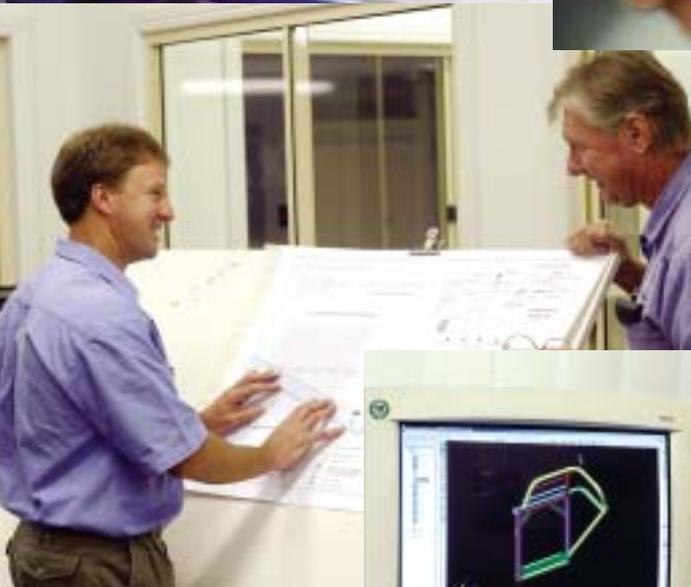


# Championing Australian Business

Annual  
Report  
2004





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# Increasing membership is a reflection of strength and success

A key measure of the success of Australian Business Limited (ABL) is its membership which grew from around 19,000 in the previous year to over 23,000 in 2003/04 – 5034 full members and 18,107 associates.

At a time when membership of industry organisations is generally stagnant or declining, ABL's membership growth is proof we are on the right track – responding to the needs of our members and providing services they require to keep their businesses competitive and moving forward.

Australian Business Limited's strong regional presence makes us the most decentralised NSW based business organisation. This contributes strongly to our growth and success. In 2003/04 we expanded our regional presence to include Coffs Harbour and Griffith. Together with our affiliations with the Hunter and Illawarra Business Chambers, we have representation in 13 centres across NSW and the ACT. Our Regional Councils and offices play

a vital role in communicating with members, engaging on their behalf at local level and, through ABL's North Sydney office, representing members' interests at State and Federal levels. It allows all our members to have input to advocacy aimed at influencing local, State and Federal Governments to adopt policies under which businesses can invest, grow and provide jobs.

Australian Business Limited's activities on the policy front ensure we remain a strong voice for business. We surveyed ABL members and developed *NSW Business Priorities 2003* in the lead up to the State election in March 2003. A total of 23 of the 57 recommendations of that study were taken up as policies by the NSW Government and Opposition parties.

Just prior to the end of 2003/04, we presented *Business Priorities 2004* to Federal Coalition, Labor and minor party leaders as part of the count down to the Federal election. That document contains 48

policy recommendations, a number of which have already been accepted by the major parties. Four key areas for the next Federal Government will be

- Continuing tax reform
- Reducing the complexity and cost of compliance
- Simplifying and harmonising industrial relations systems and
- Addressing the skills shortage.

While ABL has a proven record as an effective lobbying organisation in its own right, it exerts even more influence through its active participation on policy committees and the Council of the Australian Chamber of Commerce and Industry (ACCI). Our involvement with ACCI gives us major clout on Federal issues.

We also link with other industry bodies when our views coincide, particularly on crucial or precedent setting industrial issues. Through Australian Business Industrial (ABI), we joined with industry organisations to present a united



Brent Baker



Grahame Hutchinson



David Malloch



Ian Penfold



Ian Pollard



Chris Bayliss



Karen Wilson



Gillis Broinowski

At a time when membership of industry organisations is generally stagnant or declining, ABL's membership growth is proof we are on the right track...

front to oppose the NSW Labor Council's Secure Employment Test Case, which seeks to give casual employees the right to convert to permanency. A decision in this case by the NSW Industrial Relations Commission is expected early in 2005. Australian Business Industrial continues to be heavily involved in other key State and Federal industrial issues.

Trade was an area of high government activity during the year, with Free Trade Agreements signed between Australia and Singapore, Thailand and the United States – and opportunities on the horizon with China and Malaysia. Australian Business Limited's International Trade, always at the forefront in helping member companies commence or expand exporting, has been a key participant in promoting the development of bilateral and multilateral trade agreements.

Australian Business Limited's financial strength improved

significantly over the year, with Net Assets increasing by more than \$20 million, from \$280 million to \$301 million. This result was due to stronger investment markets, indicating improved confidence in local and overseas economies.

Areas of disappointment were the performances of ABL's New Apprenticeship Centre and its Small Business Training Company (SBTC). While the number of new apprenticeships serviced by both grew over the previous year, the level of growth did not reach expectations. A change in NSW Government policy resulted in higher student fees which seriously dampened demand. Despite this setback, we anticipate continuing growth over the coming year.

Australian Business Limited's integrity as a pioneering business organisation is enhanced by the independent research body, Australian Business Foundation. Through its work, the Foundation leads the debate on emerging

business issues. During the year, the Foundation added to its body of authoritative work with new studies, including insights into Australia's pattern of innovation and commercialising Australian biotechnology. In the pipeline are works on innovation, industry development, global opportunities and sustainability.

As an organisation, ABL needs to adjust to changing circumstances so we are best equipped to meet new challenges and demands on behalf of our members. An internal program entitled "ABL Unlimited" has been launched to build on the strength of ABL's staff and membership, to create an even more united and dynamic team, so ABL's full potential is realised.

On behalf of the Board, we thank the Council, our members, associates and staff for their loyalty and commitment to helping ABL meet its strategic goals over the year. We look forward to maintaining that progress in 2004/05.



David Michaelis  
President

  
David Michaelis  
President



Mark Bethwaite  
Managing Director

  
Mark Bethwaite  
Managing Director



# Australian Business Limited

## Milestones

### 2003/04



In a period of declining membership for industry organisations Australian Business Limited's membership continued to grow, increasing by 21 percent – from 19,000 to over 23,000.

#### Member driven

- Member Benefits Program expanded to further allow members access to discounts and deals on business products and services, provided by ABL Alliance Partners and service providers
- Over 10,000 business people attended one, or more, of over 250 ABL events
- Over 28,000 calls handled by Workplace Advice across industrial awards and other workplace issues
- Over 23,000 calls handled by ABL's Navigation Centre, responding to members' requests for assistance with running their businesses
- Key improvements made to ABL's online presence, including ABL's website, E-News, CEO Budget alerts and event invitations
- Members' Monthly Pack feedback survey received over 93 percent favourable response rating
- Ezypay service expanded to allow members to make monthly payments across their annual membership period
- Australian Business Limited's brand campaign increased awareness of the organisation by a further five percentage points, to 45 percent

#### Grow ABL

- Membership increase of 21 percent to over 23,000 members – 5,000 full and 18,000 associate members. Customer numbers now total over 18,000 (12,000 of those in ABEN)
- Ongoing establishment of strategic alliances and partnerships with corporations, institutions and associations. Alliances increased to 35 from 29 in the previous year
- International Trade's China Desk business grew to over 40 percent of total consulting business, a 30 percent increase from the previous year
- ABEN New Apprenticeships Centre began servicing the latest round of New Apprenticeships Support Services tenders, beginning in July, 2003 and covering all of NSW and the ACT
- Small Business Training Company increased the number of trainees it services by 84 percent

## Influence government policy

■ In the lead up to the Federal election ABL researched, surveyed and compiled ***Business Priorities 2004 – Policies for a Strong and Growth Focused Economy***

■ Over 670 business decision makers responded to the comprehensive online survey which formed the basis for ABL's landmark study, ***Business Priorities 2004***

■ Eight key reforms were identified in ***Business Priorities 2004***. These are:

- Reform Taxation,
- Streamline Compliance and Regulation,
- Unify Industrial Relations,
- Match Skills to Need,
- Improve Infrastructure,
- Adapt to Workplace Change,
- Further Focus and Support for Industry Development and
- Increase Engagement in Export

***Business Priorities 2004*** forms the basis of a concerted campaign

to reach decision makers about these eight major issues facing the Australian business community across local, State and Federal Governments

■ The 23 ABL recommendations, made during the 2003 NSW election campaign, for the NSW Government's workers' compensation scheme inquiry, were accepted and passed into legislation by the NSW Government

## Publishing

■ The OHS TOOLKIT sales exceeded budget expectations

■ Both web based products, WorkplaceInfo and WorkplaceOHS, achieved higher renewal rates than the industry benchmark

## Australian Business Lawyers

■ Australian Business Lawyers' business increased by over 20 percent

■ Australian Business Lawyers' Melbourne office strengthened its position as one of the premier specialist workplace law firms

# Members have access to an expanded business network

The growth of Australian Business Limited's Strategic Alliances allows members access to an expanded network of professional products, services and information to drive their business forward.

### Membership

More than 23,000 member companies access services from Australian Business Limited, with 5,000 full members and more than 18,000 associate members utilising a comprehensive range of products and services.

With ABL's navigation capabilities continuing to expand, an increasing number of businesses look to ABL to connect them with the people, information and advice they require for sound business decisions and to stay competitive.

### Member services

The Navigation Centre remains a vital part of ABL's navigation capability, with responses to over 23,000 calls made in 2003/04.

The unit answers inquiries on a wide range of business problems and navigates callers to business solutions, incorporating ABL's website, core products, services, events information and registration.

Additionally, ABL's Alliance Partners and the Member Benefits Program, as well as information on specific government departments are utilised to provide a quality, supplementary service.

Member concerns, information and ABL Events updates continued to be provided, via mail, in the Members' Monthly Pack. In this way members stayed up-to-date with the latest information on events and issues relevant to business in a changing and competitive environment. During the year the Members' Monthly Pack included a survey requesting feedback on the service; over 93 percent responding favourably.

To further assist and support members ABL continued to offer Ezyppay; enabling members to manage their cash flow by spreading payments across the annual membership period in monthly instalments.

### Alliances

Strategic alliances are a key part of ABL's strategy, providing enhanced services, shared organisational knowledge and value adding opportunities through the strength of these business relationships. Every alliance complements the service offering of both partners, ensuring a more effective and efficient, collective, customer service.

The formation of alliances with

major corporations, institutions, associations and service providers benefits members by allowing them access to a larger network of businesses. These alliances also afford members a far greater and more diverse range of professional products and services, to help drive their businesses forward.

Australian Business Limited has alliances with 35 organisations and associations, expanding ABL's associate membership to over 18,000. This strengthens ABL's voice to government on the myriad issues faced by business, including insurance, OHS, workers' compensation and payroll tax. Additionally, associate members benefit from ABL's comprehensive suite of products and services.

Members continued to receive value from the Member Benefit Program through a variety of business products and services, particularly across critical business issues such as accountancy, management, business development and planning, insurance and training.

[www.australianbusiness.com.au](http://www.australianbusiness.com.au)

Launched in 1995, ABL's website has provided businesses with valuable information on a wide range of business topics and issues.

In 2003/04 a number of key improvements were made to ABL's online presence, including email information and marketing, E-News,

Pictured below from left to right – Mark Bethwaite, Managing Director, Australian Business Limited, Tom Vukovich, Western Sydney Regional Manager, Westpac Banking Corporation, Jenny da Rin, Executive Director, Australian Made Campaign and the Hon. Tim Fischer.





event invitations and CEO alerts, such as at the time of the Federal Budget announcement.

Member feedback indicates the most popular features of ABL's website includes Business Tips, Business Updates and News bulletins.

The online networking hub, the ABL Member Directory, is easily accessed from the front page and members continued to use the directory to promote their business as well as find products and services offered by other members.

#### Events

Over 10,000 business people continued to gain valuable professional and commercial information by attending any one of over 250 ABL Events held in 2003/04, across both NSW and the ACT.

Australian Business Limited successfully combined many of these events with alliance partners and accredited service providers to deliver relevant training and information over a broad range of business topics, including marketing, IT support and financial planning. These events also offered members a relaxed atmosphere to pursue networking opportunities.

Successful ABL Events during the year included:

Gaining the Competitive Edge – providing information on key operational areas including

marketing, financial management, IT & communications and business planning.

Crime Prevention Seminars – assisting business owners to protect their enterprises and staff from crime.

Safety Assist Workshops (OHS) – assisting business to correctly identify workplace risks and to implement action plans.

Networking at Night – networking with other local businesses.

#### Australian Made Campaign

As a founding member of the Australian Made Campaign, administered by the Australian Chamber of Commerce and Industry, ABL was instrumental in organising the Australian Made Manufacturers Forum.

Attended by over 150 senior manufacturers from Western Sydney, the November forum was the last official engagement for the Australian Made Ambassador, Mr Tim Fischer.

At the conclusion of the forum Mr Fischer was presented with life membership of Australian Made, the first person to achieve the honour, recognising his outstanding contribution to Australian industry and particularly Australian manufacturing.

#### Brand campaign

Australian Business Limited

continued its successful integrated marketing campaign, supported by print and radio advertising in NSW and the ACT.

This concentrated brand campaign increased awareness of ABL by a further five percentage points, to 45 percent. Other positive results

included a greater understanding and relevance of ABL's comprehensive suite of business products and services. Market research also indicated a positive response to the creative presentation, tone, branding messages and relevance of ABL services.

## CASE STUDY

### Treecorp Solutions

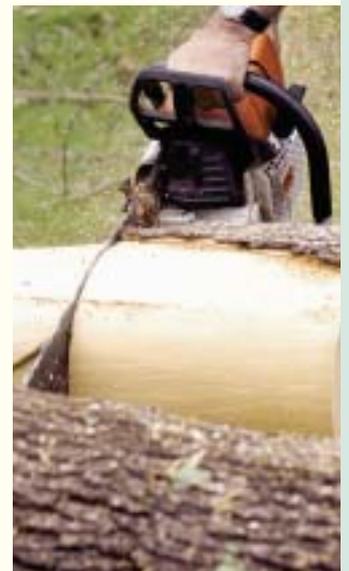
High standards and a professional outlook set Treecorp Solutions Pty Ltd apart from their competitors on the Central Coast.

Husband and wife team, Sharyn and John Murphy have combined their skills – she the former chartered accountant, he the arborist – to operate a highly successful business that provides a holistic approach to superior tree care and maintenance. Sales and human resource skills were soon added when another husband and wife team, Tony and Debbie Jarvis, joined the company.

When staff and/or trainees are appointed they are expected to participate in a number of training courses, many of which are organised through Australian Business Limited.

"What impresses us about ABL is the range of available courses, their affordability and the fact they are largely designed for small businesses like ourselves," Sharyn said. The Treecorp team has participated in innovation, marketing and team building sessions as well as networking events organised through ABL.

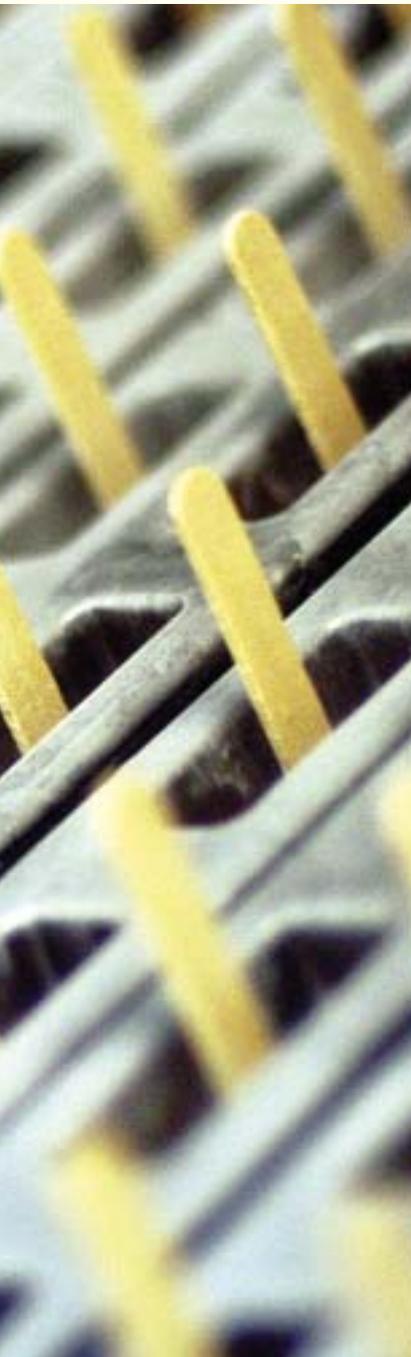
"If people recognise you at events, they realise that you want to be actively involved,



particularly as you are a professional trade," she said.

