

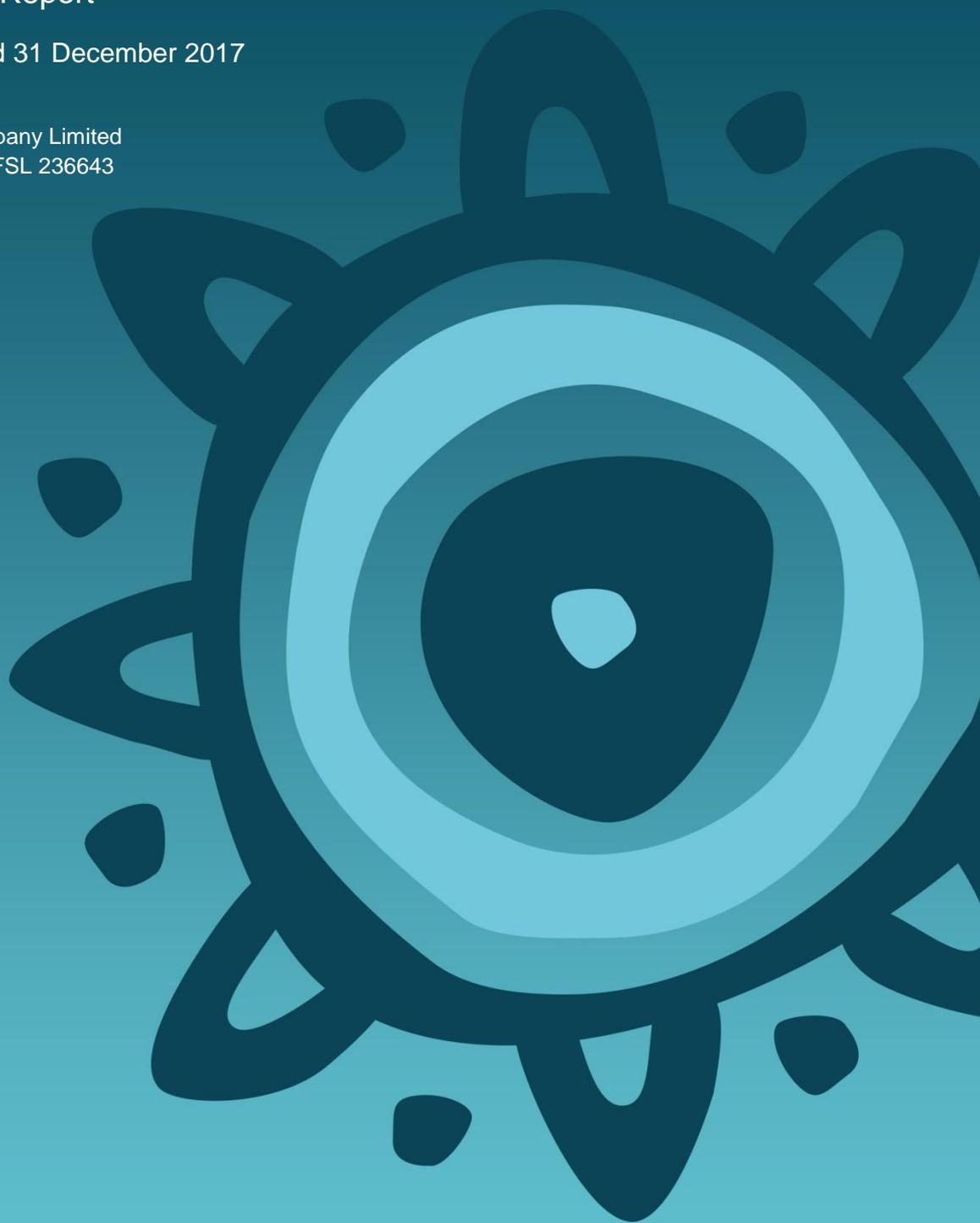
Perpetual Private

# SAVANNA FIRE MANAGEMENT TRUST

Trustees Annual Report

For The Year Ended 31 December 2017

Perpetual Trustee Company Limited  
ABN 42 000 001 007 AFSL 236643



Perpetual 



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Perpetual Private is a business unit within Perpetual Ltd. Advice and services are provided by Perpetual Trustee Company Limited (PTCo), ABN 42 000 001 007, AFSL 236643. This document has been prepared by PTCo.

