Australian Indigenous Agribusiness Company Pty Ltd

AGRIBUSINESS STRATEGY
2017-2021
EXECUTIVE SUMMARY

Australian Indigenous Agribusiness Company Pty Ltd (AIA) is a wholly-owned subsidiary of the Indigenous Land Corporation (ILC). AIA develops and operates commercial land-based agribusinesses in partnership with Indigenous people to drive the achievement of benefits for Indigenous people, particularly employment outcomes and the development of new enterprises.

The ILC is a corporate Commonwealth entity set up in 1995 under the Aboriginal and Torres Strait Islander Act 2005. Its purpose is to assist Indigenous people to acquire and manage land to achieve economic, environmental, social and cultural benefits.

The ILC’s priority outcomes for achieving Indigenous benefits (defined as long-term improvements in Indigenous wellbeing) through acquiring and managing land include:

- Access to and protection of cultural and environmental values
- Socio-economic development.

AIA ultimately exists to help the ILC achieve its objectives and legislative mandate, particularly in the delivery of benefits for Indigenous people through agribusiness.

AIA’s Agribusiness Strategy 2017–2021 sets out the company’s strategic direction, key pillars and priority areas for investment that will support the growth, diversity, sustainability and profitability of Australia’s Indigenous agribusiness sector over the next five years.
Working in partnership with our stakeholders, particularly Indigenous landowners, AIA will create commercial opportunities and grow the Indigenous estate to deliver economic, environmental, cultural and social benefits for Indigenous people. Through partnerships and investments, AIA will help further increase the contributions the Indigenous agribusiness sector already makes to the Australian economy.

To deliver our Agribusiness Strategy, we will take stock of our investment in cattle production in Northern Australia. We will build on that investment by improving the performance of our pastoral business operations with a view to increasing productivity and financial sustainability. We will take a more balanced approach to managing our market risk and we will seek to create further opportunities to bring more Indigenous-held land into production in other agribusiness sectors.

We will also diversify by branching out into carbon farming, particularly through savanna fire management in Northern Australia. This emerging market can provide economic opportunities for Indigenous landholders to generate income on their properties through productive activities beyond traditional agriculture. Complementary enterprises, such as carbon farming, can help Indigenous landholders to diversify their risk, manage their land sustainably and reinvigorate the practice of traditional ecological knowledge on country.

Our Agribusiness Strategy is designed to be flexible to enable us to respond to agribusiness market opportunities that will lead to long term commercial benefits for Indigenous people. This may include aquaculture, horticulture, sheep production and opportunities in the emerging conservation economy.
AIA BY THE NUMBERS

102 INDIGENOUS PEOPLE EMPLOYED (63%)

$28.06 MILLION GROSS TURNOVER IN 15/16

13,000 SHEEP

14 AGRIBUSINESSES IN OPERATION

45,493 CARBON CREDITS EARNED
70,000 HEAD OF CATTLE

40 MILLION INVESTED IN INFRASTRUCTURE OVER 10 YEARS

2,150,000 ha UNDER PRODUCTION

VALUE OF LIVESTOCK: $51.8 MILLION
ABOUT AIA

Australian Indigenous Agribusiness Company Pty Ltd is a proprietary company wholly owned by the Indigenous Land Corporation (ILC) incorporated under the Corporations Act 2001. AIA has a Board of Directors, which is appointed by the ILC Board.

AIA’s parent body, the ILC, is an independent Commonwealth statutory corporation established under the Aboriginal and Torres Strait Islander Act 2005 (Cth). The ILC assists Indigenous people to acquire and manage land to achieve economic, environmental, social and cultural benefits.

AIA commenced operations in 2004 as a subsidiary of the ILC to provide employment and training opportunities for Indigenous people within the ILC’s agricultural businesses, in order to deliver socio-economic benefits for Indigenous people. In 2014, AIA (formerly known as National Indigenous Pastoral Enterprises Pty Ltd) became a fully operational subsidiary of the ILC responsible for managing the ILC’s agribusinesses and eventually taking ownership of its agribusiness assets, including livestock and machinery.

