



SAVANNA FIRE MANAGEMENT TRUST

Annual Report
for the year ended
31 December 2021

Perpetual 

SAVANNA FIRE MANAGEMENT TRUST

Annual Report

for the year ended 31 December 2021

CONTACT INFORMATION

If you have any further questions or queries in relation to any of the information contained in this document, please do not hesitate to contact us.

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Jabul Huddleston and Wagiman Rangers preparing for some early dry season burning with a drip torch.

INTRODUCTION

The Savanna Fire Management (SFM) Trust was established in 2016 for the SFM Program to support the development and implementation of fire management projects on indigenous-held land in the Northern Territory.

INPEX Operations Australia Pty Ltd as agent for and on behalf of Ichthys LNG Pty Ltd has supported the establishment of the Savanna Fire Management Trust (SFM Trust) with Perpetual Trustee Company Ltd (the Trustee) holding the funding and delivering the SFM Program.

As required by the Deed of Trust, the Trustee engaged the services of the Indigenous Land and Sea Corporation (ILSC) in December 2016 to deliver the SFM Program with Aboriginal and Torres Strait Islander Corporations in the Northern Territory.

This is the fifth annual report of the SFM Trust since the SFM Program commenced. It outlines how the SFM Trust purposes were advanced during 2021 through the SFM Program, the SFM Program Review after 5 years and the SFM Trusts registration for GST.

The following documents are provided as appendices to the SFM Trust Annual Report:

- Savanna Fire Management Trust Financial Report
- Savanna Fire Management Trust Auditor's Report
- Savanna Fire Management Program Annual Report

SFM TRUST PURPOSES

The Trust purposes are to advance, protect and preserve the natural environment of the Northern Territory by reasonably reducing the occurrence of uncontrolled fire outbreaks and resulting greenhouse gas emissions by conducting savanna fire management in Indigenous held land in the Northern Territory in a manner that:

- Aims to achieve sustainable economic, environmental, social and cultural benefits for indigenous people;
- Creates opportunities for indigenous people to connect with country;
- Procures the active participation of Indigenous people in the investigation, development and implementation of savanna fire management activities; and
- Creates employment opportunities for Indigenous people.

SFM TRUST PRINCIPLES

- Protection of the environment by greenhouse gas emissions avoidance through savanna fire management activity.
- Improving biodiversity outcomes through savanna fire management activity.
- Spreading community and social benefits of the Ichthys LNG project beyond Darwin into regional areas of the Northern Territory.
- Providing business and employment opportunities for Indigenous people via savanna fire management project operators.
- Generating Australian carbon credit units (ACCUs).
- Protection of Indigenous cultural and heritage sites.

SFM TRUST ACTIVITIES



ANNUAL REPORTING & ASSURANCE

During 2021 the SFM Trust prepared and published the 2020 Annual Report, Financial Report and engaged the auditor to prepare the audit report for the 2020 calendar year period. On April 1st, the Trustee's Annual Report, Financial Report, Audit Report and the Program Manager's Annual Report were published on Perpetual's website and issued to the Northern Territory Government Department of Trade, Business and Innovation.

DISTRIBUTION TO SFM PROGRAM

Five payments totalling \$3,088,380 (including GST) were made during each of the four quarters of the calendar year, to the Indigenous Land and Sea Corporation for SFM Program operations. The Trustee received four quarterly reports from the SFM Program Manager.

SFM PROGRAM REVIEW

During 2021, the SFM Trust conducted the first SFM Program Review. The objective of the SFM Program Review is to make a well informed and reasonable assessment of overall performance of the SFM Program, having regard to the SFM Program purpose and any regulatory or contractual non-compliance and risk management. Further information regarding the SFM Program Review is included on page 8.

PROVISIONAL ALLOCATION

The Trustee issued a provisional allocation to the Program Manager to be considered as the funds available to the SFM Program during the 2022 calendar year and the basis of a 2022 Workplan and Budget. The 2022 Workplan and Budget submitted by the Program Manager was subsequently approved and issued to the Northern Territory Government Department of Trade, Business and Innovation.

SUPPLEMENTARY WORK PLAN & ADDITIONAL FUNDING

After the SFM Program Review concluded, the SFM Program Manager submitted a Supplementary Workplan and Budget to the Trustee and to INPEX to address the Program Review recommendations. The Supplementary Workplan and Budget proposed additional activities to strengthen the SFM Program resilience and support the growing number of Phase 2 (operational) Projects.

INPEX responded to the Supplementary Workplan and Budget with a commitment to contribute an additional \$1m of funding to the SFM Trust during November 2021 and maintain the increased level of funding during 2022 and 2023. The increased level of annual funding is an advance of funding committed to future years, and is at the sole discretion of INPEX.

AUSTRALIAN TAXATION OFFICE PRIVATE RULING REGARDING GST

During 2020, the Trustee applied to the Commissioner of Taxation for a private ruling to determine whether the SFM Trust is carrying on an enterprise and if so, whether the performance of the role, activities and obligations of the SFMT constitute a taxable supply. Then further, whether the SFM Trust is entitled to an input tax credit for the supply that it pays to the Program Manager. The ruling was received from the Commissioner of Taxation on the last business day of 2020. The ruling determined that the SFM Trust is carrying on an enterprise under subsection 9-20(1) of the GST Act, however the SFM Trust was not entitled to input tax credits for payments made to the ILSC.

The Trustee lodged a new application to the Commissioner of taxation for a private ruling in March 2021. That application included new information regarding the functions and services of the SFM Trust and relationship to the contributor, INPEX and the Program Manager.

On 26 November 2021, the Commissioner of Taxation provided a private ruling that determined the SFM Trust is carrying on an enterprise under subsection 9-20 (1) of the GST Act, that the performance of the role and activities of the SFM Trust do constitute a taxable supply pursuant to section 9-5 of the GST Act, and that the SFM Trust is entitled to an input tax credit under section 11-20 of the GST Act.

The Commissioner of Taxation provided a private ruling that determined the SFM Trust is carrying on an enterprise.

The Trustee applied for an ABN and registered for GST on behalf of the SFM Trust, effective from 7 December 2017 (backdated registrations are capped at 4 years). The notes in the financial statements record that an historic adjustment has been reflected in the accounts to reflect the SFM Trust's GST position as at 31 December 2021.

The contributor, INPEX has agreed to ensure the SFM Trust maximise its position in relation to GST. Cash flows are presented on a gross basis. The GST component of cash flows arising from investing or financing activities where are recoverable from, or payable to the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

SFM PROGRAM REVIEW

OBJECTIVE

As required by the deed of trust, the Trustee is required to conduct the first SFM Program Review during 2021. The objective of the SFM Program Review is to make a well informed and reasonable assessment of overall performance of the SFM Program, having regard to the SFM Program Purpose, any regulatory or contractual non-compliance and risk management.

PROGRAM REVIEW

During November 2020, the Trustee called for expressions of interest from firms suited to undertake the Program Review on behalf of the Trustee. After a review of the submissions, the Trustee engaged the services of EY to undertake the Program Review. Between January and March of 2021, under the direction of the Trustee EY undertook the Program Review which included the following stages:

1. Project Initiation;
2. Desktop review and stakeholder engagement;
3. Analysis;
4. Findings and recommendations.

A draft report was prepared and presented to INPEX and the SFM Program Manager for discussion. After incorporating feedback, a final report was delivered on 31 May.

PROGRAM REVIEW FINDINGS

The Program Review found that the documentary evidence of the SFM Program's governance practices and stakeholder engagement process demonstrated the structural strengths and operational achievements of the Program since its inception.

Key strengths of the SFM Program include:

- Building sustainable Indigenous governance structures;
- Program governance and management;
- Program flexibility;
- Employment and carbon reduction outcomes.

Key challenges of the SFM Program to consider going forward include:

- Stakeholder consultation and communicating project methodologies;
- Developing resilience in Indigenous governance structures;
- Balancing commercial projects and program funding.

PROGRAM REVIEW RECOMMENDATIONS

Based on the review of the SFM Program's underlying governance practices and the stakeholder engagement process EY provided the following recommendations to ensure SFM Program outcomes are maximised and meet the initial purposes and principles of the SFM Trust.

1. Encourage sustainable Indigenous governance structures

The anticipation of the end of project funding agreements (PFAs) with project operators and a focus on the commercialisation of projects exiting phase 2 would increase the likelihood of ongoing on-ground success.

2. Standardise project outcomes and outputs

The development of a standard approach to the measurement of social, environmental and economic benefits and communicate expectations for each prior to the start of each project, rather than just carbon outcomes, would allow INPEX to define the success of a carbon project included in the SFM Program.

3. Consider SFM projects on land with long term tenures

A formal approach be established for burning within National Parks on Indigenous land own where title is not held by the Rangers who carry out the on-ground burning activities.

4. Encourage alternative carbon abatement technologies

The SFM Program may run out of commercial carbon projects prior to the completion of the 18-year commitment. The SFM Trust could consider the inclusion of profitable projects using alternative methodologies that could create sustainable businesses while aligning with the principles of the SFM Trust.

5. Build the Program Manager's delivery resilience

The SFM Trustee and SFM Program Manager consider funding additional roles for program management to ensure all carbon projects are adequately supported and to minimise the risk of institutional knowledge loss should the current program manager leave the ILSC.

6. Formalise the communication strategy

We recommend the ILSC's Communications Plan is formalised and expanded to establish a regular communication link between INPEX, the SFM Trustee and the SFM Program Manager.

FINANCIAL POSITION

OVERVIEW

The balance at 1 January 2021 was \$1,237,776. During 2021 the SFM Trust received contributions of \$3,127,900 from INPEX Operations Australia Pty Ltd excluding GST. The SFM Trust received income from investments with a combined value of \$31,939 and a GST refund of \$551,862. There was a net loss of \$33,825 on the value of investments during the period.

The trustee made five payments to combined value of \$3,088,380 (including GST) to the SFM Program Manager, the Indigenous Land and Sea Corporation during 2020. Trustee fees were \$28,161 during the period and accounting and audit fees were \$9,137, all exclusive of GST.

Overall, the financial position of the trust at 31 December 2021 is sound, where net funds to value of \$1,727,639 are held in cash and cash equivalents. The only assets held by the trust are cash and cash investments in managed funds as per the SFM Trust Investment Policy.

The complete financial position of the Trust as at 31 December 2021 can be seen in the 2021 Financial Report included in Appendix 1.

CASH

In accordance with section 3(b) of the SFM Trust Investment Policy, *the Trustee should maintain funding received and not yet distributed in secure, low-risk, interest-bearing term deposits, cash or enhanced cash.* In accordance with the Deed of Trust, SFM Trust funds which are required for distribution are held in an interest-bearing cash account.

As of 31 December 2021, \$1,058,685 is held in cash and interest-bearing cash accounts.

INVESTMENTS

Funds which are not required for payment of services are held in managed funds. At 31 December 2021 \$265,605 was held in Managed Funds. In accordance with section 2 of the SFM Trust Investment Policy, *the principal investment policy is to hold the funding in investments with a negligible risk of capital loss and to achieve prudent investment returns commensurate with that risk.* Investment in Managed Funds is prudent and consistent with the investment policy. The income received from Managed Fund investments was \$27,757.

LIABILITIES

At 31 December 2021 the SFM Trust had current liabilities of \$533,148. Noting that the amount of \$63,259 relate to provision for GST receivable following lodgement of outstanding Business Activity Statements for the period 7 December 2017 to 31 December 2021, and an amount of \$454,598 relates to a payment to the SFM Program.

EXPENSES

During the financial year the SFM Trust incurred expenses of \$37,298 relating to accounting, audit, and trustee fees. Fees for legal services to the amount of \$24,033 were incurred for the preparation of the Private Binding Ruling to the Commissioner of Taxation. EY consulting fees for services associated with the Program Review amounted to \$50,686. SFM Program fees for delivery of the SFM Program operations were \$3,088,380

OPERATING LOSS / SURPLUS

The net income to the SFM Trust exceeded operational expenses by \$489,864 for the period to 31 December 2021.

CONTRIBUTIONS

The SFM Trust received total contributions of \$3,127,900 from INPEX during 2021.

APPLICATIONS

For clarification the Net Income of the SFM Trust is taken to be the annual profit of the SFM Trust. That is, income less expenditure. Net operating surplus for the 2021 year as per the Annual Financial Report is a surplus of \$489,864. This amount is retained within the SFM Trust as per the Investment Policy.



