



SAVANNA FIRE MANAGEMENT TRUST

Annual Report
for the year ended
31 December 2022

Perpetual Private

Perpetual Trustee Company Limited

ABN 42 000 001 007 AFSL 236643

Perpetual 

SAVANNA FIRE MANAGEMENT TRUST

Annual Report

for the year ended 31 December 2022

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.

PERPETUAL PRIVATE
11/101 Grenfell Street
ADELAIDE SA 5000

Tel: (08) 8418 5699

www.perpetual.com.au/savanna-annual-report

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CONTENTS

INTRODUCTION	5
SFM TRUST PURPOSES	5
SFM TRUST PRINCIPLES	5
SFM TRUST ACTIVITIES	6
FINANCIAL POSITION	8
2022 SFM PROGRAM EVALUATION	12
AUSTRALIAN CARBON CREDIT UNITS	16
2022 WORK PLAN DELIVERY	18
2022 SFM PROGRAM PERFORMANCE	23
APPENDICES	26
APPENDIX 1 – FINANCIAL REPORT	31
APPENDIX 2 – INDEPENDENT AUDITORS REPORT	46
APPENDIX 3 – SAVANNA FIRE MANAGEMENT	52

PROGRAM ANNUAL REPORT 2022



INTRODUCTION

INTRODUCTION

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

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

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

This is the sixth annual report of the SFM Trust since the SFM Program commenced. It outlines how the SFM Trust purposes were advanced during 2022 through the SFM Program, provides the 2022 Financial Statements, the Auditor's Report and the 2022 Annual Report of the SFM Program delivered by the Indigenous Land and Sea Corporation.

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

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

SFM TRUST PURPOSES

The Trust purposes are to advance, protect and preserve the natural environment of the Northern Territory by reasonably reducing the occurrence of uncontrolled fire outbreaks and resulting greenhouse gas emissions by conducting SFM 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 SFM activities; and
- Creates employment opportunities for Indigenous people.

SFM TRUST PRINCIPLES

- Protection of the environment by greenhouse gas emissions avoidance through SFM activity.
- Improving biodiversity outcomes through SFM 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 SFM Project Operators.
- Generating Australian carbon credit units (ACCUs).
- Protection of Indigenous cultural and heritage sites.

SFM TRUST ACTIVITIES

- SFM Project partners analysing fire history over project areas

ANNUAL REPORTING & ASSURANCE

During 2022 the SFM Trust prepared and published the 2021 Annual Report, Financial Report and engaged the auditor to prepare the audit report for the 2021 calendar year period. On April 1st, the Trustee's Annual Report, Financial Report, Audit Report and the Program Manager's Annual Report were published on Perpetual's website and issued to the Northern Territory Government Department of Trade, Business and Innovation.

DISTRIBUTION TO SFM PROGRAM

Four payments totalling \$2,962,344 (including GST) were made during each of the four quarters of the calendar year, to the Indigenous Land and Sea Corporation for SFM Program operations. The Trustee received three quarterly reports from the SFM Program Manager.

INVESTMENT REVIEW

During May of 2022, the Trustee conducted an annual review of SFM Trust investments. The purpose of the investment review is to ensure sufficient liquidity to meet the SFM Trust's estimated expenditure and examine the quality of existing investments within the portfolio. When conducting the review, Perpetual's investment philosophy, the principles outlined in the Prudent Persons legislation and the SFM Trust Investment Policy are considered.

PROVISIONAL ALLOCATION

The Trustee issued a provisional allocation to the Program Manager to inform the basis of funding available for the SFM Program 2023 Workplan and Budget. The 2023 Workplan and Budget submitted by SFM the Program Manager was subsequently approved and issued to the Northern Territory Government Department of Trade, Business and Innovation, and the Department of the Chief Minister and Cabinet.

RECONCILIATION OF BACK DATED GST

After the Commissioner of Taxation provided a private ruling on 26 November 2021, that determined the SFM Trust is carrying on an enterprise under subsection 9-20 (1) of the GST Act, the SFM Trust accountant Stet Fordham assisted the SFM Trust with lodgement of business activity statements (BAS) for quarters dating back to December 2017. The back dated BAS led to GST of \$180,323 payable by the SFM Trust and a general interest charge of \$57,736. Fordham submitted a request to the ATO on the Trustee's behalf to remit the general interest charge, which was successful.

During March 2022, INPEX contributed \$935,960 to the SFM Trust for GST relating to contributions to the SFM Trust during the 2017 to 2021 financial periods, and a further \$322,211 relating to the 2022 period.

The SFM Trust paid the outstanding GST debt during the period and now is up to date with BAS and GST payable to the Australian Taxation Office.



FINANCIAL POSITION

OVERVIEW

The opening balance of the SFM Trust at 1 January 2022 was \$1,727,639. During 2022 the SFM Trust received a contribution of \$3,222,15 excluding GST from INPEX Operations Australia Pty Ltd during January.

In March the SFM Trust received a further contribution of \$1,258,172 from INPEX Operations Australia Pty LTD for GST payable to the SFM Trust on contributions, since the private ruling of the Australian Taxation Office determined that the SFM Trust was carrying on an enterprise.

The SFM Trust made five payments to the SFM Program Manager; the Indigenous Land and Sea Corporation in February, March, May, September and November with a combined value of \$2,693,304 (excluding GST).

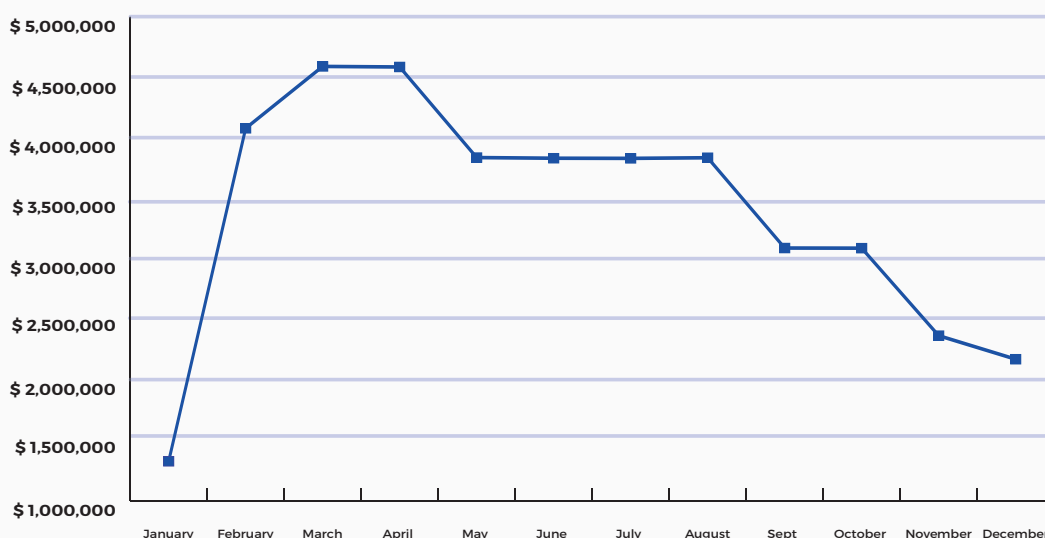
The SFM Trust received income from interest and investments with a combined value of \$48,339 during the period.

Trustee fees were \$35,494 and accounting and audit fees were \$28,220 during the period, all exclusive of GST.

Overall, the financial position of the SFM Trust at 31 December 2022 is \$2,216,491, where net assets to the value of are held in cash and cash equivalents. The only assets held by the trust are cash and cash investments in managed funds as per the SFM Trust Investment Policy.

The complete financial position of the SFM Trust as at 31 December 2022 can be found in the 2022 Financial Statements are included in Appendix 1.

SFM TRUST PORTFOLIO BALANCE



CONTRIBUTIONS

The SFM Trust received total contributions of \$3,222,115 excluding GST from INPEX during January 2022.

INVESTMENTS

Funds which are not required for payment of services are held in managed funds. At 31 December 2022 \$1,255,752 are 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 during the period is \$42,061.

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.

At 31 December 2022, \$909,729 are held in cash and interest-bearing cash accounts.

EXPENSES

During the financial year the SFM Trust incurred expenses of \$68,166 relating to accounting, audit, and trustee fees. Accounting fees are higher than previous years, reflecting the work of Fordham to prepare and lodge BAS statements dating back to December 2017 and liaise with the Australian Taxation Office.

SFM Program fees to deliver SFM Program operations are \$2,693,040 excluding GST.

LIABILITIES

At 31 December 2022 the SFM Trust had current liabilities of \$23,639.

OPERATING LOSS / SURPLUS

The net income to the SFM Trust exceeded operational expenses to form a surplus of \$488,872 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 for the 2022 year as per the 2022 Financial Statements is a surplus of \$488,872. This amount is retained within the SFM Trust as per the Investment Policy.

SFM TRUST BUDGET AND ACTUAL EXPENDITURE

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

Description	Administration Budget	Actual Expenditure	Variance
Accountancy Fees	\$ 25,000	\$ 28,220	\$ 3,220
Auditor's Remuneration	\$ 5,000	\$ 4,452	\$ -548
Consultancy Fees	\$ 10,000	\$ 2,880	\$ -7,120
Disbursements	\$ 5,000	\$ 614	\$ -4,386
Legal Fees	\$ 10,000	\$ 7,043	\$ -2,957
SFM Program Distributions	\$ 3,228,893	\$ 2,693,040	\$ -535,853
Trustee Fees	\$ 31,200	\$ 35,494	\$ 4,294
Total	\$ 3,310,093	\$ 2,771,742	\$ -538,351

SFM TRUST DISTRIBUTIONS

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

Distributions to SFM Program Manager	Amount	GST	Total
Quarter 1	\$ 673,260	\$ 67,326	\$ 740,586
Quarter 2	\$ 673,260	\$ 67,326	\$ 740,586
Quarter 3	\$ 673,260	\$ 67,326	\$ 740,586
Quarter 4	\$ 673,260	\$ 67,326	\$ 740,586
Total Distributions for the year	\$ 2,693,040	\$ 269,304	\$ 2,962,344



2022 SFM PROGRAM EVALUATION

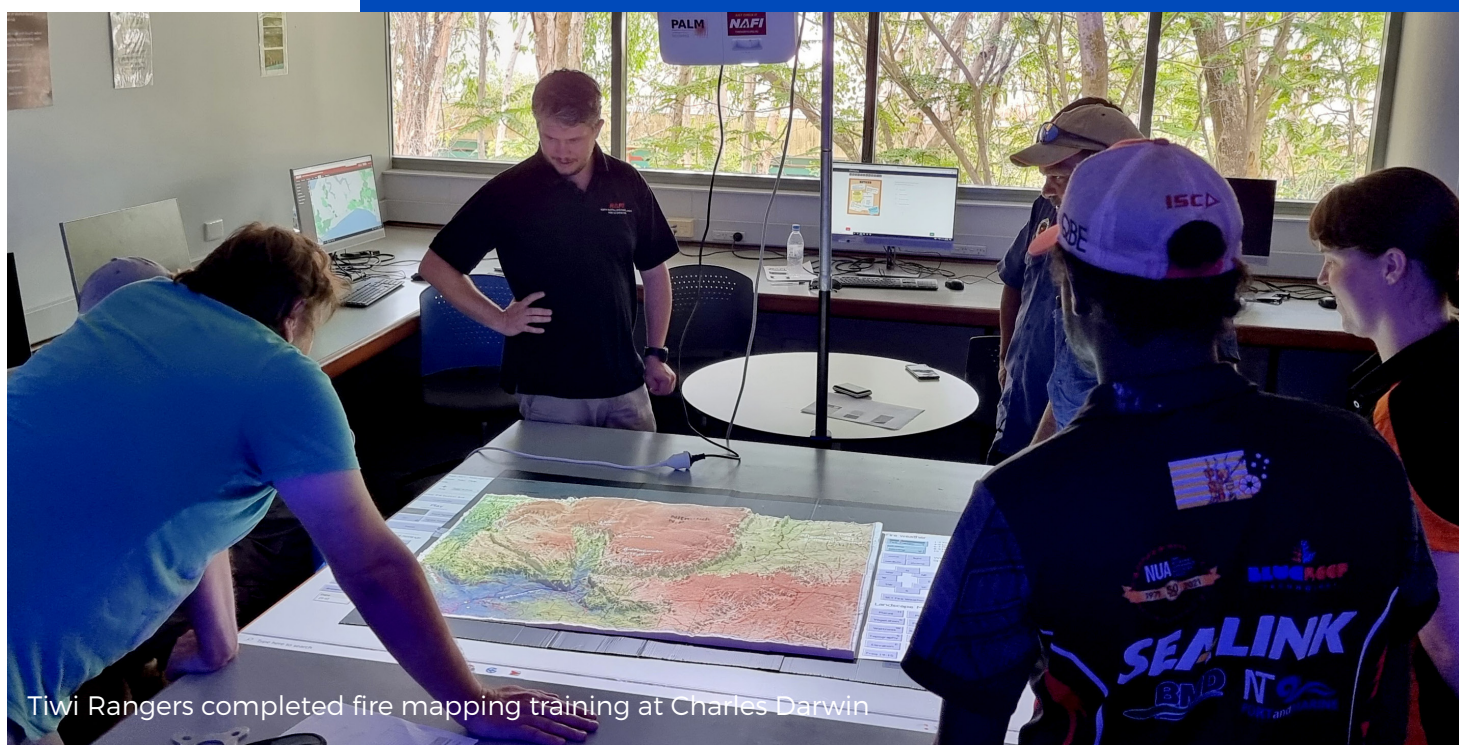
PROJECT FUNDING AGREEMENTS

The Savanna Fire Management (SFM) Program Manager enters Project Funding Agreements (PFAs) with Aboriginal and Torres Strait Islander businesses to undertake SFM 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 SFM projects. To progress from phase 1 to phase 2, the SFM Project Operator must gain legal consent to operate a SFM project on the land and 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 SFM projects. It is during this phase that controlled SFM operations are conducted and Australian carbon credit units (ACCUs) are generated.



