

Aboriginal Lands Trust

Financial report
for the year ended
30 June 2019



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To the Presiding Member Aboriginal Lands Trust

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 the Aboriginal Lands Trust for the financial year ended 30 June 2019.

Qualified opinion

In my opinion, except for the possible effects of the 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 2019, its financial performance and its cash flows for the year then ended in accordance with the 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 2019
- a Statement of Financial Position as at 30 June 2019
- a Statement of Changes in Equity for the year ended 30 June 2019
- a Statement of Cash Flows for the year ended 30 June 2019
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Presiding Member, Chief Executive and the Business Manager.

Basis for qualified opinion

Head of Bight Whale Watch Tourist 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 \$425 016 (\$421 159) 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 the 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* have been met.

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

Responsibilities of the Chief Executive 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 the 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 members of the Aboriginal Lands Trust Board are responsible for overseeing the financial reporting process.

Auditor's responsibilities for the audit of the financial report

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 members of the Aboriginal Lands Trust 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

20 December 2019

ABORIGINAL LANDS TRUST

CERTIFICATION OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

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 2019 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.



Haydyn Bromley
Presiding Member



John Chester
Chief Executive



John Evans
Business Manager

Signed at Level 14/19 Grenfell Street, Adelaide, 19 December 2019

ABORIGINAL LANDS TRUST

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2019

	Note No.	2019 \$	2018 \$
Expenses			
Employee benefits expenses	2.3	700,956	904,784
Board expenses	2.2	135,963	98,976
Contractors fees		645,399	539,310
Consultants fees	3.1	45,191	71,358
Depreciation	3.2	147,075	151,838
Legal and other professional fees		266,905	268,016
Materials, equipment and maintenance costs		152,813	181,393
Net loss from disposal of non-current assets	4.3	1,434	-
Telephone, printing and stationery		26,836	35,387
Travel and accommodation		76,073	80,314
Vehicle expenses		71,883	75,639
Office accommodation		185,717	183,864
Other expenses	3.3	556,570	927,701
Total expenses		3,012,815	3,518,580
Income			
Commonwealth revenue	4.2	393,750	763,200
Interest		21,598	18,425
Leases and rental income		571,609	451,237
Head of Bight whale watching centre revenue		425,016	421,159
Net gain from disposal of non-current assets	4.3	-	16,789
Other income	4.4	42,315	55,588
Total income		1,454,288	1,726,398
Net cost of providing services		1,558,527	1,792,182
Revenues from SA Government			
Revenues from SA Government	4.1	1,137,911	1,536,739
Total revenues from SA Government		1,137,911	1,536,739
Net result		(420,616)	(255,443)
Total comprehensive result		(420,616)	(255,443)

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 2019

	Note No.	2019 \$	2018 \$
Current assets			
Cash and cash equivalents	6.1	2,855,855	3,503,092
Receivables	6.2	28,341	23,561
Inventories		27,085	19,266
Total current assets		2,911,281	3,545,919
Non-current assets			
Property, plant and equipment	5.1	36,515,216	36,309,858
Total non-current assets		36,515,216	36,309,858
Total assets		39,426,497	39,855,777
Current liabilities			
Funds managed on behalf of a third party	6.1	902,070	891,041
Payables	7.1	156,908	203,841
Employee benefits	2.4	64,841	71,101
Total current liabilities		1,123,819	1,165,983
Non-current liabilities			
Payables	7.1	9,135	4,395
Employee benefits	2.4	71,754	44,389
Total non-current liabilities		80,889	48,784
Total liabilities		1,204,708	1,214,767
Net assets		38,221,789	38,641,010
Equity			
Asset revaluation surplus		8,182,350	8,182,350
Retained earnings		29,913,231	29,714,222
Unspent project funds reserve		126,208	744,438
Total equity		38,221,789	38,641,010

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 2019

	Note No.	Asset Revaluation Surplus	Unspent Project Funds Reserve	Retained Earnings	Total Equity
		\$	\$	\$	\$
Balance at 30 June 2017		8,182,350	706,428	29,932,883	38,821,661
Prior Period - error corrections	8.1	-	-	74,792	74,792
Restated Balance at 30 June 2017		8,182,350	706,428	30,007,675	38,896,453
Net result for 2017-2018		-	-	(255,443)	(255,443)
Transfers between equity components		-	38,010	(38,010)	-
Balance at 30 June 2018		8,182,350	744,438	29,714,222	38,641,010
Prior Period - error corrections	8.1	-	-	1,395	1,395
Restated 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

