

A U S T R A L I A N
B U S I N E S S
I N D U S T R I A L
A N N U A L R E P O R T
F O R T H E Y E A R
E N D E D 3 0 J U N E 2 0 1 1

CONTENTS

Presidents Report	2 – 7
Operating Report	8 – 9
Auditor’s Independence Declaration	10
Special Purpose Financial Report:	
Statement of Comprehensive Income	11
Balance sheet	12
Statement of Changes in Equity	13
Statement of Cash Flows	14
Notes to the Financial Statements	15 – 18
Notice to Members	19
Certificate by Accounting Officer	20
Certificate by Committee of Management	21
Statement of particulars of loans, grants and donations by an officer of an organisation	22
Auditor’s Report	23 – 24

The financial report was authorised by the Councillors on 14 September 2011.
The association has the power to amend and re-issue the financial report.

President's Report 2010 – 2011

“Despite cyclones, floods and fires and international disasters the 2010-2011 fiscal year was better than its predecessor as the first impact of the GFC receded.”

I take pleasure in preparing this report, my second as President. 2010-2011 saw consolidation of the Fair Work system and some emerging lessons. The “pendulum swing” of Fair Work after Work Choices is something which we should aim to avoid in future. Every time legislative change of this magnitude is made it has a huge impact on businesses, particularly in the case of small businesses.

2010 – 2011 also saw much activity in the area of occupational health and safety with the move to national harmonised legislation. Superannuation took up a lot of time as the government moved to implement the Cooper committee’s recommendations from its review into the governance, efficiency, structure and operation of superannuation.

2011’s March 26 election resulted in a new NSW government and an end to the increasingly destructive activity of the previous government, which, as it saw its time running out, embarked on a series of changes which appeared designed to shore up its funding base, no matter the cost to economic activity.

Despite cyclones, floods and fires and international disasters the 2010-2011 fiscal year was better than its predecessor as the first impact of the GFC receded. Rather than “building for recovery” the 2011-2012 federal budget in May 2011 was pitched towards “building a future workforce”. Such an initiative, if delivered, is welcomed.

However, as 2010-2011 wore on, the effects of government profligacy in Europe and the US became more apparent and uncertainty grew. In Australia the Treasurer and then the government increasingly talked

about a “patchwork economy” as mining and mining-related activity boomed and industries such as manufacturing, non-resource building and construction, retail, hospitality and tourism languished under the impact of uncertainty and a high dollar.

Members will recall that ABI achieved federal registration in October 2009. This created two separate ABI entities: one registered in NSW and the other federally registered. ABI’s biennial elections were held in the second part of 2010 and the new councils first met in December. The election process was made easier because the NSW legislation recognises the federal election for state purposes. The one nomination and election process filled both councils, and the same councillors sit on both.

Council meetings and councillors

Both state and federal ABI Councils met 8 times in 2010-2011. ABI’s policy decisions are reported to and also stand as NSW Business Chamber’s workplace relations policy decisions unless the NSWBC Council demurs.

ABI held an “away” meeting in May at Homebush which was attended by members of the Western Sydney Regional Advisory Council and the Regional Manager, Geoff Starr. The subsequent dinner was addressed by one of the Advisory Council’s members, Tom Burraston.

3 Councillors, Renee Monkman, Ian Penfold and Nigel Ward did not re-contest the elections because of changes to their circumstances. Subsequently Erik Lucis

resigned in February and Paul Cotterill in June because of job changes. I would like to thank them all for their contributions.

I would also like to thank all councillors for their contributions at Council and Executive meetings where their contributions were extremely valuable. ABI and its policy/lobbying efforts depend heavily on the quality of the contributions of its members. Council, and ABI more generally, have been well served by its councillors.

The rules allow member organisations to nominate advisory councillors. Following the declaration of the elections the advisory councillors all re-nominated. Advisory councillors are not-voting and represent organisations which are members of ABI. In practice formal votes are rarely required and the addition of the various industry perspectives which they bring adds significantly to council's thinking.

As was the case last year, I would also like to recognise the ongoing support of Stephen Cartwright, Paul Orton and Greg Pattison of the NSW Business Chamber and the members of the workplace policy unit (Blake Briggs, Nadee DeSilva and Dick Grozier) for their excellent work and contributions to ABI's deliberations and lobbying efforts.

