

AUSTRALIAN BUSINESS INDUSTRIAL  
**ANNUAL REPORT**  
FOR THE YEAR ENDED 30 JUNE 2012



# CONTENTS

Presidents Report	2 – 7
Operating Report	8 – 9
Auditor’s Independence Declaration	10
<b>Special Purpose Financial Report:</b>	
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
Independent Auditor’s Report	23 – 24

The financial report was authorised by the Councillors on 19 September 2012.  
The organisation has the power to amend and re-issue the financial report.

# President's Report 2011 – 2012

*“The mining boom could well be ending and the Chinese economy slowing. Australia seems to be facing a legacy of postponed investment, excessive construction and operational costs and missed opportunities.”*

I take pleasure in preparing this report, my third as President. Although busy throughout, 2011 – 2012 was really a year in two parts, with a great deal of activity in the second half.

Federally, the second half of the 2011-2012 year saw the review of the *Fair Work Act 2009*, the 2 year review of modern awards and the regular annual wage review which all overlapped with each other. In the state jurisdiction, Council's time was focussed on the application by the New South Wales Business Chamber for registration as an organisation of employers under the (NSW) *Industrial Relations Act 1996* and the reform of the state's workers' compensation system.

Last financial year New South Wales Business Chamber reorganised its legal services and on 1 October 2010 Australian Business Lawyers and Advisors had opened for business. ABLA's staff provide much of ABI's representation in tribunals and the establishment ABLA has enhanced communication and co-ordination on workplace matters. Nigel Ward, who is the CEO and Director of ABLA had been an ABI councillor until late 2010.

1 January 2012 saw the commencement of the harmonised (NSW) *Work Health and Safety Act 2011* which the incoming O'Farrell Government legislated in June 2011 as an early order of business. While NSW and a number of other jurisdictions started on the due date, the nationwide application of harmonised work health and safety legislation is some way off.

In past reports I have written about the change in direction of federal budgets as we got further away from the Global Financial Crisis. The May 2011 budget was pitched towards *“Building a Future Workforce”* with a focus on workforce development. I welcomed the objective and hoped for progress on that front. The 2012 budget, called *“Delivering a Stronger, Fairer Future”* was the Government's go at bringing the budget into surplus. However it seems that the

Government's emphasis on a “fairer” outcome may have overwhelmed its desire to build the nation. I know that the number of trade and trainee commencements is not the only measure of workforce development, but I am disheartened that NCVER figures show that in such areas as metal, electrical and construction trades commencements in the year ended 31 March 2012 are either flat or down from 2011 for both Australia and NSW.

As the end of the financial year 2011-2012 approached a surplus budget seemed increasingly unlikely. The mining boom could well be ending and the Chinese economy slowing. Australia seems to be facing a legacy of postponed investment, excessive construction and operational costs and missed opportunities.

Since ABI achieved federal registration in October 2009 there have been two separate ABI entities – one registered in NSW and the other registered in the national system. State and federal legislation recognises this situation and provides for a consolidated accounting report and allows the same report to be made to the Industrial Registrar, Industrial Relations Commission of NSW and the General Manager, Fair Work Australia.

## Council meetings and councillors

Both state and federal ABI Councils met 8 times in 2011-2012 and the executives, particularly the state executive, met at various times throughout the year. ABI's policy decisions are reported to the NSW Business Chamber Council and also stand as its workplace relations policy decisions unless the Business Chamber's Council demurs. The Chamber Council did not disagree with any ABI decisions during the year.

There was some change in Council make-up during the year brought about by councillors leaving their employer. Jennifer Schembri left her nominating

employer but moved to another member which nominated her to Council. Kristen Barratt resigned and Bill Fisher was nominated to fill her vacancy. I would like to thank Kristen for her contribution and wish her well in her new role.

