

AIG Annual Report 2019-20

INVESTING IN COMMUNITY



AIG Aboriginal
Investment
Group

BUILDING STRONGER COMMUNITIES



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CEO report



The business that is AIG

In the past I've talked about building recognition of the AIG brand as a key player in Indigenous economic development in remote regions of the NT. This is the year that has been about demonstrating our worth.

Despite the complexities and challenges of our operational environment, I believe there has never been a year when AIG has done more for people living in remote communities than it has done this year through our Remote Laundries Project and community store management.

On a personal level, I've strengthened my conviction about the value of fostering relationships with people living in the communities where we work. In the past we have erroneously seen ourselves as the enablers. The reality is community leaders are enabling us to participate in their lives. We cannot do the work we do without permission to be involved, and I have a deep respect for people who are willing to work with us and trust AIG.

Fighting for price transparency in community stores

We took on the task of deliberately disrupting the way groceries are priced in community stores through taking over the management of community stores. Our involvement was not for commercial opportunity or gain, but because it provided a platform to demonstrate pricing transparency and best practice.

I am pleased store management rhetoric within government has started to shift towards food security. We've pushed



hard to bring this to the attention of the public nationally, and at times have had to be courageous in making the injustices known. The pushback from powerful store management groups has come at a price for me personally. I believe deeply in the need for fairer pricing in community stores, so will not be deterred in continuing to fight for pricing transparency.

Remote Laundries are building in momentum

Now when I go into communities, everyone wants a laundry. When the project first started in Barunga in early 2019 we were doing 10 washes in a week, now we can do 50 a day.

Councils from West Arnhem, Victoria Daly and Roper Gulf have all expressed an interest in getting a laundry in their regions.

COVID-19 and the disruption to Commonwealth funding opportunities for the laundry has meant we are not as far along as we would have liked, but in my opinion, this is a minor set back and doesn't in any way impact the overall success of our Remote Laundries Project.

COVID-19 impact

Our response to the COVID-19 was a clear demonstration of our resilience as an organisation. Instead of seeing the pandemic as a threat to business, we viewed it as an opportunity to test pricing and stock assumptions that we had about stores.

A key response was to reduce the price of fruit, vegetables, and meat to cost price in the stores we manage. We wanted to see if reducing the prices to match Woolworths in Katherine would encourage shoppers to buy more and continue shopping in community stores after lockdown was lifted. The resounding success of this approach is covered in the core business chapter of this report.

Role of AIG in Indigenous landscape in NT

AIG has become an advocate for remote communities because of stagnation and underachievement in meeting the Closing the Gap targets. We are mandated to build stronger communities and believe we have a moral obligation to address deep seated issues that are preventing progress for remote communities. Unless the foundations are solid, we can never build stronger communities. I believe we need to be targeting needs at the basic level such as

skills, education, food and clothing. Our business model reflects this, and it is encouraging to see things like fruit and vegetable sales increasing while skin sores are decreasing in Barunga.

Staff

I ask staff to wear two hats. The first is to have a charitable mindset, always working for positive change. The second is to work to a standard and pace that keeps up with the commercial sector. I appreciate it can be a challenging environment. Our reward comes from the change we facilitate, and I thank the team for their determination and trust in the direction we are heading. There is enormous value in the learning environment that we foster at AIG.

Looking forward

The forward focus of AIG will be less about outcomes and more about sustainability. This extends to both what we fund and how we are funded. We are privately funded through asset revenue and protecting the sustainability of the organisation will be a priority going forward.

Personally, I am hopeful of moving out of the business in the coming year and transitioning into retirement to focus on advocacy for Aboriginal people.

Steve Smith LLB
Chief Executive Officer

COO report



Taking risks creates change

We have a saying at AIG, to create change, we have to take risks. We've been taking risks all year and as a result have created a Remote Laundries model that is ready to be launched throughout the Northern Territory, and a model in socially responsible community store management that will grow in the future. There is a lot to be proud about.

Staff have achieved an amazing amount

We are a team of 12 dedicated people who want to see positive change in Indigenous communities. We've worked extremely hard this financial year, and most of the time staff are performing two roles to achieve our outcomes. We had to learn, grow and adapt along the way, which is demanding, and I believe it's important to recognise the commitment of the team and the success achieved. Two robust social enterprise models that can be shared with other communities for positive change. These are huge achievements.

New board, new energy, new focus

We have a new board which brings different energy, views, and expertise. This is exciting because it pushes us to try new things. Our board is focussed on economic development throughout the regions they represent. They want us to get even more involved in making a difference through economic development.



“There is a lot to be proud about”

Welcoming a new board has offered opportunities to reflect on the gains made by our outgoing board. We worked hard to set a solid foundation, which means the incoming board has been able to hit the ground running. We have an important strategic planning session in February to set the new strategic plan for 2022-2024. I look forward to working with this board to make important decisions about the future of AIG.

Strategic direction on track

Because we are so small and we have grand goals, it's easy to get lost when hard at work. Having a strong strategic plan makes our roadmap clearer and helps us to feel confident in what we are doing and where we are going.

Despite COVID-19 delays and diversion of precious resources to navigate demands arising through our shareholding relationship with the Northern Land Council, we are tracking well against our strategic objectives. Our laundries are not yet in all the regions, but we have a successful model that will make it easy to roll out because we've had the time to fine tune it.

We have developed a store management model that will make it easy to bring solutions to other communities. We've made incredible gains in winning grants for our clients and I believe we're not celebrating this enough. It takes a huge amount of work to create winning grant applications, and project manage funded projects.

Another importation development is the recognition from territory and federal governments' of our quality outcomes. They have increasingly been seeking our input into issues relating to Indigenous advocacy. Our community consultations about modelling the reintroduction of licensed social clubs is an example of this, as is the public transport pilot funded for Barunga.

The breadth of our outcomes makes the strategic plan even more important because we need to stay focussed as a small team when our work is varied and complex. Everything we do is funded through our rental income from our property portfolio. This sets a limit on staff numbers and the work we can take on. A key topic in the new strategic plan will be about whether we maintain the current funding model or whether we look towards diversification of revenue

streams. These are questions that will be answered when designing our new strategic plan in February 2021.

Working smarter not harder

We are constantly trying to work smarter not harder. A good example of this is how well we coped with COVID-19. Pre-pandemic, we'd transferred everything to a cloud-based system and already had a functional virtual team working environment. When the office closed because of COVID-19, it had no impact on our business operations.

Space for innovation and creativity

Looking forward it will be important to slow down the pace of our operations to create space for innovation and creativity. If we want to design new ways to challenge old problems, we need the space to analyse and create. I recognise the importance of this and will personally work to carve out space so we can continue to innovatively work with Indigenous communities to tackle issues and create positive change.



Alexa Gutenberger MBA, CA
Chief Operation Officer

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About AIG

We build stronger communities in the Northern Territory through innovation, courage and hard work.





