



SAVANNA FIRE MANAGEMENT TRUST

Annual Report

for the year ended 31 December 2020

Perpetual Private

Perpetual Trustee Company Limited
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CONTACT INFORMATION

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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 (the Program Manager) in December 2016 to deliver the SFM Program with Aboriginal and Torres Strait Islander Corporations in the Northern Territory.

This is the fourth annual report of the SFM Trust since the SFM Program commenced. It outlines the expenditure of the SFM Trust and how the SFM Trust purposes were advanced during 2020, including an evaluation of the outcomes delivered by the SFM Program during 2020 as compared with its objectives for the period.

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 2020 of the Indigenous Land and Sea Corporation,



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

During 2020 the SFM Trust prepared and published the Annual Report, Financial Report and engaged the auditor to prepare the audit report for the 2019 calendar year period. The Annual Report, Financial Report, Audit Report and the Program Manager Annual Report were published on Perpetual's website and issued to the Northern Territory Government Department of Trade, Business and Innovation.

Four payments totalling \$2,156,915 (including GST) were made during each of the four quarters of the calendar year. to the Program Manager; the Indigenous Land and Sea Corporation for SFM Program operations, and the trustee received four quarterly reports from the SFM Program Manager.

The Trust also issued a Provisional Allocation to the Program Manager to be considered as the funds available to the SFM Program during the 2021 calendar year and the basis of a 2021 Workplan and Budget. The 2021 Workplan and Budget submitted by the Program Manager was subsequently approved and issued to the Northern Territory Government Department of Trade, Business and Innovation.

During 2020, the Trustee applied to the Commissioner of Taxation for a Private Binding Ruling on whether or not the Trust is carrying on an enterprise, and if so, the GST impact to the Trust. The Ruling was received from the Commissioner of Taxation on the last business day of 2020. The Trustee and stakeholders have 60 days to object to the ruling, or lodge an application for a new ruling and are currently considering whether or not to do so. The Trust is currently not registered for GST.

FINANCIAL POSITION

OVERVIEW

The balance at 1 January 2020 was \$1,237,756. During 2020 the SFM Trust received a contribution of \$2,113,250 from INPEX Operations Australia Pty Ltd and received income from investments with a combined value of \$15,956. There was a net loss of \$320 on the value of investments during the period.

The trustee made four payments to combined value of \$2,156,915 (including GST) to the SFM Program Manager, the Indigenous Land and Sea Corporation during 2020. Trustee fees were \$31,146 during the period and accounting and audit fees were \$6,706.

Overall, the financial position of the trust at 31 December 2020 is liquid, where net funds to value of \$1,237,776 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 included in the SFM Trust Deed.

The complete financial position of the trust as at 31 December 2020 can be seen in the 2020 Financial Report (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 2020, \$1,251,761 is held in interest-bearing cash accounts.

INVESTMENTS

Funds which are not required for payment of services are held in managed funds. At 31 December 2020 \$1,251,761 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 \$22,287.

LIABILITIES

At 31 December 2020 the SFM Trust had current liabilities of \$13,985, which relate to services provided to the Trust during December, with payment to follow early in the new financial period.

EXPENSES

During the financial year the SFM Trust incurred expenses of \$37,852 relating to accounting, audit, and trustee fees. Legal fees of \$31,042 were incurred for the preparation of the Private Binding Ruling to the Commissioner of Taxation.

EXPENDITURE

The SFM Trust distributed \$2,156,915 to the SFM Program Manager to deliver SFM program operations. This includes income to the SFM Program Manager of \$1,960,832 and GST of \$196,083.



OPERATING LOSS / SURPLUS

Trust operations exceeded income by \$105,368 for the period to 31 December 2020.

CONTRIBUTIONS

In accordance with the SFM Contribution Agreement the SFM Trust received total contributions from INPEX of \$2,2113,250 in 2020. This being the contractually agreed and defined amount for the period.

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 or loss for the 2020 year as per the Annual Financial Report is a loss of \$105,368, as such there is no net income of the SFM Trust to retain within SFM Trust capital.

Accordingly, the Trustee did not make any applications in 2021 from a surplus resulting from 2020.

TRUSTEE BUDGET AND ACTUAL EXPENDITURE

The expenditure of the SFM Trust funds by the Trustee for the calendar year are stated below, along with the administration budget:

Description	Administration Budget	Actual Expenditure	Variance
Accountancy Fees	\$ 3,575	\$ 2,000	\$ 1,575
Annual Report / Consultancy Fees	\$ 7,700	\$ 5,500	\$ 2,200
Auditor's Remuneration	\$ 5,000	\$ 4,706	\$ 294
Disbursements	\$ 5,000	\$ 2,945	\$ 2,055
Legal Fees	-	\$ 31,042	-\$ 31,042
SFM Program Distributions	\$ 3,179,582	\$ 2,156,915	\$ 1,022,667
Subject Matter Expert	\$ 75,000	-	\$ 75,000
Trustee Fees	\$ 31,200	\$ 31,146	\$ 54
Total	\$ 3,307,057	\$ 2,234,254	\$ 1,072,803

SFM TRUST DISTRIBUTIONS

The following amounts were distributed to the SFM Program Manager during 2020:

Distributions to SFM Program Manager	Amount	GST	Total
Quarter 1	\$ 722,632	\$ 72,263	\$ 784,895
Quarter 2	\$ 412,734	\$ 41,273	\$ 454,007
Quarter 3	\$ 412,733	\$ 41,273	\$ 454,006
Quarter 4	\$ 412,733	\$ 41,273	\$ 454,007
Total Distributions for the year	\$ 1,960,832	\$ 196,086	\$ 2,156,915



SFM PROGRAM

2020 ANNUAL WORK PLAN

The 2020 Annual Workplan and Budget for the Savanna Fire Management Program submitted by the Indigenous Land and Sea Corporation was approved by the Trustee on 20 December 2019. However, as the Covid-19 pandemic unfolded during the first months of 2020, it became obvious that Savanna Fire Management program operations would be affected due to restrictions placed on entering Indigenous communities and general restrictions on regional travel within the Northern Territory.

In light of these restrictions, the Savanna Fire Management Program operator submitted a revised Workplan and Budget for the 2020 financial period on 29 April 2020. The revised Workplan and Budget was approved by the Trustee on the same day and re-submitted to the Northern Territory Department of Trade, Business and Innovation.

The SFM Program Manager; the Indigenous Land and Sea Corporation planned to conduct the following SFM Program activities during 2020:

- Negotiate two new Phase 1 PFAs with suitable EOI respondents
- Support Phase 1 PFA projects 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 project operators as required
- Develop governance and business models and entities 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 Savanna Fire Management (SFM) Program Manager 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 are generated.



SFM PROGRAM HIGHLIGHTS

The SFM Program progressed two projects from Phase 1 to Phase 2 during 2020. They are:

- Thamarrurr Development Corporation with the Daly River/Port Keats Land Trust with a project known as the Western Top End Savanna Fire Management Project.
- The Waanyi Garawa Ranger group operating on the Garawa Aboriginal Land Trust.

The additional Phase 2 projects increase the area of land now funded by the Savanna fire Management Program to 3.6 million hectares, an increase of 2.4 million hectares of land under SFM Program management.

A new Phase 1 agreement was entered with the Northern Land Council who registered a project on behalf of Wardaman Rangers whilst a suitable indigenous business entity is developed to undertake the role. This project includes the Menggen and Yibulyawun Aboriginal Land Trusts.

A new Phase 1 agreement was entered with the Northern land Council who registered a project representing Wagiman rangers and traditional owners.

A new Phase 1 agreement was entered with the North Australian Indigenous Land and Sea Management Alliance (NAISMA) on behalf of the Kenbi Aboriginal Land Trust and Delissavale/Wagait/Larrakia Aboriginal Land Trust.

The Phase 1 Judbarra National Park Project was given consent to register with the Clean Energy Regulator, paving the way to enter a Phase 2 agreement and commence operations during 2021.

Monitoring biodiversity of 40 sites occurred on land under management of Tiwi Resources on Bathurst Island. Early results indicate healthy and diverse populations of native mammals.

SFM PROGRAM BUDGET AND ACTUAL EXPENDITURE

The table below summarises the revised budget of the SFM Program Manager as compared to the actual expenditure during the 2020 calendar year.

INCOME	Budget 2020	Actual 2020	Variance
Balance at 1 January 2019	\$193,630	\$176,027	\$17,603
Quarter 1 Trustee payment	\$794,895	\$722,632	\$72,263
Quarter 2 Trustee payment	\$454,007	\$412,734	\$41,273
Quarter 3 Trustee payment	\$454,006	\$412,733	\$41,273
Quarter 4 Trustee payment	\$454,007	\$412,733	\$41,274
Income received from Trustee	\$2,156,915	\$1,960,832	\$196,083
Total Income	\$2,350,545	\$2,136,859	\$213,686

EXPENSES	Budget 2020	Actual 2020	Variance
Overhead costs (fixed)	\$157,946	\$157,946	-
Direct costs	\$321,838	\$312,748	\$9,090
Phase 1 PFAs	\$187,178	\$132,178	\$55,000
Phase 2 PFAs	\$1,399,897	\$1,349,022	\$50,875
Third party service providers	\$70,000	\$70,575	\$-575
Total Expenditure	\$2,136,859	\$2,022,469	\$114,390

Expenditure Variances

Overhead costs were in line with the budget forecast.

Actual Direct Costs were 2.8% lower than budgeted.

Actual costs of Phase 1 PFAs were \$55,000 less than budget, and Actual expenses on Phase 2 PFAs were \$50,875 less than budget. Further detail regarding program expenditure is provided in the SFM Program Evaluation below.

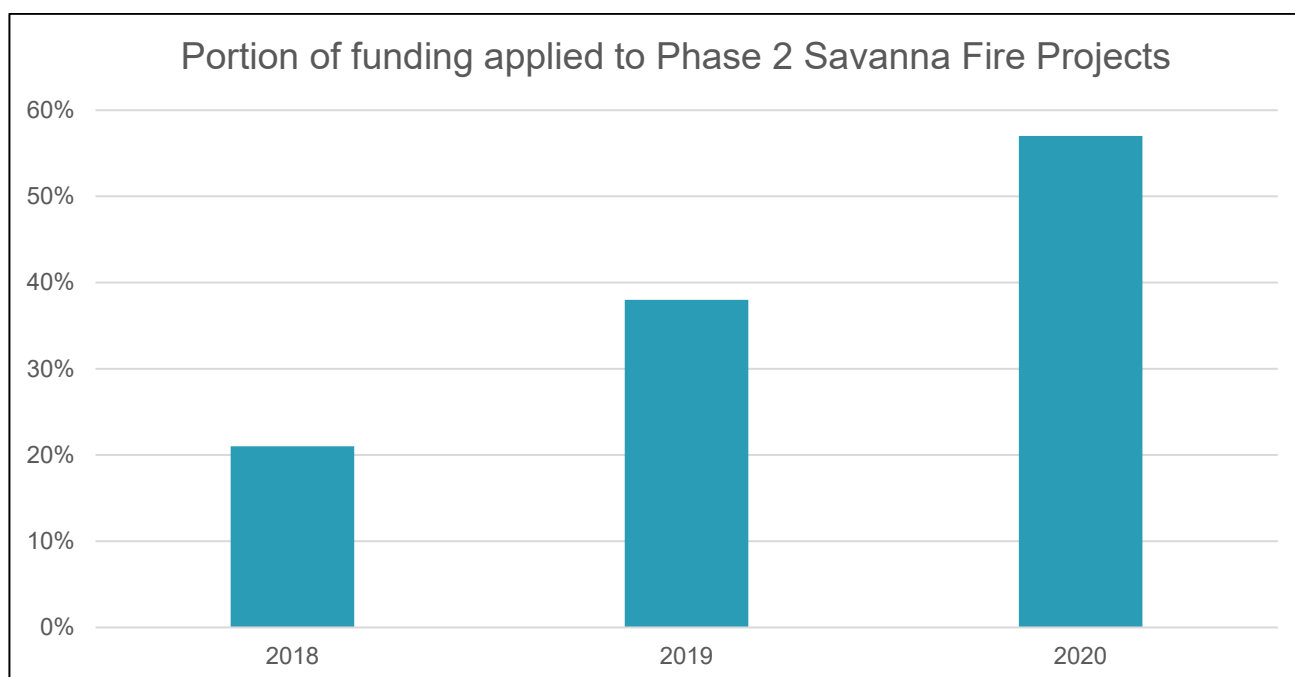
Actual costs of third-party service providers to the SFM Program Manager were less than 1% above budgeted expectations.

