

Aboriginal Lands Trust

Financial report
for the year ended
30 June 2020

INDEPENDENT AUDITOR'S REPORT



Government of South Australia

Auditor-General's Department

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To the Presiding Member Aboriginal Lands Trust

Qualified opinion

I have audited the financial report of Aboriginal Lands Trust for the financial year ended 30 June 2020.

In my opinion, except for the effects of the possible matter described in the 'Basis for qualified opinion' section of my report, the accompanying financial report gives a true and fair view of the financial position of the Aboriginal Lands Trust as at 30 June 2020, its financial performance and its cash flows for the year then ended in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2020
- a Statement of Financial Position as at 30 June 2020
- a Statement of Changes in Equity for the year ended 30 June 2020
- a Statement of Cash Flows for the year ended 30 June 2020
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Presiding Member, the Chief Executive and the Business Manager.

Basis for qualified opinion

Head of Bight whale watching centre revenue

The Aboriginal Lands Trust has recognised revenue from operating the Head of Bight Whale Watch Tourist Centre. Income received is from admissions to the centre and sale of goods.

There is an absence of adequate procedures in place to ensure the revenue received by the Aboriginal Lands Trust represents all the Head of Bight Whale Watch Tourist Centre takings.

Consequently, I am unable to form an opinion as to whether the Head of Bight Whale Watch Tourist Centre revenue of \$378 792 (\$425 016) is complete.

Related party transactions

Note 2 to the financial report describes transactions with key management personnel and other related parties. There is an absence of adequate procedures in place to ensure that all related party transactions have been identified by the Aboriginal Lands Trust. Consequently, I am unable to form an opinion as to whether the disclosure of transactions with key management personnel and other related parties is complete.

I conducted the audit in accordance with the *Public Finance and Audit Act 1987* and Australian Auditing Standards. My responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial report' section of my report. I am independent of Aboriginal Lands Trust. The *Public Finance and Audit Act 1987* establishes the independence of the Auditor-General. In conducting the audit, the relevant ethical requirements of APES 110 *Code of Ethics for Professional Accountants* (including Independence Standards) have been met.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Responsibilities of the Chief Executive and members of the Board for the financial report

The Chief Executive is responsible for the preparation of the financial report that gives a true and fair view in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial report that gives a true and fair view and that is free from material misstatement, whether due to fraud or error.

The Board is responsible for overseeing the entity's financial reporting process.

Auditor's responsibilities for the audit of the financial report

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 22(2) of the *Aboriginal Lands Trust Act 2013*, I have audited the financial report of Aboriginal Lands Trust for the financial year ended 30 June 2020.

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise

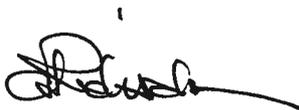
from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Executive
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

My report refers only to the financial report described above and does not provide assurance over the integrity of electronic publication by the entity on any website nor does it provide an opinion on other information which may have been hyperlinked to/from the report.

I communicate with the Chief Executive and the Board about, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit.



Andrew Richardson
Auditor-General
10 December 2020

ABORIGINAL LANDS TRUST

CERTIFICATION OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

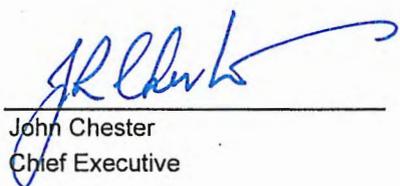
We certify that the attached general purpose financial statements for the Aboriginal Lands Trust:

- comply with relevant Treasurer's Instructions issued under section 41 of the *Public Finance and Audit Act 1987*, and relevant Australian Accounting Standards;
- are in accordance with the accounts and records of the Trust; and
- present a true and fair view of the financial position of the Aboriginal Lands Trust as at 30 June 2020 and the results of its operation and cash flows for the financial year.

We certify that the internal controls employed by the Aboriginal Lands Trust for the financial year over its financial reporting and its preparation of the general purpose financial statements have been effective throughout the reporting period.