About AIG

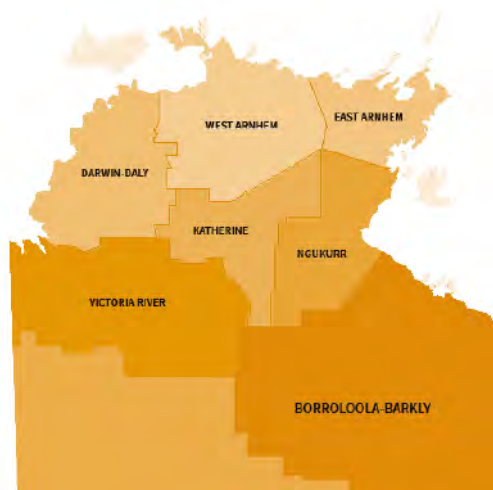
AIG was founded in 1988 and is 100% Aboriginal owned and self funded.

History of AIG

The purpose of AIG has always been to build stronger Indigenous communities. It was the mandate when the group was formed over 30 years ago and remains as strong today. AIG was set up by the Northern Land Council (NLC) in 1988 as a sibling entity to hold and administer Indigenous owned assets. The working relationship between NLC and AIG has changed since the 1980s, but NLC remains our biggest shareholder.

Vision

Engage in sustainable development to enable prosperity for Aboriginal people in the seven northern regions of the Northern Territory.



Making
money
through
investments

Spending
money on
projects that
benefit Aboriginal
people

AIG entities

North Australia Aboriginal
Corporation (NAAC)

Northern Australian Aboriginal
Charitable Trust (NAACT)

NAAC is the main operational arm of AIG and is responsible for all wealth creation activities. It owns our assets, employs AIG staff and provides services such as store management, business support services, governance support and mentoring services.

NAACT is the charitable arm of AIG and the avenue for wealth distribution. Our Remote Laundries project has been the focus for NAACT this year. It's through NAACT that AIG is able to offer tax deductions for our donors to the laundry.



Values

Reliability

Supporting our people every step of the way.

Honesty

Acting as a business with integrity.

Responsibility

Developing business projects that serve the Aboriginal community.

Passion

Our People are our most important assets.

Integrity

Acting with integrity to achieve success.

Commitment

Working towards meaningful social and economical change in remote communities.

Staff

“People think we are a big group, but we are only a small team of specialists. I believe we deliver incredible outputs for a small team and we can do that because we are passionate and have a clear, united vision”.

- Alexa Gutenberger, COO

We are a team of 12 culturally diverse people who believe deeply in our vision of creating opportunities for social, health and economic development.

Organisation structure



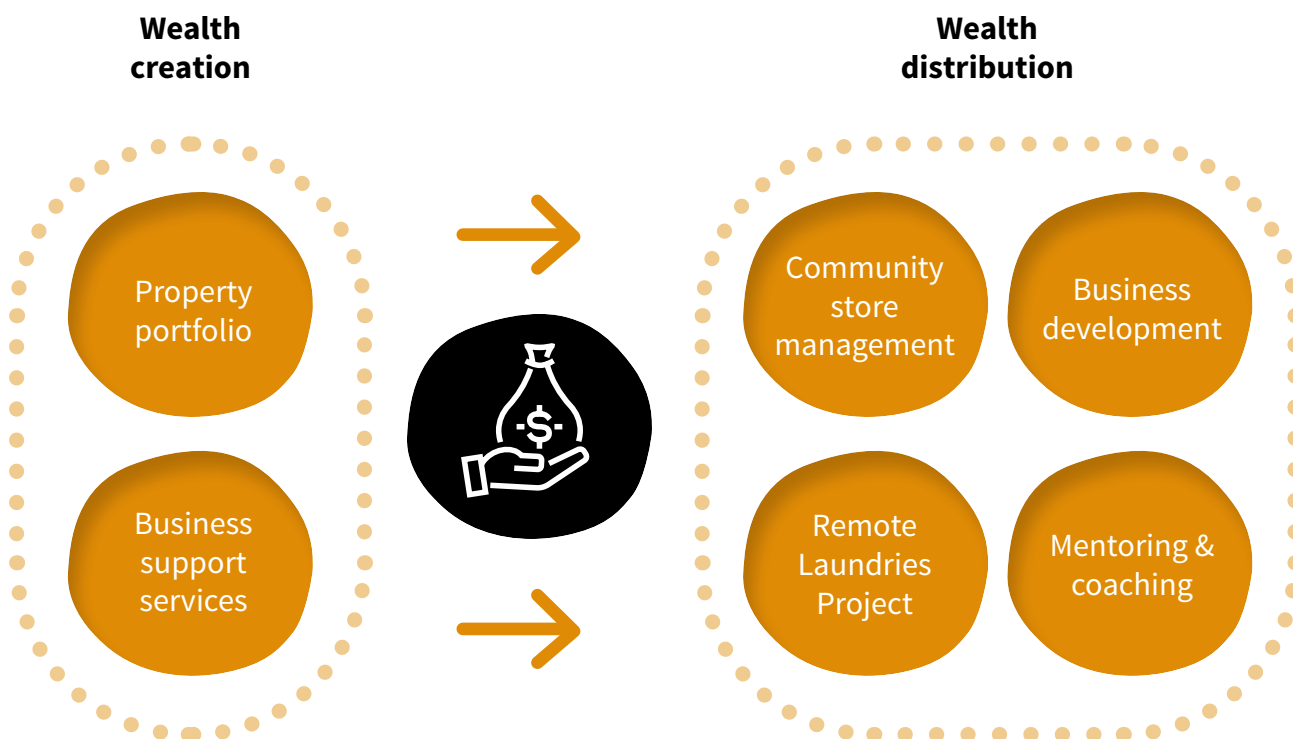


Front row L-R Steve Smith, Alexa Gutenberger. Back row La Kyung Kwon, Elouis Thaiday, Brittany Ciupka, Calvin Anzac, Lewis Knibbs, Joy Clarke & Dominic Robbie. Absent Louise Hill, Jolene Peacock, Josy Strunden, Fiona Ainsworth & Talia Henriques.

Self-funded model

AIG is funded through our commercial and residential property portfolio and our business support services. It's important we are flexible and innovative about how we use our wealth to achieve the greatest value for money in our wealth distribution ventures and to ensure financial sustainability of the organisation.

The protection and longevity of our financial sustainability is a priority, because without it, we cannot continue with our model of wealth creation to fund wealth distribution.



Wealth creation enables
wealth distribution

Stakeholders

Relationships and lasting connections are vital when trying to create sustainable change in Indigenous affairs. Our most important stakeholders are Aboriginal people in remote communities and federal, state and territory government agencies. Our relationship with the NLC remains vital to the work we do and the connection we have in communities.

Strategic objectives drive direction

We are driven by three strategic objectives that set the intention of everything AIG does.



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The AIG Board of Directors

Connection to country is key

Our board's connection and reach into the seven northern regions of the NT differentiates us from other organisations. We couldn't have the impact we do without the influence of our board.

The connection between AIG and the NLC exists because we share the same board. The people who are voted by their region to represent them on NLC's Executive Council are the same people who sit on the AIG Board of Directors. This relationship was set up decades ago when AIG and NLC worked more closely together, and through this legacy AIG has a strong board that we rely on heavily to set the direction of our organisation.

We have eight directors, many of whom were new at the start of this financial year. There have been six board meetings, and like other years, training has been an important focus at all meetings.