Portion of Trust Funds put towards Phase 2 Projects

The SFM Program Manager received income totalling \$2,350,545 for SFM operations in 2020.

Payments made to project operators under Phase 2 PFAs was \$1,349,022 during 2020.

The portion of Trust Funds that were applied to Phase 2 PFAs was 57% of 2020 funding. This is an increase from 38% in 2019 and 21% in 2018.



Australian Carbon Credit Units

Australian Carbon Credit Units (ACCUs) are generated by the Clean Energy Regulator during 2020 as a result burning that was undertaken during the savanna fire season of 2019. ACCUs credited to SFM projects are transferred to INPEX in accordance with the SFM Trust Deed and the SFM Services Agreement.

Two Phase 2 projects that generated ACCUs as a result of savanna fire management operations during 2019 include the Tiwi Resources project on the Tiwi Islands, and the NAILSMA - Garawa Rangers Project on the Garawa Land Trust. ACCUs generated are listed in the table below.

SFM PROJECT	ACCUs GENERATED DURING 2020
Tiwi Resources	11,881
NAILSMA Garawa Land Trust	1,912*
TOTAL	13,793

* NAILSMA Garawa Project is to submit a project audit and offset report to the Clean Energy Regulator before receiving these ACCUs.

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 in 2020 the Trustee presents answers to the following questions with regard to the third year of SFM Program operations:

- Did the SFM Program achieve the objectives of the 2020 Annual Work Plan and Budget?
- Did the SFM Program advance the SFM Program Purposes during 2020?

The following table summarises progress of the Program Manager with the delivery of the revised 2020 Annual Work Plan and Budget.

EXPRESSIONS OF INTEREST	PLANNED PROGRESS	ACTUAL PROGRESS
Manggarayi - Jawoyn Association	Terminate contract in 2020	Terminated in December 2020
Wardaman Association	Commence Phase 1 in 2020	Phase 1 commenced in May 2020
Northern Land Council - Wagiman	Commence Phase 1 in 2020	Phase 1 commenced in March 2020

PHASE 1 PROJECTS	PLANNED PROGRESS	ACTUAL PROGRESS
Northern Land Council - Judbarra National Park	Transition to Phase 2 in 2020	Commenced Phase 2 in December 2020
Daly River/Port Keats (Thamarrurr Development Corporation)	Transition to Phase 2 in 2020	Commenced Phase 2 in December 2020

PHASE 2 PROJECTS	PLANNED PROGRESS	ACTUAL PROGRESS
Tiwi Land Council (Tiwi Resources)	Continue Phase 2 in 2020	Phase 2 continued
Garawa ALT (NAILSMA)	Continue Phase 2 in 2020	Phase 2 continued

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.	In progress. SFM Program funds were not required during the period.
Charles Darwin University - Threatened Mammal Monitoring Program with Tiwi Resources	Reduced monitoring during 2020	Monitoring of 40 sites occurred on Bathurst Island. Analysis of results is in progress.
Framework to measure social, economic and cultural benefits	Development of a measuring framework. Connect with partner organisations	Scheduled to occur in 2021
Darwin Centre for Bushfire Research	Providing savanna monitoring and evaluation reports	In progress. SFM Program funds were not required during the period.
Vegetation mapping services	Validated vegetation maps for Judbarra NP and Wardaman projects.	Completed

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 <i>Carbon Credits Methodology Determination 2015</i> .
At the conclusion of 2020 the SFM Program Manager has assisted four 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 <i>Carbon Credits Methodology Determination 2015</i> .
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 2020:

- Tiwi Resources – 3 full time Rangers and 0.5 FTE Ranger coordinator.
- Garawa – 6 casual rangers.
- Thamarrurr – 8 days aerial prescribed burning. 16 casual rangers.
- Peppimenarti – 30 casual rangers involved in fire management.

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

Generating Australian Carbon Credit Units.

Two Phase 2 projects generated ACCUs during 2020 as a result of savanna fire management operations during 2019. They include the Tiwi Resources project on the Tiwi Islands, and the NAILSMA - Garawa Rangers Project on the Garawa Land Trust.

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.
<p>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.</p> <p>The SFM project operators are all undertaking land management to improve environmental conditions on their country in culturally appropriate setting.</p>
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.
<p>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.</p> <p>Training events sponsored by the SFM Program Manager during 2020 include:</p> <ul style="list-style-type: none">• Tiwi Resources. Leadership training hosted by the Darwin Centre for Bushfire Research and Bushfires NT. All rangers also received training in work health safety, chemical handling and quad bike safety.• Rangers with the Garawa Fire Project, Wagiman Project and Wardaman Project undertook a 5 day fire leadership training course. This amounted to 35 rangers participating in the training course.

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

The Aboriginal Carbon Foundation provided training to SFM operators during 2020. This training focussed on the carbon farming market, and the verification of social, environmental, and cultural benefits of the Indigenous participants in the carbon market.

Thamarrurr Development Corporation rangers have been active in creating YouTube videos, newsletter articles and using the corporation's social media account to raise awareness of fire and carbon abatement strategies to assist with community knowledge of good fire management practice.

The SFM Program Manager supports the annual Savanna Fire Forum held in Darwin each year. This annual conference brings together industry stakeholders to discuss savanna fire management policy and practice in a significant and specific industry knowledge sharing event.

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

During 2020 the SFM program directly contributed to the avoidance of 11,881 tonnes of carbon, and a further 1,912 tonnes of carbon are still subject to verification.

During 2020 two additional projects progressed from the due diligence phase to the operational phase of the program, indicating that the program will report increasing quantities of verified emissions avoidance in future years.

SFM PROGRAM EVALUATION

During the early part of 2020, 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.

After the revised 2020 Budget and Workplan, the Program Manager has achieved all project milestones and advanced each of the purposes and principles of the SFM Trust during a challenging year that was 2020. There are now four projects registered with the Clean Energy Regulator and operational to commenced generating Australian Carbon Credit Units. There are a further 2 projects that are soon to become operational and commence Phase 2, and a further 2 projects undertaking due diligence processes in Phase 1. All told there are 4.9 million hectares of the Indigenous estate in the Northern Territory that is under the management of the Savanna Fire Management Program.

At the conclusion of the fourth year of the SFM Trust, the SFM Program continues to make a significant contribution to the organisation and capacity of Indigenous organisations to undertake savanna fire burning with a connection to the carbon abatement market for the benefit of Indigenous communities across the top end of the Northern Territory.



APPENDICES

APPENDIX 1 – FINANCIAL REPORT

APPENDIX 2 – INDEPENDENT AUDITORS REPORT

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

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.

This design theme was created by Gilimbaa Indigenous Creative Agency.

SAVANNA FIRE MANAGEMENT TRUST

FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

SAVANNA FIRE MANAGEMENT TRUST

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SAVANNA FIRE MANAGEMENT TRUST

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 \$	2019 \$
INCOME			
Contributions received		2,113,250	2,078,456
Distributions received		10,433	27,262
Fee refund		-	7,700
Interest received		5,523	13,800
Net gain/ (loss) on disposal of investments		(320)	73
Net changes in fair value of investments		-	2,089
	3	2,128,886	2,129,380
LESS EXPENDITURE			
Accountancy fees		2,000	2,000
Auditors' remuneration		4,706	4,561
SFM Program distribution		2,156,915	1,602,035
Legal fees		31,042	-
Sundry expenses		2,945	1,320
Consulting fees		5,500	-
Trustee fees		31,146	30,442
		2,234,254	1,640,358
NET OPERATING (LOSS) / SURPLUS		(105,368)	489,022
Transfer to Trust Funds		105,368	(489,022)
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 2020

	Note	2020 \$	2019 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	1,251,761	267,343
Other receivables	5	-	10,450
TOTAL CURRENT ASSETS		1,251,761	277,793
NON-CURRENT ASSETS			
Financial assets	6	-	1,284,485
TOTAL NON-CURRENT ASSETS		-	1,284,485
TOTAL ASSETS		1,251,761	1,562,278
LIABILITIES			
CURRENT LIABILITIES			
Other payables	7	13,985	219,134
TOTAL CURRENT LIABILITIES		13,985	219,134
TOTAL LIABILITIES		13,985	219,134
NET ASSETS		1,237,776	1,343,144
TRUST FUNDS			
Settled sum		20	20
Reserves	8	1,237,756	1,343,124
TOTAL TRUST FUNDS		1,237,776	1,343,144

The accompanying notes form part of these financial statements.

SAVANNA FIRE MANAGEMENT TRUST

STATEMENT OF CHANGES IN FUNDS FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	Settled sum \$	Reserves \$	Total \$
Balance at 1 January 2019		20	854,102	854,122
Net comprehensive income		-	489,022	489,022
Balance at 31 December 2019		20	1,343,124	1,343,144
Balance at 1 January 2020		20	1,343,124	1,343,144
Net comprehensive income		-	(105,368)	(105,368)
Balance at 31 December 2020	8	20	1,237,756	1,237,776

The accompanying notes form part of these financial statements.

SAVANNA FIRE MANAGEMENT TRUST

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 \$	2019 \$
Cash flows from operating activities			
Investment income received		22,287	25,539
Other income received		4,119	21,500
SFM program distributions paid		(2,368,548)	(1,923,163)
Trustee fees paid		(31,146)	(30,442)
Accounting and audit fees paid		(4,707)	(4,561)
Sundry fees paid		<u>(35,002)</u>	<u>(1,320)</u>
Net cash (used in) operating activities	12b	<u>(2,412,997)</u>	<u>(1,912,447)</u>
Cash flows from investing activities			
Payments for purchase of investments		(600,000)	(900,000)
Proceeds from sale of investments		<u>1,884,165</u>	<u>212,000</u>
Net cash provided by (used in) investing activities		<u>1,284,165</u>	<u>(688,000)</u>
Cash flows from financing activities			
Contribution received per Contribution Agreement		<u>2,113,250</u>	<u>2,078,456</u>
Net cash provided by financing activities		<u>2,113,250</u>	<u>2,078,456</u>
Net increase in cash held		984,418.04	(521,991)
Cash and cash equivalents at beginning of financial year		<u>267,343</u>	<u>789,334</u>
Cash and cash equivalents at end of financial year	12a	<u><u>1,251,761</u></u>	<u><u>267,343</u></u>

The accompanying notes form part of these financial statements.