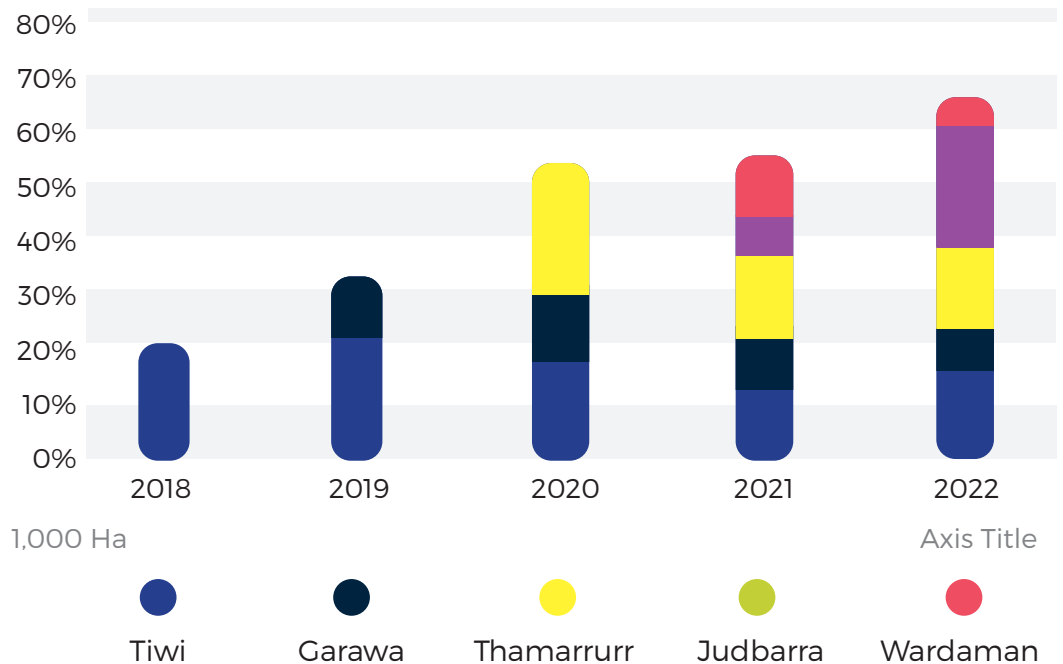
Tiwi Rangers completed fire mapping training at Charles Darwin

PORTION OF TRUST FUNDS APPLIED TO PHASE 2 PROJECTS

The SFM Trust provided \$2,693,040 (excluding GST) to the SFM Program during 2022, in addition to \$595,943 of funding retained by the SFM Program Manager from the 2021 period.

The SFM Program Manager made payments to six Phase 2 project operators totalling \$2,212,268 during 2022. The portion of trust funds that were applied to Phase 2 PFAs is 67.3% of funding provided during 2022.

SAVANNA FIRE MANAGEMENT - PHASE 2 PROJECT FUNDING





AUSTRALIAN CARBON CREDIT UNITS

Savanna grasslands are the dominant vegetation type in northern Australia and are prone to burning annually. These areas have adapted to low intensity fires introduced in the cooler months when vegetation holds more moisture. Without fire management, savanna landscapes burn predominately in the late dry season, resulting in extensive, hot and intense fires producing more greenhouse gas emissions than fire in the early dry season.

The Emissions Reduction Fund offers landholders the opportunity to run projects in Australia that avoid the release of greenhouse gas emissions or remove and sequester carbon from the atmosphere. The Emissions Reduction Fund is enacted through the Carbon Credits (Carbon Farming Initiative Act 2011).

Australian Carbon Credit Units (ACCUs) are generated by the Clean Energy Regulator (CER) after savanna fire management 'project offset reports' are verified. The SFM Program have five projects registered with the CER that are eligible to earn ACCUs.

ACCUs generated by SFM Projects during 2022 will not be known until project offset reports are generated in April 2023 after the carbon abatement calculations are released by Savbat, the savanna fire carbon abatement tool used in Australia.

During 2022, the CER released ACCUs for savanna fire management conducted in 2019 and 2020.

- The Garawa Fire Project generated 2,727 ACCUs in 2019 and 7,779 in 2020 and NAILSMA have lodged a request with the CER to transfer those ACCUs to INPEX.
- The CER has awarded 33,823 ACCUs generated for the Western Top End Project during the 2020 period to proponent Thamarrurr Development Corporation (TDC). The TDC will be transferring INPEX allocations in Q1 2023.

Judbarra was the only SFM Project to produce ACCUs in 2021 with Garawa, Tiwi and Western Top End exceeding their baseline emissions. This is a result of a combination of factors including widespread dry conditions, late dry season wildfires and reduced ability for project operators to complete operations due to COVID-19 constraints. A variation to the Judbarra National Park Project registration with the CER is causing a delay to the release of 2021 ACCUs.

The Wardaman Project will submit their first offset report in 2023 covering the 2021 and 2022 savanna fire management burning season.

ACCUs CREDITED TO SFM PROJECTS WITH MULTIPLE SOURCES OF FUNDING

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

SFM PROJECT	ACCUs Generated				SFM PROGRAM FUNDING	ACCUs transferrable to INPEX
	2018	2019	2020	2021		
Tiwi Resources	42,250	N/A	44,269	0	68.4%	68,374
Garawa Fire Project	N/A	2,726	7,778	0	72.3%	7,598
Western Top End	N/A	N/A	33,823	0	81.5%	27,691
Judbarra National Park	N/A	N/A	40,837	56,608	TBC	TBC
Wardaman Project		N/A	N/A	TBD		
TOTAL		2,726	126,707	TBD		103,663





2022 WORK PLAN DELIVERY

SFM PROGRAM PERFORMANCE

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

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

- Did the SFM Program achieve the objectives of the 2022 Annual Work Plan and Budget?
- Did the SFM Program advance the SFM Program Purposes during 2022?

SFM PROGRAM 2022 OBJECTIVES

The SFM Program 2022 Workplan and Budget made provision for the following activities in 2022:

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

The 2022 Workplan and Budget proposed to deliver the following activities

Support one Phase 1 PFA project through facilitating governance and project development

ACHIEVED

Kenbi-Bulgul Project – Exploration of long term business feasibility was explored during 2022 and determined the project is not feasible due to complex fire management required in the peri-urban environment.

SFM Program is investigating two expressions of interest for projects over Waanyi Aboriginal Land Trust and Manggarayi / Southern Beswick Aboriginal Land Trust.

Negotiate at least 1 new Phase 2 PFA with a project that has completed Phase 1 and is deemed feasible

DELAYED

Wagiman Project - Consultation with Traditional Owners regarding final approval to run a Phase 2 project on the Aboriginal Land Trust were scheduled in 2022. However, consultations were cancelled due to COVID-19 and Sorry Business. Consultations are rescheduled for February 2023.

Monitor and support ongoing SFM Phase 2 Project Operators as required

ACHIEVED

- Tiwi Islands Fire Project
- Garawa Fire Project
- Western Top End Project (Daly River / Port Keats Land Trust Project)
- Judbarra National Park Fire Project
- Wardaman Project

Develop governance business models including a potential new entity to assist Phase 2 projects develop long term sustainable savanna fire management enterprises

IN PROGRESS

Judbarra National Park Project – A Joint Management Committee Fire Subcommittee was established to provide oversight of annual fire management plans and business entity development.

Western Top End Project – Thammarrurr Development Corporation and representative language groups have established a sub-committee to establish a governance structure and business model. A consultant has been hired to provide expertise.

Garawa Fire Project – a Fire Project Committee was appointed to represent land-owner interests and forms a separate governing body to focus on carbon business development.

Tiwi Islands Project – A new Fire Project Committee representing each of the 8 Tiwi land-owner groups has been tasked with overseeing the transition from SFM Program funding to business independence. Consultants have been engaged to develop a business plan and a marketing prospectus.

Develop and implement a monitoring and evaluation process to assess the impact of SFM on environmental values within each Phase 2 PFA

IN PROGRESS

Wardaman Project – Strategic fire planning and management is completed with reference to maps of areas of significance and biodiversity features.

Western Top End Project – The project is developing a Threatened Species Plan and Gamba Grass Action Plan.

Tiwi Islands Projects – Collaboration with scientists from Charles Darwin University to monitor interactions between fire and threatened mammal populations, including the Brush Tailed Rat.

Develop and commence implementation of a framework for Indigenous participants to measure social/cultural benefits of the SFM Program

DELAYED

The SFM Program 5-year strategy includes the development of co-benefit metrics as one of its priorities.

Build the fire management capacity of SFM Project Operators to conduct SFM Projects

ACHIEVED

Wardaman Project – 8 Rangers completed nationally accredited fire management units including; aerial incendiary machine operation, safety around helicopters, prevent injury, assisted with prescribed burning, respond to wild fire, prepare test and maintain response equipment. In addition to participating in Northern Australia Fire Information training.

Judbarra National Park Project – Rangers participated in Northern Australia Fire Information toolbox training regarding satellite imagery.

Western Top End Project – 6 rangers completed Northern Australia Fire Information training regarding satellite imagery.

Garawa Fire Project – 20 Traditional Owners attended an information session regarding ‘understanding carbon business’. 5 Garawa Rangers completed training in Bush Mechanics, 4WD and CPR.

Tiwi Islands Project – Fire Committee received 3 governance and business development training workshops delivered by Tamarind Consultants. 4 Tiwi Land Rangers completed Northern Australia Fire Information training regarding satellite imagery.

Reporting to Perpetual in accordance with requirements outlined in SFM Services Agreements

ACHIEVED

SFM Program Quarterly Reports and the Annual Report were issued in agreed timeframes and prepared to a high standard.

Design, develop, publish and distribute communications materials

IN PROGRESS

The SFM Program 2021 Annual Report was prepared and published in an engaging and informative format.

Implement the Communications Plan agreed with INPEX and Perpetual

DELAYED

The implementation of the SFM Communication Plan scheduled for Q4 2022 is delayed.

Continue to support and develop SFM Program staff

DELAYED

During 2022 the SFM Program Manager resigned from the position. There was a delay of some months whilst the Indigenous Land and Sea Corporation recruited a new SFM Program Manager.



Wudicupildiyerr Rangers presenting their fire plan at the Western Top End fire planning meeting



2022 SFM PROGRAM PERFORMANCE

2022 SFM PROGRAM PERFORMANCE

During the early part of 2022, SFM Program operations continued to be affected by restrictions to movement of people as the government managed the COVID-19 global pandemic in Australia.

In addition, the departure of key personnel from the SFM Program to take up employment with another organisation caused a gap of some months where a caretaker position at the ILSC maintained reporting and essential operations.

After the Program Review was conducted in 2021, the Program Manager commenced preparation of an Action Plan during 2022 to address the recommendations raised by the Program Review.

During 2022, the SFM Program made significant progress with each Phase 2 project regarding governance of the carbon emissions abatement businesses that eventuate with the conclusion of SFM Program Funding. The Judbarra, Garawa, Western Top End and Tiwi projects established governance committees to provide Traditional Owner oversight of the transition from SFM funded projects to long term business models.

During 2022, the Indigenous estate in the Northern Territory with Phase 2 Savana Fire Management Program projects remains the same at 3.9 million hectares.

During 2022, the Phase 2 projects worked through registration with the Clean Energy Regulator (CER) which continue in some extent into 2023.

At the conclusion of the sixth year of the SFM Trust, the SFM Program continues to make a significant contribution to the collective and shared understanding of savanna fire management. The SFM program continues to improve the organisation and capacity of Indigenous organisations to undertake savanna fire burning in a way that connects the traditional practice of burning svanna glassland during early dry season to the carbon abatement market.



Northern Land Council and Wardaman Rangers using backpack blowers to break up Country with fire



APPENDICES

APPENDIX 1 - FINANCIAL REPORT

APPENDIX 2 - INDEPENDENT AUDITORS REPORT

APPENDIX 3 - INDIGENOUS LAND AND SEA
CORPORATION, SAVANNA FIRE MANAGEMENT
PROGRAM ANNUAL REPORT 2023



SAVANNA FIRE MANAGEMENT TRUST

Annual Report
for the year ended 31 December 2022



Perpetual

CONTACT INFORMATION

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

Adrian Marshall

Trust Manager
Perpetual Private
(08) 8418 5699

adrian.marshall@perpetual.com.au

www.perpetual.com.au/nativetitle

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.

Financial Statements

Savanna Fire Management Trust

ABN 41 537 860 033

For the year ended 31 December 2022

Prepared by Fordham Business Advisors

Contents

3	Statement of Comprehensive Income
4	Statement of Financial Position
5	Statement of Changes in Funds
6	Statement of Cash Flows
7	Notes to the Financial Statements
18	Trustee's Declaration
19	Independent Auditor's Report

Statement of Comprehensive Income

Savanna Fire Management Trust For the year ended 31 December 2022

	NOTES	2022 \$	2021 \$
Income			
Distribution Income		26,131	27,757
Unrealised Gain/(Loss) on Financial Assets Held at Fair Value Through Profit or Loss		(9,853)	(1,066)
Realised Gain/(Loss) on Financial Assets Held at Fair Value Through Profit or Loss		-	(32,759)
Contribution Income		3,222,115	3,127,900
Interest Income		22,208	4,182
Managed Fund Rebate		14	185
Other Income		-	564,062
Total Income		3,260,614	3,690,261
Expenditure			
Accounting Fees		28,220	1,818
Auditor's Remuneration	2	4,452	7,319
Consulting Fees		2,880	50,686
Legal Fees		7,043	24,033
SFM Program Distribution		2,693,040	3,088,380
Sundry Expenses		614	-
Trustee Fees		35,494	28,161
Total Expenditure		2,771,742	3,200,397
Profit for the Year		488,872	489,864
Other Comprehensive Income for the Year		-	-
Total Comprehensive Income for the Year		488,872	489,864
Transfer to Reserves			
Transfer to Reserves		(488,872)	(489,864)
Total Transfer to Reserves		(488,872)	(489,864)
Retained Trust Funds at the End of the Financial Year		-	-

The accompanying notes form part of these financial statements.

Statement of Financial Position

Savanna Fire Management Trust As at 31 December 2022

	NOTES	31 DEC 2022 \$	31 DEC 2021 \$
Assets			
Current Assets			
Cash and Cash Equivalents	3	909,729	1,058,685
Other Receivables	4	74,399	936,497
Total Current Assets		984,128	1,995,182
Non-Current Assets			
Financial Assets Held at Fair Value Through Profit or Loss	5	1,255,752	265,605
Total Non-Current Assets		1,255,752	265,605
Total Assets		2,239,880	2,260,787
Liabilities			
Current Liabilities			
Other Payables	6	23,369	533,148
Total Current Liabilities		23,369	533,148
Total Liabilities		23,369	533,148
Net Assets		2,216,511	1,727,639
Trust Funds			
Settled Sum		20	20
Reserves	7	2,216,491	1,727,619
Total Trust Funds		2,216,511	1,727,639

The accompanying notes form part of these financial statements.

