

Federation of  
Victorian Traditional  
Owner Corporations

# 2019–20 ANNUAL REPORT





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## ABOUT US

### OUR VISION

Traditional Owners strong on Country and leading the social, political, economic and cultural landscape.

### OUR PURPOSE

To facilitate and amplify Traditional Owner voices to self-determine their futures and to build on and strengthen collective interests and opportunities.

### OUR OBJECTIVE

To embed recognition, empower self-determination and enable capacity through facilitating, convening, communicating, advocating and amplifying the Traditional Owner voice.

### OUR VALUES

#### COMMUNITY

Working to achieve better outcomes for Victorian Traditional Owner communities.

#### CULTURE

Engaging with respect for Traditional Owners' cultural values, knowledge and practices.

#### COUNTRY

Recognising all Victorian Traditional Owners and respecting their primacy over Country, we come together to keep Country strong.

#### COLLABORATION

Participation in economic opportunities and decision-making processes, sharing knowledge and experience based on trust and mutual respect, creating a strong platform for our voices to be heard and aspirations to be realised.



## **OUR BACKGROUND**

The Federation was registered on 2 August 2013 as a public company limited by guarantee under the Corporations Act 2001 (Cth) and this shapes our corporate governance and financial reporting practices.

The Federation is registered with the Australian Charities and Not-for-Profit Commission and we are a public benevolent institution. The Federation's organisational objectives and governance structure are set out in the constitution of the company which is publicly available on the ACNC website.





...A new strategic plan  
for 2020-23 giving greater  
emphasis and focus towards  
supporting Traditional Owner  
Corporations and their  
communities.

# THE BOARD REPORT

**The Federation has always stood for self-determination. The Board's objectives in relation to advocating for reform and institutional arrangements that will embed the recognition of rights and interests, enable capacity and empower self-determination are lofty goals.**

While they may not be achieved overnight, this year's report evidences some significant achievements that contribute to the long term objectives and vision in support of Traditional Owner interests.

The Board is pleased to have approved a new strategic plan for 2020-23 giving greater emphasis and focus towards supporting Traditional Owner Corporations and their communities, strengthening the role in convening and facilitating the Traditional Owner voice as a key way to continue to build a strong advocacy platform and to support the greater recognition of Traditional Owners' authority and self-determination.

As we look forward, Treaty and the First Peoples' Assembly is set to become a key institution in Victoria. The Federation has sought to support the work of the Assembly through advice and in bringing together and sharing information on opportunities, issues and options, building on both international and our own experiences in Victoria. We are also mindful that over the coming years there will continue to be an evolving understanding of what Treaty can mean, and the Board is resolute that it will continue to support Traditional Owners to determine their own best positions and pathways.

While 2019-20 has brought some challenges, most notably with the Summer bushfires and Covid-19 in early 2020, the Board is pleased to note the continuing growth of the organisation, both in terms of the delivery of the services and financial stability, but also in its approach to meeting challenges and finding new ways to strengthen the contribution to the strategic direction and strengthen the role of the Federation in the broader Traditional Owner system in Victoria.

Midway through the 2019-20 year Marcus Stewart resigned as CEO to focus on his role as Co-Chair of the First Peoples' Assembly of Victoria. The Board congratulates Marcus in taking on that role and

acknowledges and thanks Marcus for his leadership and direction in the two years of establishing the Federation's organisational capacity and positioning and in driving an agenda for Traditional Owners, particularly in Treaty.

The Federation undertook a recruitment process and was very pleased to be able to appoint a Victorian Traditional Owner to the position. The new CEO, Paul Paton, has held several executive roles previously, including the Executive Officer at the Victorian Aboriginal Corporation for Languages and as a Director on the Board of First Nations Legal and Research Services. Together with his work at the Department of Environment, Land, Water and Planning, and the knowledge, skills and networks, Paul is well placed to strengthen the Federation's strategic focus on facilitating and convening the voices of Victorian Traditional Owners.

The Board acknowledges the smooth transition and Paul's focus on bringing the new strategic plan to life, and thanks the staff for continuing to fiercely advocate for the rights and interests of Traditional Owners and in strengthening the role of Traditional Owners particularly in the decision-making processes and institutions of government.

At the time of writing this Annual Report in November 2020, the Chairperson Jason Mifsud had tendered his resignation from the Board. The Board would like to thank Jason for his contribution to the Federation over the last two years, noting that this was a period of establishing and bedding in the organisation. The Board particularly recognises his insights in setting and renewing the Federation's strategic direction and positioning, and his acute sense of good governance and drive to maintaining accountability during his tenure.



Rodney Carter  
Chairperson



A close-up photograph of two round, purple berries hanging from a thin brown branch. The berries are in sharp focus, while the surrounding green leaves and other branches are blurred in the background. The lighting is natural, highlighting the texture of the berries and the vibrant green of the foliage.

...our work in facilitating native foods business development was a key achievement, launching the Djakitjuk Djanga program...



# CEO REPORT

**2019-20 has been a year of many aspects – consolidation, opportunities and change: Consolidation of the Federation’s existing program of work and creating a new strategic pathway to amplify the voices of Traditional Owners and contribute to the building of nations for a self-determined future.**

This year has also seen us witness and experience significant change through the disruption in the operating environment, particularly due to bushfires and then Covid-19, but also through our emerging program of work.

While acknowledging the significant work previously undertaken, as the incoming CEO, a key opportunity for me was to review and contribute to the new Strategic Plan. The plan reflects what we have learnt and as a result, the Board endorsed a new pathway strengthening the Federation’s focus on outcomes for community, stronger collaboration and recognition of culture.

These are exciting times, and we are committed to our role in facilitating and convening Traditional Owners to amplify their voices in our advocacy work, and to engage positively across all Traditional Owner groups to support their aspirations and strategies in self-determination mode.

