National Indigenous Pastoral Enterprises Agribusiness Strategy

2014-2017
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Introduction

ILC Agricultural Businesses

ILC agricultural businesses are operated by the ILC’s wholly owned subsidiary company National Indigenous Pastoral Enterprises (NIPE) as commercial enterprises using sound business principles in accordance with section 191F (1) of the Aboriginal and Torres Strait Islander Act 2005. NIPE operates businesses to increase employment opportunities for Indigenous people and to provide on-the-job training opportunities for Indigenous people, not only in pastoral activities, but also in natural resource management. Through these businesses, Indigenous-held land is making a significant contribution to the economic activity of the region in which each business is located and is bringing large areas of previously undeveloped land into production.

NIPE is one of the largest beef cattle producers in Australia with a herd of 97,500 head at 30 June 2014. In 2013/14 the 14 NIPE agricultural businesses employed 275 Indigenous people including 118 trainees. These businesses are run on 2.15 million Ha of Indigenous held land, most of which was not being productively used when the ILC commenced its current business activities in 1999, and was only made productive through ILC investment (both financial and intellectual).

NIPE has significant experience and expertise in grazing, enterprise development and increasing the productivity of Indigenous held land. It seeks to be innovative, in practice and policy positions, and in its approach to research and development. With 20% of Australia’s land mass being Indigenous held, the ILC is a unique position to lead the development of best practice Indigenous pastoralism, contribute to the social and cultural economy and ultimately, positively affect improve the livelihoods and wellbeing of Indigenous Australians.

NIPE is here for the long haul to ensure Indigenous people can continue to maintain sustainable use of their lands whilst maximising opportunities for economic engagement. NIPE has demonstrated practical and technical expertise in agribusinesses and achieving measurable employment/training outcomes. NIPE has the statutory backing of the ILC, which makes it an ideal partner open to innovative joint venture opportunities that genuinely benefit Indigenous land owners.
Background

Indigenous Land Corporation

The Indigenous Land Corporation (ILC) is an independent Australian Government statutory authority 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

National Indigenous Land Strategy 2013 - 17

The ILC’s key policy document is the National Indigenous Land Strategy 2013-2017 (NILS). The NILS outlines the policies, strategies and priorities that guide the ILC’s core land acquisition and land management functions.

National Indigenous Pastoral Enterprise Pty Ltd

ABN 28 108 266 548

National Indigenous Pastoral Enterprises is a wholly – owned subsidiary of the ILC established in 2004. Previously, NIPE operated as an employment function for the employees of the ILC agricultural businesses. However, NIPE is now a subsidiary that wholly owns and operates the agricultural businesses.

NIPE Agricultural Business Strategy 2014-2017

This Strategy is high level document that outlines priorities, strategies and goals which will guide the ILC’s investment in its agricultural businesses over the next three years. It is underpinned by individual operational plans for each enterprise and an operational level Strategic Plan.
Purpose and Values

Our purpose is to assist Indigenous people achieve benefits from owning and operating agricultural businesses, providing training and employment in the agricultural industry and contributing to best practice Indigenous pastoralism through:

1. The identification, investigation and development of innovative practices and enterprises.
2. The development of Industry standard infrastructure and best practice grazing and live export.
3. The engagement of traditional owners and Indigenous Land Holders to realize their aspirations for agricultural enterprise on Indigenous held land
4. The integration of grazing and environmental management on agricultural properties.

The following values and principles are fundamental to the way in which the NIPE develops and operates Agricultural businesses:

- Innovation and best practice
- Engagement with Traditional Owners and Indigenous Land Holders
- Best practice work health and safety and animal welfare
- Willingness to take calculated, strategic risks
- Sound research and thorough investigation
- Respect and integrity
- Leadership
The Unique Way NIPE Operates in Agribusiness

NIPE has unique qualities and can provide benefits to Indigenous land owners that no other organisation can.

NIPE (and its owner the ILC) will look to develop long term partnerships with Indigenous land owners. NIPE's primary focus is on ensuring that Indigenous land owners can develop successful agricultural ventures and other land based ventures on their land to deliver real long term benefits, including meaningful training and employment at all levels.

NIPE is flexible and can partner with Indigenous land owners in a number of different ways. NIPE can offer access to both in house and external expertise based on its vast experience and demonstrated knowledge and success in operating agribusinesses and helping Indigenous land owners put their land back into production. This also extends to best practice and cost effectiveness in accessing cattle markets both in Australia and overseas, applying sound WHS practices, Workers Compensation and Insurance, Fire Management and meeting other onerous regulatory requirements.

NIPE offers access to hands on and meaningful employment and training opportunities that result in real job outcomes.

NIPE recognises the need to assist Indigenous land holders manage their lands in ways that respects both cultural and environmental values.

