

ABORIGINALS BENEFIT ACCOUNT

Financial Statements

for the period ended 30 June 2020

ABORIGINALS BENEFIT ACCOUNT STATEMENT BY THE CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER

The accompanying financial statements of the Aboriginals Benefit Account (ABA) for the year ended 30 June 2020 have been prepared in accordance with section 64B of the *Aboriginal Land Rights (Northern Territory) Act 1976*, which requires the financial statements to be prepared in accordance with section 42 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

The Minister for Finance has granted the ABA an exemption under the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015* (FRR). The exemption applies to the following requirements of the FRR:

- (a) Sections 9, 32 and 33 of the FRR. The ABA is required to present its administered activities in departmental format, in accordance with current practice.
- (b) Divisions 2, 3, 4 and 5 of Part 6 of the FRR to the extent that the ABA has no appropriation transactions and balances other than through its special account.

In our opinion, the attached financial statements for the year ended 30 June 2020 comply with subsection 42(2) of the PGPA Act and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

In our opinion, at the date of this statement, there are reasonable grounds to believe that the ABA will be able to pay its debts as and when they fall due.



Ray Griggs AO CSC
Chief Executive Officer

7 September 2020



Samuel Volker FCA
Chief Financial Officer

7 September 2020

Released under the FOI Act by the
National Indigenous Australians Agency

ABORIGINALS BENEFIT ACCOUNT
STATEMENT OF COMPREHENSIVE INCOME
for the period ended 30 June 2020

	Notes	2020 \$'000	2019 \$'000
NET COST OF SERVICES			
Expenses			
Payments to advisory committee members		98	104
Suppliers - services rendered		86	80
Grants	1.1A	20,937	10,292
Payments for township leases	1.1B	5,523	5,547
Payments to Land Councils for administrative purposes	1.1C	85,684	61,466
Distribution to Land Councils	1.1D	120,799	127,814
Depreciation ¹	2.2A	203	-
Impairment loss on financial instruments		68	280
Other expenses	1.1E	3,432	2,725
Total expenses		236,830	208,308
Own-Source Income			
Own-source revenue			
Interest	1.2A	23,144	25,661
Lease rental income	1.2B	2,115	2,251
Resources received free of charge	1.2C	3,432	2,725
Return of grant funding		485	267
Total own-source revenue		29,176	30,904
Gains			
Gain on realisation of investments	1.2D	-	-
Other gains		-	5
Total gains		-	5
Total own-source income		29,176	30,909
Net cost of services		207,654	177,399
Revenue from Government	1.2E	402,664	426,051
Surplus		195,010	248,652
Total comprehensive income		195,010	248,652

¹ Depreciation is attributable to the implementation of AASB 16 *Leases*, comparatives have not been reclassified.

ABORIGINALS BENEFIT ACCOUNT
STATEMENT OF FINANCIAL POSITION
as at 30 June 2020

	Notes	2020 \$'000	2019 \$'000
ASSETS			
Financial Assets			
Cash and cash equivalents	3.1	9,793	9,154
Trade and other receivables	2.1	10,619	15,659
Investments - term deposits		1,238,007	1,042,500
Total financial assets		1,258,419	1,067,313
Non-Financial Assets			
Property, plant and equipment – right-of-use assets ¹	2.2A	11,269	-
Other non-financial assets	2.2B	45	3,678
Total non-financial assets		11,314	3,678
Total assets		1,269,733	1,070,991
LIABILITIES			
Payables			
Office of Township Leasing administrative liabilities		1,401	742
Other payables	2.3	1,428	7,915
Total payables		2,829	8,657
Total liabilities		2,829	8,657
Net assets		1,266,904	1,062,334
EQUITY			
Retained surplus		1,266,904	1,062,334
Total equity		1,266,904	1,062,334

¹Right-of-use assets are recognised with the implementation of AASB 16 *Leases*, comparatives have not been reclassified.