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 2019

	Note No.	2019 \$	2018 \$
Cash flows from operating activities			
Cash outflows			
Employee benefits and board payments		(809,155)	(998,323)
Payments for supplies and services		(2,221,347)	(1,947,233)
GST paid to the ATO		(79,687)	(41,326)
Funds paid on behalf of third party		-	(9,146)
Cash used in operations		(3,110,189)	(2,996,028)
Cash inflows			
Leases and fees income		1,089,772	915,868
Receipts from Commonwealth		393,750	763,200
Interest received		21,598	18,425
Other receipts		67,141	70,672
Funds received on behalf of third party		11,029	11,120
Cash generated from operations		1,583,290	1,779,285
Cash flows from SA Government			
Receipts from SA Government		1,244,263	1,632,008
Cash generated from SA Government		1,244,263	1,632,008
Net cash provided by / (used in) operating activities		(282,636)	415,265
Cash flows from investing activities			
Cash outflows			
Purchase of property, plant and equipment		(364,601)	(89,518)
Cash used in investing activities		(364,601)	(89,518)
Cash inflows			
Proceeds from the sale of property, plant and equipment		-	30,000
Cash generated from investing activities		-	30,000
Net cash provided by / (used in) investing activities		(364,601)	(59,518)
Net increase/(decrease) in cash and cash equivalents		(647,237)	355,747
Cash and cash equivalents at the beginning of the period		3,503,092	3,147,345
Cash and cash equivalents at the end of the period	6.1	2,855,855	3,503,092

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 2018-19 financial statements the Trust adopted *AASB 9 - Financial Instruments* and is required to comply with new *Treasurer's Instructions (Accounting Policy Statements)* issued on 22 March 2019. 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".

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 \$294,166 in 2018-19 and \$232,304 in 2017-18.

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 2018-19.

2.2. Board and committee members

Board members during the 2019 financial year were:

Mr Haydyn Bromley (Chairperson)
Mr Elijah James Bravington
Ms Jennifer Johncock
Mr Ian Johnson
Ms Irene McKenzie
Mr Edward Newchurch
Ms Karen Sinclair
Ms Denise Wilton

Commercial Development Advisory Committee members during the 2019 financial year were:

Mr Haydyn Bromley
Ms Christine Charles
Ms Sally Clark (Chairperson)
Mr Edward Fry
Mr Martin Potter

Board and committee remuneration

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

	2019	2018
\$0 - \$ 19,999	8	8
Total number of members	8	8

The total remuneration received or receivable by members was \$66,259 (2018: \$61,084). Remuneration of members includes sitting fees, superannuation contributions, salary sacrifice benefits, fringe benefits and related fringe benefits tax.

Board expenses

	2019	2018
	\$	\$
Board fees	60,146	55,584
Board superannuation	6,113	5,500
Accommodation and meals	25,957	15,615
Travel and phone allowance	43,747	22,277
Total board expenses	135,963	98,976

2.3. Employee benefits expenses

	2019	2018
	\$	\$
Salaries and wages (including annual leave and long service leave)	642,458	802,525
Employment on-costs - Superannuation	58,424	69,105
Workers compensation	74	33,154
Total employee benefits expenses	700,956	904,784

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

	2019	2018
The number of employees whose remuneration received or receivable falls within the following bands:	\$	\$
\$151,001 to \$171,000	N/A	1
\$171,001 to \$191,000	1	-
Total	1	1

The \$151,001 to \$171,000 band has been included for the purposes of reporting comparative figures based on the executive base level remuneration rate for 2017-18.

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 2019 was \$181,164 (2018: \$164,100).

2.4. Employee benefits - liability

	2019	2018
	\$	\$
Current		
Accrued salaries and wages	17,860	22,069
Annual leave	46,981	49,032
Total current employee benefits	64,841	71,101
Non-Current		
Long service leave	71,754	44,389
Total non-current employee benefits	71,754	44,389
Total employee benefits	136,595	115,490

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	2019	No	2018
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		\$		\$
Below \$10,000	2	6,200	7	17,707
\$10,000 or above	2	38,991	3	53,651
Total	4	45,191	10	71,358

3.2. Depreciation

	2019	2018
	\$	\$
Buildings	99,229	104,596
Plant and equipment	47,846	47,242
Total depreciation	147,075	151,838

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.

