

2018-2019

# ANNUAL REPORT



Federation of  
Victorian Traditional  
Owner Corporations

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*The Federation of Victorian Traditional Owner Corporations acknowledges the Traditional Owners of the land we work on as the First People of this Country.*

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# Introduction: Our Vision, Purpose and Background

## OUR VISION



TRADITIONAL OWNERS STRONG ON COUNTRY AND LEADING THE POLITICAL, ECONOMIC AND CULTURAL LANDSCAPE.

## OUR PURPOSE



TO PROVIDE A COLLECTIVE VOICE FOR TRADITIONAL OWNERS TO SELF-DETERMINE THEIR FUTURE.

## OUR BACKGROUND



The Federation was registered on 2 August 2013 as a public company limited by guarantee under the Corporations Act 2001 (Cth) (Corporations Act) and this shapes our corporate governance and financial reporting practices. The Federation's organisational objectives and governance structure are set out in our constitution. We are a charity registered with the Australian Charities and Not-for-Profit Commission (ACNC), a copy of our constitution is publicly available on the ACNC website. The Company is a Public Benevolent Institution.



# Report from our Chairperson



The 2018-19 year has been a year of significant growth for the Federation. Not only was this the first full year of operation, with staff and a CEO, but during the year the Federation was increasingly engaged to support Traditional Owners to develop and articulate their knowledge and interests within a number of key policy platforms and program areas, including cultural practices for managing Country through fire and hunting.

Never has this been more important, or more potent, than with the emergence of Treaty and self-determination.

Treaty clearly has immense potential and critical importance for government and Traditional Owners to reset the relationship. The Federation, including with government support, has taken the bull by the horns to advise and advocate for Treaty. Our engagement with Traditional Owner interests around the State, research and submissions have supported the views of Traditional Owners to be clearly heard, strengthening the overall position of Traditional Owners throughout the process.

Where Treaty is at may not be perfect, but it's certainly something worth continuing to advocate for, building on and enabling our Mobs to be actively involved.

Another significant area that the Federation has been working to set the agenda on is self-determination. Although the way in which self-determination can be realised will continue to evolve, the Federation strongly believes in and supports self-determination for all mobs. We will continue to support Traditional Owners and work with government to find the right way to engage, to partner and share responsibility and to provide accountability.

While the policy environment in which the Federation operates continues to shift, the Federation has not lost sight of the fact that it is a member-driven organisation.

The Federation took time out over the last year to reflect on where it has come from and where it is going. In March 2019 representatives of Traditional Owner Corporations came together to consider and workshop the high level areas for the Federation to focus on. This was underpinned by a stakeholder research survey that sought feedback from both member and non-member organisations.

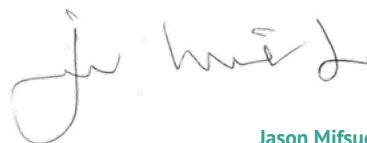
This was a valuable exercise, with some clear messages as to where the Federation needs to focus its efforts. Four key themes emerged, which the board has endorsed as a basis for on-going development and implementation:

- Advocacy
- Nation Building
- Accountability
- Knowledge Sharing

I acknowledge the commitment of the attendees at the workshops and the considered effort and contribution to these complex and long term issues, and I am confident that as the Federation continues to evolve these will provide a strong platform from which to advocate for the rights and interests of Traditional Owners, facilitating and amplifying the voice of Traditional Owners.

As part of this year's commitment to enhancing good governance practices, the Federation board approved the establishment of two sub-committees to support the good governance of the Board: the Governance Alignment Sub-committee and the Finance, Audit and Risk Management Sub-committee. These sub-committees were established, recognising that the Federation has grown substantially in terms of its financial position, personnel and breadth of activity.

I would like to thank the members of the Sub-committees for their work and leadership to the Federation, particularly in providing a robust level of consideration to the way in which the Federation continues to evolve and a strong, valued and trusted peak association.

A handwritten signature in black ink, appearing to read 'Jason Mifsud', written in a cursive style.

**Jason Mifsud**  
Chairperson

# Report from our Chief Executive Officer



The past year has been both challenging and exciting as the voice for Treaty grew louder, and we grew stronger. We worked hard to support the growing call for Treaty, not only by securing increased funding to empower Traditional Owners and help prepare Traditional Owner Corporations for Treaty, but through engagement with Traditional Owners across the State. The Federation also increased its interaction with Ministers to ensure this call was heard. We have worked hard to secure the State Government's ongoing commitment to, and positive relationship with, the Federation and Traditional Owners.

Ultimately, more than \$116 million was secured to build on the foundations of self-determination, with a specific \$9 million allocated to advance Nation Building and Treaty Readiness for Traditional Owners in Victoria.

In the past 12-months we entered new territory around policy development in Victoria with the launch and implementation of the Victorian Traditional Owner Cultural Fire Strategy. This was a first-of-its-kind strategy and further reinforced our positive working relationship with the State. We view this advancement as entering a new era of policy development and are witnessing it offer further opportunities for Traditional Owner-led policy development in areas such as native foods, sea-Country planning and cultural landscape management.

As the opportunities for partnership between Traditional Owners and the State grow, it is increasingly important that there are ongoing high level forums for collaboration. The NRM Collaborative Body has continued to shift boundaries and set Traditional Owner priorities with government. I am particularly pleased that the Federation was able to facilitate the Traditional Owner Corporations CEOs Forum to work with the Department of Environment, Land Water and Planning to collaborate in such a positive way.

In April the Federation Chair and I attended the United Nations Permanent Forum on Indigenous Issues to learn from and strengthen our ties with our international counterparts, particularly from New Zealand and British Columbia, in implementing Treaty. We have continued to build on their experiences and knowledge with affirmation and support that we are on the right path for Treaty in Victoria.