• Wardaman Rangers

TRUSTEE BUDGET AND ACTUAL EXPENDITURE

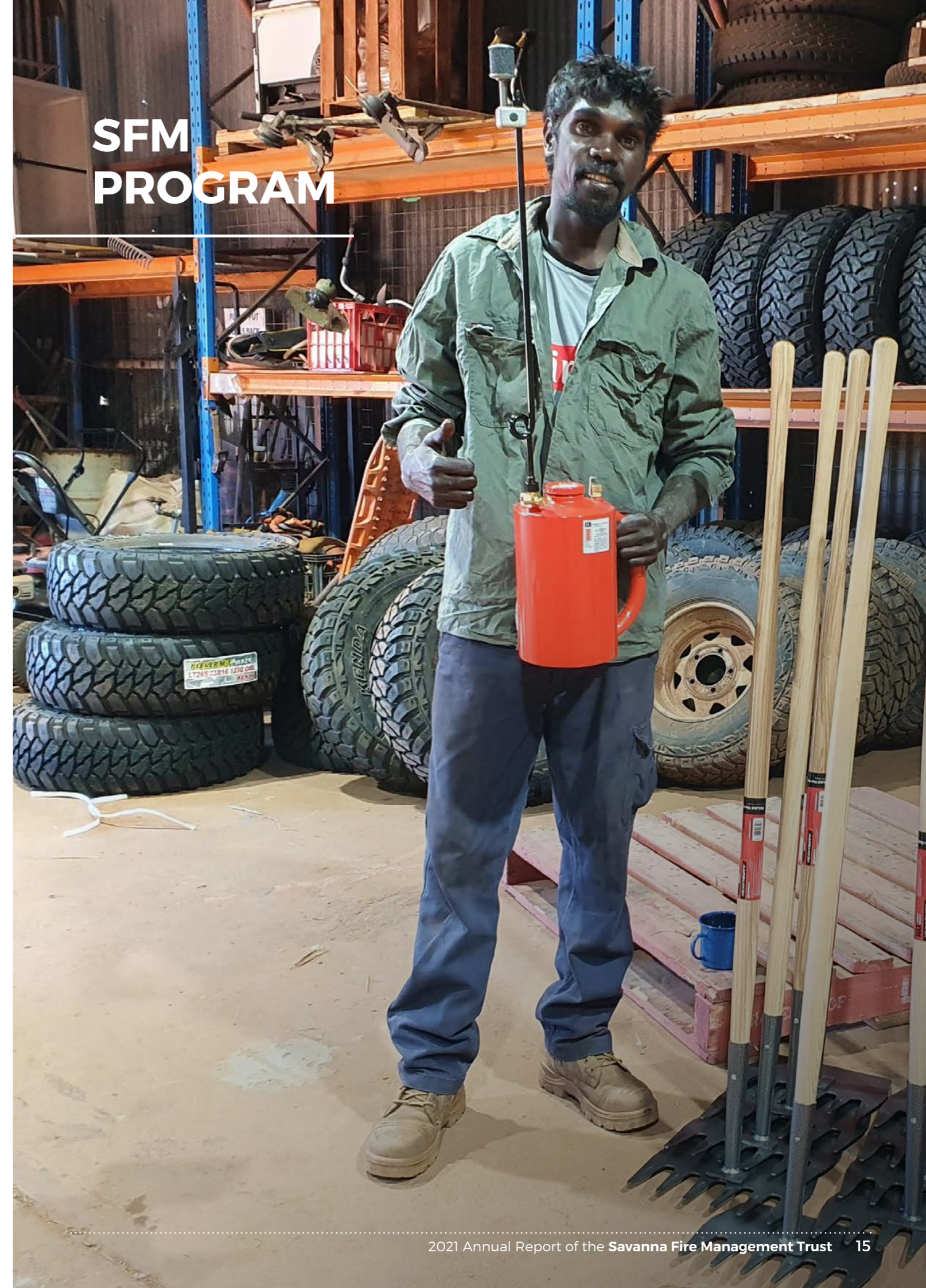
The budget and actual expenditure for the administration of the SFM Trust are stated below.

Description	Administration Budget	Actual Expenditure	Variance
Accountancy Fees	\$ 3,575	\$ 1,818	\$ 1,757
Consultancy Fees	\$ 50,000	\$ 50,686	\$ - 686
Auditor's Remuneration	\$ 5,000	\$ 7,319	\$ - 2,319
Disbursements	\$ 5,000	\$ 0	\$ 5,000
Legal Fees	\$ 25,000	\$ 24,033	\$ 967
SFM Program Distributions	\$ 2,942,320	\$ 3,088,380	\$ - 146,060
Trustee Fees	\$ 31,200	\$ 28,161	\$ 3,039
Total	\$ 2,994,795	\$ 3,200,327	\$ 138,302

SFM TRUST DISTRIBUTIONS

The following amounts were distributed to the SFM Program Manager during 2021.

Distributions to SFM Program Manager	Amount	GST	Total
Quarter 1	\$ 668,709	\$ 66,871	\$ 735,580
Quarter 2	\$ 668,709	\$ 66,871	\$ 735,580
Quarter 3	\$ 668,709	\$ 66,871	\$ 735,580
Quarter 4	\$ 1,081,980	\$ 108,198	\$ 1,190,178
Total Distributions for the year	\$ 3,088,107	\$ 308,811	\$ 3,396,918



2021 ANNUAL WORK PLAN

The 2021 Annual Workplan and Budget for the Savanna Fire Management Program submitted by the Indigenous Land and Sea Corporation was approved by the Trustee on 17 December 2020. The approved 2021 Workplan and Budget was submitted to the Northern Territory Department of Trade, Business and Innovation.

The 2021 Workplan and Budget proposed to deliver the following SFM Program activities:

- Negotiate two new Phase 1 PFAs through facilitating governance and project development
- Negotiate two new Phase 2 PFAs with projects that have completed Phase 1 and are deemed feasible
- Monitor and support ongoing Phase 2 project operators as required
- Develop governance and business models including a potential new entity to assist Phase 2 projects develop long term sustainable savanna fire management enterprises
- Develop and implement a monitoring and evaluation process to assess the impact of savanna fire management on environmental values within each Phase 2 PFA
- Develop and commence implementation of a framework for Indigenous participants to measure social/cultural benefits of the SFM Program
- Build the fire management capacity of SFM Project Operators to conduct SFM projects
- Reporting to the Trustee in accordance with requirements outlined in SFM Services Agreement
- Design, develop, publish, and distribute communications materials
- Implement Communications Plan agreed with INPEX and Trustee
- Continue to support and develop SFM Program staff

PROJECT FUNDING AGREEMENTS

The Indigenous Land and Sea Corporation enters Project Funding Agreements (PFAs) with Aboriginal and Torres Strait Islander businesses to undertake savanna fire management projects on Indigenous held land.

The Aboriginal or Torres Strait Islander business must first submit an expression of interest to the SFM Program Manager to commence the project development and feasibility process.

Phase 1 PFAs are entered to support the due diligence phase of savanna fire management projects.

To progress from phase 1 to phase 2, the savanna fire management project operator must gain legal consent to operate a savanna fire management project on the land and then register a carbon project with the Clean Energy Regulator. It must also conduct adequate consultation, business preparation, work health and safety training and assessments in line with risk management requirements of the SFM Program Manager.

Phase 2 PFAs are entered to support the delivery and implementation of savanna fire management projects. It is during this phase that controlled savanna fire operations are conducted and Australian carbon credit units (ACCUs) are generated.



• Willie Rioli, Tiwi Ranger Manager

SFM PROGRAM HIGHLIGHTS



Despite the ongoing COVID-19 pandemic, the SFM Program was able to continue with a successful season of early season burning, due to the commitment and flexibility of project operators undertaking the fire operations.

During 2021, the Wardaman project became the fifth SFM project registered with the Clean Energy Regulator as it progressed from Phase 1 to Phase 2.

The additional Phase 2 project increases the area of land now funded by the SFM Program to 4.2 million hectares, an increase of 600,000 hectares of land under savanna fire management during 2021.

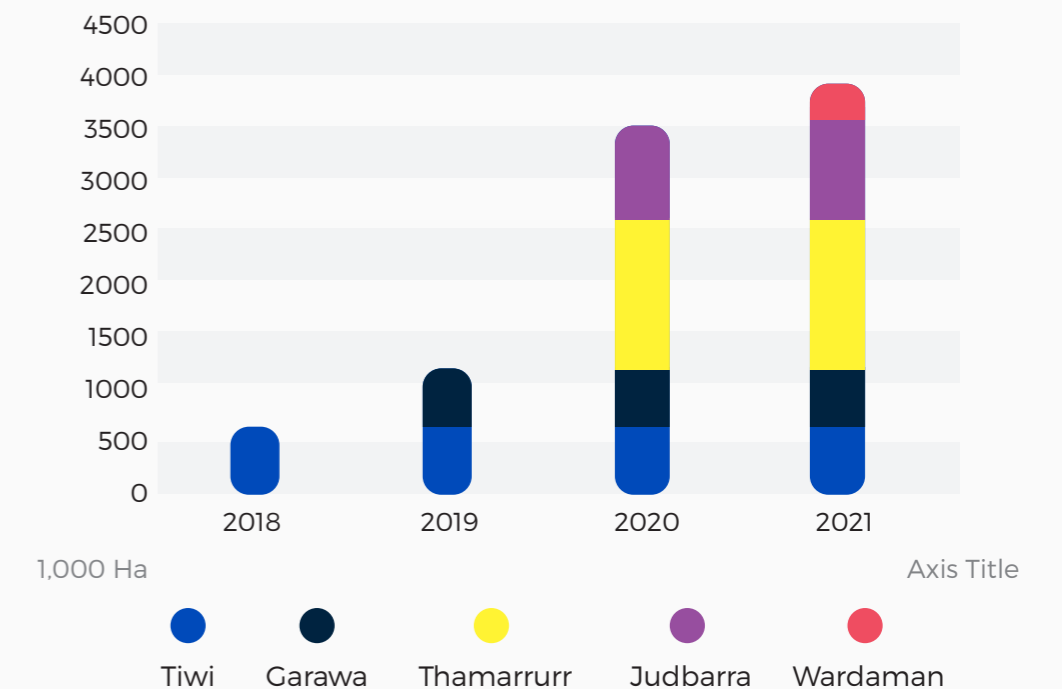
The additional Phase 2 project increases the area of land now funded by the SFM Program to 4.2 million hectares, an increase of 600,000 hectares of land.

The Communication Strategy for the SFM Program was agreed by all parties during 2021, with a key objective to support project operators to promote their projects. During the year the Tiwi Resources savanna fire project featured on the ABC's Landline, whilst the Wardaman and Judbarra Phase 2 projects features on the Northern Land Council's Quarterly Land Rights News and the Western Top End project features in Territory Q magazine.

The COVID-19 pandemic has challenged field work associated with communications and governance provided to the project operators. Consultation involving community meetings is an essential stage in establishing 'free prior and informed consent' for project operators to establish permission from community elders. Measures to avoid transmission of the virus have resulted in many meetings being cancelled. However, meetings held online have enabled the practical fire planning to be undertaken.

After the Program Review, the Program Manager developed a Supplementary Workplan and Budget (2021-2024) subsequent to the Annual Workplan and Budget 2021, to implement the recommendations of the Program Review.

SFM Program Phase 2 Projects



SFM PROGRAM BUDGET AND ACTUAL EXPENDITURE

The table below summarises the budget of the SFM Program Manager as compared to the actual expenditure during the 2021 calendar year.

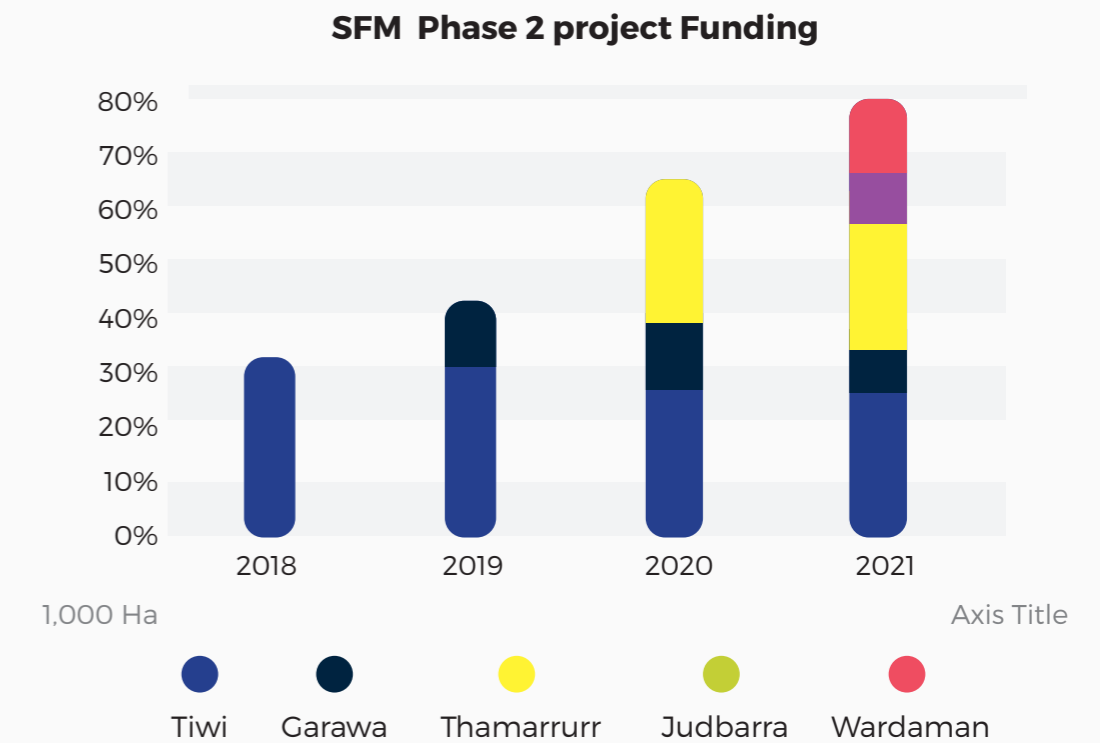
INCOME	Budget 2021	Actual 2021	Variance
Balance at 1 January 2021	-	\$ 114,390	\$114,390
Quarter 1 Trustee payment	\$735,580	\$735,580	\$0
Quarter 2 Trustee payment	\$735,580	\$735,580	\$0
Quarter 3 Trustee payment	\$735,580	\$735,580	\$0
Quarter 4 Trustee payment	\$735,580	\$1,190,178	\$454,598
Total Income	\$2,674,836	\$3,397,217	\$568,988

EXPENSES	Budget 2021	Actual 2021	Variance
Overhead costs (fixed)	\$159,040	\$159,040	-
Direct costs	\$375,500	\$350,391	\$24,629
Phase 1 PFAs	\$89,000	\$77,000	\$12,000
Phase 2 PFAs	\$2,000,296	\$2,056,538	-\$56,242
Third party service providers	\$50,000	\$23,588	\$26,412
Total Expenditure	\$2,674,836	\$2,666,554	\$6,799

PORTION OF TRUST FUNDS APPLIED TO PHASE 2 PROJECTS

The SFM Trust provided \$3,397,554 to the SFM Program during 2021 including balance of funding from the 2020 period. The SFM Program Manager made payments to five Phase 2 project operators totalling \$2,056,538 during 2021.

The portion of trust funds that were applied to Phase 2 PFAs was 77% of the gross 2021 funding. This is an increase from 67% in 2020 and 42% in 2019.