Karen Sinclair
Presiding Member



John Chester
Chief Executive



John Evans
Business Manager

Signed at Level 14/19 Grenfell Street, Adelaide, 8 December 2020

ABORIGINAL LANDS TRUST

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2020

	Note No.	2020 \$	2019 \$
Income			
Revenues from SA Government	4.1	1,222,609	1,137,911
Commonwealth-sourced grants and funding	4.2	390,870	393,750
Interest		6,640	21,598
Resources received free of charge	4.4	30,000	-
Leases and rental income		572,219	571,609
Head of Bight whale watching centre revenue		378,792	425,016
Other income	4.5	213,242	42,315
Total income		2,814,372	2,592,199
Expenses			
Employee benefits expenses	2.3	711,145	700,956
Board expenses	2.2	105,874	135,963
Contractors fees		384,521	645,399
Consultants fees	3.1	106,693	45,191
Depreciation	3.2	171,725	147,075
Legal and other professional fees		185,372	266,905
Materials, equipment and maintenance costs		245,218	152,813
Net loss from disposal of assets	4.3	134	1,434
Telephone, printing and stationery		31,559	26,836
Travel and accommodation		54,649	76,073
Vehicle expenses		51,161	71,883
Office accommodation		192,145	185,717
Other expenses	3.3	609,895	550,855
Total expenses		2,850,091	3,007,100
Net result		(35,719)	(414,901)
Total comprehensive result		(35,719)	(414,901)

The accompanying notes form part of these financial statements. The net result and total comprehensive result are attributable to the SA Government as owner.

ABORIGINAL LANDS TRUST

STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	Note No.	2020 \$	2019 \$
<u>Current assets</u>			
Cash and cash equivalents	6.1	2,812,636	2,855,855
Receivables	6.2	25,142	28,341
Inventories		32,977	27,085
Non-current assets classified as held for sale	5.3	2,900,000	-
Total current assets		5,770,755	2,911,281
<u>Non-current assets</u>			
Property, plant and equipment	5.1	33,760,401	36,515,216
Total non-current assets		33,760,401	36,515,216
Total assets		39,531,156	39,426,497
<u>Current liabilities</u>			
Funds managed on behalf of a third party	6.1	905,889	902,070
Payables	7.1	159,370	151,193
Employee benefits	2.4	50,623	64,841
Total current liabilities		1,115,882	1,118,104
<u>Non-current liabilities</u>			
Payables	7.1	10,768	9,135
Employee benefits	2.4	62,721	71,754
Total non-current liabilities		73,489	80,889
Total liabilities		1,189,371	1,198,993
Net Assets		38,341,785	38,227,504
<u>Equity</u>			
Asset revaluation surplus		8,332,350	8,182,350
Retained earnings		29,904,171	29,918,946
Unspent project funds reserve		105,264	126,208
Total Equity		38,341,785	38,227,504

The accompanying notes form part of these financial statements. The total equity is attributable to the SA Government as owner.

ABORIGINAL LANDS TRUST

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2020

	Note No.	Asset Revaluation Surplus	Unspent Project Funds Reserve	Retained Earnings	Total Equity
		\$	\$	\$	\$
Balance at 30 June 2018		8,182,350	744,438	29,715,617	38,642,405
Net result for 2018-2019		-	-	(420,616)	(420,616)
Transfers between equity components		-	(618,230)	618,230	-
Balance at 30 June 2019		8,182,350	126,208	29,913,231	38,221,789
Prior Period - error corrections		-	-	5,715	5,715
Restated Balance at 30 June 2019		8,182,350	126,208	29,918,946	38,227,504
Net result for 2019-2020		-	-	(35,719)	(35,719)
Gain on revaluation of land during 2019-20	5.2/5.3	150,000	-	-	150,000
Transfers between equity components		-	(20,944)	20,944	-
Balance at 30 June 2020		8,332,350	105,264	29,904,171	38,341,785

The accompanying notes form part of these financial statements. All changes in equity are attributable to the SA Government as owner.

ABORIGINAL LANDS TRUST

STATEMENT OF CASH FLOWS

For the year ended 30 June 2020

	Note No.	2020 \$	2019 \$
Cash flows from operating activities			
<i>Cash inflows</i>			
Receipts from SA Government		1,302,496	1,244,263
Leases and fees income		1,019,870	1,089,772
Receipts from National Indigenous Australians Agency		390,870	393,750
Interest received		6,640	21,598
Other receipts		210,845	67,141
Funds received on behalf of third party		3,819	11,029
Cash generated from operations		2,934,540	2,827,553
<i>Cash outflows</i>			
Employee benefits and board payments		(818,384)	(809,155)
Payments for supplies and services		(1,998,847)	(2,221,347)
GST paid to the ATO		(23,484)	(79,687)
Cash used in operations		(2,840,715)	(3,110,189)
Net cash provided by / (used in) operating activities		93,825	(282,636)
Cash flows from investing activities			
<i>Cash inflows</i>			
Proceeds from the sale of property, plant and equipment		1,364	-
Cash generated from investing activities		1,364	-
<i>Cash outflows</i>			
Purchase of property, plant and equipment		(138,408)	(364,601)
Cash used in investing activities		(138,408)	(364,601)
Net cash provided by / (used in) investing activities		(137,044)	(364,601)
Net increase/(decrease) in cash and cash equivalents		(43,219)	(647,237)
Cash and cash equivalents at the beginning of the period		2,855,855	3,503,092
Cash and cash equivalents at the end of the period	6.1	2,812,636	2,855,855