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

ABORIGINALS BENEFIT ACCOUNT
STATEMENT OF CHANGES IN EQUITY
for the period ended 30 June 2020

	Notes	2020 \$'000	2019 \$'000
TOTAL EQUITY - RETAINED EARNINGS			
Opening balance			
Balance carried forward from previous period		1,062,334	814,201
Other adjustments		-	(563)
Adjustment for changes in accounting policies		-	44
Adjustment on initial application of AASB 16		9,560	-
Adjusted opening balance		1,071,894	813,682
Comprehensive income			
Surplus for the period		195,010	248,652
Total comprehensive income		195,010	248,652
Closing balance as at 30 June		1,266,904	1,062,334

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

ABORIGINALS BENEFIT ACCOUNT
CASH FLOW STATEMENT
for the period ended 30 June 2020

	Notes	2020 \$'000	2019 \$'000
OPERATING ACTIVITIES			
Cash received			
Appropriations		397,233	429,608
Net GST received		1,712	858
Lease rental receipts		2,430	2,394
Total cash received		401,375	432,860
Cash used			
Committee members		88	104
Suppliers		14	36
Grants		22,981	11,497
Payments for township leases		5,609	4,524
Payments to Land Councils for administrative purposes		85,684	61,466
Distributions to Land Councils		119,168	128,885
Total cash used		233,544	206,512
Net cash from operating activities		167,831	226,348
INVESTING ACTIVITIES			
Cash received			
Proceeds from realisation of investments		1,340,500	853,746
Interest on investments		28,315	20,348
Total cash received		1,368,815	874,094
Cash used			
Investments		1,536,007	1,102,500
Total cash used		1,536,007	1,102,500
Net cash used by investing activities		(167,192)	(228,406)
Net increase/(decrease) in cash held		639	(2,058)
Cash and cash equivalents at the beginning of the reporting period		9,154	11,212
Cash and cash equivalents at the end of the reporting period	3.1	9,793	9,154

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

ABORIGINALS BENEFIT ACCOUNT
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2020

Overview

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ABORIGINALS BENEFIT ACCOUNT
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2020

Overview

Basis of preparation of the financial statements

The Aboriginals Benefit Account's (ABA) activities are classified as administered activities carried out by the National Indigenous Australia Agency (NIAA) on behalf of the Australian Government and are reported in the NIAA's administered financial statements for the period 1 July 2019 to 30 June 2020. In addition to being included in the NIAA's financial statements, the ABA prepares separate audited financial statements as required by the *Aboriginal Land Rights (Northern Territory) Act 1976* (ALRA).

The Minister for Finance has granted the ABA an exemption under the Public Governance, Performance and Accountability (Financial Reporting) Rule 2015 (FRR). The exemption applies to the following requirements of the FRR:

- (a) Sections 9, 32 and 33 of the FRR. The ABA is required to present its administered activities in departmental format, in accordance with current practice.
- (b) Divisions 2, 3, 4 and 5 of Part 6 of the FRR to the extent that the ABA has no appropriation transactions and balances other than through its special account.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost convention, except for certain assets and liabilities at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or financial position. The financial statements are presented in Australian dollars.

New Australian Accounting Standards

No accounting standard has been adopted earlier than the application date as stated in the standard.

The Australian Accounting Standards Board (AASB) released new accounting standards for application from 1 July 2019:

- AASB 16 *Leases* has replaced AASB 117 *Leases*, Interpretation 4 *Determining whether an Arrangement contains a Lease*, Interpretation 115 *Operating Leases—Incentives* and Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The ABA has adopted this new accounting standard to recognise lease agreements as right-of-use (ROU) assets.

AASB 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, together with options to exclude leases where the lease term is 12 months or less, or where the underlying asset is of low value. AASB 16 substantially carries forward the lessor accounting in AASB 117, with the distinction between operating leases and finance leases being retained. The details of the changes in accounting policies, transitional provisions and adjustments are disclosed in the relevant notes to the financial statements.

Impact on transition to AASB 16 Leases

On transition to AASB 16 for the Township Head Lease agreements managed by the Office of Township Leasing (OTL), ROU assets were recognised by reversing introductory lease prepayments and straight lining provisions, previously recognised as operating leases under the old AASB 117 standard, in retained earnings.

The impact on transition is summarised below:

	\$'000
	1 July 2019
ROU assets – property, plant and equipment	11,472
Reduce prepayments	<u>(1,912)</u>
Total adjustment recognised in retained earnings	<u>9,560</u>

ABORIGINALS BENEFIT ACCOUNT

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the period ended 30 June 2020

- AASB 15 *Revenue from Contracts with Customers*, AASB 2016-8 *Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-For-Profit Entities* and AASB 1058 *Income of Not-for-Profit Entities*.

