

Annual Report

2017/18



First Nations
Legal & Research
Services



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Cover image: Sunrise over Lake Cullulleraine
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*First Nations Legal & Research Services acknowledges
the Traditional Owners of the land we work on
as the First People of this Country.*

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Introduction: Our Vision, Purpose and Values

OBJECTIVES

1.
RESOLVE OUTSTANDING
NATIVE TITLE ISSUES
AND TO CREATE NEW
TRADITIONAL OWNER
CORPORATIONS.

2.
BECOME THE SERVICE
PROVIDER OF CHOICE
FOR TRADITIONAL
OWNER CORPORATION
DEVELOPMENT.

3.
ANTICIPATE AND
SERVICE OUR CLIENTS'
LEGAL, RESEARCH,
FINANCIAL AND
GOVERNANCE NEEDS IN
THE POST-SETTLEMENT
ENVIRONMENT.

4.
RETURN RESEARCH
MATERIALS AND
EVIDENCE IN A
CULTURALLY
APPROPRIATE WAY.

5.
SEEK CONTINUOUS
IMPROVEMENT TO
AGREEMENT-MAKING
PROCESSES INCLUDING
THE TRADITIONAL OWNER
SETTLEMENT ACT.

STRATEGIES

Build relationships with
future clients to resolve
outstanding claims.

Maintain momentum
in researching, preparing
and negotiating claims.

Work closely with the
Federation to inform
service delivery needs
and improvements.

Reduce Traditional
Owner disputes by
creating a model dispute
management process.

Be active members
of the National Native
Title Council.

Work with each group
to hand over
research material.

Chair's Report



I am pleased as a senior Wurundjeri elder and chair of First Nations Legal & Research Services (First Nations) to acknowledge my elders and welcome you to the First Nations 2017-18 annual report.

This year has been an important year for First Nations. We launched our new strategic plan in conjunction with the Federation group of companies and together we have reaffirmed our commitment to Traditional Owner self-determination. With the Federation of Victorian Traditional Owner Corporations (Federation) going from strength to strength under the leadership of its first CEO, Taungurung Traditional Owner Marcus Stewart, First Nations is getting on with helping our mobs get recognised for their country.

The name change from Native Title Services Victoria to First Nations Legal & Research Services was an important milestone this year. The new name tells the world we are here to support First Nations people, in not just native title, but also in all the business necessary to run Traditional Owner corporations, look after country and help our people grow strong. We are also looking towards Treaty. These are exciting times for Victorian Traditional Owners, with Victoria being the first jurisdiction in the country to pass Treaty related legislation. We believe that the Traditional Owner groups that have native title and/or have reached settlement with the State are the right groups to sit down with government to negotiate Treaty and we are looking forward to going on the journey with them towards self-determination.

I want to acknowledge Matthew Storey who departed from the role of CEO in January this year. Matthew has been a great advocate for Traditional Owners and fearless in his fight on our behalf. We are deeply indebted to his service and wish him all the best for the future. I am pleased that the Board was able to appoint Tony Kelly to replace him, after a rigorous selection process.

Tony has worked his way up through the ranks at First Nations, first starting as a lawyer in 2010 before becoming Managing Lawyer in 2013 and Director of Policy and Development in 2017. Tony's strong collaborative approach and community development background along with his legal and management skills equip him well for the job and we are confident of a bright future for the organisation under his leadership.

In amongst all this positivity there is still a sour note. There has not been a native title settlement in Victoria since 2013. The alternative system set up to benefit Traditional Owners and the State alike has failed to deliver to date. This is not acceptable. Last year we lobbied hard to set up a review of the threshold process under the Settlement Act. The review has taken place and I am pleased to be able to report that it has paved the way for significant improvements to the system and I am heartened by the appetite for greater collaboration of all the agencies involved in assisting Traditional Owners achieve recognition. Proof will be in the number of positive native title outcomes in the years ahead.

In my role as chair I have consistently encouraged all of those involved in the native title business – my staff and government alike – to put Traditional Owners front and centre, not the program or the policy, but the people. It is only then that proper benefits will flow. But in saying all this the faults do not lie entirely with the system – with the agencies, the lawyers and the bureaucrats. They also sit with us Traditional Owners who are happy to allow old grievances and wounds bring us down over and over again.

It's time we put all of this behind, and stood together, showed compassion to each other and displayed leadership, not only for ourselves but for our future generations. It's up to us to take responsibility and take control.



Aunty Di Kerr
August 2018

CEO's Report



The 2017-18 financial year was a highly significant year for First Nations and Victorian Traditional Owners in many respects.

It was the year that we changed our name from Native Title Services Victoria to First Nations Legal & Research Services. This name change sends a strong message that we are a Traditional Owner-led professional service organisation focused on responding to the professional needs of Traditional Owners and their corporations.

It also was the year that the Federation became fully independent with the employment of its inaugural CEO, Victorian Traditional Owner, Marcus Stewart, and the transfer of the First Nations policy team across to the Federation to support the Federation's advocacy and reform agenda. This transition has been a resounding success and the Federation is going from strength to strength in supporting Traditional Owner aspirations, especially around natural resource management, self-determination and economic independence and more recently supporting a strong Traditional Owner voice in the Treaty process.

2017-18 also saw the review of the Traditional Owner Settlement Act threshold processes. This came after extensive lobbying from First Nations. We were concerned that the system set up to streamline and improve the native title settlement process in Victoria was failing to deliver. The review clearly identified areas for improvement and laid down the challenge for the State and the agencies working to support Traditional Owner recognition and development, including First Nations, to work harder, better and more collaboratively. Since the completion of the review a number of changes have been made to the threshold process that we are confident will lead to a fairer, more streamlined process whereby Traditional Owner groups will satisfy the State's thresholds and enter into settlement negotiations more quickly. We thank the State for commissioning the review.

Though we are proud of these achievements, it is disappointing not being able to report on any native title settlements this year. Some of the delays can be ascribed to the earlier problems with threshold processes, but that doesn't tell the whole story. There have also been delays in the negotiation phase. In part this is a result of the game-changing Timber Creek decision in the Federal Court that set the bar for compensation for loss of native title much higher than anticipated. In response to this decision, the State has taken time out to re-evaluate its settlement offer benchmarks, and has decided that the amounts to be considered as part of settlements need to be significantly higher. We applaud the State for this approach. However, this re-evaluation has taken much longer than we, and the groups in negotiations expected. Together with the limited transparency about how offers are set, this has resulted in significant Traditional Owner frustration with the negotiation stage of settlement. To remedy this, we are currently working with the State to find ways to improve and streamline the negotiation phase of settlements in addition to work being undertaken to streamline the threshold stage.

The native title sector across the country has matured significantly over the 26 years since Mabo. The June 2018 Native Title conference saw more native title holders and claimants in attendance than ever before, and in fact for the first time there were more Traditional Owners than non-Traditional Owners registrations. The national discussion has moved from a focus on the technicalities of getting rights recognised to how those rights, once recognised, are managed and leveraged for self-determination and economic independence. Victoria is leading the way on this, and increasingly groups are looking to build on what they've achieved through

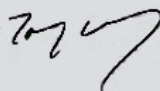
native title settlements to create strong futures for their communities. We feel privileged to be invited on this journey by the Traditional Owner groups we support.

At First Nations we are also aware that for Traditional Owner groups to achieve enduring settlements, as self-determining communities, they need support throughout the recognition and settlement process, including support in the initial phase before groups are even in a position to formally make native title or settlement claims. Early support provides Traditional Owner groups the opportunity to work through issues such as group composition and decision-making, resolve conflicts and set goals and aspirations before they are under the pressure of negotiations. This allows Traditional Owners to be more in control of the process, rather than reacting to the demands and expectations of government and an imposed system of law.

2017-18 saw significant changes at First Nations. In addition to the staff moving across to the Federation, a number of senior long serving staff left the organisation. In particular, I want to acknowledge Matthew Storey, my predecessor. After six years at the helm, Matthew decided it was time for him to move on. Matthew has worked tirelessly to put Traditional Owners at the forefront of Aboriginal affairs in Victoria and has been a great advocate of the Federation and its subsidiary businesses. Matthew has also equipped First Nations to be responsive to the

changing professional support needs of the Traditional Owner groups we serve, in recognition of the changing nature of native title funding and the increased self-determination of Traditional Owners. We thank you, Matthew.

I am privileged to have been appointed CEO of First Nations. It is governed by a highly competent board of Traditional Owners and staffed by so many talented and committed people. It is an honour to be able to serve and support Traditional Owners in their quest for recognition and autonomy. This is an exciting time in Victoria, especially with Treaty on the table, and we are ready for the challenge.



Tony Kelly
August 2018

Background

First Nations was registered on 12 August 2003 as a public company limited by guarantee under the Corporations Act 2001 (Cth) (Corporations Act) and this shapes our corporate governance and financial reporting practices. First Nations' organisational objectives and governance structure are set out in our constitution. As we are a charity registered with the Australian Charities and Not-for-Profit Commission (ACNC), a copy of our constitution is publicly available on the ACNC website.

The Company has Public Benevolent Institution and Deductible Gift Recipient status and is accountable externally to regulators (the Australian Securities and Investment Commission, the ACNC and the Australian Taxation Office), to our funders (the Commonwealth Government and the Victorian Government) and to our clients, Victorian Traditional Owners.