Our board induction was a full day of training

It was important for us to give the new board the best start possible, and we undertook an extensive induction session which covered key topics listed below. These topics are refreshed at each board meeting.

- History of AIG
- Organisational structure
- Legal environment
- Business operations
- Stakeholders
- Contracts
- Risks and risk management
- Governance
- Financial management



From left to right: Bill Danks (Darwin Daly Wagait), Helen Lee (Katherine), Sam Bush-Blanasi (Katherine), Brian Pedwell (VRD), Djawa Yunupingu (East Arnhem), Mathew Ryan (West Arnhem), Chris Neade (Borroloola Barkly), absent Grace Daniels (Ngukurr).

Chair report

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“I am really happy about AIG’s achievements in the last year, particularly in the community store space and Remote Laundries Project. Whilst we are a very small organisation, we had a great impact in the communities that we assisted.”

Helen Lee,
AIG Board Chair



I am really happy about AIG's achievements in the last year. Whilst we are a very small organisation we had a great impact in the communities that we work with. Highlights for the year have been the store management and the Remote Laundries project.

Changing the laundry model to being free of charge has been critical to the project's success and acceptance in community. I am pleased to see the willingness of businesses to engage in corporate sponsorship to assist our communities in the fight against scabies.

Food security has been an ongoing issue in communities for years. It has been close to my heart to have this addressed by AIG. We are excited about AIG's social enterprise store model that not only provides affordable food in community but also provides local employment whilst being financially viable.

A new board has been elected this year for a three year term. I am looking forward to working with the new board which brings a rich diversity and skill set to AIG.

I believe in AIG and its work is exceptional due to the great working relationship between the board and AIG staff. Our relationship is driven by the unique skill set as well as a trusting relationship between all parties.

AIG has begun to expand and is doing more in other regions and having more conversations with Traditional Owners about what is needed and where AIG can play a part. This is a good thing. In the past there has been a focus on the east side of our northern regions, we are now focussing on the west side and working with the southern regions.

This year AIG has made real progress in promoting our achievements and the work we are doing in the regions. We engaged successfully in different marketing channels and I can confidently say that our people in regions understand now who we are.

Helen Lee

Chair of the Board of Directors

Board members

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Bill Danks
Darwin Daly Wagait



Helen Lee
Katherine



**Sam
Bush-Blanasi**
Katherine



Brian Pedwell
Victoria River District



**Djawa
Yunupingu**
East Arnhem Region



Mathew Ryan
West Arnhem Region



Chris Neade
Borroloola Barkly



Grace Daniels
Ngukurr

The seven northern regions of the Northern Territory



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Projects



Mobility Project

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An important one-off project for AIG was our Mobility Project. Simple in design, the project involved the distribution of all-terrain wheelchairs through the northern regions of the NT.



Abel Naborlh at Jabiru Community Care.

All-terrain wheels made our chairs better

Our research showed a common complaint with standard issue wheelchairs was how badly they perform out of a clinic or hospital setting where the surface is not smooth or level. We wanted to find chairs that could operate off sealed surfaces and were better suited to the community environment. Our wheelchairs have wheels similar to a BMX bike, are more comfortable, and perform better in a community setting.

Distribution

We finalised the distribution of the chairs this year and chairs were supplied to:

- Katherine
- Jabiru
- Palmerston
- Pidgeon Hole
- Ramingining
- Wugularr
- Timber Creek
- Laynhapuy Homelands
- Yarralin
- Yirrkala
- Darwin

Flexibility and innovation

Likely to remain a one-off project, the Mobility Project was an excellent example of how AIG can be flexible and innovative about how we respond to the needs of Aboriginal people in the communities.

Going forward, AIG will be looking for other meaningful projects where we believe we can help.

Wheelchairs are essential in all health clinics. Good quality robust chairs come with a hefty price tag. Through our board, we were made aware of the need for wheelchairs in health clinics. We sourced 100 chairs to donate.

Community social club consultations



AIG has been involved with the Northern Territory Government (NTG) and communities in the Katherine region to develop a plan for introducing licenced social clubs into remote communities.

The federal Indigenous Affairs Minister and NTG are engaged in this consultation because of the pressure to identify a pilot site for introducing licensed social clubs into communities. If we can get this right, the model can be used in other communities.

For many years people in community have been vocal about their intention to introduce licenced social clubs in their community. AIG has agreed to work on the planning, design and community consultations to explore the possibility of opening licenced clubs in remote communities.

Northern Territory Government Alcohol Action Plan

Since early 2016, the NTG have been working with remote communities to develop Alcohol Action Initiatives (AAls). These are community driven projects that develop local solutions and practical actions to minimise the negative impacts of alcohol on the whole community.

The NTG through the Department of Chief Minister provided the funding for our social club consultations.

Community consultations

AIG engaged PricewaterhouseCoopers Indigenous Consulting (PIC) to conduct community consultations in Katherine, Barunga, Beswick and Manyallaluk about social clubs in the Katherine region.

Consultations revealed a clear interest in the introduction of licensed social clubs with the following parameters:

- Family friendly space
- Separate designated places for men and women
- Availability of food
- Limits on opening hours
- Restrictions on the amount of alcohol sales
- Well understood club rules

- Penalties for breaking club rules
- Overseen by a local social club committee
- Have onsite security
- Provide local employment
- Transport for people outside of Barunga
- A membership sign and out system

Finding the right model

The right model for social clubs in communities will need to do two things; disrupt the existing culture around the purpose of social clubs and re-design the value social clubs can bring to communities.

Our consultations revealed community members want to design a model that will:

- Develop social club operating rules and how to manage non-compliance
- Develop a plan for governance within community
- Design the club facilities to suit men, women and children
- Create a plan for monitoring the impact of a social club on the community.

Proposed next steps

The introduction of licenced social clubs into remote communities will require quality consultation and collaborative planning and design from government and community. We will support communities to be involved in this process where we can.



Community of Barunga southeast of Katherine.

Bottled water

Remote Laundries branded bottle water which was introduced in December 2019 has two functions. The first is to create better profits for the stores we manage. The second is to generate an income stream for the Remote Laundries Project. A popular and affordable product, Remote Laundries bottled water returns an additional 24 cents of profit per bottle sold compared to the previously sourced water in store, even when it is sold at only \$1 per bottle as is the case in all community stores we manage. All profits on water sales are split 50/50 between the stores and the laundry therefore creating an ongoing source of income for laundries while protecting store profits.

Locally sourced makes them cheaper

Overall, our Remote Laundries water is cheaper to buy and produce, which generates more profit for the stores and the laundry. In the past the stores sold bottled water from an interstate company. Profits were less because the price of each bottle was higher, and freight negatively affected profits further. Local water supplier Akuna Springs was willing to work with us on branding bottled water with the Remote Laundries label which meant the cost interstate freight was taken out of picture.

Why water?

We chose water for four reasons:

1. It enables support for an Indigenous lead community project and provides opportunity for community members to participate through buying water.

2. Water aligns with our objectives of promoting health. We understand the benefits of drinking water and to encourage people to drink more water.