"More importantly, these events are pitched at a level which makes them easy to understand and I always walk away having learned something which will benefit the business."

# Australian Business Limited's REGIONAL REACH



The regional networks Australian Business Limited maintains are unique and differentiate ABL from other member based business organisations.

## Regional networks

The regional networks Australian Business Limited maintains are unique and differentiate ABL from other member based business organisations. With staff in 13 regional locations across NSW and the ACT and supporting 5,000 full and 18,000 associate members, all members have input to ABL through Regional Councils, which in turn provide representatives to ABL's State Council. From this the ABL Board is elected, ensuring every ABL member has a voice on issues critical to their business as well as the governance and running of their organisation.

Through affiliations with the Illawarra and Hunter Business Chambers, ABL has a strong presence in Newcastle and Wollongong as well as its own offices in Ballina, Tamworth, Coffs Harbour, Port Macquarie, Gosford, North Sydney, Parramatta, Mascot, Canberra, Griffith and Albury.

While most other membership organisations experienced a decline in membership levels in 2003/04 ABL achieved an increase in full member numbers and a 26 percent increase in membership fees during 2003/04.

## Capital region

The Australian Capital Territory Government, in 2003/04, released three important strategy documents for the future development of the

ACT and region; the Economic White Paper, Canberra Spatial Plan and a Social Plan, as well as making significant workplace legislative changes. These, along with rising insurance premiums and an ongoing skills shortage, remained issues critical to business sustainability in the region.

As identified in *ACT Business Priorities 2004*, finding and retaining skilled labour is a challenge for ACT based business. Legislative change in the ACT also added to the pressures faced by business.

It is testament to the resilience and vitality of the ACT business community that despite these circumstances ABL membership continued to grow, increasing by 10 percent. Exporting from the region also increased and the region's Information and Communication Technology (ICT) sector strengthened.

The Capital regional office, based in Barton, now houses staff from ABEN New Apprenticeship Centre.

The Networking At Night series of events continued to be both popular and successful. Attendance numbers are now averaging well over 100 for every event. Hosted by member companies every two months, these functions have significantly enhanced ABL's profile as a leading business organisation in the region.

In early June the ACT

Government initiative, the bi-annual 'Focus on Business' was held at Canberra's Convention Centre. The aim of this event is to profile leading ACT businesses and to attract interstate and international interest and investment in the local economy. Australian Business Limited was an integral part of the organising committee and the event showcased over 100 ACT businesses, to local, interstate and international business decision makers.

The number of Capital Region based businesses that now export has also increased. The take-up of the TradeStart program has been rapid and fully subscribed. As a result, the ACT based export community has significantly grown and up to 60 companies now regularly attend the ACT Export Club.

There was also major legislative change during the year with which ACT businesses had to contend. In November, 2003 the ACT Government passed the *Crimes (Industrial Manslaughter) Amendment Act*, which came into effect in March, 2004. The legislation allows for an individual, or individuals, within a business or corporation, to be charged with Industrial Manslaughter. As yet, there have been no prosecutions but the ACT remains the only Australian jurisdiction to adopt this punitive approach.



### Mid North Coast and New England regions

With offices in Ballina, Tamworth and Port Macquarie ABL's presence in the fast growing Mid North Coast and New England regions is strong. Membership increased in 2003/04 by almost 10 percent. With one of the highest retention rates of all the ABL regions, the Mid North Coast and New England membership remains consistently loyal, illustrating the value of ABL's services and products, information and advice to businesses in these regions.

Part of this value rests with networking opportunities and business educational seminars. The Networking at Night events now regularly attract over 100 guests. Many of these continue to make the effort to travel some distance to attend. The Rugby World Cup Final networking event was also highly successful, attended by over 200 people.

The 'Business Innovation' seminars were also extremely well attended and member and client feedback was overwhelmingly positive. Similar seminars were held throughout the region, across a number of compliance based business issues.

The challenge of both increasing the numbers of members and better serving the existing membership throughout the entire region remains the focus of ABL's staff in

the region.

Issues critical to business in this predominantly rural region include access to adequate telecommunications and transport infrastructure as well as sourcing appropriately skilled staff.

### Northern Rivers region

This fertile rural region, the Northern Rivers, producing sugar, sub-tropical and tropical fruit, vegetables, macadamias, meat and dairy, continues to grow. As well as the abundant agricultural base many former city dwellers seeking a seachange choose to establish their business in the area, attracted by cost competitiveness, lifestyle and ready access to markets in Queensland as well as overseas.

Because of the growing population, evidenced by rapidly escalating real estate prices, many of the region's essential services are strained. Three of these, critical to successful business; communication, financial services and transport to market remain an ongoing challenge for business in the area. Australian Business Limited continues to lobby on behalf of members across these, and other, critical issues.

The region also hosted a number of successful educational seminars, across a broad range of regulatory issues. The most popular was the well attended Fraud workshop, run in conjunction with WorkCover

## CASE STUDY

### AW Workwise



Part of the crew from Workwise – Stuart Coombes, Peter Sipple, Amanda Lees and Wendy Noboble who won the Education and Training Award, sponsored by Telstra Country Wide.

AW Workwise's strong commitment to learning was recognised by winning the 2003 ABL President's Prize for Education and Training, sponsored by Telstra Country Wide. The company specialises in injury and safety management systems designed to assist employers to prevent and manage workplace injury.

The company's dedication to education and training is reflected in its staff induction, mentoring and professional development programs. The company also provides training for employers in areas such as OHS, injury management and corporate wellness.

"As a professional consultancy organisation, the knowledge and skill of our

consultants is paramount to our success," Annette Williams, Managing Director, said. "Winning the President's Prize in Education and Training acknowledges our commitment to learning."

"Our aim is to assist employers to foster health, safety and well-being in the workplace. Safety management assists the employer to reduce the rate and severity of workplace injury and to ensure OHS compliance."

The focus on training and development has enabled the organisation to retain and attract high quality staff, growing the business from a sole operator to 55 employees within seven years.



NSW. Other seminars covered streamlining compliance, OHS, workers' compensation, payroll tax, superannuation and insurance.

Building on membership growth by approximately 10 percent, recently appointed Regional Manager, Geoff Woodham, strives to engage with members and offer greater relevance to business in the region. To achieve this further emphasis will be given to connecting to members via the establishment of 'Business Forums'.

In this way, areas of concern can be isolated, discussed and tabled in a format which ABL can capture and then present to both the key industry and political decision makers.

Australian Business Limited formed partnerships with local business chambers as well as educational institutions in the area, such as TAFE and universities. The establishment of an Economic Development unit in the region will also facilitate greater dialogue and

understanding between business stakeholders and provide greater benefits and opportunities to ABL members.

Increasing membership remains the priority and the above initiatives will significantly assist this. However, in a region such as the Northern Rivers word of mouth remains the fundamental way business is conducted. Australian Business Limited's range of services, growing membership and access to government will ensure ABL remains the leading business organisation in the area.

the successful establishment of an ABL Regional Sub-Council, with Alliance partners Telstra Countrywide, RSM Bird Cameron and Westpac accepting invitations to join this committee.

An Alliance with Murray-Hume Business Economic Centre (BEC) was also established and regular presentations to New Enterprise Incentive Scheme (NEIS) participants were made.

Networking At Night commenced in the region in May. Although still in their infancy, these networking opportunities have proved popular and have been well attended.

The Murray/Riverina region was also principal sponsor of the inaugural 'Border Bizfest Business Expo' in September and hosted a networking event in November for the Rugby World Cup Final.

Further business contacts were made and existing relationships strengthened throughout the year with the NSW Department of State and Regional Development, Albury Wodonga Business, Albury Wodonga Chamber of Commerce, Tourism Albury Wodonga and local government representatives.

Partnerships were established with the Griffith City Council, Leeton Shire Council and the Riverina Coordinators Network to proactively address the skills shortage the Murray/Riverina region is experiencing.

## Murray/Riverina regions

The past financial year has again been a difficult one for Murray/Riverina businesses, due to the continuing severity of the drought, with dramatic economic, skills shortages and social impacts faced by Southern NSW communities.

Despite this, ABL's Murray/Riverina region achieved a number of significant wins in 2003/04, which greatly heightened awareness of ABL and the products and services the organisation provides to local businesses to help them grow.

Aiding ABL's increasing presence in the region was greater media exposure, including a fortnightly spot on ABC Radio – Riverina, hosting a variety of ABL expert commentators.

Other achievements included

## CASE STUDY

### Unitract



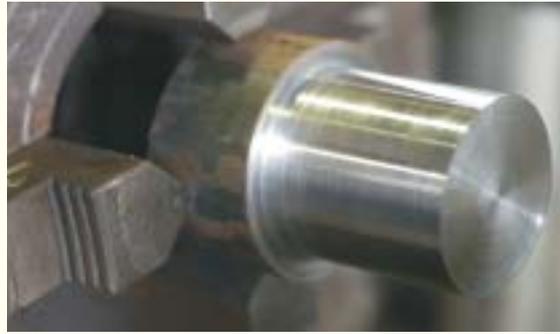
Alan Shortall, CEO of Unitract receiving the Innovation Award sponsored by Westpac Banking Group.

strategy to manufacture, distribute and supply the world with an ultimate solution to needlestick injuries and the reuse or sharing of syringes.

"Australian Business Limited is recognised as one of the nation's leading private sector industry groups and to receive this support from ABL at such an early stage in our corporate history is a tremendous honour that will help drive us forward to even greater things," Alan Shortall, Unitract CEO, said.

Leading domestic industry, government and humanitarian groups as well as international organisations such as Safe Injection Global Network (SIGN) and the World Health Organisation (WHO) support Unitract.

Winner of the 2003 ABL President's Prize for Innovation, sponsored by Westpac Business Banking, Unitract, has developed an environmentally-friendly, retractable syringe. After injection, the retracted needle is stored safely inside the syringe barrel and cannot be exposed again. For Unitract, receiving the Innovation Award was validation the company is set to deliver on its international business



### Central Coast region

The Central Coast region has one of the fastest growing populations and business demographics in NSW. Over 35,000 people commute to Greater Sydney from the region, so the opportunity for the area to expand its own commercial base is great, with a ready workforce located in the region. With access to both Sydney and Newcastle ports, numerous businesses are discovering the low cost and abundant labour benefits of relocating to the Central Coast.

Reflecting this trend, and in line with the commercial imperative to grow membership, ABL's Central Coast regional membership increased by a staggering 42 percent in 2003/04. Having more members affords a greater opportunity to deliver ABL products and services locally, but a continuing challenge remains educating members about ABL's significant capability to assist their business growth. One of these areas is in International Trade, complementing ABL's more traditional and respected capabilities across workplace solutions, human resources and training.

In February, the ABL State Council met at Gosford and later attended the Central Coast's Networking At Night, joining 300 others at the Central Coast Leagues Club. The profile of ABL was also greatly enhanced in the region

with the Federal Budget Breakfast in May attracting more than 300 people.

The Central Coast region will continue to focus on the membership growth prospects the area affords as well as providing the products, services and events which meet the needs of this rapidly expanding membership. A further challenge is identifying and matching labour needs to the industries the area now attracts. Australian Business Limited continues to work closely with local education providers on this issue.

### Sydney North region

Now in its third year, the Sydney North Regional Council continued to add value to its membership by improving ABL's profile and with it, awareness of ABL products and services. The Sydney North region is as large as it is diverse, stretching from Pennant Hills Road to the coast and from Sydney Harbour to the lower reaches of the Hawkesbury River. Within this area, business activity ranges from the North Sydney advertising hub through to the industrial parks which house huge ICT companies like Microsoft and Hewlett Packard. In between are pockets of small manufacturers and retailers along the northern beaches corridor from Manly to Palm Beach. Because of this size and diversity, the Sydney North region has been divided into

five areas with an ABL regional councillor responsible for each.

An initiative during the year was to work more closely with local business chambers. Many of these chambers do not possess the resources to offer their members the broad range of products and services ABL provides. In partnership with ABL, these chambers can better serve their constituents while at the same time benefiting from ABL's strong voice to both the State and Federal Governments.

Membership of Sydney North has grown by over eight percent and the Networking At Night functions, now running for a year, have been attended by an average of 25 percent of members. With increasing attendance at these popular networking forums, rising from an average of 55 to more than 80, an expanded program of these business opportunity events is being implemented.

Skills shortages continue to be an issue and ongoing transport problems within the region need to be solved to better serve the area. Australian Business Limited continues dialogue with the relevant parties to resolve these critical issues. With a forward focus on growing membership and better serving this expanding base, the Sydney North region will continue to deliver innovative ways to provide members with opportunities

to meet other businesses and to share ideas on key issues such as sourcing skilled labour, adequate rail and road transport and accessing international markets.

### Sydney South Region

Australian Business Limited's Sydney South regional office in Mascot was opened in 2002. One of the commercial hubs of the Greater Sydney area, the Sydney South region encompasses 17 local government precincts. It is home to a diverse range of industries including manufacturing, financial services, information and communication technology (ICT), biomedical and health.

A significant proportion of Sydney South's membership is made up from the Textile, Footwear Clothing and Leather (TCF&L) sector, an area of Australian manufacturing undergoing continued rationalisation as the Federal Government's reduction of TCF&L tariffs accelerates. To offset the transition, the Strategic Investment Plan was introduced and ABL continues to lobby on behalf of its TCF&L members to ensure they have adequate access to the program.

In further support of the TCF&L sector, the Sydney South Regional Council established the ABL Textile Awards, in conjunction with the University of Technology's Fashion and Textile Design faculty. The

inaugural 2003 award, a \$10,000 ABL sponsorship, was awarded to the two outstanding UTS Fashion and Textile Design final year students. It was presented in early 2004.

Australian Business Limited's Workplace Advice unit remains a vital service for Sydney South members. During 2003/04 industrial awards information was accessed through the Workplace Advice unit by 480 members, representing 70 percent of total regional membership.

Throughout the year, the Sydney South Region hosted a series of seminars on employment and migration law, workers' compensation and workplace safety, all of which were well attended by ABL members and client companies. In conjunction with Telstra and Asset Super, a number of successful networking events were held and these opportunities to meet and share experiences with business peers were well supported.

### Western Sydney Region

Australian Business Limited's Western Sydney region consists of 13 Local Government Areas, is home to 1.7 million people and contains over 60,000 businesses – the third largest economy in the country. Western Sydney has long been home to a large manufacturing sector and accounts for over half of Sydney's total manufacturing base.

According to the 2001 census, Western Sydney's business growth lies in the finance and services industry, retailing and health. However, the large existing manufacturing base remains buoyant as manufacturers adopt new concepts, advance their technologies and processes and find innovative ways to market, brand and reposition themselves.

Ensuring a skilled workforce is available to sustain the region's growth remains a high priority.

Since establishing an ABL office in Parramatta in October 1992 small, medium and large companies located in Western Sydney have utilised the full suite of ABL products and services. In 2003/04, compliance based seminars covered employment law, human resources management, workers' compensation and workplace safety. Other events covered business improvement and planning, as well as international trade. Networking events, throughout the region, were co-hosted with Telstra, Liverpool City Council, Austrade, NSW Department of State and Regional Development and TAFE.

Australian Business Limited's Workplace Advice unit remains a vital service for ABL's Western Sydney members. Industrial awards information was accessed through the Workplace Advice unit by 590 members, representing over 80 percent of the region's membership.

### Illawarra Business Chamber

In 1998 Australian Business Limited and the Wollongong Chamber of Commerce, the two leading business organisations in the region, amalgamated to form the Illawarra Business Chamber (IBC). The merger ensured the combined membership was better served across the three business areas of Wollongong/Shellharbour/Kiama, Shoalhaven and Southern Highlands. Encompassing five local government areas and home to half a million people, the significant size and diverse economic base of the region is reflected in IBC's membership; 80 percent are small to medium enterprise with the remaining 20 percent being corporate or large sized companies.