The information is believed to be accurate at the time of compilation and is provided by PTCo in good faith. However, the statements including assumptions and conclusions are not intended to be a comprehensive statement of relevant practice or law that is often complex and can change. To the extent permitted by law, no liability is accepted for any loss or damage as a result of any reliance on this information. PTCo does not warrant the accuracy or completeness of any information included in this publication which was contributed by a third party. PTCo accepts no liability for any loss or damage suffered as a result of reliance on this information. Any reference to the Perpetual Group means Perpetual Limited and its subsidiaries.

This document is dated March 2018.



# 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**

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# INTRODUCTION

The Northern Territory Savanna Fire Management Program (SFM Program) was established in December 2016 to support the development and implementation of fire management projects on Indigenous-held land in the Northern Territory (NT). Projects funded through the SFM Program will apply the *Carbon Credits (Carbon Farming Initiative - Emissions Abatement through Savanna Fire Management) Methodology Determination 2015* (C'th) to reduce the area of land burnt during intense, late-season fires in areas that receive over 600mm annual rainfall.

The Indigenous Land Corporation (ILC) has been engaged as the SFM Program Manager.

The SFM Program is fully resourced by INPEX via a discretionary trust (SFM Trust). 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 Trustee Company Ltd (Perpetual) to manage the Trust.

The ILC and Perpetual signed the SFM Services Agreement on 12 December 2016. This document outlines the roles and responsibilities of the ILC as the SFM Program Manager.

This is the first Trustees Annual Report since the SFM Program commenced. It outlines achievements and progress against the Annual Work Plan and Budget for Year One. Implementation of the SFM Program has progressed as expected in the first year of operation with an ongoing focus on establishing the SFM Program and engagement with EOI respondents. Key achievements include signing of the first Phase 1 Project Funding Agreement and ongoing engagement with each EOI respondent to confirm, update and develop their claims for funds from the SFM Program. Further details of financial and operational achievements are provided below.

# 2017 FINANCIAL STATEMENTS





**SAVANNA FIRE MANAGEMENT TRUST**

**FINANCIAL REPORT**

FOR THE PERIOD 6 DECEMBER 2016 - 31 DECEMBER 2017

**SAVANNA FIRE MANAGEMENT TRUST**

**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE PERIOD 6 DECEMBER 2016 - 31 DECEMBER 2017**

	2017	2016
	\$	\$
<b>INCOME</b>		
Contribution received	2,000,000	-
Interest received	8,936	-
Distributions received	14,245	-
Net changes in fair value of investments	(1,715)	-
	2,021,466	-
<b>LESS EXPENDITURE</b>		
Accountancy fees	2,000	-
Auditors' remuneration	1,500	-
SFM Program distributions	1,360,789	-
Trustee fees	24,529	-
	1,388,818	-
<b>NET OPERATING SURPLUS</b>	632,648	-
Transfer to Trust Funds	632,648	-
<b>TOTAL AVAILABLE FOR DISTRIBUTION</b>	-	-
<b>RETAINED SURPLUS AT THE END OF THE FINANCIAL YEAR</b>	-	-

The accompanying notes form part of these financial statements.

**SAVANNA FIRE MANAGEMENT TRUST**  
**STATEMENT OF FINANCIAL POSITION**  
**FOR THE PERIOD 6 DECEMBER 2016 - 31 DECEMBER 2017**

	Note	2017 \$	2016 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	4	29,540	-
Other receivables	5	8,344	-
Financial assets	6	598,284	-
<b>TOTAL CURRENT ASSETS</b>		<u>636,168</u>	<u>-</u>
<b>TOTAL ASSETS</b>		<u><u>636,168</u></u>	<u><u>-</u></u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Other payables	7	3,500	-
<b>TOTAL CURRENT LIABILITIES</b>		<u>3,500</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>		<u><u>3,500</u></u>	<u><u>-</u></u>
<b>NET ASSETS</b>		<u><u>632,668</u></u>	<u><u>-</u></u>
<b>TRUST FUNDS</b>			
Settled sum		20	-
Reserves	8	632,648	-
<b>TOTAL TRUST FUNDS</b>		<u><u>632,668</u></u>	<u><u>-</u></u>

The accompanying notes form part of these financial statements.