I would also like to thank all the current councillors for their contributions and doubly thank those who also serve on the Executive. ABI and its policy/lobbying efforts depend heavily on the quality of the contributions of its councillors. Council also depends on the contributions of its advisory councillors who are nominated by member organisations. ABI has been well served by its councillors and advisory councillors.

ABI's effectiveness is the product of many people and I would also like to recognise the continuing support of Stephen Cartwright, Paul Orton and Greg Pattison of the NSW Business Chamber and the members of the workplace policy unit (Nadee DeSilva and Dick Grozier) for their contributions to ABI's work and lobbying efforts.

## Workplace relations in 2011-2012

Council remained very concerned about the impact of the *Fair Work Act* on employers and the absence of serious political debate about the Act. Australia is not being well served by a political debate which continues to be framed around the *WorkChoices* amendments of 2006.

Council also remained concerned about Australia's flagging productivity performance.

Council discussed productivity and workplace regulation over a number of meetings. In August ABI recommended to New South Wales Business Chamber that it consider funding external research into Australia's productivity performance and its drivers and the impact of the *Fair Work Act* – positive or negative – on these drivers.

I am pleased that the Business Chamber supported the recommendation and a report commissioned from the Australian Business Foundation, *Productivity and Fair Work*, was released on 3 May 2012. *Productivity and Fair Work* concluded that despite having positive sounding objectives the Fair Work system did not enable productivity improvement and provided barriers to it.

The report found that productivity movement was currently dominated by factors such as major mining sector investment and that the consequences of low

productivity growth were being masked by the wealth effect of the high Australian dollar, but that this combination of events would not last forever.

Productivity is the outcome of what happens in businesses and organisations (producers of services and goods) but producers cannot influence all matters affecting their productivity. Producers cannot affect fundamentals such as geography or climate, nor can they affect intermediate determinants such as law or policy. Producers can affect immediate factors such as staffing, technology and product.

Intermediate factors such as law or policy can affect capacity to respond to or anticipate market change as well as shape the cost of products or services. The Fair Work legislation was found to fall short of what's needed to enable producers' flexibility. Although the objects of the Fair Work legislation suggest the preconditions for an engaged workforce, respondents reported that human resource issues had become more difficult and time consuming under fair work, reducing management productivity. Respondents also reported that the system was based on the view that full-time Monday to Friday work was the norm and the presumption that employment relationships were inherently adversarial.

## Federal ABI activities

### 1. Review of the Fair Work Act

When the Fair Work legislation was going through Parliament in 2009 the Government said that it would conduct a review within two years. The details of the review were announced in December 2011 and in mid-January the Department released an issues paper allowing a month for submissions.

The review's terms of reference required the panel to assess how well the Act was delivering on its policy objectives. This meant that the review panel was not asked to question the appropriateness of the objectives or the mix of objectives.

ABI's submission sought to show that the policy which was announced before the election had not been properly legislated and there had been slippage which had resulted in less balanced provisions than promised in the policy. The submission also pointed out specific problem areas in the Act. Copies of *Productivity and Fair Work* were sent to the panel when it was released.

The panel received over 250 submissions.

ABI, working with Australian Business Lawyers & Advisors, prepared for the reviews of the Act and modern awards in a number of ways. Council has been discussing aspects of the Fair Work system and modern awards over the last two years. ABI and ABLA were also informed by the questions and problems which members raised with the Workplace Advice Unit.

As well, New South Wales Business Chamber established a dedicated web page for members to raise issues or comments about their experiences with the Act or their modern awards, and 15 member consultations were held across urban and regional New South Wales.

The review panel's report, *Towards more productive and equitable workplaces*, was forwarded to the Minister in mid-June, but not released publicly until 3 August. The Government is yet to respond to the report.

## 2. Two year review of awards

The Fair Work legislation requires Fair Work Australia to review the modern awards which commenced on 1 January 2010 to consider whether they meet the "modern awards objective" and operate without anomalies or technical problems. Fair Work Australia decided that any party who believed that a modern award did not meet the modern awards objective or was not operating effectively should apply to vary the award to rectify the problem.