SAVANNA FIRE MANAGEMENT TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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 (ie 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 2020

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 (ie 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 (ie 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 2020 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 2020

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

	2020	2019
Revenue	\$	\$
Contributions received	2,113,250	2,078,456
Distributions received	10,433	27,262
Interest received	(a) 5,523	13,800
	2,129,206	2,119,518
Other Income		
Net gain/ (loss) on disposal of investments	(320)	73
Net changes in fair value of investments	-	2,089
Fee refund	-	7,700
	(320)	9,862
(a) Interest received from:		
Other corporations	5,523	13,800

4. CASH AND CASH EQUIVALENTS

Cash on hand	20	20
Perpetual cash account (F05549)	651,741	267,323
ANZ - 6 month Term Deposit	300,000	
NAB - 3 month Term Deposit	300,000	
	1,251,761	267,343

5. OTHER RECEIVABLES

CURRENT

Investment income receivables		6,331
TFN withholding refundable	-	4,119
	-	10,450

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

NON-CURRENT

Investments in managed funds		1,284,485
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SAVANNA FIRE MANAGEMENT TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

	2020	2019
	\$	\$
7. OTHER PAYABLES		
CURRENT		
Accountancy fees payable	8,000	6,000
Auditor's remuneration payable	1,500	1,500
SFM program payable	-	211,634
Sundry Creditors	4,485	-
	13,985	219,134
	13,985	219,134
8. RESERVES		
Analysis of Each Class of Reserve		
Trust Capital	1,237,756	1,343,124
	1,237,756	1,343,124
Movements during the year:		
Opening Balance	1,343,124	854,102
Net comprehensive income	(105,368)	489,022
	1,237,756	1,343,124
	1,237,756	1,343,124

9. EVENTS AFTER THE REPORTING PERIOD

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 2020 or on the results and cash flows of the Trust for year ended on that date.

The Trustee applied to the Commissioner of Taxation for a Private Binding Ruling on whether or not the Trust is carrying on an enterprise, and if so, the GST impact to the Trust. The Trustee and stakeholders have 60 days to object to the Ruling and are currently considering whether or not to do so. The Trust is not currently registered for GST.

10. RELATED PARTY TRANSACTIONS

Related Parties

(a) Trustee

One of the co-trustees, 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
 Andrew Wallace (Retired 9 April 2020)
 Mark Smith
 Amanda Gazal (Appointed 9 April 2020)

SAVANNA FIRE MANAGEMENT TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

(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.

	2020 \$	2019 \$
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 1.65% on the first \$10,000,000 and 1.10% per annum on the next capital value of the Trust (after taking account of GST and reduced input tax credits) and is disclosed in the statement of comprehensive income.		
Value of related party transaction	<u>31,146</u>	<u>30,442</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>-</u>	<u>1,284,485</u>

11. TRUST DETAILS

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

SAVANNA FIRE MANAGEMENT TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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 (F05549)	651,741	267,323
ANZ - 6 month Term Deposit	300,000	-
NAB - 3 month Term Deposit	300,000	-
	1,251,761	267,343
	1,251,761	267,343

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

(Loss) / Profit for the year	(105,368)	489,022
Non-cash flows in profit:		
(Profit) / loss on disposal of investments	320	(73)
Loss in fair value of investments	-	(2,089)
Contribution received per Contribution Agreement	(2,113,250)	(2,078,456)
Changes in assets and liabilities:		
(Increase)/decrease in other receivable	10,450	(1,725)
Increase in other payables	(205,148)	(319,127)
	(2,412,997)	(1,912,447)
Net cash (used in) operating activities	(2,412,997)	(1,912,447)

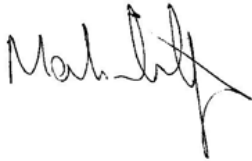
SAVANNA FIRE MANAGEMENT TRUST

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 2020, 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 2020 and its performance for the year ended on that date in accordance with the accounting policies described in Note 2 to the financial statements;
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.
3. the financial statements and notes are in accordance with the requirements of the Trust Deed.



Director

Mark Smith

Dated: 22 March 2021



Independent Auditor's Report

To the Trustee of Savanna Fire Management Trust

Report on the audit of the Financial Report

Opinion

We have audited the **Financial Report** of 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 2020, and of its financial performance and its cash flows for the year then ended, in accordance with *Australian Accounting Standards - Reduced Disclosure Requirements*.

The **Financial Report** comprises:

- Statement of financial position as at 31 December 2020
- Statement of comprehensive income, Statement of changes in funds, and Statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Trustee's Declaration.

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 ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants* (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 and distribution

We draw attention to Note 1 of 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:

- the preparation and fair presentation of the Financial Report in accordance with the financial reporting requirements of the Trust Deed
- implementing necessary internal control to enable the preparation of a Financial Report that is free from material misstatement, whether due to fraud or error
- 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:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- 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 the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our Auditor's Report.



Report on Trustee's Compliance with the Trust Deed

Opinion

In our opinion, the Trustee of Savanna Fire Management Trust Fund has complied, in all material respects, with the requirements of the Trust Deed dated 6 December 2016 for the year ended 31 December 2020.

Responsibilities of the Directors for Compliance

The Directors of the Trustee are responsible for complying with the requirements of the Trust Deed dated 6 December 2016.

Auditor's responsibilities for Compliance

Our responsibility is to express an opinion on the Trustee's compliance with the Trust Deed, based on our audit conducted in accordance with the Applicable Standards on Assurance Engagements. Our audit has been conducted to provide reasonable assurance that the Trustee of Savanna Fire Management Trust has complied, in all material respects, with the relevant requirements of the Trust Deed for the year ended 31 December 2020.

Our procedures included examination, on a test basis, of evidence supporting compliance with the requirements of the Trust Deed. These tests have not been performed continuously throughout the period and were not designed to detect all instances of non-compliance.

We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

KPMG

Andrew Reeves
Partner

Sydney
22 March 2021



SAVANNA FIRE MANAGEMENT PROGRAM | **ANNUAL REPORT 2020**



Australian Government
Indigenous Land and Sea Corporation



The ILSC GROUP

PEOPLE. COUNTRY. OPPORTUNITY.



Welcome to the

**SAVANNA FIRE MANAGEMENT PROGRAM
ANNUAL REPORT 2020**

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*Garawa Traditional Owner, Jack Green supervises
the prescribed burning work on country.*

Introduction

This annual report describes the fourth year of the ILSC's implementation of the Savanna Fire Management Program (SFM Program), summarising work undertaken to establish new savanna fire management businesses on Aboriginal Land in the NT during 2020.

Savanna fire management and earning carbon credits by reduction of emissions from fire is an exciting opportunity for Indigenous people to establish land management businesses, create jobs, facilitate cultural practices and care for their country. In recognition of this, the Indigenous Land and Sea Corporation (ILSC) is collaborating with INPEX Operations Australia (INPEX) and Perpetual Trustee Company Ltd (Perpetual) to deliver the SFM Program, supporting the development of new savanna fire management projects on Aboriginal Lands of

the NT. Projects funded through the SFM Program apply approved Savanna Fire Management Methodologies to reduce greenhouse gas emissions from wildfires and increase carbon stored in the landscape in areas that receive over 600mm annual rainfall.

The SFM Program is resourced by INPEX on behalf of Ichthys LNG joint venture partners via a discretionary trust (SFM Trust) managed by 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, the ILSC and Perpetual entered into the SFM Services Agreement on 12 December 2016, and operations commenced in April 2017.

The SFM Program represents an extension of ILSC engagement in the savanna carbon industry that started in the early 2010's with business development support for the Arnhem Land fire project and the establishment of the Fish River project as a demonstration site and the first savanna fire project in Australia to earn carbon credits.

The advent of COVID-19 adjusted many plans in the SFM Program in 2020. Fortunately, much of the critical fire work was still completed thanks to the flexible collaboration between landowner groups and the relevant agencies regarding access to biosecurity zones, and the ability of groups to access teleconferencing facilities for remote support when required. The safety of community members in the Northern Territory was prioritised while the fire program was completed in the early dry season.

The new TDC Phase 2 SFM project has already provided opportunities for Traditional Owners to visit country and to manage important sites.

Summary of SFM Program Manager Activities in 2020

The SFM Program works with the representatives of Indigenous lands in the Northern Territory to develop operating savanna fire management projects. This is undertaken through a two-phase process. Phase one project funding agreements (PFAs) fund an entity representing the Aboriginal Land Trust to undertake planning and feasibility assessments ready to determine whether a project can be completed on the lands. This includes assessing the viability of a project, the capability of the land managers to undertake the project, and approval for the project through the Clean Energy Regulator (CER) and relevant Land Council. Phase 2 PFAs fund an entity representing the lands to operate the fire management project and commence earning carbon credits.

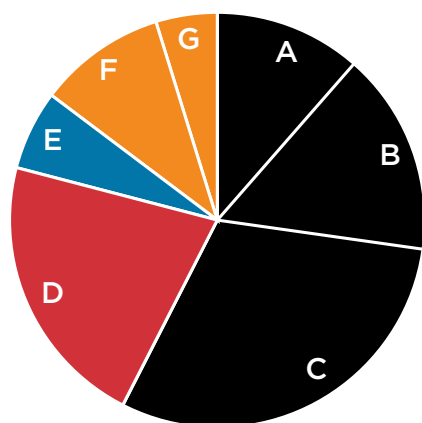
In 2020 the SFM Program successfully progressed 2 projects to Phase 2 and achieved registration of the Judbarra

National Park, Aboriginal Land Trust and the Daly River/Port Keats Land Trust (Thamarrurr), projects with the Clean Energy Regulator at the close of 2020. This is a significant milestone as the NT SFM program was able to successfully work with project partners to resolve significant participation barriers to enable these two projects. This has added another 2.4 million hectares that total 3.6 million hectares of Indigenous land now funded through the SFM Program to improve fire management resulting in reduced carbon emissions.

The Thamarrurr project progressed to a Phase 2 SFM Project in April and commenced fire operations in May. Following extensive Traditional Owner (TO) consultations this year the project was registered with the CER in December. Another significant milestone for the SFM Program was the CER registration of the Judbarra Fire Project in December

2020 resulting in a large and ambitious new project moving to the operational phase of the SFM Program for 2021.