**SAVANNA FIRE MANAGEMENT TRUST**

**STATEMENT OF CASH FLOWS**

**FOR THE PERIOD 6 DECEMBER 2016 - 31 DECEMBER 2017**

	Note	2017 \$	2016 \$
<b>Cash flows from operating activities</b>			
Settlement sum received		20	-
Investment income received		18,957	-
SFM program distributions paid		(1,360,789)	-
Trustee fees paid		(24,529)	-
Withholding tax paid		(4,119)	-
<b>Net cash provided by (used in) operating activities</b>	<b>10</b>	<u>(1,370,460)</u>	<u>-</u>
<b>Cash flows from investing activities</b>			
Payments for purchase of investments		(600,000)	-
<b>Net cash provided by (used in) investing activities</b>		<u>(600,000)</u>	<u>-</u>
<b>Cash flows from financing activities</b>			
Contribution received per Contribution Agreement		2,000,000	-
<b>Net cash provided by financing activities</b>		<u>2,000,000</u>	<u>-</u>
Net increase in cash held		29,540	-
Cash and cash equivalents at beginning of financial year		-	-
Cash and cash equivalents at end of financial year	<b>10</b>	<u>29,540</u>	<u>-</u>

The accompanying notes form part of these financial statements.



## SAVANNA FIRE MANAGEMENT TRUST

### NOTES TO THE FINANCIAL STATEMENTS

#### FOR THE PERIOD 6 DECEMBER 2016 - 31 DECEMBER 2017

##### 1 Basis of Preparation

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

##### (a) Statement of Compliance

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

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

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

- > AASB7: Financial Instruments: Disclosures
- > AASB110: Events after the Reporting Period
- > AASB132: Financial Instruments: Presentation

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

##### (b) Basis of Measurement

With the exception of the SFM program distributions, which are recognised on a cash basis, the financial statements have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes.

##### (c) Functional and Presentation Currency

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

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

##### 2 Summary of Significant Accounting Policies

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

##### (a) Income Tax

The income tax expense (income) for the year comprises current income tax expense (income). The trust does not recognise deferred tax assets and liabilities.

Current income tax expense charged to profit or loss is the tax payable on taxable income and is measured at the amounts expected to be paid to (recovered from) the relevant authority.



## SAVANNA FIRE MANAGEMENT TRUST

### NOTES TO THE FINANCIAL STATEMENTS

#### FOR THE PERIOD 6 DECEMBER 2016 - 31 DECEMBER 2017

##### **(b) Fair Value of Assets and Liabilities**

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

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

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

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

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

##### **(c) Other Receivables**

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

##### **(d) 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

##### **(e) Revenue Recognition**

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

Investment income comprises interest, dividends and distributions from managed funds. All investment income is recognised on an accruals basis, with the exception of dividends which is recognised when the dividend has been paid, or in the case of dividend reinvestment schemes, when the dividend is credited to the benefit of the Trust.



**SAVANNA FIRE MANAGEMENT TRUST**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE PERIOD 6 DECEMBER 2016 - 31 DECEMBER 2017**

**(f) Other Payables**

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

**(g) Rounding of Amounts**

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

**SAVANNA FIRE MANAGEMENT TRUST**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE PERIOD 6 DECEMBER 2016 - 31 DECEMBER 2017**