This was highlighted at the June 2019 National Native Title Conference, which we co-hosted with the National Native Title Council. It was a conference full of strong self-confidence, where no one shied away from the tough conversations and we were able to capitalise on our international relationships to ensure Treaty was a focal point.

During 2018-19 the Federation grew significantly in terms of staffing, income and our ability to engage with our Members, and stakeholders. We have taken steps to streamline our advocacy work to integrate with operational activity that directly supports the Federation Members and all Traditional Owner Corporations.



These changes were implemented to secure a strong foundation for the Federation, and built on a number of key reports. The first was a Financial Sustainability Review undertaken in November 2018, which provided among other things, a basis for articulating the value that the Federation is providing to government and Traditional Owners.

In order to strengthen communications and align strategic direction we then commissioned work on stakeholder relationships and, in March 2019, we facilitated a two-day agenda setting forum inviting representatives from Federation and all Victorian Traditional Owner Corporations. This was an opportunity for Traditional Owners to align and agree on a collective strategic vision going forward.

The key elements from the forum will continue to shape the alignment of our work over the coming years, not only in advocacy but also in securing and building on direct support to Traditional Owner Corporations that better aligns to their strategies and capacity and sharing knowledge across the mobs. The commitment to a unified voice helped us to advocate for the Nation Building support package as well as increased direct resourcing to corporations for natural resource management engagement.

We look forward to continuing to facilitate and amplify Traditional Owner voices on the opportunities from Treaty, self-determination and policy priorities to benefit both our members and Traditional Owners more broadly.



**Marcus Stewart**  
CEO

# Our Performance – Highlights of the Year

## Treaty

Over the year, the Federation was actively engaged in the Victorian Treaty process facilitating the unique opportunity to draw together the knowledge, experience and voice of Traditional Owners in Victoria through engagement, research, policy development and advocacy.

A significant element of our engagement work was to hold 29 facilitated meetings tailored to the needs and circumstances of groups in both formally recognised or not yet formally recognised areas. The Federation paid close attention to the points raised by Traditional Owners and the language used to describe Treaty concerns and aspirations, amplifying the findings and messages to inform government and the Victorian Treaty Advancement Commission.

These findings and messages through engagement and advocacy helped secure a number of key amendments to the final model for establishing the Treaty Assembly, including the reserved seats for Traditional Owners, Treaty support funding and ultimately to secure Treaty Readiness funding for Traditional Owner Corporations.

Building on the engagement findings and research, a series of discussion papers will provide a foundational resource for the First Peoples Assembly of Victoria once elected.

## Natural Resource Management



The NRM Committee, chaired by Wendy Berick, over the year continued to present an important platform for sharing knowledge and information and providing leadership in key work areas for the Federation, including sea country

management, reading country, and strategies for Cultural Fire and Traditional Owner Game Management.

## Cultural Fire Strategy

The Victorian Traditional Owner Cultural Fire Strategy was launched by Minister D'Ambrosio at Nioka Reserve (Wurundjeri Country) on 10 May 2019.

The development of the Cultural Fire Strategy represents a significant achievement in co-design and co-governance arrangements between the State and Traditional Owners helping to facilitate greater self-determination for Traditional Owners moving forward.

Over 50 fire knowledge holders from across Victoria contributed to the development of the Strategy, which provides a set of principles and strategic priorities along with a policy and practice framework for effective Traditional Owner-led cultural fire management in Victoria.



With the continued leadership of the Traditional Owner Cultural Fire Knowledge Group, the Federation will continue to facilitate and enable planning and partnerships with the State for implementation of Traditional Owner-led cultural

fire strategies that reflect individual groups' unique path to self-determined practice.

## Traditional Owner Game Management Strategy

In the lead up to the introduction of the Local Government Bill 2018, the Federation negotiated a small but potentially significant inclusion into the Bill to incorporate a specific recognition of Traditional Owners. This reference creates the requirement on Local Governments to consider Traditional Owners distinct from other stakeholders within the municipal community. This will enhance the focus on Local Governments to consult and work with Traditional Owners particularly in planning processes. The Bill was passed in the Assembly but has yet to pass the Legislative Council.

## Stakeholder collaboration

In early 2018, as the Federation initiated work to better integrate and connect the work of organisations in support of the Traditional Owners settlements and preparation process. The Federation facilitated discussion across various departments to help direct support and funding to be better targeted, efficient and helpful, particularly for those groups in the early stages of gaining recognition and developing their organisational structures.

## Templates Review

The Federation, with impetus from the Taungurung Clans Aboriginal Corporation's negotiation of a settlement and with significant support from First Nations Legal and Research Services, led a two day workshop including participation with many Traditional Owner groups' representatives and the State. The key messages and outcomes of the workshop have resulted in a stronger focus on the way in which the natural resource agreements are formulated and shaped to meet the aspirations of Traditional Owners.

## Natural Resource Management Collaborative Body

Over the 2018-19 year the Federation helped establish and provide secretariat support to the Natural Resource Management Collaborative Body. The NRCMB, whose members include Traditional Owner Corporation CEOs, DELWP Deputy Secretaries and the CEO of Parks Victoria, was established as a way to provide a high-level mechanism for Victorian Traditional Owners and senior representatives of DELWP and PV to collaboratively discuss issues of state-wide significance and to co-ordinate and develop natural resource management policy.

Members have strongly endorsed the collaborative body with new arrangements being progressed on a range of matters including strengthening long-term, holistic and integrated funding and planning and addressing models of partnership and engagement that better reflect self-determination outcomes sought by Traditional Owners through co-governance arrangements and shared decision making.