AUSTRALIAN CARBON CREDIT UNITS

Australian Carbon Credit Units (ACCUs) are generated by the Clean Energy Regulator (CER) after 'project offset reports' are verified. The SFM Program had five projects registered with the CER during 2021 and therefore eligible to earn ACCUs. The ACCUs generated by SFM Projects during 2021 will not be known until project offset reports are generated in April 2022.

The ACCUs produced during 2021 refer to SFM operations undertaken during 2020. As per CER regulations, ACCUs are not credited to projects until they have passed an initial CER project audit.

The Garawa, Thamarrurr and Judbarra projects are expected to complete project audits during 2022, after which ACCUs will be issued for 2019, 2020 and 2021.

Only Tiwi Resources were issued with ACCUs during 2021 which were generated during the 2020 fire season. These ACCUs were transferred to INPEX during December 2021.

SFM PROJECT	ACCUs CREDITED DURING 2021	PROPORTION SFM TRUST FUNDING	ACCUs transferred to INPEX during 2021
Tiwi Resources	44,269	69.8%	29,615

ACCUS CREDITED TO SFM PROJECTS WITH MULTIPLE SOURCES OF FUNDING

Where SFM Projects receive funding from other sources for savanna fire operations that generate ACCUS, the ACCUs that are credited to the SFM Projects are attributed proportionately to the funding sources.

SFM PROGRAM PERFORMANCE



Each year the Trustee is required to prepare an evaluation of the performance of the SFM Trust according to the milestones and goals the SFM Program set out to achieve during the period and documented in the Annual Work Plan and Budget.

In making its evaluation of the SFM Program the Trustee presents answers to the following questions with regard to the fourth year of SFM Program operations:

- Did the SFM Program achieve the objectives of the 2021 Annual Work Plan and Budget?
- Did the SFM Program advance the SFM Program Purposes during 2021?

The following table summarises progress of the SFM Program Manager with the delivery of the 2021 Annual Work Plan and Budget.

PHASE 1 PROJECTS	PLANNED PROGRESS	ACTUAL PROGRESS
Wagiman Rangers hosted by Northern Land Council	Complete Section 19 Licence Agreement	Feasibility assessment completed. Consultation event delayed due to risks of COVID transmission
Kenbi/Bulgul Project hosted by the Northern Land Council	Feasibility analysis	Feasibility analysis is ongoing. Phase 1 extension granted.
Wardaman Project including Menggen Aboriginal Land Trust (ALT) and Yibulyawun ALT	Complete Phase 1 including Section 19 Land Use Agreement	Registered with CER in Dec 2021 Section 19 Agreement finalised. Phase 1 completed



PHASE 2 PROJECTS	PLANNED PROGRESS	ACTUAL PROGRESS
Wardaman Project including Menggen Aboriginal Land Trust (ALT) and Yibulyawun ALT.	Transition to Phase 2 including Section 19 Land Use Agreement.	Ranger training in WHS, fire management and aerial incendiary methods. Implemented the fire plan during April to May.
Tiwi Land Council (Tiwi Resources).	Focus on governance, a sustainable business plan, fire management skills, threatened mammal monitoring program.	Governance training, fire training, community education roadshow.
Garawa ALT (NAILSMA).	Support fire operations, employment and administration.	Traditional Owner governing body formed. Fire operations implemented with good results.
Judbarra National Park Project.	Capital items for fire operations. Project manager and Ranger recruitment.	4 year funding agreement completed. Strong collaboration between the NLC, NT Parks and Traditional Owners.
Thamurrer Development Corporation.	A focus on building skills, experience and equipment to suppress late season wild fires.	Ranger training in working safely around aircraft and aerial incendiary methods. Aerial burning completed between April and June.

THIRD PARTY SERVICES	PLANNED PROGRESS	ACTUAL PROGRESS
Feasibility study of a regional Indigenous entity that can enter a PFA on behalf of Traditional Owners of an Aboriginal Land Trust	Commence desk-top component. Secure grant funding.	No progress reported
Framework to measure social, economic and cultural benefits	Engage partners to develop a framework. Measure co-benefits.	No progress reported
Charles Darwin University - Threatened Mammal Monitoring Program with Tiwi Resources.	Complete the project.	Project completed
Provide technical expertise to the Northern Australia Savanna Fire Forum	Event support and technical expertise	Training seminar delivered at Savanna Fire Forum
Judbarra Emergency Wildfire Response	Emergency response	Helicopter hours to respond to late season wild fire

The following table summarises the SFM Program Manager’s contribution to the SFM Program Purposes and Principals.

SFM PURPOSES

Protection of the environment by greenhouse gas emissions avoidance through savanna fire management activity, as prescribed under the Carbon Credits Methodology Determination 2015.

At the conclusion of 2021 the SFM Program Manager has assisted five projects through the feasibility and due diligence phase to develop operational capacity to undertake savanna fire management and avoid greenhouse gas emissions. There are two projects that are currently supported in the undertaking of the due diligence phase. This amounts to 4.6million ha of savanna in the NT that actively managed by Indigenous Traditional owners as prescribed by the Carbon Credits Methodology Determination 2015.

Improving biodiversity outcomes through savanna fire management activity.

Early results of empirical research undertaken by Charles Darwin University on Tiwi Islands is indicating that where other threats are absent or minimal, native mammal populations can remain healthy despite very frequent, low intensity fire.

Spreading community and social benefits of the Ichthys Project beyond Darwin into regional areas of the Northern Territory.

The SFM Program is generating employment, training and the sharing of savanna fire management and carbon abatement knowledge to communities across the top of NT including: Tiwi Islands, Daly River/Port Keats Land Trust, Garawa Aboriginal Land Trust, Judbarra National Park, Menggen Aboriginal Land Trust, Yibulyawan Aboriginal Land Trust, Kenbi Aboriginal Land Trust and Delissavale/Wagait/Larrakia Aboriginal Land Trust.

Providing business and employment opportunities for Indigenous people via SFM Project Operators.

The SFM Program has reported the following employment outcomes during 2021:

- Tiwi Resources – 3 full time Rangers and 0.5 FTE Ranger coordinator.
- 8 casual rangers on Wardaman project
- 10 casual rangers on Judbarra project
- 38 rangers involved in Western Top End project
- 6 casual rangers on the Garawa project

The SFM Program also stimulates local economies through the purchase of essential equipment and uniforms and the construction of storage sheds.

Generating Australian Carbon Credit Units.

There were five Phase 2 projects registered with the Clean Energy Regulator and therefore eligible to earn ACCUs during 2021. One project (Tiwi Resources) generated ACCUs during 2021 as a result of savanna fire management operations during 2020. The Garawa, Thamarrurr and Judbarra projects are expected to complete project audits during 2022, after which ACCUs will be issued for 2019, 2020 and 2021.

Protection of Indigenous cultural and heritage sites.

The SFM Program supports fire planning meetings with senior Traditional Owners prior to early dry season burning takes place. Senior Traditional Owners are consulted regarding their priorities for burning around culturally and environmentally sensitive sites. The support of cultural governance processes for managing traditional estates and application of fire across the landscape with cultural camps, the transfer of cultural knowledge is transferring between generations and knowledge of cultural processes are being revitalised.

SFM PROGRAM PRINCIPLES

Avoiding negative reputational risk to key stakeholders and maximising the potential to reflect positively on the reputations of all stakeholders.

SFM Program projects continue to attract positive media attention for the multiple benefits of traditional mosaic fire management practices and positive outcomes for the communities involved in the SFM Program. Particularly employment outcomes and protection of cultural heritage sites highly valued by Traditional Owners. SFM Program project operations continue to be well managed, a mitigating factor of operational risks.

Supporting and enabling the development of sustainable and viable Indigenous enterprises and the delivering of economic, environmental, social, and cultural benefits for Indigenous people.

The emergence of sustainable indigenous enterprise in NT communities that are living a traditional Indigenous lifestyle will take time to deliver. The SFM Program is delivering governance oversight and training opportunities to SFM project operators in a culturally appropriate delivery model, including the protection of highly valued cultural sights and the sharing of cultural knowledge between generations and family clans. The Indigenous Land and Sea Corporation is also preparing to establish a new regional Indigenous business entity that will have ability to act as SFM project proponent in partnership with Traditional Owners.

Promoting the use of sound land and environmental practices.

The application of traditional Indigenous fire management practices is increasingly accepted in Australia. The impacts of late dry season wildfires repeatedly occurring in savanna landscapes since colonisation have been well documented in the Northern Territory. The shift toward early dry season burning over vast areas of the northern savanna has been successful through implementing the savanna fire management methodology.

The SFM project operators are all undertaking land management to improve environmental conditions on their country in culturally appropriate setting.

Developing the capacity of Indigenous groups and SFM project operators.

Once of the barriers for many SFM projects is the lack of a suitable Indigenous business entity to host and run carbon project over the long term. The SFM Program is working with Northern Australian Indigenous Land and Sea Management Alliance, Northern Land Council, the Indigenous Carbon Industry Network and stakeholders to scope the development of a new company to be a potential vehicle for some current SFM projects to participate in the carbon industry beyond the SFM Program, similar to the Arnhem Land Fire Abatement Company.

Minimising, managing and mitigating all relevant risks appropriately, particularly workplace health and safety risks.

During the due diligence phase (Phase 1) of savanna fire management projects, the SFM Program manager facilitates rigorous collaborative risk assessment aligned to the Program Manager's risk management framework. Training events sponsored by the SFM Program Manager during 2021 include:

- Tiwi Resources. Governance expertise to Tiwi Resources board for future SFM planning and updated Fire Level 1 Training with Bushfires NT.
- Western Top End SFM Project. Received working safely around aircraft and operation of aerial ignition equipment in an aircraft training.
- Wardaman Project. Received workplace health and safety, and safe use of an aerial incendiary machine.

Enhancing the skills and knowledge of all stakeholders in carbon management, including carbon policy and implementation of carbon farming projects.

The SFM Program Manager supports the annual Savanna Fire Forum held in Darwin each year. This annual conference brings together savanna fire management technical expertise and project operators from across northern Australia. During 2021 the Savanna Fire Management Program provided technical expertise and supported project operators to attend.

Avoiding emissions and thereby having positive impact on climate change mitigation.

The SFM Program has supported five Phase 2 savanna fire management projects develop sound project methodology and register with the Clean Energy Regulator. One project (Tiwi Resources) generated ACCUs during 2021. The Garawa, Thamarrurr and Judbarra projects are expected to complete project audits during 2022, after which ACCUs will be issued for 2019, 2020 and 2021.

SFM PROGRAM EVALUATION

During the early part of 2021, SFM Program operations were affected by restrictions to movement of people as the government managed the COVID-19 global pandemic in Australia. The SFM Program Manager informed the trustee immediately of the anticipated impacts of COVID-19 on SFM Program Operations.

During this period, the SFM Program Manager Program Manager has achieved most project milestones of the Work Plan and Budget and advanced each of the purposes and principles of the SFM Trust during 2021. There are now five projects registered with the Clean Energy Regulator which have commenced generating ACCUs. These projects will need support to complete the required Clean Energy Regulator audits and register ACCUs during 2022. There are a further 2 projects that are soon to become operational and commence Phase 2.

All told there are 4.2 million hectares of the Indigenous estate in the Northern Territory with phase 2. Savana Fire Management Program projects.

At the conclusion of the fifth year of the SFM Trust, the SFM Program continues to make a significant contribution to the collective and shared understanding of savanna fire management and the organisation and capacity of Indigenous organisations to undertake savanna fire burning in a way that connects the activity to the carbon abatement market.



APPENDICES

APPENDIX 1 – FINANCIAL REPORT

APPENDIX 2 – INDEPENDENT AUDITORS
REPORT

APPENDIX 3 – INDIGENOUS LAND AND SEA
CORPORATION, SAVANNA FIRE MANAGEMENT
PROGRAM ANNUAL REPORT 2020

SAVANNA FIRE MANAGEMENT TRUST

Annual Report

for the year ended 31 December 2021

Perpetual

CONTACT INFORMATION

If you have any further questions or queries in relation to any of the information contained in this document, please do not hesitate to contact us.

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SUSTAINABLE INVESTMENT FOR COMMUNITIES

The 'Sustainable Investment for Communities' included throughout this annual report represents community members and Perpetual coming together to help achieve community goals through sustainable, long-term trust and investment management.

The symbol represents the long-term partnership approach Perpetual offers its clients, working with them over generations. The outer circle symbol represents community members and

Perpetual coming together to learn about a community's vision, goals and priorities, and working together to create a long-term trust management plan to achieve these goals.

The inner circles represent Perpetual and the community, built around a core value of trust and relationships. The circles surrounding the central symbol represent the ripple effect on the wider community that a long-term partnership between the community and Perpetual can have.

SAVANNA FIRE MANAGEMENT TRUST

ABN: 41 537 860 033

FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

SAVANNA FIRE MANAGEMENT TRUST
ABN: 41 537 860 033

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SAVANNA FIRE MANAGEMENT TRUST

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 \$	2020 \$
INCOME			
Contributions received		3,127,900	2,113,250
Interest received		4,182	5,523
Managed Fund income		27,757	10,433
Other income		564,062	-
Managed Fund rebate		185	-
Net changes in fair value of investments		(1,066)	-
Net gain/ (loss) on disposal of investments		(32,759)	(320)
	3	3,690,261	2,128,886
LESS EXPENDITURE			
Accountancy fees		1,818	2,000
Auditor's remuneration	4	7,319	4,706
SFM Program distribution		3,088,380	2,156,915
Legal fees		24,033	31,042
Sundry expenses		-	2,945
Consulting fees		50,686	5,500
Trustee fees		28,161	31,146
		3,200,397	2,234,254
NET OPERATING (LOSS) / SURPLUS		489,864	(105,368)
Transfer to Trust Funds			
Transfer to reserves		(489,864)	105,368
TOTAL AVAILABLE FOR DISTRIBUTION		-	-

The accompanying notes form part of these financial statements.

