



FAIR WORK
COMMISSION

10 September 2013

Mr Adam Susz
Treasurer
Australian and International Pilots Association
Suite 6.01, Level 6, 247 Coward Street
MASCOT NSW 2020

Dear Mr Susz,

Re: Lodgement of Financial Statements and Accounts - Australian and International Pilots Association - for year ended 30 June 2012 (FR2012/254)

I refer to the above financial statements and accounts which were lodged with the Fair Work Commission on 26 November 2012. I note the correspondence and the supplementary documentation and information received since that date.

A number of specific issues were raised in the correspondence but in my view they have been addressed in the information provided with Mr Bolwell's letter dated 9 April 2013 and I have filed the documents.

I have reviewed the organisation's previous reports as well as FWC correspondence. The organisation's reports appear to have broadly conformed to legislative requirements over the years, but I have identified where correct interpretations of particular legislative provisions need to be set out or re-stated. The legislation has undergone several changes in recent years and users of the legislation must continually check to ensure the intent and effect of various provisions is correctly understood and applied.

The underlying principle served by the detailed prescriptive nature of various statutory provisions is transparency and the removal of ambiguity for the ordinary member. An emphasis on form of various items of information is often necessary because the form prescribed by the legislation to a considerable extent determines the completeness of the information itself. I have prepared and attach a table in which I clarify the meaning and requirement of particular provisions for future reports.

Please do not hesitate to contact me at any time on (02) [REDACTED] [REDACTED] if you have queries regarding these or other reporting requirements.

Yours sincerely

Stephen Kellett
Senior Adviser, Regulatory Compliance Branch

Table of particular provisions

Provision	What it says	Explanation
Regulation 159(b)	<p>“The following information is prescribed: The number of persons who were, at the end of the financial year to which the report relates, employees of the reporting unit, where the number of employees includes both full-time and part-time employees measured <u>on a full-time equivalent basis</u>”</p>	<p>This requirement of calculating and expressing employees as a FTE aims to standardise this information for comparison purposes. This is necessary where the number of employees includes part-time employees. E.g. if a part-timer reported works approx. 18 hours per week (where a full-timer works 36 hours per week), that employee would be calculated as 0.5.</p> <p>If the number of employees is simply reported numerically, as the organisation has done by reporting the number 18, it is not possible to ascertain what that number is as a full-time equivalent. Therefore, even where all employees are full-time, some indication must be evident. Obviously, when all employees are full-time employees, it suffices to describe the total number of employees as “full-time employees”.</p>
Regulation 159(c)	<p>“The following information is prescribed: The name of each person who has been a member of the committee of management of the reporting unit at any time during the reporting period <u>and the period for which he or she held such a position</u>”</p>	<p>This is also a frequently misreported item. It means that the period must be clear. To say, for example simply “<i>during the reporting period</i>” does not indicate sufficiently whether the period was for all or only part of the financial year. It is ambiguous. It is not correct or reliable for FWC or the ordinary reader to infer that it means “the whole year”. The disclosure of the number of meetings attended by members of the committee is meaningful and suggestive information but not a direct reflection of the regulation.</p> <p>If all the persons named held their position on the committee for the entire year, then it would suffice to state explicitly something like “all persons listed held their position for the entire year”.</p> <p>If some persons named held their position on the committee only for part of the year, then it would be necessary to indicate when each such person was either appointed or resigned, whichever applies. In that case, it would suffice to state “all persons listed held their position for the entire year unless otherwise indicated”.</p>
Australian Auditing Standard ASA 700 Paragraph 23(c)	<p>The standard states: “The introductory paragraph in the auditor’s report shall: (c) Identify the <u>title of each statement</u> that comprises the financial report</p>	<p>This is a fine detail that is from time to time overlooked by auditors and one for the auditor’s attention.</p> <p>In the 2012 report the auditor has identified by title all the statements comprising the financial report except for the “Statement of Changes in Equity”.</p>
Paragraphs 44,45 New Reporting Guidelines issued 26/6/13	<p>The auditor’s statement: a) must include a declaration that either: i. the auditor is an approved auditor; or ii. the auditor is a member of a firm where at least one member is an approved auditor; and</p>	<p>This provision makes explicit what has been an implicit assumption in the past that appointed auditors fall in any year into the category of currently approved auditors. With increased emphasis on auditors’ duties and standards, this provision will enhance reporting unit’s governance standards and make it easier for FWC records to</p>