Wagiman, Wardaman and Kenbi/Bulgul Projects commenced Phase 1 SFM Projects during 2020, having lodged Expressions of Interest in the SFM Program in 2019. The SFM Program staff work closely with applicants in ensuring that well-advised SFM projects are developed that adhere to the SFM Program principles and SFM Program purposes. The Program supported the Wardaman project through fire management planning, feasibility analysis, governance support and TO consultation. This project is now expected to move to Phase 2 of the Program and to register with the CER in early 2021. Work continues on the Wagiman and Kenbi/Bulgul projects to progress them towards Phase 2.



Status and size of SFM Projects

- A: **Garawa**:..... 521,700 Ha
- B: **Tiwi**:..... 726,800 Ha
- C: **Thamarrurr**:..... 1,398,200 Ha
- D: **Judbarra**:..... 1,000,400 Ha
- E: **Wardaman**:..... 283,400 Ha
- F: **Wagiman**:..... 448,400 Ha
- G: **Kenbi/Bulgul**: 214,200 Ha

Status and area of SFM Projects: **black** sections indicate projects that are registered with the Clean Energy Regulator (CER) and in Phase 2 of SFM Program, **red** indicates a project registered with CER and about to commence Phase 2, **blue** indicates a project that has finished Phase 1 and is about to be registered and enter Phase 2, **orange** indicates projects still in Phase 1.



Rangers and Traditional Owners for the Western Top End region attending fire planning in March.

Summary of the outcomes of all SFM Projects undertaken during 2020

Phase	SFM Projects involved in the SFM Program over calendar year 2020
1	Wardaman - Northern Land Council
1	Wagiman Project - Northern Land Council
1	(Terminated) Southern Beswick and Mangarrayi Aboriginal Land Trust Project - Jawoyn Association
1	Judbarra National Park Project - Northern Land Council
1	Daly River/Port Keats Land Trust Project - Thamarrurr Development Corporation (Phase 1)
1	Kenbi/Bulgul Project - NAILSMA
2	Daly River/Port Keats Land Trust Project - Thamarrurr Development Corporation (Phase 2)
2	Garawa Fire Project - NAILSMA
2	Tiwi Islands Fire Project - Tiwi Resources

During 2020, the SFM Program worked with 8 groups representing lands spread across the Northern Territory Top End. One project, the Southern Beswick and Mangarrayi Land Trust Project was terminated in 2020 and so is not included on the Savanna Fire Management Program January 2021 map on page 6.

The SFM Program is now engaged with the management of 4.6 million hectares of land (for a

sense of scale, the entire state of Tasmania is 6.8 million hectares). Although ACCU's generated through the program in 2020 are relatively low due to a challenging fire season in 2019 (see ACCU Schedule Page 20), the SFM Program is steadily building capacity across a vast area with a diverse range of Traditional Owners and Indigenous ranger groups. This training includes fire management and incendiary

training, carbon policy, carbon market training and governance discussions to improve the business capacity of groups. Increasing the capacity of groups to engage and manage all of these areas will lead to an increase in the abatement of greenhouse gases through the application of fire management based on traditional Indigenous fire management practices.



Tiwi Ranger Willie Rioli opening the third annual Savanna Fire Forum at Charles Darwin University in February.

The benefits of savanna fire management that are at the core of this Program were evident throughout the year – culturally appropriate employment, protection of biodiversity and cultural values, improved governance capacity in remote communities and a growing contribution to the abatement of greenhouse gases in the region.

A key focus of the SFM Program is to assist new groups to engage with the broader fire management and carbon network of technical experts and practitioners. The SFM Program has assisted and encouraged groups to access expertise through Phase 1 projects to help develop their own projects and to learn from neighbouring groups already engaged in carbon projects. The SFM Program has built strong networks through the Darwin Centre for Bushfires Research, NT

Government Biodiversity staff, Bushfires NT, the Northern Land Council (NLC) and others to assist groups to obtain information in developing a sustainable SFM project. The SFM Program supported and helped organise the third annual North Australian Savanna Fire Forum held in Darwin in February 2020. The event was attended by all current and some prospective SFM project operators, providing the opportunity for networking and engagement with government, research and industry development specialists.

Organisational governance is a key area of development for successful carbon enterprises on Indigenous-held land. A key objective of the funding for projects in Phase 1 is to develop a culturally appropriate entity that can manage an ongoing carbon enterprise. Funded groups are supported to work through land ownership issues, cultural

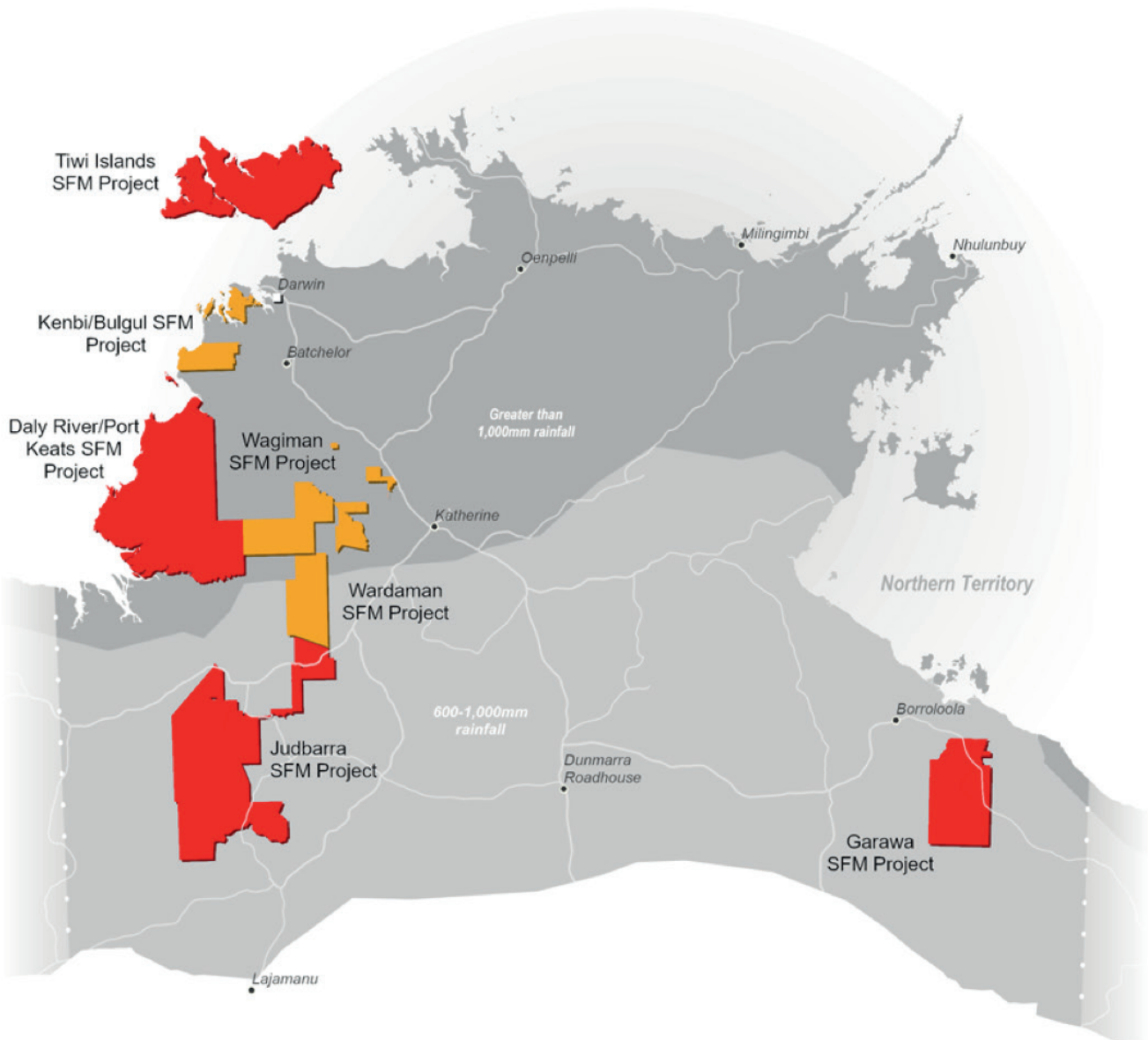
responsibilities, land management aspirations, funding models and income distribution. The SFM Program assisted groups to plan consultation meetings through support to gather Traditional Owners (TOs) from the wider region and facilitated the inclusion of key partners to help groups work through issues. The SFM Program supported the involvement of neighbouring Indigenous carbon projects to support peer to peer learning in developing appropriate governance systems. Phase 1 funding beneficiaries must develop a robust governance model in order to establish a sustainable long-term enterprise. Groups starting from scratch may require significant time to learn about administration, governance, Work Health & Safety (WHS) and the management of a fire project.

Savanna Fire Management Program

Project areas by phase (ILSC January 2021)

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

During 2020 the SFM Program worked with seven groups representing lands spread across the Northern Territory Top End. The map below shows the location of project areas during 2020, showing projects in the EOI phase, funded Phase 1 projects and the funded Phase 2 projects.



19-Jan-2021
ILSC Map No. 3109



Australian Government
Indigenous Land and Sea Corporation

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GDA2020 GA LCC Coordinate System coordinate system based on the GDA2020 Datum

By the numbers

2.4 MILLION ^{Ha}
NEW AREA UNDER FIRE
MANAGEMENT
IN 2020

3.6 MILLION ^{Ha}
TOTAL
AREA UNDER FIRE
MANAGEMENT

TWO
NEW CARBON PROJECT
REGISTRATIONS
IN 2020

320
TO'S CONSULTED
THROUGH PROGRAM
IN 2020

**12 INDIGENOUS
RANGER GROUPS**
ENGAGED THROUGH PROGRAM
IN 2020

**45 INDIGENOUS
PEOPLE TRAINED**
IN FIRE/CARBON RELATED WORK
IN 2020

67%
OF FUNDING
FOR PHASE 2 OPERATIONS

58,405
TOTAL ACCUs
FROM SFM PROJECTS

16,155
ACCUs GENERATED
IN 2020
(FROM 2019 YEAR)

**6 INDIGENOUS
ORGANISATIONS**
DIRECTLY FUNDED
THROUGH PROGRAM

**55 INDIGENOUS
EMPLOYEES**
ON COUNTRY IN 2020
(MIX OF F/T & CASUAL)

Phase 1 Project Funding Agreements

All Phase 1 projects are carefully developed with local Indigenous enterprises where they exist or are hosted through acceptable Indigenous businesses where a local organisation doesn't exist. TOs are consulted extensively about the proposed hosting organisation before contracts are executed. Where a hosting entity is being utilised, such as NAILSMA for the Garawa project, then SFM funds are directed to help develop a locally owned and controlled Indigenous enterprise.

Projects in Phase 1 agreements have been supported to build knowledge about fire management and carbon abatement. During this time the support of the SFM Program will likely have contributed to more effective fire management activities, but no credits can be earned until projects are registered with the CER, which will generally occur during Phase 2.

Phase 1 Wardaman - Northern Land Council

Wardaman Rangers have expressed interest in engaging with the carbon industry through improving their fire management. A Phase 1 PFA was contracted with the Northern Land Council (NLC) in May 2020 for Wardaman land including the Menggen Aboriginal Land Trust (ALT) and Yibulyawun ALT. The rangers attended the Western Top End fire planning meeting in March 2020 alongside other regional Ranger groups. Vegetation mapping was conducted in early 2020 as part of the requirement for validated vegetation surveys for registration of an emissions avoidance project.

