Opening balance 1 July	101,385	116,209
Additions to 30 June	1,552	1,100
Reclassified from property, plant and equipment ¹	<u>10,761</u>	<u>-</u>
Total Additions (Note 1A)	12,313	1,100
Granted to 30 June	-	(15,694)
Disposal of assets held for grant	<u>(124)</u>	<u>(230)</u>
Net movement	12,189	(14,824)
Carrying amount 30 June	<u>113,574</u>	<u>101,385</u>

¹As part of the Group's plan to transition Agri properties, property, plant and equipment for these properties have been reclassified as property held for grant given that these properties will be divested in the near future. As a result of reclassifying these property, plant and equipment assets to property held for grant, a corresponding provision has been recognised in accordance with Group policy.

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 2023 \$'000	Consol 2022 \$'000
7D. Assets held in trust and provision for assets held in trust		
Assets held in trust	52,137	52,059
Less: Provision for assets held in trust	(52,137)	(52,059)
Carrying amount 30 June	-	-
Total amount held at the beginning of the reporting period	52,059	52,059
Additions (Note 1A)	78	-
Total amount held at the end of the reporting period	52,137	52,059

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 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
As at 1 July 2022									
Net book value	86,807	359,636	24,465	12,453	4,639	4,213	3,246	408,652	495,459
Accumulated depreciation and impairment	-	-	(5)	(0)	(3)	(3)	-	(11)	(11)
Net book value as at 1 July 2022	86,807	359,636	24,460	12,453	4,636	4,210	3,246	408,641	495,448
Additions									
By purchase	-	8,577	28,549	2,928	997	(3,131)	9	37,929	37,929
Revaluation and impairments recognised in other comprehensive income	(2,614)	(8,952)	365	20	452	(1)	-	(8,116)	(10,730)
Remeasurement of Right-of-use assets	11	345	-	-	-	-	-	345	356
Depreciation	-	(11,263)	(3,565)	(2,218)	(1,654)	(278)	(357)	(19,335)	(19,335)
Depreciation of right-of-use assets	(144)	(2,568)	(386)	-	(77)	-	-	(3,031)	(3,175)
Other movements	-	51	4	-	-	(4)	(3)	48	48
Reclassified to property held for grant	-	(10,114)	(647)	-	-	-	-	(10,761)	(10,761)
Disposals	(106)	(76)	(653)	(64)	(753)	(20)	(17)	(1,583)	(1,689)
Total as at 30 June 2023	83,954	335,636	48,127	13,119	3,601	776	2,878	404,137	488,091
Carrying amount of right-of-use assets	1,543	10,100	4,813	-	-	-	-	14,913	16,456

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
Net book value as at 1 July 2021	77,237	366,180	25,530	14,216	5,015	2,200	3,282	416,423	493,660
Additions	-	4,385	1,770	539	515	2,494	-	9,703	9,703
By purchase	-	-	-	-	-	-	-	-	-
Revaluation and impairments recognised in other comprehensive income	9,332	34,711	799	48	539	(33)	430	36,494	45,826
Reversal of Impairments recognised in net cost of services	-	64	-	-	-	-	-	64	64
Remeasurement of Right-of-use assets	378	134	-	-	-	-	-	134	512
Depreciation	-	(11,677)	(3,273)	(2,340)	(1,107)	(440)	(465)	(19,302)	(19,302)
Depreciation of right-of-use assets	(140)	(2,563)	(80)	-	(113)	-	-	(2,756)	(2,896)
Other movements	-	-	5	-	-	(5)	-	-	-
Disposals	-	(31,598)	(291)	(10)	(213)	(6)	(1)	(32,119)	(32,119)
Net book value as at 30 June 2022	86,807	359,636	24,460	12,453	4,636	4,210	3,246	408,641	495,448
Carrying amount of right-of-use assets	1,676	12,323	5,199	-	-	-	-	17,522	19,198

Consol	Consol
2023	2022
\$'000	\$'000

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	5,356	5,236
Plant and equipment	2,812	976
Furniture and fittings	152	448
Motor vehicles	269	461
Computer systems	1,715	5,043
	<u>10,304</u>	<u>12,164</u>