The accompanying notes form part of these financial statements.

1. About the Aboriginal Lands Trust

The Trust is a South Australian not-for-profit statutory authority constituted under the *Aboriginal Lands Trust Act 2013* (the Act).

The Trust does not control any other entity and has no interests in unconsolidated structured entities. The financial statements and accompanying notes include all the controlled activities of the Trust.

1.1. Basis of preparation

The financial statements are general purpose financial statements prepared in compliance with:

- section 23 of the *Public Finance and Audit Act 1987*;
- Treasurer's Instructions and Accounting Policy Statements issued by the Treasurer under the *Public Finance and Audit Act 1987*; and
- relevant Australian Accounting Standards with reduced disclosure requirements.

For the 2019-20 financial statements the Trust adopted *AASB 15 - Revenue from Contracts with Customers*, *AASB 16 - Leases* and *AASB 1058 - Income of Not-for-Profit Entities*. Further information is provided in note 9.

The financial statements are prepared based on a 12 month reporting period and presented in Australian currency. The historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured.

Income, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods or services is not recoverable from the Australian Taxation Office, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item applicable; and
- receivables and payables, which are stated with the amount of GST included.

Assets and liabilities that are to be sold, consumed or realised as part of the normal operating cycle have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

1.2. Objectives and programs

In accordance with the Act, the objects of the Trust are:

- to acquire, hold and deal with Trust Land in accordance with this Act for the ongoing benefit of Aboriginal South Australians; and
- to manage Trust Land in accordance with this and any other relevant Act or law; and
- to engage in commercial and other activities in accordance with this Act for the ongoing benefit of Aboriginal South Australians; and
- to consult for the purposes of this Act; and
- to advise the Minister in relation to matters related to the Trust; and
- to carry out other functions assigned to the Trust under this or any other Act or by the Minister.

In achieving its objectives, the Trust provides a range of services. The services are classified under one program titled "Aboriginal Lands Trust".

1.3. Impact of COVID-19 pandemic on the Trust

The COVID-19 pandemic has impacted the operations of the Trust and the impacts are included under the relevant disclosure notes. The key impact in 2019-20 was the closure of the Head of Bight Whale Watching Centre from 23/3/2020 to 9/7/2020.

2. Board, committees and employees

2.1. Key management personnel

Key management personnel of the Trust include the Premier, the members of the Board, the Chief Executive Officer, who have responsibility for the strategic direction and management of the Trust. Total compensation for the Trust's key management personnel was \$284,779 in 2019-20 and \$294,166 in 2018-19.

The compensation disclosed in this note excludes salaries and other benefits the Premier receives. The Premier's remuneration and allowances are set by the *Parliamentary Remuneration Act 1990* and the Remuneration Tribunal of SA respectively and are payable from the Consolidated Account (via the Department of Treasury and Finance) under section 6 of the *Parliamentary Remuneration Act 1990*.

Transactions with key management personnel and other related parties

There are no transactions between the Trust and key management personnel or other related parties in 2019-20.

2.2. Board and committee members

Board members during the 2020 financial year were:

Mr Haydyn Bromley (Chairperson)
Mr Alfred Agius (Commenced on 12/9/2019)
Mr Elijah James Bravington (Resigned on 5/7/2019)
Ms Jennifer Johncock
Mr Ian Johnson
Ms Irene McKenzie
Mr Edward Newchurch
Ms Karen Sinclair
Ms Denise Wilton

Board and committee remuneration

The number of members whose remuneration received or receivable falls within the following bands:

	2020	2019
\$0 - \$ 19,999	9	8

Total number of members	9	8
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The total remuneration received or receivable by members was \$63,214 (2019: \$66,259). Remuneration of members includes sitting fees, superannuation contributions, salary sacrifice benefits, fringe benefits and related fringe benefits tax.