Over 280 applications were received by March, some affecting more than one award.

ABI has an interest in 65 modern awards and based on member feedback, and discussions with other employer groups, applied to vary 25 of them. Most of the variations were tidy-up exercises, but some were more significant.

Following feedback, particularly from regional members, about the impact of the new modern award on operating hours, ABI joined with the Restaurant and Caterers Association to apply for a number of major changes to the *Restaurant Industry Award 2010*:

- Removal of the "late hours" penalties
- Replacing the Saturday and Sunday work penalties with equivalent penalties for working a 6th or 7th consecutive day

- Providing a single minimum wage for small employers under the award (those employing fewer than 20 full-time equivalent employees)
- Moving some catering operations from the *Hospitality Industry (General) Award 2010* to the Restaurant Award.

On 29 June Fair Work Australia handed down its decision on the "preliminary matters" which dealt with the scope of the review, whether awards had to be heard one-by-one and whether all applications affecting a particular award had to be heard together. ABI argued that awards needed to be reviewed in their own right.

Fair Work Australia decided that it had considerable flexibility about how it heard applications provided that it could conclude at the end of the process that a particular award was meeting the modern awards objective and operating effectively.

Fair Work Australia also decided that

- modern awards should be regarded as meeting the objective and operating effectively unless it could be shown that they were not, and that
- there would need to be good reasons to change if the provision in question was something explicitly determined by the Australian Industrial Relations Commission when it made the modern award.

In early July Fair Work Australia set down a four stage review timetable with the fourth stage ending 31 May 2013.

## 3. Sector Specific Legislation

During the year the Government finally passed its legislation disestablishing the Australian Building and Construction Commissioner (ABCC) and transferring its functions, with reduced powers and penalties to the Fair Work Ombudsman. Replacing the ABCC had been a Government objective since it was elected in 2007 which ABI had opposed. ABI had made several submissions against that course of action during the past few years. The ABCC's replacement, called Fair Work Building and Construction, started on 1 June 2012.

ABI opposed the creation of specialist road transport remuneration tribunal, and made a submission in early 2012 arguing that remuneration practices were not the primary cause of bad driving behaviours. It also joined

*“ABI opposed the creation of specialist road remuneration tribunal, and made a submission in early 2012....”*

with the Australian Chamber of Commerce and Industry (ACCI) to make a submission about the bill.

These submissions were ultimately unsuccessful and the Road Safety Remuneration Tribunal commenced operation on 1 July 2012. The challenge will be to try to minimise excessive red tape, inefficiencies or inflationary practices and to minimise the potential confusion between awards, contract determinations and Tribunal determinations.

ABI worked with ACCI to oppose special textile, clothing and footwear legislation, the *Fair Work Amendment (Textile, Clothing and Footwear Industry) Act 2011*, which effectively converts contractors into employees and puts them under the modern award. The legislation came into effect on 1 July 2012.

#### 4. Equal remuneration

On 22 June 2012 Fair Work Australia issued its equal remuneration order to finalise the long running application for an order applying to community services and crisis accommodation employees under the *Social, Community, Home Care and Disability Services Industry Award 2010*. The original application was lodged on 11 March 2010.

As foreshadowed in last year's report, further arbitration was required following Fair Work Australia's original decision in May 2011, and in February 2012 it determined significant increases ranging from 23% to 45% above classification rates. That decision left open the question of how the increases would be phased in and their relationship with the award's wage transition provisions. The final order was the result of a last minute agreement between the union and the Commonwealth which was arrived at just before further arbitration was to commence. ABI opposed some aspects of the order but was unsuccessful which meant that the order was more complicated than it might have been.

The order provides for 17 increases from December 2012 to December 2019. Much of the community services sector depends on federal, state or territory government funding and it remains unclear in some areas how completely the additional costs from the order will be met by funding supplementation.