(Decrement)/ Increment in asset revaluation reserve:

As a result of disposal/transfer:

Buildings and structures	(8,524)	(11,459)
Plant and equipment	(2,061)	(561)
Furniture and fittings	(56)	(22)
Motor vehicles	(1,013)	(717)
Computer systems	(45)	(2)
Leasehold improvements	(17)	1
	<u>(11,716)</u>	<u>(12,760)</u>

As a result of revaluation:

Land	(2,614)	9,332
Buildings and structures	(8,952)	34,711
Plant and equipment	365	799
Furniture and fittings	20	48
Motor vehicles	452	539
Computer systems	(1)	(33)
Leasehold improvements	-	430
	<u>(10,730)</u>	<u>45,826</u>

Total (decrement)/ increment in asset revaluation reserve	<u>(22,446)</u>	<u>33,066</u>
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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 the initial lease liability amount and 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.

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 a 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 2 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 revaluation decrement adjustments. Valuations are conducted with sufficient frequency to ensure that the carrying amount of assets do not differ materially from the assets’ or of an asset 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 or if the nature of the property, plant and equipment experiences significant and volatile changes in fair value.

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

<i>Asset class:</i>	<i>Fair value measured at:</i>
Land	Market selling price
Building structures and improvements	Market selling price and 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 reverse a previous revaluation increment for that class.

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

Depreciation and amortisation

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to the entity using either the diminishing value or 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.

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

	Diminishing Value 2023	Diminishing Value 2022	Prime Cost 2023	Prime Cost 2022
Buildings and infrastructure	2-40%	2-40%	2.5-40%	2.5-40%
Plant and equipment	3.5-80%	3.5-80%	5-80%	5-80%
Office equipment	20-50%	20-50%	20-50%	20-50%
Motor vehicles	6.5-100%	6.5-100%	20-45%	20-45%
Furniture and fittings	1-80%	1-80%	8-80%	8-80%
Computer equipment	4.5-67%	4.5-67%	40-67%	40-67%
Leasehold improvements	2-100%	2-100%	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.

Valuation of Ayers Rock Resort (ARR)

The Group engaged Colliers International ("the valuer"), an accredited hotel valuation and advisory expert, to assist it in preparing an independent valuation for the purpose of determining the fair value of the ARR at the reporting date. The Group has assessed the risks associated with the cashflow forecast including a longer recovery period from airline access constraints and Australian inbound travel recovery, inflationary pressures and other key assumptions used in the valuation and has determined the fair value of the ARR to be \$435m at 30 June 2023 (2022: \$427m).

In order to restate the carrying value of ARR to fair value as at 30 June 2023, a revaluation decrease of \$11.7m before tax (\$8.1m net of tax) was recognised as a decrement against the asset revaluation reserve.

The valuation technique adopted was to consider two approaches, the Discounted Cash Flow (DCF) method and the Stabilised Yield (Capitalisation of Earnings) method.

Capitalisation of Earnings

The capitalisation of earnings methodology applied a discount rate of 10.5% (2022: 11%) and capitalisation rate of 8.5% (2022: 8.5%) to the stabilised level of forecast earnings. The earnings shortfall over the years to achieve that level of stabilised trade was then deducted. This involved deducting the present value of earnings shortfalls forecast over the next four financial years in accordance with the longer recovery period expected (including normalising air capacity and international travellers). The approach adopted is a 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 FY28, meaning earning shortfalls from FY24 to FY27 are discounted and deducted from the Valuation.

Discounted Cash flow

Given the longer recovery period required to return to a stable state, a 10 year discounted cash flow valuation approach was adopted in the current financial year, applying a pre-tax discount rate of 11% (2022: 11%) to the cash flow range and a terminal yield of 9% (2022: 9%). Noting that the rates are the same as 2022, in recognition of the strong major Australian hotel transaction yields witnessed recently in the market.