A carbon feasibility analysis was presented to Wardaman TOs, indicating that a viable project could be undertaken on the ALTs. The SFM Program assisted the NLC to conduct consultations on 26th-29th October to plan and share knowledge regarding carbon and a potential SFM project on Wardaman land. A consultant was also engaged by the NLC to assist Wardaman to develop a Business Plan with relevant partners. TO consent for project registration (s19 Land-Use Agreement with the Land Trust through NLC) was provided following consultations in November. As Wardaman do not have a suitable entity to register the project, the ILSC has offered

to register the project on their behalf pending the development of suitable regional Indigenous entity to take on the role. The ILSC through the SFM Program will participate in the development of the proposed regional entity that could provide administrative support to a number of Indigenous projects in the region.

Five Indigenous Wardaman rangers were supported to attend 3 day Fire Management Leadership Training in Katherine in November through Darwin Centre for Bushfire Research and Australian Forensic Services. Rangers also conducted training in aerial fire management and bushfires awareness training.



Wardaman Rangers developing their fire planning map at the Western Top End fire planning meeting.



Wardaman ranger discussing ideas on fire project funding needs.

Phase 1 Wagiman Project - Northern Land Council

In May, a Phase 1 Project Funding Agreement was finalised with the NLC representing Wagiman. Wagiman Rangers and TOs attended the Western Top End regional fire planning meeting in March 2020 and post-season review in October alongside other regional Ranger groups. Project consent consultation activities were delayed due to COVID-19 biosecurity travel restrictions,

however, a significant 'culture camp' supported by the SFM Program did eventuate in July. This camp enabled two-way knowledge sharing with Wagiman where information was gathered on the viability of a savanna fire management project. Some key Wagiman sites were visited by helicopter and some early planning about how to protect sacred sites within the proposed fire project area was achieved. Wagiman rangers also undertook

fire planning and risk identification with the SFM Program and Bushfires NT in early November. A consultant was engaged and developed a carbon feasibility report indicating that a successful project could be undertaken on the lands. It is anticipated that the project consent consultations with TOs will commence in the first half of 2021. Four Wagiman Rangers were also supported to attend the Fire Leadership training in Katherine.

Phase 1 (Terminated) Southern Beswick and Mangarrayi Aboriginal Land Trust Project - Jawoyn Association

Jawoyn submitted an EOI for a Phase 1 PFA to develop a project on the Southern Beswick and Mangarrayi ALTs. After meeting all the requirements for inclusion in the Program a Phase 1 SFM Project was executed in early 2019.

The Phase 1 project focused on developing a fire management plan particularly around pastoral interests in the area. Unfortunately, the ranger group in this area has recently gone through significant changes in governance and management, and pastoral leaseholder meetings were not able to be convened. Despite renewed consultation during

2020 to explore opportunities to reinvigorate the project, it was mutually agreed between Jawoyn Association and ILSC that the project be terminated. The project was terminated in December. All parties have been advised that provided there is increased capacity, the SFM Program is willing to consider a new EOI for these lands in the future.



Senior Wagiman Traditional Owner explains how fire travels in Wagiman country and the importance of the Daly River as a key firebreak.



Partners share knowledge about how fire travels through the region.

Phase 1 Judbarra National Park Project - Northern Land Council

Judbarra National Park is Aboriginal land represented by the NLC (northern half) and Central Land Council (southern half), and leased to the NT Government for the purposes of operating a National Park. As the jurisdiction of the Park involves the two land councils and the Northern Territory Government, there are complex arrangements that establish Joint Management

that utilise several relevant pieces of legislation including the Aboriginal Land Rights Act and the Territory Parks and Wildlife Act. Whilst the majority of the Phase 1 activities were completed in 2019 the project was delayed in consent consultations and agreement due to debate between the partners on the delivery model and agreements that will satisfy park requirements, the objectives of the SFM Program and the requirements of the Clean

Energy Regulator to register a project. By the end of 2020, the project partners were able to reach consensus on the Project delivery model and the NLC and CLC passed resolutions giving consent and therefore the 'legal right' to ILSC to register the project with the Clean Energy Regulator. This project was registered in December 2020 and will commence operations (Phase 2) in early 2021.

Phase 1 Daly River/Port Keats Land Trust Project - Thamarrurr Development Corporation

Whilst most Phase 1 activities were completed in 2019, the formal consent consultation process to get approval for TDC to operate the project and earn ACCUs on behalf of TOs of the project area was delayed by a dispute between Thamarrurr and the NLC

until 2020. The consultations were subsequently delayed from early 2020 due to COVID 19 biosecurity travel restrictions and were completed between August and November. Consultations included regional TOs from 41 clan groups of the Land Trust area. Most of these groups were consulted individually resulting in over 40 meetings conducted

by the NLC and SFM Staff to secure Land Use Agreements (s19 Aboriginal Lands Right Act) to register the Project with the Clean Energy Regulator in 2020. The project was registered on 21st December 2020 meaning that ACCUs will be earned from 2020 and thus concluding the Phase 1 component of the project.



NLC (with help from SFM staff) have consulted with 41 separate clan groups to ensure there is informed consent for the TDC project. A Land-Use Agreement from the Land Trust through NLC is a requirement of registering an Emissions Reduction Savanna burning Project with the Clean Energy Regulator.

Protecting country is a key driver for savanna fire management programs



Phase 1 Kenbi/Bulgul Rangers - NAILSMA

A new Expression of Interest for a Phase 1 SFM Project was received from North Australian Indigenous Land and Sea Management Alliance (NAILSMA) on behalf of the owners of the Kenbi Aboriginal Land Trust (approx. 51,000 Ha)

and Delissavale/Wagait/Larrakia (approx. 36,000 ha) Aboriginal Land Trust to explore feasibility of a potential savanna burning carbon project. The proposal meets SFM eligibility criteria and a small Phase 1 grant (\$30,000) was executed in December 2020. As the proposed project areas are relatively small

for savanna fire projects and close to built up areas, funded work will support careful consideration of the feasibility before advancing any further. A consultant has been engaged to develop a Carbon Feasibility Report that will inform consultations with TO groups and rangers scheduled for early 2021.

Phase 2 Project Funding Agreements

After a project completes Phase 1 then it will be assessed for feasibility including ACCU production, co-benefits and eligibility requirements. If the project meets these requirements a Phase 2 Project Funding Agreement can be negotiated for the SFM Program to fund savanna fire management operations. Once all project readiness activities have been completed groups will conduct fire management planning, engage in prescribed early dry season burning, suppress fires in the late dry season where practical, develop project offset reports, arrange for ERF audits to be conducted and apply for certificates of entitlements for ACCUs.

Phase 2 Daly River/Port Keats Land Trust (Western Top End SFM Project) - Thamarrurr Development Corporation

Progression to a Phase 2 funding agreement for Thamarrurr Development Corporation (TDC) was executed on the 28th April 2020. The project is known as the Western Top End Savanna Fire Management Project and commenced fire operations in May.

The project involves 3 formal Aboriginal Ranger groups (Thamarrurr, Wudicupildiyerr Rangers and Asyrikarrak Rangers) and the emerging Emu Point

Ranger group, all working on the Daly River/Port Keats Aboriginal Land Trust. A fire planning meeting was held in March with over 30 Rangers and TOs attending. The COVID-19 response meant that travel was restricted to remote communities, accordingly special measures had to be taken to allow helicopters to enter the biosecurity area for aerial fire work.

The NLC s19 LUA consultations were also delayed to limit non-essential visitors and community meetings. Despite these challenges an early dry season prescribed burning program was implemented

involving 30 Indigenous Rangers from across the Land Trust and was successful in moving the fire regime towards a mosaic burning pattern that supports healthy country and carbon abatement.

The maps below show a comparison between 2019 (a non-project year) and 2020 (a project year) showing increasing patchiness of fire in terms of time of year burnt and size of fire patches in the landscape. This patchy mosaic will help with conducting early burning programs next year, where the patch boundaries from the



2019: Green indicates EDS fire and yellow/orange indicates LDS fire.



2020: Showing an improved fire result in the southern part of the Land Trust

previous year can be utilised for finer scale fire control, likely resulting in the re-establishment of more unburnt patches in the landscape and smaller patch sizes, and therefore likely leading to greater habitat diversity and biodiversity outcomes. Large areas in the south have not burnt late partly due to strategic prescribed early burning.

After aerial prescribed burning concluded in June this project has focused on planning and consolidating processes, procuring equipment, raising awareness and preparing for the next season. As TDC manage this project on behalf of several Indigenous organisations working in the Land Trust they have been working on securing funding agreements and MoUs with the other Ranger groups to deliver the SFM Phase 2 project outcomes.

During this quarter, TDC signed an Agreement with Deewin Kirim Aboriginal Corporation/ Peppimenarti Rangers for purchasing and managing equipment and conducting operations for the SFM project.

TDC also negotiated a Funding Agreement with NLC for purchasing fire management equipment for the Wudicupildiyerr Rangers. Securing these agreements, and maintaining good relationships between the ranger groups involved is integral for the future success of the Project.

One of the main benefits of the SFM Program is increasing Indigenous employment opportunities. In order to get more people involved from the various homelands/outstations in the Land

Trust it is important that people receive adequate training to operate safely and effectively.

Accredited training was delivered to 26 rangers in November for a 5-day Introductory Fire Training course covering WHS policies and procedures, working in a team, assisting with prescribed burning, using fire management equipment and responding to wildfire.



The project enabled employment of many casual rangers and community members to get involved.

Some participants will also complete qualifications including units in safely working around aircraft undertaking aerial burning operations. This will greatly increase the pool of participants that TDC can utilise next year in the fire management season.

Rangers continue to create communication resources to raise awareness of fire and

carbon issues through YouTube, community newsletters and TDC social media. The Rangers are still learning about this new project and creating these resources helps their understanding and assists with community knowledge of good fire management. The Project was a finalist for 'Best Collaboration in NRM' at the 2020 NT NRM Awards.

This project includes relatively populated areas compared to other savanna fire projects and along roads and tracks there is an ongoing problem of people lighting fires at inappropriate times. This will have to be tackled through increasing effort in early burning around these areas, community education and awareness of the fire management project.

Social media posts and locally made videos help to raise awareness of the project in the community



The 2020 NT NRM Awards

Garawa Fire Project - NAILSMA

The Garawa rangers are in their second year of operations for their savanna burning project on Garawa ALT. Unfortunately, travel restrictions due to COVID-19 impacted the intended Early Dry Season (EDS) fire planning and operations with the fire planning meeting with TO groups postponed indefinitely and the support required for the fire season to be undertaken was not able to be sourced within the regional biosecurity zone. Both ILSC and NAILSMA staff were also unable to travel to the Project site. NLC placed a stop-work order in place for all NLC Ranger groups pending further developments of COVID-19. This was only lifted in early June. The result of this was that aside from some ground burning along accessible roads, very little EDS burning was undertaken, during this reporting period.

In order to minimise the risk of late season wildfires the SFM Program staff worked with Garawa to develop a revised prescribed burning schedule in July. Aerial prescribed burning was conducted on the 20th-23rd July on the Garawa ALT.