However, there is still much more to be done. The developing partnerships with government, and broader recognition of the roles, rights and responsibilities of Traditional Owners beyond land management and cultural heritage is emerging. Over the coming year we will be forging new relationships in relation to developing opportunities for economic development, wellbeing and culture.

Treaty and self-determination are core drivers of the Federation’s outlook for the future of Victorian Traditional Owners. We will continue to support the work of the First Peoples’ Assembly including through the program of work in Treaty Readiness and Nation Building which was developed over the past year, and is being operationalised from 2020-21.

Our work in facilitating native foods business development was a key achievement, launching the Djakitjuk Djanga program in February 2020 with the Minister for Agriculture. This program will support the developing strategic approach to developing Traditional Owner leadership in the emerging industry, bridging economic and cultural regeneration.

Both the Nation Building Resource Pool and Djakitjuk Djanga programs have been entrusted to the Federation to manage. This is a strong endorsement of the Federation and its capacity to deliver support programs and a key way to ensure that funding and support is tailored and shaped from the ground up, thereby promoting and strengthening self-determination, knowledge sharing and collaboration.

As we emerge from the Covid-19 pandemic and learn to adjust to the new technologies and ways of operating, we’re committed to ensuring that the recognition of Traditional Owners is embedded, self-determination is empowered and capacity is enabled. Finally, I would like to acknowledge and thank all Federation staff for their ongoing dedication and commitment to supporting the emerging strength of the Traditional Owner Corporations and communities.



Paul Paton  
Chief Executive









# 2019-20 HIGHLIGHTS

## INTRODUCTION

The Board held a strategic retreat in February 2020 culminating in the new strategic plan for 2020-23. The retreat highlighted the focus of the Federation to strengthen the inclusive and collaborative approaches undertaken to facilitate and amplify Traditional Owner voices. It also highlighted a stronger focus on the operational activity for the Federation, including through the articulation of Four Pillars.

Through the new strategic plan framework a stronger emphasis has been placed on the integrated work of the Federation across the range of outputs, recognising that work streams at different times will emphasise and contribute to the expectations and the overarching objectives through our four pillars of:

- Advocacy
- Nation Building
- Knowledge Sharing
- Accountability



# ADVOCACY

## TREATY AND FIRST PEOPLES ASSEMBLY

During the first half of the 2019-20 year the Federation continued its engagement with Traditional Owners on Treaty Readiness, to engage, inform and empower Victorian Traditional Owners to progress 'treaty readiness' among all Traditional Owner groups, with a particular focus on Traditional Owners in the four regions of Victoria that do not yet have corporations with formal recognition. This work was synthesised into a report *Treaty Engagement: Final Report 2019* which was used to support and inform the establishment of the Victorian First Peoples' Assembly, including the development of electoral requirements and the on-going funding and information support requirements.

The Federation also played a key role as an advocate and advisor supporting the initial establishment and work of the Assembly, identifying and facilitating Traditional Owner issues to be considered and more broadly the understanding and implementation of the Treaty processes.

This included:

- Briefing the Treaty Advancement Commission on existing legal regimes around Traditional Owner Rights, including the *Aboriginal Heritage Act 2006*, *Native Title Act 1993*, and the *Traditional Owner Settlement Act 2010*, and more generally around models for the First Peoples Assembly of Victoria and the necessity of reserved seats for Traditional Owner Corporations.
- Preparing the "Roadmap" for the Assembly, a plain English guide to approaching the tasks required to be completed under the Treaty Act.
- A plain English guide to the obligations of the Assembly under the Treaty Act outlining the Assembly's role in creating the Treaty framework, treaty authority, self-determination fund, and dispute resolution process. Originally produced at the request of the Treaty Advancement Commission, this document became a key point of reference for the Assembly.



## NATION BUILDING PROGRAM AND RESOURCE POOL

Following the Budget announcements in 2019 for a Traditional Owner Nation-building Support Package, the Federation spent significant time advocating, developing and designing a program approach to nation building and treaty readiness, including the administration of the Nation-building Resource Pool and providing treaty readiness support that will continue to roll out over 2020-22.

The program is intended to provide flexible support to all Traditional Owner groups to enable their self-determination, identify and engage in nation building priorities and prepare for future Treaty negotiations and is overseen by a Partnership of First Nations Legal & Research Services and Aboriginal Victoria together with the Federation.

## CULTURAL LANDSCAPES STRATEGY

Over the course of 2019-20 the Federation facilitated the development of a Cultural Landscapes Strategy. Led by Traditional Owners, Elders and Knowledge Holders, and Traditional Owner Corporation staff from around the State, the Cultural Landscapes Strategy seeks to create a bridging tool that provides a pathway for Traditional Owners to heal Country and their communities. Through partnership in a co-design process, the Federation, in conjunction with Parks Victoria and DELWP, has worked in self-determination mode with Traditional Owners to express those aspects of planning for, and management of, Country that are of critical importance and significant priority to them.

The Strategy will assist DELWP and PV to integrate the Forest Management Strategy and the Land Management Plan for the two organisations respectively.

Traditional Owner skills, knowledge and practices have been drawn together through a collaborative governance model to create a pathway for management practices to be repatriated and enable a dialogue to commence with government land managers within a framework that does not exclude world views, strengthens individual and collective cultural identities, and cares for Country.

## NATIVE FOODS AND BOTANICALS STRATEGY

During 2019-20, the Federation sought funding for, and undertook, several interrelated program areas of work to engage with Traditional Owners on Native Foods and Botanicals. The themes arising from this work were identified through deep engagement with Traditional Owners, Elders and Knowledge Holders, and Traditional Owner Corporation staff and consistently indicated the need for strengthening Traditional Owner rights and recognition in relation to cultural values, knowledge and practice.