Statement of Changes in Funds

Savanna Fire Management Trust For the year ended 31 December 2022

	NOTES	SETTLED SUM \$	RETAINED TRUST FUNDS \$	RESERVES \$	TOTAL \$
Statement of Changes in Funds					
2021					
Balance as at 1 January 2021		20	-	1,237,755	1,237,775
Net Comprehensive Income	7	-	489,864	-	489,864
Transfer to Reserves		-	(489,864)	489,864	-
Balance as at 31 December 2021		20	-	1,727,619	1,727,639
2022					
Balance as at 1 January 2022		20	-	1,727,619	1,727,639
Net Comprehensive Income	7	-	488,872	-	488,872
Transfer to Reserves		-	(488,872)	488,872	-
Balance as at 31 December 2022		20	-	2,216,491	2,216,511

Statement of Cash Flows

Savanna Fire Management Trust For the year ended 31 December 2022

	NOTES	2022 \$	2021 \$
Cash Flows from Operating Activities			
Investment Income Received		45,842	31,402
Other Income Received		141,860	12,385
Accounting and Audit Fees Paid		(24,121)	(7,086)
SFM Program Distributions Paid		(3,416,942)	(2,946,572)
Sundry Fees Paid		(14,626)	(75,464)
Trustee Fees Paid		(39,043)	(28,161)
Net Cash Provided by/(Used in) Operating Activities		(3,307,030)	(3,013,496)
	NOTES	2022 \$	2021 \$
Cash Flows from Investing Activities			
Payment for Financial Assets		(1,000,000)	(1,727,702)
Proceeds on Sale of Financial Assets		-	1,428,272
Net Cash Provided by/(Used in) Investing Activities		(1,000,000)	(299,430)
	NOTES	2022 \$	2021 \$
Cash Flows from Financing Activities			
Contribution received		4,158,075	3,119,851
Net Cash Provided by/(Used in) Financing Activities		4,158,075	3,119,851
	NOTES	2022 \$	2021 \$
Net Cash Movement			
Cash and Cash Equivalents at Beginning of Financial Year		1,058,685	1,251,761
Net Increase/(Decrease) in Cash Held		(148,956)	(193,076)
Cash and Cash Equivalent at end of Financial Year		909,729	1,058,685

Notes to the Financial Statements

Savanna Fire Management Trust For the year ended 31 December 2022

The financial statements cover Savanna Fire Management Trust as an individual entity.

The financial statements were authorised for issue on 20 March 2023 by the directors of the Trustee company.

1. Summary of Significant Accounting Policies

Basis of Preparation

This general purpose annual financial report is for the Savanna Fire Management Trust as an individual entity. The Trust was constituted on 06 December 2016 and is domiciled in Australia.

The Trustee for the Savanna Fire Management Trust is Perpetual Trustee Company Limited ("the Trustee"), a fully owned subsidiary of Perpetual Limited.

These general purpose financial statements have been prepared in accordance with the Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board, and the provisions of the Trust Deed. The Trust is a not-for-profit entity for financial reporting purposes under AASB 1060 General Purpose Financial Statements - Simplified Disclosures. Significant accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

a) Income Tax

The Trust has been endorsed as a Charity by the Australian Taxation Office and is exempt from Income Tax. The income of the Trust is exempt from tax pursuant to section 50-5 of the Income Tax Assessment Act 1997. The Trust's income will remain exempt from tax provided it continues to comply with the requirements of the Income Tax Assessment Act.

b) Fair Value of Assets and Liabilities

The financial report is prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated.

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.

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.

c) 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. Transaction costs are expensed in the profit or loss as incurred except for the initial acquisition where the transaction costs are capitalised.

Subsequent Measurement

After initial recognition financial assets are measured at fair value with gains or losses being recognised in the unrealised asset reserve until the investment is derecognised or until the investment is determined to be impaired, being either a significant or

prolonged decline in value below cost, at which time the cumulative gain or loss previously recognised in the reserve is reclassified to the statement of comprehensive income.

Financial assets

Financial assets are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in the equity of other equities where there is neither a fixed maturity nor fixed or determinable payments.

Financial assets are classified as non-current assets when they are not expected to be sold within 12 months after the end of the reporting period. All other financial assets are classified as current assets.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the reporting date. For investments with no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis; and option pricing models.

Fair values for specific types of financial assets have been determined as follows:

Unit Trusts and Managed Investments

Unit Trusts and managed investments are valued at the redemption price or other valuation as advised by the investment managers as at the last business day of the reporting period and are based on the net market values of the underlying investments. Where material, the price is exclusive of any implicit distribution due on the investment.

Listed Equities and Other Listed Securities

Australian listed equities are valued at the last trade price quoted on the Australian Securities Exchange as at the close of the last business day of the reporting period.

Financial assets are classified as non-current assets when they are not expected to be sold within 12 months after the end of the reporting period. All other financial assets are classified as current assets.

d) Other Receivables

Other receivables corresponds to amounts receivable in relation to investment income and distributions. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

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.

Contributions

Contributions are financial payments received as compensation for entering into an agreement to extinguish Native Title rights. They are recognised as revenue when the Trust gains control, economic benefits are probable and the amount of the contributions can be measured reliably.

Investment Income

Investment income comprises interest, dividends and managed fund distributions. Interest income is recognised when earned. Dividend and managed fund distributions are recognised on an accruals basis.

Changes in fair value for the financial instruments are recorded in accordance with the accounting policies described in Note 1(c).

All revenue is stated net of the amount of goods and services tax.

g) Other Payables

Other payables comprise fees for professional services rendered for the current reporting period but paid post period-end and are measured at fair value.

h) Goods and Services Tax (GST)

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

i) Rounding of Amounts

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

j) Expenses

All expenses are accounted for on an accruals basis and have been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to a particular category they have been allocated to activities on a basis consistent with the use of the resources.

Trustee Fees

Trustee fees are payments for services rendered for the provision of Trustee services, including Trust compliance with constitutional and statutory requirements.

Audit and Accountancy Fees

Accountancy and Audit fees relate to payments made for preparation and audit of annual financial statements for the Trust.

Consulting Costs

Costs incurred in obtaining advice for the Committee and the Trustee.

Legal Fees

Legal fees relate to payments made for advice for the Trustee.

k) Total Funds

Settled Sum

The settled sum is the amount paid on execution of the Deed establishing the Trust.

l) Retained Trust Funds

Accumulated comprehensive income represents the income earned by the Trust yet to be applied for its intended purposes.

	2022 \$	2021 \$
2. Auditor's Remuneration		
Compliance Assurance	1,915	1,888
Financial Statement Audit	2,537	2,502
Under accrued 2020 Auditor Remuneration	-	2,929
Total Auditor's Remuneration	4,452	7,319

No fees were paid to KPMG for non-audit related services for the period ended 31 December 2022.

	2022 \$	2021 \$
3. Cash and Cash Equivalents		
Perpetual Cash Account	909,709	1,058,665
Cash on Hand	20	20
Total Cash and Cash Equivalents	909,729	1,058,685

Cash-at-bank earns interest at floating rates based on daily deposit rates. Short-term deposits are made for varying periods of between one and three months, depending on the Trust's cash requirements. These deposits earn interest at market rates.

	2022 \$	2021 \$
4. Other Receivables		
Current		
Contributions Receivable	-	935,960
Distribution Receivable	3,048	537
GST Receivable	71,351	-
Total Current	74,399	936,497
Total Other Receivables	74,399	936,497
	2022 \$	2021 \$

5. Financial Assets Held at Fair Value Through Profit or Loss

Non-Current		
Units In Unlisted Unit Trusts at Fair Value	1,255,752	265,605
Total Non-Current	1,255,752	265,605
Total Financial Assets Held at Fair Value Through Profit or Loss	1,255,752	265,605

	2022 \$	2021 \$
6. Other Payables		
Current		
Accountancy Fees Payable	13,750	2,000
Auditor's Remuneration Payable	9,619	9,551
GST Payable	-	63,259
SFM Program Payable	-	454,598
Sundry Payables	-	3,740
Total Current	23,369	533,148
Total Other Payables	23,369	533,148
	2022 \$	2021 \$

7. Reserves

Analysis of Each Class of Reserve:

General Reserve

Trust Capital - Opening Balance	1,727,619	1,237,755
Trust Capital - Movement	488,872	489,864
Total General Reserve	2,216,491	1,727,619
Total Reserves	2,216,491	1,727,619

8. Events After the Reporting Period

No significant events have occurred since the reporting date which will have a material impact on the financial position of the Trust disclosed in the statement of financial position as at 31 December 2022 or on the results and cash flows of the Trust for the year ended on that date.

9. Related Party Transactions

Related Parties

a) Trustee

The Trustee, Perpetual Trustee Company Limited (ABN 42 000 001 007), is a wholly owned subsidiary of Perpetual Limited (ACN 000 431 827). The Trustee has entered into agreements with a number of Perpetual Limited's subsidiaries who will perform services for the Trust.

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:

- Mark J Smith
- Andrew R G Baker
- Paul Chasemore
- Amanda R Gazal - resigned 26 April 2022
- Anne Rozenauers - appointed 26 April 2022 and resigned 24 October 2022

Note 9. Related Party Transaction (continued)

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.

The following transactions occurred with related parties:

i) Trustee Fees

The Trustee fees are calculated in accordance with the Trust Deed. The Trustee's fee is set at 1.056% pa (including GST) of the gross value of assets of the Trust. The Trustee is entitled to charge a minimum fee of \$30,000 (including GST) per annum. Administration costs are also charged, and both fees are disclosed in the statement of comprehensive income.

	2022 \$	2021 \$
i) Trustee Fees		
Trustee Fees	35,494	28,161

ii) Investments

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.

	2022 \$	2021 \$
ii) Investments		
Investments in Unlisted Unit Trusts	1,255,752	265,605

10. Financial Risk Management

The Trustee has appointed an Investment Advisor to recommend to the Trustee investments which will meet the Trust's strategic plan and objectives, within acceptable risk parameters.

The Trust's financial instruments comprise cash, cash equivalents, other receivables and unit Trust investments where the main risks arising from these financial instruments are liquidity risk and with fixed credit risk. The Trust does not use derivative instruments to manage risks associated with its financial instruments.

The Trustee has overall responsibility for risk management, including risks associated with financial with the Trust's financial instruments. Risk management policies are established to identify and analyse the risks associated with the Trust. The Trust does not use derivative instruments to manage risks associated with its financial instruments.

This note presents information about the Trust's exposure to liquidity and credit risks and its objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these financial statements.

Note 10. Financial Risk Management (continued)

The totals for each category of financial instruments, measured in accordance with AASB 9: Financial Instruments as detailed in the accounting policies to these financial statements, are as follows:

	2022 \$	2021 \$
Financial Assets		
Cash and Cash equivalents	909,729	1,058,685
Financial Assets Held at Fair Value Through Profit or Loss	1,255,752	265,605
Total Financial Assets	2,165,481	1,324,290

Financial Risk Management Policies

Given the investment nature of the Trust's operations, the directors of the Trustee do not consider that the Trust is exposed to any significant financial risks. Notwithstanding this, the Trustee monitors the Trust's financial position and liquidity on a monthly basis.

Specific Financial Risk Exposures and Management

The main risks that the Trust is exposed to are as follows. There have been no substantive changes in the types of risks the Trust is exposed to, how these risks arise, or the Trustee's objectives, policies and processes for managing or measuring the risks during the period.

a) Credit Risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Trust.

Credit risk is managed through maintaining procedures ensuring, to the extent possible, that customers and counterparties to transactions are of sound credit worthiness and includes the utilisation of systems for the approval, granting and renewal of credit limits, the regular monitoring of exposures against such limits and the monitoring of the financial stability of significant customers and counterparties. Such monitoring is used in assessing receivables for impairment.

Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating or in entities that the finance committee has otherwise cleared as being financially sound.

Credit Risk Exposures

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period, excluding the value of any collateral or other security held, is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

Trade and other receivables that are neither past due or impaired are considered to be of high credit quality.

At the reporting date, all receivables, and cash and cash equivalents are held with approved counterparties. Management consider the probability of default to be low. As a result, no loss allowance has been recognised based on a 12-month expected credit losses.

b) Liquidity Risk

Liquidity risk arises from the possibility that the Trust might encounter difficulty in setting its debts or otherwise meeting its obligations related to financial liabilities. The Trust manages this risk through the following mechanisms:

- Preparing forward-looking cash flow analyses in relations to its operating, investing and financing activities;
- Monitoring undrawn credit facilities;
- Obtaining funding from a variety of source;
- Maintaining a reputable credit profile;
- Managing credit risk related to financial assets; and
- Only investing surplus cash with major financial institutions;

Note 10. Financial Risk Management (continued)

c) Market Risk

i) Interest Rate Risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Trust is also exposed to earnings volatility on floating rate instruments. The financial instruments that expose the Trust to interest rate risk are limited to borrowings, listed shares, and cash and cash equivalents.

Interest rate risk is managed using a mix of fixed and floating rate debt.

The Trust also manages interest rate risk by ensuring that, whenever possible, payables are paid within any pre-agreed credit terms.

	2022 \$	2021 \$
Floating Rate Instruments		
Cash at Bank	909,709	1,058,665
Total Floating Rate Instruments	909,709	1,058,665

ii) Sensitivity Analysis - Interest Rate Risk

The following table illustrates sensitivities to the Trust's exposure to changes in interest rates, exchange rates and commodity and equity prices. The table indicates the impact on how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible.

These sensitivities assume that the movement in a particular variable is independent of other variables.

	Profit	Equity
Year Ended 31 December 2022		
+/- 1% in interest rates	+/- 9,097	+/- 9,097
Year Ended 31 December 2021		
+/- 1% in interest rates	+/- 10,587	+/- 10,587

There have been no changes in any of the assumptions used to prepare the above sensitivity analysis from the prior year.

ii) Foreign Exchange Risk

The Trust is not exposed to fluctuations in foreign currencies.

ii) Other Price Risk

Other price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the change in market prices (other than those arising from interest rate risk or currency risk) of securities held.