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including AASB 118 *Revenue*, AASB 111 *Construction Contracts* and Interpretation 13 *Customer Loyalty Programmes*. The core principle of AASB 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

AASB 1058 is relevant in circumstances where AASB 15 does not apply. AASB 1058 replaces most of the not-for-profit (NFP) provisions of AASB 1004 *Contributions* and applies to transactions where the consideration to acquire an asset is significantly less than fair value principally to enable the entity to further its objectives, and where volunteer services are received.

There are no changes to accounting policies as a result of applying AASB 15 and AASB 1058.

Taxation

The ABA is exempt from all forms of taxation except Mining Withholding Tax (MWT), Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

MWT is payable in respect of payments made from royalty equivalents credited to the ABA pursuant to section 63 of the ALRA. In accordance with the Taxation Laws Amendment Act (No. 3) 1994, the rate of MWT payable in respect of the payments made from royalty equivalents credited to the ABA pursuant to section 63 of the ALRA, is 4% (2019: 4%).

GST is payable on purchases made by the ABA under subsection 64(4) and 64(6) of the ALRA. These amounts are recoverable from the Australian Taxation Office (ATO).

Compliance with statutory conditions for payments from the consolidated revenue fund

The Government monitors and assesses risks and decides on any appropriate action to respond to risks of expenditure not being consistent with constitutional or other legal requirements.

During 2019-20 the NIAA reviewed the ABA's exposure to the risk of not complying with statutory conditions on payments from appropriations, namely section 83 of the Constitution. The risk profile and internal controls to manage this risk continue to remain appropriate.

Total ABA cash expenditure for 2019-20 is \$233.544 million (2018-19: \$206.512 million). Within the 2019-20 expenditure there are four section 64(3) ALRA payments totalling \$0.177 million (2018-19: three payments totalling \$1.66 million) that have technically contravened section 83 of the Constitution due to difficulties in precisely estimating mining royalties. Payments out of the ABA are required to be made based on royalties received by the Northern Territory or Australian Governments. The contraventions occurred when the royalties upon which the payments were based had been estimated at a value greater than the eventual actual value. Legislation has been prepared and is awaiting presentation to Parliament to reduce the non-compliance risks associated with these payments to an acceptably low level.

Overpayments of \$0.174 million have been recovered in 2019-20 through the reduction of subsequent section 64(3) payments leaving \$0.003 million to be offset against future payments. As at 30 June 2019 there were overpayments totalling \$1.694 million to be recovered, of these \$1.653 million has been offset against section 64(3) payments in 2019-20 leaving \$0.041 million to be applied against future payments. As at 30 June 2020, a prepayment of \$0.045 million has been recognised representing these amounts.

Significant accounting judgements and estimates

No accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to carrying amounts of assets and liabilities.

ABORIGINALS BENEFIT ACCOUNT
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2020

Events after the reporting period

No significant after balance date events have occurred that warrant disclosure or must be brought to account in the Financial Statements.

Related party disclosures

Related parties to the ABA are Key Management Personnel including the Minister for Indigenous Australians, and other Australian Government entities. The Minister's remuneration and other benefits are set by the Remuneration Tribunal and are not paid by the ABA. Given consideration to relationships with related entities, and transactions entered into during the reporting period by the ABA, there are no related party transactions to be separately disclosed.

Impact of COVID-19

The ABA has been impacted by the COVID-19 restrictions with increased administrative payments to Land Councils to enable them to meet administrative and operational requirements relating to COVID-19. The NIAA has assessed the impact of COVID-19 pandemic on the balances included in the ABA financial statements and has concluded that COVID-19 has not had a material impact on the balances.

ABORIGINALS BENEFIT ACCOUNT
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2020

1. Financial Performance

This section analyses the financial performance of the Aboriginals Benefit Account for the year ended 30 June 2020.