3. It helps to promote the Remote Laundries brand without impacting on the store profits. Selling Remote Laundries water over other branded water has a neutral effect on profits for the store because the cost of laundry water is less than other brands sold in the past.

4. It is a consistently popular product so demand will always be high.

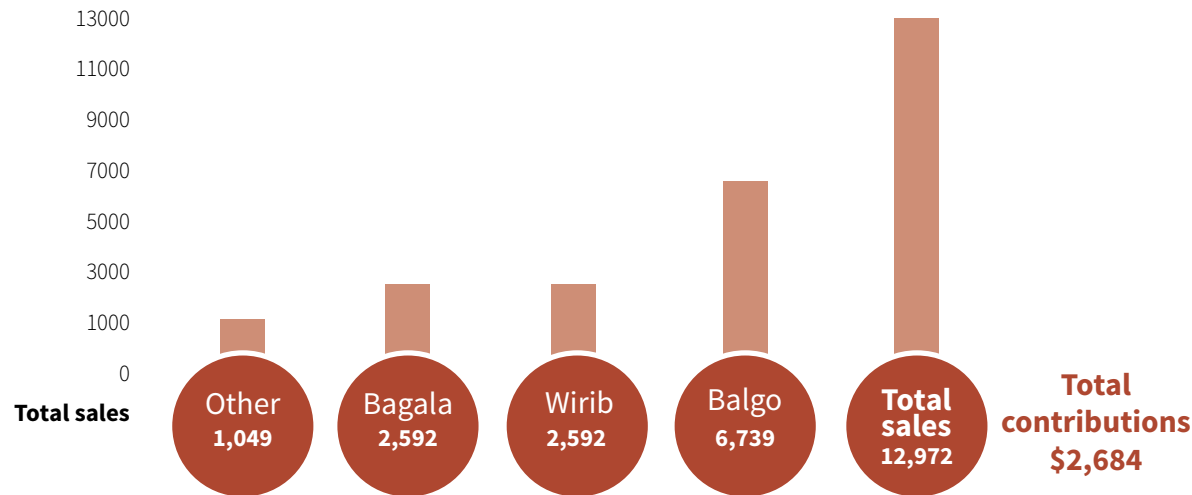
Participating stores:

- Yarralin Community Store
- Wirib Store and Tourism Park
- Bagala Community Store
- Balgo Community Store
- Chow restaurant Darwin
- Donated by AIG to Sunset Soup Kitchen Darwin



Sales figures

Sales began in December 2019 and the contributions are calculated at 12 cents per bottle sold.



Future of water

AIG will continue the production of Remote Laundries branded water as a method of creating income for the laundries. We intend to move into a larger scale production and distribution of Remote Laundries water to create more profits. After testing the model this year, we feel confident it is a smart and effective way of contributing to the Remote Laundries Project through the sale of water.

Energy Efficiency Projects



One of the highest operational costs in community stores is power. It is expensive to run cool rooms, air conditioners and hot water systems. For an average sized community store, power costs are around \$50,000 per year. For larger stores like the Wirib Store in Timber Creek, the power bill can be as high as \$90,000 per year.

The Energy Efficiency Project began in early 2019 as an analysis of how power costs could be reduced in the stores managed by AIG. Solar quickly became the solution, and since the start of the project, the Aboriginal Benefit Account (ABA) has funded systems for the Wirib Store in Timber Creek and Bagala Community Store in Barunga.

Timber Creek

After successfully securing an ABA funding grant of \$104,959 in mid-2019, AIG started the process of buying and installing solar panels on the roof of the store as well as replacing outdated air conditioners in the park for better cooling efficiency. The solar panel system is a 25kW fronius inverter to power the store, and a PV direct solar hot water system to service the ablution blocks in the Wirib Tourism Park and the Store.



Work crew installing solar units on Bagala Community Store.

The dollar savings per month since the system was installed is around \$1,500. Overall it is estimated to give 22% saving to the power costs.

Barunga

In 2020 Bagala Aboriginal Corporation was successful in an ABA grant application of \$88,889 and in June 2020, a 40KW microgrid system with battery storage capacity was installed on the Bagala Community Store roof. The Barunga grant was different to Timber Creek in that it was only supplying the battery and solar panels.

Due to COVID-19, installation of the unit was delayed until June 2020 which makes it difficult to quantify the savings at the time of this report, but we estimate the savings to be as high as 65% of the power needs of the store.

Cheaper electricity = cheaper food

Store running costs heavily influence the price of products. By reducing running costs, we can reduce the cost of products in the stores. Our Energy Efficiency Project has been a simple yet effective way of make essential groceries more affordable in communities and more aligned with our mandate of improving food security for people living in remote communities in the NT.

Indigenous employment and training

Employing local Indigenous workers was a priority for the installation of the systems. Where possible locals were given on the job training by qualified electricians in basic cabling and system installation.

Commonwealth support is vital

Solar energy is an industry evolving very quickly, particularly invertors, battery prices and functionality. What was state of the art 12 months, is now outdated which is why savings achieved in the Bagala Community Store are better than the Wirib Store. AIG is committed to using solar and updating the systems as the technology improves but support from the Commonwealth through grants for the systems is vital at this stage.

The Energy Efficiency Project is a good example of how the government can support innovative projects that make real, positive changes in community. As AIG grows our store management portfolio, we intend to continue using solar power technology to ideally facilitate power self-sufficiency for all the stores we manage.



Solar panels on the Wirib Store in Timber Creek.

4



Core business



Remote Laundries Project



This exciting project began with community consultations in Barunga in 2018. Community leaders in Barunga wanted a project that would have two outcomes: create jobs in the community and improve health. After looking at a few different ideas, an agreement to pilot the laundry was reached between AIG and Bagala Aboriginal Corporation members.

Fast forward two years and the pilot has been a resounding success. Our Remote Laundries Project is a key part of operations at AIG, and we are proud to present a well-designed project model that is ready to be launched throughout the NT.

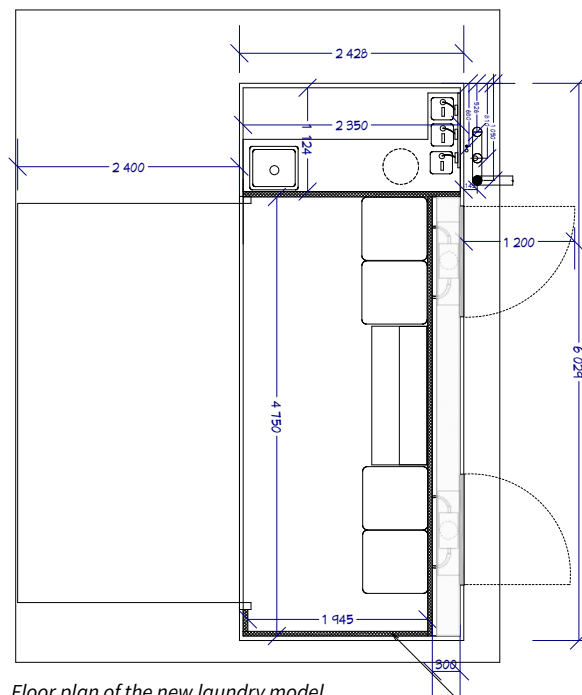




Laundry system and operations

Each laundry has four washing machines and four dryers set inside a secure unit with a huge hydraulic arm that opens and closes the unit. Industrial sized, these machines wash and dry blankets and heavy bedding which is crucial for breaking the life cycle of parasites like scabies and to kill harmful bacteria.