SAVANNA FIRE MANAGEMENT TRUST

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021**

	Note	2021 \$	2020 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	1,058,685	1,251,761
Other receivables	6	936,497	-
TOTAL CURRENT ASSETS		<u>1,995,182</u>	<u>1,251,761</u>
NON-CURRENT ASSETS			
Financial assets held at fair value through profit or loss	7	265,605	-
TOTAL NON-CURRENT ASSETS		<u>265,605</u>	<u>-</u>
TOTAL ASSETS		<u><u>2,260,787</u></u>	<u><u>1,251,761</u></u>
LIABILITIES			
CURRENT LIABILITIES			
Other payables	8	533,148	13,985
TOTAL CURRENT LIABILITIES		<u>533,148</u>	<u>13,985</u>
TOTAL LIABILITIES		<u>533,148</u>	<u>13,985</u>
NET ASSETS		<u><u>1,727,639</u></u>	<u><u>1,237,776</u></u>
TRUST FUNDS			
Settled sum		20	20
Reserves	9	1,727,619	1,237,756
TOTAL TRUST FUNDS		<u><u>1,727,639</u></u>	<u><u>1,237,776</u></u>

The accompanying notes form part of these financial statements.

SAVANNA FIRE MANAGEMENT TRUST

STATEMENT OF CHANGES IN FUNDS FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	Settled sum \$	Reserves \$	Total \$
Balance at 1 January 2020		20	1,343,124	1,343,144
Net comprehensive income		-	105,368	105,368
Balance at 31 December 2020		20	1,237,756	1,237,776
Balance at 1 January 2021		20	1,237,756	1,237,776
Net comprehensive income		-	489,864	489,864
Balance at 31 December 2021	9	20	1,727,619	1,727,639

The accompanying notes form part of these financial statements.

SAVANNA FIRE MANAGEMENT TRUST

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 \$	2020 \$
Cash flows from operating activities			
Investment income received		31,402	22,287
Other income received		12,385	4,119
SFM program distributions paid		(2,946,572)	(2,368,548)
Trustee fees paid		(28,161)	(31,146)
Accounting and audit fees paid		(7,086)	(4,707)
Sundry fees paid		(75,464)	(35,002)
Net cash (used in) operating activities	12(b)	(3,013,495)	(2,412,997)
Cash flows from investing activities			
Payments for purchase of financial assets held at fair value		(1,727,702)	(600,000)
Proceeds from sale of financial assets held at fair value		1,428,272	1,884,165
Net cash provided by (used in) investing activities		(299,430)	1,284,165
Cash flows from financing activities			
Contribution received per Contribution Agreement		3,119,851	2,113,250
Net cash provided by (used in) financing activities		3,119,851	2,113,250
Net increase in cash held		(193,075)	984,418
Cash and cash equivalents at beginning of financial year		1,251,761	267,343
Cash and cash equivalents at end of financial year	12(a)	1,058,685	1,251,761

The accompanying notes form part of these financial statements.

SAVANNA FIRE MANAGEMENT TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1. Basis of Preparation

In the opinion of the trustee, the trust is not a reporting entity. The financial statements of the trust have been prepared as special purpose financial statements for use by the trustee and to fulfil the trustee's duties under the trust deed to prepare financial statements.

(a) Statement of Compliance

This special purpose financial statement has been prepared for distribution to the Trustee and to satisfy the requirements of the Trust Deed. The accounting policies used in the preparation of this report are, in the opinion of the Trustee, appropriate to meet the needs of the Trustee.

The requirements of Accounting Standards issued by the Australian Accounting Standards Board and other professional reporting requirements do not have mandatory applicability to the Trust in relation to the year ended because the Trustee has determined that the Trust is not a reporting entity. However, the Trustee has determined that in order for the financial statements to present fairly the Trust's results of operations and state of affairs, the requirements relating to the measurement, recognition and classification of assets, liabilities, revenue and expenses should be complied with, except as noted in these policies as a result of the requirements of the Trust Deed.

The financial report does not include the disclosure requirements of the following pronouncements having a material effect:

- > AASB 7: Financial Instruments: Disclosures
- > AASB 132: Financial Instruments: Presentation

As the Trust is not a reporting entity, the Trust does not comply with IFRS. The accounting policies have been applied consistently to all periods presented in these financial statements. The financial statements were approved by the Trustee on the date of signing of the Trustees' Declaration.

(b) Basis of Measurement

The financial statements have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes.

(c) Functional and Presentation Currency

These financial statements are presented in Australian dollars, which is the trust's functional currency.

It was concluded that judgements made by management in the application of Australian Accounting Standards did not have a significant effect on the financial report. No estimates with a significant risk of material adjustment in the next year were noted.

2. Summary of Significant Accounting Policies

The accounting policies that have been adopted in the preparation of the financial statements are as follows:

(a) Fair Value of Assets and Liabilities

The trust measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the trust would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

SAVANNA FIRE MANAGEMENT TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Summary of Significant Accounting Policies (Continued)

(a) Fair Value of Assets and Liabilities (continued)

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

(b) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the trust commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transactions costs, are recognised as expenses in profit or loss immediately.

Subsequent measurement

Financial instruments are subsequently measured at fair value. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted. Changes in carrying amounts as a result of subsequent measurements are included in the profit and loss.

(c) New accounting standards and interpretations

There are no new accounting standards, amendments and interpretations that are effective for the first time for the reporting period beginning 1 January 2021 that would be expected to have a material impact on the fund.

(d) Other Receivables

Other receivables comprise income earned for the current reporting period but received post year-end and withholding tax paid that can be refundable upon lodging the annual income tax return.

(e) Cash and Cash Equivalents

For the purpose of presentation in the cash flow statements, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term and highly liquid financial assets with maturities of twelve months or less from the date of acquisition that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

(f) Revenue Recognition

Revenue is recognised when the Trust is legally entitled to the income and the amount can be quantified with reasonable accuracy.

Investment income comprises interest and distributions from managed funds. All investment income is recognised on an accruals basis.

SAVANNA FIRE MANAGEMENT TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Summary of Significant Accounting Policies (Continued)

(g) Other Payables

Other payables comprise fees for professional services rendered for the current reporting period but paid post year-end.

(h) Rounding of Amounts

Amounts in the financial statements have been rounded off to the nearest dollar.

3. REVENUE AND OTHER INCOME

	2021	2020
Revenue	\$	\$
Contributions received	3,127,900	2,113,250
Managed Fund income	27,757	10,433
Interest received	(a) 4,182	5,523
	3,159,839	2,129,206
Other Income		
Net gain/ (loss) on disposal of investments	(32,759)	(320)
Net changes in fair value of investments	(1,066)	-
Managed Fund rebate	185	-
Other income	(b) 564,062	-
	530,422	(320)
Total Income	3,690,261	2,128,886
(a) Interest received from:		
Other corporations	4,182	5,523
(b) Other Income received from:		
Goods and Services Tax (GST)	551,862	-
Other Income	12,200	-
	564,062	-
4. AUDITOR'S REMUNERATION		
Remuneration of the auditor:		
Auditor's remuneration	7,319	4,706

No fees were paid to KPMG for non-audit related services for the year ended 31 December 2021 (2020: nil).

5. CASH AND CASH EQUIVALENTS

Cash on hand	20	20
Perpetual cash account	1,058,665	651,741
ANZ - Term Deposit	-	300,000
NAB - Term Deposit	-	300,000
	1,058,685	1,251,761

SAVANNA FIRE MANAGEMENT TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

	2021	2020
	\$	\$
6. OTHER RECEIVABLES		
CURRENT		
Contributions receivable	6(a) 935,960	-
Managed Funds income receivable	537	-
	936,497	-
	936,497	-

(a) Contributions receivable refers to the GST contribution receivable for the previous years as agreed by the contributor. The information with respect to the GST adjustment is disclosed in Note 8(a).

7. FINANCIAL ASSETS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS

NON-CURRENT

Investments in managed funds at fair value	265,605	-
	265,605	-

8. OTHER PAYABLES

CURRENT

Good and services tax	(a) 63,259	-
Accountancy fees payable	2,000	8,000
Auditor's remuneration payable	9,551	1,500
SFM program payable	454,598	-
Sundry Payables	3,740	4,485
	533,148	13,985
	533,148	13,985

(a) Goods and Services Tax

Provision for GST relates to GST payable following lodgement of outstanding Business Activity Statements for the period 7 December 2017 – 31 December 2021. As per the Private Binding Ruling, Savanna Fire Management Trust is carrying on an enterprise and that the performance of the role and activities of the trust as well as its obligations constitute a taxable supply. An historic adjustment has been recorded in the accounts to reflect the Trust's GST position as at 31 December 2021.

The contributor has agreed to ensure the trust maximises its position in relation to the GST.

Cash flows are presented on a gross basis. The GST component of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

9. RESERVES

Analysis of Each Class of Reserve

Trust Capital	1,727,619	1,237,756
	1,727,619	1,237,756
Movements during the year:		
Opening Balance	1,237,756	1,343,124
Net comprehensive income	489,864	(105,368)
	1,727,619	1,237,756
	1,727,619	1,237,756

SAVANNA FIRE MANAGEMENT TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

10. RELATED PARTY TRANSACTIONS

Related Parties

(a) Trustee

The trustee, Perpetual Trustee Company Limited (ABN 42 000 001 007), is a wholly owned subsidiary of Perpetual Limited (ACN 000 431 827). The Trustee has entered into agreements with a number of Perpetual Limited subsidiaries who will perform services for the Foundation. The fee for these services is paid out of the management fee paid to the Trustee.

(b) Key management personnel

Key management personnel includes persons who were Directors of Perpetual Trustee Company Limited during the year or since the end of the year and up to the date of this report:

Directors during the year were:

Andrew Baker
Mark Smith
Amanda Gazal
Paul Chasemore (Appointed: 23 November 2021)

(c) Key management personnel loan disclosures

The Trust has not made, guaranteed or secured, directly or indirectly, any loans to the key management personnel or their related entities at any time during the reporting period.

(d) Other transactions within the Trust

Apart from those details discussed in this note, no key management personnel have entered into a contract with the Trust since the end of the previous financial year and there were no contracts involving directors' interests existing at year end.

(e) Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

	2021	2020
	\$	\$
The following transactions occurred with related parties:		
<i>i Trustee fees</i>		
The Trustee fees are calculated in accordance with the Trust Deed. The Trustee's fee is set at 1.06% on the first \$10,000,000, with a minimum of \$30,000 (Including GST) per annum and is disclosed in the statement of comprehensive income.		
Value of related party transaction	<u>28,161</u>	<u>31,146</u>
<i>ii Investments</i>		
The Trust also held investments in schemes which are also managed by the Trustee or its related parties and the aggregate market value of these investments at reporting date is disclosed in this note. Income receivable from these investments are not included in this disclosure.		
Value of related party transaction	<u>265,605</u>	<u>-</u>

SAVANNA FIRE MANAGEMENT TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

11. TRUST DETAILS

The principal place of business is:
SAVANNA FIRE MANAGEMENT TRUST
Level 18, Angel Place
123 Pitt Street
Sydney NSW 2000

12. CASH FLOW INFORMATION

(a) Reconciliation of Cash

Cash at the end of financial year as included in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

Cash on hand	20	20
Perpetual cash account	1,058,665	651,741
ANZ - 6 month Term Deposit	-	300,000
NAB - 3 month Term Deposit	-	300,000
	1,058,685	1,251,761
	1,058,685	1,251,761

(b) Reconciliation of profit attributable to beneficiaries to net cash (used by) operating activities

(Loss) / Profit for the year	489,864	(105,368)
Non-cash flows in profit:		
(Profit) / loss on disposal of investments	32,759	320
Net changes on fair value on investments	1,066	-
Contribution received per Contribution Agreement	(3,119,851)	(2,113,250)
Changes in assets and liabilities:		
(Increase)/decrease in other receivable	(936,497)	10,450
(Increase)/decrease in other payables	519,163	(205,148)
	(3,013,495)	(2,412,997)
Net cash (used in) operating activities	(3,013,495)	(2,412,997)

13. EVENTS AFTER THE REPORTING PERIOD

- (a) No significant events have occurred since the reporting date which would have a material impact on the financial position of the Trust disclosed in the statement of financial position as at 31 December 2021 or on the results and cash flows of the Trust for year ended on that date.

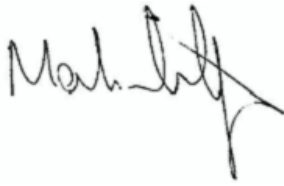
SAVANNA FIRE MANAGEMENT TRUST

TRUSTEE'S DECLARATION

The directors of the trustee company declare that the trust is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 2 to the financial statements.

In accordance with a resolution of the directors, the directors of the trustee company declare that:

1. the financial statements and notes which comprise the statement of financial position as at 31 December 2021, the statement of comprehensive income and cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes present fairly the trust's financial position as at 31 December 2021 and its performance for the year ended on that date in accordance with the accounting policies described in Note 2 to the financial statements; and
2. in the directors' opinion there are reasonable grounds to believe that the trust will be able to pay its debts as and when they become due and payable; and
3. the financial statements and notes are in accordance with the requirements of the Trust Deed.



Director

Mark Smith

Dated: 28 March 2022



Independent Auditor's Report

To the members of Savanna Fire Management Trust

Report on the audit of the Financial Report

Opinion

We have audited the **Financial Report**, of the Savanna Fire Management Trust (the Trust).

In our opinion, the accompanying **Financial Report** of the Trust presents fairly, in all material respects, the financial position of the Trust as at 31 December 2021, and of its financial performance and its cash flows for the year then ended, in accordance with the basis of preparation described in Note 1 to the financial statements.

The **Financial Report** comprises:

- i. Statement of financial position as at 31 December 2021
- ii. Statement of comprehensive income, Statement of changes in funds, and Statement of cash flows for the year then ended
- iii. Notes including a summary of significant accounting policies
- iv. Trustee's declaration of the Trust.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Trust in accordance with the auditor independence requirements of the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Emphasis of matter – basis of preparation and restriction on use

We draw attention to Note 1 to the Financial Report, which describes the basis of preparation.

The Financial Report has been prepared to assist the Trustee of Savanna Fire Management Trust in meeting the financial reporting requirements of the Trust Deed.