Key assumptions used in fair value calculations

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

- Forecast earnings (net operating income), including forecast resort occupancy and average daily rate;
- Investment yield or capitalisation of earnings rate;
- 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 recovery period in which occupancy and average room rate return to normalised levels. It has considered normalised flight schedules, expansionary capex projects, and the recovery profile of Australian inbound demand. A number of assumptions driving the longer recovery period are based on unobservable inputs that remain subject to uncertainty and dynamic change in the current market and economic climate.

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 the valuer, 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. The valuer 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 the valuer 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 ten year trading forecast for financial years 2024 to 2033 was used as a valuation cross check within level 2 and 3 included:

- Investment yield or capitalisation of earnings rate;
- Discount rate.

The Group policy for determining when transfers between levels of the fair value hierarchy are deemed to have occurred is at the end of each reporting period. This would complement the assessment of fair value policy where revised valuations are conducted with sufficient frequency to ensure that the carrying amount of assets does not differ materially from the assets' fair value at reporting date.

Sensitivity to changes in assumptions

The Group valuation adopted for ARR of \$435m 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 valuer adopted 8.5% for calculating the fair value of the ARR CGU. The independent valuer is of the view that the capitalisation of earnings rate selected as part of the valuation approach is appropriate in the current market. An increase in the capitalisation of earnings rate of 0.25% would result in a reduction in the fair value of approximately \$15.7m.

Discounted cash flow – The cashflow analysis is based on predicted future trading and capital expenditure. The valuer assessed a terminal yield between 8% and 10% and discount rates between 10.25% and 11.75%, with adopted values of 9% for terminal yield and 11% for discount rate used in calculating the fair value of the ARR CGU. The independent valuer is of the view that the terminal yield and discount rate selected as part of the valuation approach are appropriate. An increase in the discount rate of 0.5% would result in a reduction in the fair value of approximately \$17.7m. An increase in the terminal yield of 0.5% would result in a reduction in the fair value of approximately \$13.7m.

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	Carbon Rights \$'000	Total \$'000
As at 1 July 2022					
Gross book value	7,326	20,479	3,243	2,100	33,148
Accumulated amortisation and impairment	(5,910)	(15,170)	(3,243)	-	(24,323)
Total as at 1 July 2022	1,416	5,309	-	2,100	8,825
Additions					
By purchase	5,458	-	-	-	5,458
Revaluation/ impairments recognised in other comprehensive income	-	-	-	340	340
Amortisation and impairment	(1,127)	-	-	-	(1,127)
Other movements recognised through profit and loss	-	-	-	135	135
Disposals	-	-	-	(135)	(135)
Total as at 30 June 2023	5,747	5,309	-	2,440	13,496
Total as at 30 June 2023 represented by:					
Gross book value	12,784	20,479	3,243	2,440	38,946
Accumulated amortisation and impairment	(7,037)	(15,170)	(3,243)	-	(25,450)
Total as at 30 June 2023	5,747	5,309	-	2,440	13,496

7F. Intangible assets (continued)
Reconciliation of opening and closing balances:

	Software \$'000	Trade marks and licences \$'000	Other contracts and relationships \$'000	Carbon Rights \$'000	Total \$'000
As at 1 July 2021					
Gross book value	7,163	20,469	3,243	1,209	32,084
Accumulated amortisation and impairment	(5,460)	(15,170)	(3,243)	-	(23,873)
Total as at 1 July 2021	1,703	5,299	-	1,209	8,211
Additions					
By purchase	163	10	-	-	173
Revaluation/ impairments recognised in other comprehensive income				891	891
Amortisation and impairment	(450)	-	-	-	(450)
Total as at 30 June 2022	1,416	5,309	-	2,100	8,825
Total as at 30 June 2022 represented by:					
Gross book value	7,326	20,479	3,243	2,100	33,148
Accumulated amortisation and impairment	(5,910)	(15,170)	(3,243)	-	(24,323)
Total as at 30 June 2022	1,416	5,309	-	2,100	8,825

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 2023	Consol 2022
Software	1-10 years	1-10 years

Trade marks

Brands includes trademarks, business names 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.