	2022 \$	2021 \$
Other Price Risk		
Investments in Managed Funds	1,255,752	265,605
Total Other Price Risk	1,255,752	265,605

Note 10. Financial Risk Management (continued)

ii) Sensitivity Analysis - Price Risk

The following table illustrates sensitivities to the Fund's exposure to changes in market price. The table indicates the impact on how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible.

These sensitivities assume that the movement in a particular variable is independent of other variables.

	Profit	Equity
Year Ended 31 December 2022		
+/- 8% in price of units	+/- 100,460	+/- 100,460
Year Ended 31 December 2021		
+/- 8% in price of units	+/- 21,248	+/- 21,248

There have been no changes in any of the assumptions used to prepare the above sensitivity analysis from the prior year.

11. Fair Value Measurements

The Trust classifies fair value measurements of its financial assets and liabilities using a fair value hierarchy model that reflect the subjectivity of the inputs used in making the measurements.

a) Fair Value Hierarchy

Fair Value Measurement requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3

Measurements based on unobservable inputs for the 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. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Note 11. Fair Value Measurements (continued)

Valuation Techniques

The Trust selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Trust are consistent with one or more of the following valuation approaches:

- Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
- Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Trust gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

	2022 \$	2021 \$
Financial Assets		
Level 2		
Unlisted Unit Trusts	1,255,752	265,605
Total Level 2	1,255,752	265,605
Total Financial Assets	1,255,752	265,605

The above table provide the fair values of the Trust's assets and liabilities measured and recognised on a recurring basis after initial recognition and their categorisation within the fair value hierarchy.

There were no transfers between Level 1 and Level 2 for assets measured at fair value on a recurring basis during the current reporting period and the prior reporting period.

12. Trust Details

The principal place of business is:

Savanna Fire Management Trust

Adrian Marshall, Level 29 Exchange Plaza 2 The Esplanade, PERTH, WA, Australia, 6000

The principal activities of the Trust during the financial year were:

To support the development and implementation of fire management projects on indigenous-held land in the Northern Territory.

13. 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:

	2022 \$	2021 \$
Reconciliation of Cash		
Cash at Bank	909,709	1,058,665
Cash on Hand	20	20
Total Reconciliation of Cash	909,729	1,058,685

b) Reconciliation of Profit Attributable to Beneficiaries to Net Cash Provided by Operating Activities

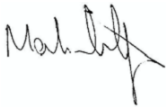
	2022 \$	2021 \$
Profit for the Financial Year	488,872	489,864
Non-Cash Flows in Profit:		
Net (Profit) / Loss on Sale of Financial Assets	-	32,759
Net (Gain) / Loss on Financial Assets Held at Fair Value Through Profit or Loss	9,853	1,066
Changes in Assets and Liabilities:		
(Increase) Decrease in Other Receivables	862,098	(936,497)
Increase (Decrease) in Other Payables	(509,778)	519,163
Items that are not part of Operating Activities		
Capital Receipts	(4,158,075)	(3,119,851)
Net Cash Provided by (Used in) Operating Activities	(3,307,030)	(3,013,496)

Trustee's Declaration

Savanna Fire Management Trust For the year ended 31 December 2022

In accordance with a resolution of the directors, the directors of Perpetual Trustee Company Limited, the Trustee of Savanna Fire Management Trust, declare that:

1. The financial statements and notes which comprise the statement of financial position as at 31 December 2022, the statement of comprehensive income, statement of changes in funds and statement of 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 2022 and its performance for the year ended on that date in accordance with Australian Accounting Standards Simplified Disclosure Requirements, and Interpretations of the Australian Accounting Standards Board;
2. There are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable; and
3. The financial statements and notes are in accordance with the requirements of the Trust Deed, the Australian Charities and Not-For-Profits Commission Act 2012 and the Australian Charities and Not-For-Profits Commission Regulation 2013.

A handwritten signature in black ink, appearing to read "Mark J Smith". The signature is written in a cursive style with a prominent initial "M".

Director: Mark J Smith

Dated: 20 March 2023



Independent Auditor's Report

To the members of Savanna Fire Management Trust

Report on the audit of the Financial Report

Opinion

We have audited the **Financial Report**, of 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 2022, and of its financial performance and its cash flows for the year then ended, in accordance with the basis of preparation described in Note 1 to the Financial Report.

The **Financial Report** comprises:

- i. Statement of financial position as at 31 December 2022;
- ii. Statement of comprehensive income, Statement of changes in funds, and Statement of cash flows for the year then ended;
- iii. Notes including a summary of significant accounting policies; and
- iv. Trustee's declaration of the Trust.

Basis for opinion

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

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

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

Emphasis of matter – basis of preparation and restriction on use

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

The Financial Report has been prepared for the purpose of fulfilling the Directors' financial reporting responsibilities under 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 members of the Trust and should not be used by any other party. We disclaim any assumption of responsibility for any reliance on this Auditor's report, or on the Financial Report to which it relates, to any person other than the members of the Trust or for any other purpose than for which it was prepared.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- i. Preparing the Financial Report that gives a true and fair view in accordance with the financial reporting requirements of the Trust Deed and have determined that the basis of preparation described in Note 1 to the Financial Report is appropriate to meet the needs of the members.
- ii. Implementing necessary internal control to enable the preparation of a Financial Report that is free from material misstatement, whether due to fraud or error.
- iii. Assessing the Trust's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

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

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

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Financial Report.

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



We also:

- i. Identify and assess the risks of material misstatement of the Financial Report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ii. Obtain an understanding of internal control relevant to the Audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the registered Trust's internal control.
- iii. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- iv. Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the registered Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the Financial Report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the registered Trust to cease to continue as a going concern.
- v. Evaluate the overall presentation, structure and content of the Financial Report, including the disclosures, and whether the Financial Report represents the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Trustee's Compliance with the Trust Deed

Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Trust, has not complied in all material respects, with the Trust Deed as evaluated against the requirements as set out in the Trust Deed dated 6 December 2016 throughout the year ended 31 December 2022.

Scope

The subject of our limited assurance engagement is whether anything has come to our attention that causes us to believe that the Trustee has not complied, in all material respects, with the Trust Deed as evaluated against the requirements as set out in the Trust Deed, throughout the year ended 31 December 2022.

Basis for Conclusion

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

In accordance with ASAE 3100 we have:

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

Summary of Procedures Performed

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



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

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

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

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

Inherent Limitations

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

A limited assurance engagement throughout the year ended 31 December 2022 does not provide assurance on whether compliance with the Trust Deed will continue in the future.

Responsibilities of the Directors for Compliance

The Directors of the Trustee are responsible for:

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

Auditor’s Responsibilities for Compliance

Our responsibility is to perform a limited assurance engagement in relation to the Trustee’s compliance, with the Trust Deed as evaluated against the requirements as set out in the Trust Deed, throughout the year ended 31 December 2022 and to issue an assurance report that includes our conclusion.



Our Independence and Quality Management

We have complied with our independence and other relevant ethical requirements of the APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* issued by the Australian Professional and Ethical Standards Board. We have also complied with Auditing Standard ASQM 1 *Quality Management for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements* which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

KPMG

Nicholas Buchanan

Partner

Sydney

20 March 2023



Savanna Fire Management Program | **ANNUAL REPORT 2022**



Australian Government
Indigenous Land and Sea Corporation



The **ILSC GROUP**

PEOPLE. COUNTRY. OPPORTUNITY.



Acknowledgment of Country

The ILSC acknowledge the Traditional Owners of the lands where we work and live and pay our respect to Elders past, present and emerging. The ILSC recognise and honours the role of traditional fire management in caring for Country practiced across northern Australia for millennia.

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

Front cover image: Wagiman Traditional Owner and Ranger, Daphne Huddleston leading a discussion around fire management on the Upper Daly and Wagiman Aboriginal Land Trusts at Daly River end of year fire planning meeting.

Inside cover: Aerial Tiwi Island burning

SAVANNA FIRE MANAGEMENT PROGRAM ANNUAL REPORT 2022

Contents

Introduction	5
Summary of SFM Program Manager Activities in 2022	6
Project Structure	10
Phase 1 Funding Agreements	10
Phase 2 Funding Agreements	10
Phase 1 Projects	
Wagiman Project	13
Kenbi-Bulgul Project	13
Phase 2 Projects	
Wardaman Project	14
Judbarra National Park Project – NAILSMA	16
Western Top End SFM Project	18
Garawa Fire Project	20
Tiwi Islands Project	24
ACCUs generated by SFM Program Operators	28
SFM Program Financial Summary 2022	30
Summary of Variance from 2022 Budget	31
Performance Evaluation of the SFM Program	32



Jeffrey Dixon - Garawa Ranger walking with drip torch to create cool, patchy burn patterns.



Introduction

This annual report provides an overview of the sixth year of the Indigenous Land and Sea Corporations (ILSC) implementation of the Savanna Fire Management Program (SFM). The SFM Program aims to support the development and operation of fire management projects on Indigenous-held land in the Northern Territory (NT) by supporting groups with resources and training for on-ground, practical fire management as well as governance and sustainable business development.

Savanna fire management projects provides opportunity to deliver multiple benefits for Indigenous people including establishing a nature-based business, creating jobs, facilitating cultural practices, as well as supporting and promoting caring for Country.

Projects funded through the SFM Program apply Savanna Fire Management Methodologies under the *Carbon Farming Initiative Act 2011* 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 Operations Australia (INPEX) on behalf of Ichthys LNG joint venture partners via a discretionary trust (SFM Trust) managed by Perpetual Trustee Company Ltd (Perpetual). INPEX committed these funds as part of a voluntary agreement with the NT Government to offset greenhouse gas emissions associated with the Ichthys onshore LNG facility in Darwin. INPEX appointed Perpetual to manage the SFM Trust, and the Indigenous Land

and Sea Corporation (ILSC) was engaged as the Program Manager for delivering the SFM Program. The ILSC and Perpetual entered the SFM Services Agreement on 12 December 2016, and operations commenced in April 2017.

The Program funds coordination, training, start-up and early operational costs for new projects. This enables Aboriginal groups, often with few alternative business development and employment options, to commence a carbon business. Projects funded through the SFM Program apply Savanna Fire Management Methodologies approved by the Clean Energy Regulator (CER) for areas that receive over 600mm annual rainfall, to reduce the frequency and extent of late dry season fires, resulting in few greenhouse gas emissions and more carbon being sequestered in dead organic matter.

Savanna Fire Management involves the principles of early dry season 'cool' patchwork burning, a method informed by the traditional Aboriginal fire management practiced across northern Australia.

This method of land management is associated with a broad range of globally recognised social, environmental, and economic benefits to the communities in which SFM Projects operate. These benefits include:

- more meaningful employment opportunities and training on Country,
- culturally appropriate employment in fire management activities,
- improvements for biodiversity conservation,
- increased capacity for self-determination,
- protecting cultural values,
- access to carbon industry development support and Indigenous-owned regional entity development,
- generation of Australian Carbon Credit Units (ACCUs).



Rangers from Thamarrurr and Asyrikarrak Kirim take part in NAFI training at Wadeye.



Rangers have installed adjustable 'Stop' burning signs to encourage responsible use of fire on Tiwi Islands.

Summary of Savanna Fire Management Program Manager Activities in 2022

The SFM Program has achieved significant goals in 2022 with a number of projects making great progress towards achieving their long-term business development targets. The Judbarra, Garawa, Western Top End and Tiwi Projects successfully established governance committees to guide regional entity development for each respective carbon project. Negotiations involved considerable effort to bring together representatives from each language group, often traversing great distances for multiple-day meetings. Having focused committees embedded with Traditional Owner oversight will work to support decision-making through the process of transitioning SFM funded projects to a long-term support model.

Management of the COVID-19 pandemic demonstrated remarkable adaptability of project operators to participate with online communication, typically streaming from remote locations with minimal telecommunication infrastructure. However, the pandemic still poses a risk to communities, with groups continuing to be hampered in their opportunity to meet on Country and a number of cultural camps and governance meetings postponed over the year. Fortunate timing of Joint Management Committee (JMC) meetings held mid-year in Timber Creek for Judbarra National Park, enabled Traditional Owners from Ngarinyman, Karrangpurru, Malgin, Wardaman, Ngaliwurru, Numgali, Bilinara, Gurindji and Jaminjung language groups to meet in person for the first time since 2020. This event led to the realisation of a significant step for the Judbarra Project, as the JMC decided to form and appoint members to a Fire Subcommittee. Another significant achievement for the SFM Program was the passing of the *Territory Parks and Wildlife Conservation (Judbarra/Gregory National Park Carbon Emissions Reduction Project) By-Laws 2022*. These by-laws provide a statutory mechanism for the use of fire management activities for the purpose of reducing carbon emissions as part of an eligible offset project declared under the *Carbon Credits (Carbon Farming Initiative) Act 2011*. Importantly, this means that commercial carbon operations are supported through Joint Management Partnership arrangement in the Northern Territory. Previously, temporary agreements were made to facilitate fire operations on a yearly basis. The SFM Program has been assisting to develop an operational structure between the partners to build strong collaboration between fire management plans, policies and procedures. As the area has various fire management objectives, this framework is viewed as the foundation to reaching sustainable fire management outcomes.



Planning meetings such as the Daly River Weeds and Fire Meeting provides an opportunity for SFM Project groups to network and share lessons.



Tiwi Rangers promote healthy fire management practice through their annual Fire Roadshow.

The SFM Communications Strategy has demonstrated its value in supporting the Program to promote projects and communicate effectively between governing parties. A highlight for the year involved the Wardaman Project featuring on the prominent ABC NT Country Hour as well as Land Rights news. In February, the SFM Program supported the Annual Savanna Fire Forum (delivered virtually), bringing together carbon farming practitioners from across the NT, QLD and WA. This forum provided the opportunity for SFM project operators to share lessons and learn about innovative practices across northern Australia. Groups were able to connect again through a series of end of year fire meetings held at Timber Creek, Daly River and Borroloola. As part of these meetings, the Program facilitated fire planning and governance workshops. In December, the program developed a scope of work to create carbon project guides to assist Indigenous groups to develop their knowledge of the carbon industry, so that they can position themselves to maximise the benefits of projects for Country and community.