	<p>b) must specify that the auditor:</p> <p>i. is a person who is a member of CPA Australia, The Institute of Chartered Accountants in Australia or the Institute of Public Accountants (formerly the National Institute of Accountants); and</p> <p>ii. holds a current Public Practice Certificate.</p> <p>45. The auditor's statement must include a declaration, that as part of the audit of the financial statement, they have concluded that management's use of the going concern basis of accounting in the preparation of the reporting unit's financial statements is appropriate.</p>	<p>be maintained up-to-date.</p> <p>This requirement, in its explicit form, takes effect for all reports prepared for years ending 30 June 2013 onwards.</p> <p>Your auditor has correctly declared s/he is an approved auditor but to avoid doubt in the future s/he is required to make the specific statements prescribed.</p>
<p>Section 266(1)</p> <p>Fair Work (Registered Organisations) Act 2009</p>	<p>"...The reporting unit must cause the full report to be presented....within the period of 6 months starting at the end of the financial year"</p>	<p>This provision is frequently misunderstood. The key to avoiding confusion over this provision is to keep in mind that the financial reporting process involves two meetings: a "first" meeting of the committee and a "second" meeting under s266. The meeting referred to in s266 is by default a general members' meeting but it may also be a meeting of the committee of management if the rules allow.</p> <p>The attempts by AIPA to present to a general meeting in 2012 appear to have foundered on lack of a quorum, which may be addressed for the future as a result of a recent rule change, but in any case, it is clearly the case that AIPA can routinely present the full report (that includes the auditor's report) to its committee instead of a general meeting, because of its rule 33.</p> <p>However, it must be clearly understood that a meeting of the committee for the purposes of presentation under section 266 will necessarily be a "second" meeting of the committee to be distinguished from the "first" meeting of the committee at which the financial statements are first approved and statements signed. "Presentation" in the sense of the Act does not take place at the first meeting but at the second meeting.</p> <p>The second meeting should only take place after the signed report and statements have been made available to the members.</p> <p>The Certificate by Prescribed Designated Officer must certify the date the signed report and statements are provided to members and the date of the "second" meeting (i.e. not the 'first').</p>
<p>S268</p> <p>FW(RO) Act</p>	<p>"A reporting unit must, within 14 days.....after the general meeting referred to in section 266, lodge with FWC....."</p>	<p>Whenever the second meeting is held, whether a general meeting or a second committee meeting, the documents must be lodged with FWC.</p> <p>There should be no reason, ordinarily, for a delay in so lodging within that period, but if circumstances prevent lodgement within that period, the reporting unit should formally request that a longer period than the 14 days be allowed.</p>

General Note

You will see from the above that the way legislative provisions have been worded gives rise to disclosure of one kind rather than another.

I have noted that the question of particular item disclosure where considered significantly material was raised in correspondence. The new Reporting Guidelines set out a number of specific items for disclosure and go some way to making it a requirement to avoid doubt by making specific statements in relation to specifically prescribed items even where they have not occurred in any reporting period. [see *paragraphs 14, 16, 18,20,22,24,26,33,38 attached*]

As a general rule, to avoid doubt in matters of compliance, using the words, terms, descriptors or phrases set out in legislation, regulations or other standards (e.g. AASBs) is often the simplest approach to avoid inadvertently misinterpreting, mis-representing or overlooking information disclosures, and I recommend that this be adopted wherever there is no reason not to. I recommend that the new Reporting Guidelines be scrutinised closely and that the organisation feel welcome to ask any question at any time.

