

***Victorian Traditional Owners Trust - Gunaikurnai***

*ABN 72 685 270 123*

**Annual Report for the Year Ended 30 June 2021**

## **Corporate Information**

ABN 72 685 270 123

### **Registered Name**

The Trustee for Victorian Traditional Owners Trust - Gunaikurnai Land & Waters  
Aboriginal Corporation for and on behalf of the Gunaikurnai People

### **Directors**

Elizabeth Eldridge Chair

Glen Brennan

Susanne Dahn

Neil Westbury

### **Company Secretary**

Lisa Norden

### **Registered Office and Principal Place of Business**

12-14 Leveson Street

North Melbourne

Victoria, 3051 Australia

Postal address:

PO Box 431

North Melbourne

Victoria, 3051 Australia

Phone: + 61 408 148 521

### **Member of Trustee Company**

Secretary of the Department of Justice and Community Safety

### **Solicitors**

Hall & Wilcox

Level 11, Rialto South Tower

525 Collins Street

Melbourne, Victoria, 3000

### **Bankers**

National Australia Bank Ltd

500 Bourke Street

Melbourne, Victoria, 3000

### **Investment Managers**

Victorian Funds Management Corporation

Level 35, 101 Collins Street

Melbourne, Victoria, 3000 Australia

### **Auditors**

Victorian Auditor-General's Office

Level 31, 35 Collins Street

Melbourne, Victoria, 3000 Australia

## **DIRECTORS' REPORT**

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The Victorian Government established a Native Title Settlement Framework to reach agreements with Traditional Owners. The Victorian Traditional Owners Trust - Gunaikurnai (Gunaikurnai Trust) was established with effect from 1 July 2018 by an amendment to the initial Trust Deed on 25 September 2018. The initial Trust Deed was signed on 13 September 2011 between Robert Clark the Attorney General of Victoria and the Trustee Victorian Traditional Owners Funds Ltd (VTOFL). The amendment created two separate trusts the Gunaikurnai Trust and the Dja Dja Wurrung Trust. The trust assets of the Gunaikurnai people and the Dja Dja Wurrung people had previously been accounted for in separate accounts in a single trust, the Victorian Traditional Owners Trust (VTOT).

With effect from 1 July 2018 the trust assets and equity specifically identified with the Gunaikurnai were transferred to the Gunaikurnai Trust.

The directors of Victorian Traditional Owners Funds Limited (VTOFL) present the annual report for the Gunaikurnai Trust for the financial year ended 30 June 2021.

### **Directors**

The names of each person who has been a Director of VTOFL during the year and to the date of this report are:

|                            |                            |
|----------------------------|----------------------------|
| Elizabeth Helen Eldridge   | re-appointed to 12/09/2022 |
| Glen Gerald Brennan (PSM)  | re-appointed to 12/09/2023 |
| Susanne Dahn               | re-appointed to 17/06/2024 |
| Neil Donald Westbury (PSM) | re-appointed to 17/06/2024 |

### **Principal Activities and Objectives**

The Gunaikurnai Trust was established for charitable purposes to benefit the Gunaikurnai people of Victoria. The agreement with GLaWAC was formalised through execution of a Participation Agreement on 4 October 2011. The Trust which runs for 20 years will terminate on 10 October 2031.

### **Report on Operations and Activities**

VTOFL has developed a tailored long term investment strategy for the Gunaikurnai Trust.

The investment strategy was established after meeting with the representatives of Gunaikurnai Land and Waters Aboriginal Corporation (GLaWAC) to develop an understanding of its long term and short term financial objectives and its tolerance for risk.

The funds are invested with the Victorian Funds Management Corporation (VFMC) which is a public authority governed by an independent board of directors whose members are appointed by the Governor in Council of Victoria, in a mix of funds which are consistent with the targeted investment returns and asset allocation strategy.

### **Report on Significant Changes and Likely Developments**

The COVID-19 pandemic is primarily a health issue which has had a major impact on the economy over the last two years. The Trust's investments were impacted in the prior financial year by lower dividends and franking credits and overall values of equities. This year has seen a recovery in the performance of the investment portfolio to central banks and government stimulus support and vaccine rollout progress.

VTOFL entered agreements with fund manager Mercer Australia (Investments) Limited to invest the long term funds of the VTOTs in October 2021.

## DIRECTORS' REPORT

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### Major Financial and Performance Statistics

The table below sets out a summary of the financial results for the year.

|  | 2021       | 2020       |
|--|------------|------------|
|  | \$         | \$         |
| Income                                     | 881,852    | 899,705    |
| Other Economic Flows                       | 778,294    | (566,914)  |
| Expenses                                   | (111,510)  | (140,936)  |
| Operating Result                           | 1,548,636  | 191,855    |
| Total Assets                               | 16,130,397 | 14,760,291 |
| Total Liabilities                          | 4,950      | 4,840      |
| Equity of the Trust (at beginning of year) | 14,755,441 | 14,738,586 |
| Distributions to beneficiaries             | (178,640)  | (175,000)  |
| Equity (at year end)                       | 16,125,437 | 14,755,441 |
| Settlement Sum                             | 10         | 10         |

### Environmental Issues

The operations of the Gunaikurnai Trust are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory. However, as a registered charity it is required to comply with all the rules and regulations of the ACNC.