	2017	2016
	\$	\$
<b>3 Statement of Significant Accounting Policies (Continued)</b>		
The financial statements are a special purpose report prepared for use by the trustee and the beneficiary. The trustee has determined that the trust is not a reporting entity.		
The statements are prepared on an accruals basis. They are based on historic costs and do not take into account changing money values or, except where specifically stated, current valuations of non-current assets.		
<b>4. CASH AND CASH EQUIVALENTS</b>		
Cash on hand	21	-
Perpetual cash account - F05724	29,519	-
	<u>29,540</u>	<u>-</u>
<b>5. OTHER RECEIVABLES</b>		
<b>CURRENT</b>		
Investment income receivable	4,225	-
TFN withholding refundable	4,119	-
	<u>8,344</u>	<u>-</u>
<b>6. FINANCIAL ASSETS</b>		
<b>CURRENT</b>		
Financial investments:		
Investments in managed funds	<u>598,284</u>	<u>-</u>
<b>7. OTHER PAYABLES</b>		
<b>CURRENT</b>		
Accountancy fees payable	2,000	-
Auditor's remuneration payable	1,500	-
	<u>3,500</u>	<u>-</u>
<b>8. RESERVES</b>		
<b>Analysis of Each Class of Reserve:</b>		
Trust Capital	<u>632,648</u>	<u>-</u>

## SAVANNA FIRE MANAGEMENT TRUST

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 6 DECEMBER 2016 - 31 DECEMBER 2017

	2017	2016
	\$	\$
Trust Capital:		
Movements during the year:		
Opening Balance	-	-
Capitalised surplus contributions	632,648	-
	<u>632,648</u>	<u>-</u>

#### 9. RELATED PARTY TRANSACTIONS

##### Related Parties

###### (a) Trustee

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

###### (b) Key management personnel

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

Directors during the year were:

Andrew Baker  
Andrew Wallace  
Chris Green  
Rebecca Nash

###### (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.

**SAVANNA FIRE MANAGEMENT TRUST**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD 6 DECEMBER 2016 - 31 DECEMBER 2017**

	2017 \$	2016 \$
The following transactions occurred with related parties:		
<i>i</i>		
The Trustee fees are calculated in accordance with the Trust Deed. The Trustee's fee is set at 1.06% per annum on the capital value of the Trust (after taking account of GST and reduced input tax credits) with a minimum monthly administration fee of \$2,500 and is disclosed in the statement of comprehensive income.		
Value of related party transaction	24,529	-
<i>ii Investments</i>		
The Trust also held investments in schemes which are also managed by the Trustee or its related parties and the aggregate market value of these investments at reporting date is disclosed in this note. Income receivable from these investments are not included in this disclosure.		
Value of related party transaction	598,285	-
<b>10. CASH FLOW INFORMATION</b>		
<b>(a) Reconciliation of Cash</b>		
Cash at the end of financial year as included in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:		
Cash and cash equivalents	29,540	-
	29,540	-

**SAVANNA FIRE MANAGEMENT TRUST**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE PERIOD 6 DECEMBER 2016 - 31 DECEMBER 2017**

	2017	2016
	\$	\$
<b>(b) Reconciliation of profit attributable to beneficiaries to net cash provided by operating activities</b>		
Profit for the year	632,648	-
Non-cash flows in profit:		
Contribution received per Contribution Agreement	(2,000,000)	-
Settlement sum	20	-
Movements in fair value of investments	1,715	-
Changes in assets and liabilities:		
Other receivables	(8,343)	-
Other payables	3,500	-
<b>Net cash provided by (used in) operating activities</b>	<b>(1,370,460)</b>	<b>-</b>

**SAVANNA FIRE MANAGEMENT TRUST**

**DIRECTORS' DECLARATION OF THE TRUSTEE COMPANY**

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

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

1. the financial statements and notes which comprise the statement of financial position as at 31 December 2017, the statement of comprehensive income and cash flows for the period 6 December 2016 - 31 December 2017, a summary of significant accounting policies and other explanatory notes present fairly the trust's financial position as at 31 December 2017 and its performance for the year ended on that date in accordance with the accounting policies described in Note 2 to the financial statements;
2. in the directors' opinion there are reasonable grounds to believe that the trust will be able to pay its debts as and when they become due and payable.
3. the financial statements and notes are in accordance with the requirements of the Trust Deed.

Director

  
\_\_\_\_\_

Dated:

15 March 2018.



# Independent Auditor's Report

To the Trustee of Savanna Fire Management Trust

## Report on the audit of the Financial Report

### Opinion

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

In our opinion, the accompanying Financial Report presents fairly, in all material respects, the financial position of Savanna Fire Management Trust as at 31 December 2017, and of its financial performance and its cash flows for the period then ended, in accordance with *Australian Accounting Standards Reduced Disclosure Requirements*.