Board expenses

	2020	2019
	\$	\$
Board fees	57,571	60,146
Board superannuation	5,642	6,113
Accommodation and meals	15,919	25,957
Travel and phone allowance	26,742	43,747
Total board expenses	105,874	135,963

2.3. Employee benefits expenses

	2020	2019
	\$	\$
Salaries and wages (including annual leave and long service leave)	649,247	642,458
Employment on-costs - Superannuation	61,898	58,424
Workers compensation	-	74
Total employee benefits expenses	711,145	700,956

Employment on-costs - superannuation

The superannuation employment on-cost charge represents the Trust's contributions to superannuation plans in respect of current services of current employees.

Executive remuneration

	2020	2019
	\$	\$
The number of employees whose remuneration received or receivable falls within the following bands:		
\$174,001 to \$194,000	1	1
Total	1	1

The table includes all employees who received remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of employees reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, salary sacrifice benefits and fringe benefits and any fringe benefits tax paid or payable in respect of those benefits. The total remuneration received by this employee for 2020 was \$193,976 (2019: \$181,164).

2.4. Employee benefits - liability

	2020	2019
	\$	\$
Current		
Accrued salaries and wages	-	17,860
Annual leave	50,623	46,981
Total current employee benefits	50,623	64,841
Non-Current		
Long service leave	62,721	71,754
Total non-current employee benefits	62,721	71,754
Total employee benefits	113,344	136,595

Employee benefits accrue as a result of services provided up to the reporting date that remain unpaid. Long-term employee benefits are measured at present value and short-term employee benefits are measured at nominal amounts.

Salaries and wages, annual leave and sick leave

The liability for salary and wages is measured as the amount unpaid at the reporting date at remuneration rates current at the reporting date.

The annual leave liability is expected to be payable within 12 months and is measured at the undiscounted amount expected to be paid.

No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees is estimated to be less than the annual entitlement for sick leave.

Long service leave

The liability for long service leave is measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Details about the measurement of long service leave liability is provided as note 11.1.

3. Expenses

Employee benefits expenses are disclosed in note 2.3.

3.1. Consultants

The number of consultancies and the dollar amount paid/payable to consultants that fell within the following bands:

	No	2020	No	2019
		\$		\$
Below \$10,000	6	17,297	2	6,200
\$10,000 or above	3	89,396	2	38,991
Total	9	106,693	4	45,191

3.2. Depreciation

2020	2019
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Buildings	\$	\$
	84,769	99,229
Plant and equipment	86,956	47,846
Total depreciation	171,725	147,075

All non-current assets, having a limited useful life, are systematically depreciated over their useful lives in a manner that reflects the consumption of their service potential.

Land is not depreciated.

Useful life

Depreciation is calculated on a straight-line basis over the estimated useful life for buildings, and on a diminishing-value basis for plant and equipment. The useful lives of the Trust's assets are as follows:

Class of asset	Useful life (years)
Buildings	1-30
Plant & equipment	5-20

Review of accounting estimates

Assets' residual values, useful lives and amortisation methods are reviewed and adjusted, if appropriate, on an annual basis. Changes in the expected life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the time period or method, as appropriate.

3.3. Other expenses

	2020	2019
	\$	\$
Derecognised asset expense	-	10,734
Advertising and publicity	6,822	21,916
Bank fees and charges	3,186	3,115
Cleaning	10,450	13,183
Computer expenses	487	1,051
Electricity	22,398	38,823
Support & donations	35,232	1,548
Insurance	25,868	18,995
Work, health & safety expenses	4,516	488
Protective clothing	4,215	513
Rates & taxes	5,376	6,603
Leased property costs	457,791	394,695
Postage & courier	5,721	7,247
Staff amenities	2,497	2,741
Staff training	1,846	5,428
Subscriptions	3,619	2,857
Licence, Fees & other Charges	7,600	5,740
Sundry expenses	11,226	13,515
Taxis	1,047	1,663
Total other expenses	609,895	550,855

Derecognised asset expense relates to the leasing of Port Victoria House Block and Wardang Island to Point Pearce Community. Refer to Note 11.2 for details of the Trust's asset related policies.

4. Income

4.1. Revenues from SA Government	2020	2019
	\$	\$
Operating grant	1,012,609	987,911
Other project grants and funds	210,000	150,000
Total revenues from SA Government	1,222,609	1,137,911

Grants are recognised on receipt and are received from the Department of Premier and Cabinet, Aboriginal Affairs and Reconciliation.