1.1. Expenses

	2020	2019
	\$'000	\$'000
Note 1.1A: Grants		
Public sector		
Australian Government entities (related parties)	317	-
Local Governments	305	-
Private sector		
Non-profit organisations	19,240	10,157
Commercial entities	1,064	-
Stores Infrastructure Project	11	88
Mining Withholding Tax	-	47
Total grants	20,937	10,292

Accounting Policy

The ABA makes payments to or for the benefit of Aboriginals living in the Northern Territory under subsection 64(4) of the ALRA. A mining withholding tax is payable on grant payments made from royalty equivalents credited to the ABA pursuant to section 63 of the ALRA.

A mining withholding tax is not payable on grant payments made from other income.

Note 1.1B: Payments for township leases

Office of township leasing administrative expenses	3,449	2,787
Community entity administrative expenses	322	284
Township leasing revenue returned	1,752	1,813
Amortisation of township introductory payments ¹	-	663
Total payments for township leases	5,523	5,547

¹For Amortisation of township introductory payments refer Note 2.2B Other non-financial assets.

Accounting Policy

Administrative expenses have been recognised when the relevant expense is incurred.

Head Lease agreements include provisions for the payment of variable lease rentals (referred to as bonus or annual lease rentals). Head Lease variable lease rentals are recognised as an expense in accordance with the terms of the Head Lease (i.e. on recognition of applicable sub-lease rentals).

Prior to 1 July 2019, township introductory payments made under section 64(4A) were recognised as a lease rental prepayment and amortised on a straight-line basis over the initial period specified in the Head Lease. This accounting treatment ceased on 1 July 2019 with the adoption of AASB 16 under which these arrangements are now required to be treated as ROU assets. Township introductory payments are now recognised as principal repayments of ROU assets and depreciated over the life of the Head lease.

ABORIGINALS BENEFIT ACCOUNT
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2020

Office of the Executive Director Township Leasing

The OTL is headed by the Executive Director of Township Leasing, a statutory appointment under the ALRA. Its aim is to enhance the economic development of communities through its leasing activities. The Executive Director of Township Leasing is responsible for managing, on behalf of the Australian Government, any township leases entered into with Indigenous communities in the Northern Territory as specified under section 19A of the ALRA. The OTL manages the head lease over the specified township and negotiates any sub-leasing to commercial entities, government agencies, community organisations and others.

Community Entity Township Leasing

Under section 3AAA of the ALRA the Minister is able to approve any organisation as a Commonwealth entity to hold a township lease. Government policy allows for a community entity representative of traditional owners and community members to be approved to hold and administer a section 19A township lease. Community entities may be provided with funding from the ABA at the direction of the Minister for the purpose of acquiring and administering a township lease under section 64(4A) of the ALRA.

	2020	2019
	\$'000	\$'000
<u>Note 1.1C: Payments to Land Councils for administrative purposes</u>		
Subsection 64(1) payments:		
Northern Land Council	39,917	30,686
Mining Withholding Tax	1,663	1,279
<i>Sub-total Northern Land Council</i>	41,580	31,965
Central Land Council	28,826	19,688
Mining Withholding Tax	1,201	820
<i>Sub-total Central Land Council</i>	30,027	20,508
Tiwi Land Council	5,766	4,521
Mining Withholding Tax	240	188
<i>Sub-total Tiwi Land Council</i>	6,006	4,709
Anindilyakwa Land Council	7,748	4,113
Mining Withholding Tax	323	171
<i>Sub-total Anindilyakwa Land Council</i>	8,071	4,284
Total payments associated with Land Councils administration	85,684	61,466

Accounting Policy

Land Councils obtain funding based on their operational requirements in accordance with subsection 64(1) of the ALRA. Estimates for funding are submitted to the Minister for Indigenous Australians for approval and are distributed to Land Councils on a quarterly basis during the year. Payments to Land Councils are recognised as an expense when the payment obligation falls due. A mining withholding tax of 4% of the total amount paid to Land Councils is withheld and paid to the ATO.