The *Financial Report* comprises:

- Statement of financial position as at 30 June 2017;
- Statement of comprehensive income, Statement of changes in funds, and Statement of cash flows for the period then ended;
- Notes including a summary of significant accounting policies; and the
- Trustee's Declaration.

### Basis for opinion

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

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

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

### Restriction on use and distribution

The Financial Report has been prepared to assist the Trustee of Savanna Fire Management Trust :

- in meeting the financial reporting requirements of the trust deed.

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

Our report is intended solely for the Trustee of Savanna Fire Management Trust and its Beneficiaries



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

### Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

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

### Auditor's responsibilities for the audit of the Financial Report

Our objective is:

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

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

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

A further description of our responsibilities for the audit of the Financial Report is located at the Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_files/ar3.pdf](http://www.auasb.gov.au/auditors_files/ar3.pdf). This description forms part of our Auditor's Report.

### Report on Trustee's Compliance with the Trust Deed

### Opinion

In our opinion, the Trustee of Savanna Fire Management Trust has complied in all material respects, with the requirements of the Trust Deed dated 12 December 2016.



### Responsibilities of the Directors for compliance

The Directors of the Trust are responsible for complying with the requirements of the Trust Deed dated 12 December 2016.

### Auditor's responsibilities for compliance

Our responsibility is to express an opinion on the Trustee's compliance with the Trust Deed, based on our audit conducted in accordance with the Applicable Standards on Assurance Engagements. Our audit has been conducted to provide reasonable assurance that the Trustee of Savanna Fire Management Trust has complied, in all material respects, with the relevant requirements of the Trust Deed for the period ended 31 December 2017.

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

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

KPMG

Andrew Reeves  
Partner

Sydney  
15 March 2018



# 2018 TRUSTEE ADMINISTRATION BUDGET

## BUDGET (ANNUAL)

	<b>TOTAL</b>
Overhead costs (fixed)	152,742
Direct costs	591,352
Phase 1 PFAs	740,000
Phase 2 PFAs	960,000
Third party service providers	50,000
<b>TOTAL</b>	<b>\$ 2,494,094</b>

## PROPOSED 2018 QUARTERLY PAYMENTS

	<b>TOTAL</b>
Quarter 1 (Jan-Mar)	\$35,104.60
Quarter 2 (Apr-Jun)	\$623,523.60
Quarter 3 (Jul-Sep)	\$623,523.55
Quarter 4 (Oct-Dec)	\$623,523.54
<b>TOTAL (2018)</b>	<b>\$1,905,675.29</b>

## CPI OVERHEADS CALCULATION FOR 2018

As the Services Agreement does not refer to a specific CPI base, National Accounts figure published by the Australian Bureau of Statistics has been used. This number was found on the ABS website:

<http://www.abs.gov.au/ausstats/abs@.nsf/mf/1345.9> (viewed November 2017)

As the formula stipulated in the agreement refers to “the CPI last published before the commencement of the calendar year n”, this would mean the annual September Quarter index “Value” as quoted on the abovementioned ABS website, compared to the previous period last year value.



As such, the formula (as specified in Schedule 3.1 (f) & (g) of the agreement) would provide the following:  
As calendar year 2018 is {Hn} and calendar year 2017 is {Hn-1} (and also by logic {H0}); {CPI<sub>n</sub>} must be Sept 2017 Qtr. index value and {CPI<sub>n-1</sub>} must be Sept 2016 Qtr. index value, then

$\$150,000 \times (111.4 / 109.4) = \mathbf{\$152,742}$  [Calendar Year Overhead for 2018]

The actual dollar amount CPI adjustment from the original fixed allocation base of \$150,000 would therefore be an increase of \$2,742.

formula stipulated in the agreement refers to “the CPI last published before the commencement of the calendar year n”, this would mean the annual September Quarter index “Value” as quoted on the abovementioned ABS website, compared to the previous period last year value.