Carbon offset reporting for the previous period demonstrated that 2021 was a difficult year as Garawa, Western Top End and Tiwi were unable to reduce emissions below their baseline. Various external and internal factors influenced these outcomes including the global pandemic reducing the ability for groups to deliver extensive burning, seasonal variability, burn

plan tactics and late dry season wildfires impacting project areas. This is a significant loss for projects who are working towards building sustainable ongoing business. While carbon abatement is only one of many benefits of the program, positive ACCU generation can provide consistent income to project proponents. Funding through the SFM Program has proven crucial to support groups through this learning phase. In 2022, Project Operators and Proponents had an opportunity to reflect on the challenges of the 2021 fire season. At pre-season planning meetings, groups analysed their fire management history and introduced new strategies, building on lessons learned from the 2021 fire season. With improved accessibility to Country, groups extended their burn operations, using satellite data and post-burn assessments to identify weak points and manage wildfire risks by returning to reinforce firebreaks with follow up burning. Rangers on the Tiwi Islands noticed that their burn plans had previously focused on roadsides leaving large areas vulnerable to wildfire. As a result, Rangers used helicopters to break up areas into smaller sections in effort to prevent the extent of area impacted by late dry season fires. Similar tactics were used in the Garawa and Western Top End, with Rangers applying mapping training received through the program to identify residual risks in their burn plans. This process will take time to get right but it will assist groups to increase their business resilience in the face of dynamic fire seasons.



All project areas were faced with the challenge of early-onset fuel curing, reducing the opportunity to burn through the Early Dry Season. Project operators, Rangers and Traditional Owners continued to work together through the fire season to develop and refine strategic fire management tactics. In building this capacity, Rangers undertook an appreciable amount of training this year, including a number of nationally accredited fire units. Courses were often delivered regionally and on Country and involved units in Work Health and Safety, helicopter and ground burning, wildfire suppression, communications and satellite imagery for fire planning. The SFM Program has developed a 5-year strategy responding to recommendations made in the independent Program review conducted in 2021. The Strategy outlines clear future priorities for Program delivery. Priorities include developing culturally appropriate governance structures, co-benefit metrics for projects, consolidating projects through operations and facilitating the emergence of sustainable Indigenous-owned enterprise. The SFM Program is driven to support projects in achieving these outcomes with the annual work program and budget committed to improving communications, developing standardised metrics for projects, embedding strong governance and investigating two expressions of interest for new projects on the Waanyi ALT and Manggarayi/Southern Beswick ALTs.

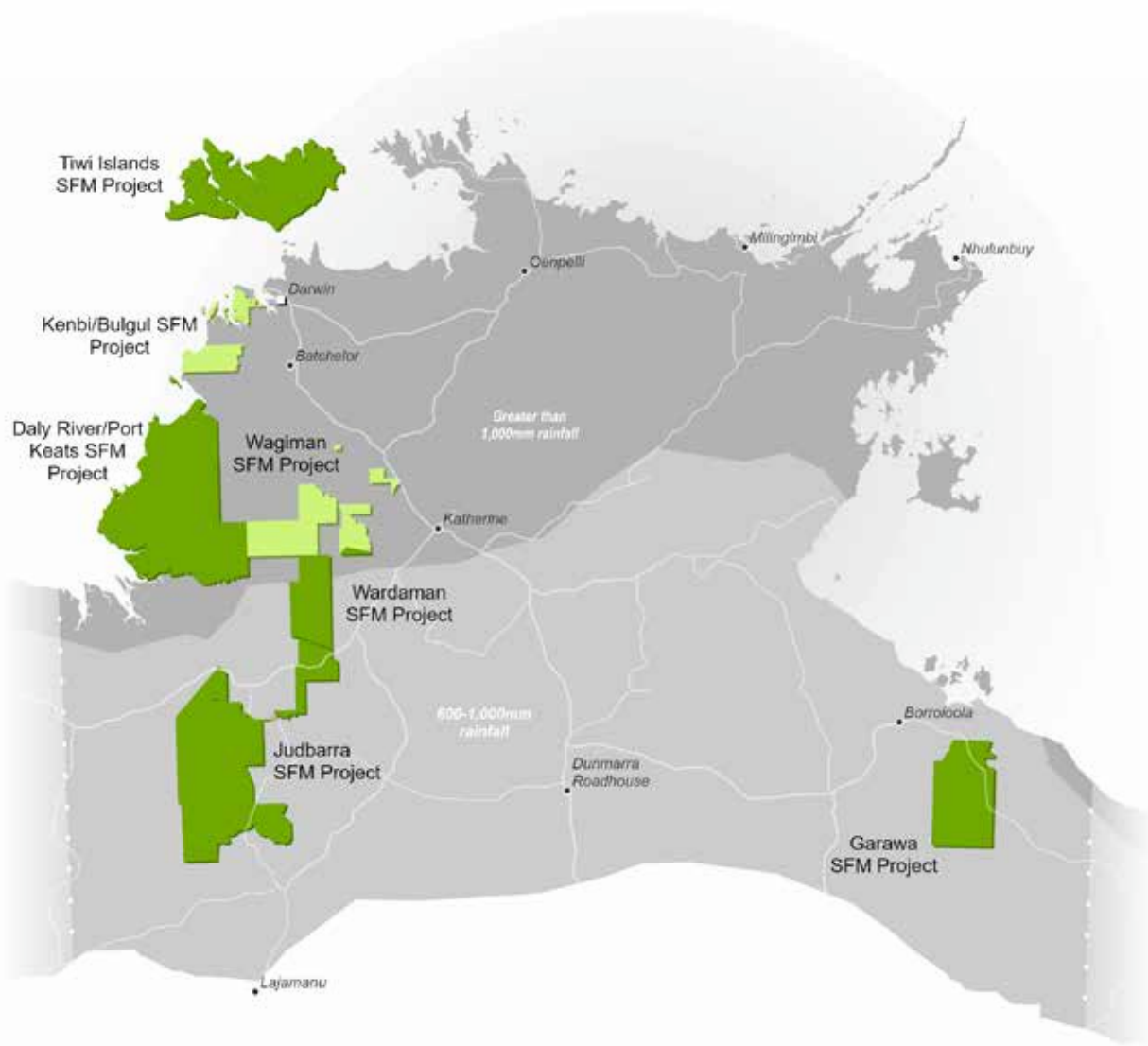
Savanna Fire Management Program

January 2023

Project areas of the Savanna Fire Management Program under a Phase 1 (Feasibility) and Phase 2 (Operational) agreement.

Northern Territory project areas by phase (ILSC January 2023)

-  Phase 1 project funding agreement (current)
-  Phase 2 project funding agreement (current)



By the numbers

39,000 KM²
LAND MANAGED UNDER THE
PROGRAM (PHASE 2 PROJECTS)
IN 2022

4 NEW CARBON PROJECT
COMMITTEES FORMED
TO GUIDE BUSINESS
DEVELOPMENT

40 INDIGENOUS PEOPLE
TRAINED IN FIRE/CARBON WORK

62 RANGERS
EMPLOYED
ON COUNTRY
(MIX OF F/T AND CASUAL)
IN 2022

6 INDIGENOUS RANGERS
COMPLETED NATIONALLY
ACCREDITED CORE FIRE UNITS

6 INDIGENOUS
ORGANISATIONS
DIRECTLY FUNDED
THROUGH THE PROGRAM
GENERATED FROM SFM
PROJECTS

12 INDIGENOUS
RANGER GROUPS
ENGAGED THROUGH
THE PROGRAM
IN 2022

244,141
TOTAL ACCUS
FROM SFM PROJECTS

56,608
ACCUS
GENERATED
IN 2022
(FROM 2021 YEAR)

Project Structure

PHASE 1 FUNDING AGREEMENTS

Phase 1 projects involve due diligence and business development including business planning, feasibility assessments for viable ACCU production, priority co-benefits and Clean Energy Regulator (CER) eligibility requirements. Additionally, funding agreements for Phase 1 projects support groups to build an understanding of the carbon industry and to develop their fire management capability. Phase 1 projects are hosted with a local Indigenous enterprise, or through an Indigenous business where a local organisation has not been established.

Extensive consultation is conducted with Traditional Owners prior to the execution of contracts and the appointment of a hosting organisation. For a project to move into Phase 2, they must be considered to be commercially viable with the potential to become a fully independent commercial enterprise within 5 to 7 years of commencement of savanna burning operations.

PHASE 2 FUNDING AGREEMENTS

If a Phase 1 SFM Project meets commercial viability requirements, the project is eligible to proceed to a Phase 2 project funding arrangement. At this stage projects can start to earn ACCUs after registration with the Clean Energy Regulator (CER). A Phase 2 Project Funding Agreement (PFA) can be negotiated for the SFM Program to fund savanna fire management operations involving fire management, planning, prescribed burning operations and late dry season bushfire suppression. Along with operational funding, Phase 2 PFAs support project offset reporting, Emissions Reduction Fund (ERF) audits and broader project development activities to establish sustainable Indigenous enterprise.



Community leaders coordinate fire management through multi-day meetings and camps.

The following table provides a summary of active SFM projects in 2022:

Phase	SFM Projects involved in the SFM Program over calendar year 2022
1	Wagiman Project - Northern Land Council - feasibility assessment completed; S19 Agreement consultations postponed to 2023
1	Kenbi/Bulgul Project - NAILSMA - ongoing feasibility investigations; scheduled for final outcome Q1 2023
2	Tiwi Islands Fire Project - Tiwi Resources - fifth year of operation as an SFM Project. Proponents are preparing to transition to independent project management
2	Garawa Fire Project - NAILSMA -with a service agreement to NLC - fourth year of operation as a CER registered Project
2	Daly River/Port Keats Land Trust Project / Western Top End Project - Thamarrurr Development Corporation - third year of operation as a CER registered Project
2	Judbarra Fire Project - ILSC - third year of operation as a CER registered Project
2	Wardaman - Northern Land Council - second year of operation as a CER registered Project

A DETAILED OUTLINE OF EACH SFM PROJECT FOLLOWS.





The Wagiman project provides the opportunity to share cultural knowledge between generations.



Phase 1 Projects

WAGIMAN PROJECT: PHASE 1

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

The Phase 1 Wagiman Fire Project is planned for the Upper Daly and Wagiman Aboriginal Land Trust (ALT), situated approximately 2 hours south of Darwin, near Pine Creek. The Project Funding Agreement (PFA) for Wagiman was executed in December 2020 with the NLC as project proponent and operator. The Wagiman Project has one more stage to complete before being eligible for Phase 2 negotiations. Following the delivery the carbon feasibility report, the NLC are required to conduct consultations with Traditional Owners to gain consent for the abatement project to operate over the ALT. Consultations were cancelled in 2022 due to COVID-19 and community Sorry Business. The NLC have rescheduled consultations to February 2023. Wagiman Rangers have been working closely with their community, neighbouring Ranger groups and land managers to establish a sustainable fire regime and are determined to work towards developing a Phase 2 project as early as possible.

KENBI-BULGUL PROJECT: PHASE 1

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

A Phase 1 Project Funding Arrangement commenced for the Kenbi - Bulgul Project in December 2020 with NAILSMA as project proponent. The Project proposes to establish a carbon project on the Kenbi Aboriginal Land trust and Delissavale/Wagait/Larrakia Aboriginal Land Trust. The ILSC granted an extension for Phase 1 actions to be delivered over 2022, including the exploration of long-term business feasibility based on ACCU generation within individual ALTs. NAILSMA have assessed these options and inform that complex fire management is required to ensure long-term project viability due to the proximity of the project areas to the peri-urban environment. The host organisation indicates that this project will be terminated in Q1 2023, with final consultations with Kenbi and Bulgul Traditional Owners occurring over this period.

Phase 2 Projects

WARDAMAN PROJECT: PHASE 2

Land Management Group:

- Wardaman Rangers hosted by Northern Land Council

Ranger Participation: 8 Wardaman Rangers and 7 casuals involved in the SFM Project

Training Received: 8 Wardaman Rangers completing nationally accredited units including Aerial Incendiary Machine Operation, Safety around Helicopters, Prevent Injury, Assist with Prescribed Burning, Respond to Wildfire Prepare, Test and Maintain Response Equipment.

Additional Activities: The Wardaman Project (ERF 170671) is in its second year of savanna burn operations delivered by the Wardaman Ranger group on the Menggen and Yibulyawun ALTs. Since registration with the CER in December 2021, the Wardaman Project has successfully introduced strategic fire management over two fire seasons across the Land Trusts of which contain many sacred sites and areas of significance. All fire planning is completed with reference to maps of areas of significance and biodiversity features. In 2022 two Wardaman Traditional Owners accompanied Rangers to provide oversight of aerial incendiary ignition over their Country. In addition to consultation with Traditional Owners, Rangers engaged with neighbouring properties to establish relationships for shared boundary fire management. The early dry season was challenging for Rangers as Above Normal fire potential in the region led to rapid curing of vegetation. Before all prescribed burn operations were completed, a wildfire entered the Menggen Land Trust. Rangers campaigned for 12 hours to suppress the fire, supported by neighbours and a Fire Management Operations Support Officer employed through the NLC to support SFM Projects.

Wardaman Rangers continued to develop their savanna fire management capability over the year, with 8 Rangers completing nationally accredited fire management units. In addition to these fire units, Northern Australia Fire Information (NAFI) training was conducted in Katherine at the Jawoyn offices, providing an opportunity for Wardaman Rangers to network with Rangers from external carbon projects.

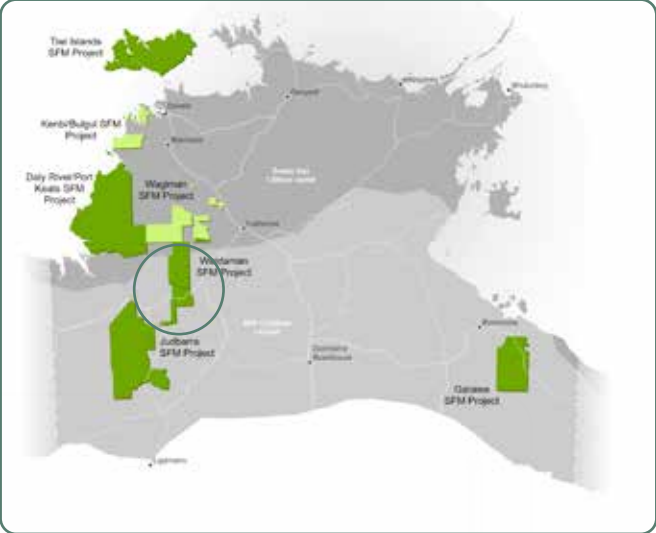


Top Left and Right: Aerial burning can be used to manage fire in remote areas where roads don't exist.