4.2. Commonwealth-sourced grants and funding	2020	2019
	\$	\$
Wardang Island indigenous protected areas	184,934	177,450
Yappala indigenous protected areas	205,936	188,300
Indigenous Land Corporation	-	28,000
Total Commonwealth-sourced grants and funding	390,870	393,750

Commonwealth-sourced grants and funding are recognised as income on receipt.

Obligations under Commonwealth-sourced grants and funding are required to be met by the State of South Australia. For accounting purposes, the obligations under the funding arrangements do not sit with the Trust. The Commonwealth has provided funding to the State to support Indigenous Protected Area jobs land and economy program.

4.3. Net loss from the disposal of property, plant and equipment

	2020	2019
	\$	\$
Plant and equipment		
Proceeds from disposal	1,364	17,000

Less carrying amount of assets disposed	(1,498)	(18,434)
Net loss from disposal of assets	(134)	(1,434)

4.4. Resources received free of charge

	2020	2019
	\$	\$
Goods received free of charge		
Asset received free of charge - DPTI	30,000	-
Total resources received free of charge	30,000	-

Asset received free of charge

On 19 July 2019 the Department of Planning, Transport and Infrastructure Maritime Safety donated a 6.1 metre Clayton cabin vessel to the Trust.

4.5. Other income

	2020	2019
	\$	\$
ATO COVID-19 cash flow boost	50,000	-
Commercial compensation	111,600	-
Recoveries	15,851	17,444
SAICORP insurance settlement	-	4,441
Other grants and contributions	35,791	2,180
Vanilla Forest Fire Mitigation	-	18,250
Total other income	213,242	42,315

5. Non-financial assets

5.1. Property, plant and equipment

	2020	2019
	\$	\$
Land and buildings		
Land at fair value	32,399,000	35,149,000
Buildings at fair value	1,287,000	1,287,000
Accumulated depreciation at the end of the period	(543,914)	(459,145)
Total land and buildings	33,142,086	35,976,855
Plant and equipment		
Plant and equipment at cost (deemed fair value)	912,346	414,834
Accumulated depreciation at the end of the period	(294,031)	(225,223)
Total plant and equipment	618,315	189,611
Work in Progress		
Work in Progress	-	348,750
Total work in progress	-	348,750
Total property, plant and equipment	33,760,401	36,515,216

5.2. Property, plant and equipment owned by the Trust

Property, plant and equipment owned by the Trust with a value equal to or in excess of \$10,000 is capitalised, otherwise it is expensed. Property, plant and equipment owned by the Trust is recorded at fair value. Detail about the Trust's approach to fair value is set out in note 11.2.

Impairment

There were no indications of impairment of property, plant and equipment at 30 June 2020.

Reconciliation 2019-20

	Land	Buildings	Plant and Equipment	Work in progress	Total
	\$	\$	\$	\$	\$
Carrying amount at 1 July 2019	35,149,000	827,855	189,611	348,750	36,515,216
Acquisitions	-	-	45,108	93,300.00	138,408
Assets reclassified to assets held for sale	(2,900,000)	-	-	-	(2,900,000)
Disposals eg sales, write off, long-term lease out	-	-	(1,498)	-	(1,498)
Revaluation Increment / (Decrement)	150,000	-	-	-	150,000
Depreciation	-	(84,769)	(86,956)	-	(171,725)
Transfers between asset classes	-	-	442,050	(442,050)	-
Donated assets	-	-	30,000	-	30,000
Carrying amount at 30 June 2020	32,399,000	743,086	618,315	-	33,760,401

5.3. Non-current assets classified as held for sale

	2020	2019
	\$	\$
Land	2,900,000	-
Total non-current assets classified as held for sale	2,900,000	-

In accordance of the Aboriginal Lands Trust Act 2013, on 10/10/2019 the Board approved the property located at 50-56 Sussex Street North Adelaide be sold and the proceeds be reinvested to acquire an office facility for the Trust. The House of Assembly on the 28/11/2019 approved the disposal of the Trust's land. On 3/12/2019 the Legislative Council approved the sale of the property. The Premier Hon. Steven Marshall MP also approved the disapplication of PC114 for the Trust to retain the proceeds from the sale for the purchase of its own office accommodation. Currently, the Trust is seeking expressions of interest from interested parties for the purchase of the property.