As such, the formula (as specified in Schedule 3.1 (f) & (g) of the agreement) would provide the following:  
As calendar year 2018 is {Hn} and calendar year 2017 is {Hn-1} (and also by logic {H0}); {CPI<sub>n</sub>} must be Sept 2017 Qtr. index value and {CPI<sub>n-1</sub>} must be Sept 2016 Qtr. index value, then

$\$150,000 \times (111.4 / 109.4) = \mathbf{\$152,742}$  [Calendar Year Overhead for 2018]

The actual dollar amount CPI adjustment from the original fixed allocation base of \$150,000 would therefore be an increase of \$2,742.



## DIRECT COSTS BUDGET BREAKDOWN

### SFM PROGRAM 2018 Budget

Item	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2018 Total
<b>DIRECT COSTS</b>													
Staff Salaries & Oncosts	25,090	25,090	25,090	25,090	25,090	33,893	34,000	34,000	34,000	34,000	34,000	34,000	<b>363,343</b>
Recruitment				5,000									<b>5,000</b>
Office- Accommodations	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	<b>48,000</b>
Furniture			15,000										<b>15,000</b>
IT and comms equip		2,000			2,000								<b>4,000</b>
Conf and meetings	2,000			2,000			2,000			2,000			<b>8,000</b>
Vehicle (4x4) lease	1,976	1,976	1,976	1,976	1,976	1,976	1,976	1,976	1,976	1,976	1,976	1,976	<b>23,709</b>
Fuel	200	500	800	800	800	800	800	700	700	600	400	200	<b>7,300</b>
Travel	2,000	5,000	6,000	8,000	10,000	10,000	10,000	10,000	10,000	8,000	6,000	3,000	<b>88,000</b>
Subscriptions				1,500						1,500			<b>3,000</b>
Staff - Corporate Training				3,000						3,000			<b>6,000</b>
Marketing & Comms		5,000			5,000								<b>10,000</b>
New EOI Project Process			10,000		5,000								<b>15,000</b>
<b>TOTAL</b>													<b>\$596,352</b>



# 2017 TRUST ACTIVITIES

## **Office Lease**

A suitable long-term office lease in the Darwin CBD has been identified and a lease will likely commence in late February or March 2018. Short-term office accommodation in the Regus Business Centre (Charles Darwin Building) will continue until the new lease commences. The SFM Program vehicle (a dual-cab Landcruiser utility) has been leased through Indigenous Business Australia and has been in use since 22 September 2017.

## **Staff Training**

SFM Program staff have completed anti-bribery and corruption awareness training with Safetrac Compliance Training on 3 November 2017. Staff also completed Cultural Awareness Training that was organised through Indigenous Land Corporation in August 2017. Program staff have also attained formal qualifications in Administering Remote First Aid in June 2017. Program staff participated in the early dry season savanna burning program at the ILC's Fish River Station in May 2017. This included informal training in conducting aerial fire management and on-ground fire management. Program Staff have also undertaken standard ILC induction sessions to assist with Program Administration and accessing support from the ILC. Training for Program Staff continues to be a high priority in ensuring best practice management of the SFM Program.

## **SFM Program**

SFM policies and procedures including remote travel safety plans, standard operating procedures and SFM Program application forms are finalised and in use. SFM Program staff developed program information and guidelines to help communicate the principles and program structure to EOI respondents. EOI respondents that wished to pursue an interest in joining the SFM Program applied for funds and provided more information on relevant information regarding their organisation and capacity in fire management. This helped in identifying individual project needs and formed the basis of project design leading to the first PFA executed in November 2017 and two draft PFAs expected to be executed in early 2018. Preliminary steps have been taken to develop an assessment panel consisting of both internal and external experts to advise the SFM Program Manager on project feasibility and project needs for the Phase 2 transition for project operators. This process is important in ensuring that well-advised Phase 2 SFM projects are developed that adhere to the SFM Program Principles and SFM Program Purpose.

## **Program Objectives:**

- Continue active consultation with EOI groups as described above;
- Work with eligible groups to support the submission of SFM Project Applications; and
- Commence negotiation of Project Funding Agreements.