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.

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

3.3. Other expenses

	2019	2018
	\$	\$
Derecognised asset expense	10,734	496,746
Advertising and publicity	21,916	14,792
Bank fees and charges	3,115	2,881
Cleaning	13,183	8,019
Computer expenses	1,051	-
Electricity	38,823	30,585
Support & donations	1,548	248
Insurance	18,995	18,696
Work, health & safety expenses	488	7,111
Protective clothing	513	2,939
Rates & taxes	6,603	7,824
Leased property costs	394,695	262,616
Postage & courier	7,247	9,260
Staff amenities	2,741	909
Staff training	5,428	26,086
Subscriptions	2,857	3,328
Licence, Fees & other Charges	5,740	9,980
Sundry expenses	19,230	23,380
Debt write off	-	1,436
Taxis	1,663	865
Total other expenses	556,570	927,701

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	2019	2018
	\$	\$
Operating grant	987,911	963,816
Other project grants and funds	150,000	572,923
Total revenues from SA Government	1,137,911	1,536,739

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

4.2. Commonwealth Revenues	2019	2018
	\$	\$
Wardang Island indigenous protected areas	177,450	505,000
Yappala indigenous protected areas	188,300	185,700
Indigenous Land Corporation	28,000	72,500
Total Commonwealth revenue	393,750	763,200

Contributions are recognised as an asset and income when the Trust obtains control of the grant or obtains the right to receive the grants and the income recognition criteria are met.

All contributions received by the Trust have been contributions with unconditional stipulations attached and have been recognised as an asset and income upon receipt.

4.3. Net gain/loss from disposal of non-current assets

	2019	2018
	\$	\$
Plant and equipment		
Proceeds from disposal	17,000	30,000
Less net book value of assets disposed	(18,434)	(13,211)
Net gain (loss) from disposal of non-current assets	(1,434)	16,789

4.4. Other income

	2019	2018
	\$	\$
Recoveries	17,444	51,297
SAICORP insurance settlement	4,441	1,291
Other grants and contributions	2,180	3,000
Vanilla Forest Fire Mitigation	18,250	-
Total other income	42,315	55,588

5. Non-financial assets

5.1. Property, plant and equipment

	2019	2018
	\$	\$
Land and buildings		
Land at fair value	35,149,000	35,149,000
Buildings at fair value	1,287,000	1,367,000
Accumulated depreciation at the end of the period	(459,145)	(429,182)
Total land and buildings	35,976,855	36,086,818

Plant and equipment

Plant and equipment at cost (deemed fair value)	414,834	424,816
Accumulated depreciation at the end of the period	(225,223)	(201,776)
Total plant and equipment	189,611	223,040

Work in Progress

Work in Progress	348,750	-
Total work in progress	348,750	-

Total property, plant and equipment	36,515,216	36,309,858
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Property, plant and equipment with a value equal to or in excess of \$10,000 is capitalised, otherwise it is expensed.

Property, plant and equipment 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 2019.

Reconciliation 2018-19

	Land	Buildings	Plant and Equipment	Work in progress	Total
	\$	\$	\$	\$	\$
Carrying amount at 1 July 2018	35,149,000	937,818	223,040	-	36,309,858
Acquisitions	-	-	32,851	348,750	381,601
Disposals eg sales, write off, long-term lease out	-	(10,734)	(18,434)	-	(29,168)
Depreciation	-	(99,229)	(47,846)	-	(147,075)
Carrying amount at 30 June 2019	35,149,000	827,855	189,611	348,750	36,515,216

6. Financial assets

6.1. Cash and cash equivalents

	2019	2018
	\$	\$
Cash at Bank	1,156,538	1,771,276
Short-term deposits	779,666	827,120
Head of Bight whale watching centre	17,581	13,655
Funds managed on behalf of a third party	902,070	891,041
Total cash and cash equivalents	2,855,855	3,503,092

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 2019 the balance of funds held by the Trust on behalf of Umoona Community Council Incorporated is \$902,070. As the Trust does not benefit from these funds a corresponding liability has been recognised.