A governance group, comprising Traditional Owners and government representatives was established to guide development of the strategy. A highlight of this program area was the Federation's convening of several workshops and Virtual Yarning Circles, bringing together Traditional Owners, key experts, industry practitioners and international speakers to discuss a range of topics including 'data sovereignty', Access and Benefit Sharing, Indigenous Cultural and Intellectual Property, the Nagoya Protocol and cultural knowledge as key areas of concern not only in bushfoods, but more generally, in recognising the provenance of Indigenous science and knowledge.

Development work is in its final stages and will be completed in the first half of 2020-21.





## DJAKITJUK DJANGA INDUSTRY DEVELOPMENT PROGRAM

The Djakitjuk Djanga program was launched in February 2020. In partnership with the Federation, the Minister for Agriculture, the Hon. Jaclyn Symes, launched the program which aims to support the development of a Traditional Owner-led native foods and botanicals industry in Victoria. The Federation is responsible for managing the grant program and currently provides support to Aboriginal businesses in regional Victoria. A Community of Practice will be established in the first half of 2020-21 to drive key issues for Traditional Owners and provide impetus to the development of a burgeoning Traditional-Owner led industry.

## ABORIGINAL WATER ROADMAP

In conjunction with MLDRIN and DELWP, the Federation has engaged with Traditional Owner Corporations to inform and plan activities that will contribute to the development of a State-wide aboriginal Roadmap. This will enable Victorian Traditional Owners to drive and advocate for changes to the regulatory and management systems for water and has culminated in the development of a project to support Traditional Owners to articulate their aspirations and strategies regarding water ownership and management in Victoria and bring this understanding to the complex and interwoven regulatory environment that is currently exclusive of Traditional Owner involvement.

In advocating for the Aboriginal Water Roadmap and an approach that gives primacy to Traditional Owner leadership and participation, the Federation has ensured that it will be founded on the key principles of:

- a. Self-Determination;
- b. Activating Rights;
- c. Strong Community;
- d. Restore and Reclaim Knowledge and Practice;
- e. Healthy Country.

In 2020-21 the Federation will focus on engaging with Traditional Owners, Elders and Knowledge Holders, and Traditional Owner Corporations to amplify the voice of Traditional Owners and establish their direct involvement as experts in managing water on Country while seeking opportunities to establish the pre-conditions to own water in their own right.

## FIRST PRINCIPLES REVIEW

Following the 2018-19 'Templates Review', convened and facilitated by the Federation and supported by Traditional Owners, we advocated for a broader review to focus on the principles and legislation that underpin and mandate the State's settlement policy requirements and opportunities under the Traditional Owner Settlement Act. This led to the establishment of a First Principles Review.

While the Templates Review was intended to help clarify and strengthen processes around Land Use Activities on Crown Land and the exercise of rights under natural resource agreements, the First Principles Review has a broader approach. Key areas of focus are increasing Traditional Owner rights on Country, particularly in relation to accessing and managing natural resources, including on Public Land and State Game Reserves; improving compensation especially through recognition of the 'Timber Creek' case; expanding economic development options particularly to recognise and strengthen the sustainability of Traditional Owner Corporations; and improving implementation and compliance with regard to the State's obligations.

The First Principles Review commenced in February 2020, and is expected to be completed in early 2021. A key highlight is the way in which it is being conducted, with the Federation convening a broad committee made up of individual Traditional Owners and Traditional Owner Corporations, that also meets regularly with senior executives from the State to negotiate and develop change to policy and legislation.





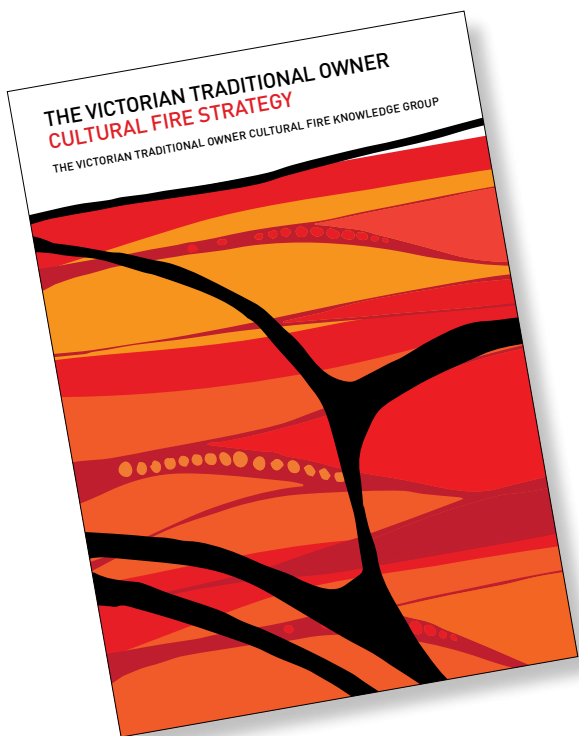


# NATION BUILDING

## CULTURAL FIRE STRATEGY – IMPLEMENTATION PLANNING

Following the development of the Cultural Fire Strategy, the Federation has worked with Traditional Owner Corporations to support implementation planning by facilitating the development of budget proposals and building on the collective insights gained. It is intended that Implementation Plans will be submitted to the Victorian Government in 2020-21.

In addition to enhancing capacity to undertake cultural burning for cultural values, this work has strengthened a broader understanding of the requirements to support planning systems, standards and accreditation, delivery of cultural fire practices by Traditional Owners for Traditional Owners, and greater focus on protection of cultural heritage.



## READING COUNTRY

In 2019-20, a pilot Reading Country program was established with a particular focus on Sea Country and the adjacent coastal hinterland with two Traditional Owner Corporations in the Port Phillip Bay area. The program was established with funding support from DELWP to support Traditional Owners to design and develop their own data collection and management systems for Sea Country values, thereby supporting their aspirations to identify and develop bio-cultural data collection and management systems responsive to their own needs. This program area of work will assist to identify and contribute to the development of a stronger State-wide approach to managing Sea Country by understanding the appropriate knowledge protection and sharing mechanisms.