Year one (2017) focused on continuing consultation with EOI respondents from 2012. Each EOI group required a tailored approach to determine the status of their interest and eligibility in the SFM Program. SFM Program Staff focussed much of their efforts during this reporting on following through with these groups to a SFM Project, a continued potential project development or withdrawal of the EOI.

The ILC acknowledges that the Funder issued an expression of interest (EOI) in 2012 to shortlist potential SFM proponents, which resulted in the identification of EOI SFM Projects. Much of the work carried out by the SFM Program in this reporting period involved meeting with EOI respondents. As there had been significant time since the EOIs were submitted, the individual circumstances had changed with many of the respondents. Organisations were given information on the structure of the SFM Program and given time to confirm their ongoing interest in pursuing a SFM Project.

The ILC continued the EOI Process by further evaluating the EOI SFM Projects against the selection criteria. This process resulted in a number of outcomes where some EOI respondents had already engaged in fire management and carbon projects, others were still interested in developing Phase 1 or Phase 2 projects and others were no longer able to meet the selection criteria.

Of the original EOI respondents the following outcomes have been reached:

- Agreement by Yantjarrwu Outstation Resource Centre (YORAC) that Thamarrurr Development Corporation would apply for a Phase 1 SFM project over part of the Daly River/Port Keats Aboriginal Land Trust;
- NAILSMA on behalf of Waanyi Garawa Traditional owners to enter into a Phase 1 Project Funding Agreement over the Waanyi Garawa and the Garawa Aboriginal Land Trusts;
- Tiwi Resources are negotiating a Phase 2 SFM Project to commence in 2018;
- Anindilyakwa Land Council are deemed eligible under the selection criteria and are considering applying for a Phase 1 SFM Project Funding Agreement in 2018; and
- Larrakia Nation Aboriginal Corporation are exploring options to partner with other land managers to meet the land area eligibility criterion of a minimum 30,000Ha project area.

All the other original EOIs from 2012 were no longer in a position to pursue their original EOI and were officially closed.

### **Engagement Objectives**

Continue engagement with relevant organisations that the program will need to draw on to facilitate program success, such as:

- The Northern Land Council;
- Vegetation mapping scientists;
- The Clean Energy Regulator; and
- Department of Prime Minister and Cabinet (a provider of ranger project funding).



In Year one, the SFM Program Staff have focused on establishing ongoing productive engagement with key organisations and industry partners. It is essential for the long-term success of the SFM program to engage with the broader fire management and carbon industry in the Northern Territory and more broadly across the northern savanna areas. The SFM Program is building collaborations with the Darwin Centre for Bushfires Research (DCBR), Bushfires NT, NLC, Bush Heritage and others. This has culminated in the SFM Program being a key organiser and sponsor of the Fire and Carbon Forum to be held in February 2018. This brings together a range of fire and carbon practitioners across northern Australia including representatives from the SFM projects described above.

The SFM Program contracted vegetation mapping scientists from DCBR to undertake validation of an existing vegetation fuel type map to the standard required under the “Carbon Credits (Carbon Farming Initiative – Emissions Abatement through Savanna Fire Management) Methodology Determination 2015 on the Garawa ALT and the portion of the Waanyi Garawa ALT above the 600mm rainfall area. This is necessary to prepare this area for registration to generate carbon credits under the methodology.

SFM Program staff continue to link new SFM Project operators to the expertise and stakeholder network required to implement best practice savanna fire management projects.

**Funding Objectives:**

- Finalise Project Funding Agreement templates for Phase 1 and 2; and
- Seek to execute a Project Funding Agreement.

Project Funding Agreement templates are finalised. A Phase 1 PFA has been executed in November 2017 with NAILSMA on behalf of Waanyi Garawa. A Phase 1 PFA has been negotiated with Thamarrurr Development Corporation for the Western Top End and the contract is awaiting final approval within ILC.

At the time of this report there is a Phase 1 PFA commenced with NAILSMA as the Project Operator. This Phase 1 PFA commenced in November 2017 and is concerned with building governance and commercial structures within the Waanyi Garawa Rangers based in Borroloola. To date (December 2017) a draft carbon feasibility report and a business management plan have been received for comment, and a fire and carbon meeting was held with Traditional Owners and Indigenous Protected Area Committee members on the Robinson River ALT to determine a steering committee for the SFM Project. A fire planning meeting is scheduled for February 2018 to finalise the steering committee and discuss options for a Phase 2 PFA, should a final investment decision be approved by the SFM Program Manager.