Carbon Rights

Carbon rights are recognised as an intangible asset upon meeting recognition requirements. Carbon rights are measured at fair value and 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 2023 \$'000	Consol 2022 \$'000
7G. Commitments - property plant and equipment		
Capital commitments payable		
Capital commitments	82	265
Total capital commitments	<u>82</u>	<u>265</u>
Commitments are payable as follows:		
One year or less	82	265
Total capital commitments payable	<u>82</u>	<u>265</u>

At 30 June 2023 the Group had capital commitments for plant and equipment at various Agribusiness operations.

Consol	Consol
2023	2022
\$'000	\$'000

8. Payables**8A. Suppliers**

Trade creditors and accruals	31,544	13,411
Contract liabilities from contracts with customers	913	604
Total suppliers	32,457	14,015

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 from contracts with customers are associated with Government grants where performance obligations have not yet been met for the parent entity, ILSC and Voyages.

Trade creditors and accruals includes an amount owing to Wana Ungkunytya Pty Ltd - refer Note 12C.

8B. Other payables

Salaries and wages	389	364
Superannuation payable	612	587
Net GST payable to ATO	343	356
Unearned income received in advance	16,225	17,104
Sinking fund	2,694	2,704
Other payables	30	58
Total other payables	20,293	21,173

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 services are performed.

8C. Interest bearing loans

ANZ Bank	110,521	102,500
Northern Australia Infrastructure Facility (NAIF)	23,827	23,513
Total interest bearing loans	134,348	126,013

Loan with ANZ Bank

The Group's bank loan is with ANZ and 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 June 2023 until March 2025. In February 2022, a new \$10m facility was provided for the purpose of CAPEX funding in relation to Wintjiri Wiru and was drawn down in March 2023 with quarterly repayments of \$0.8m over the term from March 2023 to December 2025.

As at 30 June 2023, the total loan balance with ANZ is \$110.5m.

Under the ANZ financing arrangements, the Group is required to have an interest rate swap in place for 50% of the total debt amount with ANZ to manage the interest rate risk and meet certain Facility Agreement requirements. This requirement was given a temporary waiver on 7 February 2022 for 2 years due to Voyages having entered into interest rate swaps for 50% of its total debt with ANZ at that point in time.

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 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 during FY20. 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. As at the reporting date, the amount outstanding before concessional loan discount is \$25,857,000. \$1.3m has been classified as current with quarterly repayments of \$0.3m to be made commencing in March 2023 until December 2028.

Interest on the Group's total borrowing facilities during the current financial year was an average of 3.9% (2022: 2.4%).

	Consol 2023 \$'000	Consol 2022 \$'000
8D. Leases		
Lease liabilities	26,485	22,152
Total lease liabilities	<u>26,485</u>	<u>22,152</u>
Maturity analysis - contractual undiscounted cash flows		
Within 1 year	3,186	2,030
Between 1 to 5 years	13,572	8,722
More than 5 years	<u>9,734</u>	<u>11,408</u>
Total lease liabilities	<u>26,492</u>	<u>22,160</u>

Accounting Policy

For all new contracts entered into, the Group considers whether the contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

Once it has been determined that a contract is, or contains a lease, the lease liability is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease, if that rate is readily determinable, or the department's incremental borrowing rate.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification to the lease. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset or profit and loss depending on the nature of the reassessment or modification.

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 - 5
Drones	5
Solar photovoltaic systems	20

During FY23, the Group entered into a lease contract regarding the use of drones for the Wintjiri Wiru project. The initial recognition of the lease liability was \$4.9m.

The Group has lease contracts for solar photovoltaic systems that may contain variable payments. Annual rent may be varied 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 during the year was \$5,311,000 (2022: \$3,049,000).

The above lease disclosures should be read in conjunction with the accompanying notes 1C, 1F, 2E and 7E.

Consol	Consol
2023	2022
\$'000	\$'000

9. Other provisions

9A. Provision for make good

As at 1 July	259	259
Additional provisions made	92	-
Total as at 30 June	351	259

The Group currently has four 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.

