



OUR LAND OUR MOB OUR FUTURE

ANNUAL REPORT 2018-19

Part 2 of 2



NEW SOUTH WALES ABORIGINAL LAND COUNCIL

Contents – Part 2

PART 2

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Ancillary functions

NSWALC is supported by a number of business units. This section of the report highlights functions that do not fall within the NSWALC Strategic Plan but are necessary to achieve our five strategic goals.

FINANCE

The Finance Unit (FU) is a NSWALC service provider and ensures that Council has reliable financial resources, and systems in place to meet strategic objectives. Similarly, the FU provides our business units with appropriate budgets and high-quality accounting services to enable their efficient and effective operations.

Key activities of the FU include:

- developing the annual budget to ensure that financial resources are allocated effectively and efficiently
- monitoring the annual budget through a monthly management reporting process, and providing financial and non-financial information to explain financial outcomes or resources deployed
- managing NSWALC's cash flow to ensure enough funds are available to meet operational needs
- preparing statutory reports in accordance with legislative requirements
- facilitating external audit
- providing financial and management accounting services, and information, to the Council, executive, and business units in a professional and efficient manner.

Finance Committee

The Finance Committee met on seven occasions during 2018-19.

Committee members comprised the Independent Chair Mr Jonathon Rea and Council representatives, Councillor Charles Lynch and Councillor William Murray.

The meetings of the Finance Committee were regularly attended by the NSWALC CEO, the Executive Director Resource Management and Governance, the Chief Investment Officer and the Senior Financial Accountant.

PEOPLE AND WORKPLACE

The People and Workplace Unit (PWU) supports our managers with the human resources, training and advice needed to realise our Strategic Plan. It provides a blend of strategic and operational support to coach and develop our managers and their teams, as well as contributing to the strategies and frameworks that are key to running NSWALC.

The PWU manages the entire 'people lifecycle' from job design and grading through to recruitment, onboarding, development of teams, remuneration, and provision of advice regarding workplace matters such as work health and safety and employment relations.

Workforce profile

As at 30 June 2019, NSWALC has 130 staff members, 48.5 per cent of which are Aboriginal (Table 10). Aboriginal people also make up 43 per cent of managerial roles. Of these, 10 per cent are female and 33 per cent male. Likewise, a variety of age groups are represented among NSWALC staff (Table 11).

Table 10: NSWALC workforce profile as at 30 June 2019 by cultural background and gender.

Gender	Full time All	Aboriginal	Part time All	Aboriginal	Total
Female	54	25	13	7	67
Male	59	30	4	1	63

Table 11: NSWALC workforce profile as at 30 June 2019 by age and gender.

Gender	<30 All	Aboriginal	30-50 All	Aboriginal	50+ All	Aboriginal	Total
Female	5	4	45	21	17	7	67
Male	4	2	30	17	29	12	63

Learning and growth

NSWALC continues to support learning and growth in its workforce with staff able to access study assistance, and identify role-specific and future-role development opportunities with their manager.

During the 2018-19 financial year staff accessed a range of training including study assistance and short courses.

Workplace health and safety

Workplace health and safety (WHS) incidents remained low in 2018-19, with six staff raising incident reports. The WHS Committee met five times and is active within the workplace. Some of its activities during the year included:

- development of evacuations plans for all zone offices
- a fire drill at Parramatta Head Office
- inspection checks on all NSWALC-occupied properties
- fitting first aid kits in all fleet vehicles
- fitting fire extinguishers in all zone office vehicles
- fitting UHF radios in Councillor and Far Western Zone vehicles.

Wellbeing and employee assistance

This year NSWALC developed a relationship with the Aboriginal Counselling Service, an Aboriginal-managed counselling enterprise. This complements our existing Employee Assistance Program, delivered through Life Works.

The PWU in conjunction with Aboriginal staff have developed an online, onboarding program with an emphasis on Aboriginal Culture and Heritage (ACH). This initiative supports Goal 2 of the Strategic Plan, Protect Our Culture and Heritage. It informs new staff, and reaffirms for existing staff, the diverse nature of ACH. The program is designed to create awareness of and support for our Aboriginal workforce, and inform our non-Aboriginal staff of the diversity and richness of Aboriginal culture.

Trainees

Traineeships support Goal 4 of the Strategic Plan, Support our People. In 2018-19 two Aboriginal trainees were engaged for an initial 26-week placement through our partner, Ability Options. Both trainees have continued their employment beyond the initial period.

Employee benefits

NSWALC continues to engage Maxxia as the outsource salary packaging provider, with 86.5 per cent of staff members participating in some form of salary packaging. Of NSWALC staff taking-up this benefit, approximately 42 per cent are Aboriginal staff.

Review of the PWU

The PWU embarked on a number of improvement initiatives to review and rebuild the foundations for sound people practices in NSWALC.

1. Conducted a comprehensive review of human resource (HR) policies, procedures and forms to ensure they are current and meet NSWALC's current and emerging needs. The review resulted in the consolidation of several policy documents, and the development and implementation of new policies, supported with communications and management briefings, including:
 - EEO, Diversity and Inclusion Policy
 - Grievance and Dispute Resolution Policy and Guidelines
 - Performance Counselling and Disciplinary Action Policy and Guidelines
 - Anti-Discrimination, Harassment and Bullying Policy and Guidelines.
2. Revised recruitment and selection processes, supported by an automated recruitment system that is designed to reduce the time to fill positions, improve selection outcomes, and increase recruitment manager and candidate satisfaction.
3. Implemented a comprehensive induction and orientation program. The program is accessible to all new staff and covers the first three months of employment. It will ensure new employees have a positive first experience, role clarity, and a strong sense of NSWALC's culture and expectations. Program resources include a new staff and manager checklist, online training modules, group induction, 30- and 60-day performance reviews and a 90-day probation review.
4. Revised the onboarding, employee changes, increment, and probation review procedures and supporting documentation.
5. Established an exit process to ensure a smooth departure for staff leaving the organisation, and provide an opportunity for NSWALC to improve people management and engagement by gathering data on exits.
6. Improved payroll and leave processing including updates to PayGlobal and ESS, which provides increased accuracy in establishment data and organisational reporting, and more effective workflows. PayGlobal and ESS were also migrated to the Cloud, providing anytime, anywhere access for all staff. Further updates to PayGlobal and ESS will ensure staff can perform more functions on ESS, report on more HR processes, and provide managers with quality and timely information to inform staffing decisions.

The payroll and leave processing function was transferred to the FU to provide better utilisation of people and system resources, consolidate financial transactions within one Business Unit, and increase the separation of powers between HR and payroll.
7. Provided HR support to managers for preparation of their staffing and salary budgets, based on data analysis of anticipated remuneration changes and workforce plans.
8. Completed the restructure of NSWALC business units including:
 - transfer of the Land and Property Unit from Network and Program Delivery to consolidate land dealing activities and capabilities in one stream and enable a more strategic approach to land management including claims, ALAs and Native Title
 - transfer of the Legal Services Unit from Strategic Resource Management to consolidate units responsible for strategy, policy and legal implementation in one stream and facilitate coordinated delivery of services
 - transfer of the People and Workplace Unit from Business Improvement (Governance and Strategy) to consolidate the strategic management of all resources into one stream, meet strategic objectives and streamline transaction processing
 - transfer the Yarpa Indigenous Business and Employment Hub from Strategic Resource Management

- establish the Office of the CEO to enable coordinated administrative support at the appropriate level to exercise the CEO function
- transfer the Governance Unit to the Resource Management and Governance Unit to consolidate all corporate governance functions.

GOVERNANCE

The Governance Unit (GU) is responsible for ensuring that NSWALC's governance framework serves Council's strategic vision and aspirations. During the financial year, a formal Governance Framework was developed. The framework incorporates input and advice from various Council Advisory Committees to strengthen Council decision-making. This initiative supports Goal 3 of the Strategic Plan, Pursue Economic Independence and Prosperity for our People.

The GU bases its work on the ideals of tradition, self-determination and principles of good governance, including accountability, transparency, integrity, stewardship, efficiency and leadership. Within the governance framework the GU manages NSWALC's:

- Secretariat
- Strategic Planning and Management cycle
- Risk Management Framework
- Internal Audit Program
- Compliance.

The GU aims to have systems that use strategic planning to inform workflows, identify weaknesses, develop solutions and monitor outcomes.

Council

Table 12: Number and type of Council meetings held during 2018-2019.

Type of meeting	Number
Council meetings	17
Council workshops	9
Audit and Risk Committee	5
Finance Committee	6
Governance Committee	3
Investment Committee	5
Economic Development Advisory Committee	2

Compliance

The GU is responsible for ensuring compliance with the following Acts:

- *Aboriginal Land Rights Act 1983 (ALRA)*
- *Public Interest Disclosure Act 1994 (PID Act)*
- *Right to Information, Government Information (Public Access) Act 2009*
- *Independent Commission Against Corruption Act 1988.*

Obligations under the Government Information (Public Access) Act 2009

Review of Proactive Release Program – Clause 7(a)

NSWALC recently undertook an assessment of current policies and procedures, which are publicly available. The NSWALC Right to Information Policy and the Agency Information Guide have also been reviewed and updated on the NSWALC website.

Number of access applications received – Clause 7(b)

NSWALC received one request during the reporting period. NSWALC did not hold any information requested and the request was transferred to the appropriate LALC with approval from the applicant's legal representative.

Number of refused applications for Schedule 1 information – Clause 7(c)

NSWALC did not refuse any request during the reporting period.

Obligations under the PID Act

The PID Act outlines the procedures by which people working in the NSW public sector (including individuals engaged as contractors) can make complaints about the functioning of a public sector entity with minimum risk of reprisal.

NSWALC received no PID complaints during the year.

Annual Report

The GU is responsible for the management, production and publication of the NSWALC Annual Report, with assistance from staff of the Media and Communications Unit. The 2017-18 Annual Report was provided to the Minister for Aboriginal Affairs within the statutory timeframe.

Committees

The GU is responsible for two committees and provides administration support for another three. These committees provide expert advice to the Council to assist in sound and informed decision-making:

- Audit and Risk Committee
- Governance Committee
- Economic Development Advisory Committee
- Finance Committee
- Investment Committee.

The Economic Development Advisory, Finance, and Investment committees are coordinated by other NSWALC business units. The Audit and Risk, and Governance committees are managed by GU.

NSWALC publishes an annual Internal Audit and Risk Management Statement (Attestation Statement), which is shown on page 50.

Internal audit

All internal audits are focused on identifying areas for improvement, and how NSWALC can achieve and maintain best practice.

The GU implemented a new process to manage audit recommendations through analysis of all outstanding recommendations across previous internal audits and categorisation of the recommendations across Governance focus areas.

Risk management

A strategic risk workshop to identify areas of significant strategic risk for NSWALC was held in October 2018 with the CEO and Executive Directors. From this discussion, the Risk Management Framework was revised to reflect the risk-area focus for the 2018-19 financial year.

Privacy and personal information protection

NSWALC has a number of practices in place to comply with the *Privacy and Personal Information Protection Act 1998* (PPIPA). The PWU keeps all confidential personal information on a separate drive that is only accessible to staff members from the unit. Similarly, personal information with a heightened level of confidentiality is kept on a drive only accessible by the manager. Physical files are kept in a locked cupboard, and payroll information is kept securely and regularly audited. Any information requested by a third party is only disclosed with the consent of the person to which the information relates.

NSWALC has completed a draft Privacy Management Plan, as required by section 33 of the PPIPA. The draft plan sets out NSWALC's practices to comply with the Information Protection Principles in the PPIPA and Health Privacy Principles in the *Health Records and Information Privacy Act 2002*.

INFORMATION AND COMMUNICATIONS TECHNOLOGY

The Information and Communications Technology Unit (ICT) provides the technology governance, advice and assistance to ensure NSWALC's efficient and effective operations. The ICT Strategic Plan aligns technology with our business goals, enabling a contribution to NSWALC's strategic objectives. The plan enables ICT systems to be fully integrated across each department, which allows for organisation-wide management of our ICT environment.

The ICT Plan will enable the Strategic Plan by:

- delivering a stable, reliable, scalable workplace to all NSWALC staff
- providing a more mobile, collaborative and connected place to work
- delivering a central, intuitive and expanding body of knowledge to empower our decisions

- providing an expanded, more reliable catalogue of information management services to all NSWALC staff
- supporting a more efficient and speedier land claims management geospatial system and process
- monitoring and maintenance of network and information security, and safeguarding NSWALC systems and information assets from potential threats and data loss
- contributing to and/or management of projects for cost-effective application of technology that delivers benefits for efficient and effective operations.

ICT Steering Committee

The ICT Steering Committee has a key technology governance role, ensuring that effective application and management of ICT systems and resources is consistent with operational and strategic priorities. The committee consists of a Chairperson, three advisory members and an external member.



ATTESTATION STATEMENT

I, am of the opinion that the New South Wales Aboriginal Land Council has internal audit and risk management processes in operation that are compliant with the eight (8) core requirements set out in the *Internal Audit and Risk Management Policy for the NSW Public Sector*, specifically:

Core Requirements	For each requirement, please specify whether compliant, non-compliant, or in transition
Risk Management Framework	
1.1 The agency head is ultimately responsible and accountable for risk management in the agency	Compliant
1.2 A risk management framework that is appropriate to the agency has been established and maintained and the framework is consistent with AS/NZS ISO 31000:2018	Compliant
Internal Audit Function	
2.1 An internal audit function has been established and maintained	Compliant
2.2 The operation of the internal audit function is consistent with the International Standards for the Professional Practice of Internal Auditing	Compliant
2.3 The agency has an Internal Audit Charter that is consistent with the content of the 'model charter'	Compliant
Audit and Risk Committee	
3.1 An independent Audit and Risk Committee with appropriate expertise has been established	Compliant
3.2 The Audit and Risk Committee is an advisory committee providing assistance to the agency head on the agency's governance processes, risk management and control frameworks, and its external accountability obligations	Compliant
3.3 The Audit and Risk Committee has a Charter that is consistent with the content of the 'model charter'	Compliant

Membership

The chair and members of the Audit and Risk Committee are:

- Independent Chair, Ms Marcia Doheny, appointed 1 April 2019 until 31 March 2022
- Independent Chair, Mr Garry Dinnie, reappointed 1 April 2018 until 31 March 2019
- Independent Member, Mr Michael Silk, appointed 1 April 2019 until 31 March 2022
- Independent Member, Ms Marcia Doheny, appointed 1 April 2018 until 31 March 2019
- Non-independent Member, Councillor Charles Lynch, appointed 18 November 2015 until October 2019
- Non-independent Member (Alternate), Councillor Peter Smith, appointed 18 November 2015 until October 2019

James Christian PSM

Chief Executive Officer

(Sign and Date)

19 AUGUST 2019

Financial report



INDEPENDENT AUDITOR'S REPORT

New South Wales Aboriginal Land Council

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of New South Wales Aboriginal Land Council (the Council), which comprises the Consolidated Statement of Comprehensive Income for the year ended 30 June 2019, the Consolidated Statement of Financial Position as at 30 June 2019, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, notes comprising a Statement of Significant Accounting Policies and other explanatory information of the Council and the consolidated entity. The consolidated entity comprises the Council and the entities it controlled at the year's end or from time to time during the financial year.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Council and the consolidated entity as at 30 June 2019, and of their financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

My opinion should be read in conjunction with the rest of this report.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Council and the consolidated entity in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies
- precluding the Auditor-General from providing non-audit services.

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

Other Information

The Council's annual report for the year ended 30 June 2019 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Councillors of the Council are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprises the Statement by the Councillors.

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

The Councillors are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Councillors are responsible for assessing the ability of the Council and the consolidated entity to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar3.pdf. The description forms part of my auditor's report.