The financial year 2003/04 has been one of consolidation and a concentration on how to better serve the different components of IBC's diverse membership. Ensuring commercial viability and long-term sustainability was the focus and this was achieved by a growth in revenue of over 30 percent, while containing costs. Significantly, revenue generated from membership constituted only 36 percent of total revenue, demonstrating a further diversification of revenue streams.

Ensuring IBC's services and products were more relevant and widely available to membership was also a priority over the 12 months.

This was achieved by harnessing expertise from a greater number of IBC member companies.

As one of the most influential and respected business voices to government at all three levels in the region, IBC remained proactive in lobbying and was instrumental in securing Federal funding (under the Employment Innovation Fund) for the Illawarra and Shoalhaven Apprenticeship Pilot Project. An Australian first, this initiative places young people from 'at risk' areas and/or lower socio-economic stratas in apprenticeships. The project also aims to help redress the skills shortage in the region, particularly across heavy industry and manufacturing.

The Illawarra and Shoalhaven Apprenticeship Pilot Project is an example of IBC directly tackling, and providing solutions to, the issues specific to the region. Most significantly this initiative brought together two of the region's Federal MPs, the Coalition's Joanna Gash and Labor's Jennie George. The bipartisan unity displayed to ensure the program was established is indicative of the importance to the region of the project and reflective of IBC's standing.

### Hunter Business Chamber

In September 1998 Australian Business Limited and the Newcastle Regional Chamber of Commerce merged to form the Hunter



Business Chamber (HBC). Since the amalgamation, HBC's membership has increased by over 200 members, making it Australia's largest regional business representative organisation with 1,150 members. The Hunter Business Chamber now represents 23 percent of ABL's membership.

With strong manufacturing and defence industry presence in the Hunter region, the area has also become an internationally recognised tourism destination, particularly by luxury cruise ships. Strategically, the Port of Newcastle is seen as Australia's alternate eastern gateway and offers strong advantages through its ability to service the Sydney basin via existing rail and recently enhanced road systems.

Hunter Business Chamber operates a series of committees, under an elected Board of Directors, through which the direct lobbying voice of business has grown much stronger. The committees of around 30 organisations meet on a monthly basis and cover Manufacturing, Defence, Regional Infrastructure, Small Business and Membership Services.

In 2003/04, HBC focused on infrastructure and small business growth. The infrastructure of the area is inconsistent, containing one of Australia's largest, most efficient ports (Newcastle), excellent road links to Sydney and the North

Coast and a world class water supply. However, road links to the Central West and New England districts need improvement and the public transport and healthcare systems are inadequate. A major strategy to improve public transport has been developed, driven largely by HBC. The health system has also recently been restructured to meet the changing and expanding demographics of the region.

In ensuring business growth, HBC worked closely with local government and other influential advocacy groups to generate further investment in the area. The results from this initiative remain positive, with over 40,000 jobs created in the last three years.

In response to the skills shortage, HBC is liaising directly with the area's manufacturers, government authorities and other regional bodies to establish a blueprint to address the short and long term problems faced by this high growth area. The Hunter Business Chamber continues to work closely with the University of Newcastle and TAFE on a number of strategies to ensure an appropriately skilled workforce will be available to feed future jobs growth.

## CASE STUDY

### NOAH's On the Beach



NOAH's On the Beach, owned and operated by the Hawcroft family, has an enviable ocean frontage, which is popular for corporate visitors to Newcastle. It also has an award winning conference venue as well as one of the leading restaurants in Newcastle, the Seaspray Seaside Restaurant.

The family has also taken advantage of the important coal industry by purchasing a motel in the rapidly growing Muswellbrook area, NOAH's In the Valley. As the family business has grown, the

Hawcrofts have continually used ABL's services and networking opportunities. "The networking has been useful in providing leads but more importantly, it has allowed us to familiarise ourselves with other businesses in our own backyard," Martin Hawcroft, General Manager of NOAH's On the Beach, said. "Networking with ABL gives the opportunity to talk to and do business with others. It allows you to get to know the people behind the business. That is why ABL is very important to me and my business."

# Winning results for business from government

*Business Priorities 2004* took the views of members directly to the parties and candidates for the 2004 Federal election

## Business Priorities 2004

In the lead up to the Federal election, Australian Business Limited (ABL) compiled *Business Priorities 2004 – Policies for a Strong and Growth Focused Economy*. After its launch in Canberra towards the end of June, the study was discussed extensively with more than 30 Federal Ministers and Shadow Ministers.

A total of 675 member companies participated in a comprehensive online survey, which formed the basis of *Business Priorities 2004*. The study identified eight areas where business wants more government action –

- continuing tax reform
- more streamlining of compliance and regulation
- harmonising and simplifying industrial relations laws
- matching workplace skills to need
- improving infrastructure
- adapting to workforce change
- more focused support for industry development
- increased engagement in export.

*Business Priorities 2004* makes 48 specific policy recommendations within these areas.

The engagement with political parties and candidates has continued on national and local levels. Australian Business Limited's regional offices and associated business chambers have taken *Business Priorities 2004* to candidates in key electorates as

part of a concerted campaign to concentrate maximum attention on these vital business issues.

While the need for continuing tax reform was identified as the number one issue for business, workplace relations emerged as a key area of significant policy difference between the major political parties. Australian Business Limited continues to campaign for ongoing deregulation of the labour market and more national uniformity in workplace legislation, particularly unfair dismissal laws.

*Business Priorities 2004* builds on similar ABL studies conducted in the lead up to the 2003 NSW State election and the 2001 Federal election.

## Workplace Policy

### Secure Employment Test Case

Australian Business Industrial, ABL's industrial affiliate, continued to work with other employer and business groups in opposing the NSW Labour Council's Secure Employment Test Case before the NSW Industrial Relations Commission. The case, the largest to be heard by the Commission, seeks to enable casual employees to convert to permanent status after six months employment with the same employer, restrict an employer's right to utilise contractors and labour hire and impose additional occupational health and safety regulations on employers who

utilise labour hire or who contract out. Australian Business Limited is strongly opposing the application on the grounds that it would directly impact on the capacity of businesses to operate efficiently and structure their operations to meet changing circumstances. A decision in the case is expected early in 2005.

### State Wage Case

Australian Business Industrial appeared before the NSW State Wage Case in May 2004, arguing the NSW Industrial Relations Commission should not award wage increases greater than those passed down in the National Wage Case and should not grant a variation to the wage fixing principles. Australian Business Industrial submitted changes proposed by the unions would weaken wage fixing principles and allow unions to seek wage rises in addition to the State Wage increase. The Commission agreed, adopting the \$19 increase to award wages that was handed down by the National wage Case. It also declined to vary the wage fixing principles.

### Work and Family

Australian Business Limited facilitated a forum in May: *The Changing Employer/Employee Relationship – A New Look at Work/Life Balance*. This important event brought together several high profile speakers from business, academia and government to

discuss the implications of predicted demographic changes on the achievement of work-life balance. One of the outcomes was the inclusion in *Business Priorities 2004* of a call for the development of a population policy to identify Australia's workforce demographic and set out co-ordinated, whole of government, action.

### Workers Compensation

*NSW Business Priorities 2003*, which was conducted prior to the NSW State election, contained a number of recommendations to improve the NSW workers' compensation scheme for employers, employees and NSW WorkCover. The recommendations formed an integral part of the terms of reference for the NSW Government's workers' compensation scheme inquiry, conducted by McKinsey and Company in late 2003.

The McKinsey Report: *Partnerships for Recovery: Caring for injured workers and restoring financial stability to workers' compensation in NSW*, included nearly all the ABL reform proposals. Moreover, they were subsequently accepted and passed into legislation by the NSW Government.

### Skills Policy

Another positive outcome from *Business Priorities 2003* was the establishment by the NSW Department of Education and

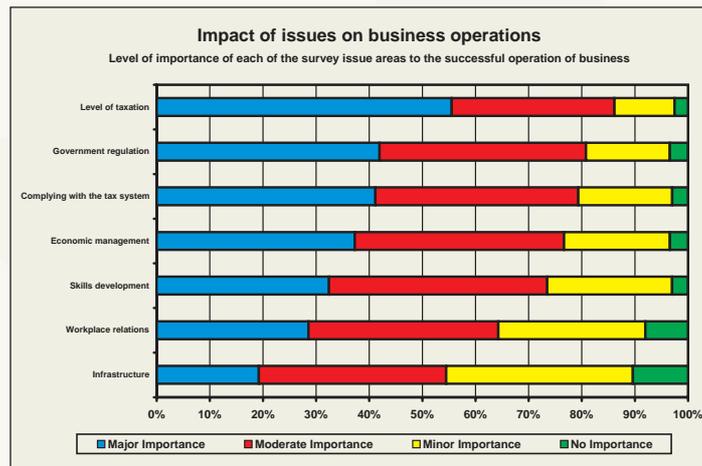


Training of a high level Skills Forum to ensure industry has strong representation on issues of vocational training to provide advice on skill needs. Mark Bethwaite, ABL's Managing Director, is actively involved in the Forum representing member interests.

During the year, ABL also worked with the NSW Department of Education and Training to develop an industry led Teachers in Business Pilot, specifically for career advisers. This provided a structured opportunity for career advisers to gain real time experience in local enterprises so they better understand business needs when advising school students on possible career paths.

Australian Business Limited has been active in highlighting industry training needs and identifying opportunities for greater flexibility in vocational education and training. Feedback from members has been central to the development of ABL submissions to the Senate Inquiry into Current and Future Skill Needs and the Australian National Training Authority's National Strategy and High Level Review of Training Packages.

Australian Business Limited's proposal for an Illawarra Skills Initiative to ease skill shortages in traditional trades was supported by the Senate Inquiry into Skill Shortages. A pilot, coordinated by the Illawarra Business Chamber, is helping young people gain local



employment by participating in pre-apprenticeship training through TAFE.

Australian Business Limited has continued to stress the importance of addressing skill shortages, particularly in regional NSW, through *Business Priorities 2004*.

#### Environment Policy Clean Production Toolkit

Australian Business Limited is developing a kit to help business, particularly in the manufacturing sector, reduce waste and save money. Developed in conjunction with the NSW Department of Environment and Conservation, the CD-ROM format toolkit and handbook is due for release in the second half of 2004. It provides businesses which use raw materials, water and electricity in their production

processes with a comprehensive diagnostic tool to benchmark resource consumption and develop and maintain sustainability indicators.

#### Tax Policy

Australian Business Limited successfully led a business publicity campaign throughout NSW calling on the State Government not to increase business taxes in its April 2004 mini-Budget and June Budget. Employment costs – wages, payroll tax, workers compensation and fringe benefits tax – in NSW and the ACT are the nation's highest, averaging \$46,078 and \$46,276 respectively per employee per year, according to the Australian Bureau of Statistics. These are significantly higher than in Queensland, where workers' compensation costs

are nearly half those of NSW. Employment costs and the cost of doing business generally is a continuing focus of ABL's lobbying in 2004/05.

#### Industry Policy Innovation

Australian Business Limited lobbied the Federal Government directly, and through the Australian Chamber of Commerce and Industry, to refocus innovation programs, particularly Backing Australia's Ability, to increase the impact of market demand on the direction of research and development. The trigger for funding support should be market demand as identified and responded to by a commercial business. The Federal Government announced a new version of the program to run from 2005/06 with increased funding and more emphasis on commercialising new ideas.

#### Textiles, Clothing and Footwear

Australian Business Limited was consulted by the NSW and Federal Governments on significant policy issues for the Textile, Clothing, Footwear & Leather sector. In providing feedback on the Federal Government's tariff review ABL was successful in gaining recognition of the need for continuing support as the industry progresses to a low tariff environment.

# Delivering profits to Australian exporters

With a stronger global economy, driven largely by China's powerful performance, and improved conditions in the United States and Europe, exporting opportunities for Australian companies are increasing.

## Local knowledge with international expertise

Australian Business Limited's International Trade combines local knowledge with international expertise to assist ABL member companies and clients access and develop international markets.

In contrast to the uncertain political and economic climate prevailing in 2003, due in part to the SARS epidemic and conflict in Afghanistan and Iraq, 2004 has provided a much improved outlook for Australian exporters. With a stronger global economy, driven largely by China's powerful performance, and improved conditions in the United States and Europe, exporting opportunities for Australian companies are increasing.

With business networks on every continent as well as highly specialised regional and country expertise, International Trade continued to provide the essential exporting tools and know-how to hundreds of Australian companies seeking to take advantage of the improved global outlook.

## China

Now firmly established as a global economic powerhouse, China continued to lower its trade and investment barriers, in line with its World Trade Organisation commitments, and this increasingly

open economy is growing at just under 10 percent, per year.

China is Australia's third largest trading partner and the prospect of a Free Trade Agreement between the two nations may ensure even greater access to this growing market for Australian exporters and importers.

In line with this economic growth, International Trade's China Desk, established just two years ago, increased from 10 percent of International Trade's consulting business last financial year, to 42 percent in 2003/2004.

The alliance with the China Council for the Promotion of Trade (CCPIT) was also significantly strengthened and a Memorandum of Understanding was signed with the Commercial and Economic Office of the Consulate General of the People's Republic of China.

Reflecting International Trade's growing stature as one of Australia's leading authorities on conducting business in China, ABL was honoured to host a dinner for Her Excellency, Madam Fu, recently appointed Chinese Ambassador to Australia. The intimate gathering was attended by a small number of guests, including ABL International Trade clients being assisted with exporting or investing in China.

"There would not be too many, if any, Australian business

organisations who could introduce their clients to the new Chinese Ambassador in such a manner and it was a very successful evening for ABL," Christine Gibbs Stewart, International Trade General Manager, said.

## Increasing business reflects growing global opportunities

Reflecting the stronger global economy, International Trade's Export Documentation business grew by 20 percent, and in August 2003 the issuing of ATA Carnets commenced.

An ATA Carnet is an international customs document allowing its holder to temporarily import goods to overseas destinations, duty free, for up to one year. The issuing of ATA Carnets by ABL is steadily increasing and further supports International Trade's value to Australian companies exporting to offshore markets.

Similarly, several new staff joined International Trade, bringing with them specialised skills and knowledge of both countries as well as industries. International Trade provides comprehensive expert advice, information and analysis across China, Thailand, Singapore, Japan, Malaysia, India, Indonesia, the United Kingdom and European Union as well as the United States.



Specialised industry knowledge has been bolstered to include the following sectors; food and beverage, hospitality and tourism, textile clothing footwear and leather (TCF&L), information and communications technology (ICT), building and construction as well as medical.

#### TradeStart

International Trade continues to be the largest private sector provider of the Federal Government's Austrade TradeStart program. The TradeStart program offers a suite of free services designed to help small to medium size enterprises make their first export sale and fully develop their export potential.

In 2003/2004, ABL's TradeStart team generated over \$2.7 million of export sales for clients, the largest order exceeding \$800,000, proving the success of the program.

#### Trade advocates

International Trade continued to drive further export and trade opportunities for Australian companies by supporting and lobbying for further bilateral trade agreements. In increasing its voice to both government and media, International Trade's exposure was significantly increased and its profile, as a champion for Australian exporters, was greatly

enhanced.

International Trade was both vocal and visual in its support for Australia's Free Trade Agreements (FTA) with Singapore, Thailand and the United States.

International Trade also lobbied vigorously on behalf of ABL members and clients for the continuation of the Federal Government's Export Market Development Grant (EDMG) and increased funds for this program.

#### Supporting regional exporters

In providing regionally based trade advisory services, export seminars and workshops International Trade continued to work closely with ABL's regional offices and the member companies they support.

A new initiative in March was the creation of the Mid North Coast Exporters Club. Officially opened by Federal Trade Minister, Mark Vaile, the Exporters Club provides a forum for existing exporters, as well as new exporting companies, to share ideas, advice, information and experiences.