#### 5. Annual Wage Review

In the lead-up to the 2012 annual wage review members were telling us that things were more difficult than at the same time last year. ABI argued for an increase of no more than 1.8% (an increase of \$10.60 on the adult minimum wage). In 2011 ABI had argued for an increase of no more than 2.8%.

Fair Work Australia handed down a 2.9% increase which at first glance appears to be an improvement on last year's increase of 3.4%. Appearances could be deceiving however, because the wage panel seems to have discounted its proposed increase by about 0.7% on the basis of tax changes ahead of the carbon tax coming into effect.

Members sometimes ask why we propose increases in our submissions rather than opposing any increase. ABI does not argue “no increase” for places or industries where times are tough because the wage panel which undertakes the review is required to consider a number of factors specified in the *Fair Work Act* and these are different from those which the former Australian Fair Pay Commission had to consider.

The wage panel sets both national minimum wages such as the adult minimum wage and also award wages. It must set new minimum wages each year and have regard to these minimum wages when considering award wages. The wage panel is required to maintain a safety net of “fair minimum conditions” taking account of

1. national economic performance
2. promoting social inclusion through increased workforce participation
3. relative living standards and the needs of the low paid

Compared to most of the world, the Australian economy has done well during the time the Fair Work Australia has been operating. Fair Work Australia cannot set different wages based on state or territory boundaries although it could set different rates based on regions or some other factor. Attempts at industry or regional specific treatment or exclusions have not

been successful and Fair Work Australian has pointed out how such requests do not sit well with the Act.

Council has adopted the view that the best way to influence the wage panel is to engage with the "minimum wages objective" criteria it must consider and build the case for restraint from that. ABI's submission to the panel reviewing the Act also raised the problem of capacity to pay.

## 6. Superannuation

The Cooper committee review of the superannuation system made over 170 recommendations, most of which the Government adopted under the name "*Stronger Super*". *Stronger Super* comprises two streams of Cooper's recommendations, *MySuper* – the establishment of simple, no-frills default superannuation and *SuperStream* – bringing the superannuation transactional system on-line using standard data, format and payments systems, together with better contributions reporting.

*Stronger Super* will become more obvious in the next two years.

Our workplace policy unit represents the Australian Chamber of Commerce and Industry (ACCI) in a number of consultative forums concerning superannuation and Council has discussed various issues arising from the implementation of *Stronger Super*.

The main legislation underpinning *MySuper* has not yet passed the Parliament but it seems likely that many employers will not notice any change when default contributions must be made into a *MySuper* fund. Many of the commonly used default funds will be able to offer *MySuper* which will allow the employer to continue contributing to the fund for default employees. Superannuation provisions in enterprise agreements will have to be consistent with *MySuper* requirements but the Government has agreed that agreements approved before the *MySuper* obligations come into effect can operate according to their provisions until the agreement ceases to apply.

The underpinning legislation and standards for *SuperStream* are well advanced and it seems likely that implementation will be on schedule. Implementation

will be staggered. *SuperStream* will commence with rollovers between funds in July 2013. Employers employing more than 19 employees will come under *SuperStream* from July 2014. Employers will be able to directly operate within *SuperStream* or use a third party to interact on their behalf. As well *SuperStream* is designed to handle different levels of IT sophistication.

*Stronger Super* also includes measures to encourage employees to pay better attention to their superannuation. The Government has also passed legislation to require pay slips to report superannuation contributions made during the period covered by the pay slip. Currently many pay slips report the contribution which accrued during the period it covers, not the amount paid.

The Government agreed to allow time after the pay slip legislation was finalised to allow payroll and software providers time to make the adjustments. The Government has also agreed to examine situations where the changed obligation imposes significant payroll costs. The new requirement seems most likely to start on 1 July 2013.