## Strategic alignment

The Traditional Owner Strategic Alignment Forum two-day agenda setting forum was hosted by the Federation in March. Over the two days Federation board members, Traditional Owner Corporation representatives, and other Traditional Owners, participated in open dialogue on strategic priorities including for legislative reform, self-determination, Treaty, as well as partnership, engagement and accountability with the State.

Aboriginal Affairs Minister Gavin Jennings and Parliamentary Secretary for Treaty Natalie Hutchins were both present across the two days.

Among the range of priority matters, and themes to help embed self-determination and build on the collective strengths, the forum was a strong indication of the common understandings and shared values across the Traditional Owner corporations.

This work has provided significant impetus to the increased funding and resources within corporations, and the growing recognition of the need to ensure strong, early and resourced engagement.

## Native Title Conference

In early June 2019, the Federation and the National Native Title Council jointly hosted the 2019 Native Title Conference: Land, Rights & Recognition.

The conference provided a visible and compelling platform for First Nations peoples to come together and share their experiences and valuable insights into recognition and Treaty and it provided a key opportunity to discuss and develop strategies for treaties and constitutional reform. There were more than 400 attendees, sharing their unique knowledge and experiences in native title and engaging with presentations from national and international speakers, including from New Zealand and British Columbia.

The Federation hosted the British Columbia Treaty Commission over the course of the conference week, and facilitated a number of engagements with Traditional Owners to talk about what Treaty means and how to progress Treaty readiness based on the experience in British Columbia.

The Federation will continue to build on this relationship to support ongoing research linkages and networks that can support and advance Treaty and self-determination in Victoria.

# Subsidiaries

The Federation maintains formal reporting relationships with Federation Enterprises and First Nations Legal and Research Service (First Nations). There is also a standing invitation for the CEO of First Nations and for the Managing Director of Federation Enterprises to attend Federation Board meetings.

In addition, a number of directors of both subsidiaries attended the Traditional Owner strategic workshop held in March 2019, as a way to ensure that the group of companies continues to align their strategies and operational activities where appropriate.

The core focus of Federation Enterprises is on the management of its interests in joint venture subsidiaries. During the 2018-19 year, Federation Enterprises maintained a strong balance sheet and has supported the work of Barpa to set a platform for increasing its business operations. This has focused on the changes to the named shareholding partner in Barpa to reflect changes to the ownership structures of the partner.

First Nations, following a reduction in funding from the Commonwealth, refocused operations during the 2018-19 year. The Federation group financial position was not significantly impacted by this, and budgets continue to be managed carefully. Additionally, First Nations was able to secure specific project work with alternative funding that has contributed to the overall financial and operational performance.

# Financial Statements



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These financial statements are the consolidated financial statements of the consolidated entity consisting of Federation of Victorian Traditional Owner Corporation Limited and its subsidiaries. A list of subsidiaries is included in note 20. The financial statements are presented in the Australian dollar (\$).

The financial statements were authorised for issue by the directors on 14 February 2020. The directors have the power to amend and reissue the financial statements.

# Directors' report

## Strategy

The purpose of the Federation under its strategy 2017-2020 is to provide a collective voice for Traditional Owners to self-determine their future. Key strategies are:

- To build a strong state and national profile through good policy and external communications informed through close consultation with members to ensure we speak as one strong voice
- Build relationships and partnerships with public policy makers, ministers and key stakeholders to ensure we are positioned to influence decisions that affect us and advocate for our members' interests through all available mechanisms
- Showcase benefits of aligning Traditional Owner knowledge with science in decisions that affect Country
- Create a best practice model for dealing with data management and intellectual property in culturally appropriate ways.

The principle activities of the Federation during the financial year were to provide advocacy and advisory services.

## Directors

The following persons were directors of Federation of Victorian Traditional Owner Corporation Limited during the whole of the financial year and up to the date of this report:

Jamie Lowe	Continued - Appointed 28 October 2016
Dylan Clarke	Continued - Appointed 23 February 2017
Matthew Burns	Continued - Appointed 5 March 2018
Dan Turnbull	Continued - Appointed 17 May 2018
Graham Atkinson	Resigned on 1 November 2018
Wendy Berick	Resigned on 1 November 2018
Tony Kelly	Resigned on 14 December 2018
Norman Wilson	Resigned on 12 June 2019
Janine Wilson	Resigned on 12 June 2019
Janine Coombs	Resigned on 5 September 2019
Jason Mifsud	Appointed on 31 August 2018
Trent Nelson	Appointed on 7 November 2018
Rodney Carter	Appointed on 6 November 2018
Michael Harding	Appointed 8 November 2018
Robert Ogden	Appointed on 20 November 2018
Darren Perry	Appointed on 14 June 2019
Robby Knight	Appointed on 14 June 2019

# Directors' report

## Meetings of directors

The number of meeting of the group's board of directors and of each board committee held during the year ended 30 June 2019, and the number of meetings attended by each director were:

Director	Appointment Member	Full meetings of directors	
		Number eligible to attend	Number attended
Dylan Clarke	Barengi Gadjin Land Council Aboriginal Corporation	6	0
Dan Turnbull	Bunurong Land Council Aboriginal Corporation	6	5
Jamie Lowe	Eastern Maar Aboriginal Corporation	6	6
Matthew Burns	Taungurung Clans Aboriginal Corporation	6	4
Tony Kelly	First Nations Legal and Research Services Limited	3	3
Janine Coombs	Barengi Gadjin Land Council Aboriginal Corporation	6	5
Graham Atkinson	Dja Dja Wurrung Clans Aboriginal Corporation	1	0
Wendy Berick	Dja Dja Wurrung Clans Aboriginal Corporation	1	1
Norman Wilson	First People of Millewa-Mallee Aboriginal Corporation	4	0
Janine Wilson	First People of Millewa-Mallee Aboriginal Corporation	4	0
Darren Perry	First People of Millewa-Mallee Aboriginal Corporation	2	2
Jason Mifsud	Eastern Maar Aboriginal Corporation	6	5
Robby Knight	First People of Millewa-Mallee Aboriginal Corporation	2	2
Rodney Carter	Dja Dja Wurrung Clans Aboriginal Corporation	5	5
Michael Harding	Taungurung Clans Aboriginal Corporation	5	5
Trent Nelson	Dja Dja Wurrung Clans Aboriginal Corporation	5	2
Robert Ogden	Bunurong Land Council Aboriginal Corporation	6	3