### Workforce Data

The Company Secretary was the only employee during the financial year ended 30 June 2021.

### Consultancies

Mercer was appointed in October 2021 for 3 years to provide financial advice, financial modelling and quarterly investment performance reporting to VTOFL. (2020: WTW provided investment modelling.)

### Proceedings on Behalf of the Trustee Company

No person has applied for leave of the Court to bring proceedings on behalf of VTOFL and the Gunaikurnai Trust or to intervene in any proceedings to which VTOFL is a party for the purpose of taking responsibility on behalf of VTOFL for all or any part of those proceedings.

The Gunaikurnai Trust was not a party to any such proceedings during the year.

## DIRECTORS' REPORT

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### Meetings of Directors

During the 2021 financial year, seven meetings of directors were held. Attendances by each director were as follows:

|                    | Directors' Meetings       |                 |
|--------------------|---------------------------|-----------------|
|                    | Number eligible to attend | Number attended |
| Elizabeth Eldridge | 7                         | 7               |
| Glen Brennan       | 7                         | 7               |
| Susanne Dahn       | 7                         | 7               |
| Neil Westbury      | 7                         | 7               |

### Information on Directors of the Trustee

**Elizabeth Helen Eldridge** Director. Re-appointed for a 2 year term from 13 September 2020.

Qualifications BA LLB

Experience Member of the Council of Queen's College, the University of Melbourne. Previously the Chair of Docklands Studios Melbourne Pty Ltd (retired June 2016). Ms Eldridge, formally a senior public servant in the Victorian Public Service, was closely involved with the early discussions with the Victorian Traditional Owners regarding an alternative approach to resolving Native Title and, subsequently, with the development of the Victorian Native Title Settlement Framework.

Special Responsibilities Chair, and Member of Investment Committee

**Glen Gerald Brennan (PSM)** Director. Re-appointed for a 3 year term from 13 September 2020.

Qualifications BA, MBA Melbourne Business School

Experience Partner KPMG Indigenous Services.

A Gomeri man from Narrabri in north-west NSW, Mr Brennan was Australia's most senior Indigenous banker. Mr Brennan has over 20 years' experience in both the finance and government sectors with extensive experience in community finance, banking and risk management. Mr Brennan is Co- Chair of the Aboriginal Employment Strategy and Chairman of 4 Mile Ventures, a family owned and operated beef cattle enterprise.

Special Responsibilities Member of Investment Committee

## **DIRECTORS' REPORT**

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|                                   |   |
|-----------------------------------|---|
| <b>Susanne Dahn</b>               | Director. Re- appointed for 3 year term from 18 June 2021.  |
| Qualifications                    | BCom, MBA, Grad Dip App Finance & Investment, FAICD   |
| Experience                        | Ms Dahn is a Partner/Executive Director at Pitcher Partners; Non-Executive Director, MTAA Super; Non-Executive Director, AIA Australia; Non-Executive Director, Australian Communities Foundation; Council Member, Victorian AICD; and Investment Committee Member, Trinity College (University of Melbourne).  |
| Special Responsibilities          | Member of Investment Committee  |
| <b>Neil Donald Westbury (PSM)</b> | Director. Appointed for 3 year term from 18 June 2018.  |
| Qualifications                    | Certificate in Aboriginal Studies   |
| Experience                        | Director (and former Chair) of Machado Joseph Disease Foundation. Director of Westbury and Associates Pty Ltd. Previously Board member of the Indigenous Land Corporation, General Manager Reconciliation Australia, Assistant Secretary Native Title Special Projects, Department of Prime Minister and Cabinet, Visiting Fellow in Public Policy ANU. Mr Westbury has over 40 years experience working in Indigenous Affairs for governments, the private sector and Indigenous organisations. He has also maintained a strong interest in issues relating to native title including as an expert advisor in the development of the Native Title Alternative Framework and ensuring improved access for Indigenous peoples to financial services. |
| Special Responsibilities          | Member of Investment Committee  |

## DIRECTORS' REPORT

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### Remuneration of the Board of the Trustee Company

The remuneration of the Directors has been set in accordance with a resolution of the VTOFL Member.

The remuneration is in accordance with Victorian Government guidelines for Statutory Bodies.

#### Victorian Traditional Owners Fund Ltd

|                    | 2021   | 2020   |
|--------------------|--|--|
| Chair              |  |  |
| Elizabeth Eldridge | \$18,922 plus superannuation guarantee amount of \$1,798 | \$18,922 plus superannuation guarantee amount of \$1,798 |
| Directors          |  |  |
| Glen Brennan       | \$11,353 plus superannuation guarantee amount of \$1,078 | \$11,353 plus superannuation guarantee amount of \$1,078 |
| Susanne Dahn       | \$11,353 plus superannuation guarantee amount of \$1,078 | \$11,353 plus superannuation guarantee amount of \$1,078 |
| Neil Westbury      | \$11,353 plus superannuation guarantee amount of \$1,078 | \$11,353 plus superannuation guarantee amount of \$1,078 |

### Trustee Company Secretary

Lisa Norden was appointed Company Secretary on 28 June 2020.

