

### Traditional Owner Corporations' asset growth

Traditional Owner Corporations represent the thousands of members and wider families of Victoria's Traditional Owners. They are the key entities that hold and manage collectively owned assets, rights and interests and obligations on behalf of current and future members.<sup>1</sup>

The economic growth and contribution of the corporations is uniquely characterised by having no shareholders that can buy and sell their interests and the 'forever', long term and intergenerational nature of the interests.

Traditional Owner Corporations are strengthening their position year by year. **In the four years since 2010, the combined asset base of the Federation has more than tripled in value, from \$13.5m to \$47.2m.**

The graph below shows this strong upward trend. Some of this growth is through government contributions to settlement funds. The dotted line shows the growth of the assets, excluding the \$5m sum provided in trust in 2014 to the Dja Dja Wurrung settlement.



**As a whole, the asset base has a strong core of investment focused capital for growth and income, in liquid and property assets.** In 2014 this was estimated to be around 80% of the total assets. Furthermore, of the total assets around 70% was recognised as current assets, indicating a strong ability to capitalise on opportunities as they arise.

The liability to asset ratio has remained steady ranging between 13% and 17% since 2010. The liabilities are largely due to prepayments and funds received before delivery of services. This tends to suggest that the corporations have intermittent capacity constraints, but this is generally seen as a short term issue and trust remains high in the corporations' ability to deliver on these commitments.

1 The Traditional Owner Corporations included in this fact sheet are those recognised by the Federation of Victorian Traditional Owner Corporations as members or which have the potential to be members, and includes those with settlements and determinations, or with claims pending. The asset base includes funds held on behalf of Traditional Owner Corporation. Figures derived from ORIC and NTSV sources.

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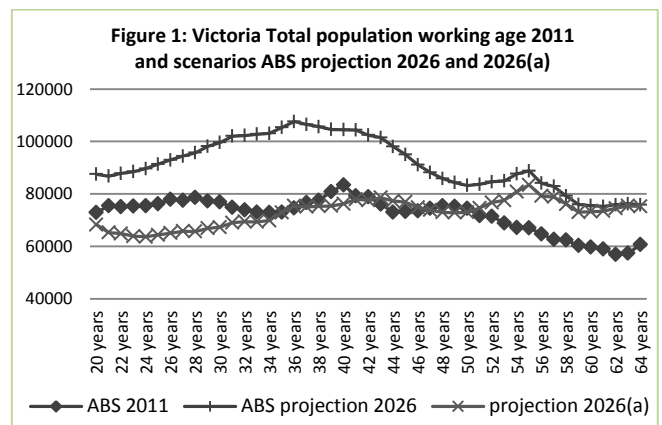
### Economic growth – working age population

The working age<sup>i</sup> population is the engine room of the economy. Working age is the period when people earn income and build savings. Income is driven particularly by employment, education and training and through growth of opportunities.

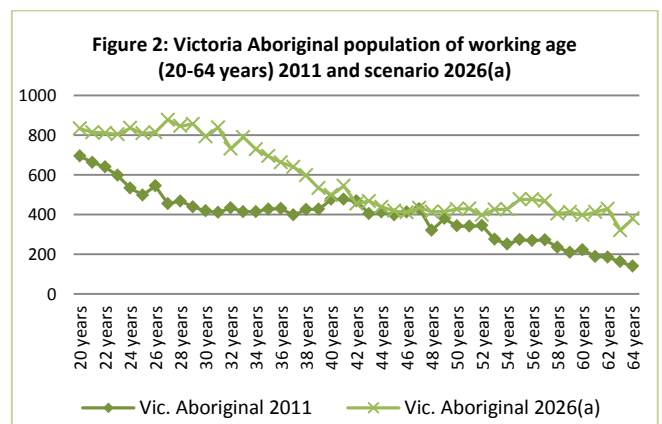
#### Participation trend projections

The following graphs are based on Census 2011 data and show 20-64 age groups. The scenario set out as 2026(a) information is a simplified projection for illustrative purposes, based on a number of assumptions.<sup>ii</sup>

Over the next 15 years, the population structure will change in Victoria. Without external factors such as immigration there would be a decrease in younger working aged people and an increase in the number of older working age people (scenario 2026(a) in Figure 1). However, including a range of factors including immigration, **the working age population in Victoria will grow across all age groups (shown as ABS projection 2026) – a rise of around 20%.**



**In contrast, all else being equal, by 2026 the Victorian Aboriginal working age population will grow by 42%.**



Given that mid-career and older workers tend to be higher paid than younger workers, this implies that it will take longer than 15 years before there is stronger lift in the total income earnings, relative to the number of working age people.