6. Financial assets

6.1. Cash and cash equivalents

	2020	2019
	\$	\$
Cash at Bank	1,292,017	1,156,538
Short-term deposits	612,730	779,666
Head of Bight whale watching centre	2,000	17,581
Funds managed on behalf of a third party	905,889	902,070
Total cash and cash equivalents	2,812,636	2,855,855

Funds managed on behalf of a third party

In January 2017 the Umoona Community Council Incorporated and Aboriginal Lands Trust entered into a deed for the Trust to receive, hold and use insurance proceeds on behalf of Umoona community. The insurance proceeds payable to Umoona Community Council Incorporated relate to a fire that destroyed an administration building used by Umoona community.

Under the terms of the deed the Trust is required to use funds held for the purpose of establishing a replacement building on Umoona Land fit for administration purposes for the benefit of Umoona community.

As at 30 June 2020 the balance of funds held by the Trust on behalf of Umoona Community Council Incorporated is \$905,889. As the Trust does not benefit from these funds a corresponding liability has been recognised.

6.2. Receivables

	2020	2019
	\$	\$
Current		
Receivables	16,907	2,690
GST input tax recoverable	8,235	25,651
Total current receivables	25,142	28,341

Receivables arise in the normal course of selling goods and services to other government agencies and to the public. Receivables are normally settled within 30 days after the issue of an invoice or the goods/services have been provided under a contractual arrangement.

Receivables, prepayments and accrued revenues are non-interest bearing. Receivables are held with the objective of collecting the contractual cash flows and they are measured at amortised cost.

The net amount of GST payable to the ATO is included as part of receivables.

7. Liabilities

Employee benefits liabilities are disclosed in note 2.4.

7.1. Payables

	2020	2019
	\$	\$
Current		
Creditors	91,844	63,262
Accrued expenses	67,526	86,232
Employment on-costs	-	1,699
Total current payables	159,370	151,193
Non-Current		
Employment on-costs	10,768	9,135
Total non-current payables	10,768	9,135
Total payables	170,138	160,328

Payables and accruals are raised for all amounts owing but unpaid. All payables are non-interest bearing. The carrying amount of payables represents fair value due to their short-term nature.

The net amount of GST recoverable from the ATO is included as part of payables.

Employment on-costs

Employment on-costs include WorkCover levies and superannuation contributions and are settled when the respective employee benefits that they relate to is discharged.

The Trust contributes to several State Government and externally managed superannuation schemes. These contributions are treated as an expense when they occur. There is no liability for payments to beneficiaries as they have been assumed by the respective superannuation schemes.

As a result of an actuarial assessment performed by the Department of Treasury and Finance, the proportion of long service leave taken as leave slightly increased to 42% (2019:41%), and the average factor for the calculation of employer superannuation cost on-costs remained unchanged from the 2019 rate of 9.8%. These rates are used in the employment on-cost calculation. The net financial effect of the changes in the current financial year and subsequent years is immaterial.

8. Other disclosures

8.1. Equity

The asset revaluation surplus is used to record increments and decrements in the fair value of property and plant and equipment to the extent that they offset one another. Relevant amounts are transferred to retained earnings when an asset is derecognised.

The unspent project funds relate to funds received for a specific purpose which have not been spent.

8.2. Cash flow

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the ATO is classified as part of operating cash flows.

9. Changes in accounting policy

9.1. AASB 16 Leases

AASB 16 sets out a comprehensive model for lessee accounting that addresses recognition, measurement, presentation and disclosure of leases. Lessor accounting is largely unchanged. AASB 16 *Leases* replaces AASB 117 *Leases* and related interpretations.

There is no impact from adopting this standard.

9.2. AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of not-for-profit entities

AASB 15 *Revenue from Contracts with Customers* establishes a revenue recognition model for revenue arising from contracts with customers. It requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

AASB 15 supersedes AASB 111 *Construction contracts*, AASB 118 *Revenue and related Interpretations* and applies to all revenue arising from contracts with customers.

AASB 1058 *Income of not-for-profit entities* establishes new income recognition requirements for not-for-profit entities. AASB 1058 supersedes income recognition requirements in AASB 1004 *Contributions*, AASB 118 *Revenue* and AASB 111 *Construction contracts*.

There is no impact from adopting these standards.