An external consultant was used to lead the burning activities alongside Rangers and TOs. Due to the late timing of these burns and the dry vegetation only limited areas could be strategically burned to create firebreaks. In late August, there were uncontrolled fires on the Land Trust which were successfully suppressed by Waanyi Garawa Rangers over the course of several days.

Post COVID-19 it is envisaged that the NAILSMA Garawa Project will proceed as planned.

NAILSMA conducted a substantial amount of work to provide all information for the purposes of an audit (done by EY) for the CER as required under the CFI Act 2011. NAILSMA submitted the project report and offsets report for the Emissions Reduction Fund project for Garawa Carbon Project *ERF130950* along with the first project audit claiming 2,726 ACCUs from 2019.

Four Garawa Rangers participated in Fire Leadership training in Katherine. Also, Garawa Rangers, through support from the SFM Program, participated in a nationally accredited training course to qualify them in carbon farming and the verification of environmental, social and cultural co-benefits.



Garawa Rangers use leaf blowers to maintain hold fire lines during prescribed burning



Garawa Rangers working as a team on controlled burns in July

Tiwi Islands Project - Tiwi Resources

The Tiwi Resources Phase 2 SFM Project Funding Agreement commenced in June 2018. The project has performed well to date employing 4 full-time Indigenous Rangers and producing 42,250 ACCU's in 2018 and approximately 13,429 ACCU's in 2019. The late dry season of 2019 was a difficult fire season on the Tiwi Islands, resulting in low calculated carbon credits leading to several discussions of strategies between Rangers and TOs to avoid wildfires in the late dry season in future scenarios.

Due to COVID-19 restrictions access to the Tiwi Islands was restricted in 2020. This prevented planned travel by SFM staff and other stakeholders for project planning. Despite this the Tiwi Rangers developed written information and successfully gained input and approval from

the clan groups to develop, consult and approve their annual fire management plan with remote support provided by SFM Staff. However, the EDS prescribed burning program was restricted due to COVID-19 and unseasonal late rain in May and June that made EDS burning difficult leaving some areas of the project area more vulnerable to wildfire. Tiwi Rangers worked through a difficult late-dry fire season with the worst fire conditions seen on Tiwi Islands for at least 12 years. Rangers did their best to suppress fires to protect assets and to minimise the impact on carbon emissions.

Tiwi Resources have been supported through the SFM Program to develop a threatened mammal monitoring program to inform the impacts of fire on nationally threatened species. This work involves collaborating with researchers from Charles Darwin University and will build the

capacity of Indigenous Rangers to monitor impacts of the Savanna Fire Management Project on Matters of National Environmental Significance listed under the EPBC Act 1999 on the Tiwi Islands. Despite the challenges, the monitoring activity was completed in 2020 (see Appendix 1 for Tiwi summary report).

Also, during this reporting period, three Tiwi Rangers attended a Leadership Forum in Darwin hosted by the Darwin Centre for Bushfires Research and Bushfires NT. Other training including Work Health and Safety, Chemical handling and quad bike safety training was delivered to all the rangers in September.

Early dry season fire management on Tiwi was interrupted this year with unseasonal rain in June and problems with unauthorised fire around forestry assets.



Early dry season fire management on Tiwi was interrupted this year with unseasonal rain in June and problems with unauthorised fire around forestry assets.

*Tiwi Island Ranger conducting
early season fire management to
protect country*



ACCU's generated by SFM Program Operators

Phase 1 projects are focused on securing the foundational attributes of a project required to successfully register with the Clean Energy Regulator and the Emissions Reduction Fund to receive ACCU's for carbon abatement. With the addition of the Thamarrurr project, the Savanna Fire Management Program had three projects operating as carbon registered Phase 2 projects for the 2020 calendar year.

It is expected that all three projects will produce ACCUs in 2020. The ACCU result from 2020 will not be known until Project Offsets Reports are generated in March/April 2021. The Judbarra NP project successfully registered with the Clean Energy Regulator in December 2020 and has produced ACCU's in 2020, however the project had not been funded for operations (i.e. Phase 2) from the

SFM Program so these ACCUs will not be transferred through to the SFM Program Funder.

The ACCUs that were produced by the two operational groups in 2019 were reported to the SFM Program in 2020. As per the SFM Services Agreement the proportion of credits directly attributed to the SFM Program funding were transferred to INPEX as per the Table below.

ACCU's generated by the SFM Project Operators under Phase 2 PFA 2019 (transferred in 2020)			
Project	Total ACCUs from 2019	Proportion attributed to SFM funding	ACCU's transferred to INPEX in 2020
Tiwi Resources	13,429	88.48%	11,881
Garawa - NAILSMA	2,726*	70.14%	1,912*
TOTAL	16,155		13,793

*NAILSMA - Garawa Project must re-submit a project audit to the Clean Energy Regulator before receiving these ACCUs as described above.

The following steps are followed for ACCU calculation and distribution for SFM Phase 2 projects:

Step 1: SavBAT update mid-February

SavBAT is the abatement calculation tool used to estimate emission reductions for all ERF savanna fire management projects. It uses Landsat imagery processed by the Northern Australia Fire Information (NAFI) service (funded by Commonwealth of Australia, through the Department of the Environment and hosted by Charles Darwin University) to determine abatement from changes in fire management. Landsat imagery is updated and processed commencing from the end of each calendar year and hence the updated version of SavBAT is usually ready by mid-February to late March of the following year. This update

represents the official fire map for the previous year and is used by projects to compare against the project baseline and calculate the difference which represents the tonnes of CO₂^e abated.

Step 2: Project Operator (e.g. Tiwi) prepares POR (ideally by mid-March)

A Project Offsets Report (POR) contains specified information pertaining to the savanna fire management project in accordance with the Methodology Determination the project operates under. The report will typically include: project description including location, description of fire management activities and subsequent abatement results.

Step 3: Audit (if required)

To uphold the integrity of Australian Carbon Credit Units (ACCUs) projects must undergo a specified number of scheduled audits across the crediting period which is specified by the Clean Energy Regulator at project declaration.

All scheduled audits will need to establish reasonable assurance that the calculation of carbon abatement achieved by a project for the reporting period is accurate. The audit report is submitted alongside the proponent's offsets report to the Regulator whereby credits can be issued once the Application for ACCUs has been approved.



Traditional Owners meeting on country to talk about the Savanna Fire Management Program

Step 4: POR submitted to regulator (usually March / April)

For the reporting years where an audit is not required proponents must also complete and submit project offsets reports to the Clean Energy Regulator at the end of each reporting period. Project proponents have up to six months from the end of the reporting period to submit their project offsets report. As mentioned above, applications for ACCUs can be made at the same time as the project offsets report using the Certificate of entitlement including the offsets report form.

Step 5: Regulator approval or review (end of June)

The Clean Energy Regulator may take up to approximately 90 days to assess a project's offsets report. ACCUs can only be issued to a project once a report is received and assessed.

Step 6: Credit distribution agreed (mid-June)

The distribution of credits for projects funded by the SFM Program is in accordance with the percent of funding and resources used to deliver the project that was provided through the SFM Program.

Step 7: Credits transferred from Tiwi to INPEX ANREU account (end of July)

Credits to be distributed to INPEX will be transferred from either the ILSC or the Project Operator's Australian National registry of Emissions Units (ANREU) account.

SFM Program financial summary 2020

INCOME	
Q1 SFM Payment	\$722,632
Q2 SFM Payment	\$412,734
Q3 SFM Payment	\$412,733
Q4 SFM Payment	\$412,733
Total Payments (2020)	\$1,960,832
Balance held by SFM Program (1 Jan 2020)	\$176,027
TOTAL INCOME	\$ 2,136,859

EXPENSES			
	BUDGET	YTD ACTUAL	VARIANCE
PHASE 2 PFAs	\$1,399,897	\$1,349,022	\$50,875
Tiwi Resources	\$491,853	\$491,853	\$0
NAILSMA Garawa	\$317,089	\$257,089	\$60,000 (a)
Thamarrurr Development Corporation	\$310,080	\$600,080	-\$290,000 (b)
NLC (Judbarra Phase 2)	\$280,875	\$0	\$280,875 (c)
PHASE 1 PFAs	\$187,178	\$132,178	\$55,000
Thamarrurr Development Corporation	\$36,678	\$36,678	\$0
NLC (Judbarra NP)	\$20,500	\$20,500	\$0
Jawoyn Assoc.	\$0	-\$30,000	\$30,000 (d)
Wardaman (NLC)	\$50,000	\$50,000	\$0
Wagiman (NLC)	\$80,000	\$40,000	\$40,000 (e)
Kenbi/Bulgul (NAILSMA)	\$0	\$15,000	-\$15,000 (f)
Third Party Service Providers	\$70,000	\$70,575	-\$575
SFM Project Direct Costs	\$321,838	\$312,748	\$9,090
Staff Salaries & On costs	\$218,689	\$199,516	\$19,173 (g)
Office- Accommodation & Expenses	\$54,707	\$39,348	\$15,359 (h)
IT and comms equip	\$1,200	\$1,360	-\$160
Conferences and meetings	\$2,135	\$150	\$1,985
Vehicle (4x4) lease	\$23,926	\$49,910	-\$25,984 (i)
Fuel	\$4,240	\$5,400	-\$1,160
Travel	\$9,941	\$17,066	-\$7,125
Staff - Corporate Training	\$3,000	\$0	\$3,000
Marketing & Comms	\$4,000	\$0	\$4,000
ILSC Overhead Costs (fixed)	\$157,946	\$157,946	\$0
TOTAL EXPENSES	\$2,136,859	\$2,022,469	\$114,390

Summary of Variance from 2020 Budget

With the declaration of biosecurity measures due to COVID-19 in March, the SFM Program amended the original 2020 budget in April which was subsequently approved by Perpetual. The revised budget was reduced according to our best knowledge of the impact that COVID-19 would have on project delivery and expenditure.

Due to the dynamic situation it has been a very difficult year to plan and deliver SFM projects. The impacts on project expenditure were different for each project. Despite this, the overall expenditure was close to the revised 2020 budget.

The following list provides further information regarding variance in expenditure against the revised budget in 2020:

- NAILSMA (Garawa) project underspent due to COVID-19 restricting planned some planned activities in 2020
- TDC project advanced to project registration and continued operations through the COVID-19 period with higher than anticipated expenditure
- The NLC (Judbarra) project Phase 2 has not yet been executed, however, it is expected to commence in early 2021
- Jawoyn/Manggarayi Phase 1 project was terminated with Jawoyn returning the initial on-signing payment made to them in 2019
- Wagiman Phase 1 activities were delayed due to COVID-19 travel restrictions. These activities are progressing and the Phase 1 project is expected to be finished in early 2021
- Kenbi/Bulgul submitted a new EOI in 2020
- Due to a reduced ability for SFM Program staff to conduct project fieldwork due to COVID-19 the SFM Program Adviser was re-assigned to other duties for part of the year
- Working from home arrangements due to COVID-19 response led to a reduction in office costs
- The Program purchased the previously leased Program vehicle in 2020 as it is more cost-effective over the long-term.