My opinion does not provide assurance:

- that the Council or the consolidated entity carried out their activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



Chris Harper
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

21 October 2019
SYDNEY

New South Wales Aboriginal Land Council
Year ended 30 June 2019
Statement by Councillors

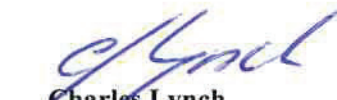
Pursuant to Section 41C of the *Public Finance and Audit Act 1983*, we state that in our opinion:

1. The accompanying financial statements exhibit a true and fair view of the financial position of the New South Wales Aboriginal Land Council as at 30 June 2019 and its performance for the year ended on that date in accordance with Australian Accounting Standards and interpretations and the provisions of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2015* and the Treasurer's Directions.
2. At the date of this statement, there are reasonable grounds to believe that the New South Wales Aboriginal Land Council will be able to pay its debts as and when they fall due.

Further, we are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.



Anne Dennis
Chairperson



Charles Lynch
Deputy Chairperson

Date: 15/10/2019

New South Wales Aboriginal Land Council
Consolidated statement of comprehensive income for the year ended 30 June 2019

		2019	2018
	Notes	\$'000	\$'000
REVENUE			
Investment Revenue	7	15,765	24,939
Grants and Contributions	8	174	18,199
Rental Income		790	1,892
Other Revenue	9	1,917	8,806
Total Revenue		18,646	53,836
EXPENSES EXCLUDING LOSSES			
Employee Related Expenses	12	17,437	14,771
Depreciation	24	577	956
Amortisation	25	57	118
Doubtful Debts and Debt Write Off		723	387
Funding to LALCs	13	17,188	16,671
Grants	14	1,534	1,892
Share of Net (Profit)/Loss of Associates and Joint Ventures Accounted for Using the Equity Method	36	108	231
Legal Expenses		1,343	830
Other Operating Expenses	15	10,135	7,312
Program Expenses	16	1,449	1,464
Total Expenses Excluding Losses		50,551	44,632
Gain / (Loss) on Disposal of Property, Plant and Equipment	10	11,823	33
Other Gains / (Losses)	11	18,033	21,476
NET RESULT		(2,049)	30,713
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to Net Result			
Actuarial Gain/(Loss) on Defined Benefit Superannuation		(205)	57
Net Increment on Revaluation	24 & 26	(131)	3,010
Total Other Comprehensive Income		(336)	3,067
TOTAL COMPREHENSIVE INCOME/(EXPENSES) FOR THE YEAR		(2,385)	33,780

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

New South Wales Aboriginal Land Council
Consolidated statement of financial position as at 30 June 2019

		2019	2018
	Notes	\$'000	\$'000
ASSETS			
Current Assets			
Cash and Cash Equivalents	17&18	36,581	34,474
Receivables	19 (a)	3,208	4,258
Financial Assets at Fair Value	20	657,321	634,764
Derivatives	21	442	-
Other Assets	22	24	22
Assets Held for Sale/Transfer to LALCs		728	443
Total Current Assets		698,304	673,961
Non-Current Assets			
Receivables	19 (b)	-	192
Property, Plant and Equipment	24	9,053	38,583
Intangible Assets	25	57	66
Artefacts	26	445	445
Total Non-Current Assets		9,555	39,286
TOTAL ASSETS		707,859	713,247
LIABILITIES			
Current Liabilities			
Payables	28	2,218	3,815
Derivatives	21	-	2,020
Provisions	29	3,553	2,891
Total Current Liabilities		5,771	8,726
Non-Current Liabilities			
Provisions	29	443	491
Total Non-Current Liabilities		443	491
TOTAL LIABILITIES		6,214	9,217
NET ASSETS		701,645	704,030
EQUITY			
Reserves		15,358	33,403
Accumulated Funds		686,287	670,627
TOTAL EQUITY		701,645	704,030

The above statement of financial position should be read in conjunction with the accompanying notes.

New South Wales Aboriginal Land Council
Consolidated statement of changes in equity for the year ended 30 June 2019

	Accumulated Funds \$'000	Revaluation Reserve \$'000	Total \$'000
Balance at 1 July 2018	670,627	33,403	704,030
Net Result for the year	(2,049)	-	(2,049)
Other Comprehensive Income:			
Actuarial Gain/(Loss) on Defined Benefit Superannuation	(205)	-	(205)
Net Increment on Revaluation of Properties (Note 24)	-	(131)	(131)
Assets Disposed	17,914	(17,914)	-
Total Comprehensive Income for the year	15,660	(18,045)	(2,385)
Balance at 30 June 2019	686,287	15,358	701,645
Balance at 1 July 2017	639,857	30,393	670,250
Net Result for the year	30,713	-	30,713
Other Comprehensive Income:			
Actuarial Gain/(Loss) on Defined Benefit Superannuation	57	-	57
Net Increment on Revaluation of Properties (Note 24)	-	3,010	3,010
Total Comprehensive Income for the year	30,770	3,010	33,780
Balance at 30 June 2018	670,627	33,403	704,030

The above statement of changes in equity should be read in conjunction with the accompanying notes.

New South Wales Aboriginal Land Council

Consolidated statement of cash flows for the year ended 30 June 2019

CASH FLOWS FROM OPERATING ACTIVITIES		2019	2018
	Notes	<u>\$'000</u>	<u>\$'000</u>
Receipts			
Sales and Rental Income		797	1,893
Interest and Investment Income		360	594
Community Development Levy Received		742	4,796
Grants and Contributions		174	18,199
Recovery of Debts from LALCs		969	2,015
GST Received from ATO		1,398	2,381
Other		217	2,457
Total Receipts		<u>4,657</u>	<u>32,335</u>
Payments			
Employee Related Expenses		(17,084)	(14,958)
Community Development Levy Grants Paid		(573)	(482)
Grants and Subsidies		(941)	(1,892)
Funding to LALCs		(17,188)	(16,671)
Expenses Paid on behalf of LALCs		(330)	(858)
Payment for Goods and Services		<u>(16,295)</u>	<u>(11,445)</u>
Total Payments		<u>(52,411)</u>	<u>(46,306)</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	32	<u>(47,754)</u>	<u>(13,971)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from Sale of Land and Buildings, Plant and Equipment	10	40,800	41
Proceeds from Sale of Financial Assets		50,361	37,596
Purchases of Property, Plant, Equipment and Intangible Assets		(500)	(657)
Purchase of Financial Assets		(40,800)	-
NET CASH FLOWS FROM INVESTING ACTIVITIES		<u>49,861</u>	<u>36,980</u>
NET INCREASE/(DECREASE) IN CASH		2,107	23,009
Opening Cash and Cash Equivalents		34,474	11,465
CLOSING CASH AND CASH EQUIVALENTS	17&18	<u>36,581</u>	<u>34,474</u>

The above statement of cash flows should be read in conjunction with the accompanying notes.

New South Wales Aboriginal Land Council

Notes to and forming part of the Consolidated Financial Statements for the year ended 30 June 2019

1. REPORTING ENTITY

New South Wales Aboriginal Land Council (the Council) is a Statutory Body constituted by the *Aboriginal Land Rights Act 1983*. The Council is a not-for-profit entity (as profit is not its principal objective).

The Council, as a reporting entity, comprises the following wholly owned subsidiaries:

Subsidiary Name	ACN	Incorporation Date
NSWALC Resources Pty Ltd	602 043 274	26-September-2014
NSWALC Properties Pty Ltd	629 594 985	24-October-2018
NSWALC Housing Ltd	631 178 848	23-January-2019
NSWALC Employment and Training Ltd	634 467 244	28-June-2019

NSWALC Resources Pty Ltd (Resources P/L) started to invest in the joint venture company Paradigm Resources Pty Ltd (Paradigm) for mining exploration in 2014-15 financial year. The exploration and development of resources such as natural gas is a speculative activity that involves a degree of financial risk.

NSWALC Properties Pty Ltd (Properties P/L) was established to facilitate the sale and lease back of 33 Argyle Street, Parramatta. As part of the sale of 33 Argyle St, NSWALC agreed with the purchaser to leaseback our office premises within the building. Accordingly, NSWALC Properties Pty Ltd was established to be the tenant in the required leaseback.

In accordance with NSWALC Strategic Plan 2018-2022, NSWALC is committed to pursuing economic independence and prosperity for our people. To achieve this, we are working to create opportunities for Aboriginal people and Local Aboriginal Land Councils to undertake business ventures and are also diversifying NSWALC's own business activities in order to provide greater prosperity to future generations. Establishment of NSWALC Housing Ltd (Housing Ltd) and NSWALC Employment and Training Ltd (Employment Ltd) are two of NSWALC's economic development initiatives. The purpose of Housing Ltd is to increase the housing options including the supply of social and affordable housing for Aboriginal people, while Employment Ltd is designed to mobilise the Aboriginal workforce and support them to obtain the necessary training to obtain employment in the infrastructure construction and aged care and disability services sectors.

The final consolidated financial statements for the year ended 30 June 2019 have been authorised for issue by the Council on 15th October 2019.

2. BASIS OF PREPARATION

(a) *Basis of preparation of accounts*

The consolidated financial statements of the Council are general purpose financial statements which have been prepared on an accrual basis in accordance with:

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations);
- the requirements of the *Public Finance and Audit Act 1983* (the Act), the *Public Finance and Audit Regulation 2015* and Treasurer's Directions issued under the Act;
- the *New South Wales Aboriginal Land Rights Act 1983* and its Regulation.

The consolidated financial statements incorporate the financial information of the Council and its subsidiaries. The financial information of the Council as a parent entity has been stated in Note 35.

New South Wales Aboriginal Land Council
Notes to and forming part of the Consolidated Financial Statements
for the year ended 30 June 2019 (cont.)

(b) Statement of compliance

The Council complied with the legislative requirements and other authoritative pronouncements stated under the 'Basis of preparation of accounts' throughout the year in the preparation and the final presentation of the Consolidated Financial Statements.

In accordance with the interpretation of the Crown Solicitor regarding Section 150 of the *Aboriginal Land Rights Act 1983*, the Council has maintained the minimum required capital value of \$485,340,000 throughout the year.

(c) Profit status of the Council

The Council has assessed and formally noted its profit status for the financial year ended 30 June 2019 and determined its status as not-for-profit for financial reporting purposes, which is consistent with the prior year.

(d) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following material items:

- Financial instruments that are classified as 'at fair value through profit and loss'
- Property, plant and equipment are measured at fair value
- The defined benefit asset is measured as the net total of the defined benefit plan assets, plus unrecognised past service cost and unrecognised actuarial losses, less unrecognised actuarial gains and the present value of the defined benefit obligation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

(e) Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the Council's functional currency.

All amounts are rounded to the nearest one thousand dollars unless otherwise stated.

(f) Critical estimates

The preparation of consolidated financial statements requires management to make judgements, estimates and assumptions that effect the application of accounting policies and reported amounts of assets, liabilities, income and expenses.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision of accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are included in the following notes:

- Note 3(a)(iii), 3(c)(iii), 3(c)(iv) & 3(c)(vii)
- Note 7 – Investment Revenue
- Note 19 – Receivables
- Note 24 – Property, Plant and Equipment
- Note 25 – Intangible Assets

New South Wales Aboriginal Land Council
Notes to and forming part of the Consolidated Financial Statements
for the year ended 30 June 2019 (cont.)

Information about assumptions and estimations that may result in adjustments in the future financial year is included in the following notes:

- Note 2(b), 3(c)(iv), 3(c)(vii) & 3(d)(ii)
- Note 20 – Financial Assets at Fair Value
- Note 21 – Derivatives
- Note 23 – Other Financial Assets
- Note 29 – Provisions
- Note 34 – Financial Instruments

(g) Changes in accounting policy

In the current year, the Council has reviewed all the new and revised Accounting Standards and Interpretations that are relevant to its operations and effective for the annual reporting period beginning on 1 July 2018. The Council adopted AASB 9 Financial Instruments and reviewed its policies for compliance with the standard. More information on the adoption of the standard is included in note 3 (j).

(h) Principles of consolidation

(i) Controlled entities

NSWALC is controlling four wholly owned subsidiaries as listed in Note 1 and they were fully consolidated from the date of incorporation. Accounting policies of these companies are consistent with that of the Council. Consolidated financial statements were prepared after eliminating all inter entity transactions. The financial year of these companies is the same as the Council's.

(ii) Joint Venture

NSWALC Resources Pty Ltd has a joint venture in Paradigm Resources Pty Ltd with Indigenous Energy Resources Pty Ltd each having equal shareholding. The investment in Paradigm Resources Pty Ltd is accounted for in the NSWALC Resources Pty Ltd using the equity method of accounting which is then consolidated with the financial statements of the Council.

(iii) Equity Method

Equity method of accounting is one where the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the investor's share of the investee's net assets. The investor's profit or loss includes its share of the investee's profit or loss and the investor's other comprehensive income includes its share of the investee's other comprehensive income. After application of equity method accounting, the Council determines the fair value of the investment by applying the principles stated in AASB 13 Fair Value Measurement. Any reduction in values is recognised as impairment loss in the consolidated financial statements of the Council.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently by the Council to all periods presented in these consolidated financial statements.

(a) Revenue recognition

The Council recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Council, and specific criteria have been met for each of the Council's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Council bases its estimates on historical results, taking into consideration the type of customer, the type of transaction, and the specifics of each arrangement. Revenue is measured at the fair value of the consideration or contribution received or receivable. Additional comments regarding the accounting policies for the recognition of revenue are discussed below.

New South Wales Aboriginal Land Council
Notes to and forming part of the Consolidated Financial Statements
for the year ended 30 June 2019 (cont.)

(i) Contributions

Contributions received (including grants and donations) are recognised as revenue when the Council obtains control over the assets comprising the contributions unless proved otherwise as per the agreement. Control over contributions is normally obtained upon the receipt of cash.

(ii) Sale of goods and services

Revenue from the sale of goods and services is recognised as revenue when the Council transfers the significant risks and rewards of ownership of the assets. It is measured at the fair value of consideration received or receivable, net of returns, trade discounts and volume rebates.

(iii) Investment revenue

Investment revenue comprises of:

- interest income on funds invested;
- dividend income; and
- changes in the fair value of financial assets at fair value through the profit and loss account.

Interest income is recognised using the effective interest method as set out in AASB 139 *Financial Instruments: Recognition and Measurement* (2018) and AASB 9 *Financial Instruments* (2019).

Dividend revenue is recognised in accordance with AASB 118 *Revenue* (2018) and AASB 9 *Financial Instruments* (2019) when the Council's right to receive payment is established. Changes in the fair value of financial assets at fair value through the profit and loss account refer to Note 3 (c) (iv) for details.

(iv) Foreign currency gain and losses

During the year the Council held investments denominated in foreign currencies and transitional funds held in foreign currency as a result of moving funds between fund managers. Transactions in foreign currencies are translated to Australian dollar at exchange rates at the dates of the transactions. Monetary assets denominated in foreign currencies at the reporting date are converted to the functional currency at the exchange rate at balance date. Foreign currency differences arising on conversion are recognised in the Consolidated Statement of Comprehensive Income. Foreign currency gains and losses are reported on a net basis.

(v) Rental income

Rental income is included in other income in the Consolidated Statement of Comprehensive Income. Rental income is recognised with AASB 117 *Leases* on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income over the term of the lease.

(vi) Land claims

The Council claims land under the *Aboriginal Land Rights Act 1983*. Land claimed from State or Commonwealth government is valued at fair value, recognised as income and capitalised as land asset.

(vii) Other revenue

Other revenue is recognised in the Consolidated Statement of Comprehensive Income when the right to receive the revenue has been established.

New South Wales Aboriginal Land Council
Notes to and forming part of the Consolidated Financial Statements
for the year ended 30 June 2019 (cont.)

(b) Expenses

All expenses incurred on an accrual basis are recognised as expenditure for the year to the extent that the Council has benefited by receiving goods or services and the expenditure can be reliably measured.

(i) Employee expenses

Employee expenses include salaries and wages for the year, workers compensation insurance premium for the year, 9.50% defined contribution incurred for employees under defined contribution scheme and amounts nominated by the fund managers in respect of defined benefit schemes. Annual leave and long service leave expenses are charged as stated in Note 3 (d) (ii).