Despite strong opposition from ABI and other employer groups the Government also passed legislation making company directors personally liable for unpaid superannuation contributions. We all recognise that employers who avoid their employment obligations are competing unfairly against other employers, but this is bad, inequitable legislation which does not address the real problem.

During the year the workplace policy unit produced a number of written submissions to Treasury, parliamentary committees and the Productivity Commission about different aspects of the superannuation system, draft legislation and bills.

## State ABI activities

### 1. Deregistration

In late December 2011, New South Wales Business Chamber applied to become registered as an employer organisation under the (NSW) *Industrial Relations Act*. Because ABI members also belong to the Business Chamber, its registration meant that ABI should vacate

*“A Special General Meeting on 9 May voted to apply to cancel ABI’s state registration and wind it up if the Business Chamber’s registration was approved.”*

its registration to avoid duplication. Roger Hood, who is also a member of the Board of the New South Wales Business Chamber, resigned as a councillor of State registered ABI in March to avoid any possible conflict of interest. This is reported in the Operating Report.

Council considered the implications of the application and decided that the application should be supported. An important factor was that ABI members would retain their representative voice in the state system through their Business Chamber membership.

The NSW jurisdiction is much less important to members than it used to be because they are in the national system now. Importantly cancelling ABI’s state registration did not affect the federal registration of ABI and closing state registered ABI would reduce the complexity and potential for confusion over two ABIs.

A Special General Meeting on 9 May voted to apply to cancel ABI’s state registration and wind it up if the Business Chamber’s registration was approved.

New South Wales Business Chamber was registered on 29 May and ABI’s state books were closed on 31 May in preparation for closing it. I expect that the state registered ABI will be wound up well before the end of 2012.

## 2. Workers’ compensation

WorkCover’s December 2011 audit reported a rapidly deteriorating picture. In part because of reduced investment income, costs were increasingly outstripping income. The blow-out was not all investment related, claims management costs were also about half the cause and they were continuing to increase unsustainably.

ABI worked with New South Wales Business Chamber to help put together the case for system reform rather than seeking to balance the books with premium increases. New South Wales premium is already higher

than that for Victoria and Queensland and increasing premium did not address the cost drivers, it just addressed the consequences.

Government legislation in June significantly revamped the scheme and as a result WorkCover reversed its decision to increase premium. Implementation is key and only time will tell whether the balance has been struck correctly, but ABI and the Business Chamber remain convinced that the solution is a scheme which emphasises speedy rehabilitation and return with proper continuing care for that small proportion of injured workers whose injuries are serious and ongoing.

While a number of people were involved in the effort to achieve scheme change, I think that Greg Pattison’s work should be specifically recognised.

## 3. Occupational health and safety

The (NSW) *Work Health and Safety Act 2011* commenced on 1 January, as did similar legislation in the Commonwealth, Northern Territory, ACT and Queensland. Although the legislation is not perfect, and subordinate documentation such as codes of practice is excessive, the new act is a great improvement over what previously applied in NSW.

ABI and New South Wales Business Chamber worked with WorkCover to assist with the transition. It is also worth noting that, as it said it would, WorkCover seems to be focussing on getting people to understand the changes rather than going out to penalise everything which is not up to speed.



Jack Goluzd  
President.

# Australian Business Industrial Operating Report 30 June 2012

The Committee of Management presents its operating report on Australian Business Industrial for the year ended 30 June 2012.

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 Organisation of Employers registered under the *New South Wales Industrial Relations Act 1996*. The organisation 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 Organisations) 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 Business Chamber and the two organisations.

The organisation 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 loss of the organisation was \$46,809 for the year (2011: profit of \$5,025).

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. The state organisation represented clothing industry members on the state industrial committee and made some representations to the state Minister.

There was a greater expenditure on legal costs associated with NSW Business Chamber Limited's registration under the *New South Wales Industrial Relations Act 1996* and Australian Business Industrial's proposed cancellation of registration under that Act. There were no other 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 3,408 (2011: 3,557).