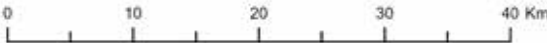
Bottom: Wardaman Ranger Timothy Allyson and Northern Land Council Fire Officer, Grant Hamilton, taking a break from ground burning with backpack leaf blowers on the remote Menggen Aboriginal Land Trust (ALT).



Wardaman Project Early Dry Season and Late Dry Season Fire Scars 2022



Wardaman SFM Project (ERF170671)



JUDBARRA NATIONAL PARK PROJECT – NAILSMA: PHASE 2

Land Management Groups:

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

Ranger Participation:

- 10 Rangers & Traditional Owners

Training Received: 8 Wardaman Rangers completed nationally accredited fire units as mentioned under Wardaman Project Phase 2.

Additional Activities:

- Appointment of Fire Committee to oversee governance and business planning.
- Rangers participated in NAFI satellite imagery toolbox training in Katherine.

The Judbarra Project operates within ALTs leased to the Northern Territory Government as a National Park and managed through joint management arrangements with Traditional Owners. The Judbarra Project (ERF161545) was registered with the CER by the ILSC on behalf of the Traditional Owners in December 2020.

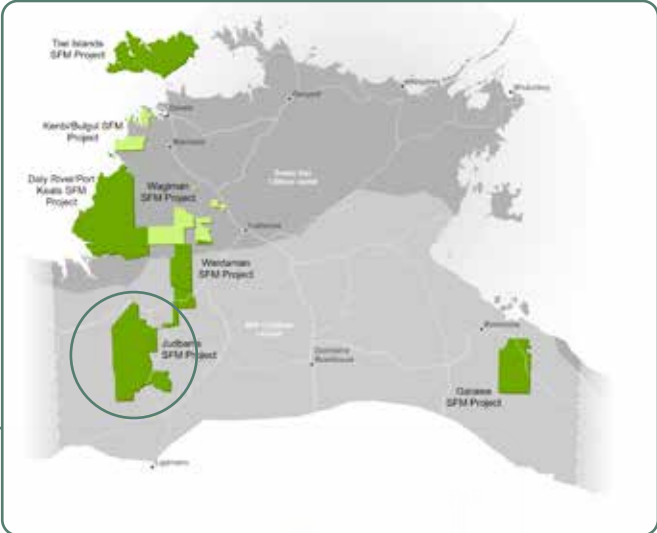
A focus of this project over 2022 was to establish a long-term legal and operational framework to enable the carbon commercial enterprise to operate within the scope of the Territory Parks and Wildlife Conservation Act (1976). In June, the Judbarra Joint Management Committee (JMC) met for the first time after 2 years of COVID-19 restrictions. This meeting provided an opportunity to progress decisions through consultation with Traditional Owners and identify remaining requirements to create a complete authorising environment for the project. In August, By-Law 16 of the Territory Parks and Wildlife Conservation Act (1976) was drafted and authorised by the Central Land Council (CLC), Northern Land Council (NLC) and Northern Territory Parks and Wildlife Commission. This subordinate legislation was gazetted in November 2022, enabling savanna burning within the National Park to be delivered by the registered project operator for the purposes of a carbon emissions reduction project. This is significant achievement for the project and provides precedence for the establishment of future carbon enterprise established within jointly managed National Parks in the Northern Territory.

The Judbarra Project passed its first audit by the Clean Energy Regulator in July. The Project is in final stages of registration with the CER as it is currently conditionally approved. After registration is complete, the CER can distribute ACCUS generated in 2020 and 2021. Project operations were restricted this year due to the flow on effects of COVID-19 and as a result, less early dry season burning was achieved than had been planned. Despite these challenges, the ILSC and Project Operator, NAILSMA, have worked closely in 2022 to ensure that a strong governance framework is established to deliver fire management operations into the future. One of the results of this collaboration has been the establishment of a JMC Fire Subcommittee, containing representative landholder groups, to provide project oversight of annual fire management plans and business entity development.

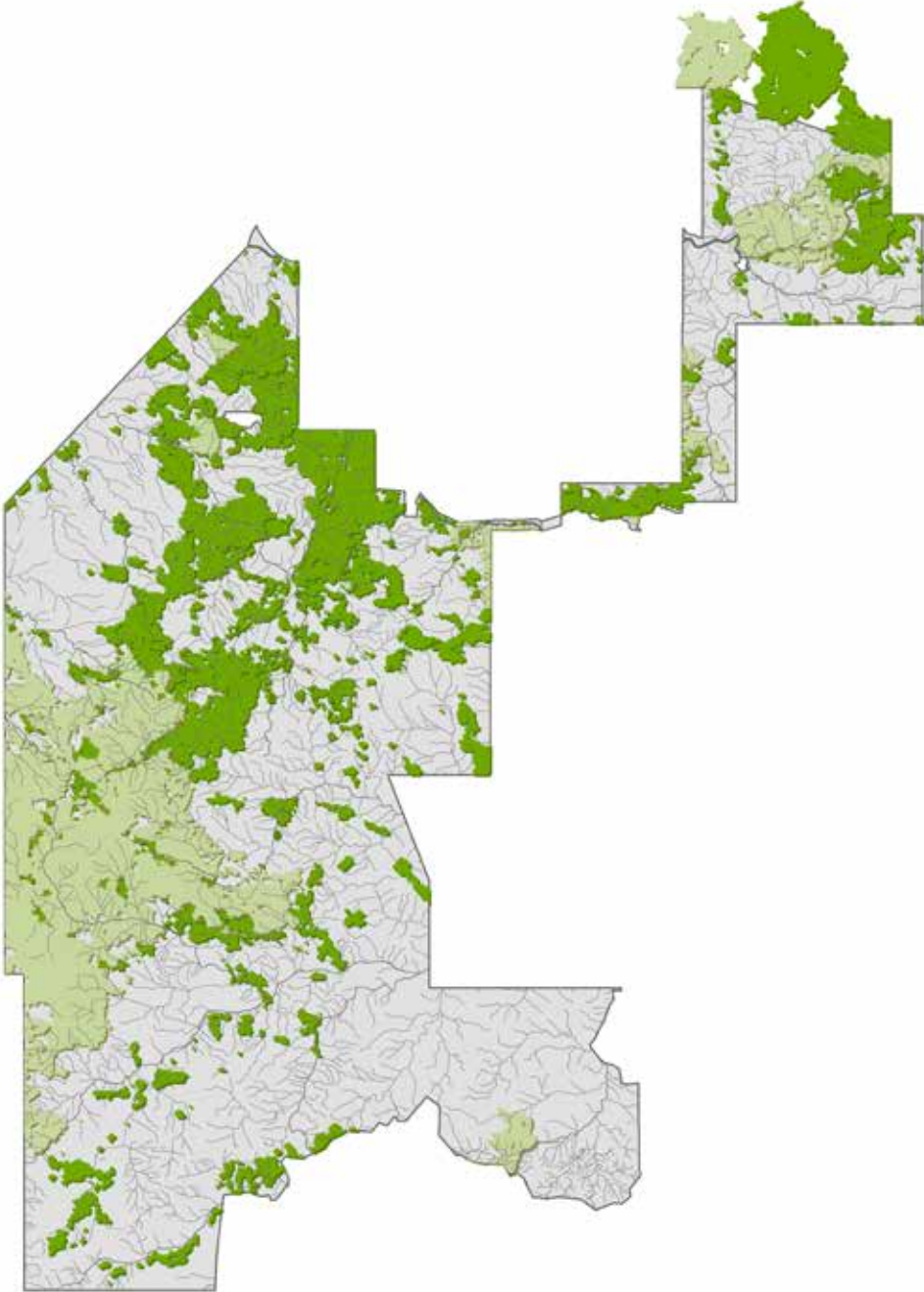


Collaboration is key to the success of the Judbarra Fire Project delivered within a National Park managed through Joint Management arrangement with Traditional Owners and the Northern Territory Government.

Judbarra Project Early Dry Season and Late Dry Season Fire Scars 2022



Judbarra SFM Project (ERF161545)



2022 fire scars by season (NAFI 2023)
Early dry season
Late dry season

WESTERN TOP END SFM PROJECT: PHASE 2

Land Management Group:

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

Ranger Participation:

- 32 Rangers are employed on a casual basis between March and July

Training Recieved:

- 6 Rangers completed NAFI satellite imagery training

Additional Activities: Development of a Gamba Grass Action Plan and Threatened Species Plan.

The Western Top End (WTE) Fire Project (ERF160973) operates on the Daly River Port Keats Aboriginal Land Trust and was registered with the CER by Tharmarrur Development Corporation (TDC) in December 2020. The Project commenced a Phase 2 Funding Agreement in April 2020. TDC lead project delivery through a sub-contracted agreement with the land management groups.

In it's third year of operation, the Western Top End project is demonstrating sustained capability to coordinate and conduct large-scale fire management operations within the expansive and remote land trust. In 2022 the WTE Project have achieved key operational milestones including passing their first Emissions Reduction Fund (ERF) audit. Each year, the Project brings Ranger groups together to deliver a series of mosaic burns along roads, sacred sites and around community infrastructure. Through adaptive management, the project operator is incorporating new methods to increase the efficacy of fire management operations. Coordinators have used new fine-scale satellite imagery technology to assess operational outcomes and identify residual fire risk. The TDC have developed a Gamba Grass Action Plan for the Port Keats ALT, proactively getting ahead of incursions. Additioinally, The group are working to improve environmental management through the development of a Threatened Species Plan.

One of the key objectives of the Project Service Agreement is to establish a project advisory committee consisting of custodians representing language groups to oversee fire management and drive the development of an independent carbon enterprise. Over the last 12 months a series of consultations were held with representative language groups to discuss governance arrangements for the project, culminating in a decision in August to establish a project subcommittee for the purpose of achieving this goal. The TDC have engaged a consultant to identify a governance structure and business model for the subcommittee to explore.

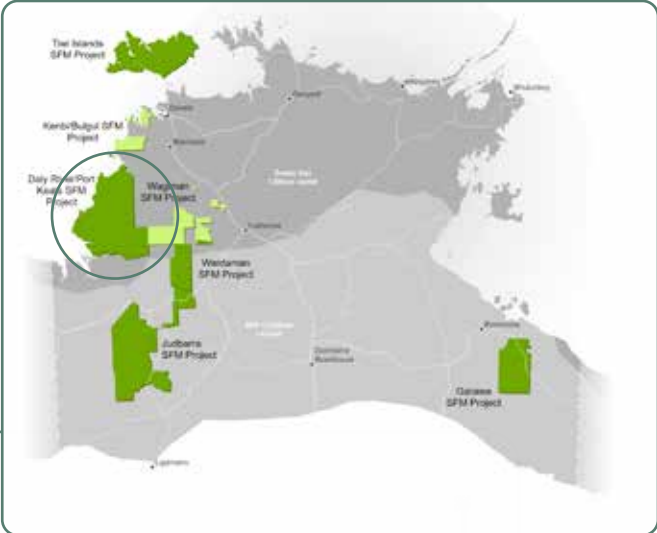


Fire plans are developed with Traditional Owners, providing knowledge and oversight of burn operations.

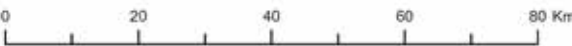
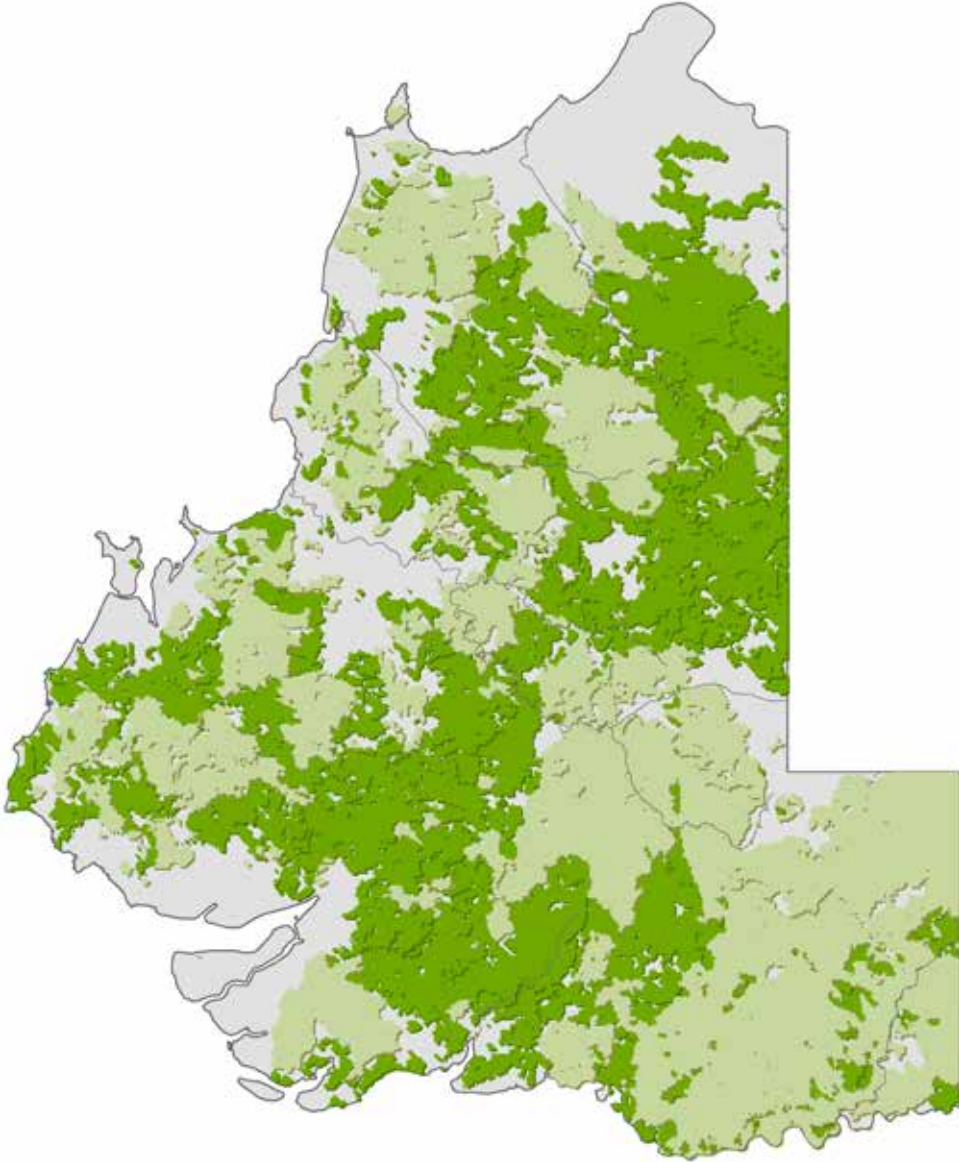


Thammarrur Ranger Stephen Dumoo developing a strategic firebreak from the road into Kultchill in the Western Top End.