(ii) Depreciation expenses

Depreciation expenses are charged as stated in Note 3 (c) (vii)

(iii) Maintenance expenses

Maintenance expenses are charged as stated in Note 3 (c) (vii)

(iv) Insurance expenses

The Council holds insurance policies covering property, public liability, workers compensation, Councillors' liability and other contingencies. After analysing the insurable risks, the Council has taken necessary insurance cover against these risks. The premium is determined by the Insurer.

(v) Funding for Local Aboriginal Land Councils

Funding for Local Aboriginal Land Councils (LALCs) is charged to the Consolidated Statement of Comprehensive Income as per the agreed amount of allocation for the year in accordance with the funding agreement. If a LALC is in breach of the statutory requirements, only essential payments are made under an assistance agreement. Essential payments are also paid to protect LALC assets or to avoid increasing higher liabilities.

(vi) Expenditure for community benefits

Pursuant to Section 108 of the *Aboriginal Land Rights Act 1983*, the Council incurs expenses for the benefits of the Aboriginal community. These expenses may be incurred in the form of assets such as shares or loans. In 2012, NSWALC purchased one million shares in Social Enterprise Finance Australia Ltd (SEFA).

NSWALC does not have significant influence on SEFA. Hence, the Equity Accounting was not adopted and shares are impaired as at 30 June 2019.

(c) Assets

(i) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash which are subject to an insignificant risk of changes in value. The Council has no bank overdrafts.

(ii) Restricted assets

Restricted assets include cash and cash equivalents and property held by the Council for special projects or as a trustee. These assets cannot be used for operating purposes (Refer to Note 18).

New South Wales Aboriginal Land Council
Notes to and forming part of the Consolidated Financial Statements
for the year ended 30 June 2019 (cont.)

(iii) Receivables

Receivables include other receivables and statutory debts (Refer to Note 5 (a) (ii)). Other receivables (including loans) are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Recognition and Measurement

All 'regular way' purchases or sales of financial asset are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Receivables are initially recognised at fair value plus any directly attributable transaction costs. Trade receivables that do not contain a significant financing component (from 1 July 2019) or with no stated interest rate (to 30 June 2018) are measured at the transaction price, being the original invoice amount, as the effect of discounting is immaterial.

Classification and measurement under AASB 139 (for comparative period ended 30 June 2018)

Loans and receivables

Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

Subsequent measurement under AASB 9 (from 1 July 2018)

The Council holds receivables with the objective to collect the contractual cash flows and therefore measures them at amortised cost using the effective interest method, less any impairment. Changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

Subsequent measurement under AASB 139 (for comparative period ended 30 June 2018)

Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables. Any changes are recognised in the Consolidated Statement of Comprehensive Income when impaired, derecognised or through the amortisation process.

Impairment under AASB 9 (from 1 July 2018)

The Council recognises an allowance for expected credit losses (ECLs) for all debt financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows and the cash flows that the Council expects to receive, discounted at the original effective interest rate.

For trade receivables, the Council applies a simplified approach in calculating ECLs. The Council recognises a loss allowance based on lifetime ECLs at each reporting date.

Impairment under AASB 139 (for comparative period ended 30 June 2018)

Receivables are subject to an annual review for impairment. An allowance for impairment of receivables is established when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the Council will not be able to collect all amounts due. Collectability of receivables is reviewed on an ongoing basis.

Debts that are known to be uncollectible are written off. These are considered to be impaired when there is objective evidence that the estimated future cash flows have been affected.

New South Wales Aboriginal Land Council
Notes to and forming part of the Consolidated Financial Statements
for the year ended 30 June 2019 (cont.)

The Council first assesses whether impairment exists individually for receivables that are individually significant, or collectively for those that are not individually significant. Further, receivables are assessed for impairment on a collective basis if they were assessed not to be impaired individually.

The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the impairment loss is recognised in the net result for the year.

Any reversals of impairment losses are reversed through the net result for the year, if objectively related to an event occurring after the impairment was recognised. Reversals of impairment losses cannot result in a carrying amount that exceeds what the carrying amount would have been had there not been an impairment loss.

The Council has a debtor management policy and guidelines to manage and recover statutory debts incurred by the Council on behalf of LALCs. The policy and guidelines established how to assess the recoverability of debts and the amounts to be written-off or waived. The policy has been implemented since the financial year 2010-11 and the movement in the allowance for impairment with the outstanding debt is disclosed in Note 19.

(iv) Investments

Classification and measurement under AASB 9 (from 1 July 2018)

The entity's financial assets at fair value are classified, at initial recognition, as subsequently measured at either fair value through other comprehensive income or fair value through profit or loss. Transaction costs of financial assets carried at fair value through profit or loss are expensed in net results. Transaction costs of financial assets carried at other comprehensive income are included as part of their fair value and amortised to net results using the effective interest method.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets mandatorily required to be measured at fair value under AASB 9.

Financial assets are held for trading if acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments.

The Council holds all its investments in units in pooled investment funds, which are in substance equity instruments. As these are held for trading, they are mandatorily required to be measured at fair value through profit or loss.

Notwithstanding the criteria to be classified at amortised cost or at fair value through other comprehensive income, financial assets may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

A gain or loss on a financial asset that is subsequently measured at fair value through profit or loss is recognised in net results and presented net within other gains/(losses), except for gains and losses on the investments in the managed funds, that are presented in 'investment revenue' in the period in which they arise.

Classification and measurement under AASB 139 (for comparative period ended 30 June 2018)

The Council classified its financial assets at fair value either as financial assets at fair value through profit or loss or available-for-sale financial assets. The classification was based on the purpose of acquiring such financial assets. The Council determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this at each financial year end.

New South Wales Aboriginal Land Council
Notes to and forming part of the Consolidated Financial Statements
for the year ended 30 June 2019 (cont.)

- *Fair value through profit or loss* - The Council subsequently measures investments classified as “held for trading” or designated upon initial recognition at fair value through profit or loss. Financial assets are classified as “held for trading” if they are acquired for the purpose of selling in the near term. Gains or losses on these assets are recognised in the Consolidated Statement of Comprehensive Income.
- *Held to maturity investments* – Non-derivative financial assets with fixed or determinable payments and fixed maturity that the Council has the positive intention and ability to hold to maturity are classified as “held to maturity”. These investments are measured at amortised cost using the effective interest method. Changes are recognised in the Consolidated Statement of Comprehensive Income when impaired, derecognised or through the amortisation process. The Council held no such instruments.
- *Available for sale investments* – Any residual investments that do not fall into any other category are accounted for as available for sale investments and measured at fair value directly in equity until disposed of or impaired, at which time the cumulative gain or loss previously recognised in equity is recognised in the Consolidated Statement of Comprehensive Income. However, interest calculated using the effective interest method and dividends are recognised in the Consolidated Statement of Comprehensive Income. The Council held no such instruments.

Purchases or sales of investments under contract that require delivery of the asset within the timeframe established by convention or regulation are recognised on the trade date i.e. the date the entity commits itself to purchase or sell the asset. The fair value of investments that are traded at fair value in an active market is determined by reference to quoted current bid prices at the close of business on the Consolidated Statement of Financial Position date.

- *Derivative financial instruments*

The Council faces foreign currency exposure from investing in international equities. The Council enters into derivatives to mitigate this exposure. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. Any changes in the fair value are recognised in the Consolidated Statement of Comprehensive Income.

The financial assets and liabilities resulting from the hedging arrangement of the Council are offset with the net amount being reported in the Consolidated Statement of Financial Position. The Council has a current enforceable legal obligation to offset the recognised amounts with the counterparty and settle on a net basis realising the assets and the liabilities simultaneously (Refer to Note 21 for values).

- *Impairment of financial assets*

All financial assets, except those measured at fair value through the profit and loss, are subject to an annual review for impairment. An allowance for impairment is established when there is objective evidence that the entity will not be able to collect all amounts due.

- *De-recognition of financial assets and financial liabilities*

A financial asset is derecognised when the contractual rights to the cash flows from the financial assets expire; or if the Council transfers the financial asset:

- where substantially all the risks and rewards have been transferred; or
- where the Council has not transferred substantially all the risks and rewards, if the entity has not retained control.

New South Wales Aboriginal Land Council
Notes to and forming part of the Consolidated Financial Statements
for the year ended 30 June 2019 (cont.)

Where the Council has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of the Council's continuing involvement in the asset.

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires.

(v) Trust funds

The Council received money in a trustee capacity for the Gumbaynggir Tribal Aboriginal Elders Corporation as set out in Note 33. The Council has no control of the funds and the funds cannot be used for the achievement of the Council's own objectives. The Council performs a custodial role in respect of these funds. Therefore, these funds are not recognised in the Consolidated Statement of Comprehensive Income.

(vi) Other assets

Other assets include superannuation assets and prepayments. Other assets are recognised on a cost basis.

If a surplus exists in the employer's interest in the defined benefit fund, the Council recognises this amount as superannuation asset and takes advantage of it in the form of a reduction in the required contribution rate on the advice of the Fund's actuary. Where a deficiency exists, the employer is responsible for any difference between the employer's share of Fund assets and the defined benefit obligation. The Council recognises this amount as a liability.

(vii) Property, Plant & Equipment

- Acquisitions of Assets

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by the Council. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the requirements of other Australian Accounting Standards.

Assets acquired at no cost, or for nominal consideration, are initially recognised at their fair value at the date of acquisition.

Where payment for an asset is deferred beyond normal credit terms, its cost is the cash price equivalent, i.e. deferred payment amount is effectively discounted at an asset-specific rate.

- Capitalisation Thresholds

Property, plant and equipment and intangible assets costing \$1,000 (\$1,000 in 2017-2018) and above individually (or forming part of a network costing more than \$1,000) are capitalised.

- Revaluation of Property, Plant and Equipment

Physical non-current assets are valued in accordance with AASB 13 *Fair Value Measurement* and AASB 116 *Property, Plant and Equipment*.

Property, plant and equipment is measured at the highest and best use by market participants that is physically possible, legally permissible and financially feasible. The highest and best use must be available at a period that is not remote and take into account the characteristics of the asset being measured, including any social-political restrictions imposed by government. In most cases after taking into account these considerations, the highest and best use is the existing use. In limited circumstances, the highest and best use may be a feasible alternative use, where there are no restrictions on use or where there is a feasible higher restricted alternative use.

New South Wales Aboriginal Land Council
Notes to and forming part of the Consolidated Financial Statements
for the year ended 30 June 2019 (cont.)

Fair value of property, plant and equipment is based on a market participants' perspective, using valuation techniques (market approach, cost approach, income approach) that maximise relevant observable inputs and minimise unobservable inputs. Also refer Note 27 for further information regarding fair value.

Non-specialised assets with short useful lives are measured at depreciated historical cost, as a surrogate for the fair value. The Council reviews the estimated useful lives for major plant and equipment at the end of each annual reporting period. Property is revalued at least every five years or with sufficient regularity to ensure that the carrying amount does not differ materially from its fair value at reporting date. The full revaluation of properties was completed on 30 June 2018 by independent registered valuers who are experienced in the respective regions of properties located. All significant properties are valued on an annual basis by the independent valuer.

When revaluing non-current assets by reference to current prices for assets newer than those being revalued, adjusted to reflect the present condition of the assets, the gross amount and the related accumulated depreciation are separately restated.

For other assets, any balances of accumulated depreciation at the revaluation date in respect of those assets are credited to the asset accounts to which they relate. The net asset accounts are then increased or decreased by the revaluation increments or decrements.

Revaluation increments are credited directly to the asset revaluation reserve, except to the extent that it reverses a revaluation decrement for the same asset class previously recognised as an expense in the Statement of Profit or Loss and Other Comprehensive Income, in which case the increment is credited to the Statement of Profit or Loss and Other Comprehensive Income to the extent of the decrement previously charged. A decrement in carrying amount arising on the revaluation of property, plant and equipment is charged as an expense in profit or loss to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation of that asset.

As a not-for-profit entity, the Council's revaluation increments and decrements are offset against one another within a class of non-current assets, but not otherwise.

Where an asset that has previously been revalued is disposed of, any balance remaining in the asset revaluation reserve in respect of that asset is transferred to accumulated funds.

- **Impairment of Property, Plant and Equipment**

As property, plant and equipment is carried at fair value, impairment can only arise in the rare circumstances where the costs of disposal are material. Specifically, impairment is unlikely for not-for-profit entities given that AASB 136 modifies the recoverable amount test for non-cash generating assets of not-for-profit entities to the higher of fair value less costs of disposal and depreciated replacement cost, where depreciated replacement cost is also fair value.

- **Depreciation of Property, Plant and Equipment**

Depreciation is provided on a straight-line basis for all depreciable assets so as to write off the depreciable amount of each asset as it is consumed over its useful life to the Council.

All material separately identifiable components of assets are depreciated over their respective useful lives.

Land is not a depreciable asset. Certain original artwork and collections have a long useful life. In these cases, depreciation is not recognised. The decision not to recognise depreciation for these assets is reviewed annually.

New South Wales Aboriginal Land Council
Notes to and forming part of the Consolidated Financial Statements
for the year ended 30 June 2019 (cont.)

The depreciation rates used for each class of depreciable assets for the estimated useful lives are:

<i>Class of Fixed Assets</i>	<i>Depreciation Rate</i>	<i>Useful Life</i>
Land is not depreciated		
Buildings*	3.33% – 5.00%	20 – 30 years
Motor Vehicles	20.00%	5 years
Computer equipment	33.33%	3 years
Other Equipment, Furniture and Fittings	20.00%	5 years

Useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

* Fittings classified as buildings may have varying depreciation rates and useful lives (i.e. 20% Depreciation Rate and 5 years Useful Life).

- Maintenance

Day-to-day servicing costs or maintenance are charged as expenses incurred, except where they relate to the replacement of a part or component of an asset, in which case the costs are capitalised and depreciated.

(viii) Artefacts

Artefacts include aboriginal artwork, sculptures, carvings and painted rocks. These assets are not depreciated but are revalued on a regular basis by an independent expert valuer. The valuation of these assets was completed on 30 June 2016. Any change in value is accounted for as explained in Note 26.

(ix) Leased assets

A distinction is made between finance leases which substantially transfer from the lessor to the lessee all the risks and rewards incidental to ownership of the leased assets and operating leases under which the lessor effectively retains all such risks and rewards.

Where a non-current asset is acquired by means of a finance lease, the asset is recognised at its fair value at the commencement of the lease term. The corresponding liability is established at the same amount. Lease payments are allocated between the principal component and the interest expense.

Operating lease payments are charged to the Consolidated Statement of Comprehensive Income on a straight-line basis over the lease term.

(x) Intangible assets

The Council recognises intangible assets only if it is probable that future economic benefits will flow to the Council and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. Where an asset is acquired at no or nominal cost, the fair value as at the date of acquisition is capitalised in the fixed asset register.

All research costs are expensed. Development costs are only capitalised when certain criteria are met.

The useful lives of intangible assets are assessed to be finite. Intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for the Council's intangible assets, the assets are carried at cost less any accumulated amortisation.

The Council's intangible assets are amortised using the straight-line method over a period of three years.

In general, intangible assets are tested for impairment where an indicator of impairment exists.

New South Wales Aboriginal Land Council
Notes to and forming part of the Consolidated Financial Statements
for the year ended 30 June 2019 (cont.)

(d) Liabilities

(i) Payables

These amounts represent liabilities for goods and services provided to the Council. Payables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

(ii) Employee Benefits and Other Provisions

- Salaries and Wages, Annual Leave and On-Costs

Liabilities for salaries and wages (including non-monetary benefits) and annual leave that are expected to be due wholly within twelve months of the reporting date are recognised and measured in respect of employees' services up to the reporting date at nominal amount based on the amounts expected to be paid when the liabilities are settled.

Annual leave is not wholly expected to be settled within twelve months and is measured at present value in accordance with AASB 119 *Employee Benefits*. A market yield on 10 year government bonds of 1.32% (2.63% in 2017-2018) was applied to discount long-term annual leave.

The outstanding amounts of workers' compensation insurance premiums and fringe benefits tax, which are consequential to employment, are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised.

- Long Service Leave and Superannuation

Long service leave is measured at present value in accordance with AASB 119 *Employee Benefits*. This is based on the application of certain factors (specified in NSWTC 18-10 *Accounting for Superannuation* and NSWTC 18-13 *Accounting for Long Service Leave and Annual Leave*) to all employees using current rates of pay. These factors were determined based on approximate present value.