Workplace relations in 2010-2011

On 1 July 2010 the \$26 annual wage review increase handed down on 3 June 2010 took effect. Phasing into modern award wages, penalties and loadings began in earnest.

The idea of phasing seemed simple enough; from 1 July an employer pays the modern award plus or minus 80% of the difference between the modern award wage, penalty or loading and the equivalent in the pre-modern award or NAPSA. In practice the proper identification of an employee's rates was often difficult. Ascertaining proper rates was not assisted by gaps and discrepancies in pre-modern award rates. The Fair Work Ombudsman (FWO) itself struggled with transitional arrangements and differences in interpretation were common.

In the end many employers acted on their best guess, or paid a bit extra, and continued their business with this added, and inexcusable, uncertainty.

It is a basic requirement of a regulatory system that those who are regulated know what their obligations are. Efficiency requires that such information can be easily obtained. The Fair Work system has been unsuccessful on both counts and this needs to be addressed.

Federal ABI activities

1. Disentangling the Fair Work safety net

ABI spent a lot of time in conversations with the Fair Work Ombudsman (FWO) trying to develop a common view about various modern award provisions, their implementation and their relationship with NES provisions. It also organised a meeting for affiliated organisations with the FWO's office to discuss transition and the Ombudsman visited and addressed Council at its December meeting. Interesting questions and suggested improvements were raised by Councillors at that meeting.

Many issues have been resolved positively since, but this is not the real point. The fact that there are so many difficulties in the system is a system fault, and needs to be rectified.

Not all issues have resolved. There are instances where the Act needs to be amended or regulations made to clarify the intended outcome. To date the Minister has shown a marked reluctance to move on the legislation.

When modern awards started on 1 January 2010 existing national system employers became covered by them. On 1 February 2011 employers referred into the federal system on 1 January 2010 became covered by modern awards. These new national system employers started under their modern award(s) at the same phasing point as the pre-existing national system employers. This was the outcome which ABI had hoped for, and has gone a reasonable way towards putting employers in the same industry on the same footing.

The start of modern awards also left hundreds of obsolete NAPSA's and pre-modern federal awards in the system and FWA was required to rescind them. Council supported rescission as a step towards lessening complexity. ABI also wanted accessible records of these old rates and provisions because of their continuing importance for phasing. The approach adopted by FWA

was consistent with what ABI sought although gaps in the information record still persist.

ABI also made a number of applications to vary modern awards to address deficiencies, ambiguities or anomalies. Some were unsuccessful, such as the application to vary the Joinery and Building Trades Award to better accommodate glass merchants' operations, and others, such as the insertion of training wage provisions and correcting a shift definition in the Social, Community, Home Care and Disability Services Industry Award were achieved. ABI has several other variations in the pipeline.

2. Two year review of awards

Under the Fair Work Act awards are intended to provide a stable safety net of employment conditions. Modern awards are not intended to be varied, except for the annual wage review, outside the Act's 4 year review process. However, the transitional legislation provided for a special 2 year review to ascertain whether there were outstanding problems from the award modernisation process undertaken between March 2008 and December 2009.

The review is scheduled to take place soon after 1 January 2012 and ABI Council started considering the review in the latter part of 2010-2011. It would be of great concern if the review became an opportunity for a wholesale re-opening of modern award conditions.

3. Equal remuneration

The Fair Work Act introduced new provisions dealing with equal remuneration. In March 2010 unions applied for an equal remuneration order applying to community services and crisis accommodation employees under the Social, Community, Home Care and Disability Services Industry Award. Proceedings started in April 2010 and are continuing.

ABI has been a major participant in the case. In May 2011 FWA handed down an interim decision which ABI broadly welcomed. The interim decision found that the award rates were properly set without gender-based undervaluation, but that there was undervaluation in the rates being paid to employees when compared to those doing comparable work in state and local government. FWA asked participants for their assessment of the extent to which the difference between rates paid by private providers (many of which

are government funded) and government providers is attributable to gender-based undervaluation.

FWA has tried to assist the parties to reach an answer by providing a conciliation process but it seems likely that conciliation will not succeed and FWA will have to arbitrate.

4. Annual Wage Review

FWA set down its programme for its 2011 annual wage review in late 2010 and it was pleasing to see it included space for regional consultations. FWA's wages panel uses consultations to try to assess the effect of its decisions on employers and employees and to help it gauge the sort of increase it should be thinking about. Regional consultations are important because a higher proportion of employment is award-reliant and directly impacted by its decision.