9B. Provision for property, plant and equipment

As at 1 July	367	-
Amounts reversed	(367)	-
Additional provisions made	-	367
Total as at 30 June	-	367

The Group divested the property on which NCIE Ltd has operated to NSWALC on 30 June 2022. NCIE Ltd will continue to operate the Fitness & Aquatics enterprise and will use relevant areas of the property from NSWALC. A provision for property, plant and equipment, was recognised at 30 June 2022 for assets which are owned by NCIE Ltd but remain in areas of the property where NCIE Ltd no longer operates. During the financial year, the Group has determined that NCIE Ltd will not derive any future benefit from a number of these assets and has disposed those assets and reversed the provision of \$367,000.

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.

	Consol 2023	Consol 2022
	\$'000	\$'000
10. Employee provisions		
Annual leave	5,445	4,594
Long service leave	4,938	4,998
Employee benefits	773	564
Total employee provisions	<u>11,156</u>	<u>10,156</u>
Movement in annual leave provision		
Opening balance	4,594	
Leave paid	(1,014)	
Movement in provision	1,865	
Closing balance	<u>5,445</u>	
Movement in long service leave provision		
Opening balance	4,998	
Leave paid	(235)	
Movement in provision	175	
Closing balance	<u>4,938</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 terminations 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.

	Consol 2023 \$'000	Consol 2022 \$'000
Key management personnel remuneration is reported in the table below:		
Short-term employee benefits	4,282	4,247
Post-employment benefits	385	373
Other long-term employee benefits	127	67
Termination benefits	118	-
Total key management personnel remuneration expenses	<u>4,912</u>	<u>4,687</u>

The total number of key management personnel included in the above table is 30 (2022: 32).

Subsequent to 30 June 2023, ILSC and its significant controlled entities determined to pay KMP a total of \$317,669 in bonuses relating to the 2022-23 financial year.

12. Related party disclosure

12A. Related party relationships

The parent entity to the Group is the Australian Government. 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)
ILSC Employment Pty Ltd (ILSCE)
The Owners – Strata Plan No. 86156 (The Owners Corp)

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 2023 \$'000	Consol 2022 \$'000
The following transactions with KMP related parties occurred during the financial year:		
Purchases from related parties:	411	308
Sales to related parties:	1,058	565
Donations to related parties:	272	159
Grants to related parties ¹ :	11,433	243
Grants returned from related parties:	-	108
The following balances with KMP related parties are outstanding at year end:		
Amounts owed by related parties ²	71	8
Amounts owed to related parties ²	10,925	4

The amounts are reported GST exclusive.

¹ Grants to related parties includes an amount owing to Wana Ungkuntja Pty Ltd - refer Note 12C.

² The amounts are classified as trade receivables and trade payables, respectively.

12C. ILSC Group

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

	2023	2022
	%	%
Primary Partners Pty Ltd	100	100
National Centre of Indigenous Excellence Ltd	100	100
Voyages Indigenous Tourism Australia Pty Ltd	100	100
ILSC Employment Pty Ltd	100	-
The Owners – Strata Plan No. 86156	61	61

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, PPPL has transitioned certain of its agribusiness operations to either ILSC or Indigenous organisations. At 30 June 2023, the only operation remaining in PPPL was Roebuck Export Depot (RED). All staff working at RED continue to be employed by PPPL and other staff have transferred either to external parties or to a newly-established ILSC subsidiary, ILSC Employment Pty Ltd, on equivalent terms as of 1 July 2023.

NCIE was incorporated to manage the National Centre of Indigenous Excellence in Redfern NSW on behalf of the ILSC. Following the divestment of the land and buildings which NCIE operated on during FY22, the services that NCIE now provide are through the Fitness and Aquatics Centre. No income or property of NCIE may be paid or transferred, directly to any member of NCIE whether by way of dividend, bonus or otherwise. The ILSC is the sole member of NCIE.

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

Prior to the end of the reporting period, the Group established a new subsidiary, ILSC Employment Pty Ltd (ILSCE), to act as the labour hire company which is to take effect as of 1 July 2023. As noted above, all relevant staff have been transferred from PPPL to ILSCE on equivalent terms as of this date.