Performance Evaluation of the SFM Program

SFM Program Principles	Notes	Suggested Evaluation
<p>Avoiding negative reputational risk to key stakeholders and maximising the potential to reflect positively on the reputations of all stakeholders;</p>	<p>There has been no reputational risk incurred through the SFM Program in 2020 - conversely, the projects continue to attract positive media attention for the multiple benefits and innovative use of traditional mosaic fire management practices.</p>	<p>Excellent</p>
<p>Providing business and employment opportunities for Indigenous people via SFM Project Operators;</p>	<p>Despite COVID-19 restrictions limiting participation for some groups in 2020, there were still some significant employment opportunities across the projects for Indigenous people including:</p> <ul style="list-style-type: none"> • 3 full-time Tiwi Rangers • 0.5 FTE - Tiwi Ranger Coordinator • 6 casual Rangers on the Garawa Project • Thamarrurr Rangers - 8 days aerial prescribed burning (APB) - equivalent to approximately 60 hours. • 30 rangers doing fire management across the Land Trust • 16 casual rangers employed through Thamarrurr Rangers specifically for the SFM project. Hours ranged from 15 - 80 per participant. <p>Western Top End SFM Project progress includes:</p> <ul style="list-style-type: none"> • Peppimenarti have identified a pool of Community Development Program (CDP) participants who will receive training for future work. • Over 30 Indigenous casual rangers involved in the fire management program. • The fire project coordination officer role has been filled by existing personnel as it was not feasible to bring in new staff with COVID-19 restrictions and reduced timelines. Leasing of a vehicle for the position is in process. • Deewin Kirim (Peppimenarti) have arranged a sub-contract with TDC to purchase a vehicle and fire equipment • Wudicupildiyerr Rangers have purchased backpack blowers and radios directly through TDC • Uniforms with WTE SFM identification have been ordered for casual rangers which will be orange and distinct from existing rangers. Car signs have also been printed to brand the project. • Other purchases include drip torches, fuel for aerial prescribed burning, mechanical works, fire rake-hoes. • Quotes have been received for shed construction that need further consultation. <p>Tiwi Islands SFM Project progress includes:</p> <ul style="list-style-type: none"> • The Rangers worked with Tiwi Plantations staff by providing training to forestry workers to conduct burning operations and to maintain firebreaks around commercial forestry plantations. • Tiwi Rangers also conducted spraying of grassy weeds around communities to limit their spread and conducted activities to protect community infrastructure from fire (i.e. reducing fuel loads by slashing around buildings, weed spraying and some small ground-based burning activities). 	<p>Excellent</p>

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.

SFM Program Principles	Notes	Suggested Evaluation
Supporting and enabling the development of sustainable, viable Indigenous enterprises and the delivery of economic, environmental, social and cultural benefits for Indigenous people;	The limited organisational capacity of many of the project operator groups involved in the SFM Program make the governance and training aspects of the SFM Program of particular value. Building strong foundations with a supportive framework of relevant skills and expertise ensures that sustainable and viable Indigenous enterprises are able to emerge from the Program. The many potential cultural, social, economic and environmental benefits possible in this program is expected to build over time, given the culturally appropriate nature of the Indigenous SFM Program. The ILSC has stepped in to assist groups where appropriate entities exist. The SFM Program has committed to working with partner Indigenous organisations in 2021 to develop a new regional entity to support several SFM projects and act as the Project Proponent in the future.	Good
Developing the capacity of Indigenous groups and SFM Project Operators;	A key component of the SFM Program is to support Indigenous business enterprise opportunities. One of the participation barriers in the carbon economy for many SFM Projects is the lack of a suitable Indigenous business entity to host and run carbon projects for the long-term. The SFM Program is working with NAILSMA, NLC, the Indigenous Carbon Industry Network and other stakeholders to scope out the development of a new company (similar to the Arnhem Land Fire Abatement company) to be a potential vehicle for many current SFM Projects to enter the commercial carbon industry beyond the support of the SFM Program. This work is scheduled to commence in Q1 2021 with a partner scoping meeting planned. Training by the Aboriginal Carbon Foundation was undertaken by SFM Operator groups in November 2020. This training focused on the carbon farming market and policy environment, and the verification of social, environmental and cultural benefits of the Indigenous carbon industry. The Program funded and coordinated the Western Top End Regional Fire Management pre fire season and post season review workshops connecting Indigenous Ranger groups to facilitate knowledge sharing and to promote a regional approach to fire management.	Excellent
Promoting the use of sound land and environmental practices; and: Improving biodiversity outcomes through savanna fire management activity;	The devastating outcomes of late dry season wildfires repeatedly occurring in savanna landscapes since colonisation have been well documented in the Northern Territory. The shift towards early dry season burning over vast areas of the northern savannas has been successful through implementing the savanna fire management methodology. Exact outcomes for biodiversity are not yet known, but research is being supported with CDU on the Tiwi Islands associated with the SFM Program to determine the effects of the fire regime shift on biodiversity. The early results of this research suggest that the work of Tiwi Rangers through the SFM Program is having a positive effect on mammal numbers. The application of traditional Indigenous fire management practices is increasingly accepted in Australia and globally (the ISFMI Program is currently expanding across savanna areas in Africa, Asia and South America). The Indigenous Land and Sea Management groups working as the SFM Program operators are all undertaking land management to improve environmental conditions of their country. The SFM Program directly supports these activities through support in fire training, knowledge sharing, project support and planning.	Good (insufficient research to be excellent)

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SFM Program Principles	Notes	Suggested Evaluation
Spreading community and social benefits of the Ichthys project beyond Darwin into regional areas of the Northern Territory;	<p>Although a reduced number of people were involved in the fire season this year due to the travel restrictions, there were still a number of community and social benefits achieved during this quarter.</p> <p>Planning meetings and consultations between ranger groups and TO's in the Western Top End Project has seen increased cooperation and engagement across the Land Trust and increasing awareness of what SFM Projects are all about. Many people are increasing their knowledge about climate change through this Project and improving their understanding of the role that this Project will have in reducing emissions. Rangers also have increased use and knowledge of using mapping and NAFI to monitor and plan burns.</p>	Excellent
Enhancing the skills and knowledge of all stakeholders in carbon management, including carbon policy and implementation of practical carbon farming projects;	<p>In the Western Top End SFM Project Communication materials continue to be made by rangers (short films and print materials) to explain in a culturally appropriate manner for community distribution about climate change and carbon fire projects.</p> <p>Training by the Aboriginal Carbon Foundation was undertaken by SFM Operator groups in 2020. This training focused on the carbon farming market and policy environment, and the verification of social, environmental and cultural benefits of the Indigenous carbon industry. Workshops are held with each project operator to enhance skills and knowledge of practical carbon projects. An annual Carbon forum is supported by the ILSC to enhance knowledge sharing across all stakeholders. 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 TOs are consulted on their priorities for burning, incorporating culturally and environmentally sensitive sites into their fire planning. Through burning early season firebreaks around important features of the landscape these sites are then protected from wildfire in the late dry season. Through supporting cultural governance processes for managing traditional estates and the application of fire across the landscape with cultural camps and intergenerational transfer of knowledge cultural processes are also being protected and revitalized.</p> <p>Traditionally Aboriginal fire management practices at the landscape level have managed fire to create firebreaks around habitation and special areas, to promote bushfood renewal and to clear undergrowth to facilitate travel. The more recent European fire management approach, which followed settlement by farmers and the displacement of Aboriginal people, generally aims to prevent any fire. This approach is now recognised to create the preconditions for catastrophic wildfire in Australia. Wildfires damage rock art sites and harm some plant and animal populations, reducing biodiversity values. Some of these plants and animals include food and fibre resources and culturally significant species for Indigenous people.</p>	Excellent

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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.

SFM Program Principles	Notes	Suggested Evaluation
<p>Minimising, managing and mitigating all relevant risks appropriately, particularly workplace health and safety risks;</p>	<p>Managing the risk of the COVID-19 pandemic in 2020 has required innovative approaches to the Savanna Fire Management Program. Use of video-conferencing and remote guidance of project activities increased greatly when many remote areas across northern Australia were declared biosecurity zones with limited access and movement between zones. The collaborative approach of the agencies involved in managing access and funding for fire management work has been largely successful in enabling the 2020 fire season to go ahead with only small variations.</p> <p>In 2020, the SFM Program partners, ILSC, INPEX and Perpetual Trustee have continued to update the current Communications and Engagement Plan. This will improve management of this miscommunication or misrepresentation risk through the formation of consensus between ILSC, INPEX Australia and Perpetual on communications. The Communications Plan will also help steer proactive communication opportunities from the Program.</p> <p>There were no reported WHS or environmental incidents related to the SFM Program in 2020.</p> <p>The SFM Program is committed to risk management and due diligence. Each prospective project is subjected to a rigorous and collaborative risk assessment. This risk assessment framework is aligned to ILSC's risk management framework. Under this framework the risks and mitigation measures for each risk are developed by all parties involved in the project. Risks are scored as high to low and residual risk is acceptable if it can be reduced to a medium or low ranking. There are no residual project risks that are scored as high within the SFM Program to date.</p> <p>ILSC have operational risk management procedures that are adhered to by SFM Program staff. The ILSC also works with individual project operators through a risk management process including an initial workshop and follow-ups to develop individual risk management plans for each project. Workplace Health and Safety Assessments are provided through each project in Phase 1 and recommendations are implemented in Phase 2 project activities.</p>	<p>Excellent</p>
<p>Generating ACCU's; and avoiding emissions and thereby having a positive impact on climate change mitigation;</p>	<p>Two projects in Phase 2 of the SFM Program have registered to generate ACCU's. These projects have not generated as many ACCU's as expected due to extreme seasonal fire weather conditions (2019 Tiwi) and pandemic restrictions (2020 Garawa). Future seasons should generate more ACCU's based on the feasibility studies conducted.</p> <p>As projects are just beginning ACCU generation is currently low, however the successful introduction of an EDS burning regime across the 3.6 million ha (in 2021) will make an important contribution to lowering greenhouse gas emissions from late dry season wildfires.</p>	<p>Fair</p>

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.

Appendix 1: SFM Program supporting culture, biodiversity and jobs on the Tiwi Islands

A decline in small mammal and bird abundance and local species diversity over the last thirty years has been documented across the Northern Territory. Uncontrolled fires are considered one of the key drivers in this process, through simplification and homogenisation of the landscape. Improving outcomes for threatened species is a key and explicit rationale for management strategies for fire. Fire managers in savanna landscapes must therefore be prudent about the impact on threatened species that arise from their fire management activity.

Tiwi Islands Threatened Species and Fire Research 2020 Report – Dr Hugh Davies, Charles Darwin University

Update on results from 2019 field work

In 2019, we established native mammal monitoring sites at four locations across the Tiwi Islands to investigate native mammal populations under varying combinations of fire frequency, feral cat density and feral herbivore presence (Figure 1). With financial support from the Indigenous Land and Sea Corporation, we conducted intensive live-trapping at each of the four locations. Live-trapping involved a grid of 300 traps (75 cage traps and 225 Sherman traps) for four consecutive nights. The first round of live-trapping was conducted in June and repeated in October 2019. Each trapped animal was individually marked (using PIT tags and ear tags), weighed and had its reproductive stage recorded.