Further regionally based Exporter Clubs, modelled on the success of the Mid North Coast initiative which is based around quarterly meetings and regular newsletter updates, will be established in the future.

#### Export Awards

Australian Business Limited continued to have a strong presence in the Export Awards space, again an industry awards sponsor of the 2003 Premier's NSW Exporter of the Year Award and a sponsor

of the 2003 Australian Export Awards.

On a regional basis, ABL also sponsored the Hunter Region 2003 Export Awards as well as ongoing financial support of The Export Centre, in Western Sydney.

## CASE STUDY

### Air Affairs Australia

Air Affairs Australia Pty Ltd won the 2003 ABL President's Prize for Export, sponsored by Austrade.

"Winning this award has helped raise the profile of the company regionally, nationally and internationally," Chris Sievers, Air Affairs Managing Director, said. "It has also assisted us in identifying other areas of capability to the organisation."

The Nowra-based company manufactures, markets and exports specialist engineering services and equipment for military and aviation industries around the world. The company's international business has grown because of the flexible and innovative approach taken to meet the specific needs of its customers. "The organisation has in place a business plan that encompasses strategies for increased penetration into the international marketplace," Chris Sievers added.

Air Affairs is committed to providing a quality product to a worldwide marketplace. This commitment is reflected from senior management through to workshop personnel who are keen to promote Australian ingenuity and engineering excellence.



Chris Sievers, General Manager of Air Affairs Australia, winner of ABL's Presidents' Prize for Export, sponsored by Austrade.

# Answers for a changing workplace

Workplace Advice Line answered over 28,000 inquiries across employment agreements, awards, redundancy, leave, employee discipline as well as specific areas of industrial and employment legislation.

## Workplace advice

As Australian workplaces continue to evolve Australian Business Limited's Workplace Advice Unit remains a key service to members, providing up-to-date information across workplace and employment issues.

In the 12 months to June 30, 2004 the Workplace Advice Line answered over 28,000 inquiries across employment agreements, awards, redundancy, leave, employee discipline as well as specific areas of industrial and employment legislation.

The Workplace Advice Line consists of a team of six highly trained industrial specialists who possess a comprehensive knowledge of workplace legislation and regulation. Selected for their professional industrial relations experience their expertise ensures any inquiry is answered both efficiently and effectively.

## Occupational Health & Safety (OHS)

Helping business make their workplaces safer as well as comply with the relevant OHS legislation remains the key function of ABL's Occupational Health & Safety unit.

To achieve this the OHS unit works closely with two other ABL units to offer a comprehensive OHS service; providing training, workplace assessments, analysis, advice as well as online and printed

information to members and clients.

The OHS unit delivers services to businesses of all sizes but has a particular focus on the needs of small to medium sized enterprises.

The increasingly complex

regulatory environment and compliance burden is a challenge for all businesses, particularly smaller business.

During the year the OHS unit provided guidance and assistance to several hundred businesses across NSW via the WorkCover funded

## CASE STUDY

### Higgins Trading



Bernard Higgins



Martin Higgins

When Bernard Higgins, Director of Higgins Trading Pty Ltd wanted help creating more awareness for employees about OHS issues, he turned to Australian Business Limited.

Higgins Trading, an Australian owned family business originally established in 1955, employs 100 staff and is involved in the recycling of paper and waste management of new generation printers. While the company had an existing OHS policy in its induction manual, Bernard said that there was a need to make employees more OHS aware.

Bernard obtained much of the information he required from ABL's WorkplaceInfo OHS Toolkit CD as well as participating in WorkCover's Safety Assist program. He also attended courses involving risk assessment, OHS consultation and back to work rehabilitation.

Even though there was an existing OHS policy and an OHS forum, the information helped him to improve the company's existing procedures.

"By listening to our employees' concerns, we were also able to customise this information to suit our requirements," Bernard said.



**WorkCover Safety Assist Program.** The OHS unit also helped over 350 small businesses reduce their workers' compensation premiums through the ABL Small Business Premium Discount Scheme.

#### **Publishing**

Australian Business Limited's Publishing Unit continues to add to its comprehensive suite of products via the innovative leveraging of ABL's combined intellectual property and knowledge management resources. These products are delivered in both web based publishing and interactive CD format.

The Publishing unit had another excellent year with sales increasing by 35 percent.

#### **OHS Toolkit**

Following the successful launch and market reaction of the **EMPLOYER'S TOOLKIT** in September 2002 the major Publishing product released during the year was the **OHS TOOLKIT** in September 2003.

The launch coincided with the date set for all NSW based small businesses to comply with the Risk Management provision of the *NSW OHS Act and OHS Regulation 2001*. Market reaction was positive with sales exceeding budget expectations, an outstanding result indicative of the quality of the product.

#### **Web based products**

The two flagship web based publishing products; [www.workplaceinfo.com.au](http://www.workplaceinfo.com.au) and [www.workplaceohs.com.au](http://www.workplaceohs.com.au) continue to increase their subscription base as well as exceed the industry benchmarks for subscription renewal rates.

These two sites offer breaking news, alerts, information, tools and expert guidance for employee relations, human resources and occupational health and safety professionals and are enhanced with an interactive 'Ask an Expert' email service, which in turn is supported by ABL's Workplace Advice Line and OHS units.

In response to subscriber feedback a number of website enhancements were introduced during the year, including an easier to read email alert as well as a more accessible search facility. WorkplaceInfo Publishing also successfully launched a promotional micro website: [www.wpip.com.au](http://www.wpip.com.au).

#### **ABEN New Apprenticeships**

Now in its sixth year ABEN New Apprenticeships Centre continues to provide the advice, assistance and ongoing support to trainees, apprentices and their employers. Fully funded by the Federal Government ABEN delivers its services throughout NSW and the ACT.

## **CASE STUDY**

### **Hunter Valley Training Company**



Established in 1981, the Hunter Valley Training Company (HVTC) supplied skilled tradespeople to build the Liddell and Bayswater power stations in the upper Hunter Valley. Twenty-two years on, the private, not-for-profit, company has become a learning ground for over 10,000 apprentices and trainees. HVTC has been addressing one of Australia's major business issues, as identified by ABL in *NSW Business Priorities 2003* – the upskilling of Australia's workforce. "At every opportunity, we are promoting training," Peter Shinnick, HVTC General Manager, said.

The ability to offer employers a range of business courses (HVTC has a subsidiary company – Power Business Institute) as well as provide them with apprentices and trainees were the main reasons Hunter Business Chamber CEO, Glenn Thornton enlisted HVTC as part of ABL's Accredited Service Provider program. Prior to this, HVTC had (and maintains) a close relationship with the Australian Business Employment Network (ABEN). "While we don't favour any of the New Apprenticeship Centres (NACs) over another, ABEN is by far the most proactive," Shinnick said.

## WORKPLACE SOLUTIONS



ABEN's web based New Apprenticeships monitoring and update service, ABEN Direct was launched in July 2003. A market first, ABEN Direct has enjoyed high take up rates, particularly from those businesses with multiple New Apprentices. Designed to enable employers to interact with

ABEN as well as monitor their New Apprentice registrations, incentive entitlements and payments, ABEN Direct provides employers a means of judging for themselves the quality and timeliness of ABEN services.

The introduction of a \$350 administration fee by the NSW Government from January 2004,

combined with the removal of government funded workers' compensation coverage for trainees, significantly softened the market. Indications are that the uptake of New Apprentices in NSW over the next 12 months will be below previous years. This is a concern for employers at a time when access to a skilled workforce remains high on the list of issues facing business.

NSW, in particular Central West and North West NSW as well as in the Riverina/Murray. Service capacity in Sydney was also significantly expanded.

In recognition of SBTC's commitment to excellence SBTC was awarded a Highly Recommended for Excellence in Customer Service in the Employment, Training and Consultancy division of the 2004 Australian Achievers Award.

## CASE STUDY

### North Coast Minders



The business has developed a strong reputation within the region as an employer of choice, Heather said, which means "we frequently have people knocking at the door requesting to work for us."

Finding the level of skilled worker the business requires has not always been straightforward. However, since the Small Business Training Company (SBTC) has been working with North Coast Minders, the process has become easier.

"SBTC's service is very personalised and as we've had an ongoing relationship they have sourced some excellent, skilled and loyal trainees for the business," Heather said.

SBTC Workplace Assessor Jackie Newton said that SBTC's flexibility allows it to fit into a trainee's and employer's needs.

"Every traineeship is specific to the workplace and all competencies attained are transferable," Heather said.

As a result of this professionalism SBTC is largely seen as the benchmark within the aged and disabled care industry in the Northern Rivers.

North Coast Minders Pty Ltd is a provider of in-home services for the aged and disabled. The organisation is a significant employer in the Northern Rivers with 75 staff in over 400 workplaces.

Managing Director, Heather Cleverley, said training staff was an integral part of the business particularly as the company continues to grow.

#### Small Business Training Company (SBTC)

The Small Business Training Company (SBTC) is one of the largest Registered Training Organisations in NSW, specialising in providing Vocational Education and Training courses and traineeships. In 2003/04 SBTC more than doubled the number of trainees it services.

All courses delivered by SBTC are nationally accredited, participants receiving a nationally recognised certification on successful completion. Courses are available across a range of business areas; Business, Retail, Hospitality, Customer Contact, Frontline Management, Floristry, Caravan Park Operations and Transport and Distribution. A total of 28 courses are offered and, most importantly, many can be tailored to meet the specific training needs of an individual business.

During the year SBTC strengthened its presence across

#### Australian Business Lawyers

The specialist industrial relations law firm, Australian Business Lawyers, consolidated its position as one of Australia's Top 10 workplace legal practices, providing quality, cost effective legal advice and representation for both ABL members as well as external clients.

Australian Business Lawyers' business grew by 20 percent and the recently opened Melbourne office continues to strengthen its position as one of the premier, specialist workplace law firms in the city.

During the year Australian Business Lawyers, in association with ABL Events, conducted a very successful Employment Law Seminar Series, covering sex, drugs and dismissals in the workplace. Held in both Sydney and Melbourne attendance at these series was excellent, each one attracting, on average, over 50 people.

# Representing the Defence Industry to government

**The potential defence business for Australian industry is significant as the Department of Defence remains the Federal Government's largest procurer of goods and services.**

## **Continued commitment to Australia's defence industry**

Australian Business Limited's Defence Industry Unit (DIU) continued its role in representing the interests of Australia's defence industry to both the Department of Defence and the Federal Government. The DIU also continued to provide specialist defence related business advice and information to ABL defence industry based member companies.

The potential defence business for Australian industry is significant as the Department of Defence remains the Federal Government's largest procurer of goods and services. The Federal Government estimates the size of the Australian defence marketplace to be worth \$6 billion a year, every year, over the next decade. This has been broken down to approximately 50 percent acquisition and 50 percent sustainment.

During financial year 2003/04, ABL's defence industry based members benefited in the following four key ways:

## **Specialist defence business advice**

The DIU remains the only defence industry group employing full-time defence industry specialists and ABL's defence business Advice Line is highly valued by members as a reliable source of information and advice. Common areas of enquiry

cover ongoing and upcoming defence projects as well as policy guidance, contacts and business entry points.

The DIU also conducted regular defence business consultations throughout the year, assisting members to track emerging commercial opportunities and resolve issues of concern.

## **Regular defence business intelligence**

The DIU's Defence Update e-newsletter, a unique source of defence business intelligence, continued to be issued to members fortnightly. Members then accessed ABL's defence industry Advice Line for further information, advice and assistance on specific items of interest to them.

## **Professional representation to government**

The DIU continued to represent defence related industry to both the Department of Defence and the Federal Government. In doing so several significant achievements were made, including:

- Represented and debriefed members in relation to the Department of Defence's industry consultative committees,
- Lobbied key decision makers on ways to improve the defence industry business environment. Specific representations addressed the following issues:

- improving small to medium size enterprise's (SME's) access to defence industry opportunities,
  - redressing the onerous and costly nature of professional indemnity for defence industry members,
  - promoting defence industry business priorities for the next term of Federal Government, and
  - improving the transparency of the Department of Defence's Minor Capital Equipment Plans (for defence projects worth less than \$20 million) which are vital to Australia's SME's.
- Conducted two separate roundtable discussions, involving ABL defence industry members and senior representatives from both the Department of Defence and the Department of Foreign Affairs and Trade, regarding the Free Trade Agreement with the United States.

## **Corporate Services and Infrastructure Group agreement**

The DIU secured a significant agreement with the Deputy Secretary, Corporate Services and Infrastructure Group (CSIG), to work together proactively in improving the relationship between the CSIG and defence related industry.

The Deputy Secretary, CSIG outlined the agreement in his address at the Annual Defence and Industry Conference on June 22: "Following an approach from Andrew Spong, ABL's Defence Industry Unit Director, the CSIG Executive met with both Andrew and several senior defence industry executives CSIG regularly engages to support defence industry capability. "It was agreed to utilise ABL as

a conduit for industry consultation, on an as required basis. This initiative leverages ABL's existing relationship with prime defence contractors and a vast array of SME's which support CSIG."

## **Defence briefings and networking events**

Throughout the year ABL's Defence Industry Unit conducted more than 30 individual briefings involving key defence procurement decision makers and targeting priority defence procurement issues.

More than 1,500 defence industry representatives attended these events with keynote speakers including the Minister for Defence, Minister Assisting the Minister for Defence, Deputy Secretary Prime Minister and Cabinet, Shadow Minister for Defence, Defence Chief Finance Officer, Defence Chief Scientist, Deputy Secretary Defence Intelligence, Deputy Secretary CSIG and Director General Defence Contracting, among many others.

Some of the key briefings covered Network Centric Warfare, Analysis of the 2004 Federal Defence Budget, Navy Minor Projects (under \$20 million) and Analysis of the Defence Capability Plan.

Further initiatives included the facilitation of industry visits by the Assistant Defence Minister to companies in Brisbane, Sydney and Melbourne, visits to Illawarra defence firms by senior Defence Material Organisation (DMO) executives, ABL and ACT Government 'Doing Defence Business' seminars and regular ABL defence networking sessions in both Sydney and the Illawarra/South Coast.

# World class business intelligence from a farsighted think tank



The Australian Business Foundation continues to produce quality research and analysis to improve Australia's competitive edge both at home and abroad.



Narelle Kennedy, CEO of Australian Business Foundation

The Australian Business Foundation (ABF) is an independent business research organisation that fosters new thinking on Australia's business competitiveness and future growth. Established in 1997 and principally funded by Australian Business Limited, the Foundation was created to undertake rigorous research that better prepares business leaders and public policymakers for future business and economic challenges.

The Australian Business Foundation continued to fulfil this mandate in financial year 2003/04

with the following research projects:

■ *Knowledge Management in the New Business Environment* by Dr Richard Hall of the Australian Centre for Industrial Relationship Research & Training (ACIRRT) at the University of Sydney – exploring the role of knowledge and its management in securing a competitive edge for large and small Australian businesses.

■ *Innovating Australia* edited by Dr Ian Marsh of ANU for the Committee for Economic Development of Australia (CEDA) – a series of expert essays examining Australia's challenges in making innovation a feature of industry development policies.

■ *Innovation Performance in Australia* led by Don Scott-Kemmis of ANU National Graduate School of Management – providing insights into Australia's pattern of innovation and its challenges.

■ *Sustainable Business Development* by Professor Danny Samson and Suzy Goldsmith of the University of Melbourne – a study into why and in what circumstances sustainable development practices make business sense.

■ *Industry Policy & Global Capabilities* – new models for industry development – an omnibus project on innovation and the knowledge economy. Involving expert papers by international authorities like Professor Keith Smith of the European Commission

Joint Research Centre and Professor Goran Roos, Chairman of Intellectual Capital Services London, plus work by leading Australian researchers including Dr Michael Vitale of the Australian Graduate School of Management on commercialising Australian biotechnology and joint ventures with the Australian Stock Exchange on competitive growth industries.

The Foundation has added value to this high calibre research by defining and communicating critical business intelligence messages and using them to influence government and business decision-making.

Australian Business Limited has directly benefited from the Foundation's research efforts in:

- briefings and networking events for ABL members and alliance partners,
- adding substance and international benchmarks to ABL's policy representations, and
- latest insights that help ABL's work on international trade and workplace relations.