In respect of defined contribution schemes (i.e. Basic Benefit and First State Super), expense is calculated as percentage of the employees' salary. For the defined benefit schemes (i.e. State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employees' superannuation contributions.

- Other Provisions

Other provisions exist when the Council has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

A make good provision for the lease of the Zone and Councillor Offices is discounted at 0.98%, 0.96% and 1.03% (2, 3 and 5 years Government Bond Rates), which reflects the current market assessment of the time value of money and the risk specific to the liability.

(e) Incorporation of Local Aboriginal Land Council

There were no new Local Aboriginal Land Councils incorporated during the financial year (none in 2017-18).

(f) Transfer of property to Local Aboriginal Land Councils

During the year ended 30 June 2019, one property was transferred by NSWALC to the Tweed Byron Local Aboriginal Land Council with nil consideration and the property's written down value was \$20k (Note 14).

New South Wales Aboriginal Land Council
Notes to and forming part of the Consolidated Financial Statements
for the year ended 30 June 2019 (cont.)

Expected sale and transfer of properties within the next twelve months are classified as Properties Held for Sale and Transfer to LALCs under current assets.

(g) Accounting for the Goods and Services Tax (GST)

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

- The amount of GST incurred by the Council as a purchaser which is not recoverable from the Australian Taxation Office is recognised as part of the cost of acquisition of an asset or as part of an item of expense, and
- Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included as a current asset or liability in the Consolidated Statement of Financial Position.

Cash flows are included in the Consolidated Statement of Cash Flows on a gross basis. However, the GST components of cash flows arising from investing and financing activities which is recoverable from or payable to the Australian Taxation Office are classified as operating cash flows.

(h) Tax exemptions

The Council is a Public Benevolent Institution (PBI) under the *Income Tax Assessment Act 1997*. Therefore, the Council is exempt from income tax from 1 July 2000. The Council is also exempt from the Payroll Tax under *Payroll Tax Act 2007*.

(i) Comparative information

Except when an Australian Accounting Standard permits or requires otherwise, comparative balances were restated to improve clarity and effective presentation of financial statements.

(j) New Australian Accounting Standards effective for the first time in the current financial year

The Council has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB 9 Financial Instruments

The Council has adopted AASB 9 from 1 July 2018. The standard introduced new classification and measurement models for financial assets:

- Financial assets are measured at amortised cost if they are held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest.
- Investments in debt instruments are measured at fair value through other comprehensive income if they are held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value.
- All other financial assets are classified and measured at fair value through profit or loss unless an irrevocable election is made on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI').

New South Wales Aboriginal Land Council
Notes to and forming part of the Consolidated Financial Statements
for the year ended 30 June 2019 (cont.)

Despite these requirements, financial assets may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch.

For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch).

New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity

Impact of adoption

The Council applied AASB 9 retrospectively but has not restated the comparative information which is reported under AASB 139 *Financial Instruments: Recognition and Measurement* (AASB 139).

There was no impact on opening accumulated funds as at 1 July 2018 as a result of adopting the standard.

Classification of financial instruments

On 1 July 2018 (the date of initial application of AASB 9), the Council has assessed which business models apply to the financial assets held by the Council and has classified its financial instruments into the appropriate AASB 9 categories.

The classification and measurement requirements of AASB 9 did not have a significant impact to the Council. The Council continued measuring at fair value, all financial assets previously held at fair value under ASB 139.

The following are the changes in the classification of the entity's financial assets:

- **Trade receivables and other financial assets** (i.e., term deposits) classified as 'Loans and receivables' under AASB 139 as at 30 June 2018 are held to collect contractual cash flows representing solely payments of principal and interest. At 1 July 2018, these are classified and measured as debt instruments at amortised cost.
- **Investments in pooled investment funds** are managed on a fair value basis and hence were designated at fair value through profit or loss under AASB 139 as at 30 June 2018. Under AASB 9, these are now mandatorily required at transition date of 1 July 2018 and going forward to be classified and measured as fair value through profit or loss.
- The Council has not designated any financial liabilities at fair value through profit or loss. There are no changes in the classification and measurement for the Council's financial liabilities.

In summary, upon the adoption of AASB 9, the Council had the following required or elected reclassifications as at 1 July 2018:

	Classification and measurement		Carrying Values (1 July 2018)		
	AASB 139	AASB 9	Original \$'000	New \$'000	Difference \$'000
Cash and cash equivalents	Loans and Receivables	Amortised Cost	34,474	34,474	-
Trade and other receivables	Loans and Receivables	Amortised Cost	2,379	2,379	-
Investments in pooled investment vehicles	Fair value through profit or loss	Fair value through profit or loss	634,764	634,764	-
Derivatives	Fair value through profit or loss	Fair value through profit or loss	(2,020)	(2,020)	-

New South Wales Aboriginal Land Council
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Impairment

The adoption of AASB 9 has changed the entity's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking expected credit loss (ECL) approach.

New impairment requirements use an ECL model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

AASB 9 requires the entity to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss.

There is no material impact to the Council on adopting the new impairment model.

(k) New Australian Accounting Standards issued but not yet effective

At the date of authorisation of the consolidated financial statements, the Standards and Interpretations listed in Note 38 were issued but not yet effective. NSW Treasury has mandated not to early adopt any of the new Standards / Interpretations through Treasury Circular NSWTC19-04 *Mandates of Options and Major Policy Decisions under Australian Accounting Standards*.

4. DETERMINATION OF FAIR VALUES

A number of accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. When measuring fair value, the valuation technique used maximises the use of relevant observable inputs and minimises the use of unobservable inputs. The Council categorises, for disclosure purposes, the valuation techniques based on the inputs grouped into three levels of fair value hierarchy as follows:

- Level 1 – quoted prices in active markets for identical assets/liabilities that the Council can access at the measurement date.
- Level 2 – inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly.
- Level 3 – inputs that are not based on observable market data (unobservable inputs).

The Council recognises transfers between levels of the fair value hierarchy at the end the reporting period during which the change has occurred.

Refer Note 20 and Note 27 for financial assets and non-financial assets at fair value.

(i) Property, plant and equipment

The fair value of property, plant and equipment is based on a market participants' perspective, using valuation techniques (market approach, cost approach, income approach) that maximise relevant observable inputs and minimise unobservable inputs.

(ii) Other receivables

The fair value of other receivables is based on the net realisable value after considering any possible risks of impairment. All other receivables, after impairment, are expected to be received within a short period of time and considered as fair values.

New South Wales Aboriginal Land Council
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(iii) Trade and other payables

Trade and other payables are expected to be paid within a short period of time and considered as fair values.

When applicable, further information about the assumptions made in determining fair values are disclosed in the notes specific to the asset or liability.

5. FINANCIAL RISK MANAGEMENT

The Council has exposure to the following risks from the use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

This note presents information about the Council's exposure to each of the above risks, their objectives, policies, and processes for measuring and managing risk and their management of capital. Further quantitative disclosures are included through these financial statements.

Risk Management Framework

The Council's principal financial instruments comprise cash, short term deposits and portfolio of investments. The main purpose of these financial instruments is to fund the Council's operations and its future sustainability. The Council has various other financial instruments such as debtors and trade creditors, which arise directly from its operations. The main risks arising from the Council's financial instruments are credit risk, liquidity risk and interest rate risk. The Council reviews and agrees policies for managing each of these risks and they are summarised below.

(a) *Credit Risk*

Credit risk is the risk of financial loss to the Council if a Council's debtor or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises from the financial assets of the Council, including cash, receivables, term deposits and investment in unit trust deposits. In regards to investments in unit trusts, this credit risk is reflected in the unit prices when the underlying securities are marked to market. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

The Council has provided a Bank Guarantee for the Southern Zone leased office since May 2015.

(i) Cash

Cash comprises cash on hand and bank balances. Interest is earned on daily bank balances at the monthly average cash rate. It is the Council's practice to deal with banks with the highest ratings. The Council monitors the financial stability of the banks that hold its funds, by reviewing the credit rating of the banks and compliance with the Council's policies.

(ii) Receivables

The Council's exposure to credit risks is influenced mainly by the individual characteristics of each debtor. The Council has statutory debts and other debts.

- *Statutory debts*

The Council incurred significant expenses as a result of the application of legislation, which are recoverable from Local Aboriginal Land Councils. These debts are grouped as statutory debts and not categorised as financial instruments as per the NSW Treasury Policy and Guideline TPP08-1

New South Wales Aboriginal Land Council
Notes to and forming part of the Consolidated Financial Statements
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Accounting Policy: Accounting for financial instruments. The Council assess the collectability of such debts on a case by case basis in accordance with Debtor Management Policy.

- *Other debts*

The Council is exposed to various concentrations of credit risk through other debts receivable from Local Aboriginal Land Councils. These debts were incurred as a result of the payment of minor loans and advances repayable within a short period of time. Credit risk exposure is reported in the monthly aged analysis report. The Senior Financial Accountant, in conjunction with Zone Directors, is responsible for the collection of debts due from Local Aboriginal Land Councils. The counter party risk that arises from mortgage loans is considered to be not significant. The amounts due were reviewed on an individual basis and provision made for any impairment.

(iii) *Investments*

The Council limits its exposure to credit risks by investing in banks by direct deposits, equities and in unit trusts with fund managers whose portfolio of investments are within the risk limits disclosed by the fund managers in the offer documents of their trusts. This risk is monitored by the Council's investment consultant. The selection of asset classes into which the Council invests is researched and recommended by the investment consultant. The investment consultant provides a periodic review of all credit risks relating to different asset classes of investment and monitors the value of investments held as per the benchmark stated in the Investment Policy. This research takes into account such matters as counterparty and credit risk. The Council's investments, as disclosed in Note 20, are managed by the Council in conjunction with the investment consultant and are not guaranteed from credit risk.

The Council has placed funds on deposit with a commercial bank with the highest rate for a fixed term. It monitors the financial stability of the bank to determine any credit risk that might affect the Council by reviewing its Annual Reports and other financial publications. For fixed term deposits, the interest rate payable by the bank is negotiated initially and is fixed for the term of the deposit.

(b) *Liquidity Risk*

Liquidity risk is the risk that the Council will be unable to meet its payment obligations when they fall due. The Council continuously manages the risk through monitoring and planning future cash flows and (maturities planning) to ensure adequate holding of liquid assets. The objective is to maintain a balance between continuity of funding and flexibility through the use of appropriate investment strategies.

The liquidity risk that might arise from various classes of financial assets held by the Council and its management is explained under the credit risk of each class of financial asset.

The only line of credit the Council has is a corporate card facility of \$500,000 with the National Australia Bank.

During current and prior years, there were no defaults or breaches on any amounts payable to creditors. No assets have been pledged as collateral. The Council's exposure to liquidity risk is deemed insignificant based on prior periods' data and a current assessment of risk.

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in NSW Treasury Circular (NSWTC11-12 *Payment of Accounts*). If trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. NSWTC11-12 allows the Minister to award interest for late payment. No interest was paid during the year.

New South Wales Aboriginal Land Council
Notes to and forming part of the Consolidated Financial Statements
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(c) *Market Risk*

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the income or value of the holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Council's exposures to market risk are as follows:

- Growth: the depth and length of the global economic status, and its impact on the investments held by the Council
- Systematic risk: liquidity and counterparty risks in financial markets
- Lack of Corporate Governance: universal lack of corporate governance leads to fraud and bankruptcies.

The Council manages its market risk exposure by construction of a risk framework that quantifies the risks in the portfolio and the probable outcomes from the portfolio given different events.

(i) *Currency risk*

The Council has direct exposure to foreign currency risk by investing into funds denominated in foreign currencies. In addition, the Council is also exposed to indirect foreign currency risk by the depositing of its funds in international investments by its fund managers. It also has some foreign currency exposure when foreign currency funds are held by the transitional custodian. Investment in foreign currency and foreign currency funds held by the transitional custodian are comprehensively monitored.

The Council has adopted a policy to hedge the risk on currency exposures for its international equity investments by entering into foreign exchange contracts. The Council's Banker, the National Australia Bank, reviews the funds where the Council has international equity investments. They are then benchmarked against the MSCI World ex Australia weightings to determine the currency composition. A decision was endorsed by the Council's Investment Consultant along with the Chief Investment Officer. The Council track its exposure on a daily basis, making the hedge results more transparent.

(ii) *Interest rate risk*

Exposure to interest rate risk arises primarily through the Council's term deposits and fixed income unit trust investment that have marked to market exposure. The Council accounts for any fixed rate financial instruments at fair value through profit or loss. Therefore, for these financial instruments, a change in interest rates would affect the profit and loss and equity. A reasonable possible change of rate provided by investment advisors is used, consistent with current trends in interest rates. This is reviewed quarterly and amended where there is a structural change in the level of interest rate volatility.

The interest rate risk in respect of corporate card facility is considered to be negligible.

(iii) *Other price risk*

Exposure to 'other price risk' primarily arises through investments with fund managers that are held for strategic rather than trading purposes. Investments within the portfolio are managed on an individual basis and all buy and sell decisions are recommended by the Investment Committee for the approval of the Council. The primary goal of the Council's investment strategy is to maximise investment returns within the investment framework approved by the Council in order to meet Council's operating expenses and preserve the funds. Management is assisted by external advisors in this regard. In accordance with this strategy, investments are designated at fair value through the profit and loss because their performance is actively monitored and they are managed on a fair value basis.

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Notes to and forming part of the Consolidated Financial Statements
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(d) Operational Risk

The Council manages its operational risk which mainly affects the Aboriginal community as part of the risk management strategy which includes political, culture and heritage, social, environmental and economic risks. Operational risk is the direct and indirect losses arising from a wide variety of causes associated with the Council's processes, personnel, technology, legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risk arises from all of the Council's operations.

The Council's objective is to manage operational risk so as to balance the avoidance of financial losses and damages to the Council's reputation with overall cost effectiveness and to avoid control procedures to comply with legislative requirements.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management and managers within each business unit. The responsibility is supported by the development of standards, policies and procedures in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorisation of transactions
- Requirements for the reconciliation and monitoring of transactions
- Compliance with regulatory and legal requirements
- Documentation of controls and procedures
- Requirements for the periodic reporting to senior management, relevant committees and the Council
- Training and professional development
- Risk mitigation, including insurance where this is effective.

Compliance with established standards, policies and procedures is supported by a program of periodic review undertaken by Internal Audit. The results of the internal audit reviews are discussed with management of the business unit to which they relate, with reports submitted to Senior Management, the Audit and Risk Committee and the Council.

6. CAPITAL MANAGEMENT

As per the legislative requirement, the Council has to maintain its capital value to a minimum of \$485,340,000. The Council monitors its return on investments and operating expenditure to maintain its capital value.

It has developed two key strategies for its capital management:

- a) Strategic Asset Allocation (SAA) - to generate revenue and mitigate risks relating to investments.
- b) Drawdown Rule – as a guide to control operating expenditure.

SAA has been implemented and is closely monitored by the Investment Committee and the Council.

The Drawdown Rule is based on the following key elements:

- Previous drawdown
- Average asset value
- Long term spending rate

This rule was adopted on advice from the Council's former investment advisor, Towers Watson Australia Pty Ltd. The annual expected future draw down is equal to 70% draw down in previous year and 30% of the average asset value in previous year times the long-term spending rate. Therefore, drawdown for expenditure was 9.90% of the investment balance in 2018-19 (9.23% of the investment balance in 2017-18). The annual spending rate per the draw down rule is 4%.