Our laundry system needed to be well designed to meet the specific needs for a remote community setting. Since our first laundry unit, the design has matured, and we've upgraded functions such as heating water for targeting skin diseases and the internal layout of the laundry. Our new laundries are more secure, have safer chemical storage and are easier to clean, operate, maintain and service.



Floor plan of the new laundry model.



Laundry attendant Finnicle Chapman washing blankets.

Until disparity in health, economic autonomy and availability of services in Aboriginal communities are improved, our laundries are needed to protect against serious diseases that are all too common.

Impact on community health

Store bought washing machines don't kill the scabies mite because they cannot maintain the heat or use the right chemicals.

Rheumatic heart disease, kidney disease, trachoma, scabies, and skin sores are at unacceptable levels in Aboriginal communities. Regular washing of bedding, clothing, and towels is effective in killing bacteria and halting the scabies life cycle.

Chronic housing shortages in communities leads to overcrowding which places a burden on facilities in the house like washing machines. Having reliable and accessible washing machines and dryers that work, power and water that is available and detergent that never runs out is a practical and effective way to improve the health of the community.

Employment and economic development

Secure, sustainable jobs that are filled by local staff is a primary objective of this project. All laundry staff at the Barunga laundry are Indigenous and live in the region which is important for local economic development.

In Barunga, the laundry provides five jobs and has contributed \$43,789 in wages to the community this financial year.

The laundry has been open and operating for 98% of the advertised opening hours this financial year. We see this as a significant achievement and believe it indicates pride and commitment of laundry staff to make washing services available to their community.

Being in charge of the laundry offers an opportunity to give back to the community to overcome health and social issues. A lot of prestige comes with being employed at the laundry which is why men and women of varying ages have sought employment there.



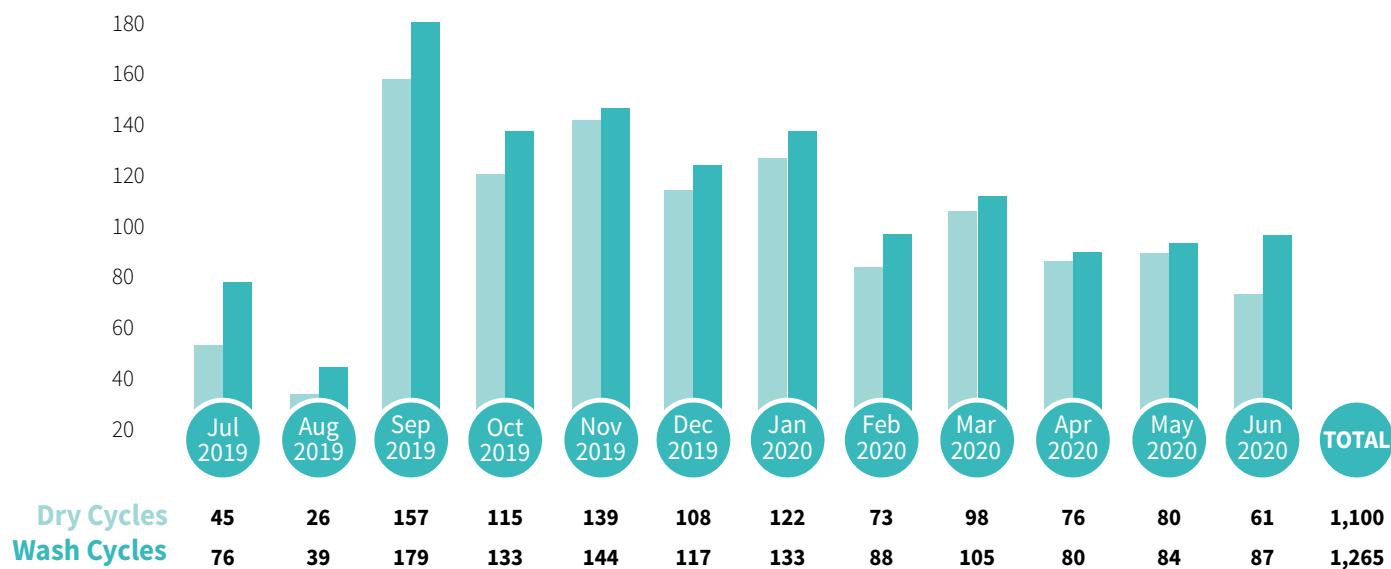
“After the laundry was installed, we noticed a decrease in the number of scabies.”

Peter Wordsworth

Sunrise Health Services Manager, Barunga.

Value to community

Laundry use by the community is the easiest way to measure if the laundry is regarded as a valuable resource to the people of Barunga. Certainly, use of the laundry has increased. There were a few key adjustments to the model that helped to facilitate this, particularly making all services free and introducing a bus service to pick up and drop off washing.



Another indicator of value to community is the lack of vandalism. Since the laundry opened in February 2019 there has been zero incidences of vandalism. This as a clear indication of the community wanting to protect their laundry and for the service to continue.



Social return on investment for the laundries

Melbourne Business School masters' students worked with AIG in mid-2020 to analyse the return on investment of the Remote Laundries Project.

The students' created a model that quantified the cost of unemployment, health care, quality of life and work readiness. They analysed the costs of these factors and the impact of the laundry project in saving the government money through the health and economic gains from the laundry. It costs \$100,000 year to run the laundry, and based on the student's model, the preventative savings for the government are estimated to be over \$500,000 per year per community with a laundry unit installed.

In the coming financial year, we'll be working with KPMG to substantiate the model and further establish data collection points in community to support our model assumptions of savings for the government.



Children from Barunga playing at the laundry

The savings for government are estimated to be over \$500,000 per year per community with a laundry unit installed.

Right funding model critical to project sustainability

Remote Laundries offer free washing and drying to community, and relies on fundraising and government funding to cover operational costs and wages. This financial year we have put a significant amount of energy into designing a sustainable funding model.

The last 12 months have focused on the outputs and outcomes of the laundry to gauge its worth to the community and government. It's now time to focus on the inputs and sustainability of the project. Getting the funding model right is critical to the long term sustainability of this project.

Donations and fundraising

Through social media and our website, we encourage people to support the project through donations. In addition to normal marketing strategies, we've used social media influencers to spread awareness of the project to people and businesses nationally.

We have two key influencers from The Clay Society and In the Raw Byron Bay. They encourage their large customer base to donate to our project as well as donating a percentage of their sales through their purchase with a purpose campaign.

There are five Tap and Go donation points in cafes in the NT and QLD. These easy donation points are pre-programmed to deduct \$2 per tap to the project. This year there have been \$2,120 in donations.



Freddie Srubby, laundry attendant Barunga

Corporate sponsorship

Our corporate sponsorship has grown this year. We have five sponsors that have supported the program to the value of \$27,409

NTPHN

Ibis Katherine

Chartair

Kolsen

Darwin International Airport

Securing sustainable income to pay for this free laundry service will be a key focus going forward for the project. We intend to increase project staff within AIG to cope with the demands of managing fundraising, corporate sponsorship, government grants and donations from the public.