Western Top End SFM Project Fire Scars 2022



Western Top End SFM Project (ERF160973)



GARAWA FIRE PROJECT: PHASE 2

Land Management Group:

- Garawa Rangers hosted by Northern Land Council

Ranger Participation:

- 6 casual Rangers and 7 FTE Garawa Rangers involved in SFM project delivery

Training Received:

- 20 Garawa Traditional Owners attended an information session on 'understanding carbon business'
- 5 Garawa Rangers completed training in Bush Mechanics, 4WD and CPR

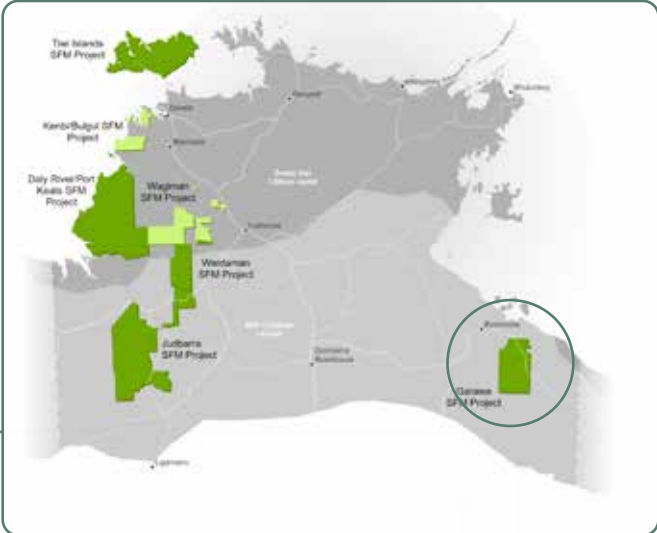
Additional Activities:

8 Traditional Owners participated in aerial and ground burning with Garawa Rangers.

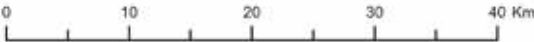
The Garawa fire project operates within the Garawa Indigenous Protected Area (IPA). The IPA Committee provides a Traditional Owner governing body to provide oversight of project delivery. However, a key aspiration of this project is to establish a separate governing body to focus on carbon business development. In 2022, a significant step was made in achieving this aspiration, with the nomination of a Fire Project Committee to represent landowner interests. Since establishment, the Fire Project Committee have participated in business development workshops in effort to build their capability to develop a sustainable and independent business.



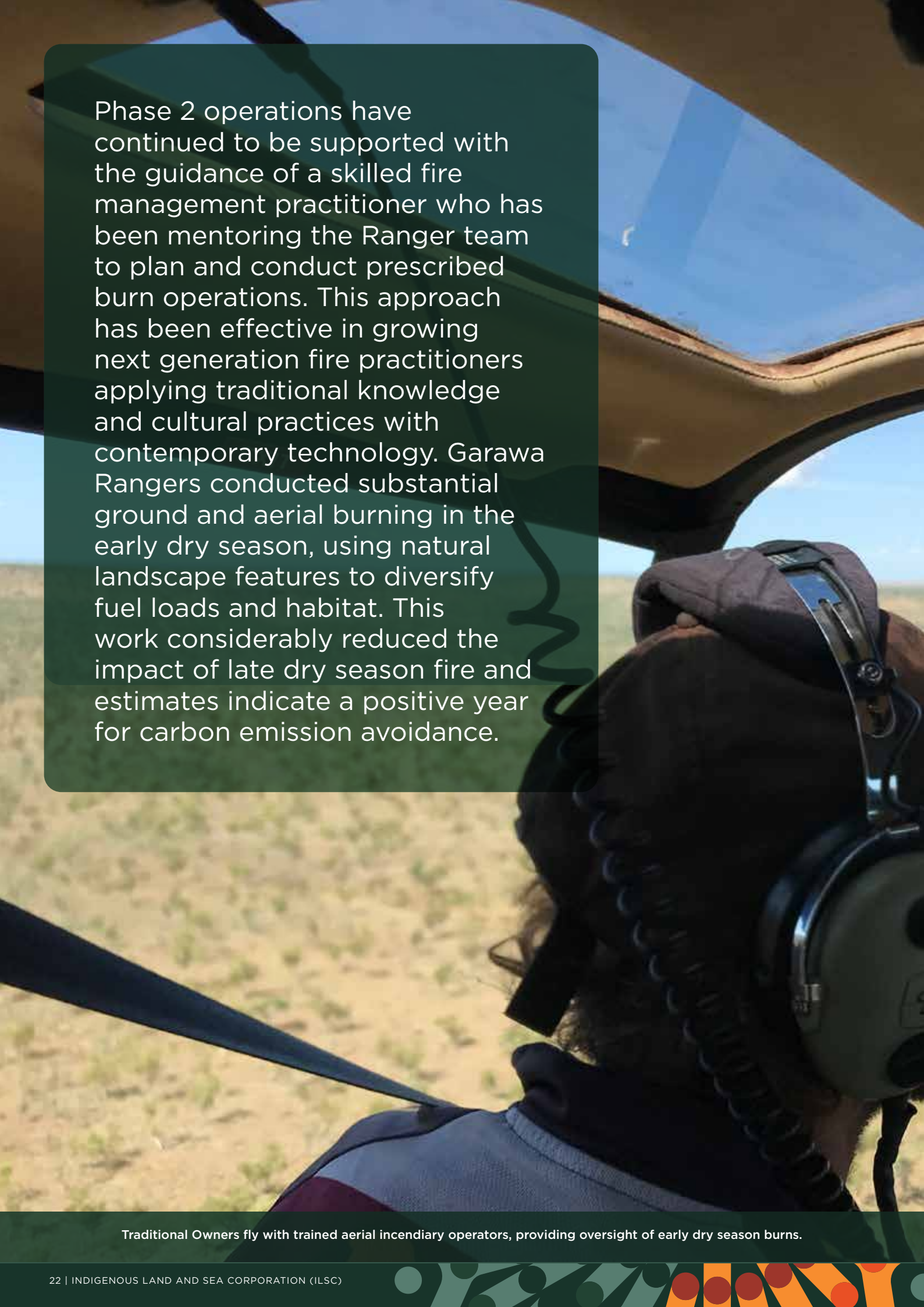
ILSC delivering workshops on carbon enterprise development at a Garawa fire planning meeting in Borroloola.



Garawa SFM Project (ERF130950)



2022 fire scars by season (NAFI 2023)
■ Early dry season
■ Late dry season



Phase 2 operations have continued to be supported with the guidance of a skilled fire management practitioner who has been mentoring the Ranger team to plan and conduct prescribed burn operations. This approach has been effective in growing next generation fire practitioners applying traditional knowledge and cultural practices with contemporary technology. Garawa Rangers conducted substantial ground and aerial burning in the early dry season, using natural landscape features to diversify fuel loads and habitat. This work considerably reduced the impact of late dry season fire and estimates indicate a positive year for carbon emission avoidance.

Traditional Owners fly with trained aerial incendiary operators, providing oversight of early dry season burns.



“

"Late season fires do a lot of damage, burn everything - bush tucker, more smoke, leave the trees naked, kill everything"

- Uriah Crocombe - Thamarrurr Ranger

TIWI ISLANDS PROJECT: PHASE 2

Land Management Group:

- Tiwi Rangers hosed by Tiwi Resource Corporation

Ranger Participation:

- Four Tiwi Rangers employed including a Tiwi Ranger Coordinator

Training Received:

- Fire Committee received 3 governance and business development training workshops delivered by Tamarind Consultants.
- Four Tiwi Land Rangers completed training in NAFI satellite imagery at CDU Casuarina campus.

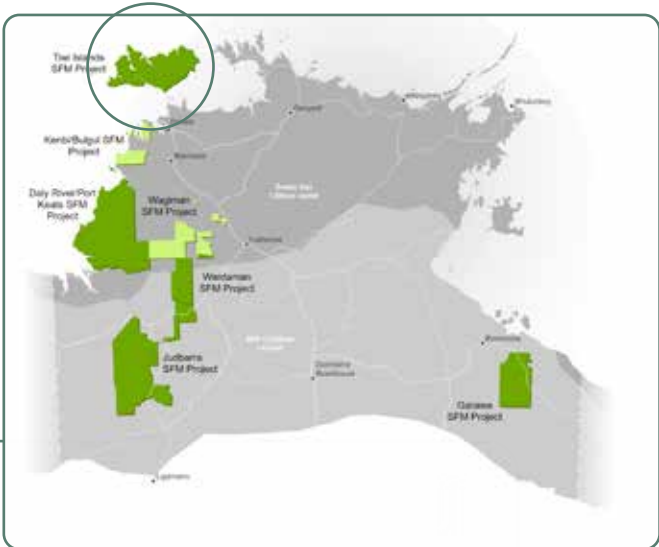
Additional Activities:

- Delivery of a multi-day Annual Tiwi Fire Roadshow
- Installation of fire danger roadside signage
- Small mammal monitoring program
- Appointment of the Tiwi carbon project governance committee

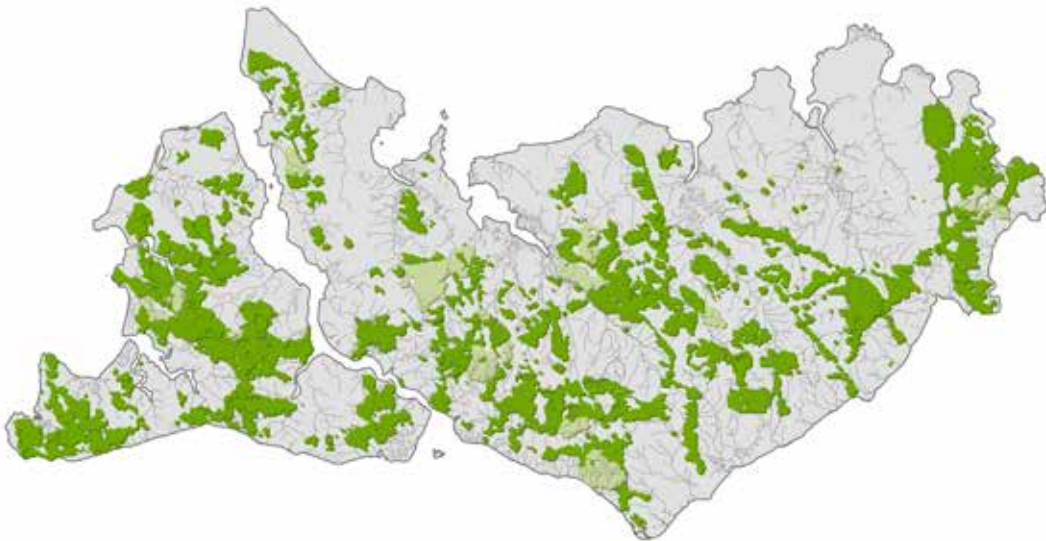
The Tiwi Project is progressing towards their long-term Phase 2 project goals and have experienced a successful carbon abatement year. An important priority for the project is to establish an independent business with capacity to undertake offset reporting and navigate carbon trading. Early in 2022, project partners met in Wurrumiyanga to establish a new Fire Project Committee, representing each of the 8 Tiwi Landowner groups. The newly formed Committee are tasked with overseeing the transition from SFM Program funding to business independence. Tiwi Resources have engaged carbon business consultants to work with the group to develop a business plan and a marketing prospectus. Importantly, consultants will assist the group to communicate the environmental, economic, and social co-benefits that savanna burning brings to the community.

Over a number of years Tiwi Land Rangers have collaborated with scientists from Charles Darwin University to monitor the interaction between savanna fire regimes and threatened mammal populations, including the brush-tailed rabbit-rat. This research is assisting fire managers to plan out fire regimes based on the niche requirements of different species on the Islands. Monitoring work continues to provide an opportunity for additional community members to work alongside Rangers through casual contracts.

Community engagement has developed into an important aspect of the Tiwi Project with Rangers delivering an Annual Fire Roadshow. The event is delivered over a number of days, covering both Islands and involves primary school children through to Elders. As part of the roadshow Rangers bring along large maps detailing their fire plans for the year, allowing for group discussion and consultation. Promotional material is distributed, to raise awareness of the benefits of early, cool burning, and problems caused by late dry season hot fires. Following the Fire Roadshow, Rangers installed 'Stop Burning' and 'Start Burning' signs in high-visibility locations. This infrastructure adapts the national Australian Fire Danger Rating System messaging, informing community about fire danger risk.



Tiwi Islands SFM Project (ERF105045)



2022 fire scars by season (NAFI 2023)
 Early dry season
 Late dry season



Tiwi Ranger Derek Puruntatameri reviewing burn scars developed by using landscape features and the road network on Melville Island



Rangers have installed adjustable 'Stop' burning signs to encourage responsible use of fire on Tiwi Islands



ACCUs generated by SFM Program Operators

As per CER regulations, ACCUs are not credited to Projects until they have passed an initial Project audit. Tiwi Resources have been issued ACCUs for reporting periods 2018-2021. Garawa, and Judbarra projects have passed initial CER audits and have provisional estimated ACCUs awaiting distribution from the CER through to project proponent accounts. The Western Top End Project has received ACCUs for their first reporting period, 2020. These ACCUs are now ready for distribution to INPEX. The Wardaman Project will submit their first offset reports for 2021-2022, upon availability of 2022 abatement calculations in Savbat. Data for the 2022 reporting period is anticipated for release in March 2023.