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	2019	2018
	<u>\$'000</u>	<u>\$'000</u>
7. INVESTMENT REVENUE		
Interest	389	136
Dividends	20,846	20,188
Realised Gains/(Losses)	(5,470)	4,615
	<u>15,765</u>	<u>24,939</u>
8. GRANTS AND CONTRIBUTIONS		
Grants from Government and Non-Government Agencies	174	18,199
	<u>174</u>	<u>18,199</u>
9. OTHER REVENUE		
Investment Managers Fees Rebates	664	884
Movement in Impairment	263	2,309
Legal Expenses Recovered	-	90
Levy Received from Government	742	4,796
Other	248	727
	<u>1,917</u>	<u>8,806</u>

10. GAIN/(LOSS) ON DISPOSAL/WRITE OFF OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

	Intangible Assets	Plant and Equipment	Land and Building	Total
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
2019				
Proceeds from Disposal	-	-	40,800	40,800
Written Down Value of Assets Disposed	-	-	(28,977)	(28,977)
Net Gain/(Loss) on Disposal and Write Off	-	-	11,823	11,823
	<u>Intangible Assets</u>	<u>Plant and Equipment</u>	<u>Land and Building</u>	<u>Total</u>
2018	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Proceeds from Disposal	-	-	41	41
Written Down Value of Assets Disposed	-	-	(8)	(8)
Net Gain/(Loss) on Disposal and Write Off	-	-	33	33

	2019	2018
	<u>\$'000</u>	<u>\$'000</u>
11. OTHER GAINS/(LOSSES)		
CHANGES IN FAIR VALUE OF INVESTMENTS		
Net change in fair value of Hedge Instrument	442	(2,020)
Net change in fair value of Financial Assets classified as held for trading	17,591	23,496
	<u>18,033</u>	<u>21,476</u>

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	2019	2018
	<u>\$'000</u>	<u>\$'000</u>
12. EMPLOYEE RELATED EXPENSES		
Salaries and Wages (Including Recreation Leave)	14,635	12,337
Superannuation Expenses	1,309	1,196
Leave Expenses	1,307	1,019
Workers' Compensation Insurance	186	219
	<u>17,437</u>	<u>14,771</u>
13. FUNDING TO LOCAL ABORIGINAL LAND COUNCILS		
Fully Funded	15,659	14,574
Partly Funded	166	1,117
Essential Expenses Paid for LALCs	1,207	980
LALCs Advisor Expenses	156	-
	<u>17,188</u>	<u>16,671</u>
14. GRANTS		
Funeral Assistance	655	639
Community Development Levy	573	482
Properties Transferred to LALCs	20	-
Sold Property Proceeds Distributed to LALCs	-	354
Others	286	417
	<u>1,534</u>	<u>1,892</u>

New South Wales Aboriginal Land Council
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	2019	2018
	<u>\$'000</u>	<u>\$'000</u>
15. OTHER OPERATING EXPENSES		
Audit Fees - The Audit Office of NSW	185	180
Internal Audit and Investigation	70	53
Consultants Fees	2,143	1,750
Motor Vehicle Expenses	676	670
Maintenance Expenses*	154	204
Travel Expenses and Meal Allowances	1,078	934
Insurance	240	240
Statewide Conference Expenses	441	-
Rent and Outgoings	1,288	787
Expenses of Selling 33 Argyle St Property	620	-
Postage, Printing and Stationery	39	34
Contractor Fees	537	69
Electricity, Gas & Power	138	203
Telephone & Communications	356	270
Leased Property Other Expenses	2	31
IT Related Expenses	296	175
Photocopying Expenses	164	85
Staff Training, Development and Recruitment	191	94
40th Anniversary Celebration	34	392
Public Relation	129	144
Workshop and Conference Costs	85	23
Rates	38	39
Meeting Costs	48	128
Community Consultations	49	73
Capacity Building	17	149
Relocation Expenses	32	131
Committee Member Fees	48	68
Storage Rental	61	46
HR Initiatives	7	43
Cleaning, Gardening & Waste Removal	44	37
Valuer's Fee	10	34
Advertising	32	31
Office Supplies	10	29
Other Program Expenses	441	17
Business Development Grants	84	20
Miscellaneous Expenses	348	129
	<u>10,135</u>	<u>7,312</u>

* All maintenance work carried out by the external contractors and there are no employee related expenses included.

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	2019	2018
	<u>\$'000</u>	<u>\$'000</u>
16. PROGRAM EXPENSES		
Share of Contribution to Water and Sewerage Infrastructure Program*	1,449	1,464
	<u>1,449</u>	<u>1,464</u>

Note:

*The Council paid its contribution (50% of the program) in relation to operation, maintenance and monitoring of water and sewerage services for Aboriginal Communities. The payment was made to the New South Wales Office of Water, which manages the project as per the agreement between New South Wales State Government and the Council.

	2019	2018
	<u>\$'000</u>	<u>\$'000</u>
17. CASH AND CASH EQUIVALENTS		
Cash at Bank and in Hand	6,665	4,746
Funeral Fund - Cash at Bank	351	346
	<u>7,016</u>	<u>5,092</u>

For the purposes of the statement of cash flows, cash and cash equivalents include cash at bank, cash on hand and short-term deposits. Also, include cash and cash equivalents under Restricted Assets (Refer to Note 18).

Cash and cash equivalent assets recognised in the statement of financial position is reconciled at the end of the financial year to the statement of cash flows.

Details regarding Credit Risk, Liquidity Risk and Market Risk including financial assets that are either past due or impaired are disclosed in Note 34.

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	2019	2018
	<u>\$'000</u>	<u>\$'000</u>
18. RESTRICTED ASSETS		
Community Development Levy - Cash at Bank	12,763	11,882
Indigenous Business and Employment Hub - Cash at Bank*	11,728	12,500
NSW Aboriginal Controlled Fishing Fund - Cash at Bank**	5,074	5,000
TOTAL RESTRICTED ASSETS	<u>29,565</u>	<u>29,382</u>

* NSWALC is partnering with the Australian Government, under the Indigenous Business Sector Strategy (IBSS), to design and deliver the Western Sydney Indigenous Business and Employment Hub. As part of this partnership, in 2017-18 financial year, the Australian Government provided \$12.5 million (excluding GST) in funding to support the establishment and ongoing operation of the Hub until 30 June 2022.

** In 2017-18 financial year, the Australian Government provided \$5.0 million (excluding GST) fishing fund to support NSW Aboriginal people to enter the commercial fishing sector and to achieve long term economic outcomes for coastal and riverine communities, through employment and business development opportunities until 30 November 2022. The potential functions of the fund could include:

- Purchase of shares in the NSW fishing industry, to be held by the NSWALC Entity
- Business grants and loans to support Aboriginal fishing businesses
- Support for the mentoring and training of young Aboriginal fishers
- Development of a seafood brand to market and promote Aboriginal caught and processed fish

	2019	2018
	<u>\$'000</u>	<u>\$'000</u>
19. RECEIVABLES		
a) Current		
Debtors	1,008	1,905
GST Receivable from ATO	205	-
Statutory Debts from LALCs	52	472
Short Term Loan to LALCs	-	473
Prepayments	281	376
Franking Credit Rebates	1,662	1,032
	<u>3,208</u>	<u>4,258</u>
b) Non-Current		
Statutory Debts from LALCs	2,171	1,959
Less: Allowance for Impairment	<u>(2,171)</u>	<u>(1,767)</u>
	<u>-</u>	<u>192</u>
c) Movement in the allowance for impairment		
Balance at 1 July	1,767	4,667
Amounts written off during the year	-	<u>(1,129)</u>
Increase/(Decrease) of provision during the year	679	387
Decrease in allowance due to repayment of debt	<u>(275)</u>	<u>(2,158)</u>
Balance at 30 June	<u>2,171</u>	<u>1,767</u>
Represented by:		
Non-Current	<u>2,171</u>	<u>1,767</u>
	<u>2,171</u>	<u>1,767</u>

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	2019	2018
	<u>\$'000</u>	<u>\$'000</u>
20. FINANCIAL ASSETS AT FAIR VALUE		
Australian Fixed Income	43,679	30,879
Australian Equities	101,566	82,538
International Equities	190,427	209,449
Emerging Markets	44,371	41,940
Hedge Fund	74,494	93,941
Absolute Return Fixed Income	87,474	41,759
Absolute Return Funds	-	41,719
Inflation - Linked Bond	25,578	34,062
Unlisted Property	62,881	15,604
Cash Fund	26,851	42,873
	<u>657,321</u>	<u>634,764</u>

Refer to Note 34 for further information regarding fair value measurements, credit risk, liquidity risk and market risk arising from financial instruments.

	2019	2018
	<u>\$'000</u>	<u>\$'000</u>
21. DERIVATIVES		
Foreign Currency Forward Contracts - Financial Asset	81,345	94,617
Foreign Currency Forward Contracts - Financial Liability	(80,903)	(96,637)
	<u>442</u>	<u>(2,020)</u>

Refer to Note 3 (c)(iv) Investments and Note 34 Financial Instrument for further information regarding financial assets and liabilities offsetting, fair value measurements, credit risk, liquidity risk and market risk arising from financial instruments.

	2019	2018
	<u>\$'000</u>	<u>\$'000</u>
22. OTHER ASSETS		
Superannuation Assets	24	22
	<u>24</u>	<u>22</u>

23. OTHER FINANCIAL ASSETS

Shares in Paradigm	900	780
- Increase/(Decrease) in Value using Equity Accounting	(760)	(632)
- Provision for Impairment of Shares	(140)	(148)
	<u>-</u>	<u>-</u>

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for the year ended 30 June 2019 (cont.)

	2019	2018
	<u>\$'000</u>	<u>\$'000</u>
Movement of Other Incidental Asset		
Balance at 1 July	-	-
Additional Investments	120	80
Increase/(Decrease) in Value using Equity Accounting (Note 36 (b))	(108)	(231)
Movement in Provision for Impairment of Shares (Note 36 (a))	(12)	151
Balance at 30 June	-	-

24. PROPERTY, PLANT AND EQUIPMENT

	Land & Building	Plant and Equipment	Motor Vehicle	Work in Progress	Total
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
At 30 June 2018 - fair value					
Gross carrying amount	37,808	1,826	6	670	40,310
Accumulated depreciation and impairment	-	(1,721)	(6)	-	(1,727)
Net Carrying Amount	37,808	105	-	670	38,583
At 30 June 2019 - fair value					
Gross carrying amount	8,879	1,910	-	16	10,805
Accumulated depreciation and impairment	(17)	(1,735)	-	-	(1,752)
Net Carrying Amount	8,862	175	-	16	9,053

Reconciliation

A reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the current reporting period is set out below:

	Land & Building	Plant and Equipment	Motor Vehicle	Work in Progress	Total
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Year ended 30 June 2019					
Net carrying amount at 1 July 2018	37,808	105	-	670	38,583
Additions/(Transfer to PP&E)	66	1,047	-	(654)	459
Disposal	(28,095)	(881)	-	-	(28,976)
Properties Held for Sale and Transfer to LALCs	(305)	-	-	-	(305)
Revaluation Movement	(131)	-	-	-	(131)
Depreciation expense	(481)	(96)	-	-	(577)
Net Carrying Amount at 30 June 2019	8,862	175	-	16	9,053

New South Wales Aboriginal Land Council
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for the year ended 30 June 2019 (cont.)

24. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Land & Building	Plant and Equipment	Motor Vehicle	Work in Progress	Total
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
At 30 June 2017 - fair value					
Gross carrying amount	35,810	1,844	6	2	37,662
Accumulated depreciation and impairment	(75)	(1,669)	(6)	-	(1,750)
Net Carrying Amount	35,735	175	-	2	35,912
At 30 June 2018 - fair value					
Gross carrying amount	37,808	1,826	6	670	40,310
Accumulated depreciation and impairment	-	(1,721)	(6)	-	(1,727)
Net Carrying Amount	37,808	105	-	670	38,583

Reconciliation

A reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the current reporting period is set out below:

	Land & Building	Plant and Equipment	Motor Vehicle	Work in Progress	Total
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Year ended 30 June 2018					
Net carrying amount at 1 July 2017	35,735	175	-	2	35,912
Additions	33	25	-	668	726
Disposal	(8)	-	-	-	(8)
Properties Held for Sale and Transfer to LALCs	(101)	-	-	-	(101)
Revaluation Movement	3,010	-	-	-	3,010
Depreciation expense	(861)	(95)	-	-	(956)
Net Carrying Amount at 30 June 2018	37,808	105	-	670	38,583

New South Wales Aboriginal Land Council
Notes to and forming part of the Consolidated Financial Statements
for the year ended 30 June 2019 (cont.)

	2019	2018
	<u>\$'000</u>	<u>\$'000</u>
25. INTANGIBLE ASSETS		
Gross carrying amount	1,659	1,764
Accumulated amortisation and impairment	<u>(1,602)</u>	<u>(1,698)</u>
Carrying amount	<u>57</u>	<u>66</u>
Reconciliation		
Net carrying amount at 1 July	66	131
Additions	48	53
Amortisation	<u>(57)</u>	<u>(118)</u>
Carrying amount at 30 June	<u>57</u>	<u>66</u>

26. ARTEFACTS

Carrying value at 1 July	445	445
Revaluation Increment/(Decrement)	<u>-</u>	<u>-</u>
Carrying value at 30 June	<u>445</u>	<u>445</u>

Artefacts were revalued in June 2016 by an independent specialised valuer. There are no additions and write off during the year.

27. FAIR VALUE MEASUREMENT OF NON-FINANCIAL ASSETS

(a) Fair value hierarchy

				Total
2019	Level 1	Level 2	Level 3	Fair Value
	\$'000	\$'000	\$'000	\$'000
Property, plant and equipment				
Land and buildings (Note 24)	-	8,862	-	8,862
Artefacts (Note 26)	<u>-</u>	<u>445</u>	<u>-</u>	<u>445</u>
	<u>-</u>	<u>9,307</u>	<u>-</u>	<u>9,307</u>
2018				Total
	Level 1	Level 2	Level 3	Fair Value
	\$'000	\$'000	\$'000	\$'000
Property, plant and equipment				
Land and buildings (Note 24)	-	37,808	-	37,808
Artefacts (Note 26)	<u>-</u>	<u>445</u>	<u>-</u>	<u>445</u>
	<u>-</u>	<u>38,253</u>	<u>-</u>	<u>38,253</u>

There were no transfers between the three levels during the periods.

New South Wales Aboriginal Land Council
Notes to and forming part of the Consolidated Financial Statements
for the year ended 30 June 2019 (cont.)

(b) Valuation techniques, inputs and processes

Land and buildings

The valuation techniques used to value land and buildings are:

1. Market Approach – this approach uses prices generated by market transactions involving identical or similar assets; and
2. Income Approach – this approach converts future amounts (e.g. cash flows or income and expenses) to a single current (i.e. discounted) amount. When the income approach is used, the fair value measurement reflects current market expectations about those future amounts.

The majority of land and building assets are valued using market evidence with adjustment for condition, location, comparability, etc and therefore are categorised as Level 2.

Artefacts

The valuation technique used to value art and artefacts is the market approach, this approach uses prices generated by market transactions involving identical or similar assets.

	2019	2018
	<u>\$'000</u>	<u>\$'000</u>
28. PAYABLES		
Accrued Salaries, Wages and On-Costs	287	270
Creditors	1,580	1,737
GST Payable to ATO	-	1,462
Funeral Fund - Refundable Contributions	351	346
	<u>2,218</u>	<u>3,815</u>

Details regarding credit risk, liquidity risk and market risk including maturity analysis of the above payables are disclosed in Note 34.

New South Wales Aboriginal Land Council
Notes to and forming part of the Consolidated Financial Statements
for the year ended 30 June 2019 (cont.)

	2019	2018
	<u>\$'000</u>	<u>\$'000</u>
29. PROVISIONS		
Current Employee benefits and related on-costs		
Provision for Annual Leave-Long Term	1,514	1,277
Provision for Long Service Leave - Long Term	960	807
Provision for Unfunded Superannuation (refer to Note 29(a))	778	556
	<u>3,252</u>	<u>2,640</u>
Other Current Provisions		
Provision for Make-Good	56	6
Provision for Legal Costs	245	245
	<u>301</u>	<u>251</u>
	<u>3,553</u>	<u>2,891</u>
Non-Current Employee Benefits		
Provision for Long Service Leave	350	387
	<u>350</u>	<u>387</u>
Other Non-Current Provisions		
Provision for Make-Good	93	104
	<u>93</u>	<u>104</u>
	<u>443</u>	<u>491</u>
Aggregate Employee Benefits and Related On-Costs		
Provisions - Current	3,252	2,640
Provisions - Non Current	350	387
Accrued Salaries and Wages (refer to Note 28)	287	270
	<u>3,889</u>	<u>3,297</u>

Movements in provisions (other than employee benefits)

Movements in each class of provision during the financial year, other than employee benefits are set out below:

Provision for Make-Good

Carrying amount at 1 July	110	108
Additional/(Reduced) Provisions	39	2
Carrying amount at 30 June	<u>149</u>	<u>110</u>

Make-good has been provided for the offices leased by the Council at the end of the lease terms.