**Federation of Victorian Traditional Owner Corporation Limited**  
**Directors' report**  
**30 June 2019**  
 (continued)

**Strategies**

The purpose of the Federation of Victorian Traditional Owner Corporation Limited under its strategy 2017-2020 is to provide a collective voice for Traditional Owners to self-determine their future. Key strategies are:

- To build a strong state and national profile through good policy and external communications informed through close consultation with members to ensure we speak as one strong voice
- Build relationships and partnerships with public policy makers, ministers and key stakeholders to ensure we are positioned to influence decisions that affect us and advocate for our members' interests through all available mechanisms
- Showcase benefits of aligning Traditional Owner knowledge with science in decisions that affect Country
- Create a best practice model for dealing with data management and intellectual property in culturally appropriate ways.

The principle activities of the Federation of Victorian Traditional Owner Corporation Limited during the financial year were to provide advocacy and advisory services.

**Members' liability**

The company is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. If the company is wound up, the Constitution states that each member is required to contribute a maximum of \$1 each towards meeting any outstanding obligations of the company. As at 30 June 2018, the total amount that members of the company are liable to contribute if the company is wound up is \$7.

**Significant changes in the state of affairs**

There have been no significant changes in the state of affairs of the group during the year.

**Event since the end of the financial year**

No matter or circumstance has arisen since 30 June 2019 that has significantly affected the group's operations, results or state of affairs, or may do so in future years.

**Likely developments and expected results of operations**

The directors expect that the group will continue to carry out its principal activities as detailed above. There are no other known or likely developments which the directors foresee which they wish to disclose at this time.

**Environmental regulation**

The group is not affected by any significant environmental regulation in respect of its operations.

**Insurance of officers and indemnities**

During the year, the group paid a premium which provides indemnity for the directors.

**Proceedings on behalf of the company**

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the group, or to intervene in any proceedings to which the group is a party, for the purpose of taking responsibility on behalf of the group for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the group with leave of the Court under section 237 of the *Corporations Act 2001*.

Federation of Victorian Traditional Owner Corporation Limited  
Directors' report  
30 June 2019  
(continued)

**Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 60 - 40 of the *Australian Charities and Not-for-profit Commission (ACNC) Act 2012* is set out on page 5 and forms part of the Director's report.

This report is made in accordance with a resolution of directors.



Jason Mifsud  
Chairperson

Matthew Burns  
Director



Melbourne  
\_\_\_\_\_ 2020



### *Auditor's Independence Declaration*

As lead auditor for the audit of Federations of Victorian Traditional Owner Corporation Limited for the year ended 30 June 2019, I declare that to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Federations of Victorian Traditional Owner Corporation Limited and the entities it controlled during the period.

A handwritten signature in blue ink, appearing to read 'D Kennett', is written over a light blue horizontal line.

David Kennett  
Partner  
PricewaterhouseCoopers

Melbourne  
14 February 2020

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# Consolidated statement of comprehensive income

AS AT 30 JUNE 2019

	Notes	2019 \$	2018 \$
<b>Income</b>			
Revenue from government		5,785,852	4,970,267
Project income		429,423	545,707
Interest		7,067	7,829
Other income		151,086	239,295
		<u>6,373,428</u>	<u>5,763,098</u>
<b>Expenses</b>			
Employee benefits expense		(3,928,005)	(3,843,554)
Depreciation expense	6	(231,288)	(261,288)
Sponsorship expenses	6	-	(233,979)
Consultants		(596,785)	(230,404)
Leasehold property rental		(244,988)	(202,459)
Other occupancy expenses		(65,938)	(54,235)
Office expenses		(629,996)	(666,192)
TO - Claimant meeting expenses		(879,664)	(389,691)
Motor vehicle expenses		(18,685)	(30,783)
Other expenses		(155,519)	(449,718)
Share of net profit/(loss) of associates accounted for using equity method		747,446	(55)
<b>Surplus/(deficit) before income tax</b>		<u>370,006</u>	<u>(599,260)</u>
Income tax expense	7	(102,778)	-
<b>Surplus/(deficit) for the year</b>		<u>267,228</u>	<u>(599,260)</u>
<b>Other comprehensive income</b>			
<b>Other comprehensive income for the year, net of tax</b>		<u>-</u>	<u>-</u>
<b>Total comprehensive surplus/(deficit) for the year</b>		<u>267,228</u>	<u>(599,260)</u>

# Consolidated statement of financial position

AS AT 30 JUNE 2019

	Notes	2019 \$	2018 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	8	2,438,072	2,072,466
Trade and other receivables	9	355,323	160,978
<b>Total current assets</b>		<b>2,793,395</b>	<b>2,233,444</b>
<b>Non-current assets</b>			
Investments accounted for using the equity method	10	747,496	50
Property, plant and equipment	11	317,134	350,644
<b>Total non-current assets</b>		<b>1,064,630</b>	<b>350,694</b>
<b>Total assets</b>		<b>3,858,025</b>	<b>2,584,138</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	12	637,497	370,232
Provisions	13	501,630	598,601
Deferred income	14	911,257	161,746
<b>Total current liabilities</b>		<b>2,050,384</b>	<b>1,130,579</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities		102,778	-
Provisions	15	69,514	85,438
<b>Total non-current liabilities</b>		<b>172,292</b>	<b>85,438</b>
<b>Total liabilities</b>		<b>2,222,676</b>	<b>1,216,017</b>
<b>Net assets</b>		<b>1,635,349</b>	<b>1,368,121</b>
<b>EQUITY</b>			
Accumulated surplus	16	1,635,349	1,368,121
<b>Total equity</b>		<b>1,635,349</b>	<b>1,368,121</b>