Objects and Functions

Our constitution directs us to work with Victorian Traditional Owners to reverse the socio-economic disadvantage they experience as a result of progressive dispossession of their traditional lands and waters by assisting them to: regain recognition of their rights and interests in land and waters arising from traditional law and custom; regain access to those land and waters; have a voice in relation to the future use of those land and waters; and, to obtain compensation for past dispossession and future use of those lands and waters. Directed by our constitution and by agreement with the Commonwealth Government, First Nations performs the functions of a native title service provider as set out in the Native Title Act 1993 (Cth) (Native Title Act), including:

- s203BB facilitation and assistance functions, including but not limited to, the research and preparation of native title claims, representation in native title proceedings before the Federal Court and the National Native Title Tribunal, representation in future act and Indigenous Land Use Agreement negotiations with the State and third parties, and the development and good governance of native title corporations;
- s203BE certification function in relation to native title claims and Indigenous Land Use Agreements;
- s203BF dispute resolution function to promote stability and certainty between and within native title claimant groups and corporations;
- s203BG notification functions to ensure native title holders are advised of and can respond to activities proposed for their traditional lands and waters;
- s203BH agreement making functions, participating as a party to Indigenous Land Use Agreements where appropriate and in line with client interests;
- s203BI internal review functions to ensure native title holders can seek review of our decisions and actions as a native title service provider; and
- s203BJ other functions including consulting with Aboriginal Victorians and cooperating with other native title representative bodies and services providers to promote an effective, efficient and just native title sector.

The Victorian Context

- The statutory framework First Nations operates in is shaped primarily by the Native Title Act and the Corporations Act. Although it does not confer formal functions or responsibilities directly on First Nations, the *Traditional Owner Settlement Act 2010* (Vic) (Settlement Act) is an important feature of our operating environment and is unique to Victoria.

The Settlement Act is the result of collaborative policy development between the State Government and Victorian Traditional Owners and establishes an alternative way to resolve native title claims in Victoria. The Settlement Act provides for out-of-court settlements of native title and delivery of land justice by enabling the Victorian Government to make agreements that recognise Traditional Owners and their rights in Crown land in return for the settlement of current and future claims (including compensation claims) under the Native Title Act.

Under the Settlement Act, a settlement package can include:

- an **Indigenous Land Use Agreement**, which is required to ensure that the settlement is legally valid under the Native Title Act;
- a **Recognition and Settlement Agreement**, which recognises a Traditional Owner group as Traditional Owners for an area and recognises certain Traditional Owner rights over Crown land;
- a **Land Agreement**, which provides for either or both grants of land in freehold title for cultural or economic purposes and grants of Aboriginal title over national parks and reserves to be jointly managed in partnership with the State;

- a **Traditional Owner Land Management Agreement**, which provides for the joint management of national parks and reserves;
- a **Land Use Activity Agreement**, which grants to Traditional Owners procedural rights to comment on or negotiate and consent to certain activities on Crown land, including the payment of 'community benefits'; or compensation, for some activities (the Land Use Activity Agreement replaces the future acts regime under the Native Title Act);
- a **Funding Agreement** to enable Traditional Owner corporations to manage their settlement obligations and to undertake economic development for financial self-sufficiency; and
- a **Natural Resource Agreement** to recognise Traditional Owners' rights to take and use specified natural resources in the agreement area (including animals, plants and forest produce) and to participate in the State's management of land, waters and natural resources.

Strategy and Priorities

First Nations receives more requests for assistance from native title groups than it is able to meet at any given time and has a policy and planning framework in place to guide resource allocation.

In 2017 we launched our new strategic plan jointly with the Federation. First Nations strategies and objectives are outlined on page 3. The joint strategic plan is available on our website.

The First Nations' Board set out its priorities for the provision of professional services to client groups in its Operational Plan 2017-18. During the year the Operational Plan guided the direction of resources and assisted the Board and the Management Team to monitor progress.

First Nations continues to implement our Guidelines for Assistance Policy in assessing requests for assistance from native title groups. Decisions made under these guidelines are reviewable. The guidelines assist First Nations to allocate the funds it receives to facilitate native title matters in Victoria in a manner which:

- advances the interests of Traditional Owners in accordance with First Nations' Operational Plan;
- enables First Nations to manage the provision of assistance to native title groups effectively;
- accords with the principles of procedural fairness;
- complies with our funding terms and conditions; and
- complies with the Native Title Act.

Services

In line with our objects, functions and current strategic plan, our services to clients include:

- legal representation and research assistance for native title claimants and corporations;
- negotiation and agreement-making under the Native Title Act and the Settlement Act;
- dispute resolution services;
- professional services to support native title agreement-making, including technical advice and planning support in economic development, natural resource management, corporation development and governance; and
- secretariat services, including policy and technical advice, to the Registered Native Title Bodies Corporate and other Traditional Owner Corporations.

OUR PERFORMANCE

Our Performance



Highlights of the Year

Name change

In November 2017 Native Title Services Victoria changed its name to First Nations Legal & Research Services. The name reflects that we are much more than a native title service provider. We are here to service the many and varied needs of our Traditional Owner clients. Native title will eventually be settled across all of Victoria and it is likely that native title related funding from the Commonwealth Government will go directly to the native title holders via their corporations. Likewise, State and Commonwealth funding is likely to flow directly to groups that are recognised as Traditional Owners through Victoria's alternative settlement process. In keeping with the principle of self-determination, Traditional Owners and native title holders will have control of the resources and can purchase the services they need from the service providers of their choice. This is a great step forward. First Nations, with its specialist skills and expertise and competitive fee structure, is willing and able to compete on the open market to provide a range of corporate, legal, research and other professional services.

Retirement of CEO/appointment of new CEO

After six years at the helm Matthew Storey decided not to seek a further extension of his contract as CEO. Matthew led First Nations through a period of significant change in which the organisation took a more regional approach to its operations and built upon the skills and experience of its in-house staff, rather than continually relying on consultants. In addition to building up the organisation's capacity to run claims and settlements Matthew was instrumental in the development of the Federation and its group of companies. Matthew's belief in Traditional Owners taking control and setting the agenda has helped establish a strong political and policy advocacy vehicle for Traditional Owners in Victoria.

Collaboration

Achieving formal recognition of traditional ownership and/or native title requires hard work over a long period of time and can be stressful and at times demoralising for Traditional Owners who resent having to 'prove' who they are. It is essential that we as the native title service provider work collaboratively, to the extent possible, with all parts of the system. To this end First Nations co-hosted a collaboration forum in February that included representatives from the different arms of the Victorian Government that deal with Traditional Owners and with representatives from the Federation, the Victorian Aboriginal Heritage Council and the Aboriginal Treaty Advancement Commission. It was recognised in this forum that resources and support need to be available to Traditional Owners at all stages of the rights recognition process, including in the very early engagement stage and well after recognition and settlement, to assist Traditional Owners manage their rights and interests and support self-determination and economic independence. Nine agencies participated in the forum, perhaps the first of its kind in Australia, and all the agencies have demonstrated an ongoing commitment to genuine collaboration.

Support to groups post-settlement

Managing the range of obligations under a native title determination and the various settlement agreements is complex and resource intensive. This element of native title work is often overlooked as native title service providers turn their focus onto the next claim. However, First Nations has for many years maintained a close relationship with native title groups post settlement and does what it can within its limited budget to provide critical support to foster capacity and self-determination.

In particular, over the course of the 2017-18 financial year First Nations has given a lot of support to the Gunditjmara people and the Wotjobaluk, Jaadwa, Jadawadjali, Wergaia and Jupagulk people in their renegotiations with the State. They are the two earliest groups in Victoria to have their native title recognised and now have the opportunity to obtain the additional benefits that are available under the Settlement Act.

Country Planning

The use of Whole of Country Planning processes to identify and articulate Traditional Owners' interests and aspirations in relation to their lands and waters continues to be embedded in First Nations' practice. Five groups have been through this process to date and this year the Growing What is Good Country Plan – Voices of the Wotjobaluk Nations was launched at the Barengi Gadjin Land Council Aboriginal Corporation (BGLC)'s new office and native plant nursery at Wail. Whole of Country Planning is proving to be an effective community engagement tool and is invaluable in preparing groups for settlement negotiations. Country Planning is currently underway with the First Peoples of the Millewa-Mallee.

Support to groups in the assessment and capacity building stage

First Nations recognises the importance of engaging with groups as early as possible, even before they are ready to lodge native title claims or enter into negotiations with the State. Our capacity to do this is limited due to our funding but we see enormous benefits in helping groups get organised and build capacity. We also believe that it is important that groups are provided with information and options as early as possible so that if they choose to lodge a claim or negotiate a settlement they do so with their free, prior and informed consent.

Nous review

In 2017-18 the Department of Prime Minister and Cabinet commenced a process of reviewing native title representative bodies and service providers across the country. First Nations was included in the first tranche of reviews conducted by the Nous Group consultants. The review was an in depth assessment of our performance and an examination of our efficiency and effectiveness. The review provided a very favourable assessment and confirms that, despite the difficulties associated with native title in the heavily colonised southern part of the country, First Nations is performing well. Regardless, the review identified some areas for improvement including providing more dispute resolution assistance, clearer communication of our policies and procedures and taking steps to return research materials to native title groups. We note the recommendations and are taking steps to ensure our performance continues at a high standard.

Return of research materials

As mentioned previously one of the Nous review recommendations related to the return of native title research materials to native title groups once their matter has been resolved through the courts or by negotiation. This has been a long running concern for us and our client groups and is an issue experienced by native title groups across the country. Research reports contain a lot of confidential and sensitive personal information and providing those reports back to groups is difficult without compromising our duties of confidentiality and breaching privacy laws. Despite this, First Nations in collaboration with Traditional Owners is developing a protocol for the return and secure management of research materials to our groups and will soon be meeting with each native title group to develop a plan for the return of their material on a case by case basis.