Provision for Legal Appeal

Carrying amount at 1 July	245	245
Additional/(Reduced) Provisions	-	-
Carrying amount at 30 June	<u>245</u>	<u>245</u>

NSWALC has cost orders against it in the Limbri Court of Appeal proceedings (\$75K) and the Berrima High Court of Appeal proceedings and the High Court costs (The estimated amount would be in the range of \$140k to \$170k).

New South Wales Aboriginal Land Council
Notes to and forming part of the Consolidated Financial Statements
for the year ended 30 June 2019 (cont.)

(a) Defined Benefit Superannuation

The Pooled Fund holds in trust the investments of the closed NSW public sector superannuation schemes:

State Authorities Superannuation Scheme (SASS)
 State Superannuation Scheme (SSS)
 State Authorities Non-contributory Superannuation Scheme (SANCS)

These schemes are all defined benefit schemes – at least a component of the final benefit is derived from a multiple of member salary and years of membership. All the Schemes are closed to new members. The disclosure on Defined Benefit Superannuation is minimised as the number of employees is not significant.

All Pooled Fund assets are invested by SAS Trustee Corporation (STC) at arm's length through independent fund managers, assets are not separately invested for each entity and it is not possible or appropriate to disaggregate and attribute fund assets to individual entities. As such, the disclosures below relate to total assets of the Pooled Fund.

As at 30 June 2019

Asset category	Total (A\$'000)	Quoted prices in active markets for identical assets	Significant observable inputs	Unobservable inputs
		Level 1 (A\$'000)	Level 2 (A\$'000)	Level 3 (A\$'000)
Short Term Securities	4,042,116	2,135,561	1,906,555	0
Australian Fixed Interest	2,294,672	4,993	2,289,679	0
International Fixed Interest	1,968,093	6,827	1,952,396	8,871
Australian Equities	8,368,928	7,818,302	547,571	3,055
International Equities	11,387,439	8,795,299	2,592,132	8
Property	3,588,230	698,607	717,079	2,172,544
Alternatives	10,558,181	327,329	5,758,095	4,472,758
Total	42,207,659	19,786,918	15,763,507	6,657,236

The percentage invested in each asset class at the reporting date is:

As at	30-Jun-19
Short Term Securities	9.6%
Australian Fixed Interest	5.4%
International Fixed Interest	4.7%
Australian Equities	19.8%
International Equities	27.0%
Property	8.5%
Alternatives	25.0%
Total	100.0%

Level 1 - quoted prices in active markets for identical assets or liabilities. The assets in this level are listed shares; listed unit trusts.

Level 2 - inputs other than quoted prices observable for the asset or liability either directly or indirectly. The assets in this level are cash; notes; government, semi-government and corporate bonds; unlisted trusts where quoted prices are available in active markets for identical assets or liabilities.

Level 3 - inputs for the asset or liability that are not based on observable market data. The assets in this level are unlisted property; unlisted shares; unlisted infrastructure; distressed debt; hedge funds.

Derivatives, including futures and options, can be used by investment managers. However, each manager's investment mandate clearly states that derivatives may only be used to facilitate efficient cashflow management or to hedge the portfolio against market movements and cannot be used for speculative purposes or gearing of the investment portfolio. As such managers make limited use of derivatives.

The fair value of the Pooled Fund assets as at 30 June 2019 includes \$99.5 million in NSW government bonds.

New South Wales Aboriginal Land Council
Notes to and forming part of the Consolidated Financial Statements
for the year ended 30 June 2019 (cont.)

Of the direct properties owned by the Pooled Fund:

SAS Trustee Corporation occupies part of a property 100% owned by the Pooled Fund with a fair value of \$316 million (30 June 2018: \$280 million).

Health Administration Corporation occupies part of a property 50% owned by the Pooled Fund with a fair value (100% interest) of \$331 million (30 June 2018: \$287 million).

Significant Actuarial Assumptions at the Reporting Date

As at 30/06/2019

Discount rate	1.32% pa
Salary increase rate (excluding promotional increases)	3.20% pa
Rate of CPI increase	1.75% for 2018/2019 and 2019/20; 2.00% for 2020/21; 2.25% for 2021/22 and 2022/23; 2.50% pa thereafter.
Pensioner mortality	The pensioner mortality assumptions are as per the 2018 Actuarial Investigation of the Pooled Fund. These assumptions are disclosed in the actuarial investigation report available from the trustee's website. The report shows the pension mortality rates for each age.

New South Wales Aboriginal Land Council
Notes to and forming part of the Consolidated Financial Statements
for the year ended 30 June 2019 (cont.)

Reconciliation of the present value of the defined benefit obligation - 2019

	SANCS 30-Jun-19 \$'000	SSS 30-Jun-19 \$'000	Total 30-Jun-19 \$'000
Present value of defined benefit obligation at beginning of the year	(4)	1,449	1,445
Interest cost	-	38	38
Actuarial (gains)/losses	-	254	254
Benefits paid	-	(58)	(58)
Taxes, premiums & expenses paid	-	8	8
Present value of partly funded defined benefit obligation at end of the year	(4)	1,691	1,687

Reconciliation of the fair value of Fund assets - 2019

	SANCS 30-Jun-19 \$'000	SSS 30-Jun-19 \$'000	Total 30-Jun-19 \$'000
Fair value of Fund assets at beginning of the year	21	892	913
Interest income	1	23	24
Actual return on Fund assets less interest income	1	48	49
Benefits paid	-	(58)	(58)
Taxes, premiums & expenses paid	-	8	8
Fair value of Fund assets at end of the year	23	913	936

Reconciliation of the assets and liabilities recognised in Statement of Financial Position - 2019

	SANCS 30-Jun-19 \$'000	SSS 30-Jun-19 \$'000	Total 30-Jun-19 \$'000
Present value of defined benefit obligation at end of year	(4)	1,691	1,687
Fair value of Fund assets at end of year	(23)	(913)	(936)
Subtotal	(27)	778	751
Net liability/(Asset) recognised in balance sheet at end of year	(27)	778	751

Expense recognised in Statement of Comprehensive Income - 2019

	SANCS 30-Jun-19 \$'000	SSS 30-Jun-19 \$'000	Total 30-Jun-19 \$'000
Components Recognised in Income Statement			
Net Interest	(1)	15	14
Defined benefit cost	(1)	15	14

Amounts recognised in other comprehensive income - 2019

	SANCS 30-Jun-19 \$'000	SSS 30-Jun-19 \$'000	Total 30-Jun-19 \$'000
Actuarial (gains)/losses on liabilities	-	254	254
Actual return on Fund assets less Interest income	(1)	(48)	(49)
	(1)	206	205

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Notes to and forming part of the Consolidated Financial Statements
for the year ended 30 June 2019 (cont.)

Reconciliation of the present value of the defined benefit obligation - 2018

	SANCS 30-Jun-18 \$'000	SSS 30-Jun-18 \$'000	Total 30-Jun-18 \$'000
Present value of defined benefit obligation at beginning of the year	(3)	1,464	1,461
Interest cost	-	37	37
Actuarial (gains)/losses	-	(5)	(5)
Benefits paid	-	(57)	(57)
Taxes, premiums & expenses paid	-	9	9
Present value of partly funded defined benefit obligation at end of the year	(3)	1,448	1,445

Reconciliation of the fair value of Fund assets - 2018

	SANCS 30-Jun-18 \$'000	SSS 30-Jun-18 \$'000	Total 30-Jun-18 \$'000
Fair value of Fund assets at beginning of the year	19	868	887
Interest income	1	22	23
Actual return on Fund assets less interest income	2	50	52
Benefits paid	-	(57)	(57)
Taxes, premiums & expenses paid	-	9	9
Fair value of Fund assets at end of the year	22	892	914

Reconciliation of the assets and liabilities recognised in Statement of Financial Position - 2018

	SANCS 30-Jun-18 \$'000	SSS 30-Jun-18 \$'000	Total 30-Jun-18 \$'000
Present value of defined benefit obligation at end of year	(3)	1,448	1,445
Fair value of Fund assets at end of year	(22)	(892)	(914)
Subtotal	(25)	556	531
Net liability/(Asset) recognised in balance sheet at end of year	(25)	556	531

Expense recognised in Statement of Comprehensive Income - 2018

	SANCS 30-Jun-18 \$'000	SSS 30-Jun-18 \$'000	Total 30-Jun-18 \$'000
Components Recognised in Income Statement			
Net Interest	-	16	16
Defined benefit cost	-	16	16

Amounts recognised in other comprehensive income - 2018

	SANCS 30-Jun-18 \$'000	SSS 30-Jun-18 \$'000	Total 30-Jun-18 \$'000
Actuarial (gains)/losses on liabilities	-	(5)	(5)
Actual return on Fund assets less Interest income	(1)	(50)	(51)
	(1)	(55)	(56)

New South Wales Aboriginal Land Council
Notes to and forming part of the Consolidated Financial Statements
for the year ended 30 June 2019 (cont.)

30. COMMITMENTS

	2019	2018
	<u>\$'000</u>	<u>\$'000</u>
Operating Leases Commitments		
Future minimum rentals payables under non-cancellable operating lease as at 30 June are as follows:		
Not later than one year	2,057	947
Later than one year and not later than five years	5,149	1,207
Total (Including GST)	<u>7,206</u>	<u>2,154</u>

Operating leases commitments relate to properties, printers and motor vehicles. GST of \$655K (\$196K in 2017-2018) has been included in the total above.

Due to leasing back the head office at 33 Argyle St Parramatta, the Operating Lease Commitments increased significantly in 2018/19 Financial Year.

	2019	2018
	<u>\$'000</u>	<u>\$'000</u>
Operating Leases Receivable		
Future minimum rentals receivable under non-cancellable operating lease as at 30 June are as follows:		
Not later than one year	7	836
Later than one year and not later than five years	10	1,617
Total (Including GST)	<u>17</u>	<u>2,453</u>

Operating leases receivable relate to rental properties. These are entered into at market rates and on commercial terms. Regular market valuations and tendering processes are carried out to ensure commercial arrangements are maintained. GST of \$2K (\$223K in 2017-2018) has been included in the total above.

Due to the sale of the property at 33 Argyle St Parramatta, the Operating Lease Receivable decreased significantly in 2018/19 Financial Year.

31. CONTINGENT ASSET/LIABILITY

	2019	2018
	<u>\$'000</u>	<u>\$'000</u>
(a) Contingent Assets		
Legal Claims	35	16
	<u>35</u>	<u>16</u>
(b) Contingent Liabilities		
Legal Claims	20	236
	<u>20</u>	<u>236</u>

Note:

Contingent Assets :

Bankruptcy Proceedings: A creditor's petition will be filed for judgement debt in favour of NSWALC in the amount of \$35k.

Contingent Liability :

If the Judgment debt order is dismissed, NSWALC could be ordered to pay the legal costs of \$20k.

New South Wales Aboriginal Land Council
Notes to and forming part of the Consolidated Financial Statements
for the year ended 30 June 2019 (cont.)

32. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES TO NET SURPLUS

	2019	2018
	<u>\$'000</u>	<u>\$'000</u>
Net Result/(Deficit) from Ordinary Activities	(2,049)	30,713
Investment earnings	(16,039)	(25,695)
Unrealised (gains)/losses	(18,033)	(21,476)
Depreciation & amortisation	633	1,074
Land claims at fair value	(7)	-
Allowance for impairment	11	-
Superannuation actuarial (gain)/loss directly charged to accumulated funds	14	15
Net Movement in CDL account	169	4,314
Non cash items adjustment	(570)	64
Reversal of prior years impairment	(276)	(2,158)
(Gain)/ loss on sale of non-current assets	(11,823)	(33)
Properties transferred at fair value	20	-
Other Changes in Assets and Liabilities in respect of Ordinary Activities		
Increase/ (decrease) in leave and other provisions	394	(186)
Increase/ (decrease) in provisions for doubtful debts	712	387
Decrease/ (increase) in receivables	(982)	870
Decrease/ (increase) in other financial assets	-	466
Decrease/ (increase) in prepayment	207	(42)
Increase/ (decrease) in creditors	(135)	530
Prior year adjustment in CDL liability account	-	(2,814)
Net Cash Inflows/(Outflows) from Ordinary Activities	<u>(47,754)</u>	<u>(13,971)</u>

33. LIABILITY AS TRUSTEE

The Council acts as trustee for the Gumbaynggir Tribal Aboriginal Elders Corporation.
The movement in the Trust bank account is:

	2019	2018
	<u>\$'000</u>	<u>\$'000</u>
Opening balance at 1 July	212	192
Add: Receipts	18	20
Closing balance at 30 June	<u>230</u>	<u>212</u>

New South Wales Aboriginal Land Council
Notes to and forming part of the Consolidated Financial Statements
for the year ended 30 June 2019 (cont.)

34. FINANCIAL INSTRUMENTS

The carrying amounts of the Council's principal financial instruments are outlined below. The Council does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. During the year the Council invested through a number of fund managers as recommended by the Investment Consultant.

(a) Financial instrument categories

i. As at 30 June 2019 under AASB 9

Financial Assets	Note	Category	Carrying Amount
			2019
Class:			\$'000
Cash and cash equivalents	17	N/A	7,016
Restricted cash and cash equivalents	18	N/A	29,565
Receivables ¹	19	Amortised cost	1,008
Financial assets at fair value	20,21	Fair value through profit or loss	738,666

Financial Liabilities	Note	Category	Carrying Amount
			2019
Class:			\$'000
Payables ²	28	Financial liabilities measured at amortised cost	2,218
Financial liabilities at fair value	21	Fair value through profit and loss	80,903

i. As at 30 June 2018 under AASB 139 (comparative period)

Financial Assets	Note	Category	Carrying Amount
			2018
Class:			\$'000
Cash and cash equivalents	17	N/A	5,092
Restricted cash and cash equivalents	18	N/A	29,382
Receivables ¹	19	Loans and receivables	2,379
Financial assets at fair value	20,21	Investment at fair value through profit or loss – classified at held for trading	729,381

Financial Liabilities	Note	Category	Carrying Amount
			2018
Class:			\$'000
Payables ²	28	Financial liabilities measured at amortised cost	2,353
Financial liabilities at fair value	21	Fair value through profit or loss – classified at held for trading	96,637

Notes

1. Excludes statutory receivables and prepayments (i.e. not within the scope of AASB 7).

2. Excludes statutory payables and unearned revenue (i.e. not within the scope of AASB 7).

New South Wales Aboriginal Land Council
Notes to and forming part of the Consolidated Financial Statements
for the year ended 30 June 2019 (cont.)

Fair Value Recognised in the Statement of Financial Position

The Council uses the following hierarchy for disclosing the fair value of financial instruments.

Level 1 - Derived from quoted prices in active markets for identical assets

Level 2 - Derived from inputs other than quoted prices that are observable directly or indirectly

Level 3 - Derived from valuation techniques that include inputs for the asset not based on observable market data (unobservable inputs)

	Level 1	Level 2	Level 3	2019 Total
	\$'000	\$'000	\$'000	\$'000
Financial assets at fair value				
Managed funds	488,625	168,697	-	657,322
Derivatives - Assets	-	81,345	-	81,345
	488,625	250,042	-	738,667
Financial liabilities at fair value				
Derivatives - Liabilities	-	80,903	-	80,903
	-	80,903	-	80,903
	Level 1	Level 2	Level 3	2018 Total
	\$'000	\$'000	\$'000	\$'000
Financial assets at fair value				
Managed funds	474,418	160,346	-	634,764
Derivatives - Assets	-	94,617	-	94,617
	474,418	254,963	-	729,381
Financial liabilities at fair value				
Derivatives - Liabilities	-	96,637	-	96,637
	-	96,637	-	96,637

(b) Credit Risk

The Council's maximum exposure to credit risk at the reporting date was:

(i) Cash

The Council has placed funds on deposit with commercial bank with the highest rating for a fixed term. For fixed term deposits, the interest rate payable by the bank is negotiated initially and is fixed for the term of the deposit. The deposits at balance date were earning an average interest rate of 2.20% (0.94% in 2017-18), while over the year the weighted average interest rate was 7.02% (1.83% in 2017-18) on a weighted average balance during the year of \$24.66M (\$7.55M in 2017-18). None of these assets are past due or impaired.