Regional consultations were not as well organised as they might have been, but it was a first try, and it is hoped that FWA will provide for them as part of its 2012 review.

ABI made submissions at several stages during the wage review process. It argued for no more than a 2.8% increase, but also that FWA should award a percentage rather than a monetary increase. ABI has favoured percentage increases for some time because of its concern that continuing monetary increases, which have the effect of compressing relativities, would lead to claims for the restoration of relativities. In this year's submissions the ACTU asked FWA to establish a process to restore relativities to those set in the structural efficiency period of the late 1980's – early 1990's.

FWA decided against outlining a process, but it did decide upon a percentage increase. FWA also adopted ABI's approach to varying national training wage rates and setting national minimum wages for trainees, apprentices and juniors. ABI had asked for these new national minimum wages to be set at the same rates as in the Miscellaneous Award.

Last year's report mentioned that ABI had proposed that FWA commission research into the relationship between its wage review decision and bargaining. Recently FWA commissioned such a project.

“ABI spent a lot of time in conversations with the FWO trying to develop a common view about various modern award provisions....”

5. Bargaining

In my last report I commented that many members had difficulty seeing how the Fair Work system would assist productivity improvement. The National Employment Standards (NES) and modern awards are in many cases less flexible than their predecessors, individual flexibility arrangements are of limited use and this NES + award safety net was not designed to improve productivity.

The object of the bargaining provisions in the Fair Work Act is to provide a framework to enable collective bargaining for enterprise agreements which deliver productivity benefits. However, the combination of the new bargaining rules and the “better off overall” test did not give productivity improvement much of a look in for many employers. In many cases unions saw bargaining as a recruiting opportunity and pressed for union oriented provisions and reduced individual choice. The JJ Richards cases handed down during 2010-2011 gave the green light to unions to apply for protected action ballots on the basis that they said they wanted to bargain.

The most recent productivity figures bear all this out. Both trend and seasonally adjusted labour productivity figures in the year to March 2011 show a decline of 0.7% (trend) and 1.4% (seasonally adjusted) for the market sector and a greater decline over the whole economy.

The government also appears to have acknowledged the productivity problem.

In the 2011-2012 budget it set aside \$M20.1 over 2011-2013 for a new “Productivity and Education Fund” providing funding to unions and employer organisations to enhance awareness of productivity growth and commitment towards achieving it. To date there are no criteria for accessing the money.

Really this is tinkering. The real concern is how to make Australia’s productivity performance, the importance of improving productivity and how that can be achieved, a serious part of mainstream political debate. Only then will there be political will to make sensible necessary changes. Council has been considering ways to bring this about.

6. Unfair dismissals and terminations

In my last report I speculated about the level of growth in the unfair dismissal system because there were no figures available. ABI wrote to the President of FWA requesting that he release the quarterly reports that FWA provides to the Minister and he agreed to do that. They show that a very high proportion of applications (about 93% in the January-March 2011 quarter) are settled without being determined. This supports the view that “go away” money is part of the system.

In the January-March 2011 quarter there were 3,219 unfair dismissal applications made, but of greater concern there were also 449 dismissals notified as breaches of the general protection provisions. General protection applications are much more complicated and expensive to defend. Settling them is also much more expensive. The few cases which have come out of the court show how difficult it is for an employer to prove that it did not act against the employee for the reason which is alleged.

7. Occupational Health and Safety

Progress towards a harmonised national occupational health and safety regime has generally gone according to the federal government’s timetable. By the end of June 2011 Queensland and NSW had legislated their versions of the Work Health and Safety legislation. This is despite the attempt by the outgoing NSW government to change the rules over matters such as onus of proof and union prosecutions. However, the outgoing state government’s change of heart left its legacy.

I discuss this under State Activities below.

8. Superannuation

ABI represents ACCI on the Australian Taxation Office’s Superannuation Consultative Committee and also represented it on the Peak Consultative Group advising the government on issues arising out of the Cooper review of superannuation.

“In the January-March 2011 quarter there were 3,219 unfair dismissal applications made, but of greater concern there were also 449 dismissals notified as breaches of the general protection provisions.”