### Related Party Transactions

There are no related party transactions to report.

### Other Disclosures

#### Insurances

VTOFL paid insurance premiums to insure the directors of VTOFL for Investment Managers Insurance, Directors and Officers Insurance Professional Indemnity, Cyber Liability Policy, Public and Products Liability Policy insurance. The premium paid for this insurance cover was \$35,848 (2020: \$19,547).

## **DIRECTORS' REPORT**

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### **Committees**

The Board established an Investment Committee to oversight and monitor the investment strategy. The Investment Committee comprise all of the Directors and Dr Dennis Sams who was appointed in June 2018. Dr. Sams retired 31 March 2021.

### **Auditor's Independence Declaration**

The lead auditor's independence declaration for the year ended 30 June 2021 has been received and can be found on page 9 of the Annual Report.

### **Declaration**

This Directors' Report is signed in accordance with a resolution of the Directors of the Victorian Traditional Owners Funds Limited.



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**Chair**

**Elizabeth Eldridge**

Dated this 15th day of November 2021

## Auditor-General's Independence Declaration

### To the Trustee, Victorian Traditional Owners Trust - Gunaikurnai

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General, an independent officer of parliament, is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised.

Under the *Audit Act 1994*, the Auditor-General is the auditor of each public body and for the purposes of conducting an audit has access to all documents and property, and may report to parliament matters which the Auditor-General considers appropriate.

### *Independence Declaration*

As auditor for the Victorian Traditional Owners Trust - Gunaikurnai for and on behalf of the Gunaikurnai People for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of auditor independence requirements of the Australian Charities and Not-for-profits Commission Act 2012 in relation to the audit.
- no contraventions of any applicable code of professional conduct in relation to the audit.

MELBOURNE  
18 November 2021



Janaka Kumara  
*as delegate for the Auditor-General of Victoria*

## **DIRECTORS' DECLARATION**

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In accordance with *subsection 60.15(2) of the Australian Charities and Not-for-profits Commission Regulation 2013* , the Directors declare that in their opinion:

- (a) there are reasonable grounds to believe that the registered entity is able to pay all of its debts, as and when they become due and payable; and
- (b) the financial statements and notes satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012* .

This declaration is authorised by a resolution of the Board of Directors of VTOFL.

On behalf of the Board



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**Chair**  
**Elizabeth Eldridge**

Dated this 15th day of November 2021

## COMPREHENSIVE OPERATING STATEMENT

for the financial year ended 30 June 2021

|  | Note | 2021<br>\$       | 2020<br>\$     |
|--|------|------------------|----------------|
| <b>Income</b>                                      |      |                  |                |
| Distributions received                             | 2    | 756,627          | 724,663        |
| Franking credit refund                             | 2    | 18,225           | 38,177         |
| Resources received free of charge                  | 3    | 107,000          | 136,096        |
| Other income                                       |      | -                | 769            |
| Total income                                       |      | 881,852          | 899,705        |
| <b>Less: Expenses</b>                              |      |                  |                |
| Administration expenses                            |      | 107,000          | 136,096        |
| Audit fees   |      | 4,510            | 4,840          |
| Total expenses                                     |      | 111,510          | 140,936        |
| <b>Net Result from Transactions</b>                |      | <b>770,342</b>   | 758,769        |
| <b>Other Economic Flows</b>                        |      |                  |                |
| Increase (decrease) in value of Investments        | 2    | 778,294          | (566,914)      |
| <b>Total Economic Flows included in Net Result</b> |      | 778,294          | (566,914)      |
| <b>Profit (Loss) for the year</b>                  |      | 1,548,636        | 191,855        |
| Other comprehensive income                         |      | -                | -              |
| <b>Total Net Comprehensive Income for the year</b> |      | <b>1,548,636</b> | <b>191,855</b> |