New strategic plan

2017-2018 saw the release of the new 2017-2020 Strategic Plan. For the first time First Nations' strategic plan was developed in conjunction with the Federation.

First Nations along with the Federation is driven by the shared vision of Traditional Owners being strong on country and leading the political, economic and cultural landscape. In particular, as the native title service provider for Victoria, First Nations is committed to resolving native title across the State and we seek, by anticipating our clients' needs, to become the legal, research and corporate service provider of choice for Traditional Owners and their corporations. We are also committed to continue to lobby and advocate on our clients' behalf for the continued improvement of agreement making with the various levels of government. In Victoria at present with our specialist skills and relationships First Nations has the opportunity to shape the Treaty discussions, which have the potential to take current recognition and settlement opportunities to greater heights.



Financial Overview

A summary of the operating result reported to First Nations' funding body, the Department of Prime Minister and Cabinet (PM&C), is given below:

NTRB Functions (Funds utilized under Native Title Program Funding Agreements)	(1) Actual 2016-17 \$'000	(2) Budget 2017-18 \$'000	(3) Actual 2017-18 \$'000	Variation Column (3) minus column (2)
Capital	184	80	83	3
Prescribed Body Corporate Funding	100	71	71	-
Activities	2,384	1,773	1,760	(13)
Corporate	1,820	2,718	2,880	162
Total	4,488	4,642	4,794	152
Income				
PM&C Funding	4,396	4,331	4,331	-
PM&C Funding carried forward	280	241	241	-
Activity Generated Income	53	70	199	129
Total	4,729	4,642	4,771	129
Surplus/(Deficit)	241	-	(23)	(23)

Note that this table is prepared in accordance with First Nations' Funding Agreement with PM&C which is prepared on a modified cash basis and is not in accordance with accounting standards.

The deficit of \$23,000 indicated in this table arises from overspent funds which will be recovered from funding in the financial year 2018-19.

Financial Overview (continued)

A summary of the operating expenditure for the 12 months to 30 June 2018, by activity is shown in the table below:

ACTIVITY NAME	\$'000
Taungurung	275
Eastern Maar	301
First Peoples Millewa-Mallee	362
Wurundjeri	177
Barengi Gadjin Land Council Aboriginal Corporation	223
Gunditj Mirring Traditional Owners Aboriginal Corporation	208
Wilsons Promontory	115
Gariwerd	274
Assessment Research	161
Dja Dja Wurrung Clans Aboriginal Corporation	53
Gunaikurnai Land and Waters Aboriginal Corporation	132
Wamba Barapa	147
Wathaurung	60
Yorta Yorta	238
Far East Gippsland	155
Eastern Maar Aboriginal Corporation – PBC Support funding	68
Barengi Gadjin Land Council Aboriginal Corporation – PBC Support funding	3
Governance and Administration	1,842
Total	4,794

Consultants

The following table is a summary of the number and expenditure on consultancies. In this context 'legal consultancies' include the briefing of Counsel.

TYPE	NUMBER	EXPENDITURE
Legal	2	\$8,391
Research	2	\$12,727
Other	4	\$31,877
Total	8	\$52,995

Note that this table is prepared in accordance with First Nations' Funding Agreement with PM&C, which is prepared on a modified cash basis and is not in accordance with accounting standards.

Future Act and Land Use Activity Notification Information for 2017-2018

	Section 24	Section 29	Other	Land Use Activity notifications	Total
Bunurong/Boon Wurrung	4				4
Dhudhuroa	6	1			7
Dja Dja Wurrung		2			2
Eastern Maar	11	6			17
Far East Gippsland	4				4
First Peoples of the Millewa-Mallee	4				4
Gunaikurnai	13	2			15
Gunditjmara	8				8
Taungurung	23	4			27
Wathaurung	17				17
Mid North West	1				1
Wamba Wamba Barapa Barapa	4	1			5
Wotjobaluk, Jaadwa, Jadawadjali, Wergaia and Jupagulk	3				3
Wurundjeri	10				10
Total	108	16	0	0	124

Pink Lake



Our Clients

Barengi Gadjin Land Council Aboriginal Corporation (BGLC)

In addition to being the first group in Victoria to have their native title recognised, the BGLC on behalf of the Wotjobaluk, Jaadwa, Jadawadjali, Wergaia, Jupagalk Peoples (Wotjobaluk peoples) is seeking to negotiate agreements under the Settlement Act. Following advice in April 2017 that the requirements of the Part B thresholds process had been met, BGLC and the Wotjobaluk Peoples were notified in September 2017 that the State had agreed to commence negotiations under the Settlement Act. Negotiations commenced in October and the Wotjobaluk Peoples negotiating team expects an initial offer from the State before the end of 2018. It is hoped a final settlement can be reached with the State in the first half of 2019.

The Country Planning process was completed in 2017 and the finalised Country Plan was launched in January 2018. The Country Plan provides important material for input into the proposed settlement package and a important blueprint for the management of Country into the future.

First Nations continues to provide assistance to BGLC on governance, strategic planning, communications and economic development as BGLC focusses on strengthening its capacity to be ready to manage the benefits of a new settlement package.



First Peoples of the Millewa-Mallee (FPMM)

The FPMM are actively seeking a settlement with the State under the Settlement Act. The Part B Threshold Statement was submitted in January 2018 and threshold notification occurred in February 2018. FPMM are hopeful that threshold requirements will have been met in the second half of 2018 and negotiations can commence with the State in 2019.

The FPMM also have a registered native title claim in the Federal Court and have attended regular case management hearings to report on progress during the reporting period.

First Nations continues to provide assistance and support to the First People of the Millewa-Mallee Aboriginal Corporation (FPMMAC) as it strengthens its corporate capacity and recognition as the corporation representing FPMM Traditional Owners. Management and protection of cultural heritage continues to be a core focus of the corporation and FPMMAC submitted a new Registered Aboriginal Party application to the Heritage Council in April 2018. FPMMAC has also commenced work to develop a Country and Water Plan, a process that will articulate and document the group's aspirations and goals for the care and management of Country into the future.

Dja Dja Wurrung Clans Aboriginal Corporation (DDWCAC)

Dja Dja Wurrung was the second group to achieve a comprehensive settlement with the State of Victoria under the Settlement Act, signing a Recognition and Settlement agreement in 2013. Over the last five years DDWCAC has overseen and implemented the terms of the settlement, including managing all work and activity which takes place on Crown land within its settlement area.

Now entering the fifth year post settlement, the Dja Dja Wurrung Recognition and Settlement agreement is subject to an independent Five Year Outcomes Review, overseen by Emeritus Professor Mick Dodson AM, who will look into all aspects of the agreement, and make recommendations for improvements, to ensure government compliance and the workability of agreement terms. First Nations met with Professor Mick Dodson to contribute to this review and continues to assist DDWCAC by providing legal advice and support in relation to land use activities, the negotiation of agreements and community benefits, and compliance and reporting.

Great Ocean Road



Gariwerd



Our clients (continued)

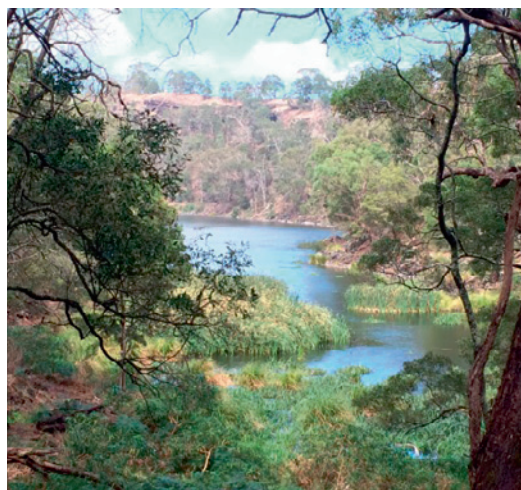
Eastern Maar

The Eastern Maar have now formally entered into negotiation with the State under the Settlement Act for settlement of their native title claim, and it is hoped negotiations will be substantially resolved within the next twelve to eighteen months. The Eastern Maar have already commenced planning work, examining various streams of economic, social and strategic planning, and are confident of achieving a comprehensive and sustainable settlement outcome. The Eastern Maar Aboriginal Corporation, as the registered native title body corporate representing the interests of the Eastern Maar, are currently looking to expand its staffing profile to provide support during and after negotiations, and will continued to be assisted by First Nations throughout this process.

Gariwerd Native Title Claim

On 2 September 2016, the Gariwerd Native Title Claim was entered on the register of native title claims maintained by the National Native Title Tribunal. This claim, over Gariwerd, has been brought on behalf of the Wotjobaluk, Jaadwa, Jadawadjali, Wergaia, Jupagalk People, the Gunditjmara People and the Eastern Maar People. The native title claim group has instructed First Nations to pursue both a native title determination and a Settlement Act outcome. The Gariwerd native title claim group has successfully negotiated an Indigenous Land Use Agreement (ILUA) to ensure that any public works occurring on reserved Crown land will not extinguish native title over the footprint of the works. The ILUA preserves the Traditional Owners' right to seek compensation at a later date for the impact that these works have had on their native title rights and interests. The native title claim group and the State are committed to negotiating an agreement to allow for joint management opportunities, and to ensure that the Traditional Owners are actively involved in the significant cultural heritage, conservation and economic development opportunities available through the investment in the Grampians Peaks Trail project. First Nations is currently assisting the Gariwerd claim group with preparing a connection report to progress their native title claim. Further to this, First Nations is working with the claim group to establish a Traditional Owner Corporation to manage their native title rights and interests within the claim area. The Gariwerd claim group will be able to commence settlement negotiations with the State once it implements its corporate structure and meets the State's negotiation requirements.