Wardaman and Wagiman Rangers participated in nationally accredited aerial bombardier training at the Menggen ALT.

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"Lots of early fires here and there and all over. When its dry in the dry season that fire will come and stop here, won't spread everywhere. Slow down late fires when they come".

- Cariss Jones, Thamarrurr Ranger

Table 1. ACCUs generated by SFM Projects under Phase 2 Project Funding Agreements

Project	Total ACCUs 2018	Total ACCUs 2019	Total ACCUs 2020	Total ACCUs 2021	Proportion attributed to SFM Funding	Number of ACCUs transferable to INPEX
Tiwi	42,250	13,429	44,269	Zero ACCUs generated	63.61% /2018) 88.48% (2019) 66.90% (2020)	68,372
Garawa	N/A	2,726	7,778	Zero ACCUs generated	69.8% (2019) 73.2% (2020)	7,694
Western Top End	N/A	N/A	33,823	Zero ACCUs generated	81.90% (2020)	27,691
Judbarra	N/A	N/A	40,837	56,608	TBC	TBC
TOTAL						103,757

Tiwi - The Tiwi SFM Project is up-to-date with abatement reporting and crediting. Tiwi Resource Corporation has received all ACCUs generated since 2018 and have transferred proportional allocations to INPEX.

Garawa - The CER awarded ACCUs generated between 2019-2020 to proponent, NAILSMA. Proportional allocations to INPEX are planned for transfer in Q1 2023.

Western Top End - The CER has awarded ACCUs generated for 2020 to proponent Thamarrurr Development Corporation (TDC). The TDC will be transferring INPEX allocations in Q1 2023.

Judbarra - The Judbarra Project is conditionally registered with the CER and has passed its first audit in July 2022. As all conditions for project registration have been met, the ILSC has applied to the CER to change the project status from registration 'conditional' to registration 'complete'. When this status is updated, the CER can award ACCUs for the periods 2020-2021 and proportional allocations can be transferred to INPEX.

2021 - Judbarra was the only SFM Project to produce ACCUs in 2021 with Garawa, Tiwi and Western Top End exceeding their baseline emissions. Discussion around this issue is outlined in this report under 'Summary of Savanna Fire Management Program Manager Activities in 2022'.

SFM Program Financial Summary 2022

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

Table 2. SFM Program Financial Summary 2022

INCOME			
Q1 SFM Payment	\$673,260	\$673,260	\$ -
Q2 SFM Payment	\$673,260	\$673,260	\$ -
Q3 SFM Payment	\$673,260	\$673,260	\$ -
Q4 SFM Payment	\$673,260	\$673,260	\$ -
Total Payments 2022	\$2,693,040	\$2,693,040	\$ -
Balance held by SFM Program (1 Jan 2020)	\$535,943	\$535,943	\$ -
TOTAL INCOME	\$3,228,943	\$3,228,943	\$ -

EXPENSES			
	BUDGET	YTD ACTUAL	VARIANCE
PHASE 2 PFAs	\$2,234,76	\$2,212,268	\$22,495
Judbarra Phase 2	\$358,951	\$746,2430	-\$387,479
NAILSMA Garawa	\$247,890	\$267,890	-\$20,000
Wardaman Menggen	\$189,000	\$160,000	\$29,000
Thamarrurr Development Corporation	\$500,000	\$500,000	-
Wagiman (NLC)	\$250,000	-	\$250,000
Tiwi Resources	\$688,922	\$537,948	\$150,974
PHASE 1 PFAs	\$29,000	\$54,000	-\$25,000
Kenbi/Bulgul (NAILSMA)	\$15,000	-	\$15,000
Wagiman (NLC)	\$14,000	\$54,000	-\$40,000
Third Party Service Providers	\$350,000	\$58,963	\$291,037
SFM Project Direct Costs	\$453,000	\$226,897	\$226,103
Staff Salaries & On costs	\$350,000	\$135,102	\$214,898
Office- Accommodation & Expenses	\$47,000	\$55,371	\$8,371
IT and comms equip	\$2,000	\$1,689	\$311
Conferences and meetings	\$3,000	\$2,394	\$606
Vehicle Running Costs	\$7,000	\$5,348	\$1,652
Fuel	\$6,000	\$1,412	\$4,588
Travel	\$30,000	\$21,191	\$8,809
Staff - Corporate Training	\$3,000	-	\$3,000
Marketing & Comms	\$5,000	\$4,390	\$610
ILSC Overhead Costs (fixed)	\$162,220	\$162,220	-
TOTAL EXPENSES	\$3,228,983	\$2,717,348	\$514,635



Traditional Owners involved in helicopter burning facilitate culturally appropriate fire practices.

Summary of Variance from 2022 Budget

Several stakeholder meetings were cancelled in 2022 due to COVID-19 outbreaks and Sorry Business. Following 5 years of successful Program delivery, ILSC Program resourcing was reduced this year due to staff changeover and delays in recruitment with impacts from the current national labour shortage. Overall expenditure was close to the amended 2022 budget and funds were able to be drawn down from the balance held by the SFM Program. The following details any significant variance in expenditure against the budget:

- a) SFM direct costs and wages were underspent due to delays in recruitment of ILSC SFM staff based in Darwin.
- b) Both the Judbarra Project and Garawa Project were overspent due to an error in the 2022 budget. All expenditure in 2022 relates to the Judbarra Phase 2 Project Schedule within the executed contract between the ILSC and NAILSMA.
- c) Wagiman Phase 1 requires s19 land-use consultations with NLC as the final activity. This was scheduled for June and again in November and is postponed to Q1 2023.
- d) Third party service contracts were delayed in 2022 due to delays in ILSC SFM Program recruitment. Initiatives have been rolled over to the 2022 workplan. A contract was drafted for provision of NAFI training and satellite imagery services for 2023 in Q4. Further, a Request For Quote has been submitted to vendors for the development of communications material (carbon project) to be awarded in Q1 2023.
- e) Travel, fuel and vehicle running costs were underspent due to a lower level of staff travel to remote areas due to ongoing COVID-19 outbreaks, community mourning and reduced staffing capacity.
- f) The Tiwi Project are underspent due to a delay in submission of their final 2022 Milestone Report.

Performance Evaluation of the SFM Program

Table 3. Performance evaluation of the Principles of the SFM Program.

SFM Program Principles	Notes	Evaluation
Avoiding negative reputational risk to key stakeholders and maximising the potential to reflect positively on the reputations of all stakeholders	The SFM Communications Plan has provided guidance for managing reputational risk, outlining roles and responsibilities of project partners in identifying, triaging, and managing any perceived reputational risk that has arisen in 2022. Projects continue to attract positive attention, with the Wardaman project featuring on the prominent ABC NT Country Hour and featuring in Land Rights news.	Good
Supporting and enabling the development of sustainable, viable Indigenous enterprises and the delivery of economic, environmental, social, and cultural benefits for Indigenous people	All Phase 2 Projects have implemented the Savanna Fire Management methodology delivering important globally recognised outcomes in sustainable development. Project operators undertake fire management planning and prescribed burning with oversight from Traditional Owners. The Program has brought opportunity to train and mentor future land managers, create jobs, and support regional economies.	Excellent
Providing business and employment opportunities for Indigenous people via SFM Project Operators	<p>Significant employment opportunities for Indigenous Rangers were created by the Program across the Projects including:</p> <ul style="list-style-type: none"> • Western Top End - In 2022 there were 32 casual fire rangers employed to deliver fire operations in July 2022. A further 6 Rangers participate in the SFM Program and are employed on a permanent basis through separate funding. • Garawa - Casual ranger employment has increased dramatically, with 8 casual employees engaged to deliver fire management activities and a further 8 full-time Garawa Rangers employed through separate funding supporting SFM actions on the ALT. • Wardaman - there are 8 Wardaman Rangers and 7 casuals involved in the SFM Project. • Tiwi - 4 Full-time Tiwi Rangers including a Tiwi Ranger Coordinator. • 10 Casual Rangers on the Judbarra Project <p>Four business development focused governance committees were established in 2022 for the Tiwi, Garawa, Western Top End and Judbarra Projects. Committee members have had opportunity to receive training and workshops in carbon business development.</p>	Excellent

<p>Promoting the use of sound land and environmental practices</p>	<p>Through application of savanna burning, all operational projects use environmental data to plan fire regimes that promote biodiversity outcomes. The Western Top End Group are working to develop a Threatened Species and Healthy Country Plan. These documents will help Rangers prioritise outcomes for vulnerable to critically endangered species found within the project area. With continued participation of the Tiwi Land Rangers in small mammal research, the Tiwi Project has gained insight into threatened species populations and how their fire management can promote their conservation.</p>	<p>Good</p>
<p>Spreading community and social benefits of the Ichthys Project beyond Darwin into regional areas of the Northern Territory</p>	<p>The SFM Program has brought social and community benefits to the regions in which they operate including sharing of traditional knowledge around fire practices and neighbour meetings to discuss fire planning. The Wardaman Rangers conducted a series of meetings with neighbouring Ranger groups, Traditional Owners and pastoralists building cooperation around cross-boundary fire management. Community members of all ages are involved in Tiwi fire planning through the Tiwi Fire Management Roadshow. As part of this event Tiwi Rangers travel around communities showcasing their plans, fire safety and healthy country messaging. Roadside signage infrastructure has been installed across both Islands to improve fire danger awareness and encourage responsible fire management. The Judbarra Project have purchased a 3D model of the project area to be used as a community engagement and fire planning tool. The model can be used to look at terrain, weather, community infrastructure and factors influencing the behaviour of fire. The Garawa project has brought together landowners to plan infrastructure development for On Country Camps and fire management.</p>	<p>Good</p>
<p>Developing the capacity of Indigenous groups and SFM Project Operators; Enhancing the skills and knowledge of all stakeholders in carbon management, including carbon policy and implementation of practical carbon farming projects</p>	<p>Rangers involved in the SFM Project completed a substantial amount of national accredited training to build capacity of their teams to deliver strategic savanna fire management. Additionally, SFM Projects have made great progress this year in developing the governance capacity of Indigenous groups involved in the Program. This includes:</p> <ul style="list-style-type: none"> • Six Western Top End Rangers completed NAFI satellite training. • Approximately 20 Garawa Traditional Owners received carbon business development workshop sessions delivered by the ILSC and NAILSMA. • Representatives from each Tiwi language group have participated in a series of governance and carbon enterprise development workshops delivered by an external consultant. These workshops involved topics on climate change, the carbon market and ACCU Scheme. • 8 Wardaman Rangers completing nationally accredited units including Aerial Incendiary Machine Operation, Safety around Helicopters, Prevent Injury, Assist with Prescribed Burning, Respond to Wildfire and Prepare, Test and Maintain Response Equipment. • 5 Garawa Rangers and 6 Wardaman Rangers undertook Bus Mechanics, 4WD and CPR training. 	<p>Excellent</p>

<p>Minimising, managing and mitigating all relevant risks appropriately, particularly workplace health and safety risks</p>	<p>All staff involved in fire management operations are employed through the Northern Land Council, Central Land Council, Tiwi Resource Corporation, Thamarrurr Development Corporation and North Australian Indigenous Land and Sea Management Alliance. These organisations have comprehensive Work Health and Safety (WHS) policy and procedures and systems to support their implementation. Policies at the NLC are updated every 2 years as a response to changes in legislation and immediate actions are taken place to manage any raised incidents. All operational partner agencies record incidents through online reporting tools.</p> <p>Across the projects, fire management equipment and Ranger bases are inspected on an annual basis and equipment is inspected before each use, with safety reports submitted to relevant managers.</p> <p>SFM Program staff travel to remote field locations to facilitate and participate in project meetings. The ILSC have rigorous WHS practices, and all staff are required to have currency in Remote First Aid and Operate Vehicles in the Field.</p> <p>Through SFM Phase 1 and Phase 2 project delivery, operators are required to undertake a project risk assessment to identify and manage identified hazards and risks.</p> <p>One WHS incident occurred during delivery of the SFM Program in 2022. This incident was incurred through a service provider (project operator) and managed in-line with their WHS policy.</p>	<p>Excellent</p>
<p>Protection of Indigenous cultural and heritage sites</p>	<p>Senior Traditional Owners are consulted on their priorities for burning, incorporating culturally significant and environmentally sensitive sites into project fire management plans. An appropriate person accompanies Rangers to oversee burn operations on ground or by helicopter. Mapping data is used to support this process, allowing groups to visualise fire hazards and risks that may impact these significant sites.</p>	<p>Excellent</p>
<p>Protection of Indigenous cultural and heritage sites</p>	<p>Through the fire planning meetings held before EDS burning senior Traditional Owners are consulted on their priorities for burning, incorporating culturally and environmentally sensitive sites into their fire planning. These priorities are translated into the burning program to ensure that sensitive areas are protected from destructive fires, and the appropriate person is conducting the burn.</p>	<p>Excellent</p>
<p>(i) generating ACCUs; and avoiding emissions and thereby having a positive impact on climate change mitigation</p>	<p>Five SFM Projects are delivering savanna fire management under a CER registered methodology. All operational SFM Projects delivered early burning operations in 2022 in effort to avoid GHG emissions, with the exception of Judbarra. Total ACCU generation for 2022 will be estimated upon release of data available for carbon accounting in March 2023.</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.





Inside cover: Aerial Tiwi Island burning.

Backcover image: Wardaman Rangers analyse fire history derived from satellites to develop burn plans.





Australian Government
Indigenous Land and Sea Corporation



The ILSC GROUP

PEOPLE. COUNTRY. OPPORTUNITY.



**Western Division
(WA)**

Level 20, 140 St Georges Terrace
 Perth WA 6000

PO Box 7502 Cloisters Square
 Perth WA 6850

T (08) 9420 6300

E westernoffice@ilsc.gov.au

**Central Division
(SA, VIC, TAS, NT)**

Level 7, 70 Franklin Street,
 Adelaide SA 5000

GPO Box 652
 Adelaide SA 5001

T (08) 8100 7102

E centraloffice@ilsc.gov.au

**Eastern Division
(QLD, NSW, ACT)**

Level 18, 100 Creek Street
 Brisbane QLD 4000

GPO Box 5212
 Brisbane QLD 4001

T (07) 3854 4600

E easternoffice@ilsc.gov.au



www.ilsc.gov.au
FREECALL 1800 818 490