## BALANCE SHEET

as at 30 June 2021

|                               | Note | 2021              | 2020              |
|-------------------------------|------|-------------------|-------------------|
|                               |      | \$                | \$                |
| <b>ASSETS</b>                 |      |                   |                   |
| <b>Financial Assets</b>       |      |                   |                   |
| Cash and cash equivalents     | 11   | 4,984             | 10,232            |
| Investments                   | 8    | 15,473,216        | 14,320,906        |
| Distributions receivable      | 8    | 628,589           | 390,977           |
| Franking credits receivable   |      | 23,608            | 38,176            |
| <b>Total Financial Assets</b> |      | <b>16,130,397</b> | <b>14,760,291</b> |
| <b>TOTAL ASSETS</b>           |      | <b>16,130,397</b> | <b>14,760,291</b> |
| <b>LIABILITIES</b>            |      |                   |                   |
| <b>CURRENT LIABILITIES</b>    |      |                   |                   |
| Audit fees payable            |      | 4,950             | 4,840             |
| <b>TOTAL LIABILITIES</b>      |      | <b>4,950</b>      | <b>4,840</b>      |
| <b>NET ASSETS</b>             |      | <b>16,125,447</b> | <b>14,755,451</b> |
| <b>EQUITY</b>                 |      |                   |                   |
| Settled sum                   |      | 10                | 10                |
| <b>Beneficiary Equity</b>     |      |                   |                   |
| Equity and retained earnings  |      | 16,125,437        | 14,755,441        |
| <b>TOTAL EQUITY</b>           |      | <b>16,125,447</b> | <b>14,755,451</b> |

## STATEMENT OF CHANGES IN EQUITY

for the financial year ended 30 June 2021

|                                   | Settled<br>Sum<br>\$ | Beneficiary<br>Equity<br>\$ | Total<br>\$       |
|-----------------------------------|----------------------|-----------------------------|-------------------|
| <b>Balance as at 1 July 2019</b>  | <b>10</b>            | <b>14,738,586</b>           | <b>14,738,596</b> |
| <b>Comprehensive Income</b>       |                      |                             |                   |
| Profit for the year               | -                    | 191,855                     | 191,855           |
| <b>Total Comprehensive Income</b> | <b>-</b>             | <b>191,855</b>              | <b>191,855</b>    |
| Payments to beneficiaries         | -                    | (175,000)                   | (175,000)         |
| <b>Balance as at 30 June 2020</b> | <b>10</b>            | <b>14,755,441</b>           | <b>14,755,451</b> |
| <b>Balance as at 1 July 2020</b>  | <b>10</b>            | <b>14,755,441</b>           | <b>14,755,451</b> |
| <b>Comprehensive Income</b>       |                      |                             |                   |
| Profit for the year               | -                    | 1,548,636                   | 1,548,636         |
| <b>Total Comprehensive Income</b> | <b>-</b>             | <b>1,548,636</b>            | <b>1,548,636</b>  |
| Payments to beneficiaries         | -                    | (178,640)                   | (178,640)         |
| <b>Balance as at 30 June 2021</b> | <b>10</b>            | <b>16,125,437</b>           | <b>16,125,447</b> |

## CASH FLOW STATEMENT

for the financial year ended 30 June 2021

|   | Note | 2021                | 2020                 |
|---|------|---------------------|----------------------|
|   |      | \$                  | \$                   |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                   |      |                     |                      |
| Investment distributions received                             |      | 519,015             | 670,251              |
| Other income  |      |                     | 2,743                |
| Franking credits received                                     |      | 32,792              | 142,683              |
| Payments to suppliers   |      | (4,400)             | (15,401)             |
| <b>Net Cash Generated from/(used in) Operating Activities</b> | 12   | <u>547,407</u>      | <u>800,276</u>       |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>                    |      |                     |                      |
| Proceeds from sale of investments                             |      | 145,000             | 50,000               |
| Payments for investments                                      |      | (519,015)           | (670,251)            |
| <b>Net Cash Generated from/(used in) Investing Activities</b> |      | <u>(374,015)</u>    | <u>(620,251)</u>     |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>                    |      |                     |                      |
| Payments to beneficiaries                                     |      | (178,640)           | (175,000)            |
| <b>Net Cash Generated from/(used in) Financing Activities</b> |      | <u>(178,640)</u>    | <u>(175,000)</u>     |
| <b>NET INCREASE/(DECREASE) IN CASH HELD</b>                   |      | (5,248)             | 5,025                |
| Cash at beginning of year                                     |      | 10,232              | 5,207                |
| <b>Cash at end of the financial year</b>                      |      | <u><b>4,984</b></u> | <u><b>10,232</b></u> |

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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### Statement of Compliance

The directors of VTOFL apply Australian Accounting Standards – Reduced Disclosure Requirements as set out in *AASB 1053: Application of Tiers of Australian Accounting Standards* and *AASB 2010–2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements*.

The financial statements are general purpose financial statements that have been prepared in accordance with *Australian Accounting Standards – Reduced Disclosure Requirements* of the *Australian Accounting Standards Board (AASB)* and the *Australian Charities and Not for profits Commission Act 2012* and *Regulations 2013*. The Trust is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

### Basis of Preparation

The accrual basis of accounting has been applied in the preparation of these financial statements, except for the cash flow information. Assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when the cash is received or paid.

These financial statements are presented in Australian dollars, and prepared in accordance with historical cost conventions. Amounts presented in the financial statements have been rounded to the nearest dollar.