## Number of Employees

There were no employees during and 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 of both the state and federal registered organisations at any time during the reporting period is:

<b>Name</b>	<b>Position</b>
Jack Goluzd	President
David Long	Vice President
Tom Bowers	Vice President
Colin Bosworth	Secretary/Treasurer
Brad Gething	Councillor
Roger Hood	Councillor (Resigned state registered organisation 28/03/12)
Sally Hole	Councillor
Alvan Freeman	Councillor
Brian Eichhorn	Councillor
Michael Smith	Councillor
Lynette Ainsworth	Councillor
Jessica Liley	Councillor
Kristen Barratt	Councillor (Resigned 03/08/11)
Jennifer Schembri	Councillor (Resigned 27/10/11)
Jennifer Schembri	Councillor (Re-elected 09/05/12)
Bill Fisher	Councillor (Elected 14/09/11)

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 federal organisation, the results of those operations, or the state of affairs of the organisation in future financial years. In the case of the state organisation a special general meeting of members on 9 May 2012 voted to apply to cancel the state registration and wind-up the state entity. That process should be completed by December 2012.

## 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 Jack Goluzd



North Sydney, 19 September 2012

Councillor Colin Bosworth



North Sydney, 19 September 2012



## Auditor's Independence Declaration

As lead auditor for the audit of Australian Business Industrial for the year ended 30 June 2012, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *New South Wales Industrial Relations Act 1991 (and subsequent amendments in 1996)* and the *Fair Work (Registered Organisations) 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.

A handwritten signature in black ink, appearing to read 'Manoj Santiago', written in a cursive style.

Manoj Santiago  
Partner

Sydney  
19 September 2012

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Australian Business Industrial  
Statement of Comprehensive Income for the year ended 30 June 2012

	<b>Notes</b>	<b>2012</b>	<b>2011</b>
		<b>\$</b>	<b>\$</b>
Revenue from continuing activities	2	237,308	243,980
Consulting costs		(200,000)	(200,000)
Travel and entertainment		(7,120)	(3,557)
Legal costs		(41,626)	(2,778)
Printing and stationery		(16,761)	(13,410)
Other expenses		(18,610)	(19,210)
Total expenditure		<u>(284,117)</u>	<u>(238,955)</u>
(Loss) / Profit before income tax		(46,809)	5,025
Income tax expense		-	-
(Loss) / Profit after income tax		<u>(46,809)</u>	<u>5,025</u>
Other comprehensive income for the year, net of tax		-	-
Total comprehensive (loss) / income for the year		<u>(46,809)</u>	<u>5,025</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 2012

	Notes	2012 \$	2011 \$
<b>ASSETS</b>			
CURRENT ASSETS			
Cash and cash equivalents	3	85,923	246,505
Trade and other receivables	4	306,523	3,190
Total current assets		<u>392,446</u>	<u>249,695</u>
<b>Total assets</b>		<u>392,446</u>	<u>249,695</u>
<b>LIABILITIES</b>			
CURRENT LIABILITIES			
Trade and other payables	5	264,273	74,713
Total current liabilities		<u>264,273</u>	<u>74,713</u>
<b>Total liabilities</b>		<u>264,273</u>	<u>74,713</u>
<b>Net assets</b>		<u>128,173</u>	<u>174,982</u>
<b>EQUITY</b>			
Retained profits	6	128,173	174,982
<b>Total equity</b>		<u>128,173</u>	<u>174,982</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 2012

	<b>Notes</b>	<b>2012</b>	<b>2011</b>
		<b>\$</b>	<b>\$</b>
Total equity at the beginning of the financial year		174,982	169,957
Total comprehensive (loss) / income for the year		(46,809)	5,025
Total equity at the end of the financial year	6	<u>128,173</u>	<u>174,982</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 2012