# Consolidated statement of changes in equity

FOR THE YEAR ENDED 30 JUNE 2019

	Attributable to owners of Federation of Victorian Traditional Owner Corporation Limited	Total equity \$
	Accumulated surplus	
<b>Balance at 1 July 2017</b>	1,967,381	1,967,381
(Deficit) for the year	(599,260)	(599,260)
<b>Total comprehensive (deficit) for the year</b>	<b>(599,260)</b>	<b>(599,260)</b>
<b>Balance at 30 June 2018</b>	<b>1,368,121</b>	<b>1,368,121</b>
<b>Balance at 1 July 2018</b>	1,368,121	1,368,121
Surplus/(deficit) for the year	267,228	267,228
<b>Total comprehensive surplus/(deficit) for the year</b>	<b>267,228</b>	<b>267,228</b>
<b>Balance at 30 June 2019</b>	<b>1,635,349</b>	<b>1,635,349</b>

# Consolidated statement of cash flows

FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019 \$	2018 \$
<b>Cash flows from operating activities</b>			
Receipts from course of operations		6,897,376	5,967,978
Payments to suppliers and employees		<u>(6,341,056)</u>	<u>(6,472,957)</u>
		556,320	(504,979)
Franking credits received		-	495,257
Interest received		7,067	7,829
Income taxes received		-	2,209
<b>Net cash inflow from operating activities</b>		<u>563,387</u>	<u>316</u>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		<u>(197,781)</u>	<u>(157,954)</u>
<b>Net cash (outflow) from investing activities</b>		<u>(197,781)</u>	<u>(157,954)</u>
<b>Cash flows from financing activities</b>			
<b>Net cash inflow (outflow) from financing activities</b>		<u>-</u>	<u>-</u>
<b>Net increase (decrease) in cash and cash equivalents</b>		365,606	(157,638)
Cash and cash equivalents at the beginning of the financial year		<u>2,072,466</u>	<u>2,230,104</u>
<b>Cash and cash equivalents at the end of the financial year</b>	8	<u>2,438,072</u>	<u>2,072,466</u>

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# Notes to the consolidated financial statements

30 JUNE 2019

## 1 Summary of significant accounting policies

This note provides a list of all significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the group consisting of Federation of Victorian Traditional Owner Corporation Limited and its subsidiaries.

### (a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards Reduced Disclosure Requirements, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Australian Charities and Not-for-Profits Commission Act 2012*. Federation of Victorian Traditional Owner Corporation Limited is a not-for-profit entity for the purpose of preparing the financial statements.

Federation of Victorian Traditional Owner Corporation Limited is a public company limited by guarantee, incorporated and domiciled in Australia.

#### (i) Compliance with Australian Accounting Standards - Reduced Disclosure Requirements

The consolidated financial statements of the Federation of Victorian Traditional Owner Corporation Limited comply with Australian Accounting Standards - Reduced Disclosure Requirements as issued by the Australian Accounting Standards Board (AASB).

#### (ii) Historical cost convention

These financial statements have been prepared under the historical cost basis.

#### (iii) New and amended standards adopted by the company

The company has applied the following standards and amendments for first time in their annual reporting period commencing 1 July 2018:

- AASB 9 *Financial Instruments*

#### (iv) Critical accounting estimates

The preparation of the financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

### (b) Principles of consolidation and equity accounting

#### (i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The purchase method of accounting is used to account for business combinations by the group other than for business combinations involving entities or businesses under common control, where predecessor accounting is used (refer to note 1(f)).

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

# Notes to the consolidated financial statements

## 1 Summary of significant accounting policies (continued)

### (b) Principles of consolidation and equity accounting (continued)

#### (i) Subsidiaries (continued)

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position respectively.

The investments in subsidiaries are accounted for at cost in the separate financial statements of Federation of Victorian Traditional Owner Corporation Limited.

#### (ii) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in profit or loss, and the group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the group and its associates and joint ventures are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in note 1(g).

### (c) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

The group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the group's activities as described below. The group 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 recognised for the major business activities using the methods outlined below.

#### *Government grants*

Government grants are recognised as revenue when the group obtains control over the assets comprising the contributions. Control over granted assets is normally obtained upon their receipt and the timing of commencement of control depends upon the arrangements that exist between the grantor and the entity. Where the group considers the grant to be reciprocal in nature, the grant will be treated as deferred income and the grant will be progressively brought to account as revenue in the consolidated statement of comprehensive income over the period.

#### *Project income*

Project income is recognised when the right to receive the revenue has been established and control of the underlying service has passed.

#### *Interest income*

Interest income is recognised using the effective interest method. When a receivable is impaired, the group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

# Notes to the consolidated financial statements

## 1 Summary of significant accounting policies (continued)

### (c) Revenue recognition (continued)

#### *Other income*

Other income is recognised when the right to receive the revenue has been established and control of the underlying good or service has passed.

### (d) Income tax

No provision for income tax has been raised as the group is exempt from income tax under Div 50 of the *Income Tax Assessment Act 1997*.

However, the company's subsidiary Federation Enterprises Pty Ltd is a for profit entity and is subject to income tax.