Mount Eccles



Reedy Lake



Gunditj Mirring Traditional Owners Aboriginal Corporation (GMTOAC)

GMTOAC, the registered native title body corporate for the Gunditjmarra, was in special administration under the *Corporations (Aboriginal and Torres Strait Islander) Act 2006* (Cth) from September 2017 to January 2018, resulting in a new board and a new rule book for the corporation. Negotiations towards settlement under the Settlement Act paused during the period of special administration but recommenced early in 2018. Substantive drafting on the various components of the settlement package has been undertaken and the Gunditjmarra expect to receive a revised settlement offer from the State in the second half of 2018.

First Nations continues to provide ongoing assistance and support to GMTOAC in governance, economic development, natural resource management and native title related matters.

Taungurung

The Taungurung and the State have been in substantive negotiations under the Settlement Act since 2015. In November 2016 the Taungurung negotiating team submitted a comprehensive offer of financial settlement to the State, and in February 2017 an economic report detailing estimates of compensation payable under the Native Title Act. The Taungurung are confident that they will achieve a final agreement by the end of 2018. The negotiation team has continued to meet regularly to assess all components of a potential settlement, including the preparation of a draft Recognition Statement, and a review of the legal documentation associated with a settlement. First Nations has also continued to assist Taungurung Clans Aboriginal Corporation, the corporate expression of the Taungurung peoples, with respect to various corporate governance and commercial matters.

It is anticipated that negotiations towards settlement will commence in 2019.

OUR PERFORMANCE

Far East Gippsland



Barmah



Our clients (continued)

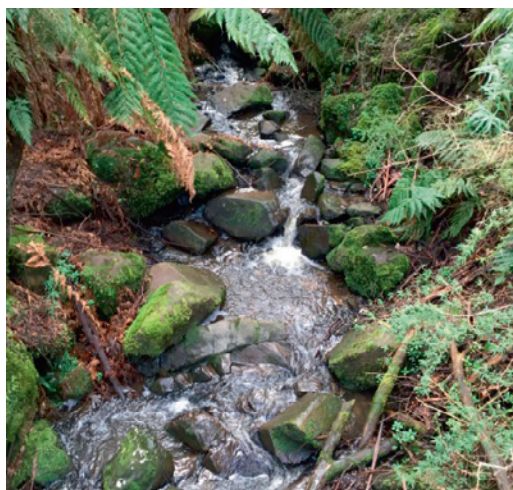
Far East Gippsland

First Nations continues preliminary research and engagement with Traditional Owners of the region that lies approximately between the Snowy River and the NSW/Victorian border bounded by the Tasman Sea. Far East Gippsland is one of the remaining parts of Victoria which does not have a claim underway, so this work has involved collecting information from Traditional Owners and the investigation of historical and other sources of material. Community engagement will be the priority throughout the second half of 2018 to ascertain the community's aspirations, and start preparing for a claim and/or settlement, subject to the group's instructions.

Yorta Yorta

In 2017, First Nations was requested to provide assistance to the Yorta Yorta people for the purpose of preparing a Threshold Statement under the Settlement Act.

A series of family group meetings was held with the support of the Yorta Yorta Nation Aboriginal Corporation (YYNAC) in April 2018. Work continues on undertaking contemporary research and interviews, building on the significant amount of archived material held by YYNAC in respect of the original Yorta Yorta native title claim.



Gunaikurnai Land & Waters Aboriginal Corporation (GLaWAC)

The Gunaikurnai were the first Traditional Owner group to achieve a settlement with the State of Victoria under the Settlement Act, signing a Recognition and Settlement agreement as part of their native title consent determination in 2010. GLaWAC continues to oversee and implement the terms of the settlement in addition to its roles and responsibilities under the Native Title Act. This year also saw the approval of the Joint Management Plan for Gunaikurnai country developed by the Traditional Owner Land Management Board.

First Nations has continued to assist the GLaWAC Board and executive team by providing legal advice and support in relation to native title, future act negotiations, corporate governance and commercial matters.

Wilsons Promontory

On 9 December 2014, the Gunaikurnai people lodged a native title determination application in the Federal Court over an area including the Wilsons Promontory National Park. The Gunaikurnai native title claim over Wilsons Promontory is being actively case managed by the Federal Court and a conference of experts will take place in September 2018. Following this, First Nations will seek instructions from the full group in relation to the next steps to progress the claim.

Wurundjeri/Woiwurrung

In late 2015, a Part A Threshold Statement (Part A) was lodged with the State by the Wurundjeri/Woiwurrung Traditional Owner group over Melbourne and surrounds.

First Nations has continued to work with the Wurundjeri/Woiwurrung community and the State to progress the acceptance of the Threshold Statement. However, much of this work has been put on hold whilst the Wurundjeri Land and Compensation Cultural Heritage Council Aboriginal Corporation commissioned additional research.

First Nations will meet with the Wurundjeri/Woiwurrung Traditional Owner group in the second half of 2018 to map out the next steps in the threshold process and settlement.

OUR PERFORMANCE

Mt Emu Creek



Bunurong/Boon Wurrung



Our clients (continued)

Wathaurung

First Nations has conducted further research in this area with a view to being able to support an application for support and assistance to progress native title processes once instructions are received from the full Traditional Owner group. First Nations also continues to provide assistance and support in relation to future act matters.

Bunurong/Boon Wurrung

Following a request for assistance in late 2017 First Nations commenced research and engagement with the Bunurong/Boon Wurrung people. The first priority has been to ensure Bunurong/Boon Wurrung interests are considered in the context of the Gunaikurnai native title claim over Wilsons Promontory. Following this, once the research process has been completed, First Nations will seek instructions from the full group in relation to a potential native title claim and/or Settlement Act process.

Our Governance

Corporate Governance

First Nations' governance framework comprises the legislative framework governing the organisation, our constitution, Board of Directors, Board sub-committees, the CEO and Senior Management Team and the management team.

The Management Team

The Chief Executive Officer leads First Nations through its day to day operations. During the reporting period he was assisted by the management team, who meet on a fortnightly basis, to plan, discuss and review operational performance. The management team is as follows:

Tony Kelly, CEO

Austin Sweeney, Director of Legal and Research

Dilruk Taylor, Director of Corporate Services

Dr Tim Pilbrow, Research Manager

Daniel Kelly, Managing Lawyer

Catherine Wilson, Managing Lawyer

Jill Webb, Managing Lawyer

Ju-Lin O'Connor, Managing Lawyer
(until April 2018)



Tony Kelly, Chief Executive Officer

Tony has nearly four decades experience working with Traditional Owners across the country. He is passionately committed to ensuring Traditional Owners have their rights and interests respected and self-determination recognised.

His ability to collaborate with people to find solutions to complex problems under rapidly shifting circumstances is second to none. Tony brings together a history of managerial and field experience that encompasses environmental science, community development and law. These are skills that combined with his emotional intelligence, empathy and professionalism create a perfect combination in the role of CEO.



Austin Sweeney, Director of Legal & Research

Austin Sweeney joined First Nations as Principal Legal Officer in April 2009. He is a lawyer and mediator, and originally practiced in the area of commercial law. He has extensive experience having worked on land rights and native title matters in different parts of Australia for more than 20 years, both as a lawyer for native title representative bodies and as a consultant.



Dilruk Taylor, Director, Corporate Services & Company Secretary

Dilruk joined First Nations as an accountant in 2005 and was appointed the Director of Corporate Services in 2016.

Dilruk is a qualified accountant, who has been with First Nations for 13 years. Dilruk is a fellow member of the Chartered Institute of Management Accountants UK. She has more than 30 years of experience in finance in not-for-profit and commercial sector organisations in Australia and Sri Lanka.

Dilruk holds a Master of Management (Monash University).



Dr Tim Pilbrow, Research Manager

Tim is an anthropologist with a research background in the ethnography of collective identities and the socially integrative dimensions of conflict and dispute. He has more than eleven years' experience in research for native title and Traditional Owner settlements in Victoria, as well as ethnographic research experience in Bulgaria on the negotiation of cultural identities under rapid social change. Tim is a fellow of the Australian Anthropological Society and a Professional Member of the American Anthropological Association. He is also an accredited mediator.



Daniel Kelly, Managing Lawyer

Dan was admitted as a solicitor in the Supreme Court of NSW in 2005, and initially practiced in Sydney with commercial law firms M + K Lawyers and Norton White.

In 2009 Dan took up the role of Senior Solicitor and then Legal Practice Manager at the Central Land Council, overseeing a team of lawyers responsible for providing legal advice in relation to all public and private activities on Aboriginal land.

In 2015 Dan was a founding member of Australian Lawyers for Remote Aboriginal Rights (ALRAR), and still provides pro bono support and advice to the organisation. He is currently involved in efforts to aid residents in the remote community of Santa Teresa in legal action seeking enforcement of tenants' rights, and redress for the poor provision of housing services in the community.

Dan has also provided advice to the Federation with respect to the Treaty process commenced by the Victorian government in 2016. Dan continues to provide advice in this emerging area, particularly with respect to the development of appropriate legislation and policy.

Dan holds a BA majoring in English and Political Science and an LLB from Western Sydney University.



Catherine Wilson, Managing Lawyer

Prior to joining First Nations in 2014, Catherine worked as a corporate and commercial lawyer in the Energy, Resources and Infrastructure team at K&L Gates (formerly Middletons). In addition to acting for a broad range of public and private sector clients, she had a strong pro bono practice focussed on advising not-for-profit and indigenous organisations including providing ongoing post-determination legal and governance support to the native title holders in Broome.