As a result, the Financial Report and this Auditor's Report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.



Our report is intended solely for the Trustee of Savanna Fire Management Trust and its Beneficiaries and should not be used by or distributed to parties other than the Trustee of Savanna Fire Management Trust and its Beneficiaries. We disclaim any assumption of responsibility for any reliance on this report, or on the Financial Report to which it relates, to any person other than the Trustee of Savanna Fire Management Trust and its Beneficiaries or for any other purpose than for which it was prepared.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- i. the preparation and fair presentation of the Financial Report in accordance with the financial reporting requirements of the Trust Deed
- ii. Implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.
- iii. Assessing the Trust's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- i. to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- ii. to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They 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 this Financial Report.

As part of an audit in accordance with *Australian Auditing Standards*, we exercise professional judgement and maintain professional scepticism throughout the audit.

We also:

- i. Identify and assess the risks of material misstatement of the Financial Report, 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 our 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.
- ii. 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 registered Trust's internal control.
- iii. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.



- iv. Conclude on the appropriateness of the Directors' 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 registered Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the Financial Report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the registered Trust to cease to continue as a going concern.
- v. Evaluate the overall presentation, structure and content of the Financial Report, including the disclosures, and whether the Financial Report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors of the registered Trust regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Trustee's Compliance with the Trust Deed

Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Trust, has not complied in all material respects, with the Trust Deed as evaluated against the requirements as set out in the Trust Deed dated 6 December 2016 throughout the year ended 31 December 2021.

Scope

The subject of our limited assurance engagement is whether anything has come to our attention that causes us to believe that the Trustee has not complied, in all material respects, with the Trust Deed as evaluated against the requirements as set out in the Trust Deed, throughout the year ended 31 December 2021.

Basis for Conclusion

We conducted our engagement in accordance with Australian Standard on Assurance Engagements ASAE 3100 *Compliance Engagements* (ASAE 3100) issued by the Auditing and Assurance Standards Board. We believe that the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

In accordance with ASAE 3100 we have:

- used our professional judgement to assess the risks that may cause material non-compliance with the Trust Deed as evaluated against the requirements as set out in the Trust Deed and to plan and perform the engagement to obtain limited assurance about whether anything has come to our attention that causes us to believe that the Trustee has not complied, with the Trust Deed as evaluated against the requirements as set out in the Trust Deed;
- considered relevant internal controls when designing our assurance procedures; however, we do not express a conclusion on their effectiveness; and



- ensured that the engagement team possess the appropriate knowledge, skills and professional competencies.

Summary of Procedures Performed

In a limited assurance engagement, the assurance practitioner performs procedures, primarily consisting of discussion and enquiries of management and others within the entity, as appropriate, and observation and walk-throughs and evaluates the evidence obtained. The procedures selected depend on our judgement, including identifying areas where the risk of material non-compliance with the Trust Deed is likely to arise.

Our limited assurance conclusion is based on the evidence obtained from performing the following procedures:

- enquiries with relevant Trustee's personnel and observation of relevant processes to obtain an understanding of the Trustee's compliance framework and internal control environment to meet the compliance with the Trust Deed; and
- walkthroughs to obtain an understanding of relevant processes and activities that are undertaken to meet the compliance with the Trust Deed.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Accordingly we do not express a reasonable assurance opinion on compliance with the Trust Deed as evaluated against the requirements as set out in the Trust Deed.

Inherent Limitations

Because of the inherent limitations of an assurance engagement, together with the internal control structure it is possible that fraud, error, or non-compliance with the Trust Deed may occur and not be detected.

A limited assurance engagement throughout the year ended 31 December 2021 does not provide assurance on whether compliance with the Trust Deed will continue in the future.

Use of this Assurance Report

Because of the inherent limitations of an assurance engagement, together with the internal control structure it is possible that fraud, error, or non-compliance with the Trust Deed may occur and not be detected.

A limited assurance engagement throughout the year ended 31 December 2021 does not provide assurance on whether compliance with the Trust Deed will continue in the future.

Responsibilities of the Directors for Compliance

The Directors of the Trustee are responsible for:

- the compliance activities undertaken to meet the compliance with the Trust Deed; and
- identification of the risks that threaten the compliance with the Trust Deed identified above being met and identifying, designing and implementing controls which will mitigate those risks and monitor ongoing compliance.

Auditor's Responsibilities for Compliance

Our responsibility is to perform a limited assurance engagement in relation to the Trustee's compliance, with the Trust Deed as evaluated against the requirements as set out in the Trust Deed, throughout the year ended 31 December 2021 and to issue an assurance report that includes our conclusion.

Our Independence and Quality Control

We have complied with our independence and other relevant ethical requirements of the *Code of Ethics for Professional Accountants (including Independence Standards)* issued by the Australian Professional and Ethical Standards Board, and complied with the applicable requirements of Australian Standard on Quality Control 1 to maintain a comprehensive system of quality control.



KPMG



Nicholas Buchanan

Partner

Sydney

28 March 2022



SAVANNA FIRE MANAGEMENT PROGRAM | **ANNUAL REPORT 2021**



Australian Government
Indigenous Land and Sea Corporation



The ILSC GROUP

PEOPLE. COUNTRY. OPPORTUNITY.



A photograph of a savanna landscape. In the foreground, there is a fire burning in the dry grass, with a person's leg and boot visible on the left. The middle ground is filled with tall, dry grasses and some green shrubs. In the background, there are several trees and a hazy horizon under a clear sky.

SAVANNA FIRE MANAGEMENT PROGRAM ANNUAL REPORT 2021

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Rangers and community leaders planning coordination of fire management across the region

Introduction

This annual report describes the achievements of the fifth year of the Savanna Fire Management Program (SFM Program) and its partners in 2021. The Program aims to establish new savanna fire management businesses on Aboriginal Land in the Northern Territory.

The SFM Program is resourced by INPEX Operations Australia (INPEX) on behalf of Ichthys LNG joint venture partners via a discretionary trust (SFM Trust) managed by Perpetual Trustee Company Ltd (Perpetual). INPEX committed these funds as part of a voluntary agreement with the NT Government to offset greenhouse gas emissions associated with the Ichthys onshore LNG facility in Darwin. INPEX appointed Perpetual to manage the SFM Trust and engaged the Indigenous Land and Sea Corporation (ILSC) as the Program Manager to deliver the SFM Program. The ILSC and Perpetual entered the SFM Services Agreement on 12 December 2016, and operations commenced in April 2017.

Savanna fire management generating carbon credits provides opportunity to deliver multiple benefits for Indigenous people including establishing a nature-based business, training, creating jobs, facilitating cultural practices, as well as supporting and promoting caring for country. Projects funded through the SFM Program apply Savanna Fire Management Methodologies approved by the Clean Energy Regulator (CER) for areas that receive over 600mm annual rainfall, to reduce greenhouse gas emissions from wildfires and generate Australian Carbon Credit Units.

Savanna Fire Management is based on the principle of early dry season burning in a fine scale mosaic, a method informed by the traditional Aboriginal fire management practiced across northern Australia for millennia by Indigenous people. The multiple benefits associated with the application of this method underpin the purpose of the SFM Program and continue to be supported by the Program. These benefits include:

- increased training and capacity building,
- culturally appropriate employment in fire management activities,
- improvements for biodiversity conservation,
- protecting cultural values,
- steps to improve governance arrangements and sustainable business models for Projects, and
- generation of Australian Carbon Credit Units (ACCU's).

The SFM Program is targeted to develop projects within the Northern Territory and represents an extension of ILSC engagement in the savanna carbon industry. The ILSC's role in establishing the Indigenous savanna fire management industry has been foundational, with business development support for the Arnhem Land fire project and the establishment of the Fish River fire project as a demonstration site and the first savanna fire project in Australia to earn carbon credits in 2012.

Program operations for 2021 have been affected by the ongoing global COVID-19 pandemic. Fortunately, critical fire work was completed to ensure a successful year of burning, due to the commitment and flexibility of the Project groups undertaking the fire work. COVID-19 has challenged communications and particularly the governance of SFM Projects. Free, prior and informed consent is foundational to the SFM Program and Indigenous decision making more broadly, involving consultations and meetings that bring people together to discuss important issues. Measures to avoid transmission of the virus have resulted in many meetings being cancelled. Remote online meetings have enabled much of the practical planning to be undertaken, but many of the more complex consultations and long-term decision-making events have been postponed for most Projects. The Program will continue to adapt as necessary and extend its use of remote equipment where possible.



“Being able to harness that connectivity and knowledge I think is something indigenous people are very well placed to gain a premium price on these kinds of credits, because it's not just about carbon per se, this is about ancient knowledge, this is about 65,000 years of connectivity, this is about biodiversity – and importantly, this is about the transferability of that knowledge to future generations”.

Joe Morrison, ILSC Group CEO

Summary of Savanna Fire Management Program Manager Activities in 2021

2021 was an exciting year for the SFM Program, with the addition of the Wardaman project registered in 2021 as the fifth SFM project registered with the Clean Energy Regulator. An additional two Projects are also active in the feasibility assessment phase. The SFM Program now supports landscape scale fire management, and the subsequent abatement of greenhouse gas emissions, over nearly 40,000 square kilometres. With an additional 6,000 square kilometres in the feasibility phase, the SFM Program is now operating over more than 45,000 square kilometres.

An important objective for Projects is the establishment of a culturally appropriate and robust entity to successfully manage the carbon enterprise. For several projects, building effective governance arrangements is complex and will remain a focus for several years. The SFM Program will continue to support the process of establishing appropriate governing entities

through guidance and facilitation of the Projects to work through land ownership issues, cultural responsibilities, land management aspirations, combined funding models and potential income distribution arrangements.

The SFM Program has assisted groups in holding consultation meetings with Traditional Owners from their wider region, facilitating the inclusion of key partners and relevant expertise to help groups build their governance and operational capacity. This includes strategic planning, WH&S plans, risk assessment and standard operating procedures, setting up a governing body, checking project progress and budgets, project administration and information management, complying with CER registration and auditing requirements and facilitating community engagement.

Another key role of the SFM Program is to build capacity and to engage with the broader fire management and carbon network of technical experts and practitioners.

The Program hosted a forum targeted to the SFM Projects in December 2021. The forum was held online to reduce COVID-19 transmission risk, and enabled Project participants to share their achievements and stories and learn about key areas of focus such as effective fire management planning, using the Northern Fire and Information Services (NAFI), satellite imagery and other information tools, fire suppression for late season fires and governance considerations.

The Communications Strategy for the SFM Program was agreed to by all governing parties in mid-2021, with a key objective to support projects to communicate and promote their projects. During the year the ILSC facilitated the Tiwi Project to feature on ABC Landline with a story about their savanna fire project.

The Wardaman and Judbarra Projects also featured in the Northern Land Council Quarterly Land Rights News and the Western Top End Project featured in 'Territory Q' Magazine.



Important regional meetings such as this one in February 2021 are essential to collaboration and coordination of fire management across the region



Tiwi Rangers conducting interviews to help develop communication products about their Project



Rangers and community leaders planning burn off areas across the region

A 5-year review of the Program was conducted in the first half of 2021, with Perpetual engaging independent consultant Ernst & Young. The review provided a valuable opportunity to engage SFM Program partners in assessing the overall performance of the SFM Program. The review recognised the Program's success in engaging eligible groups to overcome participation barriers to access the emerging Indigenous carbon industry and clarified the priorities for future work. These future priorities include encouraging sustainable Indigenous governance structures, standardising impact metrics for projects, formalising communications between governing parties and building resilience.



As the Program transitions to consolidating Projects in the operational phase and supporting the emergence of sustainable enterprises, the Program has developed an approved multi-year work program (2021-24) and budget. The budget outlines a commitment to improved communication resources to assist with understanding the carbon market and audits, training in using the Northern Fire and Information Services (NAFI), fire mapping services, developing governance arrangements for Projects and improving impact metrics over the next 4 years.

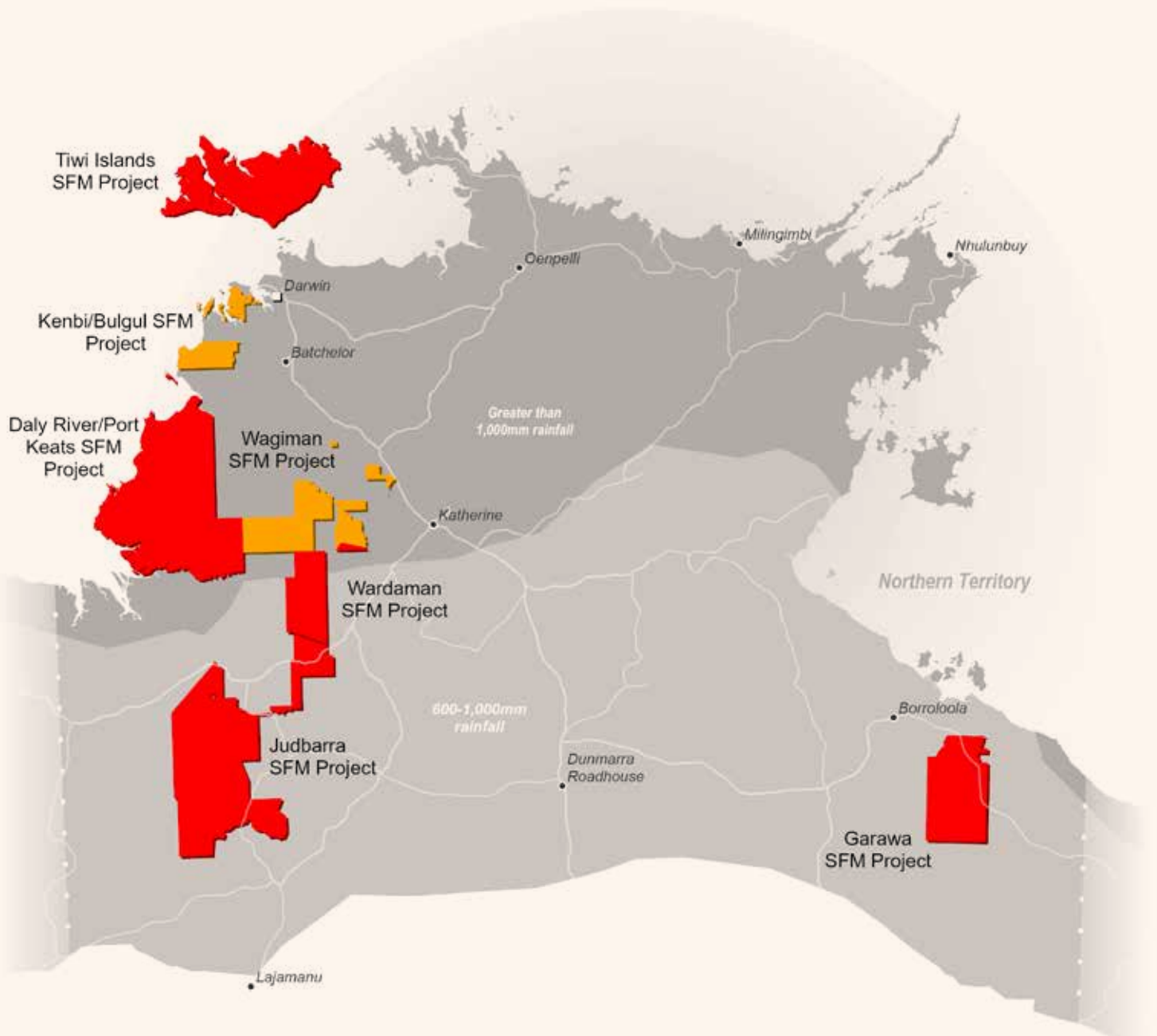
Establishing the SFM Projects has been a key focus of the first 5 years of the SFM Program. With rapid growth in the demand and value of Indigenous provenance Australian Carbon Credit Unit's (ACCU's), the Projects are in a strong position to transition to successful independent carbon enterprises. The SFM Program is committed to assisting the groups on their journey, and in early 2022 will develop a strategic plan for the next phase of the Program to ensure that the resilience and sustainability of these emerging enterprises enables them to achieve the transformational outcomes envisaged at the outset of the Program.