The income tax expense or credit for the year is the tax payable on the current year's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting year in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting year and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The deferred tax liability in relation to investment property that is measured at fair value is determined assuming the property will be recovered entirely through sale.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

# Notes to the consolidated financial statements

## 1 Summary of significant accounting policies (continued)

### (e) Leases

Leases of property, plant and equipment where the group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease year so as to produce a constant periodic rate of interest on the remaining balance of the liability for each year. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the group will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the group as lessee are classified as operating leases (note 18). Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

### (f) Business combinations

The acquisition method of accounting is used to account for business combinations, excluding business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. Consideration is measured as the fair value of assets given, shares issued or liabilities incurred assumed at the date of exchange plus costs directly attributable to the acquisition.

Identifiable assets acquired and liabilities and contingent liabilities assumed in business combination are initially measured at their fair values at the acquisition date, irrespective of the extent of minority interest. The excess of the cost of acquisition over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than group's share of the fair value of the identifiable net assets of the subsidiary acquired, the difference is recognised directly in the consolidated statement of comprehensive income, but only after a reassessment of the identification and measurement of the net assets acquired.

Predecessor accounting is adopted to recognise business combinations involving entities or businesses under common control. Assets and liabilities are recognised at their pre-combination carrying amounts from the highest level of common control without fair value uplift. No goodwill arises under predecessor accounting. Any difference between the consideration for the transaction and the carrying value of the net assets is recorded in equity as a separate business combination reserve. Comparative information is restated to reflect the business combination from the commencement of the comparative period.

### (g) Impairment of assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting year.

### (h) Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the consolidated statement of financial position.

# Notes to the consolidated financial statements

## 1 Summary of significant accounting policies (continued)

### (i) Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current.

The group holds trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less provision for impairment. The group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

### (j) Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting year in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment, the shorter lease term as follows:

Class of fixed asset	Depreciation rate
• Office fit out	20%
• Computers	40%
• Plant and equipment	20%
• Motor vehicles	20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting year.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(g)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss. When revalued assets are sold, it is group policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

### (k) Trade and other payables

These amounts represent liabilities for goods and services provided to the group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

# Notes to the consolidated financial statements

## 1 Summary of significant accounting policies (continued)

### (l) Employee benefits

#### (i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service and are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

#### (ii) Other long-term employee benefit obligations

In some countries, the group also has liabilities for long service leave and annual leave that are not expected to be settled wholly within xx months after the end of the year in which the employees render the related service. These obligations are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting year using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and years of service. Expected future payments are discounted using market yields at the end of the reporting year of high-quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the consolidated statement of financial position if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

### (m) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the consolidated statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

### (n) Economic dependence

To the extent that the group performs functions prescribed by the *Native Title Act 1993(Cth)* it is dependent on the continued funding of its operations by the federal authority.

### (o) Deferred income

The liability for deferred income is the unutilised amounts of grants re-earned on the condition that specified services are delivered or conditions are fulfilled. The services are usually provided on the conditions usually fulfilled within 12 months of receipt of the grant.

### (p) Comparatives

Where necessary, comparatives information has been reclassified and repositioned for consistency with current year disclosures.

# Notes to the consolidated financial statements

## 2 Changes in accounting policies

As explained in note 1(a) above, the group has adopted a number of new or revised accounting standards this year that have resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements.

### (a) Impact on financial statements

There was no material impact on prior year as a result of the changes in the entity's accounting policies.

### (b) AASB 9 Financial Instruments

#### *AASB 9 Financial Instruments*

The group has adopted AASB 9 from 1 July 2018, using the full retrospective method of adoption. No changes from the classification and measurement for financial assets were identified and the impact for changes to incorporate an expected credit losses method was not significant hence no comparatives have been restated. The revised accounting policy in relation to the adoption of this standard as applied from 1 July 2018 is set out below.

#### Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method, less any allowance for specific debtors and general expected credit losses. trade receivables are generally due for settlement within 30 days.

Other receivables are recognised at amortised cost, less any allowance for specific debtors and general expected credit losses.

#### Impairment

The impairment methodology applied depends on whether there has been a significant increase in credit risk, whereby specific provision will be applied to the trade and other receivables not expected to be collected and expected credit losses associated with the trade and other receivables. In assessing the expected credit losses, the group first considers any specific debtors that have objective evidence that the group will not be able to collect all the amounts due according to the original terms of the receivables, taking into consideration the indicators of significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or delinquency in payments. The group then applies the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance, on the balance of receivables. To measure the expected credit losses, trade receivables have been grouped based on aging.

## 3 Financial risk management

The entity's activities exposes it to a variety of financial risk; foreign exchange risk, credit risk and liquidity risk. The entity's overall risk management and strategy and framework recognises the unpredictability of financial markets and seeks to minimise the potential adverse effects on the financial performance and future financial security of the entity.

### (a) Market risk

#### *Foreign exchange risk*

The group receives funding in Australian Dollars (AUD) and all the program commitments are in AUD hence, there is no foreign currency risk.

### (b) Credit risk

Management assesses the risks arising from trade and other receivables in order to ensure that the group's cash flows are not adversely impacted by credit risk.

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the entity. The company's risk related to trade receivables is managed by credit control assessing the credit worthiness of customers on an individual customer basis.

# Notes to the consolidated financial statements

## 3 Financial risk management (continued)

### (b) Credit risk (continued)

There is no significant concentration of credit risk that management believes presents a significant risk to the group's operational income.

Carrying value of trade and other receivables reflect their fair value.

#### *Impairment of financial assets*

- Receivables - Trade receivables
- Receivables - Receivables from related parties
- Cash and cash equivalents

There was no material impairment loss recognised on receivables from related parties or cash and cash equivalents.

#### *Trade receivables*

The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

### (c) Liquidity risk

Liquidity risk arises from the financial liabilities of the entity and its ability to meet its obligations to repay these liabilities as and when they fall due. The group manages its liquidity risk by monitoring total cash inflows and outflows expected on a monthly basis and maintaining sufficient cash and liquid investments to meet its operating requirements.