## MARINE AND COASTAL ACT STRATEGY (SEA COUNTRY PLANNING)

The Federation advocated for, and supported the development of, Sea Country planning processes with Traditional Owner Corporations in three key marine and coastal areas in the West and East of the State. These processes supported Traditional Owner Corporations to develop strategies, participate in and drive their priorities in relation to Sea Country planning and in particular the formation of Regional and Strategic Partnerships, which were established as a mechanism under the Marine and Coastal Act 2018.

These initiatives built on the Federation's facilitation and convening of Traditional Owners as Co-chairs of the Sea Country Governance Group (SeaCoGG) and in particular the formation of the Sea Country Knowledge Holder Group which enabled Traditional Owners to share knowledge consistent with customary cultural practices and provide advice on Traditional Owner rights and interests in the development of the new Marine and Coastal Act Strategy. Over the coming year further development of the frameworks and decision-making processes is expected.



# KNOWLEDGE SHARING

## TREATY DISCUSSION PAPERS

The Federation is developing a suite of Treaty discussion papers that support the foundations for, and development of, Treaty in Victoria. In 2019-20 the first two were completed on 'Understanding the Landscape: Foundations and Scope of a Victorian Treaty' and 'Sovereignty in the Victorian context'. The next papers in the series, and accompanying information and seminars are being rolled out during 2020/21.

The Federation has undertaken this work to provide a foundational resource for the Assembly and Traditional Owners, as a key way to draw on the Federation's unique position and understanding of the Victorian political and legal context and building on our extensive experience of the Native Title Act and Traditional Owner Settlement Act.

## CEO FORUM

The CEO Forum was initiated in 2019-20 with invitations to all Traditional Owner Corporations. It is convened by the Federation as a forum for sharing information and experience across a range of policy and practical matters affecting Traditional Owner Corporations and their communities. Over the course of the year over 20 papers were presented and discussed with CEOs providing direction to the Federation on priorities and pathways, and sharing insights and opportunities to support one another.

## TRADITIONAL OWNER SCIENCE ADVISORY GROUP

Based on the forestry and cultural fire management program areas of work, the Federation convened a committee comprising Traditional Owners, Elders and Knowledge Holders to facilitate the activation of Indigenous knowledge and to develop appropriate ways for respectful integration of Indigenous knowledge, science and world views with western scientific ontologies. This is an area of emerging critical importance with considerable opportunity for strengthening the recognition of Traditional Owner knowledge while ensuring appropriate governance, management and leadership is driven through self-determination.

# ACCOUNTABILITY

## ABORIGINAL EXECUTIVE COUNCIL

The Federation, represented through the CEO, is a member of the Aboriginal Executive Council. Over the past year the Federation has strengthened the Council's recognition of the role of Traditional Owners and their Corporations alongside the range of other Aboriginal controlled organisations. Key areas that the Federation advocated for were in respect of self-determination and funding reform, to ensure a stronger recognition of Traditional Owners' rights, responsibilities and recognition.

In the second half of the 2019-20 period, much of the Council's work focused on Covid-19 responsiveness and reviewing progress and reporting through the Victorian Government Aboriginal Affairs Report. The Federation has taken a lead in examining the framework and results, particularly to reflect the interests of Traditional Owners in respect of matters relating to the themes of Culture and Country. Over the coming months as this work progresses we will continue to advocate for a strong voice for Traditional Owners and better recognition and stronger accountability measures for government.

## VICTORIAN ABORIGINAL LOCAL GOVERNMENT STRATEGY

The Federation was a member of the committee overseeing the revision and development of the Victorian Aboriginal Local Government Strategy. The Federation advocated for a principles-led approach to support relationships and recognition of Traditional Owner interests and rights within the local government frameworks, and ensured that the commitment to self-determination, governance and accountability mechanisms strongly reflected Traditional Owner structures. Together with changes to the Local Government Act there is a stronger enabling environment and accountability for local councils to partner with Traditional Owners, agree to shared priorities and plans and build relationships for collaborative governance and genuine participation.





# FINANCIAL STATEMENTS



**Federation of Victorian Traditional  
Owner Corporation Limited**

ABN 40 164 514 121

**Annual report  
for the year ended 30 June 2020**



**Federation of Victorian Traditional Owner Corporation  
Limited** ABN 40 164 514 121  
**Annual report - 30 June 2020**

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**Directors' report**

Your directors present their report on the consolidated entity consisting of Federation of Victorian Traditional Owner Corporation Limited and the entities it controlled at the end of, or during, the year ended 30 June 2020. Throughout the report, the consolidated entity is referred to as the group.

**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 unless otherwise stated:

Matthew Burns	Continued – Appointed 5 March 2018
Dan Turnbull	Continued – Appointed 17 May 2018
Rodney Carter	Continued – Appointed 6 November 2018
Trent Nelson	Continued – Appointed 7 November 2018
Robert Ogden	Continued – Appointed 20 November 2018
Janine Coombs	Resigned 5 September 2019
Michael Harding	Resigned 13 November 2019
Robby Knight	Resigned 25 November 2019
Jamie Lowe	Resigned 13 January 2020
Dylan Clarke	Resigned 22 January 2020
Darren Perry	Resigned 23 January 2020
Jason Mifsud	Resigned 3 November 2020
Sherryn Antonopoulous	Appointed 13 November 2019 and resigned on 24 January 2020
Tim McCartney	Appointed 22 October 2019 and resigned on 22 January 2020
Glendle Schrader	Appointed 3 December 2020
Marcus Clarke	Appointed 5 February 2020
Norman Wilson	Appointed 5 February 2020
Perry Wandin	Appointed 5 August 2020
Grant Hansen	Appointed 5 August 2020