Catherine brings over ten years of legal expertise to her role as Managing Lawyer, and has a particular interest in how the native title and settlement regimes interact with other legal frameworks. She is committed to using her diverse range of skills and experience to support Traditional Owners achieve land justice outcomes in Victoria and to build sustainable representative corporations.

Catherine holds a Bachelor of Laws (Honours) and a Bachelor of Biomedical Science (Honours) from the University of Melbourne.



Jill Webb, Managing Lawyer

Jill joined First Nations in 2011 as a policy officer before joining the legal team in 2012. She is passionately committed to supporting Traditional Owners settle their claims for land justice in Victoria. Prior to studying law, Jill worked as a social worker and manager in the community sector and she brings a broad range of skills and experience to complement her legal skills.

Jill has a Bachelor of Laws (Honours) from La Trobe University and a Graduate Diploma in Legal Practice from the Australian National University. She also holds a Bachelor of Arts and a Bachelor of Social Work from Melbourne University. For more than a decade, Jill has been on the board of ANTaR, an independent national network of organisations and individuals working in support of Justice, Rights and Respect for Aboriginal and Torres Strait Islander peoples in Australia.

Accountability

External Auditor and Audit Committee

The annual audit of First Nations was carried out by PricewaterhouseCoopers. Their report accompanies the financial statements for 2017-2018 and is included on page 65.

The Audit and Risk Committee (ARC) was formed in May 2012 and the Board approved the Charter (revised in February 2017) under which the Committee operates. The role of the ARC is to assist the Board in First Nations governance and exercising of due care, diligence and skill in relation to reporting financial information to users of financial reports. This includes consideration of accounting policies, financial management, internal control systems, risk management systems, protection of the company's assets and, acting as the Remuneration Committee to review the remuneration and performance of the CEO.

The Committee met on 15 September 2017, 16 November 2017, 8 December 2017 and 20 February 2018. Agenda items considered by the committee included review of policies and procedures, regulatory compliance, trust monies and annual accounts. The Committee meets annually with the auditors to discuss the financial reports and other relevant issues.

ARC reports and makes recommendation to the Board after each meeting.

Department of Prime Minister & Cabinet (PM&C)

To perform the functions of native title service provider in Victoria, First Nations has entered into a funding agreement with PM&C.

The obligations of First Nations under the funding arrangement are detailed in the "Head Agreement for Indigenous Grants" and "Project Agreement". They are comprehensive and hold First Nations' Board and its management to account.

The reporting and acquittals frameworks ensure PM&C is apprised of our activities regularly. Half yearly reports, including the Operational Plan Performance Report and Financial Reports as at 31 December and 30 June are tabled at relevant Board Meetings.

To the best of our knowledge we have met all our obligations under the funding agreement.

Risk Management

Risk management is an integral part of effective corporate governance. It identifies and assesses risks and adopts appropriate practices to mitigate those risks. There were no matters of risk that presented a concern to First Nations in 2017-2018.

Insurance

First Nations has comprehensive insurance cover for all assets and activities. This includes work cover, fire, burglary, money, public and products liability and general property, motor vehicle, professional indemnity and directors and officers insurance. There were no outstanding claims in 2017-2018 and we are not aware of any legal proceedings or material claims against us.

Ethical Standards, Polices and Procedures

Our Board, Management and staff are guided in their actions and duties by the First Nations' Constitution and its policies and procedures, including Codes of Conduct. To ensure a fair and balanced prioritisation of our activities we have well-documented guidelines for assistance to native title groups including an internal review process.

We are pleased to report there were no breaches of our ethical standards, policies and procedures in 2017-2018.



Our People

Workforce Planning

First Nations has a number of initiatives in place which are designed to retain and attract highly qualified and experienced staff. The First Nations workplace is flexible, family friendly and incorporates regular social club events and team building days. Staff professional development opportunities are valued highly and all staff are encouraged to learn and develop in their roles. First Nations also continues to provide access to salary sacrifice arrangements and tax benefits through our standing as a Public Benevolent Institution.

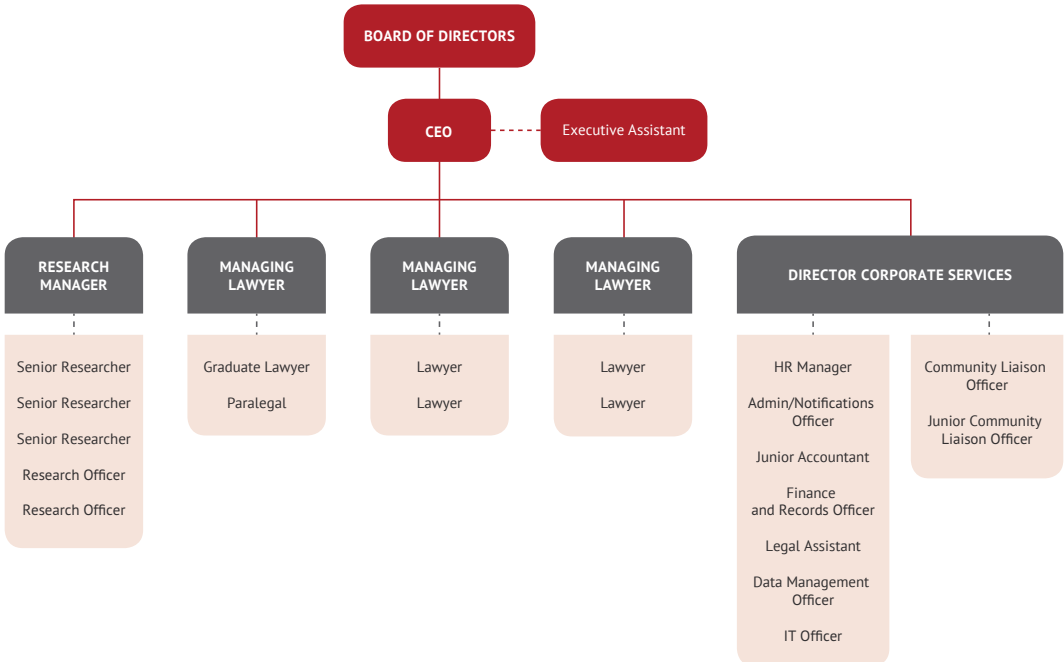
First Nations is proud of its dedicated staff, and our policy when recruiting is to appoint Aboriginal people wherever possible.

Professional Development

First Nations is an organisation that values professional development, and encourages its staff to plan, source and undertake relevant training on a regular basis throughout the year.

First Nations spent \$109,688 on professional development and training in the last year. Some staff also attended the National Native Title Conference in Broome during June 2018.

Organisational Structure



Staff Profile, Commencements and Departures

During the 2017-2018 financial year First Nations had 9 new starters and 12 departures. The net effect on the equivalent full time staff total was a decrease of three staff.

STAFF	INDIGENOUS		NON-INDIGENOUS		TOTAL	
	2018	2017	2018	2017	2018	2017
Female	3.00	2.00	14.00	13.00	17.00	15.00
Male	2.00	2.00	10.00	15.00	12.00	17.00
Total	5.00	4.00	24.00	28.00	29.00	32.00

The above statistics are inclusive of full time, part time, contract and casual staff. The total number of 29 staff is a decrease from 32 in 2017.

Enterprise Agreement

The NTSV Enterprise Agreement 2015-2018 continues to cover the terms and conditions of employment of all First Nations staff. A new Enterprise Agreement is currently being negotiated.

Workplace Health and Safety

First Nations complies with the legislative requirements of the *Occupational Health and Safety Act 2004* (Vic). Our policies and procedures promote a safe and health work environment. In 2017-2018 there were no recorded injuries which required worker's compensation.

As part of normal operations our staff have travelled over 76,000 kilometres on Victoria's roads in the past year and we have had another incident free year and have maintained our good record of safe driving.

Interns

First Nations continues to maintain and develop ongoing relationships with the Aurora Project, University of Melbourne and Charles Darwin University. Each year First Nations hosts a number of interns both from legal and research based disciplines. These interns are highly motivated and provide First Nations with high quality assistance and support as part of their professional development and on-the-ground work experience. Over the financial year First Nations hosted 21 legal and research interns.

Scholarships

First Nations continues to support two Aboriginal law students from the Institute of Koorie Education at Deakin University. These two students were awarded the Bryan Wyatt Scholarship. These two students spend 6 weeks each year on placement at First Nations as part of their law studies.

FINANCIAL STATEMENTS

Financial Statements



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These financial statements are the financial statements of First Nations Legal & Research Services Ltd as an individual entity. The financials are presented in Australian dollars (\$).

These financial statements were authorised for issue by the directors on 11th October 2018. The directors have the power to amend and reissue the financial statements.

Directors' Report

Your directors present their report on the company for the financial year ended 30 June 2018.

Directors

The names of the directors in office at any time during or since the end of the financial year are:



Diane Kerr



Kenneth Stewart



Paul Paton



Graham Atkinson



Eileen Alberts



Jeremy Clark**



Darren Perry*



Marcus Stewart

Directors have been in office since the start of financial year to the date of this report unless otherwise stated.

*Darren Perry resigned as director on the 20 February 2018.

**Jeremy Clark resigned as director on the 14 September 2018.

Information on Directors

Diane Kerr, Chairperson

(appointed 28 October 2013)
(re-appointed 11 October 2016)
Director (appointed 18 January 2013)
(re-appointed 11 October 2016)

Aunty Di Kerr is a well-known and well-respected Wurundjeri Elder. She is a member and former Director of the Dandenong Aboriginal Co-operative. She is the former Director of Narragol Housing (Koori Housing Loans) and former Field Officer in native title. In 2016, she was appointed to the Victorian Treaty Interim Working Group by the Minister of Aboriginal Affairs. Aunty Di is also the Chairperson of Indigenous Advisory Committee at the Royal Women's Hospital. She remains a member of the Consumer Advisory Committee at the Royal Women's Hospital and a member of the Indigenous Advisory Committee at the Victorian Museum Melbourne. Aunty Di is ambassador of the Indigenous Leadership Network Victoria.