Savanna Fire Management Program

Project areas by phase (ILSC January 2022)

The map below shows the location of project areas during 2021, showing progress in the Savanna Fire Management Program - Phase 1 & Phase 2.

-  Phase 1 Project Funding Agreement (current)
-  Phase 2 Project Funding Agreement (current)



By the numbers

3,000 KM²

NEW AREA UNDER FIRE
MANAGEMENT

IN 2021

39,000 KM²

TOTAL AREA UNDER FIRE
MANAGEMENT (PHASE 2 PROJECTS)

IN 2021

ONE

NEW CARBON PROJECT
REGISTRATION

IN 2021

**12 INDIGENOUS
RANGER GROUPS**

ENGAGED THROUGH PROGRAM

IN 2021

**36 INDIGENOUS
PEOPLE TRAINED**

IN FIRE/CARBON RELATED WORK

IN 2021

77%
OF FUNDING

FOR PHASE 2 OPERATIONS

187,533
TOTAL ACCUs

FROM SFM PROJECTS

129,128

ACCUs GENERATED

IN 2021

(FROM 2020 YEAR)

**6 INDIGENOUS
ORGANISATIONS**

DIRECTLY FUNDED
THROUGH PROGRAM

**81 INDIGENOUS
EMPLOYEES**

ON COUNTRY IN 2021
(MIX OF F/T & CASUAL)

Summary of the outcomes of all SFM Projects undertaken during 2021

PHASE 1 PROJECT FUNDING AGREEMENTS

Projects in Phase 1 have been supported to build knowledge about fire management and how this aligns with carbon abatement. The support provided at this stage of Project development aims to contribute to appreciating the Savanna Fire Management industry and more effective fire management activities, but no credits can be earned until projects are registered with the CER, which generally occurs during Phase 2.

All Phase 1 projects are developed with local Indigenous enterprises where possible. Alternatively, where a local organisation doesn't exist the Project can proceed via an external Indigenous organisation as the host. Traditional Owners are consulted extensively about the proposed hosting organisation before contracts are executed. Where a hosting entity is proposed for specific Projects, such as NAILSMA for the Wagiman, Garawa and Judbarra Projects, SFM funds are directed to establish or develop a local Indigenous entity to govern the SFM Project.

PHASE 2 PROJECT FUNDING AGREEMENTS

If Phase 1 requirements are met, a Phase 2 Project Funding Agreement can be negotiated for the SFM Program to fund savanna fire management operations and broader project development activities to establish sustainable Indigenous Savanna Fire Management enterprises.



“I'm screaming out for more guys now, I'm hoping to get a couple more land ranger guys in the program – but definitely a women ranger group, because you know Tiwi doesn't have a women's ranger group, so in the future I would really love to have a women's ranger group – to be supporting that would be fantastic”.

Willie Rioli, Tiwi Ranger Manager



The following table provides a summary of active SFM projects in 2021:

Phase	SFM Projects involved in the SFM Program over calendar year 2021
1	Wardaman - Northern Land Council - S19 Agreement finalised
1	Wagiman Project - Northern Land Council - feasibility assessment completed; S19 Agreement consultations postponed to 2022
1	Kenbi/Bulgul Project - NAILSMA - ongoing feasibility investigations
2	Tiwi Islands Fire Project - Tiwi Resources - fourth year of operation as an SFM Project
2	Garawa Fire Project - NAILSMA -with a service agreement to NLC - third year of operation as a CER registered Project
2	Daly River/Port Keats Land Trust Project / Western Top End Project - Thamarrurr Development Corporation - second year of operation as a CER registered Project
2	Judbarra Fire Project - ILSC - second year of operation as a CER registered Project
2	Wardaman - Northern Land Council - first year of operation as a CER registered Project

A DETAILED OUTLINE OF EACH SFM PROJECT FOLLOWS.





Jabul Huddleston and Wagiman Rangers preparing for some early dry season burning with a drip torch.



Phase 1 Projects

WAGIMAN PROJECT: PHASE 1

Land Management Group: Wagiman Rangers hosted by the Northern Land Council

The potential Wagiman Fire Project covers the Upper Daly and Wagiman Aboriginal Land Trust in the vicinity of Pine Creek. A Phase 1 Project Funding Agreement (PFA) for Wagiman was finalised in May 2020 with the NLC as the proponent. The business and feasibility report completed in 2021 for the Wagiman Project indicates a strong opportunity for the Wagiman people to engage in the Savanna Fire Management industry. To join the SFM Program and move into Phase 2, a Section 19 License Agreement (s19) through the Northern Land Council will be required. The required consultation event for the s19 was delayed this year due to the high risk of regional scale meetings promoting COVID transmission across remote communities of the Northern Territory. It is expected that the NLC will complete consultations in 2022 meaning the Project will be registered and eligible to earn ACCUs from fire management work in 2022. A fire management plan for 2022 has been drafted with input from NT Bushfires in preparation for the Project moving to Phase 2.

KENBI-BULGUL PROJECT: PHASE 1

Land Management Groups: Kenbi & Bulgul Rangers hosted by the Northern Land Council

The SFM Program has continued to explore a viable Project with Kenbi Aboriginal Land Trust and Delissavale/Wagait/Larrakia Aboriginal Land Trust. A Phase 1 Project Funding Agreement was executed in December 2020 with NAILSMA as the host organisation. NAILSMA completed a feasibility analysis for the Kenbi and Bulgul land areas in 2021, indicating the relatively small area (for landscape scale Savanna Fire Management) and fire history of the area would require sophisticated fire management and extensive community engagement (given the proximity to urban areas) to render the project viable. Traditional Owners and the host organisation continue to give the Project concept careful consideration. The ILSC has granted an extension for Phase 1 activities to be continued into 2022.

Phase 2 Projects

WARDAMAN PROJECT: PHASE 2

Land Management Groups:

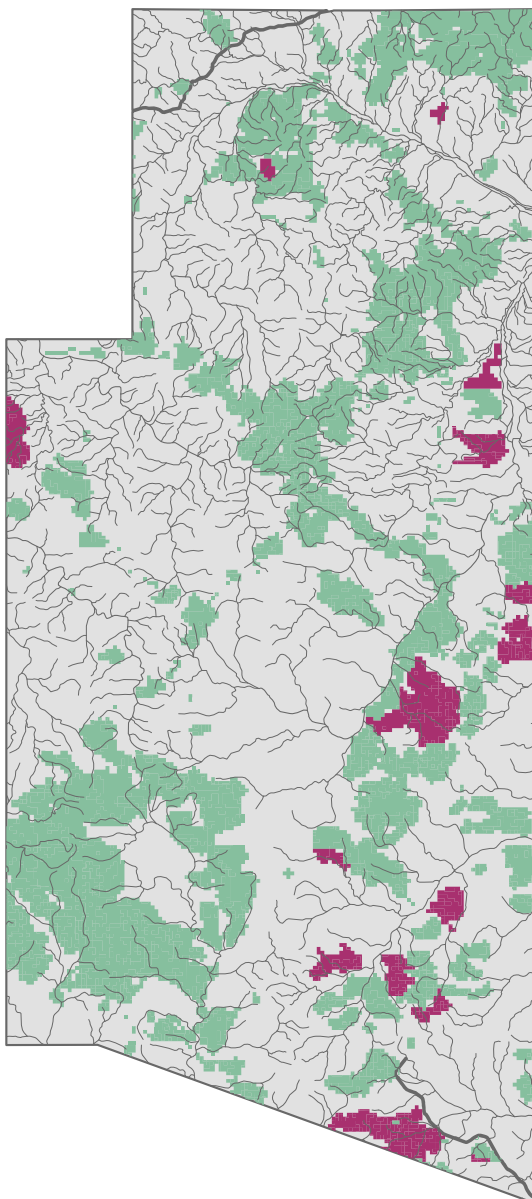
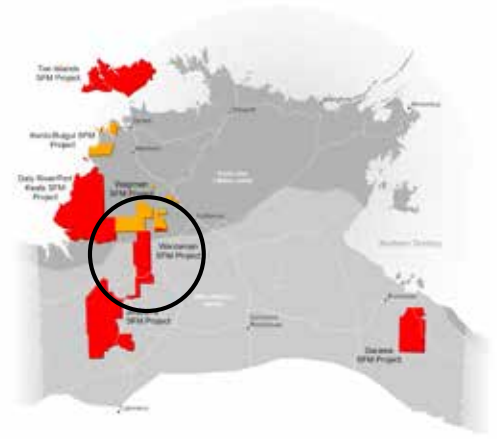
- Wardaman Rangers

Training Received:

- Workplace Health and Safety
- Safe Use of Aerial Incendiary Machine

Ranger Participation:



- 8

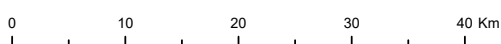


The Wardaman Project (ERF 170671) includes the Menggen Aboriginal Land Trust (ALT) and Yibulyawun ALT. The Wardaman Project transitioned to Phase 2 operations in August 2021 and was successfully registered with the CER in December 2021. Eight rangers received fire management training in 2021. Rangers participated in accredited training in Workplace Health and Safety, as well as Safe use of aerial incendiary machine. The Wardaman Rangers implemented their fire plan (April to May) using a combination of ground burning and aerial incendiaries.

2021 Fire Scars By Season (NAFI 2022)

Within project eligible vegetation class area

-  early dry season
-  late dry season

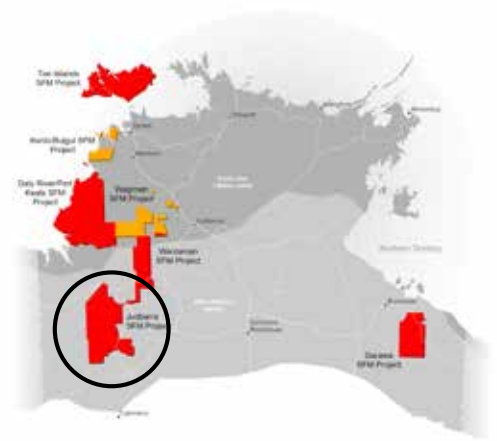




Wardaman Ranger, conducting early dry season roadside burning



JUDBARRA NATIONAL PARK PROJECT - NAILSMA: PHASE 2



Land Management Groups:

- Timber Creek Rangers hosted by Northern Land Council
- Wardaman Rangers hosted by Northern Land Council
- Daguragu Rangers hosted by Central Land Council
- NT Parks & Wildlife Rangers, Northern Territory Government

Ranger Participation:

- 10 Rangers & Traditional Owners

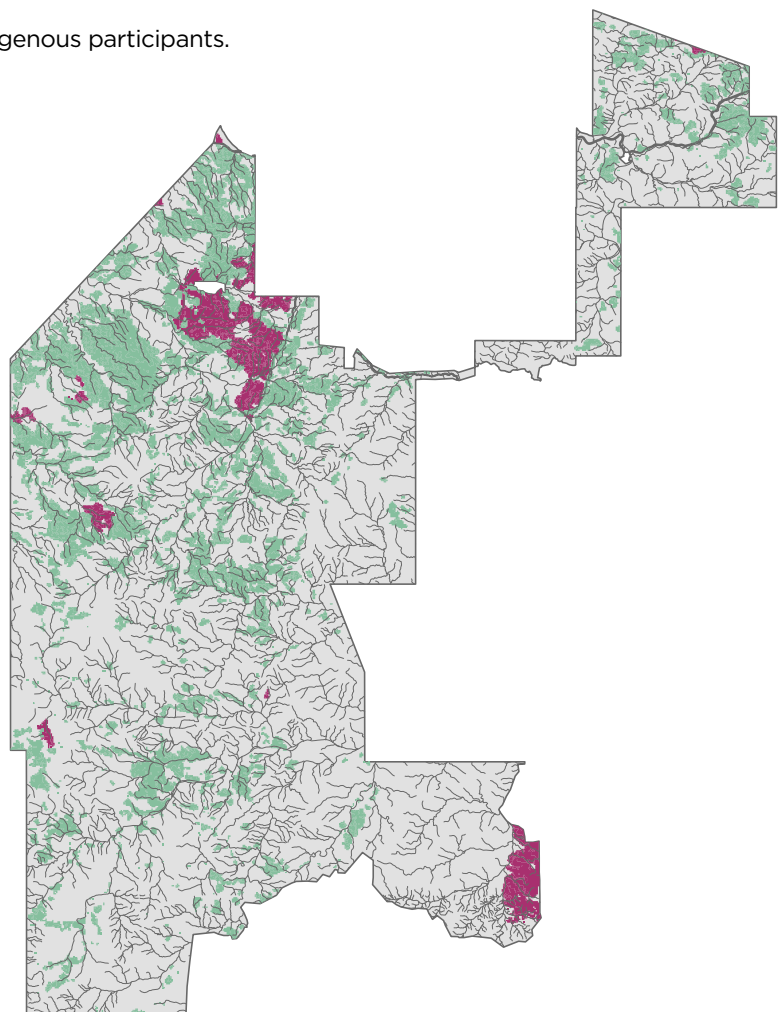
Additional activities:

- Cultural Camp at Stoneyard's Campsite with 13 Indigenous participants.