# Notes to the consolidated financial statements

## 4 Revenue

	2019 \$	2018 \$
<b>From continuing operations</b>		
Revenue from government	5,785,852	4,970,267
Project income	429,423	545,707
Interest	7,067	7,829
<b>Total revenue from continuing operations</b>	<b>6,222,342</b>	<b>5,523,803</b>

## 5 Other income

	2019 \$	2018 \$
Other income	151,086	239,295

## 6 Expenses

	2019 \$	2018 \$
<i>Employee costs</i>		
Wages and salaries	2,916,932	3,499,551
Redundancies	518,567	-
Superannuation	292,034	336,076
Other	10,572	7,927
<i>Depreciation</i>		
Property, plant and equipment	231,288	261,288

## 7 Income tax expense

### Numerical reconciliation of income tax expense to prima facie tax payable

	2019 \$	2018 \$
Profit/(loss) from continuing operations before income tax expense	370,006	(599,260)
Tax at the Australian tax rate of 27.5% (2018 - 27.5%)	101,752	(164,797)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Deferred tax not previously brought to account	(13,272)	-
Carry forward losses not previously brought to account	(73,665)	-
Deferred tax assets derecognised	-	13,272
Carry forward losses derecognised	-	49,789
Other permanent differences	-	1,709
Non-assessable income	87,963	100,027
<b>Income tax expense</b>	<b>102,778</b>	<b>-</b>

# Notes to the consolidated financial statements

## 8 Current assets - Cash and cash equivalents

	2019 \$	2018 \$
Cash at bank	2,438,072	2,072,466

## 9 Current assets - Trade and other receivables

	2019 \$	2018 \$
Trade receivables	299,020	53,916
Other receivables	32,477	63,697
Other receivables for 3rd parties	204	43,365
Prepayments	23,622	-
	<u>355,323</u>	<u>160,978</u>

## 10 Non-current assets - Investments accounted for using the equity method

	2019 \$	2018 \$
Investment in Koori HR Pty Ltd	50	50
Investments in On Country Heritage and Consulting Pty Ltd	-	-
Investment in Barpa Pty Ltd	747,446	-
	<u>747,496</u>	<u>50</u>

Movement of investment in On Country Heritage and Consulting Pty Ltd:

At 30 June 2019, On Country Heritage and Consulting Pty Ltd had a net asset deficiency of \$63,204 (the group's share: \$34,762) with a net loss after tax of \$4,324 (the group's share: \$2,378) for the year then ended. As the investment balance at 30 June 2018 was \$nil, the share of current year loss brought to account at 30 June 2019 is \$0.

Movement of investment in Barpa Pty Ltd:

	2019 \$	2018 \$
Investment in Barpa Pty Ltd		
Opening balance	-	-
Add: Share of profit	1,074,603	-
Less: share of prior period losses (a)	(327,157)	-
Closing balance	<u>747,446</u>	<u>-</u>

(a) Given Barpa Pty Ltd had a net asset deficiency at 30 June 2018, the equity accounted share of prior period losses of \$327,157 has been brought to account in the current period.

# Notes to the consolidated financial statements

## 11 Non-current assets - Property, plant and equipment

Non-current	Office fit out \$	Motor vehicles \$	Computers \$	Work in progress \$	Total \$
<b>At 30 June 2018</b>					
Cost	707,921	142,012	610,128	-	1,460,061
Accumulated depreciation	(548,638)	(20,086)	(540,693)	-	(1,109,417)
Net book amount	159,283	121,926	69,435	-	350,644
<b>Year ended 30 June 2019</b>					
Opening net book amount	159,283	121,926	69,435	-	350,644
Additions	-	-	89,235	108,543	197,778
Depreciation charge	(141,584)	(29,093)	(60,611)	-	(231,288)
Closing net book amount	17,699	92,833	98,059	108,543	317,134
<b>At 30 June 2019</b>					
Cost	707,921	142,012	699,363	108,543	1,657,839
Accumulated depreciation	(690,222)	(49,179)	(601,304)	-	(1,340,705)
Net book amount	17,699	92,833	98,059	108,543	317,134

## 12 Current liabilities - Trade and other payables

	2019 \$	2018 \$
Trade payables	497,696	224,512
Sundry creditors and accruals	139,801	108,576
Staright line lease adjustment	-	37,144
	<b>637,497</b>	<b>370,232</b>

## 13 Current liabilities - Provisions

	2019 \$	2018 \$
Employee benefits	501,630	598,601

## 14 Current liabilities - Deferred income - unexpended grants

	2019 \$	2018 \$
Unexpended grants - Federal	326,592	150,000
Unexpended grants - State	584,665	11,746
	<b>911,257</b>	<b>161,746</b>

# Notes to the consolidated financial statements

## 15 Non-current liabilities - Provisions

	2019 \$	2018 \$
Employee benefits - long service leave	<u>69,514</u>	<u>85,438</u>

## 16 Accumulated surplus

Movements in accumulated surplus were as follows:

	2019 \$	2018 \$
Balance 1 July	1,368,121	1,967,381
Net surplus/(deficit) for the year	<u>267,228</u>	<u>(599,260)</u>
Balance 30 June	<u>1,635,349</u>	<u>1,368,121</u>

## 17 Contingent liabilities and contingent assets

The group had no contingent liabilities at 30 June 2019 (2018: nil).

## 18 Commitments

### (a) Capital commitments

The group had no capital commitments at 30 June 2019 (2018: nil).

### (b) Lease commitments: group as lessee

#### Non-cancellable operating leases

The property lease is a non-cancellable lease with a five-year term, with rent payable monthly in advance. Rental to be increased by 3% on each anniversary of commencement apart for in years in which there is a market review. An option exists to renew the lease at the end of the five-year term for an additional three terms of five years each. The company exercised its first option in FY18 extending the lease to March 2024.