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 2015/16 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, the ILSC offered seven percent of the issued share capital of Voyages for no consideration in May 2021. WU had six months to accept the offer, however the parties subsequently agreed to extend the acceptance period through to 31 March 2023. In June 2023, the ILSC agreed a settlement with WU to terminate the Deed. The settlement amount was recorded as a payable at 30 June 2023 and has been paid to WU in July 2023.

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, ILSCE 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.

During the year, the ILSC provided financial support to PPPL and NCIE as follows:

PPPL - \$2,140,000 (2022: \$2,533,000)

NCIE - \$1,875,000 (2022: \$4,244,000)

The ILSC owns properties that were used by its subsidiary PPPL up to 30 June 2023. The operations carried out on these properties were transitioned back to ILSC and to Indigenous-owned organisations. ILSC provided 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' lease ROU assets at cost by the lessee.

In 2011 the ILSC provided Voyages with loan funding associated with the purchase of ARR. During the year, Voyages made \$7.8m (2022: \$nil) of repayments to the intercompany loan to the ILSC.

The 30 June 2023 loan balance owing is \$309.0m (2022: \$296.0m) and includes interest charged of \$12.8m (2022: \$9.1m). The loan includes ILSC funding provided during the year ended 30 June 2023 in support of Indigenous Training and Employment projects of \$2.0m (2022: \$2.1m) and working capital funding of \$10m. Additionally, ILSC provided funding for operations at Mossman Gorge of \$20,000 (2022: \$27,000), and wage subsidies of \$0.2m (2022: \$0.3m).

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 \$112.5 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. At the end of the reporting period, the remaining amount of the lease is \$6.4 million.

13B. Unquantifiable contingencies

The Group is in discussion with third parties with regards to the transitions of some of its pastoral enterprises. In some instances, negotiations are reasonably advanced, but remain incomplete and the amounts of any obligations cannot be measured with sufficient reliability at the date of this report.

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 2023 \$'000	Consol 2022 \$'000
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14. Financial instruments

14A. Categories of financial instruments

Financial assets

Financial assets at amortised cost

Cash and cash equivalents	72,347	66,752
Receivables	13,007	10,877
Repayable grants / advances	1,498	1,997
Term deposits	30,000	30,000
Total financial assets at amortised cost	116,852	109,626

Financial assets at fair value through profit or loss

Derivative financial assets	915	1,454
Total financial assets at fair value through profit or loss	915	1,454

Total financial assets

117,767	111,080
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Financial liabilities

Financial liabilities measured at amortised cost

Supplier payables	32,457	14,015
Other payables	19,950	20,817
Interest bearing loans	134,348	126,013
Total financial liabilities measured at amortised cost	186,755	160,845

Total financial liabilities

186,755	160,845
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	Consol 2023 \$'000	Consol 2022 \$'000
14B. Net gain on financial assets		
Financial assets at amortised cost		
Interest revenue	3,709	362
Net gain on financial assets at amortised cost	3,709	362
Net gain on financial assets	3,709	362
14C. Net loss on financial liabilities		
Financial liabilities measured at amortised cost		
Interest expense	6,067	4,290
Net loss on financial liabilities measured at amortised cost	6,067	4,290
Net loss on financial liabilities	6,067	4,290

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 don'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 instrumentsInterest rate swaps

The Group uses derivative financial instruments, being interest rate swaps, to hedge its interest rate risks of its secured bank loan. The interest rate swaps are initially recognised at fair value on the date on which the contract is entered into and are subsequently remeasured at fair value at balance date. Interest rate swaps are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The interest rate swaps are not designated as cash flow hedges and are entered into for periods consistent with interest rate exposure of the underlying transactions.

Consol	Consol
2023	2022
\$'000	\$'000

15. Fair value measurement

Fair value measurements at the end of the reporting period

Non-financial assets		
Land	83,954	86,807
Buildings and infrastructure improvements	335,636	359,636
Plant and equipment	48,127	24,460
Furniture and fittings	13,119	12,453
Motor vehicles	3,601	4,636
Computer equipment	776	4,210
Leasehold improvements	2,878	3,246
Biological assets	4,975	15,866
Financial assets		
Derivative financial assets	915	1,454

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.