The Judbarra Project (ERF161545) was registered with the CER by the ILSC on behalf of the Traditional Owners in December 2020. This year (2021) marked the second year of operating as a registered Project, however the SFM Program only commenced funding operations in 2021.

Judbarra represents a ground-breaking Project with a broad collaboration of stakeholders. The Aboriginal Land Trusts (ALTs) are leased to the Northern Territory Government as a National Park and managed through a Joint Management arrangement with Traditional Owners. The fire management is carried out by a collaboration of Ranger groups representing Aboriginal ownership of the Project area and the Parks & Wildlife Rangers managing Judbarra National Park. In-lieu of the longer-term Phase 2 Agreement, interim funding was provided to support fire management operations for 2021. In December 2021, a Project Funding Agreement was executed with NAILSMA to deliver operations for the next 4 years.



There has been strong collaboration between the Project partners. Mid-year (21st-25th June) NLC and NT Parks facilitated a Women's Cultural Camp to Stoneyard's Campsite with 13 Indigenous participants. For several Traditional Owners this was their first time to visit one of the most significant cultural sites for the Northern/Central part of the Park which is now only readily accessible by helicopter.



0 20 40 60 80 Km

2021 Fire Scars By Season (NAFI 2022)

Within project eligible vegetation class area

-  early dry season
-  late dry season



Planning and Collaboration is key to successful fire management



WESTERN TOP END SFM PROJECT - PHASE 2

Land Management Groups:

- Thamarrurr Rangers hosted by Thamarrurr Development Corporation
- Wudicupildiyerr Rangers hosted by Northern Land Council
- Peppimenarti Rangers hosted by Deewin Kirim Corporation
- Emu Point Rangers (emerging)

Training received:

- Working safely around aircraft, and
- Operate aerial ignition equipment in an aircraft.

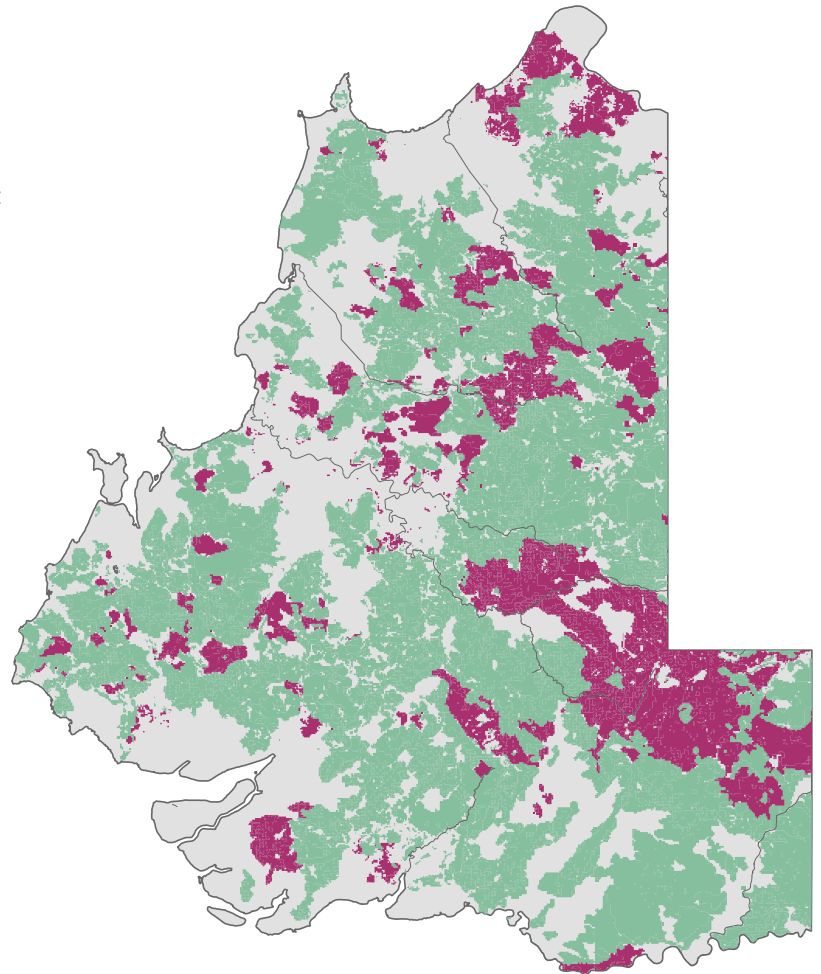
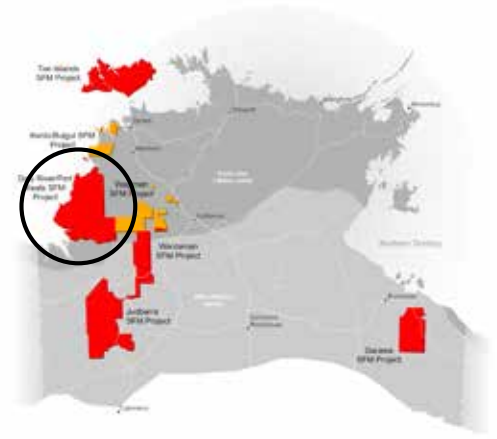
Ranger Participation:

- 38 Rangers + 16 casuals

The Western Top End (WTE) Fire Project (ERF160973), which covers the Daly River Port Keats Aboriginal Land Trust was registered with the CER by Thamarrurr Development Corporation (TDC) in December 2020. The Project commenced a Phase 2 Funding Agreement in April 2020. Thamarrurr Development Corporation (TDC) manage the funding and overall Project delivery via sub-contracted agreement with the land management groups.



A key objective for the Project is to build a separate Carbon business with a governing body of Traditional Owners to oversee project delivery and management of ACCU's generated. Other important aspects for this project include maintaining a fire exclusion zone for bush plum harvesting, increasing community awareness and engagement with the benefits in reducing late season fires together with actions to reduce the total area of land which is burnt each year. There is also a focus on building skills, experience and equipment to employ fire suppression to pull up late season wildfires.

Fire planning for 2021 involved 30 rangers from the Project area. Approximately 70 casuals/consultants were engaged in 2021, who contributed to fire work in addition to the full-time ranger staff. Eight staff from the participating ranger groups also undertook accredited training including, 'work safely around aircraft' and 'Operate aerial ignition equipment in an aircraft'. Aerial burning was completed between April and June with some further fire suppression work in July to hold back late season fires.



2021 Fire Scars By Season (NAFI 2022)

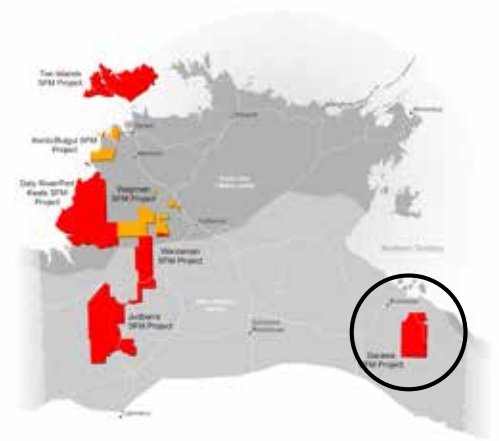
Within project eligible vegetation class area

-  early dry season
-  late dry season



Conducting extensive ground burning around infrastructure and sacred sites is integral to the annual fire management program

GARAWA FIRE PROJECT - PHASE 2



Land Management Group:

- Garawa Rangers hosted by Northern Land Council

Ranger Participation:

- 6 casual Rangers

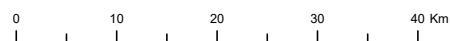
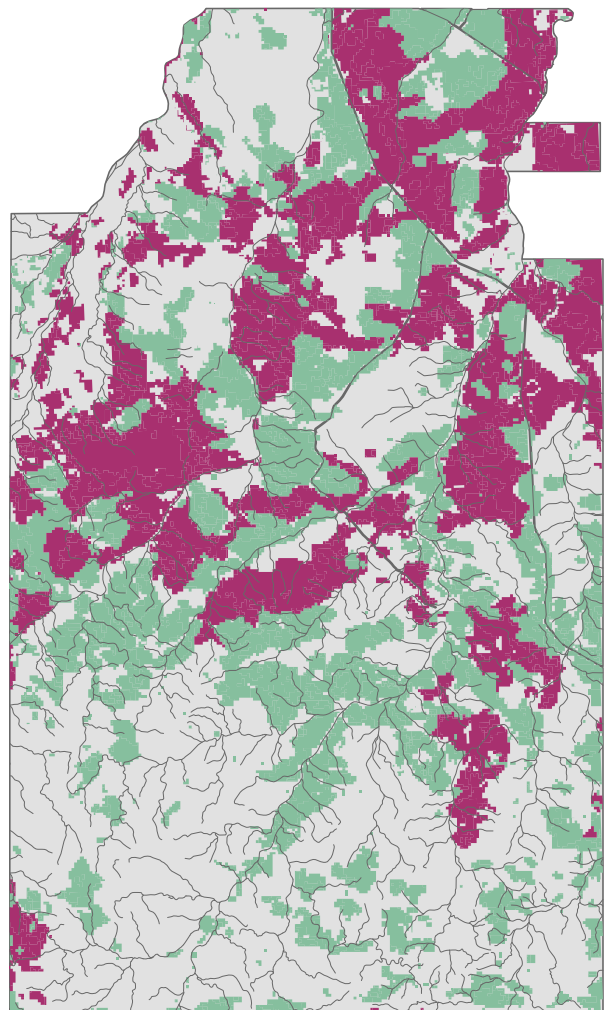
Additional Activities:

- Healthy Country Planning undertaken to document Traditional Owner aspirations for land management.

The Garawa Fire Project (ERF130950), located south east of Borroloola, covering the Garawa ALT (Robinson River area), completed a third year of operating a registered savanna burning Project. The Project is hosted by NAILSMA and operates with a Service Agreement for NLC to deliver the project via the NLC hosted Garawa Ranger group. The Project is supported with a Phase 2 Project Funding Agreement, commencing June 2019 and to be completed December 2023.

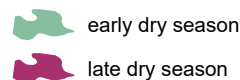
Important aspects for this Project include forming a Traditional Owner governing body to oversee Project implementation and management of ACCU's, ensuring consistent support to the Ranger group to build management capacity and broader understanding of the carbon market and associated co-benefits as well as a focus on building a strategic approach to addressing late season wildfires.

Gaining access to the Project area, in particular suppressing late season fires, is a significant challenge for this Project with most rangers based in Borroloola. As with the prior year (2020), fire operations for 2021 were implemented with the guidance of an experienced fire manager to mentor and support the ranger team and this mentoring is set to continue through 2022. Severe fire weather conditions late in the dry season included record high temperatures, strong winds and low humidity in late 2021. Late season fires in the region suggests that without the network of early dry season prescribed burning the late season wildfires in 2021 would have been much more extensive and damaging.



2021 Fire Scars By Season (NAFI 2022)

Within project eligible vegetation class area





Garawa Rangers use leaf blowers to assist with controlling prescribed burning operations

TIWI ISLANDS PROJECT - PHASE 2

Land Management Group:

- Tiwi Rangers hosted by Tiwi Resource Corporation.