(ii) Receivables – Debtors

Accounting policy for impairment of trade debtors and other financial assets under AASB 9 (current year only)

Collectability of trade debtors is reviewed on an ongoing basis. Procedures were established to recover outstanding amounts, including letters of demand.

The Council applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade debtors.

New South Wales Aboriginal Land Council
Notes to and forming part of the Consolidated Financial Statements
for the year ended 30 June 2019 (cont.)

To measure the expected credit losses, trade receivables (excluding statutory receivables and prepayments) have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on historical observed loss rates. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the debtors to settle the receivables.

Trade debtors are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others a failure to make contractual payments for a period of greater than 90 days past due.

The Council is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors as at 30 June 2019.

Accounting policy for impairment of trade debtors and other financial assets under AASB 139

The Council does not have significant receivable balances from debtors. All debtors are recognised as amounts receivable at balance date. Collectability of debtors is reviewed on an ongoing basis. Procedures were established to recover outstanding amounts, including letters of demand. Debts which are known to be uncollectible are written off. An allowance for impairment is raised when there is objective evidence that the Council will not be able to collect all amounts due. The evidence includes past experience, and current and expected changes in economic conditions. No interest is earned on debtors.

(c) Liquidity risk

The table below summarises the maturity profile of the Council's financial liabilities, together with the interest rate exposure.

<i>Maturity analysis and interest rate exposure of financial liabilities</i>					
	Interest Rate Exposure		Maturity Dates		
	Nominal Amount \$'000	Non-interest Bearing \$'000	< 1 yr \$'000	1-5 yrs \$'000	> 5 yrs \$'000
2019					
Payables	1,867	1,867	1,867	-	-
Funeral Fund-Contributions Refundable	351	351	-	-	351
Financial Liabilities at fair value	80,903	80,903	80,903	-	-
	83,121	83,121	82,770	-	351
2018					
Payables	2,007	2,007	2,007	-	-
Funeral Fund-Contributions Refundable	346	346	-	-	346
Financial Liabilities at fair value	96,637	96,637	96,637	-	-
	98,990	98,990	98,644	-	346

New South Wales Aboriginal Land Council
Notes to and forming part of the Consolidated Financial Statements
for the year ended 30 June 2019 (cont.)

(d) Market risk

(i) Currency risk

The Council has direct exposure to foreign currency by investing in International Equities. To mitigate this risk, the Council has entered into forward foreign exchange contracts with National Australia Bank. The carrying value of foreign currency exposure is \$129.88M as at 30 June 2019. (\$142.89M as at 30 June 2018).

(ii) Interest rate risk

	Carrying Amount \$'000	-1% Profit \$'000	Equity \$'000	+1% Profit \$'000	Equity \$'000
2019					
Financial assets					
Cash and cash equivalents	7,016	(70)	6,946	70	7,086
Restricted cash and cash equivalents	29,565	(296)	29,269	296	29,861
Financial assets at fair value	738,666	(7,387)	731,279	7,387	746,053
Financial liabilities					
Financial liabilities at fair value	80,903	(809)	80,094	809	81,712
2018					
Financial assets					
Cash and cash equivalents	5,092	(51)	5,041	51	5,143
Restricted cash and cash equivalents	29,382	(294)	29,088	294	29,676
Financial assets at fair value	729,381	(7,294)	722,087	7,294	736,674
Other financial assets	-	-	-	-	-
Financial liabilities					
Financial liabilities at fair value	96,637	(966)	95,671	966	97,603

(iii) Other price risk

Exposure to 'other price risk' primarily arises through the investment with fund managers which are held for strategic rather than trading purposes. The Council has the following investments:

Facility	Investment Sectors	Investment Horizon	2019 \$'000	2018 \$'000
Short-term facility	Cash, money market instruments	Up to 1.5 years	88,361	99,709
Strategic cash facility	Cash, money market and other interest rate instruments	Up to 3 years	657,321	634,764

The selection of funds for investment is based on the research carried out on various critical success factors of each fund manager by the Council's investment consultant. The performance of investment fund managers is continually monitored by investment consultant who reports on a regular and exceptional basis to Chief Investment Officer, the Investment Committee and the Council.

New South Wales Aboriginal Land Council
Notes to and forming part of the Consolidated Financial Statements
for the year ended 30 June 2019 (cont.)

The various types of investments held by the Council with the actual rate of return are provided in the following table:

Analysis of Price Risks	Carrying value as at 30 June 2019 \$'000	Percentage Spread %	Actual rate return 30 June 2019 %	Carrying value as at 30 June 2018 \$'000	Percentage Spread %	Actual rate return 30 June 2018 %
Australian Equities	103,228	15.65	9.82	83,570	13.19	12.05
International Equities	190,869	28.94	4.45	207,429	32.73	10.48
Australian Fixed Income	43,679	6.62	12.84	30,879	4.87	3.34
Absolute Return Fixed Income	87,474	13.27	3.33	41,759	6.59	1.65
Inflation-linked Bond Fund	25,578	3.88	6.31	34,062	5.37	2.78
Absolute Returns	-	-	(3.38)	41,719	6.58	7.31
Hedge Fund	74,494	11.30	3.68	93,941	14.82	2.65
Emerging Markets	44,371	6.73	5.80	41,940	6.62	8.81
Unlisted Property	62,881	9.54	6.02	15,604	2.46	10.27
Cash Fund	26,851	4.07	2.16	42,873	6.77	1.87
	659,425	100.00	5.25	633,776	100.00	7.71

Funds other than direct deposits in banks do not have direct holdings in underlying assets. Hence, 'interest rate risk' or 'currency risk' are not applicable and are therefore not individually analysed other than 'other price risk'. The sensitivity analysis in relation to 'other price risk' is determined using standard deviation based on stochastic Global Asset Model provided by the investment consultants, and the percentage allocation of funds of the portfolio of investments held by the Council as at the year end. The following table provides the overall other price risk of the Council with sensitivity analysis.

Analysis of Price Risks	Carrying value	Estimated Risk	Profit Impact	Equity Impact	Profit Impact	Equity Impact
Total Portfolio of Investments as at 30 June 2019	659,425	-	39,457	698,882	(39,457)	619,968
Total Portfolio of Investments as at 30 June 2018	633,776	-	40,181	673,957	(40,181)	593,595

(a) Interest rate risk will only affect the short term deposits.

(b) Estimated risk is based on Mercer's Capital Market Assumptions as at 30 June 2019.

New South Wales Aboriginal Land Council
Notes to and forming part of the Consolidated Financial Statements
for the year ended 30 June 2019 (cont.)

35. PARENT ENTITY FINANCIAL INFORMATION

	2019	2018
	<u>\$'000</u>	<u>\$'000</u>
Current Assets	698,304	673,961
Non-Current Assets	9,555	39,286
Total Assets	707,859	713,247
Current Liabilities	5,771	8,726
Non-Current Liabilities	443	491
Total Liabilities	6,214	9,217
Reserves	15,358	33,403
Retained Earnings	686,288	670,631
Profit/(Loss) for The Period	(2,047)	30,717
Other Comprehensive Income	(336)	3,067

36. SUBSIDIARIES AND JOINT VENTURES

	Percentage of interest 2019	Percentage of interest 2018	Principal Place of Business	Relationship	Balance Date
NSWALC Resources Pty Ltd	100.00%	100.00%	Australia	Subsidiary	30-Jun
Paradigm Resources Pty Ltd	50.00%	50.00%	Australia	Joint Venture	30-Jun

(a) Subsidiaries

NSWALC Resources Pty Ltd	2019	2018
	<u>\$'000</u>	<u>\$'000</u>
Total Assets	900	780
Share Losses due to Equity Accounting	760	632
Impairment of investment	140	148
Total Liabilities	13	9
Net Assets	(13)	(9)
Total Revenue	120	80
Total Expense	4	4
Movement in Impairment	(12)	151
Share of Loss due to Equity Accounting	108	231
Total Comprehensive Gain/(Loss)	(4)	(4)
NSWALC Properties Pty Ltd	2019	
	<u>\$'000</u>	
Total Assets	533	
Total Liabilities	531	
Net Assets	2	
Total Revenue	598	
Total Expense	596	
Total Comprehensive Gain/(Loss)	2	

New South Wales Aboriginal Land Council
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The inter entity transactions between the Council and Resources P/L were eliminated during consolidation which resulted in creation of incidental assets in the consolidated financial statements of the Council as at 30 June 2019. In 2018-19, NSWALC paid Audit, Bank and ASIC fees of \$4,313(Excl GST) on behalf of Resources P/L (\$4,304 in 2017-18) and paid Audit fees of \$4,500(Excl GST) on behalf of Properties P/L.

The carrying value of shares in the accounts of Resources P/L and the consolidated financial statements of the Council were reduced to \$139,643 by applying the equity accounting as per the accounting standards. Due to the uncertainty of the revenue stream from this investment and lack of marketability, the carrying value of the investment was impaired to one dollar which represents the fair value as at 30 June 2019 in both Resources P/L and the consolidated financial statements of the Council.

There were no transactions in Housing Ltd and Employment Ltd in 2018-19.

(b) Investments in Joint Venture

Paradigm Resources Pty Ltd	2019	2018
	<u>\$'000</u>	<u>\$'000</u>
Total Assets	343	407
Total Liabilities	64	111
Net Assets	279	296
Investments Accounted for Using Equity Method	140	148
Total Revenue	-	2
Total Expense	216	464
Total Comprehensive Gain/(Loss)	(216)	(462)
Share of Joint Venture's Net Profit/(Loss) Recognised	(108)	(231)

Paradigm was established in November 2014 as a joint venture company between Resources P/L and Indigenous Energy Group Pty Ltd (ACN 167 002 404). There is no other business partner in Paradigm. The Council granted \$780,000 in the last four financial years to invest in Resources P/L so as to acquire 50% of share capital of Paradigm being 780,000 fully paid ordinary shares at \$1.00 each. The Council has also granted \$120,000 in the 2018-19 financial year to Resources P/L to invest in Paradigm as 50% of equity holding. There being 1,800,000 ordinary shares issued by Paradigm as at 30 June 2019 at \$1 each.

37. RELATED PARTY DISCLOSURES

The Council's key management personnel (KMP) compensation are as follows:

	2019	2018
	<u>\$'000</u>	<u>\$'000</u>
Short-term employee benefits:		
Salaries & Superannuation	2,552	2,521
Non-monetary benefits*	210	235
Termination benefits	-	329
Total remuneration	2,762	3,085

* In 2018-19, NSWALC provided Motor Vehicles to KMPs and \$210k is the Total Reportable Car Fringe Benefits provided to KMPs (\$235k in 2017-18).

New South Wales Aboriginal Land Council
Notes to and forming part of the Consolidated Financial Statements
for the year ended 30 June 2019 (cont.)

During the year, the Council did not enter into transactions on arm's length terms and conditions with KMP, their close family members and controlled or jointly controlled entities thereof.

38. CHANGES TO ACCOUNTING STANDARDS

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2019 reporting period. The Council did not early adopt these Accounting Standards and Interpretations that are not yet effective.

Standard/Interpretation / Interpretation	Issue Date	Operative Date
AASB 15, AASB 2014-5, AASB 2015-8 and 2016-3 <i>regarding Revenue from Contracts with Customers (Not-for-profits only)</i>	Sep-2018	01-Jan-2019
AASB 16 <i>Leases</i>	Feb-2016	01-Jan-2019
AASB 17 <i>Insurance Contracts</i>	Jul-2017	01-Jan-2021
AASB 1058 <i>Income of Not-for-profit Entities</i>	Dec-2016	01-Jan-2019
AASB 1059 <i>Service Concession Arrangements: Grantors</i>	Oct-2018	01-Jan-2020
AASB 2016-8 <i>Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities</i>	Dec-2016	01-Jan-2019
AASB 2017-1 <i>Amendments to Australian Accounting Standards – Transfer of Investment Property, Annual Improvements 2014-2016 Cycle and Other Amendments</i>	Feb-2017	01-Jan-2019
AASB 2017-6 <i>Amendments to Australian Accounting Standards – Prepayment Features with Negative Compensation</i>	Dec-2017	01-Jan-2019
AASB 2017-7 <i>Amendments to Australian Accounting Standards – Long-term Interests in Associates and Joint Ventures</i>	Dec-2017	01-Jan-2019
AASB 2018-1 <i>Amendments to Australian Accounting Standards – Annual Improvements 2015-2017 Cycle</i>	Feb-2018	01-Jan-2019
AASB 2018-2 <i>Amendments to Australian Accounting Standards – Plan Amendment, Curtailment or Settlement</i>	Mar-2018	01-Jan-2019
AASB 2018-3 <i>Amendments to Australian Accounting Standards – Reduced Disclosure Requirements</i>	Aug-2018	01-Jan-2019
AASB 2018-4 <i>Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Public Sector Licensors</i>	Sep-2018	01-Jan-2019
AASB 2018-5 <i>Amendments to Australian Accounting Standards - Deferral of AASB 1059</i>	Oct-2018	01-Jan-2019
AASB 2018-6 <i>Amendments to Australian Accounting Standards – Definition of a Business</i>	Dec-2018	01-Jan-2020
AASB 2018-7 <i>Amendments to Australian Accounting Standards – Definition of Material</i>	Dec-2018	01-Jan-2020
AASB 2018-8 <i>Amendments to Australian Accounting Standards – Right-of-Use Assets of Not-for-Profit Entities</i>	Dec-2018	01-Jan-2019
Interpretation 23 <i>Uncertainty over Income Tax Treatment</i>	Jul-2019	01-Jan-2019

The Council has initially assessed the impact of some new accounting standards as listed below:

- **AASB 15 *Revenue from Contracts with Customers* and AASB 1058 *Income of Not-for-profit Entities***

AASB 15 and AASB 1058, which mandatorily apply for the Council from 1 July 2019 will affect all entities providing goods or services under contract arrangements, especially those offering bundled products and services. The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer.

The Council determined that AASB 15 and AASB 1058 will not materially impact the Council's financial results.

- **AASB 16 *Leases***

AASB 16 replaces current Leases standard AASB 117 *Leases* for annual reporting periods beginning on or after 1 January 2019. The new standard introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Lessors continue to classify leases as operating or finance leases, and to account for those two types of leases differently. The amended standard also requires enhanced disclosures to be provided by lessors and lessees. The Council will implement this standard after 1 July 2019.

The Council's assessment has indicated that photocopier leases will fall under the low value threshold, so continue to be treated as operating leases. Property leases and vehicle leases will be brought on balance sheet. On initial

New South Wales Aboriginal Land Council
Notes to and forming part of the Consolidated Financial Statements
for the year ended 30 June 2019 (cont.)

recognition, the Council expects to recognise a right of use asset and an associated lease liability of \$10.6 million from 1 July 2019 in the Consolidated Balance Sheet.

- **AASB 2017-7 Amendments to Australian Accounting Standards – Long-term Interests in Associates and Joint Ventures**

AASB 2017-7 makes amendments to AASB 128 *Investments in Associates and Joint Ventures* to clarify that an entity is required to account for long-term interest in an associate or joint venture. The Council has initially assessed the impact of AASB 2017-7 and determined to implement this standard after 1 July 2019.

39. EVENT AFTER THE BALANCE DATE

There is no known event after the balance date.