AIA supports the ILC in fulfilling its land management function. In particular, AIA helps the ILC to bring Indigenous land into production in sustainable ways. Our focus is on the Indigenous agribusiness sector, which includes traditional agricultural enterprises such as cattle, sheep and crops, but also complementary activities such as carbon farming and business opportunities in agricultural supply chains.

AIA operates agribusinesses on land it leases from Indigenous landowners or from the ILC. In most instances, AIA owns the capital or livestock, plant and machinery, and Indigenous people own the land. Where the ILC holds land on behalf of Indigenous people, AIA and the ILC work with the landholding group on a range of planning, consultative and capacity building initiatives to prepare them for property ownership and agribusiness management. Over the next five years, we are working to introduce more flexible models so that we can be agile and responsive to changing market conditions in terms of the types of commercial arrangements we can enter into with our Indigenous partners.
The agribusinesses are operated as social enterprises using sound business principles, with income being reinvested to support further agribusiness activities to benefit Indigenous people.

AIA is invested in the Northern Australian beef cattle industry. As at January 2017, the combined herd was around 70,000 head of cattle run over 21,500 square kilometres of land, making it one of the largest herds in Australia. Around 65 per cent of AIA’s beef cattle are sold into the live export trade in Western Australia and the Northern Territory, while the remaining 35 per cent are marketed to domestic feedlots and abattoirs in Queensland and Western Australia. AIA also operates a sheep and fine merino wool business in Tasmania running around 13,000 sheep, and generates approximately 17,000 carbon credits every year through a savanna burning project in Cape York.

As we set new goal posts for the next five years, we are looking forward to creating new and further opportunities through investments in innovative and emerging markets, such as carbon farming and other agribusiness sectors, which will also help us manage our market risk. We will work with Indigenous landholders through commercial mechanisms, such as joint-venture arrangements, equity partnerships, advice and support to unlock value, bring land into production and create lasting benefits for Indigenous people. Above all, we will be flexible and commercial in the way we work, so we are able to adapt as market conditions evolve and as the capabilities and aspirations of our Indigenous partners change.

The ILC Board developed a Statement of Strategic Intent in February 2016, which describes how the ILC creates value and benefits for Indigenous people through quadruple bottom-line impacts, including economic independence, social benefits, cultural identity and environmental sustainability.

AIA’s Agribusiness Strategy 2017-2021 aligns with the ILC’s Statement of Strategic Intent and outlines how AIA will contribute to the ILC’s vision of being the trusted partner in growing and realising the potential of the Indigenous estate over the next five years.
OUR MISSION
To be the partner of choice in growing and realising the potential of Indigenous agribusiness.

OUR VISION
A thriving and prosperous Indigenous agribusiness sector that is productive and sustainable and that creates lasting benefits for Indigenous Australians.

OUR VALUES
• Responsibility
• Team work
• Trust
• Courage
• Respect
• Flexibility

OUR PRINCIPLES
• We use strategic partnerships to unlock value and opportunities.
• We respect and honour the land, water and culture of Indigenous people.
• We champion majority Indigenous employment at every level of the business.
• We foster innovation and best practice.
• We genuinely engage with Traditional Owners and Indigenous landholders to help them achieve their aspirations.
• We strive to adopt best practice work health and safety and animal welfare standards.
• We are willing to take calculated, strategic risks.
• We insist on sound research and thorough investigation.
• We foster leadership throughout the organisation.
• We reinvest to provide Indigenous benefits for the future.
Our point of difference compared to other agricultural companies is our strong focus on creating benefits for Indigenous people and the value we place on strong relationships with our Indigenous partners. We only operate on Indigenous-held land and we help our Indigenous partners build their capacity to develop, manage and invest in agribusiness opportunities on their land. Lastly, we have zero tolerance for unsustainable or unsafe practices – the safety of our workers and the welfare of our animals is paramount and we prioritise the protection of environmental and cultural values on land where we operate.
OUR STAKEHOLDERS

AGRIBUSINESS SECTOR
- Suppliers/contractors
- NGOs
- MLA
- Corporate agricultural companies
- Industry groups
- Business partners
- Service providers
- NRM bodies