Although the Cooper recommendations covered a number of issues employers are most likely to be affected by those affecting default superannuation (“MySuper”) and moving superannuation into an electronic commerce environment (“SuperStream”). Superannuation occupied a lot of ABI’s time and that of the workplace policy unit.

Council was concerned to ensure that

- the move to MySuper default funds did not create a situation where there are changes to the contribution details for an employee who remains under default arrangements
- where a default fund does not meet MySuper requirements contributing employers are told and given time and proper information to move to contributing to a MySuper fund.

The main idea behind SuperStream is that enrolling and contributing for employees are done on-line with standard information requirements for all funds and with standard electronic payment methods accepted by all funds. SuperStream raises a number of transitional issues. First, SuperStream cannot work until all funds are compliant.

Second, there needs to be time for updates to be made to payroll/accounting systems. Depending on the size of the employer and the type of system, or systems, in use, this may be relatively painless or quite complex.

Third, not all businesses use computer systems for wages or their other payments. SuperStream will have to accommodate non-electronic transfers for some time after it starts up.

Making superannuation contributions with a mouse click is an important efficiency for employers and benefits employees who will lose less of their contribution in administrative fees.

State ABI activities

1. NSW government activity

In its last days the previous NSW government changed its mind about national work, health and safety legislation and sought to retain dysfunctional aspects of the NSW Occupational Health and Safety Act. It also enacted a range of last minute industrial legislation creating new public holidays, establishing a state Industrial Relations Advisory Council (without any consultation with, or warning to, employers) and legislation retaining and providing for varying obsolete state awards. These awards are obsolete because they do not apply to anyone. Only the NSW public sector and local government remain in the Commission’s jurisdiction.

After the election ABI wrote to the new NSW Minister asking him to enact the national work health and safety legislation and to repeal a number of unnecessary pieces of state industrial legislation left over from the former government’s campaign against Work Choices or rushed through before the election.

The new government moved quickly to pass both the model national legislation (the Work Health and Safety Bill) and to amend the Occupational Health and Safety Act to bring its duties, onus of proof and prosecution provisions into line with the forthcoming WH&S legislation. The OHS Act will continue to apply until replaced by the WH&S Act.

The new government does not have a majority in the Legislative Council and was unable to win over the Shooters' and Fishers' party. The Greens and ALP sided with the Shooters' and Fishers' on the question of union prosecutions and the Industrial Commission's role. The fate of the occupational health and safety legislation and the difficulties with the public sector amendments to the NSW Industrial Relations Act appear to have made the government reticent about other workplace legislation.

2. Occupational health and safety

In November WorkCover NSW established a number of working parties to address implementation of different aspects of the national work health and safety legislation. The workplace policy unit sat on the committee looking at OHS right of entry requirements. The NSW Business Chamber's OHS unit sat on a number of the other committees.



Jack Goluzd
President.

Australian Business Industrial Operating Report 30 June 2011

The Committee of Management presents its operating report on Australian Business Industrial for the year ended 30 June 2011.

This financial report covers Australian Business Industrial as a combined entity. The financial report is presented in Australian currency.

Principal Activities

Australian Business Industrial represents the interests of its members in both State and Federal Industrial Relations jurisdictions.

There are two registered organisations entitled Australian Business Industrial, one state and one federal. Australian Business Industrial is an Association of Employers registered under the *New South Wales Industrial Relations Act 1996*. The association was formed in September 1995 and granted registration in November, 1995. The federal Australian Business Industrial is a federal organisation registered under *The Fair Work (Registered Organisation) Act 2009* and was registered on 19 October 2009.

Both registrations confer incorporation, however the common identity of members and officers means that the federally registered organisation is able to apply for a certificate from the General Manager of Fair Work Australia for reduced reporting requirements based on its NSW return.

Membership of Australian Business Industrial includes members of NSW Business Chamber Limited and a formal affiliation agreement exists between the two associations.

The association is exempt from Income Tax under S6-20 of the *Income Tax Assessment Act 1997*.

There were no significant changes in the organisation's activities during the financial year.

Results

The net profit of the association was \$5,025 for the year (2010: profit of \$7,170).

The main area of activities during the year was the representation of members in matters such as the annual wage review and modern award matters. The organisation devoted significant effort to the application for an equal remuneration order in the social, community and disability services sector. It also made a number of representations to the Minister.