### Accounting Policies

#### a. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

#### b. Investment Distributions

Investment distributions are declared income as advised by the fund managers on the investments. The investments included investments in term deposits, bonds, equities, exchange traded funds and other securities as defined in the management agreement between the Trust and the fund manager. Accordingly, investment distributions include dividend income, interest income and capital gain income (net of any capital loss) upon sale of equities and exchange traded funds. Investment distribution income is accounted upon declaration and credit of the distribution to the investment account. For the year ended 30 June 2021, the Trust received investment distributions of \$756,627 (2020: \$724,663).

#### c. Gain or Losses on Financial Instruments – Investments

The Trust's portfolio of managed investments consists of equities, bonds and other financial instruments. As is customary in the financial markets, investments are traded in that they are sold and then other securities purchased. This results in realised gains or losses from securities that are purchased and sold. Realised gains or losses on financial instruments is calculated by comparing the initial unit purchase price to the unit sale price, multiplied by the number of units withdrawn.

The investment portfolios are priced 'to market prices' at regular intervals, this pricing to market price results in unrealised gains or losses. Unrealised gains or losses from the portfolio investments are not recorded under Income from transactions, but are separately reported under Other economic flows included in the net result.

#### d. Revenue Recognition

The Trust has adopted AASB 15: Revenue from Contracts with Customers and AASB 1058: Income of Not-for-profit Entities which came into effect from 1 July 2019. The application of AASB 15 and AASB 1058 has not had an impact on the financial performance and/or financial position of the Trust.

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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Any settlement sum is recognised in the income statement when the entity obtains control of the sum and it is probable that the economic benefits gained from the settlement will flow to the entity and the amount of the settlement can be measured reliably.

If conditions are attached to the settlement which must be satisfied before it is eligible to receive the contribution, the recognition of the settlement as revenue will be deferred until those conditions are satisfied.

When a settlement is received whereby the entity incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the settlement is recognised in the statement of financial position as a liability until the service has been delivered to the contributor, otherwise the settlement is recognised as income on receipt.

Interest Revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument.

VTOFL pays for expenses on behalf of the Gunaikurnai Trust. These expenses are included as “resources free of charge” in the statement of comprehensive income and is funded by the Department of Justice and Community Safety.

None of the revenue of the Gunaikurnai Trust includes any amount for the goods and services tax (GST).

### e. **Expenses from Transactions**

Expenses from transaction are recognised as they are incurred and reported in the financial year to which they relate.

All expenses are stated inclusive of the goods and services tax (GST)

### f. **Financial Instruments**

#### **Initial recognition and measurement**

##### **Introduction**

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and financial liability or equity instrument of another entity.

##### **Categories of financial assets under AASB 9**

##### **Financial assets at amortized cost**

Financial assets are measured at amortised costs if both of the following criteria are met and the assets are not designated as fair value through the net result:

- \* the assets are held by the VTOT - Gunaikurnai Trust to collect the contractual cash flows, and
- \* the assets' contractual terms give rise to cash flows that are solely payments of principal and interests.

These assets are initially recognised at fair value plus any directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method less any impairment.

The Trust recognises the following assets in this category:

- \* cash and deposits, and
- \* receivables.

##### **Financial assets at fair value through net result**

Equity instruments that are held for trading as well as derivative instruments are classified as fair value through net results. Other financial assets are required to be measured at fair value through net results unless they are measured at amortised cost or fair value through other comprehensive income.

The Trust recognises listed equity securities as mandatorily measured at fair value through the net result and designated all of its managed investment schemes as fair value through net result.

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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### Categories of financial assets under AASB 9

**Loans and receivable and cash** are financial instrument assets with fixed and determined payments that are not quoted on an active market. These assets and liabilities are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to the initial measurement, loans and receivables are measured at amortised cost using the effective interest method (and for assets, less any impairment). The Trust recognises the following assets in this category:

- \* cash and deposits, and
- \* receivables.

### Categories of financial liabilities under AASB 9

**Financial liabilities at amortised cost** are initially recognised on the date they originated. They are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the interest bearing liability, using the effective rate method. The Trust recognises the following liabilities in this category:

- \* payables (excluding statutory payables), and
- \* borrowings.

**Reclassification of financial instruments:** Subsequent to initial recognition reclassification of financial liabilities is not permitted. Financial assets are required to be classified between fair value through net result, fair value through other comprehensive income and amortised cost when and only when the Trust's business model for managing its financial assets has changes such that its previous model would no longer apply.

#### g. **Goods and Services Tax (GST)**

The Gunaikurnai Trust is not registered for GST.

Investment revenue does not incur GST.

Expenses and assets are recognised inclusive of the amount of GST.

Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented on a gross basis.

#### h. **Fair Value of Assets and Liabilities**

The trust measures some of its assets and liabilities at fair value on either a recurring or nonrecurring basis, depending on the requirements of the applicable Accounting Standard.