**Changes to lift the education, employment and labour force participation rates are therefore critical, in order to increase the level of income and savings over the next two decades.**

There are significant differences between Melbourne and the Rest of Victoria. While the Aboriginal working age population is approximately divided 50/50, the employment participation is heavily skewed in favour of those in Melbourne.

**The first challenge is to ensure there is work available.**



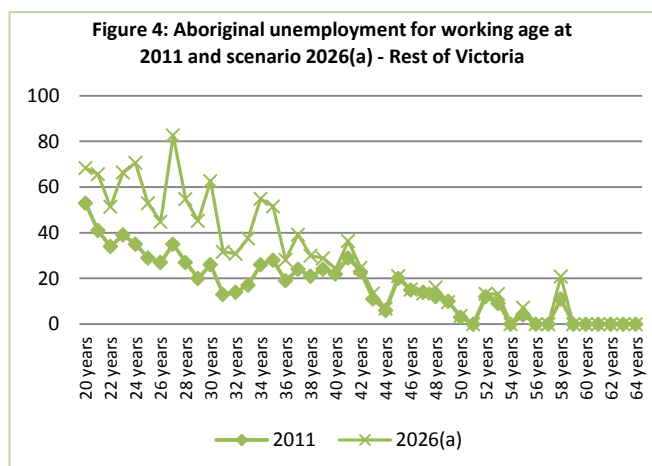
If employment participation continues at the current rates, it will see a significant increase in the employed working age Aboriginal population. For example (as shown in Figure 3) the number of 26 year olds employed in 2011 was about 300, which will rise to around 460 in 2026.

**While unemployment is also a challenge, the absolute scale is not so large that it cannot be resolved ...**

Based on the working age population in 2011, unemployment of 20-64 year olds was about 1300, of which around 550 were in Melbourne and about 750 were in the Rest of Victoria.

**...but it requires responses that reflect the unique situation.**

By 2026 with no change in the rates of employment, Aboriginal unemployment will have grown by around 650 people, with almost three quarters (480) in regional Victoria in the younger age groups (shown in Figures 4).



**Scenario 2026(a) projections - income and growth potential**

In 2011 according to the Census, there were 10,211 working age Aboriginal Victorians employed either full time or part-time (excluding data that was not applicable, not stated and not adequately provided). A broad estimate of earnings (an average of income band for each age cohort of 15-64 year olds) indicates a combined total income of almost \$443 million.

However, at the same time there were 1361 Aboriginal Victorians who were unemployed. They had a combined income of \$20.5m.

**The lost potential income from unemployment is sizeable ...**

If those 1361 were added to the employed people (in proportion to the age groups by income bracket and full-time and part-time ratio and by Melbourne and Rest of Victoria) a further \$38m in income per annum would be contributed to the combined Aboriginal income.

While this may be relatively small in the Victorian economy, it would be significant to the Aboriginal economic context, representing a boost of about 8% on the total income.

**...and the lost potential from lower income is also relatively significant...**

A shift of just 25% of people from each income band into the next highest income band would also have significant impacts. Based on the 2011 data, with no changes in the employment rates, it would be equivalent of adding around \$27m to the total Aboriginal income generated.

**...and these consequences will be magnified with the increase in the working age population over the next 15 years**

By 2026 it is expected that there will be 15,802 employed and 2,146 unemployed in the working age group of Aboriginal Victorians, a rise of about 50% in just 15 years.

This is projected to provide a combined income of \$685m and \$32m for employed and unemployed people.

If those 2,146 were added to the employed in the same proportions, it would add in the vicinity of \$85m.

**These possible scenarios show the vital importance of employment and point to the underlying factors such as education that will ensure the continued growth in income generated and the overall Aboriginal economic potential.**

*i* Working age is generally defined as 15-64 years of age. However, 15-19 year olds are less likely to be engaged in the work force than in the past, with rising compulsory education ages and increasing post-compulsory education and training participation. For this factsheet, participation rates are estimated on 20-64 years of age, while the income generated is based on 15-64 years of age to better include part time workers.

*ii* Working age data is from the Census 2011. 2026(a) data is based on 2011 data projected forward 15 years, all else being held constant. Key assumptions are that the relative proportions of people in Melbourne and in the Rest of Victoria remain constant and that the underlying population remains constant (ie net immigration has been excluded from the analysis). Birth rates will not affect this analysis, as the time period is too short. 2011 unemployment rates for 5-year cohorts have been applied.