ABORIGINALS BENEFIT ACCOUNT
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2020

	2020 \$'000	2019 \$'000
Note 1.1D: Distribution to Land Councils		
Subsection 64(3) payments:		
Northern Land Council	17,419	17,865
Mining Withholding Tax	726	744
Sub-total Northern Land Council	18,145	18,609
Central Land Council	25,466	18,342
Mining Withholding Tax	1,061	764
Sub-total Central Land Council	26,527	19,106
Anindilyakwa Land Council	73,082	86,495
Mining Withholding Tax	3,045	3,604
Sub-total Anindilyakwa Land Council	76,127	90,099
Total land councils distributions	120,799	127,814

Accounting Policy

In accordance with subsection 64(3) and 35(2) of the ALRA, 30% of the royalty equivalents, received in respect of mining on Aboriginal land, are paid to the Land Councils for distribution to Aboriginal associations, communities or groups, for the benefit of those Aboriginal people who are affected by mining operations. A mining withholding tax of 4% of the 30% amount paid to Land Councils is withheld and paid to the ATO.

Note 1.1E: Other expenses

Salaries and operating expenses ¹	3,432	2,725
Total other expenses	3,432	2,725

¹ Expenses associated with the administration of the ABA were received from the NIAA and the Australian National Audit Office (ANAO) as resources received free of charge. This included the provision of audit services. Refer Note 1.2C Resources received free of charge.

1.2. Own-Source Revenue and Gains

OWN-SOURCE REVENUE

Note 1.2A: Interest

Term deposits	23,037	25,478
Interest bearing bank account	107	183
Total interest	23,144	25,661

Accounting Policy

Interest revenue is recognised using the effective interest method.

ABORIGINALS BENEFIT ACCOUNT
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2020

	2020	2019
	\$'000	\$'000
Note 1.2B: Lease rental income		
Revenue lease receipt - Wurrumiyanga	808	902
Revenue lease receipt - Groote	761	841
Revenue lease receipt - Milikapiti	221	260
Revenue lease receipt - Wurankuwu	14	19
Revenue lease receipt - Pirlangimpi	266	176
Revenue lease receipt - Mutitjulu	45	13
Other	-	40
Total lease rental income	2,115	2,251

Accounting Policy

The ABA receives lease rental income for the sub-leasing of property held under Township Head Leases in the Northern Territory. Lease rental income is recognised when received by the ABA from sub lease arrangements. Refer to Note 1.1B Payments for township leases.

Note 1.2C: Resources received free of charge

Salaries	3,366	2,660
Remuneration of auditors - financial statements audit	66	65
Total resources received free of charge	3,432	2,725

Accounting Policy

Resources received free of charge are recognised as revenue when, and only when, a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense. Refer Note 1.1E Other expenses.

Resources received free of charge are recorded as either revenue or gains depending on their nature.

The ABA has reported resources received free of charge in relation to the NIAA's expenses associated with management of the ABA's account, oversight of the ABA's grants and the ABA Advisory Committee secretariat.

GAINS

Note 1.2D: Gain on realisation of investments

Investments		
Proceeds from sale	1,340,500	853,746
Carrying value of assets sold	(1,340,500)	(853,746)
Total gain from sale of assets	-	-

Accounting Policy

The gain on realisation of investments represents the outcome of a financially liquid investment strategy. Consequently, the proceeds from sale matches the carrying value of assets sold.

ABORIGINALS BENEFIT ACCOUNT
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2020

	2020 \$'000	2019 \$'000
REVENUE FROM GOVERNMENT		
<u>Note 1.2E: Revenue from Government</u>		
Appropriations		
Special appropriations	402,664	426,051
Total revenue from Government	402,664	426,051

Accounting Policy

Amounts appropriated are recognised as revenue. Revenue from Government is not typically recognised by administered entities, however, the exemption provided by the Minister for Finance under the Public Governance, Performance and Accountability (Financial Reporting) Rule 2015 in relation to the ABA requires disclosure of such amounts as revenue.

Royalties in respect of uranium and non-uranium mining on Aboriginal land are paid to the Australian Government, the Department of Industry, Science, Energy and Resources and the Northern Territory Treasury (Royalty Branch), respectively. Following advice from these entities, an equivalent amount is drawn down from the Official Public Account (OPA) to enable royalty equivalents to be credited to the ABA, in accordance with section 63 of the ALRA.

These receipts are credited to the ABA shortly after receipt of advice from the respective entity, which usually occurs in the week following payment of the royalties by mining companies to the entity.

ABORIGINALS BENEFIT ACCOUNT
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2020

2. Financial Position

This section analyses the Aboriginals Benefit Account's assets used to conduct its operations and the operating liabilities incurred as a result.