2023	2022
\$'000	\$'000

Parent Information**16. Indigenous Land and Sea Corporation****Assets**

Financial assets	402,682	386,608
Non-financial assets	214,524	217,779

Total assets	617,206	604,387
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Liabilities

Payables	23,310	10,590
Provisions	169,600	156,824

Total liabilities	192,910	167,414
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Net assets	424,296	436,973
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Equity

Retained surplus	414,638	418,660
Asset revaluation reserve	9,658	18,313

Net equity	424,296	436,973
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Net (loss) of the parent entity	(13,497)	(31,272)
Total comprehensive (loss) of the parent entity	(12,677)	(27,551)

Consol	Consol
2023	2022
\$'000	\$'000

Other Information

17. Current/non-current distinction for assets and liabilities

Assets expected to be recovered in:

No more than 12 months

Cash and cash equivalents	72,347	66,752
Trade and other receivables	13,007	10,877
Investments	30,000	30,000
Other financial assets	1,041	1,554
Biological assets	2,134	4,626
Inventory - other	5,379	4,305
Prepayments	3,444	2,200
Inventory - property held for grant	61,157	39,635

Total no more than 12 months	188,509	159,949
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More than 12 months

Other financial assets	1,372	1,897
Biological assets	2,841	11,240
Inventory - property held for grant	52,417	61,750
Assets held in trust	52,137	52,059
Land	83,954	86,807
Property, plant and equipment	404,137	408,641
Intangible assets	13,496	8,825

Total more than 12 months	610,354	631,219
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Total assets	798,863	791,168
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Liabilities expected to be settled in:

No more than 12 months

Suppliers	32,457	14,015
Other payables	20,191	21,071
Interest bearing loans	5,900	321
Income tax payable	-	368
Lease liabilities	3,186	2,030
Employee provisions	9,090	7,539
Provision for property held for grant	61,157	39,635
Provision for make good	-	367

Total no more than 12 months	131,981	85,346
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More than 12 months

Other payables	102	102
Interest bearing loans	128,448	125,692
Lease liabilities	23,299	20,122
Other financial liabilities	-	-
Deferred tax liability	6	6,300
Employee provisions	2,066	2,617
Provision for property held for grant	52,417	61,750
Provision for assets held in trust	52,137	52,059
Provision for make good	351	259

Total more than 12 months	258,826	268,901
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Total liabilities	390,807	354,247
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Net assets	408,056	436,921
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Consol	Consol
2023	2022
\$'000	\$'000

Auditor's Remuneration**18. Audit fees and other services**

Amounts received or due and receivable by the Company Auditors for:

An audit or review of the financial report for the entity provided by Australian National Audit Office	325	332
Other services in relation to the entity provided by Ernst & Young	25	76
Total Auditor's remuneration	350	408

Part Seven: Guide to Access

Acronyms, abbreviations and terminology

AASB	Australian Accounting Standards Board
ABN	Australian Business Number
AFLS	Aboriginal Family Legal Services, WA
APY	Anangu Pitjantjatjara Yankunytjatjara
ARR	Ayers Rock Resort
ATSI Act	<i>Aboriginal and Torres Strait Islander Act 2005</i>
ATSILSFF	Aboriginal and Torres Strait Islander Land and Sea Future Fund
CEO	Chief Executive Officer
CGU	Cash Generating Unit
CSS	Commonwealth Superannuation Scheme
CPI	Consumer Price Index
DCF	Discounted Cash Flow
DEAL	Developing East Arnhem Limited
EPBC Act	<i>Environmental Protection and Biodiversity Conservation Act 1999</i>
FOI Act	<i>Freedom of Information Act 1982</i>
FTE	Full time equivalent (staff)
ILC	Indigenous Land Corporation (now Indigenous Land and Sea Corporation)