There were no significant changes in the organisation's financial affairs during the financial year.

Right of Members to Resign

The right of ABI members to resign is set out in rule 17 of the organisation which is registered under the *New South Wales Industrial Relations Act 1996*. Rule 17 of the organisation registered under the *Fair Work (Registered Organisations) Act 2009* provides a similar right for members to resign from that organisation and members may resign in accordance with section 174 of the *Fair Work (Registered Organisations) Act 2009*.

Superannuation Fund Trustee

No officer or member of the organisation is:

i) a trustee of a superannuation entity or an exempt public sector superannuation scheme;

or

ii) a director of a company that is a trustee of a superannuation entity or an exempt public sector superannuation scheme.

Number of Members

The number of persons that were, at the end of the financial reporting year, recorded in the register of members is 3,557.

Number of Employees

There were no employees at the end of the financial reporting year.

Members of the Committee of Management

The name of each person who has been a member of the committee of management at any time during the reporting period is:

Name	Position
Jack Goluzd	President
Nigel Ward	Vice President (Resigned 01/12/10)
Erik Lucis	Vice President (Resigned 16/02/11)
Colin Bosworth	Secretary/Treasurer
David Long	Vice President (Elected 07/06/11)
Renee Monkman	Councillor (Resigned 01/12/10)
Brad Gething	Councillor
Tom Bowers	Vice President (Elected 26/11/10)
Roger Hood	Councillor
Sally Hole	Councillor
Ian Penfold	Councillor (Resigned 01/12/10)
Paul Cotterill	Councillor (Resigned 22/06/11)
Alvan Freeman	Councillor
Brian Eichhorn	Councillor
Michael Smith	Councillor
Lynette Ainsworth	Councillor (Elected 01/12/10)
Kristen Barratt	Councillor (Elected 01/12/10)
Jennifer Schembri	Councillor (Elected 11/05/11)
Jessica Liley	Councillor (Elected 30/03/11)

Committee members have been in office for the full reporting period unless otherwise stated.

Matters Subsequent to the End Of The Financial Year

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

Other Information

The registered office and principal place of business for both organisations is 140 Arthur Street, North Sydney, NSW Australia.

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



Councillor



Councillor

North Sydney, 14 September 2011



Auditor's Independence Declaration

As lead auditor for the audit of Australian Business Industrial for the year ended 30 June 2011, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *NSW Industrial Relations Act 1991 (and subsequent amendments in 1996)* and the *Fair Work (Registered Organisation) Act 2009* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Australian Business Industrial and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'Manoj Santiago', is written over a large, faint circular watermark or stamp.

Manoj Santiago
Partner
PricewaterhouseCoopers

Sydney
14 September 2011

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Australian Business Industrial
Statement of Comprehensive Income for the year ended 30 June 2011

	Notes	2011	2010
		\$	\$
Revenue from continuing activities	2	243,980	279,046
Consulting costs		(200,000)	(200,000)
Travel and entertainment		(3,557)	(2,160)
Legal costs		(2,778)	(41,557)
Printing and stationery		(13,410)	(9,399)
Other expenses		(19,210)	(18,760)
Total expenditure		<u>(238,955)</u>	<u>(271,876)</u>
Profit before income tax		5,025	7,170
Income tax expense		-	-
Profit after income tax		<u>5,025</u>	<u>7,170</u>
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		<u>5,025</u>	<u>7,170</u>

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

Australian Business Industrial
Balance Sheet as at 30 June 2011

	Notes	2011	2010
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	3	246,505	179,518
Trade and other receivables	4	35,180	26,760
Total current assets		<u>281,685</u>	<u>206,278</u>
Total assets		<u>281,685</u>	<u>206,278</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	5	106,703	36,321
Total current liabilities		<u>106,703</u>	<u>36,321</u>
Total liabilities		<u>106,703</u>	<u>36,321</u>
Net assets		<u>174,982</u>	<u>169,957</u>
EQUITY			
Retained profits	6	174,982	169,957
Total equity		<u>174,982</u>	<u>169,957</u>

The above balance sheet should be read in conjunction with the accompanying notes.