2.1. Financial Assets

	2020	2019
	\$'000	\$'000
Note 2.1: Trade and other receivables		
Other receivables		
Interest	9,514	14,685
GST receivable from the ATO	262	61
Other	2,060	2,062
Total other receivables	11,836	16,808
Less impairment loss allowance		
Other receivables	(1,217)	(1,149)
Total impairment loss allowance	(1,217)	(1,149)
Total trade and other receivables (net)	10,619	15,659

2.2. Non-Financial Assets

Note 2.2A: Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment

	Land	Total
	\$'000	\$'000
As at 1 July 2019	-	-
Recognition of ROU assets on initial application of AASB 16	11,472	11,472
Adjusted total as at 1 July 2019	11,472	11,472
Depreciation on ROU assets	(203)	(203)
Total as at 30 June 2020	11,269	11,269
Total as at 30 June 2020 represented by		
Gross book value	11,472	11,472
Accumulated depreciation and impairment	(203)	(203)
Total as at 30 June 2020	11,269	11,269
Carrying amount of ROU assets	11,269	11,269

Accounting Policy

Asset Recognition Threshold

Purchases of property, plant and equipment and intangibles are recognised initially at cost in the Statement of Financial Position, except for purchases costing less than \$5,000, which are expensed in the year of acquisition (other than IT assets where they form part of a group of similar items which are significant in total).

ROU assets exclude leases where the lease term is 12 months or less, or where the underlying asset is of low value (less than \$10,000).

ABORIGINALS BENEFIT ACCOUNT
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2020

Accounting Policy (continued)

Lease ROU assets

Leased ROU assets are capitalised at the commencement date of the lease and comprise the initial lease liability amount, initial direct costs incurred when entering into the lease less any lease incentives received. These assets are accounted for by Commonwealth lessees as separate asset classes to corresponding assets owned outright.

Depreciation

The depreciation rates for ROU assets are based on the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term.

	2020	2019
	\$'000	\$'000
Note 2.2B: Other non-financial assets		
Prepayments – subsection 64(3)	45	1,766
Prepayments – subsection 64(4A)	-	1,912
Total other non-financial assets	<u>45</u>	<u>3,678</u>

No indicators of impairment were found for other non-financial assets.

Township introductory payments – subsection 64(4A) prepayments

In prior years, township introductory payments were recognised as prepayments and amortised over the initial period as set out in the head lease agreement. The introduction of AASB 16, effective from 1 July 2019, has resulted in the recognition of head leases as land ROU assets and the de-recognition of township introductory payments as subsection 64(4A) prepayments.

Refer *Overview – New Australian Accounting Standards* for further information regarding the impact on transition to AASB 16.

2.3. Payables

Note 2.3: Other payables

Royalty equivalent overpayment	151	5,885
Township leasing payable	1,063	1,808
Other	214	222
Total other payables	<u>1,428</u>	<u>7,915</u>

ABORIGINALS BENEFIT ACCOUNT
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2020

3. Funding

This section identifies the Aboriginals Benefit Account funding structure.

3.1. Special Accounts

Note 3.1A: Special accounts ('recoverable GST exclusive')

	Aboriginals Benefit Account ¹	
	2020 \$'000	2019 \$'000
Balance brought forward from previous period	9,154	11,212
Increases		
Appropriation credited to special account	397,233	429,608
Investments realised	1,340,500	853,746
Other receipts	30,745	22,742
Total increases	1,768,478	1,306,096
Available for payments	1,777,632	1,317,308
Decreases		
Payments made	(231,832)	(205,654)
PGPA Act section 58 purchase of investments	(1,536,007)	(1,102,500)
Total decreases	(1,767,839)	(1,308,154)
Total balance carried to the next period	9,793	9,154
Balance represented by:		
Cash held in entity bank account	9,793	9,154
Total balance carried to the next period	9,793	9,154

¹Appropriation: Public Governance, Performance and Accountability Act 2013, section 80.

Establishing instrument: Aboriginal Land Rights (Northern Territory) Act 1976, sections 62, 63, 64 and 65.