Training Received:

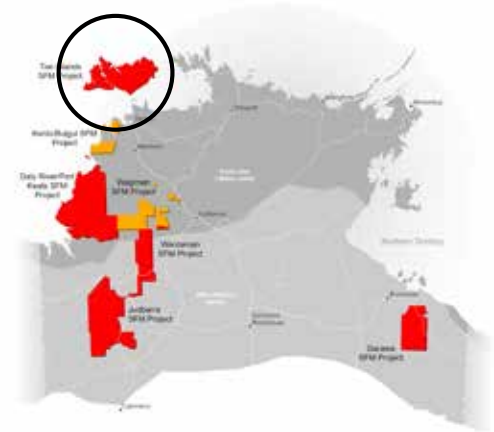
- Delivery of governance expertise to Tiwi Resources Board for future SFM planning
- Updated Fire Level 1 training with Bushfires NT

Ranger Participation:

- 11 Rangers

Additional Activities:

- Tiwi Rangers delivered a community education roadshow on the environmental and cultural benefits of cool burning

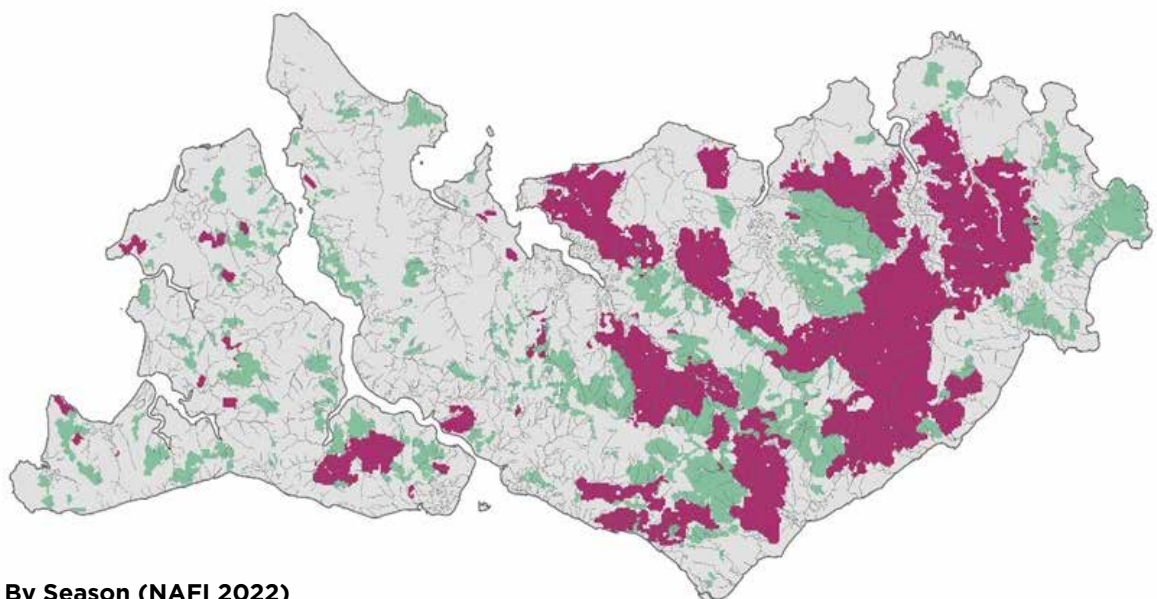


The Tiwi Fire Project (ERF105045), just north of Darwin, completed a sixth year of operating since registering as a savanna burning Project in December 2016. The Project, managed by Tiwi Resources, joined the SFM Program for support in June 2018. Support for the Tiwi Project has been extended with a further Phase 2 funding agreement scheduled to be completed by the end of 2023.

Priorities for the Tiwi Project include building and refining an appropriate governance framework to oversee the carbon business and management of ACCU's, developing a sustainable business plan to transition away from program support, refining fire management skills particularly planning and aerial burning as well as expanding appreciation of the carbon market and particularly acknowledging co-benefits which can be verified.



The Project has also been supported to develop a threatened mammal monitoring program to inform the impacts of fire on nationally threatened species. This biodiversity monitoring program involves collaboration with researchers from Charles Darwin University (CDU) which aims to build the capacity for Indigenous rangers to monitor and report upon impacts of fire for threatened species.

The monitoring work in 2021 involved some of the Tiwi rangers and casual employment of two residents from Pitjampirra outstations, each contributing approximately 100hrs and leading to one participant completing accredited training in Profession Practice in Science (via CDU). The 2021 fire management operations for Tiwi were delayed with an extended wet season and unseasonal rain in June which resulted in delays for multiple stakeholders in securing fire breaks to protect infrastructure and forest plantation. In September, the ranger team carried out a three-day community consultation event (covering both Islands) and promoting the benefits of early dry season fires and the disadvantage of late dry season fires including the interactions between fire and feral cats and impacts to native fauna.



2021 Fire Scars By Season (NAFI 2022)

Within project eligible vegetation class area

-  early dry season
-  late dry season





“

“It’s not only just about burning and earning money, like people say – its looking after your country and all the animals and the birds, all the bush tucker that is out there”.

Willie Rioli, Tiwi Ranger Manager

The Tiwi Rangers use both helicopters and boats to access country for early dry season burns

ACCU's generated by SFM Program Operators

The SFM Program had five projects that were registered with CER and therefore eligible to earn ACCUs in 2021. The ACCU result from the 2021 fire season will not be known until Project Offset Reports are generated in April 2022. The Program accounts for ACCU's for 2021 (relating to the four previously CER registered Projects) refer to the results for the 2020 fire season as there is a lag between the completion of a fire season and the submission of offset reports and accrediting of ACCUs. As per CER regulations the ACCUs are not credited to Projects until they have passed an initial Project audit. Only Tiwi Resources were issued ACCUs in 2021 (from the 2020 operations) and transferred to INPEX in 2021. The Thamarrurr, Garawa and Judbarra Projects are expected to complete audits in early 2022, after this ACCUs will be issued for previous operational years.

The Judbarra NP project successfully registered with the Clean Energy Regulator in December 2020 and produced ACCU's in 2020, however the Project results had not been funded for operations (i.e. Phase 2) from the SFM Program so the ACCUs from 2020 will not be transferred through to the SFM Program Funder.

The ACCUs produced by the four operational (Phase 2) Projects in 2020 are reported and have been processed as per the SFM Services Agreement as follows:

ACCU's generated by the SFM Project Operators under Phase 2 PFA 2020 (transferred in 2021)

Project	Total ACCU's From 2020	Proportion Attributed To SFM Funding	ACCU's Transferred To Inpex In 2021
Tiwi	44,269	69.8%	29,615
Garawa	7,778*	TBD	0
Western Top End	35,522#	TBD	0
Judbarra	40,837**	TBD	0
TOTAL	129,128		29,615

TBD - Project to be determined due to delays with formal credits of ACCU's or proportional calculations crossing over two years and awaiting on audited reports.

* - Garawa - NAILSMA Project must resubmit an audit to the CER before receiving the ACCU's described above.

- Thamarrurr Project must submit a project audit and reports to the Clean Energy Regulator before receiving the ACCUs as described above.

** - Judbarra project was not funded for operations in 2020 by the SFM Program and is therefore unlikely to have credit transfer obligations to the Program Funder from 2020.

SFM Program Financial Summary 2021

A signed Statement of Income and Expenditure is included as an attachment to the report.

INCOME	
Q1 SFM Payment	\$668,709
Q2 SFM Payment	\$668,709
Q3 SFM Payment	\$668,709
Q4 SFM Payment	\$1,081,980
Total Payments (2021)	\$3,088,107
Balance held by SFM Program (1 Jan 2020)	\$114,390
TOTAL INCOME	\$3,202,497

EXPENSES			
	BUDGET	YTD ACTUAL	VARIANCE
PHASE 2 PFAs	\$2,433,403	\$2,056,538	\$376,865
Judbarra Phase 2	\$482,005	\$218,740	(a) \$263,265
NAILSMA Garawa Phase 2	\$180,000	\$180,000	\$
Wardaman (NLC) Phase 2	\$276,100	\$276,100	\$
Thamarrurr Development Corporation	\$861,740	\$748,140	(b) \$113,600
Tiwi Resources	\$633,558	\$633,558	\$
PHASE 1 PFAs	\$89,000	\$77,000	\$12,000
Kenbi/Bulgul (NAILSMA)	\$15,000	\$12,000	\$3,000
Wagiman (NLC)	\$74,000	\$60,000	(c) \$14,000
Wardaman (NLC)		\$5,000	-\$5,000
Third Party Service Providers	\$50,000	\$23,588	\$26,414
SFM Project Direct Costs	\$375,500	\$350,391	\$25,109
Staff Salaries & On costs	\$260,000	\$273,145	(d) -\$13,145
Office- Accommodation & Expenses	\$48,000	\$42,982	\$5,108
Recruitment	\$5,000	\$0	\$5,000
IT and comms equip	\$2,000	\$4,159	-\$2,159
Conferences and meetings	\$6,000	\$1,002	\$4,998
Vehicle Running Costs	\$8,000	\$3,238	\$4,762
Fuel	\$6,500	\$3,425	\$3,075
Travel	\$32,000	\$18,070	(e) \$13,930
Staff - Corporate Training	\$4,000	\$0	\$4,000
Marketing & Comms	\$4,000	\$4,370	-\$370
ILSC Overhead Costs (fixed)	\$159,040	\$159,040	\$0
TOTAL EXPENSES	\$3,106,943	\$2,666,554	\$440,389
BALANCE at 31 Dec 2021			535,943

Summary of Variance from 2021 Budget

Movement restrictions due to Covid has presented different challenges to each project. Despite the challenges, the overall expenditure was close to the amended 2021 budget. The following details any significant variance in expenditure against the budget:

- (a) The Judbarra Phase 2 project was executed in December 2021 with NAILSMA. Interim funding was provided in 2021 to carry out necessary fire management operations but at a lower level than the full Phase 2 contracted activities budgeted.
- (b) TDC project has not spent all funds in 2021 so a payment will be reallocated to 2022 activities.
- (c) Wagiman Phase 1 requires s19 land-use consultations with NLC as the final activity. This was scheduled for November 2021 but has been delayed again due to COVID-19 movement restrictions.
- (d) Wages were slightly overspent due to extra ILSC staff working on governance and other initiatives identified in the Program 5-year Review
- (e) Travel was underspent due to a lower level of staff travel to remote areas due to ongoing COVID travel restrictions in 2021.

Performance Evaluation of the SFM Program

Performance self-evaluation against SFM Program Principles.

SFM Program Principles	Notes	Evaluation
Avoiding negative reputational risk to key stakeholders and maximising the potential to reflect positively on the reputations of all stakeholders	There has been no reputational risk incurred through the SFM Program in 2021 - conversely, the projects continue to attract positive media attention for the multiple benefits and innovative use of traditional mosaic fire management practices.	Excellent
Supporting and enabling the development of sustainable, viable Indigenous enterprises and the delivery of economic, environmental, social, and cultural benefits for Indigenous people;	Successful application of the SFM Method has resulted in economic, cultural, social, and environmental benefits for Indigenous people engaged in the Program. Despite the constraints of the COVID-19 restrictions, the foundations of culturally appropriate fire management of the SFM Projects have continued to be strengthened in 2021.	Excellent
Providing business and employment opportunities for Indigenous people via SFM Project Operators;	<p>Significant employment opportunities for Indigenous Rangers were created by the Program across the Projects including:</p> <ul style="list-style-type: none"> - 3 Fulltime Tiwi Rangers - 0.5 FTE - Tiwi Ranger Coordinator - 8 casual rangers on Wardaman Project - 10 casual rangers on Judbarra Project - 38 Rangers involved in the Project in the Western Top End Project - 16 new casuals engaged on the Western Top End Project - 6 casual rangers on the Garawa Project <p>Business opportunities will continue to be cultivated through governance development. COVID-19 has reduced the opportunities for employment participation in some projects, but it is envisaged once the risk of COVID-19 transmission is acceptable this number will return to previous participation levels.</p>	Good
Promoting the use of sound land and environmental practices; and: Improving biodiversity outcomes through savanna fire management activity;	The SFM Program directly supports Indigenous Land and Sea Management groups working as the SFM Program operators best practice fire management activities through support in fire training, knowledge sharing, project support and planning. Results of research by Charles Darwin University scientists on the Tiwi Islands suggests that the work of Tiwi Rangers through the SFM Program is having a positive effect on mammal numbers.	Excellent
Spreading community and social benefits of the Ichthys Project beyond Darwin into regional areas of the Northern Territory;	<p>The community and social benefits of the SFM Program include neighbour meetings to discuss fire planning, community discussions of culturally valuable assets and priorities, sharing traditional knowledge about burning practices and significant sites and improved community education about the environmental benefits of early season burning. The events of note in 2021 include:</p> <ul style="list-style-type: none"> - Judbarra Project - Women's Cultural Camp (21st-25th June) to Stoneyard's Campsite with 13 indigenous participants Judbarra Women's Camp. - Tiwi Fire Management education Roadshow - a collaboration of Science and Tiwi Rangers delivering 'Healthy Country' and Fire Management messages to schools and community across the Tiwi Islands. 	Excellent

SFM Program Principles	Notes	Evaluation
Developing the capacity of Indigenous groups and SFM Project Operators;	<p>Delivery of capacity building has been constrained by COVID-19; travel to remote areas has been interrupted during the pandemic and has affected traditional delivery of training, facilitation, and planning activities for many SFM Projects. Online remote discussions have still occurred, and where possible expertise and training has been delivered to Projects where transmission risk has been deemed low.</p> <p>An online Forum was coordinated by the SFM Program involving over 20 participants with all projects represented. The Forum built Project capacity by enabling Projects to engage with the broader network of fire management and carbon practitioners and technical experts.</p>	Good
Minimising, managing and mitigating all relevant risks appropriately, particularly workplace health and safety risks;	<p>There were no reported WHS or environmental incidents related to the SFM Program in 2020.</p> <p>A risk management workshop was facilitated by the SFM Program in Katherine as part of the commencement of the new Wardaman Fire Management Project.</p>	Excellent
Enhancing the skills and knowledge of all stakeholders in carbon management, including carbon policy and implementation of practical carbon farming projects; and	<p>The inaugural SFM Annual Forum successfully delivered Fire Management Planning, GIS remote sensing software training, governance training and peer to peer knowledge sharing on online platform, and training was delivered as outlined in the Project summaries. The annual ICIN SFM Forum is supported by the ILSC to enhance knowledge sharing across all stakeholders in northern Australia. The SFM Program maintains a network of carbon and fire management expertise to enhance overall Program delivery.</p>	Excellent
Protection of Indigenous cultural and heritage sites.	<p>Through the fire planning meetings held before EDS burning senior Traditional Owners are consulted on their priorities for burning, incorporating culturally and environmentally sensitive sites into their fire planning. These priorities are translated into the burning program to ensure that sensitive areas are protected from destructive fires, and the appropriate person is conducting the burn.</p>	Excellent
Generating ACCUs; and avoiding emissions and thereby having a positive impact on climate change mitigation.	<p>ACCU generation has commenced for 5 of the SFM Projects, with 2 projects issued ACCU's in 2021. The remaining 3 projects are yet to complete the initial audit that makes them eligible to apply for generated ACCU's to be released.</p>	Fair

Excellent - principles and purpose being met beyond expectations

Good - expectations of principles and purposes are being met

Fair - expectations of principles and purposes are not currently being met but progress towards these is apparent.

Poor - expectations are not being met and look unlikely to be met.



Australian Government
Indigenous Land and Sea Corporation



The **ILSC GROUP**

PEOPLE. COUNTRY. OPPORTUNITY.



Wardaman Rangers navigate and advise on burn lines on their country

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