The Australian Business Foundation, also supported by prestigious corporate sponsors – PricewaterhouseCoopers, UBS and Westpac Business Banking – provides a unique knowledge base that helps ABL lead rather than just respond to present and emerging business issues.

Visit the ABF website at [www.abfoundation.com.au](http://www.abfoundation.com.au).

# ORGANISATIONAL STRUCTURE

Members and Councillors

Board of Directors

MD - Mark Bethwaite



Accredited Service Providers

## HONORARY LIFE GOVERNORS

Mr Arch J White  
Date elected:  
September 1985

Mr Hugh A May  
Date elected:  
December 1987

Mr Geoff A Binkowski  
Date elected:  
August 1993

Mr Brian E Smith  
Date elected:  
November 1999

Mr Warren D Adcock OBE  
Date elected:  
February 1986

Mr Patrick Donovan  
AM RFD ED  
Date elected:  
October 1992

Mr Terry Hunt  
Date elected:  
November 1999

Mr John T Cameron  
Date elected:  
November 1999

## AUSTRALIAN BUSINESS LIMITED COUNCILLORS

Gillis Broinowski  
(Immediate past President)  
David Michaelis  
(President)  
Grahame Hutchinson  
(Deputy President)  
Brent Baker  
Tony Bates  
Chris Bayliss  
Leigh Bryant  
Robert Burke  
Therese Charles  
Dennis Coffey  
Janine Cullen  
Maris Derums  
Fraser Duff  
David Edgerley  
John Fahey  
Ian Forrester  
Sally Glanville  
Peter Granger  
Roger Hood  
David King  
Gavin Lister  
David Malloch  
Paul Murphy  
Ian Penfold  
Peter Read  
Ken Roberts  
Neville Sawyer  
Simon Thomsen  
Pauline Tregenza  
Terry Wetherall  
Kevin Wright  
Charles Bonnici  
Tom Bowers  
Grahame Jones  
Kyle Loades  
John Mason  
Greg O'Callaghan  
Peter Redford  
Lois Smith  
Jeffrey White

### ABL BOARD COMMITTEES

**Audit & Compliance**  
Brent Baker (Chairman)  
Gillis Broinowski  
Ian Pollard

### Investment

Gillis Broinowski  
(Chairman)  
Brent Baker  
Grahame Hutchinson  
David Malloch  
Ian Penfold  
Ian Pollard

### Human Resources & Succession

Ian Penfold (Chairman)  
Chris Bayliss  
David Malloch  
Karen Wilson

### Membership Sub-Committee

David Michaelis  
(Chairman)  
Chris Bayliss  
Dennis Coffey  
David Edgerley  
Peter Read  
Peter Redford  
Jeffrey White

*The President is an  
ex-officio member of  
all Committees. The  
Managing Director is an  
ex-officio member of all  
Committees, other than  
Audit and Compliance.  
ABL Senior Managers  
attend all Board  
Committees by invitation.*

### ABL COUNCIL COMMITTEES

#### Defence

Brian Mansell (Chairman)  
Michael Blake  
David Harvey  
Greg Walters  
Keith Christiansen  
Jeremy Ranicar  
Graham Clarke  
Graham Giles  
David Gaul  
David Malloch

### Environment

Simon Thomsen  
(Chairman)  
Michael Cove  
Maris Derums  
Andrew Harvey  
Peter Hutchison  
Charles T Koch  
Michael Leggo  
Fabian Sack  
Harley Wright

### International Trade

Grahame Hutchinson  
(Chairman)  
Di Robinson  
Peter Murphy  
Brad Awerbuch  
Gillis Broinowski  
Leigh Bryant  
Fraser Duff  
Amanda Hicks  
David King  
Cindy Luken  
Dianne Tipping

### Learning, Education & Training

Robert Burke (Chairman)  
Don Connochie  
Maureen Fletcher  
John Fahey  
Barbara Glen-Feltis  
Colin Lee  
Don Mould  
Max Player  
Judith Bowler

### Occupational Health & Safety

Maris Derums (Chairman)  
Susie Birdsall  
Sharon Ehret  
Elaine Geoghegan  
Sally Glanville  
Malcolm Groat  
Michael Hambrook  
Andrew Harvey  
Roger Hood  
Graham Hopwood  
Charles T Koch  
Ken McCall

Philip Newby  
Louise Thomson  
Steven Wallace  
Marlene Walsh  
Annette Williams  
Irene Vatikioti  
David Kenvyn

### Taxation

Peter Read (Chairman)  
David Michaelis  
Tony Carroll  
Jonathan Doy  
John Fahey  
Max Hendriks  
Mark Holton  
Kevin Willits

*The President and  
Managing Director are  
ex-officio members of all  
Committees. ABL Senior  
Managers attend all  
Council Committees by  
invitation.*

### AUSTRALIAN BUSINESS INDUSTRIAL COUNCIL

#### Workplace Relations

Roger Hood (Chairman)  
Kellon Beard  
Pat Donovan  
Brian Eichhorn  
Amanda Gillis  
Jack Goluzd  
Anthony Gow  
Martin Johnson  
David Long  
Tony Mathew  
Greg Mitchell  
Glenn Southward  
Grahame Jones  
David Michaelis  
Ron Scott  
Greg Hayes  
Charles Wurf  
Alistair Tomlinson  
Nora Fenton  
Tim Hessell

## REGIONAL OFFICES



Jon Moyes  
Capital & Murray/Riverina



Geoff Woodham  
Central West, Mid North &  
Northern Rivers



John Pearson  
Sydney South & Western Sydney



Darren Cocks  
Sydney North & Central Coast

### REGIONAL

#### CAPITAL

Regional Manager - Jon Moyes  
Tel: (02) 6273 6555

#### CENTRAL COAST

Regional Manager - Darren Cocks  
Tel: (02) 4362 1410

#### MID NORTH

Regional Manager - Geoff Woodham  
Tel: (02) 6584 0910

#### MURRAY-RIVERINA

Regional Manager - Jon Moyes  
Tel: (02) 6041 4867

#### NORTHERN RIVERS

Regional Manager - Geoff Woodham  
Tel: (02) 6686 8282

### SYDNEY

#### SYDNEY NORTH

Regional Manager - Darren Cocks  
Tel: (02) 9458 7500

#### SYDNEY SOUTH

Regional Manager - John Pearson  
Tel: (02) 9313 5680

#### WESTERN SYDNEY

Regional Manager - John Pearson  
Tel: (02) 8838 0400



# Championing Australian Business

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## Annual Report 2004 Financials



# Directors' Report

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Your directors present their report on the consolidated entity consisting of Australian Business Limited and the entities it controlled at the end of or during the year ended 30 June 2004.

## Directors

The following persons held office as directors of Australian Business Limited during the whole of the financial year and/or up to the date of this report:

B G Baker	D J Malloch
C Bayliss	D Michaelis
F M Bethwaite	I B Penfold
J G Broinowski	I A Pollard
G D Hutchinson	K L Wilson

C Bayliss was appointed a director on 21 November 2003 and continues in office at the date of this report.

N K Sawyer was a director from the beginning of the financial year until his retirement on 21 November 2003.

## Principal activities

Australian Business Limited is a public company limited by guarantee. The company has no issued capital and the liability of the members is limited to a total of \$10 per member. The Constitution does not permit the return of capital or the distribution of surplus by way of dividend. The continuing activities of the consolidated entity during the course of the year were principally to promote Australian industry, the provision of business services and the management of a portfolio of investments.

## Review of operations

The consolidated operating profit from ordinary activities including movement in market value of investments was \$20,721,000 compared with an operating loss of \$30,193,000 in the previous year. Net movement in market value of investments contributed \$34,483,000 of the profit (\$16,971,000 loss last year).

## Significant changes in the state of affairs

In the opinion of the directors there were no significant changes in the state of affairs of the consolidated entity that occurred during the financial year under review which have not otherwise been disclosed in this report or the consolidated accounts.

## Matters subsequent to the end of the financial year

In the opinion of the directors, no matter, circumstance or event of a material and unusual nature has arisen since the end of the financial year and up until the date of this report which is likely to significantly affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity, in future financial years.

## Likely developments and expected results of operations

Likely developments in the operations of the consolidated entity and the expected results of those operations in subsequent financial years have not been included in this report because in the opinion of the directors, it would prejudice the interests of the consolidated entity.

## Environmental regulation

The consolidated entity is not subject to significant environmental regulation.

# Directors' Report

## Directors' Meetings and Committees Of Directors

The number of directors' meetings and meetings of committees of directors held in the period each director held office during the financial year and the number of meetings attended by each director were:

Directors	Board Meetings		Investment		Audit & Compliance		HR & Succession	
	Possible	Attended	Possible	Attended	Possible	Attended	Possible	Attended
Michaelis D (President)	6	6	6	6	5	4	2	1
Hutchinson G D (Deputy President)	6	6	6	6	*	*	*	*
Baker B G	6	6	6	6	5	5	*	*
Bayliss C	4	4	*	*	0	0	2	2
Bethwaite F M (Managing Director)	6	6	6	6	*	*	4	4
Broinowski J G	6	5	6	5	5	3	2	1
Malloch D	6	6	6	6	*	*	4	4
Penfold IB	6	5	6	5	*	*	4	3
I A Pollard	6	5	1	1	5	4	*	*
Wilson K	6	6	*	*	*	*	4	4

\* Not a member of the relevant committee

The President is an ex officio member of all Committees.

The Managing Director is an ex officio member of all Committees except the Audit & Compliance Committee.

Profiles of each director of the Company and details of other interests are as follows:-

### David Michaelis FAICD, FCIS

President since 2003

Age 60

Deputy President 2001 - 2002

Vice President 1990 - 2001

Solicitor of the Supreme Court of England and Wales, & NSW

Councillor since 1988

Director, ASSET Limited

Director, John Young (Kelvinaugh) Pty Limited

Councillor, ACCI

Committee Member, Australian Council of Superannuation Investors (ACSI)

### Brent Baker BSc, FAICD

Age 66

Councillor since 1996

Director, Australian Chamber of Commerce & Industry

Former Deputy Executive General Manager, CSR Building Materials

### Christopher Bayliss

Age 53

Councillor since 1999

Western Sydney Councillor since 1997

Western Sydney Regional President 2001-2003

Managing Director, Brevini Australia Pty Ltd

Chairman, Panbridge Pty Ltd

Former Managing Director, Erico Industries Pty Limited

Former General Manager, Pacific Waste

## Directors' Report

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### **Mark Bethwaite B Eng, MBS, MBA**

Age 56  
Appointed Managing Director/CEO in 2001  
Chairman, Australian National Maritime Museum  
Director, Note Printing Australia Limited  
Director, Deacons – Lawyers  
Director, Foundation for Rural & Regional Renewal  
Director, Australian Made Campaign Limited  
Director, Australian Institute of Management (NSW & ACT) Limited

### **J Gillis Broinowski FAICD**

Past President  
Age 64  
Councillor since 1988  
Chairman and CEO, Vielun Pty Limited  
Executive Chairman, Chancellor Equity Management Pty Limited  
Chairman, VLP Products Pty Limited  
President, Foundation for National Parks & Wildlife Limited  
Councillor, Australian Institute of Company Directors NSW Division  
Past Councillor, ACCI

### **Grahame Hutchinson B Tech, FAICD**

Deputy President since 2003  
Age 62  
Councillor since 1991  
Director, Vulcanite Pty Limited

### **David Malloch FAICD**

Age 50  
Councillor since 1995  
Managing Director & CEO, Malloch Digital Design Pty Limited  
Managing Director & CEO, Via Research Pty Limited  
Chairman Capital Region Employment Council  
(ACT & Southern Tablelands) Area Consultative Committee (ACC)  
Board Member, Canberra Partnership  
Director, CREEDA  
Director, Trax Software  
Secretary, Canberra Business Council

### **Ian B Penfold ITESSA, FAICD**

Age 50  
Councillor since 1997  
Former Managing Director, Cork International Pty Limited  
Former Chairman & Managing Director, Speedo Australia Pty Limited  
Former President, Pentland Australia Pty Limited  
Former Chairman & Managing Director, Mitre Sports Limited

### **Ian A Pollard BA (Macq), MA (Oxon), DPhil (IMC), FIA, FIAA, DALF**

Age 51  
Director, DCA Group Limited  
Director, Milton Corporation Limited  
Director, RGA Reinsurance Australia (Group)  
Director, InTech Pty Limited  
Director, Just Group Limited  
Director, Corporate Express Australia Limited

## Directors' Report

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### **Karen L Wilson BA DipEd, FAICD**

Age 58

Director, Angus & Coote Limited

Director, ING Australia Limited

Director, Ross Human Directions

Former Managing Director, Estee Lauder Pty Limited

Past President, Chief Executive Women

Past President, Cosmetics, Toiletries & Fragrance Association of Australia

### **Insurance of Officers**

During the financial year, Australian Business Limited paid a premium under a contract to insure directors, councillors and executive officers of the company and related bodies corporate. Disclosure of the premium payable under, and a summary of the nature of liability covered by the insurance contract, are prohibited by a confidentiality clause in the contract.

### **Rounding of amounts**

The company is of the kind referred to in Class Order 98/0100 issued by the Australian Securities and Investment Commission, relating to the "rounding off" of amounts in the directors' report and the financial report. Amounts in the directors' report and financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

### **Auditor**

PricewaterhouseCoopers continues in office in accordance with Section 327 of the Corporations Act 2001.

Signed at Sydney in accordance with a resolution of directors.

9 September 2004



D Michaelis  
President



F M Bethwaite  
Managing Director

# ABL Corporate Governance Statement

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This statement outlines the main Corporate Governance practices in place throughout the financial year (unless otherwise stated). These practices are dealt with under the following major headings: Board of Directors and its Committees, Risk Management and Internal Control Framework, Ethical Standards and Environment

## **BOARD OF DIRECTORS AND ITS COMMITTEES**

### **Role of the Board**

The Board of Directors acknowledges its primary role is the protection of total members' equity and the creation of long term membership value. To fulfil this role, the Board has overall responsibility for the Corporate Governance of the Company including strategic direction, the establishment of objectives for management and monitoring the achievement of those objectives, the review of Chief Executive Officer and senior management performance, establishing a framework for the management of major business risk and ensuring that policies and procedures are in place to satisfy the Company's legal and ethical responsibilities.

### **Board Processes**

The powers of the Board of Directors are determined by the Company's Constitution and the Corporations Act 2001.

The Directors meet as a Board on a regular basis throughout the year, and in 2003/04 met on six occasions. The Directors also participated in additional Corporate Governance and strategy meetings. The table contained in the Directors' Report at page 29 sets out the number of meetings of the Board and its Committees during the year and the attendance of Directors at those meetings.

An Audit & Compliance Committee, an Investment Committee and a Human Resources & Succession Committee are in place. These Committees operate under the charters approved by the Board. The Board has also established a special purpose Governance & Nomination Committee which meets as required.

The Managing Director, in consultation with the President, prepares the agenda for each Board meeting and papers are circulated in advance of each meeting.

The Board undertakes a review of its own performance and processes on a regular basis and the President conducts an individual Non-Executive Director performance evaluation, prior to the expiry of each Director's term of appointment when consideration is being given to whether the Director should stand for re-election.

On an annual basis, Non-Executive Directors provide feedback to the President on his performance.

### **Composition of the Board**

In accordance with the Constitution, the Board of Directors shall consist of not less than eight and not more than ten persons.

Currently there are ten Directors on the Board, nine of whom, including the President are Independent Non-Executive Directors. The Managing Director and Chief Executive Officer (CEO) is the other member of the Board.

Details of the Directors are set out on pages 29, 30 and 31 of this Annual Report.

The composition of the Board is reviewed on a regular basis and at least every two years, to ensure that it contains the appropriate mix of experience and expertise. When it is considered that the Board would benefit from the services of a new director with particular skills, the special purpose Governance & Nomination Committee appointed by the Board determines the selection criteria. Potential candidates are identified. The Board then proposes to the Council the most suitable candidate to join the Board. Under the Company's Constitution, that appointee must stand for election at the next Annual General Meeting of members.