INVESTORS
- Impact investors
- Joint venture partners
- Equity partners
- IBA

GOVERNMENT
- Commonwealth
- State/Territory
- Local
- Regulators

ILC

INDIGENOUS AUSTRALIANS
- Business operators
- Communities
- Traditional Owners
- Land Councils
- Aboriginal corporations
- Indigenous landholders

MEDIA

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**Strategic Plan - at a glance**

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<th>Vision</th>
<th>Mission</th>
<th>Pillar 1</th>
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<th>Pillar 5</th>
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<tbody>
<tr>
<td>A thriving and prosperous Indigenous agribusiness sector that is productive and sustainable and that creates lasting benefits for Indigenous Australians</td>
<td>To be the partner of choice in growing and realising the potential of Indigenous agribusiness</td>
<td>Increase the performance of the pastoral business</td>
<td>Build our financial capacity to enable sustainable investment in the future</td>
<td>Drive the development of new Indigenous agribusinesses and support services</td>
<td>Position AIA to become a more diverse and successful Indigenous agribusiness company</td>
<td>Enhance Indigenous capability and career progression</td>
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**Values**

- Responsibility
- Teamwork
- Trust
- Courage
- Respect
- Flexibility

**Principles**

1. We respect and honour the land, water and culture of Indigenous people.
2. We champion majority Indigenous employment at every level of the business.
3. We foster innovation and best practice.
4. We genuinely engage with Traditional Owners and Indigenous landholders to help them achieve their aspirations.
5. We strive to adopt best practice workplace health and safety and animal welfare standards.
6. We are willing to take calculated strategic risks.
7. We insist on sound research and thorough investigation.
8. We foster leadership throughout the organisation.
9. We reinvest to provide Indigenous benefits for the future.
10. We use strategic partnerships to unlock value and opportunities.

**Outcomes**

- KPI 1: Average production of food, fuel, fibre and carbon (%)
- KPI 2: Annual Earnings Before Interest, Tax, Depreciation and Amortisation ($/AE)
- KPI 3: Jobs created for Indigenous people (includes trainees) and Indigenous people or businesses that benefit from AIA’s support services
- KPI 4: New and expanded commercial enterprises, support and strategic partnerships
- KPI 5: Percentage above or below year-to-date budget
- KPI 6: Percentage of notifiable incidents
- KPI 7: Spend on procurement practices awarded to Indigenous businesses (%)
- KPI 8: Privacy and data protection incidents
- KPI 9: Number of notifiable incidents
- KPI 10: Percentage of notifiable incidents
- KPI 11: Number of Indigenous people or businesses that benefit from AIA’s support services
- KPI 12: Percentage of notifiable incidents
## Priorities

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<th>Priority 1.1 –</th>
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<th>Priority 4.1 –</th>
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<tr>
<td>Improve business performance through increased herd productivity and operational efficiencies</td>
<td>Seek strategic partnerships to unlock value and achieve impact for the Indigenous agribusiness sector and leverage those partnerships to maximise investment</td>
<td>Invest in viable Indigenous agribusiness, carbon market and supply chain opportunities</td>
<td>Rebrand the company with a fresh identity and build our reputation as a capable and diverse Indigenous agribusiness company</td>
<td>Prioritise Indigenous businesses in our procurement practices</td>
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<td>Priority 1.2 – Develop and adopt industry leading practices in work health and safety and animal welfare and ensure compliance with relevant standards and legislation</td>
<td>Become a more flexible and commercial organisation</td>
<td>Support Indigenous partners to build capacity for effective business engagement</td>
<td>Promote an environment that supports the development and career progression of Indigenous staff</td>
<td>Priority 5.2 –</td>
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<tr>
<td>Priority 1.3 – Manage our agricultural properties sustainably and protect the natural and cultural capital base for future generations</td>
<td>Develop investment strategies for target agribusiness sectors</td>
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<td>Priority 5.3 – Maximise the number of Indigenous staff employed at all levels of the company</td>
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## KPIs