Facilitating an understanding of the value of the project within Territory and Commonwealth Governments will also be key to the funding and success of this project as it is rolled out into other communities.

Formulating a sustainable funding model has been a significant challenge of this project, and something we are working hard to get right.

Community consultations and ongoing interest

Interest from other communities in our project has increased this financial year. AIG has spent time travelling to communities throughout the Top End talking to community members and decision makers about operational costs, funding possibilities and different management models.

Consultations have been with:

- Borroloola
- Groote Eylandt
- Yarralin
- Mataranka Springs

Negotiations with Groote Eylandt Aboriginal Trust (GEAT) have been interesting because they intend to own three laundry units and employ AIG to manage operations. AIG is interested in monitoring GEAT's approach to laundry ownership because we believe going forward, communities should own their laundries.

It has been almost one and half years of testing, measuring and adjusting. We believe we have created a robust model that will facilitate sustainable growth in the future. It is very exciting for AIG to be at this point and a credit to the courage of everyone involved so far.

Because of the growing amount of interest from communities, AIG believes the number of laundries will grow in the future and we have definite plans to install a laundry unit in Darwin and three more sites subject to capital infrastructure funding.

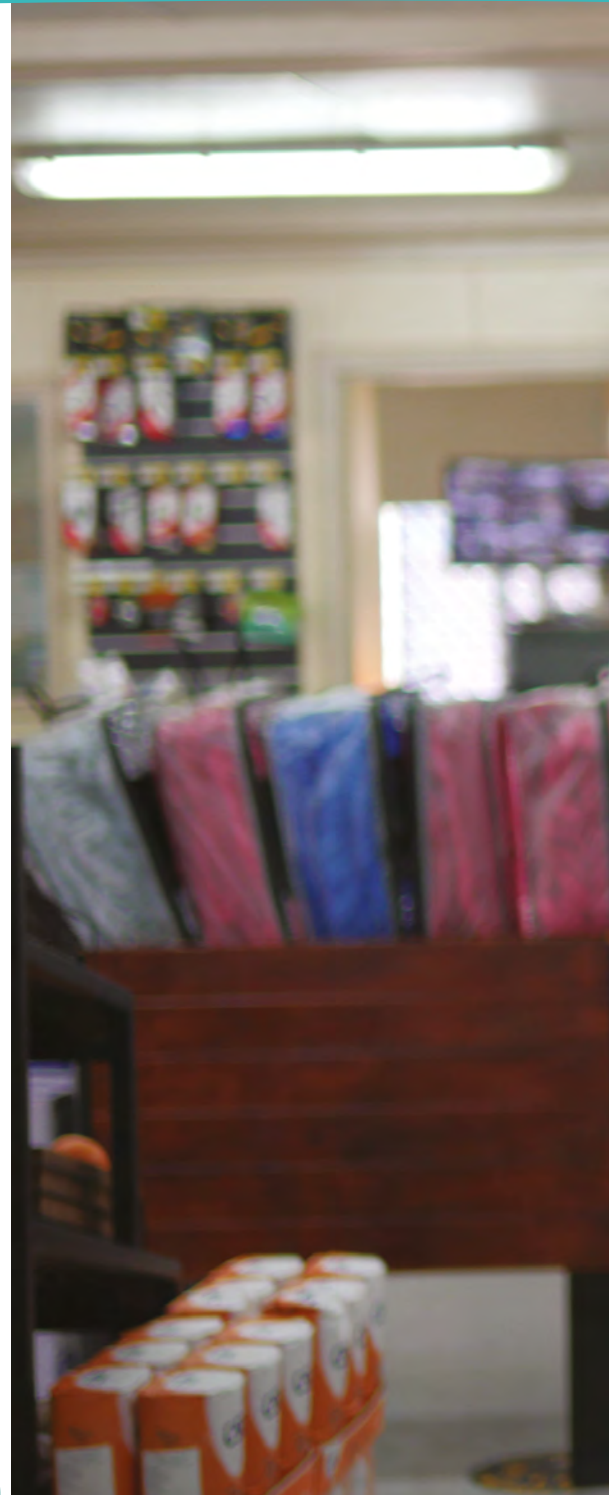


L-R Kishore Aggarwal from corporate supporter Paypont, Project Officer Fiona Ainsworth, and AIG CEO Steve Smith.

Store management



Time and time again we were told people could not afford to shop in their stores. In 2017, after directions from the AIG Board, we started our journey into researching the issue of food security.





Our research involved scrutinising store prices, products, suppliers and the negative impact of rebates on store pricing. We wanted to know how much these things influenced food security for people living in remote communities. It was clear that prices in community stores are too high and food security wasn't being protected.

In the interest of creating models of best practice, introducing competition, and disrupting the status quo, we took over the store management of Bagala Community Store in Barunga and Wirib Store in Timber Creek in 2018.

Courageous retail modelling

From the outset we were clear we didn't want to drive profits in the stores, we wanted to make essentials cheaper.

We were surprised to learn that less than 10% of the items in the store make up around 90% of the sales, so we focussed on how to bring down the prices of those products only. Because of our small size we were able to work more closely with different suppliers to find the best price on our targeted products.

Our goal was to design a model that is focussed on social outcome rather than income.

Mob's Choice range was created

Armed with community input, sales data, supplier flexibility and never accepting rebates, we've created what is now known as Mob's Choice: a range of essential products at discounted prices sold in the community stores that AIG manages.



Because AIG is a small store management group, we can be innovative in the way we test assumptions and try out theories. We observed successful retail chains selling products at cost price or below cost price and making up for the losses through the sale of high profit products. We adopted this model for our Mob's Choice range, selling popular and essential items at cost price and non-essential items at a higher price.

Then we turned conventional retail models upside down by deliberately pricing and placing items in the stores to save the shoppers money. Instead of putting high profits at eye level, for example, all our stores have low-profit, healthy products at eye level.

We've branded our Mob's Choice range throughout the stores, so shoppers know products tagged with the Mob's Choice logo are good value for money. We are building trust and fostering shopper awareness of better value products.

And the result? An increase in the amount of Mob's Choice products sold in each store since it was introduced. In the Bagala Community Store the sale of products in the Mob's Choice range have increased by 29% and 48% in the Wirib Store.

This clearly demonstrates shoppers are buying more of the products they need because they are discounted to a price they can afford.


29%

Increase in Mob's
Choice products sold
in Bagala Community
Store since it was
introduced

48%

Increased in Mob's
Choice products sold
in Wirib Store since it
was introduced

Inclusion of store owners

A recurring complaint that came up during our research was the lack of input from store owners under other store management providers. We wanted to change that because we believe strongly in involving store owners in our management model. We did this by:

- Consultation about the selection and pricing of the Mob's Choice range
- Quarterly board meetings which included a site visit with the board to the store to identify issues and opportunities
- Open and transparent reporting on store profits and losses
- Input into staff recruitment and management

Community stores' social responsibility

In the stores that we manage, the cheapest products in the store are highest in demand. Our goal is to give shoppers more of what they want for less because more money in pockets leads to poverty reduction and better health outcomes. This is how we believe stores can impact positive social outcomes.