6.2. Receivables

	2019	2018
	\$	\$
Current		
Receivables	2,690	23,561

GST input tax recoverable	25,651	-
Total current receivables	28,341	23,561

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

	2019 \$	2018 \$
Current		
Creditors	63,262	67,120
Accrued expenses	91,947	113,946
Employment on-costs	1,699	7,039
GST payable	-	15,736
Total current payables	156,908	203,841
Non-Current		
Employment on-costs	9,135	4,395
Total non-current payables	9,135	4,395
Total payables	166,043	208,236

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 makes contributions 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 remained unchanged from the 2018 rate of 41% and the average factor for the calculation of employer superannuation cost on-costs has changed from the 2018 rate of 9.9% to 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.

	2019 \$
Restatement of Opening Balances	
Adjustments against Retained Earnings:	
Depreciation adjustment - error correction	74,792
Other adjustment - error correction	1,395
Total adjustments against Retained Earnings	76,187

The table above represents total adjustments to equity identified. Adjustments totalling \$76,187 were identified in the year ended 30 June 2019 which affect the year ended 30 June 2018 and prior years.

A review of depreciation expenditure by the Trust in the year ended 30 June 2019 identified \$74,792 for the buildings had been over depreciated at 30 June 2017. The other adjustment of \$1,395 was related to a prior period net result error for 2017-18. Both prior period errors are corrected in the current year by an adjustment to retained earnings.

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. Treasurer's Instructions (Accounting Policy Statements)

On 22 March 2019 the *Treasurer's Instructions (Accounting Policy Statements) 2019* were issued by the Treasurer under the *Public Finance and Audit Act 1987*. The Accounting Policy Statements replaced the following Accounting Policy Frameworks:

- Purpose and Scope
- General Purpose Financial Statements Framework
- Asset Accounting Framework

- Financial Asset and Liability Framework
- Income Framework
- Definitions.

The new Accounting Policy Statements have largely been prepared on a no-policy change basis. Changes that impact on these financial statements are:

- removal of the additional requirement to report transactions with the SA Government.
- removal of the additional requirement to report a statement of equity for administered items.
- increasing the bands from \$10,000 to \$20,000 for employee and board member reporting.

These changes, however, do not impact on the amounts reported in the financial statements.

The Accounting Policy Statements also set out requirements in relation to Accounting Standards and Statements not yet effective.

9.2. AASB 9 Financial instruments

AASB 9 Financial Instruments replaces the provisions of AASB 139 that relate to recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The adoption of AASB 9 from 1 July 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in financial statements.

The adoption of AASB 9 has not had a significant effect on the recognition, measurement or classification of the Trust's financial assets and liabilities.

10. Outlook

10.1. Unrecognised contractual commitments

Capital commitments

	2019	2018
	\$	\$
Within one year	42,625	-
Total capital commitments	42,625	-

The Trust's capital commitment is for the purchase of IPA Wardang Island Barge.

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 is not aware of any contingent assets.

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 2019.

10.2. 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

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 2018 (2.5%) to 2019 (1.25%).

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 \$10,829. 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 left the salary inflation rate at 4% for long service leave liability. As a result, there is no net financial effect resulting from changes in the salary inflation rate.

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.

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.

Liquidity risk

The Trust is funded principally from grant by the SA Government. The Trust works with the Department of Premier and Cabinet Aboriginal Affairs & Reconciliation to determine the cash flows associated with its Government approved programs of work and to ensure funding is provided through SA Government budgetary processes to meet the expected cash flows.

Refer to note 7.1 for further information.

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 applicable until 30 June 2018 under AASB 139 Financial Instruments:
Recognition and Measurement**

The carrying amounts are detailed below of each of the following categories of financial assets and liabilities:

- Loans and receivables
- Financial liabilities measured at cost.

Classification applicable from 1 July 2018 under AASB 9 Financial Instruments

On initial recognition, a financial asset is classified as measured at amortised cost, fair value through other comprehensive income (FVOCI) -debt instrument, FVOCI - equity instrument or fair value through profit or loss.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest only on the principal amount outstanding.

The Trust measures all financial instruments at amortised cost.

Category of financial assets and financial liabilities	Note	2019	2018
		\$	\$
Financial assets			
Cash and cash equivalents	6.1	2,855,855	3,503,092
Receivables	6.2	2,690	23,561
Financial liabilities			
Payables	7.1	82,204	113,078

Receivables and payables

The receivable and payable amounts disclosed here 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 (not materially different from amortised cost).