“Fair value” is the price the company would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability). In the absence of such a market, market information is extracted from the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

## **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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The fair value of liabilities and the entity's own equity instruments (if any) may be valued, where there is no observable market price in relation to the transfer of such financial instrument, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and where significant, are detailed in the respective note to the financial statements.

i. **Fair Value Hierarchy**

In determining fair values, a number of inputs are used. To increase consistency and comparability in the financial statements, these inputs are categorised into three levels, also known as the fair value hierarchy. The levels are as follows:

- Level 1 – quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 – valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 – valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The Trust determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

j. **Trade and Other Payables**

Trade and other payables represent the liability outstanding at the end of the reporting year for goods and services received by the Gunaikurnai Trust during the reporting year which remain unpaid. The balance is recognised as a current liability with the amount being normally paid within 365 days or shorter of recognition of the liability.

## NOTES TO THE FINANCIAL STATEMENTS

### for the financial year ended 30 June 2021

#### NOTE 2: Net Investment Income Disclosed in the Statement of Comprehensive Income

AASB 101 requires material items of a dissimilar nature to be presented separately. As such, the trust is required to present income in the form of distributions of units separately from gains or losses resulting from changes in the value of the units.

The total return from the VFMC investments for the year was:

|  | 2021             | 2020           |
|--|------------------|----------------|
|  | \$               | \$             |
| Franking credit refund                           | 18,225           | 38,177         |
| Distributions received                           | 756,627          | 724,663        |
| Increase (decrease) in value of VFMC Investments | 778,294          | (566,914)      |
| Net Income derived from VTOT investments         | <u>1,553,146</u> | <u>195,926</u> |

#### NOTE 3: Resources received free of charge.

This represents the value of expenses paid for by VTOFL on behalf of the Gunaikurnai Trust, and funded by the Department of Justice and Community Safety (DoJCS).

|   | 2021           | 2020           |
|---|----------------|----------------|
|   | \$             | \$             |
| Administration expenses funded by DoJCS | 107,000        | 136,096        |
|   | <u>107,000</u> | <u>136,096</u> |

#### NOTE 4: Commitments for expenditure

The Gunaikurnai Trust has no contractual obligations to purchase property plant and equipment.

#### NOTE 5: Contingent assets and contingent liabilities

The directors of VTOFL are not aware of any contingent assets or commitments of the Trust which are not otherwise disclosed in these financial statements (2020: Nil).

#### NOTE 6: Significant events during the Reporting Year

The COVID-19 pandemic is primarily a health issue which has had a major impact on the economy over the last two years. The Trust's investments have seen a recovery due to central banks and government stimulus support and vaccine rollout progress.

#### NOTE 7: Significant events after the Reporting Year and Going Concern

The impact of the coronavirus (COVID-19) pandemic is ongoing and it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by State and Federal government, such as maintaining social distancing requirements, quarantine, travel restrictions and border controls, vaccination programs, government policy and any economic stimulus that may be provided.

VTOFL entered agreements with fund manager Mercer Australia (Investments) Limited to invest the long term funds of the VTOTs in October 2021. Mercer will provide investment advice, reporting and financial modelling services for the next three years. The investments were transferred from VFMC to Mercer during October and November 2021.

There are no other subsequent events requiring adjustment or disclosure.

## NOTES TO THE FINANCIAL STATEMENTS

### for the financial year ended 30 June 2021

#### NOTE 8: Investments of the Gunaikurnai Trust

The funds invested with VFMC as at 30 June 2021

|  | 2021              | 2020              |
|--|-------------------|-------------------|
|  | \$                | \$                |
| Investment - Capital Stable Fund - Gunaikurnai |                   |                   |
| Comprising:                                    |                   |                   |
| Net value of the Capital Stable Fund           | 6,793,121         | 6,477,599         |
| Distributions receivable                       | 201,335           | 133,321           |
|  | <u>6,994,456</u>  | <u>6,610,920</u>  |
| Investments - Balanced Fund - Gunaikurnai      |                   |                   |
| Comprising:                                    |                   |                   |
| Net value of the Balanced Fund                 | 7,903,968         | 7,127,161         |
| Distributions receivable                       | 380,451           | 233,998           |
|  | <u>8,284,419</u>  | <u>7,361,159</u>  |
| Investments - Growth Fund - Gunaikurnai        |                   |                   |
| Comprising:                                    |                   |                   |
| Net value of the Growth Fund                   | 776,127           | 716,145           |
| Distributions receivable                       | 46,803            | 23,658            |
|  | <u>822,930</u>    | <u>739,803</u>    |
| Combined investments with VFMC                 |                   |                   |
| Net value of investments                       | 15,473,216        | 14,320,905        |
| Distributions receivable                       | 628,589           | 390,977           |
|  | <u>16,101,805</u> | <u>14,711,882</u> |

The fair value of investments in unlisted unit trusts is based on the market values of the underlying investments held by trust. The unit values are regularly calculated by the fund manager and as at 30 June reflect of fair value of the underlying unit holdings. These investments are classified as level 2.

## NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2021

### NOTE 9: Related Party Transactions

The Trust does not employ any employees during the year. The key management personnel and their compensations disclosed in this financial report relate to the key management personnel of the VTOFL (the Trustee of the Trust).