Australian Business Industrial
Statement of Changes in Equity for the year ended 30 June 2011

	Notes	2011	2010
		\$	\$
Total equity at the beginning of the financial year		169,957	162,787
Total comprehensive income for the year		5,025	7,170
Total equity at the end of the financial year	6	<u>174,982</u>	<u>169,957</u>

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

Australian Business Industrial
Statement of Cash Flows for the year ended 30 June 2011

	Notes	2011	2010
		\$	\$
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from customers		228,807	320,486
Cash paid to suppliers and employees		(160,273)	(354,507)
Interest received		6,753	3,496
Net cash inflow / (outflow) from operating activities	8	<u>75,287</u>	<u>(30,525)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Loans (repaid) / received		(8,300)	8,300
Net cash (outflow)/inflow from financing activities		<u>(8,300)</u>	<u>8,300</u>
Net increase/(decrease) in cash and cash equivalents		<u>66,987</u>	<u>(22,225)</u>
Cash and cash equivalents at the beginning of period		179,518	201,743
Cash and cash equivalents at the end of the period		<u>246,505</u>	<u>179,518</u>

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

1 Summary of significant accounting policies

(i) Basis of preparation

(a) Special purpose financial report

In the Councillors' opinion, the entity is not a reporting entity because there are no users dependent on general purpose financial statements.

This is a special purpose financial report that has been prepared for the purpose of complying with the *New South Wales Industrial Relations Act 1996* requirements to prepare and distribute a financial report to the members and must not be used for any other purpose. The councillors have determined that the accounting policies adopted are appropriate to meet the needs of the members.

The financial report has been prepared in accordance with the recognition and measurement principles of Australian Accounting Standards and other mandatory professional requirements in Australia. It contains only those disclosures considered necessary by the Councillors to meet the needs of the members.

(b) Historical cost convention

These financial statements have been prepared under the historical cost convention, except for certain assets which, as noted, are at fair value. Unless otherwise stated, the accounting policies adopted are consistent with those of the previous year.

(ii) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of discounts.

The entity recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the entity's activities as described below. The entity bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised for the major business activities as follows:

- (a) Membership fees comprise annual subscriptions for the year brought to account on an accruals basis.
- (b) Sponsorship fees are brought to account on an accruals basis.
- (c) Interest income is recognised when earned.

(iii) Cash and cash equivalents

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

(iv) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is used when there is objective evidence that the entity will not be able to collect all amounts due according to the original terms of the receivables.

The amount of the impairment loss is recognised in the statement of comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of comprehensive income.

(v) Trade and other payables

These amounts represent liabilities for goods and services provided to the 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. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(vi) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the Australian Taxation Office. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the Australian Taxation Office, are presented as operating cash flows.

(vii) Income tax

Australian Business Industrial is a not for profit employers' association and hence is exempt from Income Tax under the *Income Tax Assessment Act 1997*.

(viii) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred.

Borrowings are classified as current liabilities unless the entity has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Borrowing costs are expensed.

(ix) Leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred by the lessor are classified as operating leases. Payment made under operating leases (net of any incentives received from the lessor), are charged to the statement of comprehensive income on a straight line basis over the period of the lease.

	2011	2010
	\$	\$
2 Revenue from continuing operations		
Sales revenue		
Members fees	178,200	175,550
Sponsorship income	58,000	100,000
Room hire	1,027	-
	<u>237,227</u>	<u>275,550</u>
Other revenue		
Interest received	6,753	3,496
	<u>243,980</u>	<u>279,046</u>

3 Current assets - cash and cash equivalents

Cash at bank and in hand	246,505	179,518
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Reconciliation to Cash at the end of the year

The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows as follows:

Balance as above	246,505	179,518
Balance as per statement of cash flows	<u>246,505</u>	<u>179,518</u>

4 Current assets - trade and other receivables

Trade receivables	3,190	-
GST receivable	31,990	26,760
	<u>35,180</u>	<u>26,760</u>

2011 **2010**
\$ **\$**

5 Current liabilities - trade and other payables

Trade payables	36	466
GST payable	37,927	27,555
Workcover funds held on behalf of NSW Business Chamber Limited	68,740	-
Loan payable to NSW Business Chamber Limited	-	8,300
	<u>106,703</u>	<u>36,321</u>

6 Retained profit

Movement in retained profits was as follows:

Balance at 1 July	169,957	162,787
Net profit for the year	5,025	7,170
Balance at 30 June	<u>174,982</u>	<u>169,957</u>