Kenneth Stewart, Deputy Chair

(appointed 13 October 2015)
(re-appointed 11 October 2016)
Director (appointed 23 February 2012)
(re-appointed 11 October 2016)
(re-appointed 18 February 2013)

Kenneth Stewart is a Wamba Wamba descendent, who has extensive experience in corporate governance, native title, cultural heritage and natural resource management. He is currently the Chairperson of Wiran Aboriginal Corporation and a member of the working group that established the Murray Lower Darling River Indigenous Network. He worked with the North West Clans Aboriginal Corporation and is a current Living Murray Indigenous Facilitator with the Mallee Catchment Management Authority.

Graham Atkinson, Director

(appointed 18 November 2003)
(re-appointed 18 February 2013)
(re-appointed 11 October 2016)

Graham holds a Masters of Business Administration and a Bachelor of Art (Social Work). A director of the consultancy firm Atkinson Kerr and Associates he has long experience in senior management roles and in Indigenous affairs. Graham is a Dja Dja Wurrung and Yorta Yorta man. He was Chair of First Nations, formerly Native Title Services Victoria, for 10 years and a previous Chair of the Dja Dja Wurrung Clans Aboriginal Corporation, and member of the Indigenous Land Council. Graham is also a director at the Federation of Victorian Traditional Owner Corporations Ltd, Federation Heritage Services Pty Ltd, Barpa Pty Ltd, Dja Dja Wurrung Clans Aboriginal Corporation and the National Native Title Council.

Eileen Alberts, Director

(appointed 28 September 2009)
(re-appointed 18 February 2013)
(re-appointed 11 October 2016)

Eileen is a Gunditjmara woman and respected Elder of the Koori Court. She is a director of the Gunditj Mirring Traditional Owner Aboriginal Corporation and is a Cultural Heritage Officer with that organisation. She has many years experience in Aboriginal health and education and is a former Community Liaison Officer with both Mirimbiak Nations Aboriginal Corporation and Native Title Services Victoria. Eileen has been a Board member since September 2009 and served as Deputy Chairperson.

Marcus Stewart, Director

(appointed 18 December 2015)
(re-appointed 11 October 2016)

Marcus Stewart is a Nira illim bulluk man of the Taungurung Nation. Marcus is the CEO of the Federation of Victorian Traditional Owner Corporations. He is a seasoned negotiator and strategist with more than 15 years' experience in Aboriginal affairs. He has held several senior positions in management and possesses renowned experience across several levels of government. He has assisted in the implementation of a number of strategies and policies through senior roles in State Government and as the CEO of Taungurung Clans Aboriginal Corporation.

Jeremy Clark, Director

(appointed 18 December 2015)
(re-appointed 11 October 2016)
(resigned on 14 September 2018)

Jeremy Clark is a Tjap/Peek Wurrung Traditional Owner from South West Victoria with over 25 years' experience in Aboriginal Affairs specialising in cultural heritage, native title and land management. He brings strong business and governance experience to the Board gained from his work over the past decade as CEO of Brambuk, the National Park and Cultural Centre in Gariwerd, and in his current role as General Manager of Barpa Construction Services.

Jeremy has previously held the positions of Chairperson and General Manager of the Eastern Maar Aboriginal Corporation and Deputy Chair of the Federation of Victorian Traditional Owner Corporations. Jeremy is also a member of the Victorian Treaty Working Group and Victorian Aboriginal Economic Board and is a strong believer in Aboriginal people's right to self-determination and passionate about developing and providing opportunities to improve the economic and social outcomes for his people.

Paul Paton, Director

(appointed 6 September 2016)
(re-appointed 11 October 2016)

Paul Paton is a Traditional Owner from the Gunai & Monero tribes of south-eastern Australia. He is a Director at First Languages Australia and Ninde Ngujarn Monaro-Ngarigo Aboriginal Corporation. He is also a Member of the Indigenous Names Committee – Victorian Geographic Names Panel. Paul is currently a manager of the Aboriginal Inclusion Support Branch – Department of Environment, Land, Water and Planning. Paul is a graduate of the Melbourne Business School MURRA 2014 Indigenous Business Master Class Program.

Darren Perry, Director

(re-appointed 11 October 2016)

(appointed 12 December 2014)

(resigned on 20 February 2018)

Darren Perry is a Ngintait, Ngarket, Jardwajali and Gunditjmara man. He has been involved in the field of Cultural Heritage Management in north-west Victoria for the past 27 years, with the protection of the large cemeteries of the Ngintait People a strong focus over the last decade. Darren has a strong desire to maintain and transmit the culture and knowledge of the Traditional Ancestors of the North-west Victorian Aboriginal People to the younger generations of Traditional Owners and this is what drives Darren to engage with native title. Darren sees that native title benefits can provide a platform to build a stronger connection to Country and Culture as well as lifting the living standards of Traditional Owners in north-west Victoria.

Meeting of Directors

The numbers of meetings of the company's board of directors and of each board committee held during the year ended 30 June 2018, and the numbers of meetings attended by each director were:

	NUMBER ELIGIBLE TO ATTEND	NUMBER ATTENDED
Diane Kerr	5	2
Ken Stewart	5	5
Graham Atkinson	5	2
Eileen Alberts	5	5
Marcus Stewart	5	3
Jeremy Clark	5	5
Paul Paton	5	2
Darren Perry	4	1

Principal activities

The principal activities of the company during the financial year were the provision of professional services to indigenous people in Victoria and to pursue the recognition and protection of native title under the Native Title Act 1993 (Cth) in Victoria.

Objectives and strategies

The company's long-term objectives are to:

- (a) develop long term, sustainable and economic land bases for the Aboriginal peoples of Victoria
- (b) assist in the development of a united, informed Aboriginal community in Victoria

The company's short-term objectives are to provide sustainable native title and land justice solutions for traditional owners in Victoria.

To achieve these objectives, the company has adopted the following strategic themes and the respective strategies:

- (a) facilitate successful determinations, settlements and agreements
 - manage resource allocation to simultaneously settle priority claims and ready other claims to take on priority status
 - use cross-organisational project teams to progress activities on the Operational Plan
 - develop and implement a future acts assistance policy
 - develop and implement an external communications strategy
 - maintain collaborative relationships with all stakeholder agencies
- (b) influence policy and legislative reform
 - conduct a sustained and persuasive dialogue with relevant State Government Ministers
 - provide timely and relevant policy and strategic advice to the Federation of Victorian Traditional Owner Cooperation Limited
 - work with the Federation of Victorian Traditional Owner Cooperation Limited to clarify its future role and relationship with First Nations Legal & Research Services.
 - strengthen the alignment of cultural heritage and native title processes
 - participate actively in the NNTC and contribute to its policy advocacy
- (c) support traditional owners to develop sustainable organisations
 - provide legal and strategic advice to PBC's and other post-settlement organisations on request
 - define First Nations Legal & Research Services's role in developing sustainable traditional owner organisations
 - develop capacity building and agreement implementation support service model
 - develop and participate in initiatives to resolve inter/intra- group conflict, including the Right People for Country project
- (d) ensuring First Nations Legal & Research Service's strength, security and capability
 - broaden staff skills mix to improve service delivery
 - enhance First Nations Legal & Research Services's financial administration and information management systems
 - enhance First Nations Legal & Research Services's performance management systems
 - strengthen First Nations Legal & Research Services's governance structure as necessary
 - develop and implement an Indigenous employment strategy
 - strengthen First Nations Legal & Research Services's internal communications

Performance measures

The company measures its performance by using the following success measures:

- the maximum number of positive native title outcomes, with the strongest possible recognition of rights and interests
- traditional owners shall have their land-related aspirations met
- traditional owners shall be recognised and respected throughout Victoria
- legislation/policy reformed to allow for just settlement of native title
- there shall be effective mechanisms for dispute resolution within traditional owner groups
- land justice outcomes shall maximise the number of strong incorporated organisations, with associated social improvements for traditional owners

Members' liability

The company 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 (2017: \$1) each towards meeting any outstanding obligations of the company. As at 30 June 2018, the total amount that a member of the company is liable to contribute if the company is wound up is \$1 (2017: \$1).

Significant changes in the state of affairs

Significant change in the state of affairs of the company during the financial year is listed below:

On 22 November 2017, the legal name of the entity was amended from Native Title Services Victoria Ltd to First Nations Legal & Research Services Ltd.

Event since the end of the financial year

Subsequent to year end, a new two year funding agreement from 2018 to 2020 was signed by the company with the Commonwealth of Australia as represented by the Department of Prime Minister and the Cabinet. The funding for the year ended 30 June 2019 is \$3,452,000 and for the year ended 30 June 2020 is \$3,249,800.

Given the revised level of funding from the Government the company has established a plan to restructure the business. As part of the restructure, the company is expecting to make employee redundancy payments of approximately of \$320K. These amounts were not taken up as a liability at 30 June 2018.

No other matter or circumstance has arisen since 30 June 2018 that has significantly affected the company'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 company 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 company is not affected by any significant environmental regulation in respect of its operations.

Insurance of officers and indemnities

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

Proceedings on behalf of the company

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

No proceedings have been brought or intervened in on behalf of the company 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 7 and forms part of the Director's report.

First Nations Legal & Research Services Ltd
Directors' report
30 June 2018
(continued)

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



Diane Kerr
Chairperson



Kenneth Stewart
Deputy chairperson

Melbourne
11 October 2018



Auditor's Independence Declaration

As lead auditor for the audit of First Nations Legal and Research Services Limited for the year ended 30 June 2018, 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.