**Meetings of directors**

The numbers of meetings of the group's board of directors and of each board committee held during the year ended 30 June 2020, and the numbers of meetings attended by each director were:

		<b>Full meetings of directors</b>	
		<b>Number eligible to attend</b>	<b>Number attended</b>
<b>Directors</b>	<b>Appointing Member</b>		
Dan Turnbull	Bunurong Land Council Aboriginal Corporation	5	4
Darren Perry	First People of Millewa-Mallee Aboriginal Corporation	3	2
Dylan Clarke	Barengi Gadjin Land Council Aboriginal Corporation	3	-
Glendle Schrader	First People of Millewa-Mallee Aboriginal Corporation	2	2
Jamie Lowe	Eastern Maar Aboriginal Corporation	3	3
Janine Coombs	Barengi Gadjin Land Council Aboriginal Corporation	-	-
Jason Mifsud	Eastern Maar Aboriginal Corporation	5	5
Marcus Clarke	Eastern Maar Aboriginal Corporation	2	2
Matt Burns	Taungurung Land and Waters Council	5	5
Michael Harding	Taungurung Land and Waters Council	1	1
Norm Wilson	First People of Millewa-Mallee Aboriginal Corporation	2	1
Robby Knight	First People of Millewa-Mallee Aboriginal Corporation	1	1
Robert Ogden	Bunurong Land Council Aboriginal Corporation	5	4
Rodney Carter	Dja Dja Wurrung Clans Aboriginal Corporation	5	4
Sherryn Antonopoulous	Taungurung Land and Waters Council	2	2
Tim McCartney	Barengi Gadjin Land Council Aboriginal Corporation	2	2
Trent Nelson	Dja Dja Wurrung Clans Aboriginal Corporation	5	3



### **Principal activities**

The group engages with various government agencies to provide services relating to national resource management and economic development, specifically in relation to traditional owner interests.

### **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 2020, 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**

The COVID-19 outbreak was declared a pandemic by the World Health Organisation in March 2020. The outbreak and the response of Governments in dealing with the pandemic is interfering with general activity levels within the community and the economy, particularly in Victoria where the company carries out its work. The group has continued its operations since March 2020 with all employees working remotely. The situation is unprecedented and management continues to consider the potential implications of COVID-19, which may include availability of employees and contractors, ongoing remote working arrangements, the availability and amount of government funding over the medium and long term and the ongoing performance of the Barpa joint venture. However, as at the date these financial statements were authorised, the group was not aware of any material adverse effects on the financial statements or future results as a result of the COVID-19.

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

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

On Country Heritage Consulting Pty Limited, in which the company had a 55% interest, was deregistered on 20 August 2020.

Except as noted above, no other matter or circumstance has arisen since 30 June 2020 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 group**

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*.

**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 4 and forms part of the Director's report.

**Rounding of amounts**

The company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with the instrument to the nearest dollar.

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



Matthew Burns  
Director



Rodney Carter  
Director

Melbourne  
18 December 2020



## *Auditor's Independence Declaration*

As lead auditor for the audit of Federation of Victorian Traditional Owner Corporation Limited for the year ended 30 June 2020, 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.



David Kennett  
Partner  
PricewaterhouseCoopers

Melbourne  
18 December 2020

# Federation of Victorian Traditional Owner Corporation Limited ABN 40 164 514 121 Financial report - 30 June 2020

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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 22. The financial statements are presented in the Australian dollar (\$).

The financial statements were authorised for issue by the directors on \_\_\_\_\_2020. The directors have the power to amend and reissue the financial statements.

**Federation of Victorian Traditional Owner Corporation Limited**  
**Consolidated statement of comprehensive income**  
**For the year ended 30 June 2020**

	Notes	2020 \$	2019 \$
<b>Income</b>			
Revenue from government		6,212,470	5,785,852
Project income		488,776	429,423
Interest		2,460	7,067
Other income	5	345,606	151,086
		7,049,312	6,373,428
<b>Expenses</b>			
Employee benefits expense	6	(4,773,161)	(4,037,523)
Depreciation expense	6	(423,374)	(231,288)
Consultants		(622,780)	(667,217)
Leasehold property rental		(2,056)	(244,988)
Other occupancy expenses		(88,969)	(66,864)
Office expenses		(540,793)	(445,641)
TO - Claimant meeting expenses		(429,287)	(950,963)
Motor vehicle expenses		(33,942)	(18,685)
Other expenses		(189,072)	(87,699)
Finance costs		(18,368)	-
Share of net profit of associates accounted for using equity method		586,909	747,446
<b>Surplus before income tax</b>		<b>514,419</b>	<b>370,006</b>
Income tax expense	7	(138,704)	(102,778)
<b>Surplus for the year</b>		<b>375,715</b>	<b>267,228</b>
<b>Other comprehensive income for the year, net of tax</b>		-	-
<b>Total comprehensive surplus for the year</b>		<b>375,715</b>	<b>267,228</b>

*The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.*



**Federation of Victorian Traditional Owner Corporation Limited**  
**Consolidated statement of financial position**  
**As at 30 June 2020**

	Notes	2020 \$	2019 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	8	4,759,205	2,438,276
Trade and other receivables	9	211,764	355,119
Current tax receivables		77,379	-
<b>Total current assets</b>		<u>5,048,348</u>	<u>2,793,395</u>
<b>Non-current assets</b>			
Investments accounted for using the equity method	10	1,130,355	747,496
Property, plant and equipment	11	249,539	317,134
Right-of-use assets	12	1,063,298	-
<b>Total non-current assets</b>		<u>2,443,192</u>	<u>1,064,630</u>
<b>Total assets</b>		<u>7,491,540</u>	<u>3,858,025</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	13	981,078	629,047
Lease liabilities	12	249,002	-
Provisions	14	90,538	-
Deferred income	15	2,392,921	919,707
Employee benefit obligations	16	673,202	501,630
<b>Total current liabilities</b>		<u>4,386,741</u>	<u>2,050,384</u>
<b>Non-current liabilities</b>			
Lease liabilities	12	747,707	-
Deferred tax liabilities		241,482	102,778
Employee benefit obligations	17	104,546	69,514
<b>Total non-current liabilities</b>		<u>1,093,735</u>	<u>172,292</u>
<b>Total liabilities</b>		<u>5,480,476</u>	<u>2,222,676</u>
<b>Net assets</b>		<u>2,011,064</u>	<u>1,635,349</u>
<b>EQUITY</b>			
Accumulated surplus	18	2,011,064	1,635,349
<b>Total equity</b>		<u>2,011,064</u>	<u>1,635,349</u>