Despite dropping our prices drastically we were still able to increase sales in the lockdown period.


103%

Increase
In the lockdown sales
in Bagala Community
Store

180%

Increase
In the lockdown sales
in Wirib Store



In the fourth quarter of this financial year, the Bagala Community Store sales were \$801,707 compared to \$394,668 in the third quarter.



The Wirib Store sales were \$495,988 in the final quarter compared to \$176,944 in the three months previous.

COVID-19 presented us with a ‘now or never’ opportunity to trial lowering the price of fruit, vegetables and meat to cost price. Our prediction was that with more people shopping in the stores, we could cover costs and not negatively impact on profits.

COVID-19 lockdown presented an opportunity

Before COVID-19 community lockdown in April-June 2020, it was common for shoppers to travel to Katherine for their bigger grocery shops. In the lockdown it wasn't possible to travel so we made the decision we would sell fruit, vegetables and meat at cost price so people could buy what they needed to feed their family affordably and support the community as much as we could.

The lockdown presented a unique opportunity to change shopping behaviour which in return would give us the needed economies of scale to make our model continue to work after the lockdown was lifted.



161%

Increase
in fruit and veg sold
in Bagala Store since
price change

148%

Increase
in fruit and veg sold in
Wirib Store since price
change

We knew that if we could capture the trust of the consumers, our stores would be viable.



Clarette McGregor-Brown and Litiana Cakausesse in the Bagala Community Store Kitchen.

Shopping locally contributes to community development

When people shop locally, they contribute to their local economy. We believe that by having cheap fruit, vegetables and meat, as well as the Mob's Choice range, we are working towards changing shopper culture to trust their local community store to meet their needs and in doing so, investing in their community.

Two key steps for lowering prices in stores remain:

1. Uniting independent store operators.
2. Establishing a regional not for profit supply chain.

Challenges for independent store operators

Each region has designated food security stores. Under the Food Securities Act these stores are required to supply data and reports of operation to the Commonwealth. Both stores we manage are food security stores which gives us a good understanding of the mismatch between government regulations and the realities of independent store management.

Currently through Outback Stores, the Commonwealth manages 40% of the stores in the NT. The remaining 60% are managed by independent store operators, who are unrepresented in government consultations and currently ineligible for government funding.

AIG intends to create a peak body that can unite store operators and lobby on their behalf.

The group will be able to advocate for food security stores, and equal access to government funding for all stores in the NT.

Creating supply chain competition

This year we've started looking beyond the existing store supplier groups towards larger supply chains to explore how they can play a part in helping us to get better supplies at better prices.

We believe the current supplier model focusses on maximising profit with little or no regard to the social outcomes or consequences, and affordable food can't be offered with the current supply chain margins.

The solution to breaking the cycle of profits for the supplier is to disrupt the supply chain. Going forward, this work will be a key element to resolving pricing issues in remote communities, and something AIG is working hard to address.



Richardo Ranch, store attendant at Bagala Community Store in Barunga.

Business support services

Our business support services require a focussed, capable and fast moving team to meet our clients' needs.

Helping Aboriginal corporations

Governance and financial management are areas of vulnerability for many Aboriginal corporations. In 2011, AIG created our business support services which helps clients strengthen their governance framework and financial processes so they can grow. There are five areas of support that make up our business support services: governance training, project management, grant applications and bookkeeping, and outsourcing executive positions.

Governance training

The goal for the governance training team is to support and upskill Aboriginal corporation leaders to run their business successfully and autonomously. Our training regime focuses on building the foundation of a strong business including financial management. A large part of governance training remains interpreting the rules and regulations of the Officer of the Register for Indigenous Corporations (ORIC), particularly with regard to the appropriate use of money and directors' duties.





Grant writing services

Applying for government funding is a lengthy, complicated, and competitive process. A lesser known service of AIG is grant writing, which we've been offering without charge to clients for many years. Assistance with grant applications is essential to helping communities understand what money is available and how to access it.

Currently, we write grants for organisations that we have an existing working relationship with. Our services are accessed in two ways. The first is through working with boards of Aboriginal corporations to ascertain the funding needs of the community.

The second way is through our extensive knowledge and ongoing research into available grants. The funding landscape is constantly changing and when a new grant is released, we will contact the client and together, we look at ways where grant money can be used to benefit their community.



This year we secured \$891,884 in grants for four clients in Darwin, Barunga and Timber Creek.



Lewis Knibbs, AIG project officer and grants writer.

Expansion of our grant writing service

The AIG Board has given the directive that AIG needs to be more active in helping Aboriginal organisations. Therefore, in the coming financial year, AIG will be expanding our grant writing service. We've started this process by talking at regional council meetings to spread awareness of the role of AIG and our capacity to apply for grants.



Louise Hill part of the business support services team.

Grants secured by AIG from July 2019 to June 2020.

Bagala Aboriginal Corporation	Funding body	Grant category	Project	Amount secured \$
	National Indigenous Australians Agency (NIAA)	Aboriginal Benefit Account (ABA)	Landry staff wages	\$92,629.90
	NIAA	1000 Jobs	Bagala Community Bus Project	\$75,512.40
	NIAA	ABA	Barunga demountable office buildings	\$246,264.00
	NIAA	ABA	Barunga Energy Efficiency Project	\$104,958.70
Wirib Aboriginal Corporation	Funding body	Grant category	Project	Amount secured \$
	NIAA	1000 Jobs	Wirib Store and Tourism Park	\$162,540.32
	Indigenous Business Australia (IBA)	IBA	Cashflow support	\$40,000.00
	IBA	IBA	Website upgrade	\$4,700
North Australia Aboriginal Corporation	Funding body	Grant category	Project	Amount secured \$
	Department Business, Trade and Innovation (DBTI)	Business Growth Program – Start. Run. Grow	AIG website upgrade	\$4,400.00
	DBTI	ABDP grant application	AIG group controller	\$29,975.00
	Chief Minister Office	LDM	Bagala social club consultations stage 1	\$42,017.25
Gunamu Aboriginal Corporation	Funding body	Grant category	Project	Amount secured \$
	NIAA	ABA	Wirib Energy Efficiency Project	\$88,887.23

Total grants secured

\$891,884

Unless an Aboriginal corporation receives royalties or has a sustainable income, the only way to start up a social enterprise business in community is through grants. They are a key driver in supporting business growth in community which is why we see our grant writing services as a priority for economic development.



Bagala Aboriginal Corporation Board Meeting in Barunga.

Project management

As part of our business support services, successful grants are often project managed by AIG either at a discounted rate or for free. Examples of projects delivered by the project management team can be found in the projects chapter of this report.

Historically our project management team focussed on construction but more recently the demands have become broader and include setting up new social enterprises and providing consultations for project planning and delivery.

Bookkeeping and outsourcing of executive positions

Reliable bookkeeping data is vital for better decision making within any organisation, which is why our bookkeeping service is a valuable part of our business support services. Finding skilled bookkeeping staff and retaining them is a challenge for remotely located Aboriginal corporations which is why AIG offers high quality, remotely delivered bookkeeping services from our Darwin office.