7 Remuneration of auditors

Audit services		
PricewaterhouseCoopers Australian firm:		
Audit and review of financial reports	4,429	4,300

8 Reconciliation of profit / (loss) after income tax to net cash inflow from operating activities

Operating profit	5,025	7,170
(Decrease) in trade creditors	(430)	(57,549)
Increase/(decrease) in other liabilities	79,113	(21,082)
(Decrease) in accrued expenses	-	(4,000)
(Increase)/decrease in trade debtors	(3,190)	11,275
(Increase)/decrease in other debtors	(5,231)	33,661
Net cash from operating activities	<u>75,287</u>	<u>(30,525)</u>

Australian Business Industrial Notice to Members

Subsections (1) and (2) of section 512 of the *Industrial Relations Act 1991* preserved as regulations under section 282(3) *Industrial Relations Act 1996*, provide that:

s.512

- (1) A member of an organisation, or the Industrial Registrar, may apply to the organisation for specified information prescribed by the regulations in relation to the organisation. [Industrial Relations Regulation 1992, clause 60].
- (2) An organisation must, on the making of such an application, make the specified information available to the member or the Industrial Registrar in the manner, and within time, prescribed by the regulations.

Australian Business Industrial Certificate by accounting officer of a state organisation

[The provisions of section 510(2) of the Industrial Relations Act 1991 and clause 59(1)(a) of the Industrial Relations Regulation 1992 apply as regulations under section 282(3) of the Industrial Relations Act 1996]

I, JOHN BUTT, the accounting officer of AUSTRALIAN BUSINESS INDUSTRIAL hereby certify that to the best of my knowledge and belief that:

there were 3,557 members of the organisation as at the end of the financial year 30 June 2011,

and in my opinion:-

- (i) the accounts show a true and fair view of the financial affairs of the organisation as at the end of the financial year; and
- (ii) a record has been kept of all money paid by, or collected from, members of the organisation, and all money so paid or collected has been credited to the bank account or accounts to which the money is to be credited, in accordance with the rules of the organisation; and
- (iii) before any expenditure was incurred by the organisation, approval of the incurring of the expenditure was obtained in accordance with the rules of the organisation; and
- (iv) [Please indicate whichever of the following statements is applicable]

- no payment was made out of a fund referred to in clause 57 (b) (xiii) or (xv) of the Regulation for a purpose other than the purpose for which the fund was operated;

OR

~~[] payment was made out of the fund referred to in clause 57(b)(xiii) or (xv) of the 1992 Regulation, as applied by section 282(3)(3), for a purpose other than the purpose for which the fund was operated only when approved in accordance with the rules of the organisation; and~~

- (v) all loans or other financial benefits granted to persons holding office in the organisation were authorised in accordance with the rules of the organisation; and
- (vi) the register of members of the organisation was maintained in accordance with the Act.



14 September 2011

Accounting Officer

Accounting Officer means the officer of the organisation responsible for the keeping of the accounting records of the organisation.

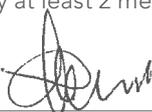
Australian Business Industrial Certificate by committee of management of state organisation

[The provisions of section 510(2) of the Industrial Relations Act 1991 and clause 59(1)(b) of the Industrial Relations Regulation 1992 apply as regulations under section 282(3) of the Industrial Relations Act 1996]

We, the undersigned members of the committee of management of AUSTRALIAN BUSINESS INDUSTRIAL hereby certify in respect of the financial year ended 30 June 2011 that:

- (i) in the opinion of the committee of management the accounts prepared show a true and fair view of the financial affairs of the organisation as at the end of the financial year to which they relate; and
- (ii) in the opinion of the committee of management, during the financial year to which the accounts relate, meetings of the committee of management were, in the opinion of the committee, held in accordance with the rules of the organisation; and
- (iii) to the knowledge of any member of the committee, there have not been, during the financial year to which the accounts relate, instances where records of the organisation or other documents (not being documents containing information made available to a member of the association under section 512 (2) of the 1991 Act, as applied by section 282(3) of the *Industrial Relations Act 1996*), or copies of those records or other documents, or copies of the rules of the organisation, have not been furnished, or made available, to members of the organisation in accordance with the Act, this Regulation or the rules of the organisation, as the case may be; and
- (iv) in relation to the report prepared in accordance with section 514 of the 1991 Act, as applied by section 282(3) of the *Industrial Relations Act 1996*, by the auditor of the organisation in respect of the financial year immediately preceding the financial year to which the accounts relate [i.e. the second most recently concluded financial year] and in relation to any accounts and statements prepared in accordance with section 510 (1) of the 1991 Act to which that report relates, the organisation has complied with section 517 (1) of the 1991 Act and whichever of subsections (5) and (6) of that section of that Act as is applicable.