NIPE will continue to invest in agribusiness on Indigenous held land to produce income from its agribusiness for its Indigenous stakeholders and, through structured engagement with its Indigenous stakeholders, increase the business management and governance capacity of its Indigenous stakeholders. Because it is a wholly owned subsidiary of the ILC, NIPE operates differently to other agribusiness investors. As well as striving to maximise business profitability through its agribusiness activities, NIPE also aims to maximise the cultural, social and environmental benefits for its Indigenous partners, co-investors and collaborators. NIPE uses its agribusinesses as the venue and opportunity to train Indigenous people to gain the skills to become employed in agricultural industries, not just within NIPE, but also within the broader Australian agricultural sector.
NIPE will operate its agribusinesses in accordance with the proposed new Land Acquisition and Land Management Program Delivery Arrangements for the ILC. The aim of these new Program Delivery Arrangements is to utilise a Collective Impact approach to maximise the efficiency of returns from ILC investment and to ensure that ILC funded projects are better designed, managed and sustainable to maximise the impact of land based activities on the Indigenous estate.

A proposed spectrum of assistance (on page 5) from grant funder to co-investor and business owner indicates the different roles and models that the ILC may apply to the way it does business to invest in projects that will have the greatest Indigenous benefit. The NIPE agribusinesses operate primarily in roles three and four with the priority of developing land based enterprises in agriculture with an emphasis on providing new and sustained Indigenous jobs. NIPE will be looking for ideas to co-invest, partner and operate land based enterprises in partnership with Indigenous organisations.

The ILC’s commitment to working collaboratively leads to a stronger sense of shared interests, responsibility, and benefit which will lead to more long-term outcomes. The following Project Map on page 6 illustrates how NIPE operates in agribusiness. It shows the inputs, outputs, short and long term outcomes for the NIPE’s agribusiness activities.
Proposed Spectrum of ILC assistance from Funding to Investment

1. Role ILC: Direct grant Funder
   Aim: Provide small grants for LM
   $: under 100K
   What we need/skills: Contract management

2. Role ILC and NIPE: Partner and co investor
   Aim: Support Large LA LM projects through a collective impact approach, well planned and partnered projects that are sustainable and well supported, leveraging of funds
   $: over 100K-1 million
   What we need/skills: Facilitation, stakeholder management, project planning, partnership

3. Role NIPE: Joint venture/impact investing
   Aim: Equity/market share in company, Seat on Board-robust financial and social return on investment, sustainable and well managed
   $: business projects over 1 million
   What we need/skills: Commercial and Business analysis and acumen, Board and governance...

4. Role NIPE: Owner/Operator. Businesses-governed through ILC subsidiary
   Aim: Establishing land based enterprises and increasing productivity of IHL. Return on investment, training and employment outcomes
   What we need/skills: Business management, industry specialisation, or could use advisory services of ILC.

Value-add services: Fee for advisory services: - contract management, agricultural technical advice, carbon farming, governance, business support.
**INFORMATION**

**Staff**
- 7 Business Development
- 5 Training to Employment

*Total cost is $1.8m*

**ILC Back office support**
- HR, Finance, Legal Policy

*Cost per is $1.1M*

**$20M in self-funding for overheads**

**Skills, experience & intellectual capital**
- Grazing
- Environmental management
- Business Development
- Business Management
- Infrastructure Development
- Training & Employment

*Training budget for 2 properties for Governance
Total cost $1.30K*

**High quality sheep and cattle genetics**

**INPUTS**

**OUTPUTS**

- 12th largest Cattle holding in Australia
- 14 Businesses
- Cross property Integration
- 16 properties
- 6 leased
- 10 ILC held

*Work health & safety*

**SHORT - MEDIUM TERM OUTCOMES (1-4 years)**

- Increased production of indigenous held land (IHL)
- Increased value of individual cattle properties
- Increased income capacity from IHL
- Safe working environments
- Improving the profile of Indigenous pastoralism and business recognition

**LONG TERM OUTCOMES (5 - 10 years)**

- Business profitability through integrated income (carbon/biodiversity offsetting)
- Demonstrating & acknowledged for best practice
- Changing the dynamic of the industry and reputation of Indigenous pastoralism
- Improved livestock performance:
  - Increased weaning rates
  - Improved growth rates
  - Improved sale weights
  - Improved wool weights

*Recognised knowledge base and model of best practice with improved networks established*

**Indigenous workforce development**

- 346 Indigenous employees (60% workforce)
- 100 trainees R, B
  - Commencements
  - Completions

**Environmental Management**

- Fire
- Weeds
- Carrying capacity
- Threatened species
- Carbon abatement
- Biodiversity

**Corporate Governance and business management**

**Community engagement and support for community events**

**Increased local livelihood opportunities**

**Increased job readiness and employability**

**Improved health, and wellbeing, improved social norms and reduced socially disruptive behaviours e.g. drinking, offending, self harm**

**Improved environmental practices, healthier pastures and healthier country**

**Community interest in, support for & engagement in cattle enterprise**

**Increased relationship between community and ILC**

**Increased collaboration with Indigenous stakeholders**
Opportunities and Challenges

Opportunities and challenges have been identified that are expected to impact and shape the work of the NIPE agricultural businesses over the next three years.