The data we collected was sufficient to develop spatially-explicit capture-recapture models with which to estimate population density for the northern brown bandicoot (*Isodon macrourus*) and common brushtail possum (*Trichosurus vulpecula*). Using these models, we were able to produce the first robust estimates of population density for these species on the Tiwi Islands.



*Tiwi Land Rangers
Colin Kerinaiua, Derek
Puruntatameri and Shane
Austral setting live-traps.*

Such density estimates increase our ability to identify and understand native mammal population change across the Tiwi Islands.

Our results support the view that populations of the common brushtail possum and northern brown bandicoot have remained relatively healthy on the Tiwi Islands, compared to adjacent parts of the mainland. We also demonstrate species-specific variation in population density across the Tiwi Islands. Specifically, the density of the common brushtail possum density was significantly higher on Bathurst Island compared to Melville Island (Figure 2), and the density of the northern brown bandicoot varied significantly across all four sites (Figure 3). Unexpectedly, the very frequently burnt Ranku site (Bathurst Island) continues to support healthy populations of common brushtail possum and northern brown bandicoot.

Our results suggest that in some areas of northern Australia, the putative negative effects of

very frequent fire appear can be outweighed by the benefits associated with high productivity, the absence of feral herbivores and lower predation pressure, thereby allowing populations to remain healthy. Importantly, this challenges the commonly held view that native mammal populations cannot persist in areas that are very frequently burnt. Rather, our study highlights that in productive areas, where other threatening processes are absent (or minimal), native mammal populations can remain healthy despite very frequent, low intensity fire.

In general, our results align with a recent conceptual model postulating that the state of native mammal populations across northern Australian savannas reflects a complex, but spatially-variable interplay of bottom-up (e.g. productivity/disturbance) and top-down (e.g. predation) processes.

This work has been submitted for publication and is currently under review at *Wildlife Research*.

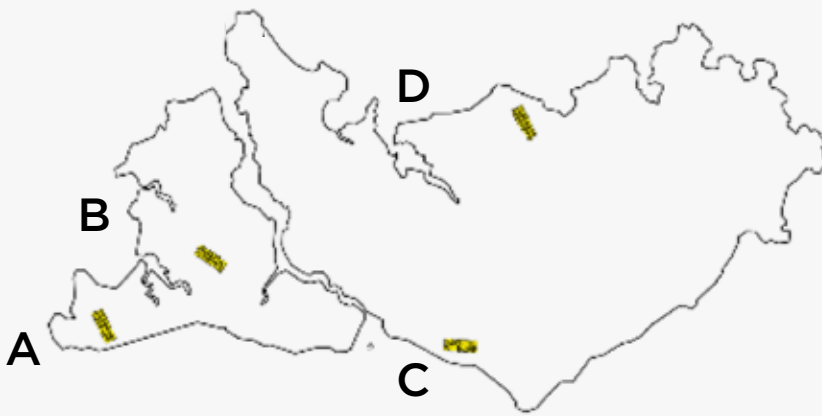


Figure 1: The location of the four native mammal monitoring sites surveyed in 2019.

- Site A: Cape Fourcroy** - Low fire frequency, low feral cat density, no large herbivores;
- Site B: Ranku** - High fire frequency, low feral cat density, no large herbivores;
- Site C: Pickertaramoor** - High fire frequency, high feral cat density, grazing by large herbivores;
- Site D: Cache Point** - Low fire frequency, low feral cat density, grazing by large herbivores.

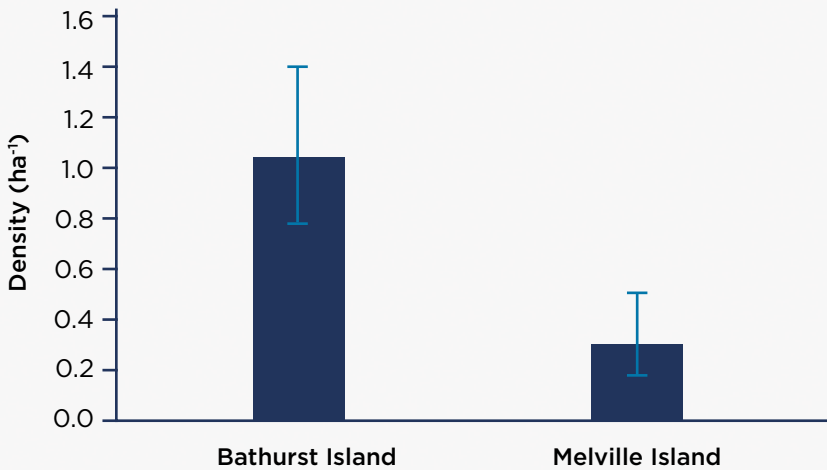


Figure 2: The mean density of the common brushtail possum on Melville and Bathurst Islands. Error bars indicate the 95% confidence intervals.

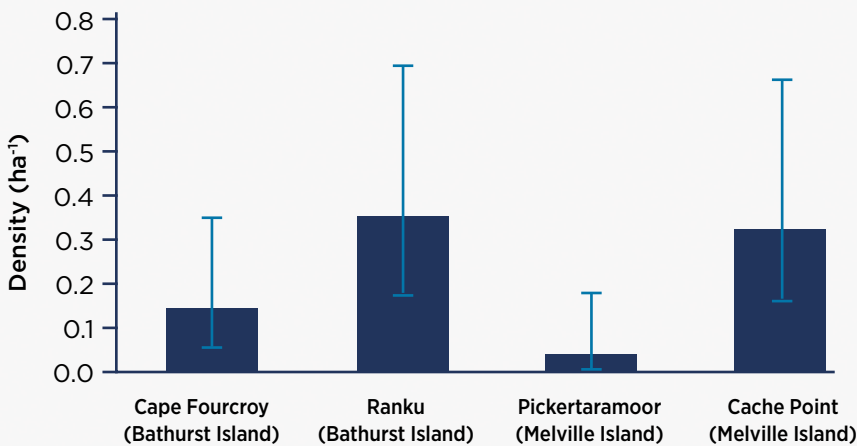


Figure 3: The mean density of the northern brown bandicoot at each of the four sites across the Tiwi Islands. Error bars indicate the 95% confidence intervals.

2020 field work

Given the absence of large feral herbivores (such as buffalo and horse), a low density of feral cats and high productivity of Bathurst Island, we would expect that native mammal populations on this island would be relatively healthy. However, due to the lack of monitoring, there is little data with which to understand the distribution and trajectory of native mammal species on Bathurst Island. As such, throughout the dry-season of 2020 we aimed to conduct a health-check of native mammal populations across Bathurst Island by revisiting historic sites that were last surveyed 20 years ago.

With the help of the Tiwi Land Rangers and research assistant Georgina Neave, we resurveyed 40 historic sites across Bathurst Island (Figure 4). At each of these sites, we repeated the same live-trapping as that conducted 20 years prior: three nights of

trapping with 20 Elliott/Sherman traps and four larger cage traps. Repeating the same live-trapping method enabled a direct comparison of relative-abundance at each site. We also deployed an array of five camera-traps at each site that were left operating for at least five weeks.

Preliminary results support our hypothesis that native mammal populations on Bathurst remain healthy. In total, we recorded 150 captures of native mammals at these sites. When these sites were surveyed 20 years ago, a total of 116 native mammal captures were recorded. On average, we also recorded a higher number of species at each site (Figure 5B). While robust statistical analyses have not yet been conducted on these data, the absence of a clear collapse in native mammal abundance or diversity is very promising.

Our camera-traps recorded approximately 1.01 million images from our 2020 survey sites. Camera-trap photo processing is progressing and is expected to be completed by mid-2021. Camera-traps are often more reliable at detecting native mammal species than other methods such as live-trapping. Furthermore, they are able to detect larger predators and invasive species. Once this camera-trap data is processed, it will be used to develop reliable species distribution models of both native and introduced species (including feral cats and pigs). This understanding of species distributions on the Tiwi Islands will help underpin land management decisions and further our understanding of how fire and feral animals interact to influence native mammal populations in northern Australian savannas.



Colin Kerinaiua and Georgina Neave conducting a vegetation survey.



Tiwi Land Rangers Colin Kerinaiua, Derek Puruntatameri and Shane Austral setting up a camera-trap with CDU researcher Hugh Davies.



Figure 4: The location of the 40 sites across Bathurst Island surveyed in 2020.

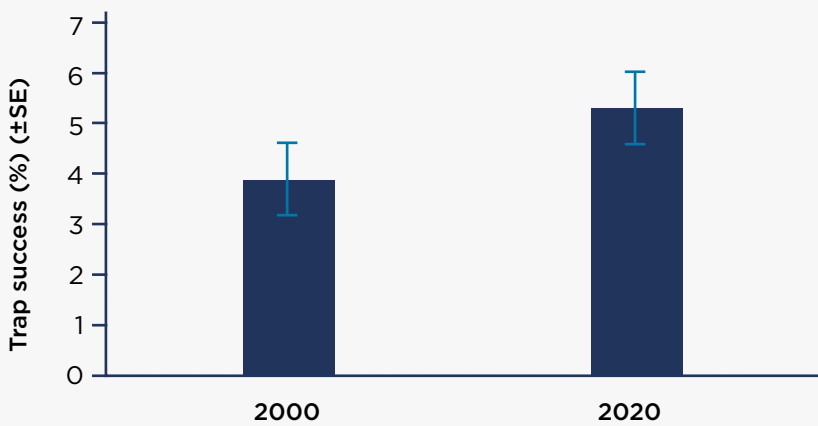


Figure 5A: Site-level trap success, recorded at 40 sites across Bathurst Island in 2000 and 2020.

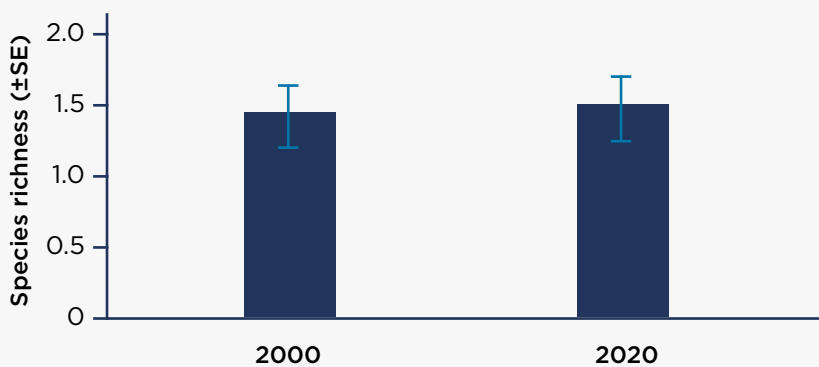


Figure 5B: Species richness recorded at 40 sites across Bathurst Island in 2000 and 2020.



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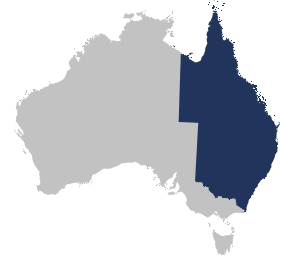
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