9.3. Presentation of financial statements

Treasurer's Instructions (Accounting Policy Statements) issued on 1 June 2020 removed the previous requirement for financial statements to be prepared using the net cost of services format. The net cost of services is the total cost of services less any revenue retained by public authorities involved in the provision of services but does not include items classified as revenues from and payments to the South Australian Government.

Presentation of the Statement of Comprehensive Income on an 'income and expense' basis allows information to be presented in such a way that eliminates potential confusion as to the source of funding for the Trust. As well as changes to the format of the Statement of Comprehensive Income, there are presentational changes to remove the net cost of services format from the Statement of Cash Flows. These statements now show income before expenses, and cash receipts before cash payments. Related disclosures also reflect this changed format.

10. Outlook

10.1. Unrecognised contractual commitments

Capital commitments

	2020	2019
	\$	\$
Within one year	-	42,625
Total capital commitments	-	42,625

The Trust's capital commitment in 2018-19 was for the purchase of IPA Wardang Island Barge.

Operating lease commitments as lessor

Commitments under operating leases as a lessor at the reporting date but not recognised as receivable in the financial report, are as follow:

	2020	2019
	\$	\$
Within one year	482,360	482,360
Later than one year but no later than five years	1,688,260	1,929,440
Later than five years	-	241,180
Total Operating lease commitments as lessor	2,170,620	2,652,980

The Trust's operating lease commitment as lessor is for a commercial farming lease on Trust's land. The lease is non-cancellable and expires on 22 February 2025. Rent is receivable in advance. The Trust re-directs 80% of the commercial farm lease proceeds back into the Community. The remaining 20% is retained by the Trust to cover administration costs.

10.2. Contingent assets and liabilities

Contingent assets and contingent liabilities are not recognised in the Statement of Financial Position, but are disclosed by way of a note and, if quantifiable, are measured at nominal value.

The Trust has a contingent asset by way of a Loss of Revenue insurance claim for lost profits at Head of Bight Whale Watching Centre, with its captive insurer SAicorp. Refer note 1.3. The claim up to 9 July 2020 has been lodged with SAicorp, and is expected to be in the vicinity of \$60,000.

The Trust's liability for Emergency Services Levy, or ESL, is currently under review by the Valuer-General. Until the Trust obtains the Valuer-General's position on this matter, the Trust is unable to determine whether or not ESL is payable on Trust land, or the amount payable. Therefore, a contingent liability exists at 30 June 2020.

10.3. Events after the reporting period

The Trust is not aware of any events after the reporting period, requiring disclosure.

11. Measurement and risk

11.1. Long service leave liability - measurement

AASB 119 Employee Benefits contains the calculation methodology for long service leave liability.

The actuarial assessment performed by the Department of Treasury and Finance has provided a basis for the measurement of long service leave and is based on actuarial assumptions on expected future salary and wage levels, experience of employee departures and periods of service. These assumptions are based on employee data over SA Government entities.

AASB 119 Employee Benefits requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long-term Commonwealth Government bonds has decreased from 2019 (1.25%) to 2020 (0.75%).

This decrease in the bond yield, which is used as the rate to discount future long service leave cash flows, results in an increase in the reported long service leave liability.

The net financial effect of the changes to actuarial assumptions in the current financial year is an increase in the long service leave liability of \$8,075. The impact of future periods is impracticable to estimate as the long service leave liability is calculated using a number of demographical and financial assumptions - including the long-term discount rate.

The actuarial assessment performed by the Department of Treasury and Finance reduced the salary inflation rate at 2.5% (2019: 4%) for long service leave liability. The financial effect resulting from changes in the salary inflation rate is immaterial.

11.2. Fair value

AASB 13 Fair Value Measurement defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, in the principal or most advantageous market, at the measurement date.

Initial recognition

Non-current tangible assets are initially recorded at cost or at the value of any liabilities assumed, plus any incidental cost involved with the acquisition.

Where assets are acquired at no value, or minimal value, they are recorded at fair value in the Statement of Financial Position. However, if the assets are acquired at no or nominal value as part of a restructure of administrative arrangements, then the assets are recognised at book value (i.e. the amount recorded by the transferor public authority immediately prior to the restructure).

The Trust leases most of its buildings to Aboriginal communities and other organisations. The majority of leases are non-commercial, for long term periods greater than the buildings remaining useful life and are entered into by the Trust with the intent of transferring responsibility for the ongoing maintenance and management of the buildings to lessees over the lease term. As the Trust in its capacity as lessor does not control the economic benefits from the leased buildings these have not been recognised in the Statement of Financial Position. When lease agreements cease and are not renewed with another party, the Trust regains control of the buildings and recognise an asset in the Trust's Statement of Financial Position.