This certificate is in accordance with a resolution passed by the committee of management of the organisation in relation to the matters to be stated in the certificate and is signed on behalf of the committee of management by at least 2 members of the committee.

Councillor  _____ 14 September 2011

Councillor  _____ 14 September 2011

Australian Business Industrial Statement of particulars of loans, grants and donations by an officer of an organisation

[Section 280 of the Industrial Relations Act 1996 and clause
28 of the Industrial Relations(General) Regulation 2001]

I, COLIN BOSWORTH, Secretary-Treasurer, of AUSTRALIAN BUSINESS INDUSTRIAL
state, in respect of the financial year of the organisation ended 30 June 2011 that:
(please tick box adjacent to whichever statement is applicable)

NO loans, grants or donations of an amount exceeding \$1,000 were
made by the above named organisation during the financial year.

OR

Relevant particulars** are lodged herewith in relation to each loan, grant or
donation (other than a donation or other payment for political objects) of an
amount exceeding \$2,500 and of all donations or other payments for political
objects made by the association during the financial year.



14 September 2011

(Signature of Officer)

* "Officer" means a person who holds an "office" as defined in Dictionary of the Act

** The "relevant particulars" in relation to a loan made by an organisation, are:

- (a) the amount of the loan, and
- (b) the purpose for which the loan was required, and
- (c) the security given in relation to the loan, and
- (d) the name and address of the person to whom the loan was
made and the arrangements made for the repayment of the loan.

The "relevant particulars", in relation to a grant or donation made by an organisation, are:

- (a) the amount of the grant or donation; and
- (b) the purpose for which the grant or donation was made; and
- (c) the name and address of the person to whom the grant or donation was made.



Independent auditor's report to the members of Australian Business Industrial

Report on the financial report

We have audited the accompanying financial report, being a special purpose financial report, of Australian Business Industrial (the entity), which comprise the statement of financial position as 30 June 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended 30 June 2011, a summary of significant accounting policies, other explanatory notes and the councillors' declaration.

Councillors' responsibility for the financial report

The councillors of the entity are responsible for the preparation of the financial report and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *NSW Industrial Relations Act 1991 (and subsequent amendments in 1996)* and the *Fair Work (Registered Organisation) Act 2009* and are appropriate to meet the needs of the members.

The councillors' responsibility also includes such internal control as the councillors determine is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the reasonableness of accounting estimates made by the councillors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Independence

In conducting our audit, we have complied with the independence requirements of the *NSW Industrial Relations Act 1991 (and subsequent amendments in 1996)* and the *Fair Work (Registered Organisation) Act 2009*.

The auditor's independence declaration signed on 14 September 2011 and enclosed in the financial report would be in the same terms if it was made on the same date as the audit report.

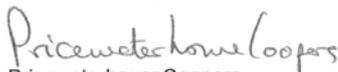
Auditor's opinion

In our opinion, the financial report of Australian Business Industrial is in accordance with the *NSW Industrial Relations Act 1991 (and subsequent amendments in 1996)* and the *Fair Work (Registered Organisation) Act 2009*, including:

- (a) giving a true and fair view of the entity's financial position as at 30 June 2011 and of its performance for the year ended on that date, and
- b) complying with Australian Accounting Standards to the extent described in Note 1 and complying with the *NSW Industrial Relations Act 1991 (and subsequent amendments in 1996)* and the *Fair Work (Registered Organisation) Act 2009*.

Basis of Accounting and Restriction on Distribution and Use

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the councillors' financial reporting responsibilities under the *NSW Industrial Relations Act 1991 (and subsequent amendments in 1996)* and the *Fair Work (Registered Organisation) Act 2009*. As a result, the financial report may not be suitable for another purpose. Our report is intended solely for the members of Australian Business Industrial and should not be distributed to any other parties.


PricewaterhouseCoopers



Manoj Santiago
Partner

Sydney
22 September 2011

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