End of Audited Financial Statement

Appendices

APPENDIX 1: GOVERNANCE

Councillor meeting and training attendance

There were 17 Council meetings held during 2018-19. Table A1 details each Councillor's attendance at meetings for the year. In addition, a total of nine workshops/training days were held during the year. Table A2 details each Councillor's attendance at these.

Table A1: Summary of Councillors attendance at Council meetings in 2018-19.

Councillor	Meetings attended	Comments
Cr Ah-See	15	*LOA (2)
Cr Lynch	17	
Cr Cromelin	16	LOA (1)
Cr Dennis	17	
Cr Chapman	17	
Cr Murray	13	LOA (4)
Cr Ryan	10	LOA (7)
Cr Smith	17	
Cr Williams	17	

* LOA: leave of absence.

Table A2: Summary of Councillors attendance at workshops/training in 2018-19.

Councillor	Workshops/training attended	Comments
Cr Ah-See	7	*LOA (2)
Cr Lynch	9	
Cr Cromelin	8	LOA (1)
Cr Dennis	9	
Cr Chapman	9	
Cr Murray	9	
Cr Ryan	2	LOA (7)
Cr Smith	9	
Cr Williams	8	LOA (1)

* LOA: leave of absence.

Councillor travel expenses

NSWALC travel is undertaken by a Councillor in relation to his or her role as a member of the governing body of NSWALC. Regional travel is undertaken by a Councillor in relation to his or her zone representation. Direct travel includes flights, car parking and taxi fees (Table A3). Overseas travel for study purposes or to attend important forums was undertaken by some Councillors and staff in 2018-19 (Table A4)

Table A3: Councillor travel expenses, 2018-19.

Councillor	Direct Travel Expenses (\$)			Accommodation/meals allowance (\$)			Total (\$)
	Regional	NSWALC	Total	Regional	NSWALC	Total	
S Ryan	59	0	59	118	8,316	8,434	8,494
P Smith	441	1,112	1,552	15,461	32,026	47,487	49,039
A Dennis	205	6,140	6,345	7,380	29,123	36,503	42,848
C Lynch	511	3,022	3,533	3,101	24,611	27,711	31,244
D Chapman	4,034	1,558	5,592	15,936	28,655	44,591	50,183
R Ah-See	837	10,680	11,517	513	24,436	24,949	36,466
W Murray	1,201	4,063	5,264	11,785	31,159	42,943	48,207
C Cromelin	2,210	360	2,570	17,701	29,718	47,419	49,989
T Williams	3,244	1,273	4,517	2,699	25,777	28,476	32,993
Total	12,741	28,209	40,950	74,693	233,821	308,514	349,464

Table A4: Overseas travel expenses, 2018-19.

Date	Councillors/Staff	Meeting	Location	Travel costs (\$)
9-13 Jul 2018	Deputy Chair, Anne Dennis Cr Craig Cromelin CEO - James Christian	11th session of Expert Mechanism on the Rights of Indigenous Peoples (EMRIP)	Geneva, Switzerland	67,570
9-12 Oct 2018	Cr Peter Smith Cr Tina Williams	2018 World Indigenous Business Forum	Rotorua, New Zealand	6,445
16 Apr-10 May 2019	Chair, Roy Ah-See Deputy Chair, Anne Dennis Cr Craig Cromelin Stephen Hynd Wesley Fernando Mark Dupuis	18th session of United Nations Permanent Forum on Indigenous Issues (UNPFII). Montana educational and cultural tour - meetings at Salish Kootenai College, with local Tribal Council and members of local Elders Committees.	New York, USA Montana, USA	141,515

Consultants fees

NSWALC engaged a number of consultants for specific projects throughout the year. Total consultant fees were \$2,143,515. Details of these engagements are shown in Tables A5 and A6.

Table A5: Consultants fees ≥\$50,000 in 2018-19.

Consultants	Project	Cost (\$)
MERCER INVESTMENTS (AUST) LIMITED	Investment consulting services	355,157
ERNST & YOUNG	Development of commercial model and bid for Social Housing Fund	272,698
LEND LEASE BUILDING PTY LTD	Site Specific Architect for Social and Affordable Housing	140,648
LEND LEASE BUILDING PTY LTD	Product Standard Architect for Social and Affordable Housing	139,668
RATARNI CONSULTING	Professional fees for NSWALC Employment & Enterprises	102,988
THINKSMART CONSULTING PTY LTD	Staff survey and HR Improvement projects (multiple)	95,853
LEND LEASE BUILDING PTY LTD	Indigenous Design Expert for Social and Affordable Housing	94,867
LEND LEASE BUILDING PTY LTD	Civil and Infrastructure Investigations Reports and Plan for Social and Affordable Housing	94,700
SOCIAL VENTURES AUSTRALIA	Consulting for 2018 NSWALC Community Fund Evaluation Project	83,703
LEND LEASE BUILDING PTY LTD	Town Planning Consultants for Social and Affordable Housing	70,624
LEND LEASE BUILDING PTY LTD	Specialist Consultants Contingency for Social and Affordable Housing	62,811
ERNST & YOUNG	Development of financial model for Social and Affordable Housing	60,770
KPMG	Advice to inform decision to establish employment and training subsidiary	58,634
LEND LEASE BUILDING PTY LTD	Survey Works for Social and Affordable Housing	51,500
ERNST & YOUNG	Tax and accounting advice for social housing entity	51,500
HOUSING ACTION NETWORK	Consulting services on pathways to home ownership	50,000
Total amounts paid ≥ \$50,000		1,786,120

Table A6: Consultants fees <\$50,000 in 2018-19.

Consultants	No. projects	Cost (\$)
Business development	15	
Property management/services	3	
Recruitment services	3	
Resource development	3	
Management services	2	
Total projects <\$50,000	26	357,395
Total all consultant fees		2,143,515

Grants

Details of major and minor grants paid in 2018-19 are provided in Tables A7 to A9.

Table A7: Major grants (>\$5,000).

Payee	Description	Amount (\$)
NSWALC Community Fund Account	NSWALC share to ComFund account for levies received from Revenue NSW	573,013
Yarnteen Ltd	Supporting NSW Annual Aboriginal Rugby League Knockout 2018	77,000
Saltwater Freshwater Festival	Supporting Saltwater Freshwater Festival 2019	33,500
Tamworth LALC	Supporting Aboriginal Cultural Showcase 2019	25,000
Mutawintji LALC	Statewide grant to support 21st Anniversary Handback of Mutawintji National Park	20,239
Tweed Byron LALC	Transferred one property to Tweed Byron LALC	20,000
Gadigal Information Service Aboriginal Corporation	Supporting the Yabun Festival 2019	10,000
Women's Legal Resources Ltd	Women's Legal Services NSW Indigenous Women's Legal Program	8,386
Total major grants		767,138

Table A8: Minor grants (≤\$5,000).

Payee	Description	Amount (\$)
Funeral Grants	Funeral Payment for Members and Non-members	655,488
Discretionary (Councillors)	Various – 154 Grants	83,606
Carwoola Council of Elders	Supporting Carwoola Aboriginal Elders Gathering 2019	5,000
Koori Kids Pty Limited	Supporting NAIDOC Week Schools Initiatives 2019	5,000
Lloyd McDermott Rugby Development Team	Supporting the 2019 Ella 7's in Coffs Harbour	5,000
Combined Countries	Supporting the survival 9's Rugby League Tournament	4,800
Goori Atsi Corporation	Australian Indigenous Football Championships 2018	3,750
Discretionary grant	Supporting Water Rallies March 2019	4,283
Total minor grants		766,927

Table A9: Summary of total grants.

Category	Number	Amount (\$)
Funeral Grants	434	655,488
NSWALC Community Fund Account	31	573,013
Discretionary Grants	159	87,889
Community Sponsorships	11	197,675
Properties Transferred to LALCs	1	20,000
Total all grants paid		1,534,065

APPENDIX 2: PEOPLE AND WORKPLACE

Workers Compensation and Rehabilitation 2018-2019

Table A10: Work-related injury and illness.

Nature of accident	Number
Slips, trips and falls	1
Mental health (anxiety, stress)	1
Cuts/scratches	0
Motor vehicle accident	1
Ergonomics/overuse	0
Sprain/strain	1
Manual handling	2
Bites	0
Sickness	0
Total	6

Table A11: Where injuries occurred.

Location	Number
At the workplace	3
On the journey to/from work	1
At work/away from the normal workplace	2
Total	6

Table A12: Workers compensation claims.

Location	Number
Claims brought forward from 2017-18	0
New claims this period	2
Total	2

Table A13: Claims status at 30 June 2019.

Status	Number
Claims finalised	0
Claims declined/under investigation	0
Liability accepted and claim continuing	2
Provisional liability	0
Total	2
Open claims carried forward to 2019-20	2

Table A14: Rehabilitation cases.

Cases	Number
Cases brought forward from 2017-18	0
New cases this period	0
Cases completed	0
Cases continuing and carrying forward to 2019-20	0
Total	0

Workforce data

Staff categories

Table A15: Five-year trend in category of staff and percentage of total staff, 2015-19.

Category	Per cent of total staff				
	2014-15	2015-16	2016-17	2017-18	2018-19
Senior managers framework	24	22.5	25.2	22	22
Salary Group 8 Year 1 to Group 13 Year 3	51.5	54.0	53	57	61
Salary Group 1 Year 1 to Group 7 Year 3	16.5	15.5	14.3	13	10
Councillors	8	8.0	7.5	8	7

EEO target groups

Table A16: Trends in the representation of EEO target groups (per cent), 2015–19.

EEO target group	Benchmark/target	Per cent of total staff ¹				
		2014–15	2015–16	2016–17	2017–18	2018–19
Women	50.0	52.0	52.0	50.0	48.0	51.5
Aboriginal people and Torres Strait Islanders	26.0	48.0	45.0	48.0	48.0	48.5
People whose first language was not English	19.0	28.5	24.0	23.5	20.0	15.0
People with a disability	N/A	14.0	13.5	12.0	12.0	13.0
People with a disability requiring work-related adjustment	1.1 (2011) 1.3 (2012) 1.5 (2013)	3.0	3.0	2.5	2.6	6.9

Table A17: Trends in the distribution of EEO target groups, 2015–19.

EEO target group	Benchmark/target	Per cent of total staff ²				
		2014–15	2015–16	2016–17	2017–18	2018–19
Women	100.0	74.0	78.0	78.0	80.0	84.0
Aboriginal people and Torres Strait Islanders	100.0	79.0	80.0	78.9	82.0	82.5
People whose first language was not English	100.0	84.0	85.0	78.5	74.0	85.0
People with a disability	100.0	87.0	87.0	86.0	86.0	70.5
People with a disability requiring work-related adjustment	100.0	100.0	100.0	100.0	100.0	67.0

1. Excludes casual staff.

2. A Distribution Index of 100 indicates that the centre of the distribution of the EEO groups across salary levels is equivalent to that of other staff. Values less than 100 mean that the EEO group tends to be more concentrated at lower salary levels than is the case for other staff. The more pronounced this tendency is, the lower the index will be. In some cases, the index may be more than 100, indicating that the EEO group is less concentrated at lower salary levels. A distribution index based on an EEO-based survey response rate of less than 80 per cent may not be completely accurate.

Senior staff and executive officers

Table A18: Level and number of senior staff and executive officers.

Executive positions	Current year Number	Male	Female	Prior year Number	Male	Female
SES 5	1	1		1	1	
SES 5 equivalent						
SES 4						
SES 4 equivalent						
SES 3						
SES 3 equivalent	1	1		1	1	
SES 2						
SES 2 equivalent						
SES 1						
SES 1 equivalent	3	3		4	4	

Table A19: Senior staff and executive remuneration, 2015–19.

Executive positions	2014–15	2015–16	2016–17	2017–18	2018–19
SES 5 or equivalent		312,268	320,075	328,077	340,647
SES 4 or equivalent	286,100.00				
SES 3 or equivalent	241,372.00	248,256	248,749	248,637	257,691
SES 2 or equivalent	210,527.00	224,892	213,377		
SES 1 or equivalent	180,486.00	174,299		191,509	196,314

Table A20: Total employee-related expenditure on senior staff and executives (per cent), 2015–19.

2014–15	2015–16	2016–17	2017–18	2018–19
9.9	9.5	7.1	7.2	6.7

Remuneration of Councillors

Under section 161 of the ALRA, NSWALC is obliged to publish the total remuneration (including travel expenses) paid to each Councillor during the year. Councillor salaries are determined by the Statutory and Other Offices Remuneration Tribunal as part of its Public Office Holders Group. Travel allowances are determined by the Minister for Aboriginal Affairs.

Under section 13 of the Statutory and Other Offices Remuneration Act 1975 the Tribunal must make a determination on remuneration of office holders on 1 July each year. In 2017–18 the annual base salary of a NSWALC Councillor was \$142,795, with loadings of 10 per cent for the Chairperson and 5 per cent for the Deputy Chairperson as a result of the additional responsibilities inherent in both positions. The Tribunal determination on 1 July 2018 increased the base salary to \$146,365 with loadings remaining unchanged.

Major policy and program outcomes in 2018–19 against planned outcomes

NSWALC adheres to anti-discrimination, EEO and diversity legislation, which require employers to provide a workplace free from discrimination. This is central to the development of equitable employment practices.

Council's recruitment policy demonstrates its commitment to and incorporation of EEO principles. Staff are employed, trained, promoted and paid according to merit, and without bias based on gender, race, ethnicity, disability, marital status, age or sexual preference.

Training and development initiatives by NSWALC and external organisations are widely advertised across head office and zone offices, where appropriate. This ensure that participants from all EEO target groups are actively encouraged to attend.

A number of diversity networks and groups exist within and outside of NSWALC. These include the Spokeswomen's Network, Aboriginal Employees Network and women's action groups. Information about these is communicated to all EEO target groups within NSWALC.

NSWALC provides resources and services across NSW through its zone offices, and from its Parramatta head office. Our clients and stakeholders have fair and equitable opportunity to access our services, and our offices are design to enhance this. We also provide access to our publications online.

Workforce diversity strategies

In January 2019 NSWALC implemented the following policies and procedures:

- grievance and dispute resolution
- equal employment opportunity, diversity and inclusion
- anti-discrimination, harassment and bullying
- performance counselling and disciplinary action.

Aboriginal Employment Plan

NSWALC's Aboriginal Employment Plan (AEP) was implemented in 2014. An Aboriginal Employment Committee was established and the senior roles of three executive directors and five zone directors were made Aboriginal-identified positions.

NSWALC has continued to make progress on the Aboriginal Employment Plan, which was designed to increase the participation of Aboriginal and Torres Strait Islander people in NSWALC.

The Program Implementation Unit (PIU) fills a crucial role in the successful operation of NSWALC by implementing the Council's strategic priorities for supporting our people, and pursuing economic independence and prosperity for them. Six positions (Community

and Economic Development Officer) were established to help support the PIU in achieving the strategy priorities, with three of the six to be Aboriginal-identified positions. These have been filled as identified.

NSWALC is partnering with the Commonwealth Government to deliver the Western Sydney Indigenous Business and Employment Hub (the Yarpa Hub). Recruitment for positions at the Yarpa Hub has commenced, with three

Aboriginal-identified positions now in place to support its establishment. Recruitment continues, with the aim to have as many roles filled with Aboriginal-Identified candidates.

NSWALC has partnered with Olympus Solutions (division of Ability Options), with a focus and commitment on achieving better outcomes for Aboriginal and Torres Strait Islander people. Two Aboriginal trainees were engaged by NSWALC in 2018-19.

Insurance coverage

Table A21: Summary of insurance coverage and sums insured.

Insurance company	Policy	Sum insured (\$000)
Allianz	Industrial special risks	7,500
Allianz	Motor vehicle	Market value
Allianz	Public/products liability	50,000
QBE	Umbrella liability	50,000
Lloyds	Directors and officers	20,000
Accident and Health	Personal accident	1,000
AFA	Journey accident	1,000
Accident and Health	Corporate travel	4,000
AFA	Voluntary workers	1,000
Lloyds	Media liability	5,000

APPENDIX 3: DISCLOSURE INDEX

Compliance with Statutory Disclosure Requirements

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