No ACCUs have been generated by the SFM Program in 2017 as the program is in its start-up period and no operational fire management has been funded to date.



# TRUST PURPOSE

In accordance with clause 4.1(c) of the trust deed the trust purpose is defined as follows:

The Trust Purposes are to advance, protect and preserve the natural environment in the Northern Territory by reasonably reducing the occurrence of uncontrolled fire outbreaks and resulting greenhouse emissions by conducting savanna fire management on Indigenous Held Land in the Northern Territory (the Trust Purposes) in a manner that:

- (i) aims to achieve sustainable economic, environmental, social and cultural benefits for Indigenous people;
- (ii) creates opportunities for Indigenous people to connect with country;
- (iii) procures the active participation of Indigenous people in the investigation, development and implementation of savanna fire management activities; and
- (iv) creates employment opportunities for Indigenous people.

The trust has now completed the first year and is currently in preparatory stage.

## 2017 FUNDING

In 2017 all funding received by Savanna Fire Management Trust has been fully contributed by INPEX. A total amount of \$2,000,000 has been received during the year.

## APPLICATIONS MADE BY THE TRUSTEE

In 2017 there were no applications made by the Trustee of Savanna Fire Management Trust.

# EXPENDITURE OF TRUST FUNDS

As per the below summary direct costs, phase 1 PFAs, phase 2 PFAs and third party service providers costs all came in under the amount budgeted. Due to this less payments were received by the Trustee as they weren't required to cover the costs. Overall this has meant there is a surplus balance held by the SFM Program at 31 December 2017.

SUMMARY	Budget (Year 1)	Actual (Year 1)	BALANCE
Overhead costs (fixed) - 14 months	175,000.00	175,000.00	0.00
Direct costs	608,466.00	353,458.41	255,007.59
Phase 1 PFAs	300,000.00	99,000.00	201,000.00
Phase 2 PFAs	461,000.00	0.00	461,000.00
Third party service providers	30,000.00	21,203.06	8,796.94
<b>TOTAL</b>	<b>1,574,466.00</b>	<b>648,661.47</b>	<b>925,804.53</b>
<b>PAYMENTS RECEIVED from Trustee</b>	<b>1,574,466.00</b>	<b>1,237,080.45</b>	<b>337,385.55</b>
<b>BALANCE held by SFM PROGRAM</b>		<b>588,418.98</b>	<b>588,418.98</b>

## PHASE 2 PROJECT FUNDING AGREEMENTS

There were no Trust Funds paid under Phase 2 Project Funding Agreements in 2017.



# PERFORMANCE OF THE SFM PROGRAM

Evaluation of the performance of the SFM Program having regard to the SFM Program Annual Trust Fund Allocation, the SFM Program Principles, the SFM Annual Work Plan and Budget and the SFM Program Purpose;

The SFM Program has achieved success against all of the priorities of the Annual Work Plan 2017, including the submission and approval of the budget and work plan for 2018. There has been an under-spend in 2017 that was expected given the time in negotiating new agreements and the process of going through the original EOI responders. The majority of these unspent funds will be utilised in early 2018 when the negotiated PFAs will be executed.

The SFM Program has established itself by adhering closely to the SFM Program Principles and Program Purpose, particularly focusing on communicating the principles and purpose with EOI responders and potential SFM Project Operators. The Program is in the early stages of developing three viable and sustainable indigenous enterprises leading to social, economic and environmental benefit. The SFM Program are incorporating the ILC Benefits Framework into SFM Project Operators reporting obligations. These SFM project reports will then be used to report benefits to the Trustee.

## BENEFICIARIES

The beneficiaries are defined by the deed as being any Indigenous group, Aboriginal or Torres Strait Islander corporation or other Indigenous entity that is capable of undertaking an SFM project. The ILC is therefore a beneficiary of the trust as it has been appointed as SFM Project Manager. In 2017 there were no distributions made to beneficiaries.

## CONTACT INFORMATION

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

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