Regard is had to the following matters when considering the composition of the Board:

- the Board should contain an appropriate blend of skills, attributes and experience having regard to its needs at any given time;
- the President of the Board should be an independent Non-Executive Director who has served on the Company's Council.
- the Board should comprise a majority of independent Non-Executive Directors; and
- it is practice that Directors retire at the Annual General Meeting following their 70th birthday.

The Company's Constitution prescribes that all Board members other than the CEO shall retire biennially. The ABL Council then elects the President, Deputy President and five Board Members. Board Members elect the CEO, who does not have to retire biennially, and up to two other Directors nominated by the President.

### **Board Committees**

Details, including function and membership of the Board Committees are set out below. Particulars of meetings held and attendances are shown in the Directors' Report at page 29.

### **Audit & Compliance Committee**

The Committee is responsible for monitoring the management of risks in the Group, the reliability of management and financial reports and compliance with the relevant legislation and regulations. It is also responsible for reviewing the efficiency and effectiveness of the external audit and internal controls.

All members of the Committee are independent Non-Executive Directors. Management, including the CEO and the Chief Financial Officer, and the relevant PricewaterhouseCoopers (PwC) partner, attend by invitation.

# ABL Corporate Governance Statement

The responsibilities of the Committee include:

- ensuring the quality and accuracy of the financial report and other externally-distributed financial information
- reviewing significant accounting issues and judgments
- ensuring the maintenance of an appropriate internal control framework and where any deficiencies are identified, ensuring prompt remedial action is taken by management
- reviewing accounting policies to ensure compliance with Australian Accounting Standards and generally accepted accounting principles
- reviewing the annual external audit work plans
- reviewing the performance of the external auditor and recommending appointment as appropriate
- considering whether the non-audit services provided by the external audit firm are consistent with maintaining the external auditor's independence
- ensuring any matters outstanding with the external auditor or regulatory authorities are appropriately addressed
- reviewing its performance as an Audit Committee.

The Board has adopted a policy addressing the issue of audit independence and the undertaking of non-audit consultancy work by the Company's external auditors, PwC, to ensure that at all times the external audit firm is independent of the Company and its management and directors. The policy identifies services which are considered to be in conflict with the role of the external auditor and as such should not be provided by the external audit firm. The external auditor is required to make an annual declaration of independence to the Board and submit a written statement to the Committee outlining the relationships with the Company.

External audit partners are now required to rotate after a maximum of five years.

The Audit Committee met five times during 2003/04. It is comprised of four independent Directors namely B G Baker (Chairman), D Michaelis, I A Pollard and C Bayliss (appointed during the year).

The external auditor meets separately on a half yearly basis with the Committee, without management present, to ensure full and frank discussion of audit issues.

The Committee Chairman reports to the Board subsequent to each Committee meeting.

## **Investment Committee:**

The Committee was established by the Board and is responsible for complying with the Investment Committee Charter.

The Committee is responsible for the management of the Company's substantial investment portfolio to ensure strategic plan outcomes by maximising the return on investment and adherence to the Investment Policy.

The Investment Committee met six times during 2003/04. It is comprised of six independent Directors, namely J G Broinowski (Chairman), B G Baker, I B Penfold, D J Malloch, G D Hutchinson and I A Pollard (appointed during the year).

## **Human Resources & Succession Committee:**

The Committee was established by the Board and is responsible for complying with the Human Resources & Succession Charter.

The Committee is responsible for the development and monitoring of the Company's employment and remuneration policies.

The Human Resources & Succession Committee met four times during 2003/04. It comprises four independent Directors, namely I B Penfold (Chairman), D J Malloch, K L Wilson and C Bayliss (appointed during the year).

## **Non-Executive Directors' Remuneration**

Non-Executive Directors' fees are reviewed by the Human Resources & Succession Committee and determined by the Board, in accordance with the Company's Constitution, within the maximum aggregate annual amount of \$600,000 which was approved by members at the 2001 Annual General Meeting.

The fees for President, Committee Chairmen and the other Non-Executive Directors are determined by having particular regard to fees paid to non-executive directors of peer group companies and other similar organisations.

The fees for 2003/04 remained unchanged from those set in 2001/02 at \$50,000 for the President, \$20,000 for each of the other Non-Executive Directors and \$5,000 for Committee Chairmen.

The Board of Directors, at its meeting on 19 August 2003, agreed to leave fees at the same level as 2002/03 for the 2003/04 financial year. It was further resolved to establish an annual review process to occur in July each year.

## **Conflict of Interest**

Directors are required to keep the Board advised, on an on going basis, of any interests that could potentially conflict with those of the Company. The Board has adopted procedures covering disclosure of interests by Directors which establish how actual or potential conflicts of interest are to be addressed. In any instance where the Board believes that a conflict exists, the Director concerned would not receive the relevant Board papers and would not participate in that part of the meeting where the item is considered.

## **Independent Professional Advice and Access to Company Information**

Each Director has the right of access to all relevant Company information and, subject to prior consultation with the President, is entitled to seek independent professional advice in relation to matters pertaining to the performance of their role, at the Company's cost.

# ABL Corporate Governance Statement

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## RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

### Financial Risk Management

The Board acknowledges that it is responsible for the overall internal control and risk management framework of the Company. To assist in discharging this responsibility, the Board has put in place a control framework that can be described as follows:-

*Financial Reporting* - a comprehensive Budget is prepared annually by Management and approved by the Directors. Management reports results monthly against that Budget and revised forecasts are prepared regularly. The Company reports regularly to the ABL Council.

*Investment Appraisal* - The Company has clearly defined guidelines covering capital expenditure. These include annual Budgets, detailed appraisal and review procedures, authority levels and structured due diligence procedures prior to business acquisitions or divestments and post audits of significant capital expenditure items.

### Business Risk Management, Compliance and Control

Management of business risk is an essential component of the Company's strategy.

The Company's approach to investment risk overseen by the Investment Committee is as set out earlier in this Corporate Governance Statement and at Note 19 in the 2003/04 Annual Financial Report.

Comprehensive practices are in place in the following non-financial areas to ensure:

- occupational health, safety and environment, quality standards and management information systems deliver high standards of performance and compliance with regulations
- business transactions are properly authorised and executed
- appropriate internal compliance and control procedures are operating effectively
- appropriate retention and succession planning
- trade practices and fair trading regulation compliance
- property loss control measures at business sites are effective.

## ETHICAL STANDARDS

The Directors acknowledge the imperative of maintaining the highest standards of ethical conduct and legal compliance by all Directors and employees of the ABL Group. The Company has in place a Code of Conduct and a number of codes and policies in areas such as discrimination, harassment and disclosure of interests.

No donations were made to any political party or candidate for political office during the year.

## INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

The adoption of IFRS will be first reflected in the Groups financial statements for the year ending 30 June 2006.

The only major change identified to date that will be required to the Groups existing accounting policies is:

### Financial Instruments

Under the Australian equivalent to IAS 39 Financial Instruments: "Recognition and Measurement"; financial assets held by the company will be classified as either held for trading, held-to-maturity, available for sale or loans and receivables, depending upon classification, measured at fair value or amortised cost.

This will not be regarded as the only change in accounting policies that will result from the transition to IFRS, as not all standards have been analysed as yet, and some decisions have not yet been made where choices of accounting policies are available.

## ENVIRONMENT

Australian Business Limited is committed to the protection of the environment, to the health and safety of its employees, customers and the public at large, and to compliance with all applicable environmental laws, rules and regulations in the jurisdictions in which it conducts its business.

The Company has determined that it complies with all relevant environmental legislation.

# Statement of Financial Performance

FOR THE YEAR ENDED 30TH JUNE 2004

	NOTES	CONSOLIDATED		PARENT ENTITY	
		2004 \$000	2003 \$000	2004 \$000	2003 \$000
<b>Revenue from ordinary activities</b>	2(a)	35,448	30,216	22,860	21,489
Annual and long service leave accrued		(382)	(233)	(382)	(233)
Employee benefits expense		(25,036)	(20,416)	(15,919)	(15,427)
Depreciation and amortisation expense	3	(3,559)	(2,801)	(3,559)	(2,801)
Advertising and marketing		(3,430)	(2,776)	(2,869)	(2,505)
Building expenses		(815)	(813)	(815)	(813)
Business establishment costs		(175)	(1,097)	(175)	(428)
Consultants		(3,243)	(3,089)	(3,060)	(2,922)
Maintenance agreements		(426)	(420)	(426)	(420)
Management fees – investments		(1,332)	(1,299)	(1,332)	(1,299)
Motor vehicle		(1,326)	(542)	(265)	(455)
Printing and stationery		(511)	(393)	(287)	(255)
Provision for non recovery of debt in controlled entities	3	–	–	(3,071)	(294)
Provision for non recovery of WIP		(206)	(598)	–	(308)
Research and related sponsorship		(693)	(828)	(693)	(828)
Sponsorship		(756)	(1,076)	(672)	(1,040)
Telephone and facsimile		(1,453)	(1,920)	(819)	(1,726)
Travel		(961)	(967)	(694)	(748)
Writeback provision for software development costs		–	650	–	650
Other expenses		(4,906)	(4,819)	(2,133)	(2,662)
<b>Expenses from activities</b>		<b>(49,210)</b>	<b>(43,438)</b>	<b>(37,171)</b>	<b>(34,514)</b>
<b>Profit/(Loss) from activities before movement in market value of investments</b>		<b>(13,762)</b>	<b>(13,222)</b>	<b>(14,311)</b>	<b>(13,025)</b>
Realised and unrealised market movement of investments	3	34,483	(16,971)	34,483	(16,971)
<b>Profit/(Loss) from activities before income tax expense</b>		<b>20,721</b>	<b>(30,193)</b>	<b>20,172</b>	<b>(29,996)</b>
Income tax expense	4	–	–	–	–
<b>Net Profit/(Loss) attributable to members of Australian Business Limited</b>	11	<b>20,721</b>	<b>(30,193)</b>	<b>20,172</b>	<b>(29,996)</b>
Net increase in asset revaluation reserve	11	–	2,900	–	2,900
<b>Total changes in equity other than those resulting from transactions with owners as owners</b>	11	<b>20,721</b>	<b>(27,293)</b>	<b>20,172</b>	<b>(27,096)</b>

The above statements of financial performance should be read in conjunction with the accompanying notes.

# Statement of Financial Position

AS AT 30TH JUNE 2004

	NOTES	CONSOLIDATED		PARENT ENTITY	
		2004 \$000	2003 \$000	2004 \$000	2003 \$000
<b>CURRENT ASSETS</b>					
Cash assets	5	4,300	6,260	3,715	5,045
Receivables	6	10,821	14,835	9,970	10,793
Investments	7	270,394	248,935	270,394	248,935
<b>TOTAL CURRENT ASSETS</b>		<b>285,515</b>	<b>270,030</b>	<b>284,079</b>	<b>264,773</b>
<b>NON-CURRENT ASSETS</b>					
Property, plant and equipment	8	24,901	26,122	24,901	26,122
<b>TOTAL NON-CURRENT ASSETS</b>		<b>24,901</b>	<b>26,122</b>	<b>24,901</b>	<b>26,122</b>
<b>TOTAL ASSETS</b>		<b>310,416</b>	<b>296,152</b>	<b>308,980</b>	<b>290,895</b>
<b>CURRENT LIABILITIES</b>					
Payables	9	7,588	13,787	6,616	8,523
Provisions	10	1,070	1,247	866	965
<b>TOTAL CURRENT LIABILITIES</b>		<b>8,658</b>	<b>15,034</b>	<b>7,482</b>	<b>9,488</b>
<b>NON-CURRENT LIABILITIES</b>					
Provisions	10	661	742	661	742
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>661</b>	<b>742</b>	<b>661</b>	<b>742</b>
<b>TOTAL LIABILITIES</b>		<b>9,319</b>	<b>15,776</b>	<b>8,143</b>	<b>10,230</b>
<b>NET ASSETS</b>		<b>301,097</b>	<b>280,376</b>	<b>300,837</b>	<b>280,665</b>
<b>MEMBERS' EQUITY</b>					
Reserves	11	104,379	104,379	104,379	104,379
Retained Profits	11	196,718	175,997	196,458	176,286
<b>TOTAL MEMBERS' EQUITY</b>	11	<b>301,097</b>	<b>280,376</b>	<b>300,837</b>	<b>280,665</b>

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

# Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2004

	NOTES	CONSOLIDATED INFLOWS (OUTFLOWS)		PARENT ENTITY INFLOWS (OUTFLOWS)	
		2004 \$000	2003 \$000	2004 \$000	2003 \$000
<b>Cash Flows from operating activities</b>					
Net withdrawal from managed investments		20,674	14,033	20,674	14,033
Receipts from other income		22,791	13,845	7,816	13,845
Receipts from members		2,935	3,655	2,935	2,912
Property rentals received		1,443	1,478	1,443	1,478
Other interest received		2,774	2,435	2,744	2,422
		50,617	35,446	35,612	34,690
Payments to suppliers and employees		(50,190)	(38,845)	(34,555)	(39,031)
Net cash inflow/(outflow) from operating activities	20	427	(3,399)	1,057	(4,341)
<b>Cash flows from investing activities</b>					
Payments for motor vehicles, office furniture and equipment		(3,007)	(5,181)	(3,007)	(5,181)
Proceeds from sale of plant and equipment		620	1,492	620	1,492
Net cash inflow/(outflow) from investing activities		(2,387)	(3,689)	(2,387)	(3,689)
Net increase (decrease) in cash held		(1,960)	(7,088)	(1,330)	(8,030)
Cash at the beginning of the financial year		6,260	13,348	5,045	13,075
Cash at the end of the financial year	5	4,300	6,260	3,715	5,045
<b>CASH RECONCILIATION</b>					
Cash and bank balances		1,965	1,495	1,380	280
Cash equivalents		2,335	4,765	2,335	4,765
	5	4,300	6,260	3,715	5,045

Cash equivalents represent monies invested in short term liquid assets by fund managers

# Notes to Consolidated Financial Statements

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The parent entity is a public company limited by guarantee. In the event of the company being wound up the liability of each member (during the time they are a member and within one year afterwards) is limited to ten dollars.

The Constitution of the company prohibits any distribution of the income and property to the members by way of dividend or otherwise, including on winding up.

This general purpose financial report has been prepared in accordance with Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views and the *Corporations Act 2001*.

It is prepared in accordance with the historical cost convention, except for investments, which are at valuation. Unless stated otherwise the accounting policies described below are consistent with those applied in the prior year. Comparative information is reclassified where appropriate to enhance comparability.

### (i) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by Australian Business Limited ("parent entity") as at 30 June 2004 and the results of all controlled entities for the year then ended. Australian Business Limited and its controlled entities together are referred to in this financial report as the consolidated entity. The effects of all transactions between entities in the consolidated entity are eliminated in full.

Where control of an entity is obtained during a financial year, its results are included in the consolidated statement of financial performance from the date on which control commences. Where control of an entity ceases during a financial year its results are included for that part of the year during which control existed.

### (ii) Revenue Recognition

Membership fees comprise annual subscriptions for the year brought to account on an accruals basis.

Publication subscription income comprises annual subscriptions and is brought to account on an accruals basis.

Other publications' income is brought to account when goods are despatched to a customer pursuant to a sales order and the associated risks have passed to the customer.

Assessor fee income is brought to account as service is delivered as calculated with reference to time expended on the training.

Placement fee income is brought to account on completion of formal procedures and there is an entitlement to income. Rental income is brought to account on a cash basis.

Other business services income is brought to account on delivery of service in accordance with engagement letters or other relevant contracts or agreements.

### (iii) Sponsorship and Grants

Sponsorship and grants are brought to account when control is obtained. A liability is recognised for any unexpended amounts.

### (iv) Income Tax

The parent entity as a non-profit organisation is exempt from the payment of income tax and capital gains tax.

In respect of non-exempt controlled entities, tax effect accounting procedures are followed whereby the income tax expense in the statement of financial performance is matched with the accounting profit (after allowing for permanent differences). The future tax benefit relating to tax losses is not carried forward as an asset unless the benefit can be regarded as being virtually certain of realisation. Income tax on cumulative timing differences is set aside to the deferred income tax or the future income tax benefit accounts at the rates which are expected to apply when those timing differences reverse.