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<tr>
<th>KPI 1: Average production of live weight across the company (kg/AE/year)</th>
<th>KPI 2: Annual Earnings Before Interest and Tax (EBITDA) ($/AE)</th>
<th>KPI 3: Number of notifiable work health and safety and animal welfare incidents</th>
<th>KPI 4: Co-investment leveraged through partnerships with other business partners (cash and in-kind contributions from external sources)</th>
<th>KPI 5: Percentage above or below year-to-date budget</th>
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<tr>
<td>KPI 6: Jobs created for Indigenous people through AIA’s agribusiness operations and investments</td>
<td>KPI 7: New and expanded commercial enterprises established by, or in partnership with, Indigenous people as a result of AIA’s support</td>
<td>KPI 8: Number of Indigenous people or businesses that benefit from AIA’s support services</td>
<td>KPI 9: Proportion of businesses or investments that protect or promote Indigenous cultural and/or environmental values</td>
<td>KPI 10: New brand is launched and in use throughout the company</td>
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<td>KPI 11: Number and proportion of Indigenous staff employed directly by AIA (includes trainees) and number of Indigenous managers</td>
<td>KPI 12: Spend on procurement that is awarded to Indigenous businesses (%)</td>
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While AIA operates each of its pastoral businesses (cattle and sheep) as autonomous entities, the activities of the businesses are integrated where practical to increase overall productivity and performance. We strive to use fit-for-purpose technology and practices in animal husbandry and we operate with contemporary animal welfare standards to ensure our herd is as healthy and productive as possible and complies with relevant standards and legislation.

Over the next five years, we will significantly improve the performance of our pastoral business so that we can bring more Indigenous land into production and create more benefits for Indigenous people. This may include identifying opportunities in our business and supply chain where we could improve productivity with additional investment, and it may involve changing our business portfolio to balance our market risk and take advantage of emerging market opportunities. It may also involve introducing new systems and processes to create operational efficiencies. Our involvement in an industry benchmarking study will guide our approach to planning and implementing business improvement practices.

All our pastoral business activity will be underpinned by sustainable land management practices. We know the ongoing productivity of farming operations is directly linked to natural capital, including healthy pasture, water, soil and climate. Cultural capital, including traditional ecological knowledge and sites of significance, is also a valued component of our business operations. We will actively ensure cultural assets are protected and, where appropriate, we will work with Traditional Owners to apply traditional ecological knowledge and practices in support of the business.

The safety and wellbeing of our staff and the welfare of our animals are key priorities for AIA. Compliance with relevant standards and legislation is vital, but we will also seek to go beyond compliance by striving to adopt industry leading practices, wherever possible.

We’ll know we’ve been successful in this area when AIA is operating a resilient, sustainable, high-performing pastoral business with a high-quality herd and aligned with industry leading practice in work health and safety and animal welfare.

• Priority 1.1 – Improve business performance through increased herd productivity and operational efficiencies
• Priority 1.2 – Develop and adopt industry leading practices in work health and safety and animal welfare and ensure compliance with relevant standards and legislation
• Priority 1.3 – Manage our agricultural properties sustainably and protect the natural and cultural capital base for future generations.
To be successful now and in the future, we need to ensure we have a resource base that is sustainable. Without this, we cannot continue to invest in bringing Indigenous land into production in order to create benefits for Indigenous people.

As well as improving the performance of our pastoral business one of the key ways we’ll continue to build our financial capacity is to seek strategic partnerships that unlock value for Indigenous people. This includes leveraging investment partnerships and seeking new ways to bring capital to the table for Indigenous people to take advantage of commercial opportunities in emerging markets and diversify their land-based enterprises. It also includes engaging more closely with our Indigenous partners to better understand their capabilities and the aspirations they have for their land and communities to ensure we remain flexible enough to adapt to these changes, as well as changes in market conditions.

AIA will develop a new investment framework to guide decision-making around commercial opportunities. This will be applied alongside our risk management policy and informed by the risk appetite set by the AIA Board. For each new agribusiness sector we consider, AIA will develop a targeted investment strategy adapted to the prevailing market conditions and the particular niche we are best suited to occupy.

We’ll know we’ve been successful in this area when AIA is able to reinvest funds generated through its commercial ventures into further Indigenous agribusinesses that in turn lead to increased economic, environmental, cultural and social benefits for Indigenous people.