Purpose: For the receipt and disbursement of the equivalent of mining royalty monies derived from mining operations on Aboriginal land in the Northern Territory.

4. Managing Uncertainties

This section analyses how the Aboriginals Benefit Account manages financial risks within its operating environment.

4.1. Contingent Assets and Liabilities

NIAA, on behalf of the ABA, is not aware of any material quantifiable or unquantifiable contingent assets or liabilities as at the signing date that would require disclosure in the financial statements.

Accounting Policy

Contingent liabilities and contingent assets are not recognised in the Statement of Financial Position but are reported in the relevant schedules and notes. They may arise from uncertainty as to the existence of a liability or asset or represent an asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are disclosed when settlement is greater than remote.

ABORIGINALS BENEFIT ACCOUNT
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2020

4.2. Financial Instruments

	2020	2019
	\$'000	\$'000
Note 4.2A: Categories of financial instruments		
Financial assets at amortised cost		
Term deposits	1,238,007	1,042,500
Cash and cash equivalents	9,793	9,154
Interest receivable	9,514	14,685
Other receivables (net)	843	913
Total financial assets at amortised cost	1,258,157	1,067,252
Total financial assets	1,258,157	1,067,252
Financial liabilities		
Financial liabilities measured at amortised cost:		
Office of Township Leasing administrative liabilities	1,401	742
Other payables	1,063	1,808
Total financial liabilities measured at amortised cost	2,464	2,550
Total financial liabilities	2,464	2,550

Settlement is made according to the terms and conditions of each financial liability. This is usually within 30 days of performance or eligibility. Settlement of supplier and other payables is usually made within 30 days.

Accounting Policy

Financial Assets

Investments

Investment activities are conducted in accordance with the requirements of section 58 of the PGPA Act. Investments are typically low risk and take the form of term deposits. The duration of the term deposits are usually for a term of three to 12 months.

The investment objective of the NIAA as administrators for the ABA is to ensure that the ABA complies with legislative obligations under the PGPA Act and the ALRA; and that the ABA maintains and preserves its capital base.

The investment portfolio and bank accounts are managed to ensure sufficient funds are available for payments as required.

Investment practices are also governed by the investment policy of the NIAA, which requires the management of the portfolio to respond to positive investment opportunities in the market so as to achieve the best possible returns for the account within the legislative framework.

The asset allocation of the portfolio as at 30 June 2020 is 100% (2019: 100%) with Australian banks.

Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or where appropriate, a shorter period.

Income is recognised on an effective interest rate basis except for financial assets that are recognised at fair value through profit and loss.

Impairment of Financial Assets

Financial assets are assessed for impairment at the end of each reporting period based on Expected Credit Losses. Using the general approach, the loss allowance is based on an amount equal to lifetime expected credit losses where risk has significantly increased, or an amount equal to 12-month expected credit losses if risk has not increased. The simplified approach for trade and other receivables is used. This approach always measures the loss allowance as the amount equal to the lifetime expected credit losses.

ABORIGINALS BENEFIT ACCOUNT
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2020

Accounting Policy (continued)

Financial Liabilities

Financial Liabilities at amortised cost

Financial liabilities are initially measured at fair value, net of transaction costs. These financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Supplier and other payables are recognised at amortised cost. Liabilities are recognised to the extent goods or services have been received (and irrespective of having been invoiced).

	2020	2019
	\$'000	\$'000
<u>Note 4.2B: Net gains or losses on financial assets</u>		
Financial assets at amortised cost		
Interest revenue	23,144	25,661
Other gain	-	5
Impairment	(68)	(280)
Net gain on financial assets at amortised cost	23,076	25,386
Net gain on financial assets	23,076	25,386

The above net gain is from financial assets that are not recognised at fair value through profit and loss.

Accounting Policy

Gains or losses from disposal of assets are recognised when control of the asset has passed to the purchaser.

5. Other Information

5.1. Aggregate Assets and Liabilities

Note 5.1A: Aggregate Assets and Liabilities

Assets expected to be recovered in:

No more than 12 months	1,230,107	1,068,360
More than 12 months	39,626	2,631
Total assets	1,269,733	1,070,991

Liabilities expected to be settled in:

No more than 12 months	2,298	7,753
More than 12 months	531	904
Total liabilities	2,829	8,657