### (v) Depreciation of Property, Plant and Equipment

Depreciation is calculated on a straight line basis so as to write off the net cost or revalued amount of each item of property, plant and equipment (excluding land) over its expected useful life to the consolidated entity. Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessments for major items. The expected useful lives are as follows:

Buildings	20 years
Plant, equipment and fitout	3 - 10 years

### (vi) Foreign Currency Translation

Foreign currency transactions are translated into Australian currency at the rate of exchange at the date of the transaction. At balance date amounts payable and receivable in foreign currency are translated to Australian currency at rates of exchange current at that date. Resulting exchange differences are brought to account in determining the profit or loss for the year.

### (vii) Investments

Investment revenue including dividends is brought to account on an entitlements basis.

Investments in controlled entities are brought to account in the parent entity at cost less a provision for diminution where appropriate.

The investment portfolio disclosed as a current asset in the statements of financial position is valued at market value less the provision for disposal cost. The gains or losses, whether realised or unrealised are included in profit or loss from ordinary activities before income tax expense.

### (viii) Cash

For purposes of the statement of cash flows, cash includes deposits at call, which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts.

# Notes to Consolidated Financial Statements

## (ix) Employee Entitlements

### *Annual and Sick Leave*

The provisions for employee entitlements for annual and sick leave represent the amounts, which the parent entity or the consolidated entity has a present obligation to pay resulting from employees' services, provided up to the balance date. The provisions have been calculated at nominal amounts based on current wages and salary rates and include related on-costs.

### *Long Service Leave*

The liability for employee entitlements to long service leave represents the present value of the estimated future cash outflows to be made by the employer resulting from employees' services provided up to the balance date.

In determining the liability for employee entitlements, consideration has been given to future increases in wages and salary rates, and the consolidated entity's experience with staff departures. Related on-costs have also been included in the liability.

### *Superannuation*

The consolidated entity contributes to a number of compliant superannuation plans in Australia. The employees and employer make contributions as percentages of salary and in accordance with the relevant legislation.

### *Performance Related Remuneration*

A liability for employee benefits in the form of performance related remuneration plan is recognised in other creditors when there is no realistic alternative but to settle the liability and at least one of the following conditions is met:

- there are formal terms in the plan for determining the amount of the benefit
- the amounts to be paid are determined before the time of completion of the financial report, or
- past practice gives clear evidence of the amount of the obligation.

Liabilities for the performance related remuneration plan are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

### *Employee benefit on-costs*

Employee benefit on-costs, including payroll tax, are recognised and included in employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities.

## (x) Receivables

All trade debtors are recognised at the amount receivable, as they are due for settlement no more than 30 days from the date of recognition. Collectibility of trade debtors is reviewed on an ongoing basis. Debts, which are known to be uncollectible, are written off. A provision for doubtful debts is raised where some doubt as to collection exists.

## (xi) Trade and Other Creditors

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

## (xii) Revaluation of Non-Current Assets

Land is measured at Directors' valuation based on an independent expert's valuation and reassessed annually by the Directors. Buildings are measured at cost and supplemented by independent assessment every three years. The last independent valuation was made at 30 June 2003.

## (xiii) Recoverable Amount of Non-Current Assets

The recoverable amount of an asset is the net amount expected to be recovered through the cash inflows and outflows arising from its continued use and subsequent disposal.

Where the carrying amount of a non-current asset is greater than its recoverable amount, the asset is written down to its recoverable amount.

The decrement in the carrying amount is recognised as an expense in the statement of financial performance in the reporting period in which the recoverable amount written down occurs.

The expected net cash flows included in determining recoverable amounts of non-current assets are not discounted.

## (xiv) Capitalised Development Costs

Costs incurred on development projects are deferred to future periods and capitalised to the extent that they are expected beyond any reasonable doubt to be recoverable. Deferred costs are amortised from the time the project is completed and generating revenue on a straight line basis over the period of the expected benefit.

## (xv) International Financial Reporting Standards (IFRS)

The adoption of IFRS will be first reflected in the Groups financial statements for the year ending 30 June 2006. The only major change anticipated to the Groups existing accounting policies as a result of adopting IFRS, under the Australian equivalent to *IAS 32 Financial Instruments: "Recognition and Measurement"*; financial assets held by the company will be classified as either held for trading, held-to-maturity, available for sale or loans and receivables, depending upon classification, measured at fair value or amortised cost.

This will not be regarded as the only change in accounting policies that will result from the transition to IFRS, as not all standards have been analysed as yet, and some decisions have not yet been made where choices of accounting policies are available. For these reasons it is not yet possible to quantify the impact of the transition to IFRS on the Group's financial position and reported result.

# Notes to Consolidated Financial Statements

	CONSOLIDATED		PARENT ENTITY	
	2004	2003	2004	2003
	\$000	\$000	\$000	\$000

## NOTE 2. REVENUE

### (a) Revenue from operating activities

Fee for service and other income	18,917	14,048	6,359	5,334
Membership fees*	2,788	2,287	2,788	2,287
	<b>21,705</b>	<b>16,335</b>	<b>9,147</b>	<b>7,621</b>

### Revenue from outside the operating activities

Dividend income from managed investments	9,657	10,103	9,657	10,103
Interest income from managed investments	2,687	2,297	2,687	2,297
Interest income from other corporations	87	138	57	125
Property rental income	1,312	1,343	1,312	1,343
	<b>13,743</b>	<b>13,881</b>	<b>13,713</b>	<b>13,868</b>

### Revenue from ordinary activities

	<b>35,448</b>	<b>30,216</b>	<b>22,860</b>	<b>21,489</b>
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In addition to the above revenue disclosure the consolidated entity's managed funds are traded by the appointed Fund Managers in the financial markets for the purpose of deriving further investment returns. The total proceeds arising were then reinvested into marketable securities.

\* Members of Illawarra & Hunter Business Chambers are also members of Australian Business Limited. 2004 membership fees excludes \$951,190 (2003 \$842,000) of membership fees received by these organisations.

### (b) Material revision at 30 June 2003 on revenue estimate

The entity derives fee for service income from the placement of trainees into Federal Government-sponsored apprenticeship programs. During the year ended 30 June 2003, the entity became aware of changed circumstances on which estimates were based for bringing such revenue to account in the financial years 2000, 2001 and 2002. As at the end of June 2002, an estimated revenue entitlement of \$6.8M had been brought to account and remained outstanding and unpaid at that date. Subsequent analysis of this entitlement identified certain Australian Business Limited computer system faults and operational procedural issues which have resulted in \$3.1M of this \$6.8M receivable being overstated at 30 June 2002. In addition a provision of \$308K has been raised against 30 June 2002 unprocessed claims. The net effect of the changes in the accounting estimates has resulted in a reversal of \$3.1M receivable against fee for service and other income in the 2003 financial year's Statement of Financial Performance. The contract under which these revenue estimates were made ceased effective 30 June 2003. A new contract was awarded with effect from 1 July 2003 for a period of 3 years.

# Notes to Consolidated Financial Statements

	CONSOLIDATED		PARENT ENTITY	
	2004	2003	2004	2003
	\$000	\$000	\$000	\$000

## NOTE 3. OPERATING PROFIT/(LOSS)

Profit/(Loss) from activities before income tax has been determined after:

### Expenses

Depreciation				
– building	844	841	844	841
– plant and equipment	1,440	1,364	1,440	1,364
Total depreciation	2,284	2,205	2,284	2,205
Amortisation				
– Development costs	1,275	596	1,275	596
Total amortisation	1,275	596	1,275	596
Bad and doubtful debts				
– Trade debtors	682	224	682	48
Rental expense on operating leases				
– minimum lease payments	1,663	1,471	901	1,109
Loss on sale of property, plant and equipment	49	41	49	41
Provision for non recovery of debt in controlled entities	–	–	3,071	294
Provision for employee entitlements	(257)	(87)	(180)	(87)
Provision for employee costs	363	684	363	684
Provision for restructuring	–	(650)	–	(650)
Provision for non recovery of WIP	206	598	–	308
<b>Realised and Unrealised Market Movement of Investments</b>				
Movement in market value of investments				
– realised (gain)/loss	(8,151)	7,662	(8,151)	7,662
– unrealised (gain)/loss	(26,332)	9,309	(26,332)	9,309

## NOTE 4. INCOME TAX

- (a) There is no income tax attributable to either financial period because:-
- The parent entity as a non-profit organisation is exempt from the payment of Income Tax and Capital Gains Tax; and
  - All non-exempt controlled entities have accumulated carry forward tax losses and are not liable for the payment of Income Tax or Capital Gains Tax
- (b) The directors estimate that the potential future income tax benefit in respect of tax losses not brought to account is \$8,997,500 calculated @ 30%(30 June 2003 \$8,241,344 – 30%)  
This benefit of tax losses will only be obtained if:
- the non exempt controlled entities derive future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised, or
  - The losses are transferred to an eligible entity in the consolidated entity, and
  - the non exempt controlled entities continue to comply with the conditions for deductibility imposed by tax legislation, and
  - no changes in tax legislation adversely affect the non exempt controlled entity in realising the benefit from the deduction for the losses.
- (c) Australian Business Limited and its wholly owned Australian controlled entities have decided not to implement tax consolidation as of 1 July 2003.

# Notes to Consolidated Financial Statements

	CONSOLIDATED		PARENT ENTITY	
	2004 \$000	2003 \$000	2004 \$000	2003 \$000

## NOTE 5. CURRENT ASSETS – CASH

Cash at bank and in hand	1,965	1,495	1,380	280
Cash equivalents (note1(viii))	2,335	4,765	2,335	4,765
	4,300	6,260	3,715	5,045

Cash equivalents represent monies invested in the short term by fund managers

## NOTE 6. CURRENT ASSETS – RECEIVABLES

Trade debtors	4,537	9,208	4,496	4,567
Less Provision for doubtful debts	(892)	(319)	(870)	(255)
	3,645	8,889	3,626	4,312
Investment income receivable	390	412	390	412
Unsettled investment sales	3,731	1,410	3,731	1,410
Other receivables	896	1,279	751	1,057
	5,017	3,101	4,872	2,879
Work in Progress	2,350	3,443	89	350
Less Provision for non recovery of WIP	(191)	(598)	-	(308)
	2,159	2,845	89	42
Amounts due from controlled entities	-	-	10,516	10,170
Provision for non-recovery	-	-	(9,133)	(6,610)
	-	-	1,383	3,560
	10,821	14,835	9,970	10,793

# Notes to Consolidated Financial Statements

	CONSOLIDATED		PARENT ENTITY	
	2004 \$000	2003 \$000	2004 \$000	2003 \$000

## NOTE 7. INVESTMENTS

### CURRENT ASSETS

Investments – Market Value (Note 1(vii))	270,394	248,935	270,394	248,935
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### INVESTMENTS – MARKET VALUE

Commonwealth and Semi-government bonds	41,824	43,514	41,824	43,514
Shares and Units in Public Companies	199,381	176,781	199,381	176,781
Shares and Units in Unrelated Corporations (incl. Equity and Pool Trusts)	22,760	22,839	22,760	22,839
Other Investments (incl. Corporate Bonds and Investment Trust)	6,429	5,801	6,429	5,801
<b>Total Investments</b>	<b>270,394</b>	<b>248,935</b>	<b>270,394</b>	<b>248,935</b>

Cost of Investments	250,691	267,386	250,691	267,386
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### NON-CURRENT ASSETS

#### Unlisted investments – at cost

Shares in controlled entities (Note 1(i))	–	–	15,300	16,914
Less provision for diminution in value	–	–	(15,300)	(16,914)

<b>TOTAL NON-CURRENT INVESTMENTS</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
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# Notes to Consolidated Financial Statements

	CONSOLIDATED		PARENT ENTITY	
	2004	2003	2004	2003
	\$000	\$000	\$000	\$000

## NOTE 8. NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT

### Land and buildings

Freehold Land – at Directors' valuation	8,000	8,000	8,000	8,000
	8,000	8,000	8,000	8,000
Building – at cost	17,227	17,227	17,227	17,227
Less Accumulated depreciation	(7,111)	(6,243)	(7,111)	(6,243)
	10,116	10,984	10,116	10,984
Total property, 140 Arthur Street, North Sydney	18,116	18,984	18,116	18,984

### Plant and equipment

Motor vehicles and office equipment – at cost	16,227	15,897	16,227	15,897
Less Accumulated depreciation	(12,437)	(11,391)	(12,437)	(11,391)
	3,790	4,506	3,790	4,506
Capitalised development costs	5,146	3,555	5,146	3,555
Less Accumulated amortisation	(2,151)	(923)	(2,151)	(923)
	2,995	2,632	2,995	2,632
Total plant and equipment	6,785	7,138	6,785	7,138
Total property, plant and equipment	24,901	26,122	24,901	26,122

### Valuation of Land and Building

Freehold Land and Buildings are formally valued every three years. On 30 June, 2003 Colliers International, qualified real estate valuers provided an independent valuation of \$36,000,000 for 140 Arthur Street, North Sydney, which the Directors have used to support the valuation of Freehold Land at 30 June 2004.

### Reconciliations

Reconciliations of the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year are set out below.

	Freehold Land \$000	Buildings \$000	Plant and Equipment \$000	Total \$000
<b>Consolidated entity</b>				
Balance at the beginning of the year	8,000	10,984	7,138	26,122
Additions	-	-	3,007	3,007
Disposals	-	(446)	(223)	(669)
Depreciation expense	-	(843)	(2,716)	(3,559)
Carrying amount at the end of the year	8,000	9,695	7,206	24,901
<b>Parent entity:</b>				
Balance at the beginning of the year	8,000	10,984	7,138	26,122
Additions	-	-	3,007	3,007
Disposals	-	(446)	(223)	(669)
Depreciation expense	-	(843)	(2,716)	(3,559)
Carrying amount at the end of the year	8,000	9,695	7,206	24,901

# Notes to Consolidated Financial Statements

	CONSOLIDATED		PARENT ENTITY	
	2004	2003	2004	2003
	\$000	\$000	\$000	\$000

## NOTE 9. CURRENT LIABILITIES – ACCOUNTS PAYABLE

Trade Creditors	654	1,813	616	1,651
Unsettled investment transactions	1,061	769	1,061	769
Grants to be expended	103	45	103	45
Other creditors	2,833	3,740	1,913	2,758
Deferred income	96	4,459	82	339
Membership fees and other income in advance including GST	2,841	2,961	2,841	2,961
	<b>7,588</b>	<b>13,787</b>	<b>6,616</b>	<b>8,523</b>

## NOTE 10. PROVISIONS

(a) Current				
Employee entitlements	1,070	1,247	866	965
	<b>1,070</b>	<b>1,247</b>	<b>866</b>	<b>965</b>
b) Non Current				
Employee entitlements	661	742	661	742
	<b>661</b>	<b>742</b>	<b>661</b>	<b>742</b>
(c) Aggregate employee entitlements liability	1,731	1,989	1,527	1,707
Employee numbers	Number	Number	Number	Number
Number of employees at balance date	293	313	203	209

# Notes to Consolidated Financial Statements

	CONSOLIDATED		PARENT ENTITY	
	2004 \$000	2003 \$000	2004 \$000	2003 \$000
<b>NOTE 11. RESERVES AND RETAINED PROFITS</b>				
(a) Reserves				
Capital Reserve				
Balance 1 July, 2003	101,479	101,617	101,479	101,479
Transfer to retained profits	-	(138)	-	-
	<u>101,479</u>	<u>101,479</u>	<u>101,479</u>	<u>101,479</u>
Asset Revaluation Reserve				
Balance 1 July, 2003	2,900	-	2,900	-
Revaluation increment on freehold land	-	2,900	-	2,900
	<u>2,900</u>	<u>2,900</u>	<u>2,900</u>	<u>2,900</u>
<b>Total reserves at the end of the financial year</b>	<b>104,379</b>	<b>104,379</b>	<b>104,379</b>	<b>104,379</b>
(b) Retained profits				
Retained profits at the beginning of the financial year	175,997	206,052	176,286	206,282
Net profit/(loss) for the year	20,721	(30,193)	20,172	(29,996)
Transfer in from Capital Reserve	-	138	-	-
	<u>196,718</u>	<u>175,997</u>	<u>196,458</u>	<u>176,286</u>
<b>Total retained profits at the end of the financial year</b>	<b>196,718</b>	<b>175,997</b>	<b>196,458</b>	<b>176,286</b>
(c) Members' Equity				
Total equity at the beginning of the financial year	280,376	307,669	280,665	307,761
Total changes in equity recognised in the statement of financial performance	20,721	(30,193)	20,172	(29,996)
Total changes in equity recognised in the statement of financial position	-	2,900	-	2,900
	<u>301,097</u>	<u>280,376</u>	<u>300,837</u>	<u>280,665</u>
<b>Total members' equity at the end of the financial year</b>	<b>301,097</b>	<b>280,376</b>	<b>300,837</b>	<b>280,665</b>

# Notes to Consolidated Financial Statements

	CONSOLIDATED		PARENT ENTITY	
	2004	2003	2004	2003
	\$000	\$000	\$000	\$000

## NOTE 12. COMMITMENTS FOR EXPENDITURE

### Lease Commitments

Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities, payable:

Due within one year	1,199	1,041	561	485
Due later than one year but not later than 5 years	1,065	1,531	458	419
	<u>2,264</u>	<u>2,572</u>	<u>1,018</u>	<u>904</u>
Representing:				
Non-cancellable operating leases	2,264	2,572	1,018	904
	<u>2,264</u>	<u>2,572</u>	<u>1,018</u>	<u>904</u>

### Investing Commitments

A commitment for an investment in securities pursuant to the provisions of Trust Deeds dated 3 February 1998 and 24 September 2003 managed by Macquarie Bank Limited.