• Priority 2.1 – Seek strategic partnerships to unlock value and achieve impact for the Indigenous agribusiness sector and leverage those partnerships to maximise investment
• Priority 2.2 – Become a more flexible and commercial organisation
• Priority 2.3 – Develop investment strategies for target agribusiness sectors.
While AIA has so far focused on cattle and sheep production, the next five years will also involve branching out into new agribusiness opportunities on Indigenous land. In some cases, our role may include developing and operating the business in partnership with Indigenous people. In other cases, we may simply invest in new Indigenous agribusiness opportunities through commercial mechanisms such as joint venture arrangements and equity partnerships, providing the proposed opportunity is demonstrated to be viable and sustainable and will lead to benefits for Indigenous people.

We have a strong focus on developing the business capability of our Indigenous partners, in both the pastoral and carbon farming sectors. This includes developing and delivering tailored support services to Indigenous people, as well as working with industry bodies and peak groups to develop the capacity and potential of particular sectors and markets.

Our sights are set on broadening our commercial engagement with the emerging conservation economy, particularly through carbon farming opportunities.

AIA will explore the options available to share the capability it has developed in agribusiness and carbon farming by providing a range of support services using different delivery mechanisms.

We’ll know we’ve been successful in this area when AIA has increased the number of sustainable and viable Indigenous agribusinesses through targeted investments, support, strategic partnerships and other initiatives.

- Priority 3.1 – Invest in viable Indigenous agribusiness, carbon market and supply chain opportunities
- Priority 3.2 – Support Indigenous partners to build capacity for effective business engagement.
In its early days of pastoral production, the ILC started out as a sheep producer. Today, as a separate, wholly owned subsidiary of the ILC, AIA has invested in developing strong capability and market presence in the Northern Australia cattle industry and also produces fine merino wool through its sheep production business in Tasmania. We also generate carbon credits that are sold in the new carbon market, helping Australia to move towards a low emissions economy.

Our strategy moving forward is to continue our success in these areas, while also diversifying into other areas of agribusiness to achieve maximum impact and to bring Indigenous land into other more varied forms of production. This will include carbon farming, but we will also explore and assess opportunities in other agribusiness sectors for their commercial potential.

This will mean improving the way we do business, including our systems, reporting and communications. We will create a fresh identity to better reflect our new direction and we will build our reputation as a capable, diverse and flexible Indigenous agribusiness company. We will develop improved ways of measuring our economic, environmental, cultural and social impact and demonstrating the outcomes we achieve for Indigenous people. Where possible, we'll seek formal recognition and accreditation for our efforts and that of the wider Indigenous agribusiness sector.

We'll know we've been successful in this area when AIA is recognised as an industry leader in the sustainable and ethical production of food, fuel, fiber and carbon, and we are commercially engaged with Indigenous partners in several agribusiness sectors.

- Priority 4.1 – Rebrand the company with a fresh identity and build our reputation as a capable and diverse Indigenous agribusiness company
- Priority 4.2 – Demonstrate the economic, environmental, cultural and social benefits of our work with Indigenous people
- Priority 4.3 – Broaden our commercial ventures to include carbon and other agribusiness sectors.
As well as creating economic development through commercial partnerships with Indigenous businesses and investing in the development and improvement of Indigenous land, AIA delivers benefits for Indigenous people through employment and training in the agribusiness sector.

Our approach over the next five years includes plans to increase the representation of Indigenous people at all levels of the company and, particularly, support the career progression of aspiring Indigenous workers to move from entry-level positions on the pastoral properties through to agribusiness manager or similar roles.

AIA has also adopted the ILC Group’s Indigenous Procurement Policy and plans are in place to prioritise the use of Indigenous businesses in our procurement. Should there be no suitable Indigenous business to supply goods and services that AIA uses on a regular basis, where possible, we will work in partnership with other agencies to try to identify viable opportunities to support the development of Indigenous business capability in that area.

We’ll know we’ve been successful in this area when AIA is recognised for advancing Indigenous careers in agribusiness and supporting Indigenous businesses as part of its operations.

• Priority 5.1 – Prioritise Indigenous businesses in our procurement practices
• Priority 5.2 – Promote an environment that supports the development and career progression of Indigenous staff
• Priority 5.3 – Maximise the number of Indigenous staff employed at all levels of the company.