A handwritten signature in blue ink, appearing to read 'D Kennett', is written over a faint, light blue grid background.

David Kennett
Partner
PricewaterhouseCoopers

Melbourne
11 October 2018

PricewaterhouseCoopers, ABN 52 780 433 757
2 Riverside Quay, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
T: 61 3 8603 1000, F: 61 3 8603 1999, www.pwc.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

Statement of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2018

	NOTES	2018 \$	2017 \$
INCOME			
Revenue from government		4,595,291	4,434,647
Interest		7,724	12,876
Other income		267,241	202,636
		4,870,256	4,650,159
EXPENSES			
Employee benefits expense	3	(3,153,987)	(3,305,480)
Depreciation expense	3	(259,291)	(214,404)
Consultants		(246,212)	(82,805)
Leasehold property rental		(192,459)	(192,459)
Other occupancy expenses		(53,240)	(49,199)
Office expenses		(424,305)	(383,641)
Claimant meeting expenses		(325,202)	(151,658)
Motor vehicle expenses		(28,719)	(29,998)
Other expenses		(341,886)	(407,323)
		(5,025,301)	(4,816,967)
(DEFICIT)/SURPLUS FOR THE YEAR		(155,045)	(166,808)
OTHER COMPREHENSIVE INCOME		-	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(155,045)	(166,808)

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

Statement of Financial Position

AS AT 30 JUNE 2018

	NOTES	2018 \$	2017 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	574,895	1,032,718
Trade and other receivables	5	125,723	101,919
TOTAL CURRENT ASSETS		700,618	1,134,637
NON-CURRENT ASSETS			
Property, plant and equipment	6	289,509	472,857
TOTAL NON-CURRENT ASSETS		289,509	472,857
TOTAL ASSETS		990,127	1,607,494
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	7	201,684	343,179
Provisions	8	522,906	504,155
Deferred income	9	11,746	264,332
TOTAL CURRENT LIABILITIES		736,336	1,111,666
NON CURRENT LIABILITIES			
Trade and other payables	7	-	37,143
Provisions	11	53,637	103,486
TOTAL NON CURRENT LIABILITIES		53,637	140,629
TOTAL LIABILITIES		789,973	1,252,295
NET ASSETS		200,154	355,199
EQUITY			
Accumulated surplus	12	200,154	355,199
TOTAL EQUITY		200,154	355,199

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

Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2018

	Accumulated surplus \$	Total equity \$
BALANCE AT 1 JULY 2016	522,007	522,007
(Deficit) for the year	(166,808)	(166,808)
TOTAL COMPREHENSIVE (DEFICIT) FOR THE YEAR	(166,808)	(166,808)
BALANCE AT 30 JUNE 2017	355,199	355,199
BALANCE AT 1 JULY 2017	355,199	355,199
Surplus/(deficit) for the year	(155,045)	(155,045)
TOTAL COMPREHENSIVE SURPLUS/(DEFICIT) FOR THE YEAR	(155,045)	(155,045)
BALANCE AT 30 JUNE 2018	200,154	200,154

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

Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2018

	NOTES	2018 \$	2017 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from course of operations		5,092,514	5,128,187
Payments to suppliers and employees		(5,463,239)	(4,984,476)
		(370,725)	(143,711)
Interest received		7,724	12,876
NET CASH (OUTFLOW) INFLOW FROM OPERATING ACTIVITIES		(363,001)	(156,587)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(94,822)	(124,070)
NET CASH (OUTFLOW) FROM INVESTING ACTIVITIES		(94,822)	(124,070)
CASH FLOWS FROM FINANCING ACTIVITIES			
NET CASH INFLOW (OUTFLOW) FROM FINANCING ACTIVITIES		-	-
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		(457,823)	32,517
Cash and cash equivalents at the beginning of the financial year		1,032,718	1,000,201
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	4	574,895	1,032,718

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

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2018

Note 1: Summary of Significant Accounting Policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements to the extent they have not already been disclosed in the other notes above. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the First Nations Legal & Research Services Ltd.

(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*. First Nations Legal & Research Services Ltd is a not-for-profit entity for the purpose of preparing the financial statements.

First Nations Legal & Research Services Ltd is a public company limited by guarantee, incorporated and domiciled in Australia. The sole member of the company is Federation of Victorian Traditional Owner Corporations Ltd.

- *Compliance with Australian Accounting Standards – Reduced Disclosure Requirements*
The financial statements of the First Nations Legal & Research Services Ltd comply with Australian Accounting Standards – Reduced Disclosure Requirements as issued by the Australian Accounting Standards Board (MSB).
- *Historical cost convention*
These financial statements have been prepared under the historical cost basis.
- *New and amended standards adopted by the company*
None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2017 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

The Company has elected not to apply any pronouncements to the annual reporting period beginning 1 July 2017.

- *New standards and interpretations not yet adopted*
Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2018 reporting periods and have not been early adopted by the company. The company's assessment of the impact of these new standards and interpretations is set out below.

- › AASB 9 Financial Instruments
MSB 9 is mandatory for financial years commencing on or after 1 January 2018, and the company has not chosen to early adopt. The company does not expect the effect of the new rules on the company's financial statements to be material.
- › AASB 1058 Income of Not-for-Profit Entities
MSB 1058 is mandatory for financial years commencing on or after 1 January 2019, and the company has not chosen to early adopt. The company is yet to complete its estimate of the effect of the new rules on its financial statements, however does not expect it to be material. The company will make more detailed assessment of the effect prior to application of the standard.

- › AASB 16 Leases
AASB 16 was issued in February 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for the company's operating leases. As at the reporting date, the company has non-cancellable operating lease commitments of \$1,516k, see note 15. However, the company has not yet determined to what extent these commitments will result in

the recognition of an asset and a liability for future payments and how this will affect the company's profit and classification of cash flows. At this stage, the company does not intend to adopt the standard before its effective date. The standard is mandatory for financial year commencing on or after 1 January 2019.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

- *Critical accounting estimates and assumption*
The company makes estimate and assumption concerning the future. The resulting accounting estimate will, by definition seldom equal the related actual results. The estimate and assumptions that have a significant risk of causing a material adjustment to carrying accounts of assets and liabilities within the next financial year is discussed below:

Growing concern

As at 30 June 2018, First Nations Legal & Research Services Ltd has a deficiency in net current assets of \$35,317 but positive net assets of \$200,154. It has also generated a deficit of \$155,045 for the year ended 30 June 2018 (2017: \$166,808). However, the company received \$1,624,900 (excluding GST) on 2 July 2018 in relation to its FY19 funding agreement and so it has sufficient funds to meet its immediate obligations.

Furthermore, to the extent the company continues to perform the functions prescribed by the Native Title Act 1993 (Cth) it is dependent on the continued funding of its operations by the federal authority. On 22 June 2018, the company was advised by the government of a significant reduction to its native title funding for the 2018-19 and 2019-20 financial years {from \$4,330,795 in 2017-18 to \$3,249,800 in 2018-19 and \$3,312,000 in 2019-20}.

Management have taken steps to reduce the levels of activity and expenditure the company incurs to match this lower level of funding. This is primarily through a reduced headcount, which is the company's most significant cost. Approximately nine full time equivalent employees (mainly lawyers and researchers) were made redundant in July 2018 at a cost of approximately \$320k and this, along with other administrative cost reductions, is expected to adequately reduce overall annual expenditure.

The company has also taken steps to broaden its professional service offering and place itself in a position where it can compete on the open market to provide professional services to Traditional Owners and their corporations. To this end, the company has negotiated (and is negotiating) service contracts with a range of Traditional Owner Corporations and government agencies, including Registered Native Title Bodies Corporate to provide services that lie outside of its Government grant funded service range. If this is successful, it will further increase the company's cash flows over the next 12 months and beyond.

Notwithstanding the above, based on the forecast monthly cash flows of the company over the next 12 months, available cash is forecast to be low in May and June 2019 (prior to the annual July cash payment from the government under the funding the agreement). In light of this, the company's sole member, the Federation of Victorian Traditional Owners Corporations, has agreed, via a letter of support, to provide bridging finance if it is required during May and June 2019, up to the receipt of the July 2019 government payment.

Therefore, based on the above, the directors are satisfied the company can continue to meet its debts as and when they fall due for a minimum period of 12 months from the date of signing the financial statements and accordingly have prepared the financial statements on a going concern basis.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2018

(b) 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 company 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 company's activities as described below. The company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised for the major business activities using the methods outlined below.

- *Government grants*
Government grants are recognised as revenue when the company 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 company 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 statement of comprehensive income over the period.
- *Services*
Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.
- *Interest income*
Interest income is recognised using the effective interest method. When a receivable is impaired, the company 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.

(c) Income tax

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

(d) Leases

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

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the company as lessee are classified as operating leases (note 14). Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

(e) Impairment of assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing

impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows, which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting year.

(f) Cash and cash equivalents

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

(g) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows,

discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

(h) Property, plant and equipment

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

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

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

Class of fixed asset	Depreciation rate
Office Fit Out	20%
Computers	40%
Plant and Equipment	20%
Motor Vehicles	20%

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

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2018

(h) Property, plant and equipment (continued)

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 (e)).

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

(i) Trade and other payables

These amounts represent liabilities for goods and services provided to the company 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.

(j) Employee benefits

- *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 statement of financial position.
- *Other long-term employee benefit obligations*
The liabilities for long service leave and annual leave are not expected to be settled wholly within 12 months after the end of the year in which the employees render the related service. They 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 periods 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 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.