Due and dependent upon drawdowns expected to be made approximately over 5 years

	20,553	3,063	20,553	3,063
	<u>20,553</u>	<u>3,063</u>	<u>20,553</u>	<u>3,063</u>

	CONSOLIDATED		PARENT ENTITY	
	2004	2003	2004	2003
	\$	\$	\$	\$

## NOTE 13. REMUNERATION OF AUDITOR

Amounts received, or due and receivable, by the auditor:

Auditing the accounts and consolidated accounts of the parent entity and the accounts of its controlled entities.

Other services

	87,500	85,000	87,500	85,000
	43,559	58,568	43,559	58,568
	<u>131,059</u>	<u>143,568</u>	<u>131,059</u>	<u>143,568</u>

# Notes to Consolidated Financial Statements

CONSOLIDATED		PARENT ENTITY	
2004	2003	2004	2003
\$	\$	\$	\$

## NOTE 14. REMUNERATION OF DIRECTORS

The names of parent entity directors who have held office during the financial year are:

B Baker	D Michaelis
C Bayliss	I B Penfold
F M Bethwaite	I A Pollard
J G Broinowski	N Sawyer
G Hutchinson	K Wilson
D Malloch	

Income paid or payable, or otherwise made available, to directors by entities in the consolidated entity and related parties in connection with the management of affairs of the parent entity or its controlled entities.

706,341	766,724	706,341	766,724
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Number of directors of the parent entity whose income from the parent entity or related parties was within the following bands:

\$000				
0 – 10	1	-	1	-
10 – 20	1	1	1	1
20 – 30	6	7	6	7
30 – 40	1	-	1	-
40 – 50	1	-	1	-
50 – 60	-	1	-	1
390 – 400	1	-	1	-
440 – 450	-	1	-	1

# Notes to Consolidated Financial Statements

## NOTE 15. FINANCIAL REPORTING BY SEGMENTS

### Business Segments

The consolidated entity is organised into the following operating activities by product and service type.

■ Membership ■ Business Services ■ Policy and Sponsorship ■ Property ■ Geographical Segments

All companies within the consolidated entity operate within Australia only.

### 2004

#### Primary reporting – business segments

	MEMBERSHIP \$000	BUSINESS SERVICES \$000	POLICY AND SPONSORSHIP \$000	PROPERTY \$000	CONSOLIDATED \$000
Sales to external customers	3,360	30,801	14	1,273	35,448
Segment result	(3,723)	(9,984)	(1,145)	1,090	(13,762)
Net market movement in investments					34,483
	(3,723)	(9,984)	(1,145)	1,090	20,721
Segment assets	79,392	212,785	123	18,116	310,416
Segment liabilities	883	8,097	4	335	9,319
Acquisitions of property, plant and equipment	285	2,613	1	108	3,007
Depreciation and amortisation expense	337	3,093	1	128	3,559
Net cash inflows/(outflows) from operating activities	40	372	-	15	427

### 2003

#### Primary reporting – business segments

	MEMBERSHIP \$000	BUSINESS SERVICES \$000	POLICY AND SPONSORSHIP \$000	PROPERTY \$000	CONSOLIDATED \$000
Sales to external customers	3,839	25,034	-	1,343	30,216
Segment result	(1,665)	(10,864)	(1,762)	1,069	(13,222)
Net market movement in investments					(16,971)
	(1,665)	(10,864)	(1,762)	1,069	(30,193)
Segment assets	36,835	240,333	-	18,984	296,152
Segment liabilities	2,098	13,679	-	-	15,777
Acquisitions of property, plant and equipment	552	3600	-	1031	5,183
Depreciation and amortisation expense	261	1699	-	841	2,801
Net cash inflows/(outflows) from operating activities	3,655	(6,769)	(1,762)	1,478	(3,398)

Notes to and forming part of the segment information

#### (a) Accounting policies

Segment information is prepared in conformity with the accounting policies of the entity as disclosed in note 1 and the revised segment reporting accounting standard, *AASB 1005 Segment Reporting*.

Segment revenues, expenses, assets and liabilities are those that are directly attributable to a segment and the relevant portion that can be allocated to the segment on a reasonable basis. Segment assets include all assets used by a segment and consist primarily of operating cash, receivables, property, net plant and equipment as well as an allocated portion of the company's investment portfolio. Income from investments is used to fund Business services and Membership activities and has therefore been allocated to these segments in the analysis above. Segment liabilities consist primarily of trade and other creditors, employee entitlements and provisions. Segment assets and liabilities do not include income taxes.

# Notes to Consolidated Financial Statements

	PARENT ENTITY		EQUITY	
	INVESTMENT AT COST		HOLDING	
	2004	2003	2004	2003
	\$000	\$000	%	%

## NOTE 16. CONTROLLED ENTITIES

Parent Entity	Activity				
Australian Business Limited	Industry and Business Services Organisation				
<b>Controlled Entities</b>					
Australian Chambernet Pty Limited	Non Trading *	+++	+++	100	100
ABEN New Apprenticeships Centre Pty Limited	Apprenticeship supplier	12,000	12,000	100	100
Workplaceinfo Pty Limited	Non Trading *	++	++	100	100
Australian Business Edge Pty Limited	Professional Services	3,300	3,300	100	100

++ Cost of Investment \$2

+++ Cost of Investment \$100

\* These entities are not required to prepare audited statutory accounts.

### SPONSORED ENTITIES

The Company sponsors an entity which is a company limited by guarantee which under its Memorandum of Association prohibit any distribution of the income or property of the Company or any surplus on winding up to its members.

This entity is:

Company	Principal Activity
Australian Business Foundation Limited	To commission and publish research into issues of economic and industry policy.

# Notes to Consolidated Financial Statements

## NOTE 17. RELATED PARTY TRANSACTIONS

- (i) The names of persons who were directors of Australian Business Limited during the financial year are disclosed in the Directors' Report and in note 14.
- (ii) Details of directors' remuneration is given in note 14.
- (iii) Details of controlled entities of the parent entity are shown in note 16.
- (iv) Loans to directors of the entities within the consolidated entity total nil.
- (v) The consolidated entity consists of Australian Business Limited and its controlled entities as listed in note 16.
- (vi) Parent entity services are available to directors of the consolidated entity and their director related entities on terms and conditions no more favourable than those available to members of the parent entity.
- (vii) The parent entity paid a premium on normal commercial terms and conditions to insure directors and certain executive officers of the company and controlled entities.

Disclosure of the premium payable and the nature of the liabilities covered by the insurance contract are prohibited by a confidentiality clause in the contract.

(viii) Wholly-owned group

The wholly-owned group consists of Australian Business Limited and its wholly-owned controlled entities as set out in note 16.

Transactions between Australian Business Limited and other entities in the wholly-owned group during the years ended 30 June 2004 and 2003 consisted of:

- (a) loans advanced by Australian Business Limited
- (b) recovery of group costs, such as rental, wages, services and amenities
- (c) transfer of assets between controlled entities and Australian Business Limited

	CONSOLIDATED		PARENT ENTITY	
	2004	2003	2004	2003
	\$000	\$000	\$000	\$000

Aggregate amounts receivable or payable between entities in the wholly-owned group at balance date;

Amounts receivable from controlled entities	-	-	1,383	3,560
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# Notes to Consolidated Financial Statements

EXECUTIVE OFFICERS OF THE CONSOLIDATED ENTITY		EXECUTIVE OFFICERS OF THE PARENT ENTITY	
2004	2003	2004	2003
\$	\$	\$	\$

## NOTE 18. REMUNERATION OF EXECUTIVES

Remuneration received, or due and receivable, from entities in the consolidated entity and related parties by Australian based executive officers (including directors) whose remuneration was at least \$100,000:

Executive officers of the parent entity	6,638,225	5,609,854	6,638,225	5,609,854
Executive officers of other entities in the consolidated entity	-	1,613,794	-	-
	<u>6,638,225</u>	<u>7,223,648</u>	<u>6,638,225</u>	<u>5,609,854</u>

The executive officers (including directors) whose remuneration from entities in the consolidated entity and related parties was within the specified bands are as follows:

\$000				
100 – 110	12	11	12	10
110 – 120	2	7	2	3
120 – 130	7	4	7	4
130 – 140	3	10	3	9
140 – 150	3	2	3	2
150 – 160	3	3	3	3
160 – 170	1	3	1	3
170 – 180	1	1	1	1
180 – 190	-	2	-	1
190 – 200	-	1	-	1
200 – 210	3	-	3	-
210 – 220	1	1	1	1
230 – 240	-	2	-	2
240 – 250	-	1	-	1
390 – 400	1	-	1	-
440 – 450	-	1	-	1

# Notes to Consolidated Financial Statements

## NOTE 19. FINANCIAL INSTRUMENTS

### (a) Credit Risk Exposure

The credit risk on financial assets of the consolidated entity which have been recognised on the statement of financial position is generally the carrying amount net of any provision for doubtful debts.

### (b) Interest Rate Risk Exposures

The consolidated entity's exposure to interest rate risk and the effective weighted average interest rate for each class of financial assets and liabilities is set out below.

Exposures arise predominantly from assets and liabilities bearing variable interest rates as the consolidated entity intends to hold fixed rate assets and liabilities to maturity.

2004	Notes	Floating	Fixed Interest Maturing in			Non-	Total
		Interest Rate \$000	1 year or less \$000	Over 1 year to 5 years \$000	More than 5 years \$000	Interest Bearing \$000	
<b>Financial Assets</b>							
Cash and cash equivalents	5	4,300	-	-	-	-	4,300
Receivables	6	-	-	-	-	10,821	10,821
Investments	7	-	48,253	-	-	222,141	270,394
		4,300	48,253	-	-	232,962	285,515
Weighted average interest rate		4.5%					
<b>Financial Liabilities</b>							
Accounts Payable	9	-	-	-	-	(7,588)	(7,588)
Weighted average interest rate							
Net financial assets/liabilities		4,300	48,253	-	-	225,374	277,927

2003	Notes	Floating	Fixed Interest Maturing in			Non-	Total
		Interest Rate \$000	1 year or less \$000	Over 1 year to 5 years \$000	More than 5 years \$000	Interest Bearing \$000	
<b>Financial Assets</b>							
Cash and cash equivalents	5	6,260	-	-	-	-	6,260
Receivables	6	-	-	-	-	14,835	14,835
Investments	7	-	49,315	-	-	199,620	248,935
		6,260	49,315	-	-	214,455	270,030
Weighted average interest rate		4.4%					
<b>Financial Liabilities</b>							
Accounts Payable	9	-	-	-	-	(13,787)	(13,787)
Weighted average interest rate							
Net financial assets/liabilities		6,260	49,315	-	-	200,668	256,243

Reconciliation of net financial assets to net assets

	Notes	2004 \$000	2003 \$000
Net assets as above		277,927	256,243
<b>Non-financial assets and liabilities</b>			
Property, plant and equipment	8	24,901	26,122
Provisions	10	(1,731)	(1,989)
Net assets per the statement of financial position		301,097	280,376

### Net fair value of financial assets and liabilities

The net fair value of financial assets and liabilities approximates their carrying value

## Notes to Consolidated Financial Statements

### NOTE 20. RECONCILIATION OF OPERATING PROFIT/LOSS AFTER INCOME TAX TO NET CASH INFLOWS FROM OPERATING ACTIVITIES

	CONSOLIDATED INFLOWS (OUTFLOWS)		PARENT ENTITY INFLOWS (OUTFLOWS)	
	2004 \$000	2003 \$000	2004 \$000	2003 \$000
Operating profit/(loss) after income tax	20,721	(30,194)	20,172	(29,997)
Depreciation and amortisation	3,559	2,801	3,559	2,801
Provision for diminution in WIP	206	598	-	-
Loss on sale of plant and equipment	49	41	49	41
Provision for non recovery of debt in controlled entity	-	-	3,071	294
Decrease/(increase) in trade debtors	4,671	(4,628)	71	10
Decrease/(increase) in other receivables	(1,436)	3,718	(2,934)	3,658
Decrease/(increase) in investments net of transfers	(21,459)	20,901	(21,459)	20,901
Increase/(decrease) in creditors	(6,199)	2,442	(1,907)	(2,513)
Increase/(decrease) in other provisions	(258)	698	(180)	416
Provision for doubtful debts	573	224	615	48
Net cash inflow/(outflow) from operating activities	427	(3,399)	1,057	(4,341)

## Directors' Declaration

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The directors declare that the financial statements and notes set out on pages 35 to 54:

- (a) comply with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (b) give a true and fair view of the company's and consolidated entity's financial position as at 30 June 2004 and of their performance, as represented by the results of their operations and their cash flows, for the financial year ended on that date.

In the directors' opinion:

- (a) the financial statements and notes are in accordance with the *Corporations Act 2001*; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



D Michaelis  
President



F M Bethwaite  
Managing Director

Sydney  
9 September 2004

# Independent Audit Report to the Members of Australian Business Limited

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## Audit opinion

In our opinion, the financial report of Australian Business Limited, set out on pages 35 to 55:

- gives a true and fair view, as required by the *Corporations Act 2001* in Australia, of the financial position of Australian Business Limited and the Australian Business Limited Group (defined below) as at 30 June 2004, and of their performance for the year ended on that date, and
- is presented in accordance with the *Corporations Act 2001*, Accounting Standards and other mandatory financial reporting requirements in Australia, and the *Corporations Regulations 2001*.

This opinion must be read in conjunction with the rest of our audit report.

## Scope

### The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for both Australian Business Limited (the company) and the Australian Business Limited Group (the consolidated entity), for the year ended 30 June 2004. The consolidated entity comprises both the company and the entities it controlled during that year.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

### Audit approach

We conducted an independent audit in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001*, Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

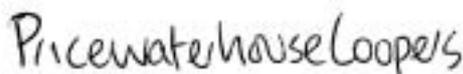
When this audit report is included in an Annual Report, our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

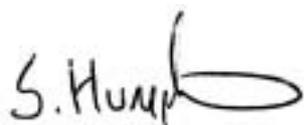
Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

## Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.



PricewaterhouseCoopers



Stephen Humphries  
Partner

Sydney  
9 September 2004

Liability is limited by the Accountant's Scheme under the Professional Standards Act 1994 (NSW)





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ENGLAND, ILLAWARRA BUSINESS CHAMBER,  
HUNTER BUSINESS CHAMBER