Opportunities

- Genuine engagement of Indigenous people in the Australian Agricultural Sector
- Integration of Indigenous business across Australia
- Expanding Indigenous agricultural enterprises
- Harnessing export potential
- Expansion of cropping and horticultural enterprises
- Harnessing economic potential of emerging markets
- Realising the potential of Indigenous held land

Challenges

- Social infrastructure
- Sources of capital
- Road infrastructure
- Land tenure reform
- Regional training and employment for building leadership
- Regional labour market disincentives
- Risk to integrated business model as ILC properties are divested.
Two Concurrent Strategies

Two concurrent and complementary strategies will be implemented for NIPE activities in the agricultural sector in the immediate future. These strategies are a) Consolidation and b) Diversification. The Strategies will be implemented through a range of approaches and defined by examples of models of working as shown in the tables that follow.

Strategy One: Consolidation

This strategy is to continue to operate the existing NIPE agricultural businesses while striving to continually improve business efficiency and profitability and maximise Indigenous employment including training of Indigenous people for senior management positions to run the NIPE agribusinesses.

Opportunities under this strategy support the delivery of Indigenous benefits through maximising and leveraging the existing positioning of the ILC in the Pastoral Industry.

This strategic approach deepens the engagement within existing regions, markets and industries beyond “business as usual” through additional resource investment.

<table>
<thead>
<tr>
<th>Enterprise Development Approach:</th>
<th>Collaboration and Investment Approach:</th>
<th>Indigenous Engagement Approach:</th>
</tr>
</thead>
<tbody>
<tr>
<td>ILC acquire new land or Lease existing Indigenous Held land in order to support existing pastoral operations</td>
<td>Enter into Joint Venture and/or management arrangements with existing Indigenous businesses, regions and/or activities; pursue co-funding and opportunities to partner with investors where the ILC currently works.</td>
<td>Seek to proactively link pastoral industry opportunities with existing Indigenous support programs which have an employment focus.</td>
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</tbody>
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Strategy Two: Diversification

This strategy is based on the concept of utilising the experience and knowledge that has been built up within NIPE over the last 15 years to increase the benefits being delivered to Indigenous people by increasing the area of land the managed by the NIPE, doubling the size of the NIPE herd and thereby basically doubling the size of the NIPE agricultural businesses. This scenario would require a significant investment by the ILC and possibly other businesses partners in terms of capital.

This strategy looks at enhancing the delivery of Indigenous benefits through expanding the regions, industries, markets and/or activities undertaken by the NIPE pastoral businesses through additional investment. Actions under this strategy leverage past achievement and corporate knowledge to move into new areas of focus.

<table>
<thead>
<tr>
<th>Research, Development and Innovation Approach:</th>
<th>Collaboration and Investment Approach:</th>
<th>Indigenous Engagement Approach:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pairing existing cattle operations with new and emerging markets including aquaculture, horticulture, cultural tourism and the provision of environmental services. Provide agribusiness management consulting services to Indigenous land owners.</td>
<td>Enter into Joint Venture and/or management arrangements; pursue co-funding opportunities to partner with Australian or Asian investors in new industries, regions and/or markets.</td>
<td>Seek to proactively link new agricultural business opportunities with developing Indigenous support programs which have an employment focus.</td>
</tr>
</tbody>
</table>

Diversify: New Activities / Locations
Models of Working

The way that NIPE implements its strategies can be illustrated through two models that show how it establishes and operates agricultural businesses on Indigenous held land.

1. ILC Owns land & NIPE Operates Business

   Example: Crocodile Welcome

   - Develop infrastructure
   - Create a viable business enterprise
   - Integrate grazing, environmental and cultural site management
   - Create opportunities for Indigenous employment and on-the-job training
   - Develop sound working relationships with the Indigenous land holders
   - Land to be divested in a reasonable period of time to an appropriate Indigenous group

2. NIPE Leases (or sub-leases) Indigenous owned land and operates a business with the landowner as a partner

   Examples: Gunbalanya & Roebuck Plains

   - Commercial lease agreement for 15+ years with Indigenous land holders with annual rental paid to land owners
   - Develop infrastructure
   - Create a viable business enterprise
   - Integrate grazing, environmental and cultural site management
   - Create opportunities for Indigenous employment and on-the-job training
   - Establish a partnership with the land owner ranging from land owner as advisor to land owner as equity partner in the business.