In addition, we offer the option to outsource executive positions such chief executive officer (CEO), chief financial officer (CFO) and chief operating officer (COO). All our financial services include but are not limited to wages, financial reporting and management, and liaising with independent auditors.

Financial compliance builds a strong foundation from which an organisation can grow. Our service is important in promoting economic growth in Aboriginal communities.



Business support services team member Elouis Thaiday.

Property portfolio



Rent from our property portfolio is AIG's main source of income. We have seven properties: three commercial and four residential.

Rent a main source of income

AIG is designed around a model where rent from our property portfolio is our main source of income. We have seven properties in both Darwin and Katherine.

Maintenance and management of these properties is costly and time consuming so as a cost saving measure, we manage and maintain all our properties in-house.

Property management going forward

The NT is experiencing an economic downturn exacerbated by the impact of COVID-19. As result, AIG will prioritise tenancy occupancy of all our properties to guarantee income for the organisation.

Vigilance in monitoring and maintenance of our properties will be a costly necessity going forward to make our properties attractive to the rental market.

A major overhaul of the air conditioner took place at our Darwin property on 20 September 2020, replacing the old system with a remotely monitored innovative unit. This is one of the many upgrades to come in the next 24 months.

It is likely a key tenant will be moving out of two of our office buildings in the next two years, which will place financial strain on the organisation. Replacing these tenants will be of utmost importance to the organisation going forward.



Air conditioner overhaul on one of our cornerstone properties in Darwin.

Media and communications



A weakness of AIG in the past was not communicating what we were doing and why. This made it difficult for stakeholders, clients and the public to understand how AIG fitted into the broader Indigenous affairs landscape.

Today AIG prides itself on how we communicate our work through social media, our website, mainstream media, and our Annual Reports. Communication will remain a necessary part of our core business because it's important to create awareness and support for issues relating to the important work AIG is doing.

AIG website

Updated in 2020, the AIG website was designed to keep people up to date with AIG day to day operations as well as facilitating an understanding of the core structure of the organisation and the strategy behind how we build stronger communities.

The website was built to have a strong focus on news, reporting on the wins, challenges and aspirations of the organisation. Our website presents a professional and confident picture of AIG as a capable and innovative agent for change.

While the current website has only been live since February 2020, there have already been over 2,500 visitors to the site at the time of this report.



AIG CEO Steve Smith being interview by the ABC about the Remote Laundries Project.

Social media

Growing in popularity our Facebook page started this financial year with 262 followers and finished the period with 773. Our growth of over 500 followers demonstrates how much work has been done in building an audience who are engaged in the work we do and support our mandate.

Mainstream media

AIG has earned a reputation as a brave and at times direct organisation that isn't afraid to call out behaviour that contravenes our values.

Annual Reports

Used as an important tool for generating awareness and credibility with stakeholders, potential clients and funding bodies, our Annual Reports are designed to be a coffee table style magazine that is entertaining and informative about what AIG does, how we do it, and why.

AIG moves fast and aims high. We use the Annual Report as a tool to stop, reflect and celebrate our achievements.



Media and communications consultant Anna Greer.

5



Strategic direction



Strategic direction

The current strategic plan will end at the end of June 2021. This leaves us with one more year to achieve the remaining targets. Each quarter we measure our success and for accountability we analyse the progress of our strategic objectives at the board meetings. We are on track for all our strategic priorities.

Strategic plan (2019-2021)

Our strategic plan has three main priorities which act as a road map for the direction of the organisation.

We need to ensure that AIG's key operational activities are built on a solid foundation and are designed for success.



Director Mathew Ryan in an AIG Board planning session.

1. Remote community stores

We successfully engaged in the space and disrupted the market by creating competition.

We designed a social enterprise store model and applied it successfully in the Bagala Community Store and Wirib Store. Not only is our model financially viable, but protects food security.

What's left?

Set up Katherine based supply chain to reduce supply margins.

Unite independent store managers by setting up a independent store peak body.

Take over the management of a maximum of three more stores. It is not our intention to grow the store management business beyond that.

2. Remote Laundries Project

We spent time making sure the pilot model in Barunga was running optimally in health and economic outcomes. We are now confident to roll out laundries in other communities.

COVID-19 disrupted our laundries roll out targets in other communities because of a delay in processing Aboriginal Benefit Account applications by the Commonwealth.

What's left?

Roll out and expansion of our project into the seven northern regions of the NT.

3. Economic development in community

Driving economic development and social outcomes in community sits at the core of everything that we do.

In addition to community store management and our Remote Laundries Project, we delivered almost \$900,000 in grant funded related projects including the Energy Efficiency Project, laundry wages, and the demountable buildings in Barunga (see page 55 for a detailed breakdown in economic development projects).

What's left?

Finalisation of projects such as the Barunga demountable buildings, remote transport project, developing a business plan for the Barunga social club and liquor application and the modernisation of Wirib Tourism Park and construction of licensed cafe.

Be willing and ready to push more for economic development when the need and opportunity arises in communities in the seven northern regions of the NT.

Going forward

Early in 2021, AIG will be setting a new three year strategic plan. Working with the board, we will set our priorities going forward and identify whether we keep going on our current trajectory or whether we diversify and tackle the next big thing in our pursuit of positive change for Aboriginal people.

We will always be guided by our three principles of economic development, ecological development and sustainability and social dividend and community benefit.



Helen Lee during board meeting.

6



Financials



Our finances

COVID-19 provided challenges for all Australian businesses in the last quarter of the year, testing also AIG's agility and resilience. Whilst AIG proved to be COVID-19 strong in the way we operate, it did impact the valuation of our multiple property holdings due to a dip in the real estate market.

In the 2019/20 financial year the AIG Group returned a net loss of \$1.4 million which was mainly driven by the decrease in value of our investment properties due to the changed market conditions (\$1.1 million).

The remainder of the loss can be attributed to AIG's investment into its social enterprise models of the Remote Laundries Project and management of remote community stores. Additional resources had to be directed to ensure the team was able to deliver on the desired outcomes. Both enterprise models are now ready to be rolled out into the wider communities.

AIG's income composition

AIG's main income sources remain consistent with previous years with rental revenue generating up 70% of the total income followed by the store management and business support income (28%). North Australia Aboriginal Corporation's (NAAC) rental income has reduced compared to prior years by 12% due to a Darwin lease renegotiation with the NLC.

Securing new long-term tenancies will be the key to provide AIG with solid returns to remain financially self-funded and to reinvest in people and projects in communities.

Our financial position

In the coming years AIG will need to reinvest in our two corner stone properties. In anticipation of that, AIG has built its cash reserves from \$1 million to \$2.2 million by selling off one of AIG's land holdings.

AIG's net assets mainly consist of our property holdings totalling \$15.1 (2018/19: \$18.1 million), which decreased in 2019/20 from 16.4 million to \$15 million.

Further details on AIG's finance

The AIG Group consists of multiple operating entities of which NAAC is the main operational arm. NAAC's financial statements can be viewed publicly on the website of the Office of the Registrar for Indigenous Corporations.









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