Infrastructure on the lands is also considered to be controlled by the lessees, and its economic benefits are likely to be fully consumed during the lease terms.

Revaluation

Property, plant and equipment are subsequently measured at fair value after allowing for accumulated depreciation.

Non-current tangible assets are valued at fair value and revaluation of non-current assets or a group of assets is only performed when the fair value at the time of acquisition is greater than \$1.5 million and estimated useful life is greater than three years.

The Trust revalues its land and buildings every five years. A revaluation of land and buildings should have been done as at 30 June 2020 for properties in the regions of Adelaide, Mid North, Murraylands, West Coast, Lower Eyre Peninsula, Flinders and South East, but due to COVID-19 this was not possible.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amounts of the assets and the net amounts are restated to the revalued amounts of the asset.

Land and buildings

An independent valuation of all Trust land and buildings commenced during 2013-14 and was performed by Kym Dreyer, B.App.Sc. (Val.) L.F.A.P.I. Certified Practising Valuer/ Managing Director (SA) of M3 Property Strategists. Properties in the Adelaide region, the Mid North, Murraylands, West Coast, Lower Eyre Peninsula, Flinders Region and South East have been revalued as at 30 June 2014. Far North, Riverland, Coorong and Yorke Peninsula properties have been revalued as at 30 June 2015.

The valuation of the land and buildings at Iga Warta was last performed by the Valuer-General as at 30 June 2012. Evaluation and assessment of this land and buildings was not performed by M3 Property Strategists due to being denied access by the land owners. The Trust considers the impact from the lack of revaluation of this property to be immaterial to the overall valuation of land and buildings.

Any revaluation increment is credited to the asset revaluation surplus, except to the extent that it reverses a revaluation decrease of the same asset class previously recognised as an expense, in which case the increase is recognised as income. Any revaluation decrease is recognised as an expense, except to the extent that it offsets a previous revaluation increase for the same asset class, in which case the decrease is debited directly to the asset revaluation surplus to the extent of the credit balance existing in revaluation reserve for that asset class.

Fair value was determined using the market approach for land and non-specialised buildings. The valuation was based on recent market transactions for similar land and buildings in the area and includes adjustment for factors specific to the land and buildings being valued such as size, location and current use.

Depreciated replacement cost was used for any specialised buildings, due to there not being an active market for such buildings. Restrictions on the sale of use of assets was taken into account when determining fair value. The revaluation of Trust land considered that requirements of the *Aboriginal Lands Trust Act 2013* including for Trust land to be used for the continuing benefit of Aboriginal South Australians would not have a material impact on the land's fair value. Another key judgement in the revaluation of Trust land was that the leasing of land by the Trust to Aboriginal communities and other organisations would not have a material impact of the on the land's fair value due to the non-commercial nature of most lease arrangements.

Plant and equipment

All items of plant and equipment had a fair value at the time of acquisition less than \$1.5 million and had an estimated useful life of less than 20 years. Plant and equipment has not been revalued in accordance with APS 116.D. The carrying value of these items are deemed to approximate fair value.

11.3. Financial instruments

Financial risk management

Risk management is managed by the Trust's Chief Executive. The Trust risk management policies are in accordance with the *Risk Management Policy Statement* issued by the Premier and Treasurer and the principles established in the Australian Standard *Risk Management Principles and Guidelines*.

The Trust's exposure to financial risk (liquidity risk, credit risk and market risk) is low due to the nature of the financial instruments held.

Categorisation of financial instruments

Details of the significant accounting policies and methods adopted including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised with respect to each class of financial asset, financial liability and equity instrument are disclosed in the respective financial asset / financial liability note.

Classification of financial instruments

The Trust measures all financial instruments at amortised cost and all financial instruments are within one year.

Receivables and payables

The receivable and payable amounts disclosed for financial instruments exclude amounts relating to statutory receivables and payables. (e.g. Commonwealth, State and Local Government taxes, fees and charges; Auditor-General's Department audit fees). In government, certain rights to receive or pay cash may not be contractual and therefore, in these situations, the requirements will not apply. Where rights or obligations have their source in legislation such as levies, tax and equivalents, they would be excluded from the disclosure. The standard defines contract as enforceable by law. All amounts recorded are carried at cost.