(k) 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 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.

(l) Deferred income

The liability for deferred income is the unutilised amounts of grants reearned 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.

Note 2: 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, 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 company receives funding in Australian Dollars (AUD) and all the program commitments are in AUD hence, there is no foreign currency risk.

(b) Credit risk

Impaired trade receivables

Individual receivables which are known to be uncollectible are written off by reducing the carrying amount directly. The other receivables are assessed collectively to determine whether there is objective evidence that an impairment has been incurred but not yet been identified. For these receivables the estimated impairment losses are recognised in a separate provision for impairment.

The Company considers that there is evidence of impairment if any of the following indicators are present:

- Significant financial difficulties of the debtor
- Probability that the debtor will enter bankruptcy or financial reorganisation, and
- Default or delinquency in payments (more than 30 days overdue).

Receivables for which an impairment provision was recognised are written off against the provision when there is no expectation of recovering additional cash. Impairment losses are recognised in profit or loss within other expenses.

Subsequent recoveries of amounts previously written off are credited against other expenses. No impairment has been recognised at 30 June 2017 (2016: \$nil).

(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 company manages its liquidity risk by monitoring total cash inflows and outflows expected on a monthly basis and maintaining sufficient cash and liquid investments to meet its operating requirements.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2018

Note 3: Expenses

	2018 \$	2017 \$
EMPLOYEE COSTS		
Wages and salaries	2,865,779	3,009,457
Superannuation	282,580	279,633
Other	5,628	16,389
DEPRECIATION		
Plant and equipment	259,291	214,404

Note 4: Current assets – Cash and cash equivalents

	2018 \$	2017 \$
Cash at bank	574,895	1,032,718

The cash at bank includes monies held for third parties of \$NIL (2017: \$38,505)

Note 5: Current assets – Trade and other receivables

	2018 \$	2017 \$
Trade receivables	55,353	64,590
Receivables from other third parties	22,504	-
Other receivables	29,910	3,353
Prepayments	17,956	33,976
	125,723	101,919

Note 6: Non-current assets – Property, plant and equipment

	Office fit out \$	Motor vehicles \$	Computers \$	Total \$
AT 30 JUNE 2017				
Cost	707,921	91,787	529,929	1,329,637
Accumulated depreciation	(407,054)	(19,162)	(430,564)	(856,780)
Net book amount	300,867	72,625	99,365	472,857
YEAR ENDED 30 JUNE 2018				
Opening net book amount	300,867	72,625	99,365	472,857
Additions	-	26,252	68,570	94,822
Depreciation charge	(141,584)	(8,688)	(109,019)	(259,291)
Disposals	-	(18,879)	-	(18,879)
Closing net book amount	159,283	71,310	58,916	289,509
AT 30 JUNE 2018				
Cost	707,921	90,509	598,498	1,396,928
Accumulated depreciation	(548,638)	(19,199)	(539,582)	(1,107,419)
Net book amount	159,283	71,310	58,916	289,509

Note 7: Current liabilities – Trade and other payables

	2018 \$	2017 \$
Trade payables	106,377	136,265
Sundry creditors and accruals	58,163	124,167
Straight line lease adjustment	37,144	44,241
Payable to other third parties (cash held on deposit – refer to note 4)	-	38,505
	201,684	343,179

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2018

Note 8: Current liabilities – Provisions

	2018 \$	2017 \$
Provision for Annual Leave	262,329	225,721
Provision for long service leave	260,577	278,434
	522,906	504,155

Note 9: Current liabilities – Deferred income – unexpended grants

	2018 \$	2017 \$
Unexpended grants – Federal	-	264,406
Unexpended grants – State	11,746	17,926
	11,746	264,332

Note 10: Non-current liabilities – Trade and other payables

	2018 \$	2017 \$
Straight line lease adjustment	-	37,143

Note 11: Non-current liabilities – Provisions

	2018 \$	2017 \$
Employee benefits – long service leave	53,637	103,486

Note 12: Accumulated surplus

	2018 \$	2017 \$
<i>Movements in accumulated surplus were as follows:</i>		
Balance 1 July	355,199	522,007
Net (deficit)/surplus for the year	(155,045)	(166,808)
Balance 30 June	200,154	355,199

Note 13: Contingent liabilities and contingent assets

The company had no contingent liabilities at 30 June 2018 (2017: nil).

Note 14: Commitments

Lease commitments: group as lessee

Non-cancel/able operating leases

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

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

	2018 \$	2017 \$
Within one year	245,628	236,698
Later than one year but not later than five years	1,270,416	182,849
	1,516,044	419,547

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2018

Note 15: Related party transactions

(a) Key management personnel compensation

	2018 \$	2017 \$
Total compensation	785,542	662,938

(b) Transactions with other related parties

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

The company also holds money for Wauthurong, Wotjobaluk, Wadi Wamba Barapa (refer to note 4 and 7).

The following transactions occurred with related parties:

	2018 \$	2017 \$
REVENUE AND REIMBURSEMENT RECEIVED		
Admin and overhead recovery charged to Federation of Victoria Traditional Owner Corporation Ltd	85,469	-
EXPENSE AND CHARGES INCURRED		
Consultant fees paid to Federation of Victoria Traditional Owner Corporation Ltd	185,000	-

(c) Outstanding balances

The following balances are outstanding at the end of the reporting year in relation to transactions with related parties: Note: 17 Events occurring after the reporting period

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

	2018 \$	2017 \$
Amounts receivable from the sole member	14,554	2,589
Amounts receivable from other related entities	16,701	19,670
Amounts payable to the sole member	(3,365)	-

Note 16: Events occurring after the reporting period

Subsequent to year end, a new two year funding agreement from 2018 to 2020 was signed by the company with the Commonwealth of Australia as represented by the Department of Prime Minister and the Cabinet. The funding for the year ended 30 June 2019 is \$3,452,000 and for the year ended 30 June 2020 is \$3,249,800.

Given the revised level of funding from the Government the company established a plan to restructure the business. As part of the restructure, the company is expecting to make employee redundancy payments of approximately \$320K. These amounts were not taken up as a liability at 30 June 2018.

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

Note 17: Financial assets held in trust

The organisation holds cash on deposit for a number of third parties in trust. These assets are not recognised in the 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:

	2018 \$	2017 \$
Liability to third parties	542,547	621,363
<i>Represented by:</i>		
Term deposits	572,457	553,610
Net transactions entered into by Native Title Services Victoria on behalf of the third parties	(29,910)	67,753
	542,547	621,363

Included in the \$67,753 in 2017 was monies held for third parties of \$38,505 held within the company's bank account (refer to note 4). No such amounts exist at 30 June 2018.

First Nations Legal & Research Services Ltd
Directors' declaration
30 June 2018

In the directors' opinion:

- (a) the financial statements and notes set out on pages 8 to 24 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 company's financial position as at 30 June 2018 and of its performance for the financial year ended on that date, and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



Diane Kerr
Chairperson



Kenneth Stewart
Deputy chairperson

Melbourne
11 October 2018



Independent auditor's report

To the members of First Nations Legal and Research Services Ltd

Our opinion

In our opinion:

The accompanying financial report of First Nations Legal and Research Services Ltd (the Company) 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 Company's financial position as at 30 June 2018 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 statement of financial position as at 30 June 2018
- the statement of comprehensive income for the year then ended
- the statement of changes in equity for the year then ended
- the 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.

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 Company 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 our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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 2018, 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.

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Independent auditor's report (continued)

To the members of First Nations Legal and Research Services Ltd (continued)

Other information (continued)

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.

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 Company 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 Company or to cease operations, or have no realistic alternative but to do so.

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/ar4.pdf. This description forms part of our auditor's report.

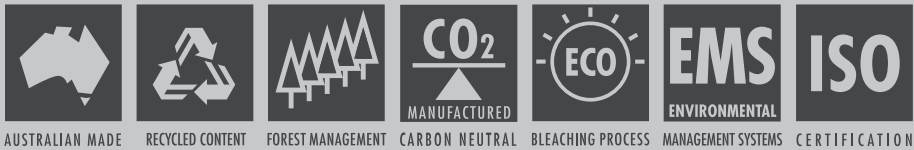
PricewaterhouseCoopers

David Kennett
Partner

Melbourne
11 October 2018

Glossary

ACNC	Australian Charities & Not-ForProfit Commission
ALRAR	Australian Lawyers for Remote Aboriginal Rights
ARC	Audit and Risk Committee
BGLC	Barengi Gadjin Land Council Aboriginal Corporation
Board	The governing Board of First Nations Legal & Research Services Ltd
CEO	Chief Executive Officer
Cth	Commonwealth
DDWCAC	Dja Dja Wurrung Clans Aboriginal Corporation
EMAC	Eastern Maar Aboriginal Corporation
FCPA	Fellow Certified Practising Accountant
Federation	The Federation of Victorian Traditional Owner Corporations
First Nations	First Nations Legal & Research Services
FPMM	First Peoples of the Millewa Mallee
GLaWAC	Gunaikurnai Land and Waters Aboriginal Corporation
GMTOAC	Gunditj Mirring Traditional Owner Aboriginal Corporation
ILUA	Indigenous Land Use Agreement
LUA	Land Use Activity Agreement
Native Title Act	Native Title Act 1993 (Cth)
NNTC	National Native Title Council
NNTT	National Native Title Tribunal
NRM	Natural Resource Management
PBC	Prescribed Body Corporate
PM&C	Prime Minister & Cabinet
RAP	Reconciliation Action Plan
Settlement Act	Traditional Owner Settlement Act 2010 (Vic)
YYNAC	Yorta Yorta Nation Aboriginal Corporation



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