	<b>Notes</b>	<b>2012</b>	<b>2011</b>
		<b>\$</b>	<b>\$</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash receipts from customers		50,217	228,807
Cash paid to suppliers and employees		(219,607)	(160,273)
Interest received		8,808	6,753
Net cash inflow / (outflow) from operating activities	8	<u>(160,582)</u>	<u>75,287</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Repayment of related party loan		-	(8,300)
Net cash (outflow)/inflow from financing activities		<u>-</u>	<u>(8,300)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<u>(160,582)</u>	<u>66,987</u>
Cash and cash equivalents at the beginning of period		<u>246,505</u>	<u>179,518</u>
<b>Cash and cash equivalents at the end of the period</b>		<u>85,923</u>	<u>246,505</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.

Certain new accounting standards and interpretations have been published that are not mandatory for this reporting period. The Councillors' assessment of these new standards and interpretations is that they will not impact on the financial report and as such have not applied these standards.

#### (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 and are recognised as revenue on a monthly basis over the period of the membership
- (b) Sponsorship fees are brought to account when control is obtained over sponsorship funds
- (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.

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
<b>2 Revenue from continuing operations</b>		
<b>Sales revenue</b>		
Members fees	170,500	178,200
Sponsorship income	58,000	58,000
Room hire	-	1,027
	<u>228,500</u>	<u>237,227</u>
<b>Other revenue</b>		
Interest	8,808	6,753
	<u>237,308</u>	<u>243,980</u>

### 3 Current assets - cash and cash equivalents

Cash at bank and in hand	85,923	246,505
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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	85,923	246,505
Balance as per statement of cash flows	<u>85,923</u>	<u>246,505</u>

### 4 Current assets - trade and other receivables

Trade receivables	298,389	3,190
GST receivable (net)	8,134	-
	<u>306,523</u>	<u>3,190</u>

**2012**      **2011**  
**\$**            **\$**

## 5 Current liabilities - trade and other payables

Trade payables	221,310	36
GST payable (net)	-	5,937
Workcover funds held on behalf of NSW Business Chamber Limited	42,963	68,740
	<u>264,273</u>	<u>74,713</u>

## 6 Retained profit

Movement in retained profits was as follows:

Balance at 1 July	174,982	169,957
Net (loss) / profit for the year	(46,809)	5,025
Balance at 30 June	<u>128,173</u>	<u>174,982</u>

## 7 Remuneration of auditors

Audit services

PricewaterhouseCoopers Australian firm:

Audit of financial statements	5,000	4,429
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## 8 Reconciliation of (loss) / profit after income tax to net cash inflow from operating activities

Operating (loss) / profit	(46,809)	5,025
Increase / (decrease) in trade creditors	221,274	(430)
Increase / (decrease) in other liabilities	(31,714)	79,113
(Increase) / decrease in trade debtors	(295,199)	(3,190)
(Increase) / decrease in other debtors	(8,134)	(5,231)
Net cash from operating activities	<u>(160,582)</u>	<u>75,287</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 3,408 members of the organisation as at the end of the financial year 30 June 2012,

**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.

  
\_\_\_\_\_  
Accounting Officer

19 September 2012

\*"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 a 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 2012 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 is applicable.

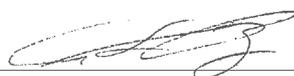
This certificate is in accordance with a resolution passed by the committee of management of the organisation in relation to the matters to be stated in the certificate and is signed on behalf of the committee of management by at least 2 members of the committee.

Councillor Jack Goluzd



19 September 2012

Councillor Colin Bosworth



19 September 2012

# 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 2012 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.



19 September 2012

(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 comprises the balance sheet as at 30 June 2012, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

#### *Councillor's 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 directors 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 directors, as well as evaluating the overall presentation of the financial report.

**PricewaterhouseCoopers, ABN 52 780 433 757**

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

*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 19 September 2012 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 2012 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

PricewaterhouseCoopers

Manoj Santiago  
Partner

Sydney  
26 September 2012



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