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

**Federation of Victorian Traditional Owner Corporation Limited**  
**Consolidated statement of changes in equity**  
**For the year ended 30 June 2020**

	<b>Accumulated surplus \$</b>	<b>Total equity \$</b>
<b>Balance at 1 July 2018</b>	<u>1,368,121</u>	<u>1,368,121</u>
Surplus for the year	<u>267,228</u>	<u>267,228</u>
<b>Total comprehensive surplus for the year</b>	<b><u>267,228</u></b>	<b><u>267,228</u></b>
<b>Balance at 30 June 2019</b>	<b><u>1,635,349</u></b>	<b><u>1,635,349</u></b>
<b>Balance at 1 July 2019</b>	<u>1,635,349</u>	<u>1,635,349</u>
Surplus for the year	<u>375,715</u>	<u>375,715</u>
<b>Total comprehensive surplus for the year</b>	<b><u>375,715</u></b>	<b><u>375,715</u></b>
<b>Balance at 30 June 2020</b>	<b><u>2,011,064</u></b>	<b><u>2,011,064</u></b>

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

**Federation of Victorian Traditional Owner Corporation Limited**  
**Consolidated statement of cash flows**  
**For the year ended 30 June 2020**

	Notes	2020 \$	2019 \$
<b>Cash flows from operating activities</b>			
Receipts from course of operations		9,256,167	6,897,376
Payments to suppliers and employees		<u>(6,773,133)</u>	<u>(6,384,217)</u>
		2,483,034	513,159
Interest received		2,460	7,067
Interest paid		<u>(35,255)</u>	-
<b>Net cash inflow from operating activities</b>		<u>2,450,239</u>	<u>520,226</u>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		<u>(94,292)</u>	<u>(197,781)</u>
<b>Net cash outflow from investing activities</b>		<u>(94,292)</u>	<u>(197,781)</u>
<b>Cash flows from financing activities</b>			
Principal elements of lease payments		<u>(239,018)</u>	-
Dividend received from joint venture		<u>204,000</u>	-
<b>Net cash (outflow) from financing activities</b>		<u>(35,018)</u>	-
<b>Net increase in cash and cash equivalents</b>			
Cash and cash equivalents at the beginning of the financial year		2,320,929	322,445
		<u>2,438,276</u>	<u>2,115,831</u>
<b>Cash and cash equivalents at the end of the financial year</b>	8	<u>4,759,205</u>	<u>2,438,276</u>

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



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## 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 group

The group has applied the following standards and amendments for first time in their annual reporting period commencing 1 July 2019:

- AASB 16 *Leases*
- AASB 15 *Revenue from Contracts with Customers*
- AASB 1058 *Income of Not-for-Profit Entities*

The group also elected to adopt the following amendments early:

- AASB 2020-4 *Amendments to Australian Accounting Standards - Covid-19-Related Rent Concessions*

The group had to change its accounting policies as a result of adopting AASB 15, AASB 16 and AASB 1058. There was no impact from the change to AASB 15 and AASB 1058. For AASB 16, the group elected to adopt the new rules retrospectively but recognised the cumulative effect of initially applying the new standard on 1 July 2019. This is disclosed in note 2. The other amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

#### (iv) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2020 reporting periods and have not been early adopted by the group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

#### (v) 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.

## **1 Summary of significant accounting policies (continued)**

### **(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 where 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.

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.

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.

Where 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(f).

### **(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.



## **1 Summary of significant accounting policies (continued)**

### **(c) Revenue recognition (continued)**

#### *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.

#### *Other income*

Other income consists of various, miscellaneous and one-off items, including bookkeeping service fees, legal fees and cost reimbursements.

### **(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.

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.

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.

## **1 Summary of significant accounting policies (continued)**

### **(d) Income tax (continued)**

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.

### **(e) Leases**

As explained in note 1(a), the group has changed its accounting policy for leases where the group is the lessee. The impact of the change is described in note 2.

Until 30 June 2019, leases in which a significant portion of the risks and rewards of ownership were not transferred to the group as lessee were classified as operating leases (note 20). Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease. From 1 July 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group.

Contracts may contain both lease and non-lease components. The group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable,
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date,
- amounts expected to be payable by the group under residual value guarantees,

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received,
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by Federation of Victorian Traditional Owner Corporation Limited, which does not have recent third party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

The group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Right-of-use assets are measured at cost comprising the following:

## **1 Summary of significant accounting policies (continued)**

### **(e) Leases (continued)**

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

### **(f) 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 that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting year.

### **(g) 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.

### **(h) 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.

### **(i) 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.

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.



## 1 Summary of significant accounting policies (continued)

### (i) Property, plant and equipment (continued)

Depreciation is calculated using the straight-line method to allocate the cost or revalued amounts of the assets, net of their residual values, over their estimated useful lives 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(f)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

### (j) 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.

### (k) 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 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 liabilities are presented as current employee benefit obligations in the consolidated statement of financial position.

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

The group also has liabilities for long service leave and annual leave that are not expected to be settled wholly within 12 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.

## **1 Summary of significant accounting policies (continued)**

### **(l) 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.

### **(m) 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.

### **(n) Rounding of amounts**

The company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with the instrument to the nearest dollar.