	2019 \$	2018 \$
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	252,997	245,628
Later than one year but not later than five years	<u>1,017,419</u>	<u>1,270,416</u>
	<u>1,270,416</u>	<u>1,516,044</u>

# Notes to the consolidated financial statements

## 19 Related party transactions

### (a) Key management personnel compensation

	2019 \$	2018 \$
Total compensation	<u>1,042,284</u>	<u>785,542</u>

### (b) Transactions with other related parties

During the year, no consultancy fees were paid to entities controlled by the directors (2018: \$nil).

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other persons unless otherwise stated.

## 20 Interests in other entities

### (a) Significant investments in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following principal subsidiaries in accordance with the accounting policy described in note 1(b):

Name of entity	Country of incorporation	Class of shares	Equity holding **	
			2019 %	2018 %
First Nations Legal and Research Services Ltd.	Australia	Ordinary	100	100
Federation Enterprises Pty Ltd	Australia	Ordinary	100	100

\*\* The proportion of ownership interest is equal to the proportion of voting power held.

### (b) Interests in associates and joint ventures

Set out below are the associates and joint ventures of the group as at 30 June 2019. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

Name of entity	Country of incorporation	Class of shares	Equity holding	
			2019 %	2018 %
Barpa Pty Ltd	Australia	Ordinary	51	51
On Country Heritage and Consulting Pty Ltd	Australia	Ordinary	55	55
Koori HR Pty Ltd	Australia	Ordinary	50	50

## 21 Events occurring after the reporting period

No matters or circumstances have occurred subsequent to year end that has significantly affected, or may significantly affect, the operations of the group, the results of those operations or the state of affairs of the group or economic entity in subsequent financial years.

# Notes to the consolidated financial statements

## 22 Financial assets held on trust

The organisation holds cash on deposit for a number of third parties on trust. These assets are not recognised in the consolidated statement of financial position as in substance they are owned by third parties. The amounts held in trust on behalf of these third parties are as follows:

	2019 \$	2018 \$
Liability to third parties	565,183	542,547
Represented by:		
Term deposits	565,387	572,457
Net transactions entered into by Native Title Services Victoria on behalf of the third parties	(204)	(29,910)
	<u>565,183</u>	<u>542,547</u>

## 23 Parent entity financial information

### (a) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	2019 \$	2018 \$
Statement of financial position		
Current assets	1,212,124	1,218,995
Non-current assets	85,322	61,137
Total assets	1,297,446	1,280,132
Current liabilities	980,855	385,403
Non-current liabilities	12,170	31,800
Total liabilities	993,025	417,203
<i>Shareholders' equity</i>		
Retained earnings	304,421	862,929
	<u>304,421</u>	<u>862,929</u>
<b>(Loss)/profit for the year</b>	<u>(558,508)</u>	<u>(535,961)</u>
<b>Total comprehensive (loss)/ income</b>	<u>(558,508)</u>	<u>(535,961)</u>

### (b) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2019 or 30 June 2018.

Federation of Victorian Traditional Owner Corporation Limited  
Directors' declaration  
30 June 2019

**In the directors' opinion:**

- (a) the financial statements and notes set out on pages 6 to 25 are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including:
  - (i) complying with Accounting Standards - Reduced Disclosure Requirements, and
  - (ii) giving a true and fair view of the group's financial position as at 30 June 2019 and of its performance for the financial year ended on that date, and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of directors.



Jason Mifsud  
Chairperson

Matthew Burns  
Director



Melbourne  
\_\_\_\_\_ 2020



## Independent auditor's report

To the members of Federations of Victorian Traditional Owner Corporation Limited

### Our opinion

In our opinion:

The accompanying financial report of Federations of Victorian Traditional Owner Corporation Limited (the Company) and its controlled entities (together the Group) is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012*, including:

- (a) giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year then ended
- (b) complying with Australian Accounting Standards to the extent described in Note 1 and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

### What we have audited

The Group financial report comprises:

- the consolidated statement of financial position as at 30 June 2019
- the consolidated statement of comprehensive income for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the notes to the consolidated financial statements, which include a summary of significant accounting policies
- the directors' declaration.

### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We are independent of the Group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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### *Independent auditor's report (continued)*

To the members of Federations of Victorian Traditional Owner Corporation Limited (continued)

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#### *Other information*

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

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

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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#### *Responsibilities of the directors for the financial report*

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012* and is appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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#### *Auditor's responsibilities for the audit of the financial report*

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.



*Independent auditor's report (continued)*

To the members of Federations of Victorian Traditional Owner Corporation Limited (continued)

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*Auditor's responsibilities for the audit of the financial report (continued)*

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [http://www.aasb.gov.au/auditors\\_responsibilities/ar3.pdf](http://www.aasb.gov.au/auditors_responsibilities/ar3.pdf). This description forms part of our auditor's report.

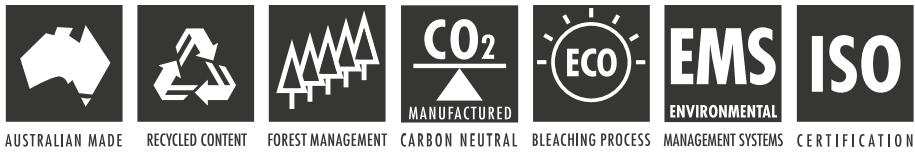
A handwritten signature in blue ink, appearing to read 'PwC', is written over a horizontal line.

PricewaterhouseCoopers

A handwritten signature in blue ink, appearing to read 'David Kennett', is written over a horizontal line.

David Kennett  
Partner

Melbourne  
14 February 2020



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