#### 9.1 Related parties

Related parties of the VTOFL and the Gunaikurnai Trust include: all key management personnel and their close family members and their personal business interests, controlled entities, joint ventures and entities that they have significant influence over.

#### 9.2 Significant transactions and balances with related parties

The Secretary of the Department of Justice and Community Safety is the sole Member of the Company (VTOFL).

During the year VTOT-Gunaikurnai received resources free of charge [See Note 3.] of \$107,000 (2020: \$136,096) which represents its share of revenue grant from the Department of Justice and Community Safety.

#### 9.3 Key Management Personnel (VTOFL)

|                    |          |
|--------------------|----------|
| Elizabeth Eldridge | Chair    |
| Glen Brennan       | Director |
| Susanne Dahn       | Director |
| Neil Westbury      | Director |

#### 9.4 Compensation of VTOFL Key Management Personnel

|                              | 2021          | 2020          |
|------------------------------|---------------|---------------|
|                              | \$            | \$            |
| Short term employee benefits | 52,981        | 52,981        |
| Post-employment benefits     | 5,033         | 5,033         |
|                              | <b>58,014</b> | <b>58,014</b> |

Remuneration comprises employee benefits in all forms of consideration paid, payable by the entity, or on behalf of the entity, in exchange for services rendered and is disclosed in the following categories:

**Short-term employee benefits** include amounts such as wages, salaries, annual leave or sick leave that is usually paid or payable on a regular basis, as well as non-monetary benefits such as allowances and free or subsidised goods or services.

**Post-employment benefits** include superannuation, and other retirement benefits paid or payable on a discrete basis when employment has ceased.

**Other long-term benefits** include long service leave, other long service benefits or deferred compensation.

##### 9.4.1 Change of classification

The classification of the staff as Key Management Personnel has not been changed.

## NOTES TO THE FINANCIAL STATEMENTS

### for the financial year ended 30 June 2021

#### NOTE 10: Remuneration of Directors of VTOFL

The remuneration of the directors of VTOFL has been set in accordance with a resolution of the VTOFL Member. The remuneration is in accordance with Victorian Government guidelines for Statutory Bodies.

|                    | 2021   | 2020   |
|--------------------|--|--|
| Chair              |  |  |
| Elizabeth Eldridge | \$18,922 plus superannuation guarantee amount of \$1,798 | \$18,922 plus superannuation guarantee amount of \$1,798 |
| Directors          |  |  |
| Glen Brennan       | \$11,353 plus superannuation guarantee amount of \$1,078 | \$11,353 plus superannuation guarantee amount of \$1,078 |
| Susanne Dahn       | \$11,353 plus superannuation guarantee amount of \$1,078 | \$11,353 plus superannuation guarantee amount of \$1,078 |
| Neil Westbury      | \$11,353 plus superannuation guarantee amount of \$1,078 | \$11,353 plus superannuation guarantee amount of \$1,078 |

## NOTES TO THE FINANCIAL STATEMENTS

### for the financial year ended 30 June 2021

#### NOTE 11: Financial Risk Management

The Gunaikurnai Trust's financial instruments consist solely of deposits with banks, local money market instruments, and short-term and long term investments.

The totals for each category of financial instruments, measured in accordance with AASB 9 as detailed in the accounting policies to these financial statements, are as follows:

|                                      | 2021              | 2020              |
|--------------------------------------|-------------------|-------------------|
|                                      | \$                | \$                |
| <b>Financial assets</b>              |                   |                   |
| Cash at bank                         | 4,984             | 10,232            |
| Investments                          | 15,473,215        | 14,320,905        |
| Distributions receivable             | 628,589           | 390,977           |
| Dividend franking credits receivable | 23,608            | 38,176            |
| <b>Total financial assets</b>        | <b>16,130,396</b> | <b>14,760,290</b> |
| <b>Total financial liabilities</b>   | <b>4,950</b>      | <b>4,840</b>      |

#### Market risk

Market Risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Trust's exposure to market risk is insignificant and primarily through equity price risk.

#### Equity price risk

The Trust is exposed to equity price risk through its management Investment schemes. The Trust's investment strategy was established after meeting with the Traditional Owner Group and understanding their objectives with regard to annual distributions, their target for capital balance at the end of the term and their tolerance for risk.

#### NOTE 12: Reconciliation of Net Result for the period

##### Cash flows from Operating Activities

|   | 2021             | 2020           |
|---|------------------|----------------|
|   | \$               | \$             |
| <b>Net Result for the period</b>                    | <b>1,548,636</b> | <b>191,855</b> |
| <b>Non cash movements</b>                           |                  |                |
| Unrealised (gains)/losses in investments            | (778,294)        | 566,914        |
| <b>Movement in Assets and Liabilities</b>           |                  |                |
| Decrease/(increase) in distributions receivable     | (237,612)        | (54,412)       |
| Decrease/(increase) in franking credits receivable  | 14,568           | 104,507        |
| Decrease/(increase) in receivable                   |                  | 2,828          |
| Increase/(Decrease) in Provision for Audit Fees     | 110              | (5,960)        |
| Increase/(Decrease) in Payable to VTOFL             | -                | (5,456)        |
| <b>Net cash from/(used in) operating activities</b> | <b>547,408</b>   | <b>800,276</b> |

## NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2021

### NOTE 13: Gunaikurnai Trust – Equity Entitlement

| Gunaikurnai Trust          |                   |                   |
|----------------------------|-------------------|-------------------|
|                            | 2021              | 2020              |
|                            | \$                | \$                |
| <b>Equity at Beginning</b> | 14,755,441        | 14,738,586        |
| <b>add</b>                 |                   |                   |
| Investment Return          | 1,534,921         | 157,749           |
| Franking Credits           | 18,225            | 38,177            |
| Other Income               | -                 | 769               |
|                            | <u>16,308,587</u> | <u>14,935,281</u> |
| <b>less</b>                |                   |                   |
| Audit Fees                 | (4,510)           | (4,840)           |
|                            | <u>(4,510)</u>    | <u>(4,840)</u>    |
| Sub-total                  | 16,304,077        | 14,930,441        |
| <b>less</b>                |                   |                   |
| Distributions Paid         | (178,640)         | (175,000)         |
| <b>Equity at End</b>       | <u>16,125,437</u> | <u>14,755,441</u> |

## NOTES TO THE FINANCIAL STATEMENTS

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### for the financial year ended 30 June 2021

#### **NOTE 14: New Accounting Standards and Interpretation**

Certain new and revised accounting standards have been issued but are not effective for the 2020-21 reporting period. These accounting standards have not been applied to the Report. The State is reviewing its existing policies and assessing the potential implications of these accounting standards which includes:

AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non Current

This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. It initially applied to annual reporting periods beginning on or after 1 January 2022 with earlier application permitted however the AASB has recently issued AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date to defer the application by one year to periods beginning on or after 1 January 2023.

The Trust will not early adopt the Standard.

The Trust is in the process of analysing the impacts of this Standard. However, it is not anticipated to have a material impact.

Several other amending standards and AASB interpretations have been issued that apply to future reporting periods, but are considered to have limited impact on the Trust's reporting.

AASB 17 Insurance Contracts.

AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities (Appendix C).

AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments.

AASB 2020-7 Amendments to Australian Accounting Standards – Covid-19-Rent Related Concessions: Tier 2 Disclosures.

AASB 2020-8 Amendments to Australian Accounting Standards - Interest Rate Benchmark Reform – Phase 2.

AASB 2020-9 Amendments to Australian Accounting Standards – Tier 2 Disclosures: Interest Rate Benchmark Reform (Phase 2) and Other Amendments.

# Independent Auditor's Report

## To the Trustee of the Victorian Traditional Owners Trust - Gunaikurnai

**Opinion** I have audited the financial report of Victorian Traditional Owners Trust - Gunaikurnai (the Trust) which comprises the:

- balance sheet as at 30 June 2021
- comprehensive operating statement for the year then ended
- statement of changes in equity for the year then ended
- cash flow statement for the year then ended
- notes to the financial statements, including significant accounting policies
- directors' declaration.

In my opinion the financial report presents fairly, in all material respects, the financial position of the Trust as at 30 June 2021 and its financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of *Division 60 of the Australian Charities and Not-for-profits Commission Act 2012* and comply with *Division 60 of the Australian Charities and Not-for-profits Commission Regulations 2013* and applicable Australian Accounting Standards.

**Basis for opinion** I have conducted my audit in accordance with the *Audit Act 1994* which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

My independence is established by the *Constitution Act 1975*. My staff and I are independent of the Trust in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.

I confirm that the independence declaration required by the *Australian Charities and Not-for-profits Commission Act 2012*, which has been given to the Trustee of the Trust, would be in the same terms if given to the Trustee as at the time of this auditor's report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

**Other information** The Trustee of the Trust is responsible for the Other Information, which comprises the information in the Trust's annual report for the year ended 30 June 2021 but does not include the financial report and my auditor's report thereon.

My opinion on the financial report does not cover the Other Information and accordingly, I do not express any form of assurance conclusion on the Other Information. However, in connection with my audit of the financial report, my responsibility is to read the Other Information and in doing so, consider whether it is materially inconsistent with the financial report or the knowledge I obtained during the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude there is a material misstatement of the Other Information, I am required to report that fact. I have nothing to report in this regard.

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**Trustee's responsibilities for the financial report** The Trustee of the Trust is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Australian Charities and Not-for-profits Commission Act 2012 and the Australian Charities and Not-for-profits Commission Regulations 2013* and for such internal control as the Trustee determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Trustee is responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.

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**Auditor's responsibilities for the audit of the financial report** As required by the Audit Act 1994, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit 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 my 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 this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustee.
- conclude on the appropriateness of the Trustee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.

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

- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Trustee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the Trustee with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

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MELBOURNE  
18 November 2021



Janaka Kumara  
*as delegate for the Auditor-General of Victoria*