### **(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.

## 2 Changes in accounting policies

This note explains the impact of the adoption of AASB 16 *Leases* on the group's financial statements.

As indicated in note 1(a) above, the group has adopted AASB 16 *Leases* retrospectively from 1 July 2019, but has not restated comparatives for the 2019 reporting year, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 July 2019. The new accounting policies are disclosed in note 1(e).

On adoption of AASB 16, the group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of AASB 117 *Leases*. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 July 2019.

### (i) Practical expedients applied

In applying AASB 16 for the first time, the group has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics,
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review - there were no onerous contracts as at 1 July 2019,
- accounting for operating leases with a remaining lease term of less than 12 months as at 1 July 2019 as short-term leases,
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the group relied on its assessment made applying AASB 117 and Interpretation 4 *Determining whether an Arrangement contains a Lease*.

### (ii) Measurement of lease liabilities

	2020
	\$
Operating lease commitments disclosed as at 30 June 2019	1,270,416
Discounted using the lessee's incremental borrowing rate of at the date of initial application	1,235,727
<b>Lease liability recognised as at 1 July 2019</b>	<b><u>1,235,727</u></b>
Of which are:	
Current lease liabilities	239,018
Non-current lease liabilities	996,709
	<u>1,235,727</u>

### 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 group's risk related to trade receivables is managed by credit control assessing the credit worthiness of customers on an individual customer basis.

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.

### 4 Income

	2020	2019
	\$	\$
Revenue from government	6,212,470	5,785,852
Project income	488,776	429,423
Interest	2,460	7,067
<b>Total income</b>	<b>6,703,706</b>	<b>6,222,342</b>



Federation of Victorian Traditional Owner Corporation Limited  
Notes to the consolidated financial statements  
30 June 2020  
(continued)

**5 Other income**

	2020	2019
	\$	\$
Franking credit refund	77,379	-
Other income	268,227	151,086
	<b>345,606</b>	<b>151,086</b>

**6 Expenses**

	2020	2019
	\$	\$
<i>Employee costs</i>		
Wages and salaries	4,230,418	3,151,494
Redundancies	50,876	518,567
Superannuation	436,270	297,032
Other	55,597	70,430
	<b>4,773,161</b>	<b>4,037,523</b>
 <i>Depreciation</i>		
Right of use assets	261,486	-

**7 Income tax expense**

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

	2020	2019
	\$	\$
Profit from continuing operations before income tax expense	514,419	370,006
Tax at the Australian tax rate of 30.0% (2019 - 27.5%)	141,465	101,752
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)
Adjustment to deferred tax for change in tax rate	9,344	-
Under/over provision from the prior year	(12,105)	-
Non-assessable income	-	87,963
Income tax expense	<b>138,704</b>	<b>102,778</b>

Federation of Victorian Traditional Owner Corporation Limited  
Notes to the consolidated financial statements  
30 June 2020  
(continued)

**8 Current assets - Cash and cash equivalents**

	2020 \$	2019 \$
Cash at bank	4,759,205	2,438,072
Deposits at call	-	204
	4,759,205	2,438,276

\$3,251,250 was held in the company's operating bank account at 30 June 2020 that relates to the Nation Building Resource Pool for Traditional Owners. The company is a partner with the Department of Premier and Cabinet in administering the program. The amount has not been included in the cash balance in the group's financial statements.

Subsequent to year-end, the amount was transferred to a separate bank account.

**9 Current assets - Trade and other receivables**

	2020 \$	2019 \$
Trade receivables	150,565	299,020
Other receivables	-	32,477
Prepayments	61,199	23,622
	211,764	355,119

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

	2020 \$	2019 \$
Investment in Koori HR Pty Ltd	-	50
Investment in Barpa Pty Ltd	1,130,355	747,446
	1,130,355	747,496

Movement of investments in Bapra Pty Ltd:

	2020 \$	2019 \$
Investment in Barpa Pty Ltd		
Opening balance	747,446	-
Add: Share of profit	586,909	1,074,603
Less: Dividend paid	(204,000)	-
Less: Share of prior period losses	-	(327,157)
Closing balance	1,130,355	747,446

**10 Non-current assets - Investments accounted for using the equity method  
(continued)**

Movement of investments in Koori Pty Ltd:

	2020	2019
	\$	\$
Investment in Koori HR Pty Ltd		
Opening balance	50	50
Less: Share of loss	(50)	-
Closing balance	-	50

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

	Office fit out	Motor vehicles	Computers	Work in progress	Total
Non-current	\$	\$	\$	\$	\$
<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
 <b>Year ended 30 June 2020</b>					
Opening net book amount	17,699	92,833	98,059	108,543	317,134
Additions	30,460	-	63,829	-	94,289
Transfers	-	-	108,543	(108,543)	-
Depreciation charge	(22,855)	(42,600)	(96,429)	-	(161,884)
Closing net book amount	25,304	50,233	174,002	-	249,539
 <b>At 30 June 2020</b>					
Cost	30,461	142,012	273,240	-	445,713
Accumulated depreciation	(5,157)	(91,779)	(99,238)	-	(196,174)
Net book amount	25,304	50,233	174,002	-	249,539

## 12 Leases

This note provides information for leases where the group is a lessee.

### (a) Amounts recognised in the consolidated statement of financial position

The consolidated statement of financial position shows the following amounts relating to leases:

	2020	2019
	\$	\$
<b>Right-of-use assets</b>		
Buildings	1,063,298	1,235,727
	1,063,298	1,235,727
<b>Lease liabilities</b>		
Current	249,002	239,018
Non-current	747,707	996,709
	996,709	1,235,727

Additions to the right-of-use assets during the 2020 financial year were \$nil.