ILSC	Indigenous Land and Sea Corporation
Indigenous Estate	Also referred to as 'Country', the tangible and intangible aspects of Indigenous Australia collectively held by Indigenous Australians. This includes the land and water under Indigenous care and control and cultural assets, cultural knowledge and intellectual property collectively held by Indigenous Australians and associated with their Country.
KALACC	Kimberley Aboriginal Law and Cultural Centre
KMP	Key Management Personnel
KPI	Key Performance Indicator
ILSC Group	ILSC and subsidiary companies
Mabo judgement	Mabo and Others v Queensland (No 2) (High Court, 1992)
Minister	Minister for Indigenous Australians (except where otherwise indicated in text)
MP	Member of Parliament
NAIDOC	National Aborigines' and Islanders' Day Observance Committee
NCIE	National Centre of Indigenous Excellence
PBS	Portfolio Budget Statements
PGPA Act	<i>Public Governance, Performance and Accountability Act 2013</i>
PPPL	Primary Partners Pty Ltd
PSSap	Public Sector Scheme Accumulation Plan
ROU	Right of Use
RNTBC	Registered Native Title Body Corporate
Voyages	Voyages Indigenous Tourism Australia Pty Ltd
WHS	Work Health and Safety

List of requirements

Requirement	PGPA Rule Reference (unless otherwise indicated)	Page reference
Financial Statements	PGPA Act s43(4); PGPA (Financial Reporting) Rule 2015	144-197
Financial Statements: Auditor General's report	PGPA Act s43(4)	141-142
Financial Statements: signed statement by the Accountable Authority, Chief Executive Officer and Executive Director Corporate	PGPA Act s42	143
Fraud risk assessment and control	s10	107
Approval by Accountable Authority	17BB	3
Parliamentary standards of presentation	17BC	Throughout
Plain English, clear design, defining acronyms and technical terms	17BD	Throughout, 198
Establishing legislation	17BE(a)	7-8, 11
Objects, functions and purposes	17BE(b)(i)(ii)	10-11
Responsible minister	17BE(c)	92
Ministerial directions	17BE(d)	Not applicable – 92 refers
Government policy orders	17BE(e)	92
Details of non-compliance with government policy orders, ministerial directions or finance law	17BE(f)(h)(i)	Not applicable – 92 refers

Annual Performance Statement	17BE(g)	20
Information about Accountable Authority including Directors' names, qualifications, experience and number of meetings attended	17BE(j)	92-97
Organisational structure	17BE(k)	102
Employee statistics – full time, part time, gender, location	17BE(ka)	114-136
Location of major activities and facilities	17BE(l)	39-46 (ILSC projects), 80 (ILSC head offices), 11-16 (ILSC Group programs)
Main corporate governance practices used by entity	17BE(m)	7-8, 91-93, 97-100
Related entity transactions	17BE(n)(o)	92
Significant activities and changes that affected the operations or structure of the entity	17BE(p)	4-5, 101-105
External scrutiny, reports, judgments	17BE(q)(r)	108
Obtaining information from subsidiaries	17BE(s)	All relevant material provided except where noted page 89-90
Indemnities and insurance premiums for officers	17BE(t)	107
Audit committee information – function, membership, remuneration, member knowledge/ skills/experience, attendance	17BE(taa)	98-100
Information about executive remuneration	17BE(ta)	118-122; 132-136

Disclosure requirements for government business enterprises	17BF	Not applicable
Consultants engaged	17AG(a)(b)	108
Work health and safety	WHS Act 2011, Schedule 2	100-102
Ecologically sustainable development and environmental performance	EPBC Act 1999, s516A	112-113
Information publication scheme	FOI Act 1982, Part II	108

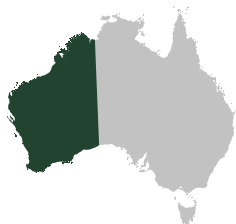


Australian Government
Indigenous Land and Sea Corporation



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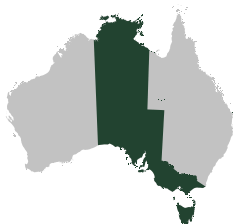
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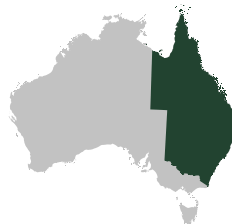
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