

Annual Report on the Affairs of the Groote Eylandt Aboriginal Trust for the financial year 2017-2018

This is the forth report given by the new committee in respect of its management of the Trust since April 2015. The committee was appointed following a period of management by a Statutory Manager from 2012 to 2015.

Your committee has now been managing the Trust under the Constitution approved by the people of Groote Eylandt and Bickerton Island on 29 October 2014 and amendments in 2016 to fix some errors and increase the security of the provisions designed to ensure the future of the Trust.

Your committee for last year and continuing at least until August is:

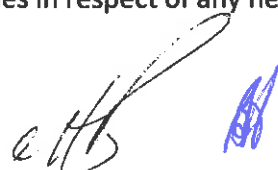
- Hugh Bradley, Chairperson and independent member
- Bruce Fadelli, independent member
- Meriel Corbett-Weir, independent member (re-appointed 29 November 2017)
- Betty Herbert, Deputy Chairperson and community member for Umbakumba
- Elvis Bara, community member for Umbakumba (replaced by Fred Yantarrnga)
- Fred Yantarrnga, community member for Umbakumba (appointed 29 November 2017)
- Wilfred Lalara, community member for Angurugu
- Geraldine Amagula, community member for Angurugu (replaced by Louisa Amagula)
- Louisa Amagula, community member for Angurugu (appointed 29 November 2017)
- Eric Wurramara, community member for Milyakburra
- Lucille Wurramara, community member for Milyakburra

During the financial year 2015-2017 the major task had been to establish a working committee and consolidate the assets and systems. During the current financial year, the Trust has continued the process of consolidation and with Keshena Wilson continuing as



Manager we remain confident that good recordkeeping and financial accounting are in good stead. The year has seen the following actions and achievements:

- 1) Regular committee meetings have taken place on Groote Eylandt with day to day management being conducted by the Manager and subcommittees, the membership of which is based on qualifications, experience and locality.
- 2) The committee has established a workable system of management and accounting that is reliable and efficient. The accountants, BDO, and auditors, Merit Partners have been working well and we have confidence in them. Investment advisors, Morgans, have been professionally managing the funds which are now clearly identified as to whether they can be spent now on administration and charitable projects or preserved for the future. The balances are set out in a brief way at the end of this report.
- 3) The asset base continues to be rationalised so that the accounts now represent a fair basis for assessing the worth of the Trust. There are assets in Darwin that do not meet the committee's requirement for investment and we are hopeful that they can be sold and be added to the preserved funds. Slow market conditions contribute to our inability to achieve a result in this regard.
- 4) Your committee has continued to work with solicitors and counsel to make some necessary amendments to the Trust Deed and Constitution to clarify issues as to what is in and can be allocated to the Preservation fund. A copy of the new deed and constitution when finalised will be presented to the Attorney general for approval as required by the Constitution.
- 5) Royalties continue to be the major income of the Trust and we are advised that they should continue for some years but not permanently. This year and the coming one look to be better than most and we are keen to be able to make continued grants and facilities available to the people of Groote and Bickerton. We are continuing discussions with the ALC over the right to ongoing royalties in respect of any new



mining leases that might be issued for the Eastern and Southern areas. A report on the background facts and a legal opinion have been obtained for that purpose. The issue appears to be that the Traditional Owners of the Eastern and Southern areas are requiring all funds from the mining of these areas to be paid to them or put into the mining trust set up by your Land Council. The Land Council advises it has been instructed not to allow any royalties to go to GEAT. This issue is of concern and may be magnified if further leases are granted in the Northern section of the Island. We are carefully considering the best way for this to be resolved without any undue anxiety being caused.

- 6) The litigation against KPMG (the old Trust accountants), Deloitte (the old auditors) and Minter Ellison (the old solicitors) has now concluded to the satisfaction of your committee. Litigation also against the Casino has been resolved for reasons to do with the cost of litigation.
- 7) The market garden continues to be a major cost to the Trust but is better managed and now produces more fruit and vegetables at less cost. Plans are on foot to upgrade the facilities to enable connection to the sewer and ultimately the chance of accommodation of workers if that be required. We regret the inability to attract regular and reliable local labour.
- 8) Your committee continued the bus service and expanded the ferry service to Numbulwar. This has been a success and we believe greatly appreciated by the people of Bickerton Island. All transport services are delivered by Sea Link NT. Numbers of people travelling to and from Numbulwar are low at the moment, but we feel that they will increase with time and familiarity.
- 9) We are in the final stages of establishing a bus service with LAC to serve the members of that community with a link to the ferry service.



- 10) The Grants Subcommittee continues to operate entirely from Groote Eylandt and continues to serve families and people in need of care. A summary of expenditure is set out later in this report.
- 11) We have reviewed and strengthened our risk management and governance systems and are consistently monitoring our operations and standards to ensure compliance.
- 12) We actively partner with organisations on and off Eylandt to deliver services to beneficiaries that meet the Trust's charitable purpose and do not duplicate what other organisations are doing.

Summary of Finances

	2018	2017
Income	\$38,064,712	\$15,381,414
Expenses	\$5,981,666	\$5,290,872
Surplus for the year	\$32,083,046	\$10,090,542

The net value of the Trust at 31 March 2018 is \$96,734,552 as compared to \$64,651,506 as at 31 March 2017. Full audited accounts and the auditor's report are available for inspection.

Under the Trust Deed, the committee is required to set aside a minimum of 50% of the net income of the Trust each year for future generations. This has the effect of reducing the funds that be spent on charitable projects in any financial year.

This year the committee has, in the context of the resolution of the litigation and resultant decrease in expected legal expenditure, authorised the transfer of \$21 million into the Preservation Fund. The Preservation Fund is that part of the trust fund that must be preserved for the future. The value of funds and property set aside in the Preservation Fund as at 31 March 2018 was \$63,758,244.

Tier 3. Preservation Fund	\$63,758,244
Burns Philp Building	\$5,600,000
TOTAL VALUE:	\$69,358,244

Charitable expenses

	2018	2017
Ceremony	\$46,475	\$56,807
Education and sports	\$115,627	\$24,448
Funeral	\$182,375	\$177,273
Aged care/disabled	\$28,631	\$27,141
Medical	\$81,349	\$39,321
Poverty	\$4,494	\$4,335
Depreciation	\$109,446	\$111,585
Impaired assets	\$ -	\$62,685
Insurance	\$22,534	\$33,716
Religious	\$ -	\$6,545
Salaries and wages	\$85,038	\$74,607
Transport services	\$990,452	\$451,887
Market Garden costs	\$461,224	\$535,097
Employment and skills training	\$1,538	\$5,086
Other expenses (i)	\$21,649	\$17,165
TOTAL CHARITABLE EXPENSES	\$2,150,832	\$1,627,698


(i) This includes portion of various other operating expenses such as freight expense, motor vehicle repairs expense, general repairs and maintenance, travel and accommodation etc.

In accordance with clause 23.3 of the 2016 Trust Deed community meetings were held on each of the following dates:

- 2 August 2017, 23 November 2017, 16 January 2018, 2 March 2018

Your committee is committed to continue to manage the Trust in accordance with the terms of the Trust Deed for the short and long-term benefit of the people of Groote Eylandt and Bickerton Island.

Dated this  day of August 2018.



Hugh Bradley
Chairperson



Betty Herbert
Deputy Chairperson