### (b) Amounts recognised in the consolidated statement of comprehensive income

The consolidated statement of comprehensive income shows the following amounts relating to leases:

	2020	2019
	\$	\$
<b>Depreciation charge of right-of-use assets</b>		
Buildings	261,486	-
	261,486	-
Interest expense	18,368	-

The total cash outflow for leases in 2020 was \$255,905.

## 13 Current liabilities - Trade and other payables

	2020	2019
	\$	\$
Trade payables	775,513	497,696
Sundry creditors and accruals	205,565	131,351
	981,078	629,047

## 14 Current liabilities - Provisions

	2020	2019
	\$	\$
Make good provision	90,538	-



## 15 Current liabilities - Deferred income - unexpended grants

	2020 \$	2019 \$
Unexpended grants - Federal	633,721	326,592
Unexpended grants - State	1,759,200	593,115
	2,392,921	919,707

## 16 Current liabilities - Employee benefit obligations

	2020 \$	2019 \$
Leave obligations	673,202	501,630

### Leave obligations

The leave obligations cover the group's liabilities for long service leave and annual leave which are classified as either other long-term benefits or short-term benefits, as explained in note 1(k).

## 17 Non-current liabilities - Employee benefit obligations

	2020 \$	2019 \$
Leave obligations	104,546	69,514

## 18 Accumulated surplus

Movements in accumulated surplus were as follows:

	2020 \$	2019 \$
Balance 1 July	1,635,349	1,368,121
Net surplus for the year	375,715	267,228
Balance 30 June	2,011,064	1,635,349

## 19 Contingencies

The group had no contingent liabilities at 30 June 2020 (2019: nil).

## 20 Commitments

### (a) Capital commitments

The group had no capital commitments at 30 June 2020 (2019: nil).

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

#### *Non-cancellable operating leases*

From 1 July 2019, the group has recognised right-of-use assets for these leases, except for short-term and low-value leases, see note 12 and note 2 for further information.

## 20 Commitments (continued)

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

*Non-cancellable operating leases (continued)*

	2020	2019
	\$	\$
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	-	252,997
Later than one year but not later than five years	-	1,017,419
	-	1,270,416

## 21 Related party transactions

### (a) Key management personnel compensation

	2020	2019
	\$	\$
Total compensation	1,309,942	1,042,284

### (b) Transactions with other related parties

During the year, no consultancy fees were paid to entities controlled by the directors (2019: \$nil).

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

## 22 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 **	
			2020 %	2019 %
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 2020. 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.

## 22 Interests in other entities (continued)

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

Name of entity	Country of incorporation	Class of shares	Equity holding	
			2020 %	2019 %
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

## 23 COVID-19 impact

The COVID-19 outbreak was declared a pandemic by the World Health Organisation in March 2020. The outbreak and the response of Governments in dealing with the pandemic is interfering with general activity levels within the community and the economy, particularly in Victoria where the company carries out its work. The group has continued its operations since March 2020 with all employees working remotely. The situation is unprecedented and management continues to consider the potential implications of COVID-19, which may include availability of employees and contractors, ongoing remote working arrangements, the availability and amount of government funding over the medium and long term and the ongoing performance of the Barpa joint venture. However, as at the date these financial statements were authorised, the group was not aware of any material adverse effects on the financial statements or future results as a result of the COVID-19.

## 24 Events occurring after the reporting period

On Country Heritage Consulting Pty Limited, in which the company had a 55% interest, was deregistered on 20 August 2020.

Except as disclosed in note 23, no other matter or circumstance has arisen since 30 June 2020 that has significantly affected the group's operations, results or state of affairs, or may do so in future years.

## 25 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:

	2020 \$	2019 \$
Liability to third parties	<b>3,983,607</b>	565,183
Represented by:		
Term deposits	<b>723,040</b>	565,387
Cash and cash equivalents	<b>3,260,567</b>	(204)
	<b>3,983,607</b>	565,183

## 26 Parent entity financial information

### (a) Summary financial information

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

	2020 \$	2019 \$
Statement of financial position		
Current assets	2,426,762	1,212,124
Non-current assets	74,275	85,322
Total assets	2,501,037	1,297,446
Current liabilities	334,230	980,855
Non-current liabilities	1,687,055	12,170
Total liabilities	2,021,285	993,025
<i>Shareholders' equity</i>		
Retained earnings	479,752	304,421
	<u>479,752</u>	<u>304,421</u>
<b>Profit/(loss) for the year</b>	<u>175,331</u>	(558,508)
<b>Total comprehensive income/(loss)</b>	<u>175,331</u>	(558,508)

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

The parent entity did not have any contingent liabilities as at 30 June 2020 or 30 June 2019.



**Federation of Victorian Traditional Owner Corporation Limited**  
**Directors' declaration**  
**30 June 2020**

**In the directors' opinion:**

- (a) the financial statements and notes set out on pages 5 to 27 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 2020 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 the directors.



Matthew Burns  
Director



Rodney Carter  
Director

Melbourne  
18 December 2020

## *Independent auditor's report*

To the members of Federation of Victorian Traditional Owner Corporation Limited

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### *Our opinion*

In our opinion:

The accompanying financial report of Federation 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 2020 and of its financial performance for the year then ended
- (b) complying with Australian Accounting Standards - Reduced Disclosure Requirements and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

### ***What we have audited***

The financial report comprises:

- the consolidated statement of financial position as at 30 June 2020
- 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 financial statements, which include a summary of significant accounting policies
- the directors' declaration.

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### *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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### *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 2020, including the director's report, 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 identified above 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 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 in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012* and for 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.



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.auasb.gov.au/auditors\\_responsibilities/ar3.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf). This description forms part of our auditor's report.

A handwritten signature in blue ink that reads 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

A handwritten signature in blue ink that reads 'David Kennett'.

David Kennett  
Partner

Melbourne  
18 December 2020





**Federation of  
Victorian Traditional  
Owner Corporations**