9 April 2013

Ms Catherine Bebbington
Regulatory Compliance Branch
Fair Work Commission
Catherine.Bebbington@fwc.gov.au

Dear Ms Bebbington,

Re: Financial Report of the Australian & International Pilots Association for year ending 30 June 2012 (FR2012/254)

I refer to your letter to AIPA's Secretary Mr James Wirth dated 23 January 2013 (attached).

Where relevant and using the numbering and headings of your letter, I respond and advise as follows:

1.1. Quorum at 12 November 2012 AGM: Your comments are noted.

1.4. Rule 33 (c): We accept your reasoning and advise that we will shortly be taking steps to alter our rules to insert a specified percentage not exceeding 5% consistent with s266 (3) of the *Fair Work (Registered Organisations) Act*.

1.5 The remaining requirement for an AGM: AIPA intends to conduct an AGM as soon as the application to transact AIPA's rules that were provided to FWC on 21 February 2013 are approved. As you may recall, a key element of that application is reducing the quorum from 50 to 30 Members.

2. The Designated Officer's Certificate: We confirm that a revised certificate sent by AIPA to the FWC was acknowledged by you on 23 January 2013.

3 The 'Members' Special Levy': The purpose of the Special levy was to fund additional resources associated with the Qantas Long Haul Pilot's Enterprise Agreement Campaign. These resources included but were not limited to:

1. Significant litigation expenses
2. Campaign Merchandise
3. Public Advertising, and
4. Parliamentary Lobbying.

4 Benefits paid to Office Holders:

Salary	\$104,800
Superannuation	\$7,889
Long Service Leave	\$0

Other \$0

It is confirmed that no provisions were provided to Office Holders.

The aggregate remuneration received by Office Holders from the Association during the financial year was \$112,689 (2011: \$140,915). The number of Office Holders whose income from the Association was within the following bands:

Opening	Closing	No.
\$110,000	\$120,000	1

The name of the Office Holder who received remuneration from the Association was: Barry Jackson. The remuneration was a short term employee benefit. No other benefits were paid.


5.1 Related Party Transactions in general: Having sought external advice, AIPA confirms there are no related party transactions during the financial year.

5.2 Key Management Personnel: Please see our answer to point 4 above.

6. Materiality: We attach a detailed statement of financial performance. Please advise if this statement is not satisfactory.

If you require further information please contact the writer.

Yours faithfully,



Kristian Bolwell
In-House Counsel

Encl.

1. Your letter to AIPA dated 23 January 2013
2. AIPA's Detailed Statement of Financial Performance for the year Ended 30 June 2012

AUSTRALIAN and INTERNATIONAL PILOTS ASSOCIATION

Income Statement for the Year Ended 30 June 2012

	2012	2011
	\$	\$
INCOME		
Members' Contributions	3,954,661	3,806,161
Members' Special Levy	638,180	-
Joining Fees	909	2,728
Donations Received – Welfare Fund	-	36,726
Interest Received	236,776	279,441
Other Income	74,432	35,320
	<u>4,904,958</u>	<u>4,160,376</u>
Less: EXPENDITURE		
Auditors Remuneration		
Audit Fees	24,600	23,859
Other Services	7,850	6,300
Committee Meeting Expenses	4,336	16,479
Computer Expenses	142,129	232,353
Consultancy Fees & Expenses	844,171	592,440
Depreciation	181,954	172,274
Donations & Sponsorship	4,191	34,960
Employee Benefits - Salary	1,235,131	965,926
Superannuation	118,097	89,369
Long Service Leave	7,615	9,691
Other	-	-
Employee Benefits to Office Holders	112,689	140,915
Insurance	76,698	50,787
Legal Fees and Litigation	1,358,215	666,357
Media and Public Relations	594,188	82,311
Membership Fees - ACTU	7,642	9,655
- IFALPA	62,909	63,260
Other Meeting Expenses	24,995	5,479
Payroll Tax	43,017	33,651
Printing, Postage, Stationery, & Promotional	156,982	118,608
Rates and Strata Levies	44,264	39,853
Reimburse Lost Flying	531,073	172,566
Telephone	99,377	95,611
Travel & Accommodation	303,184	300,607
Other Expenses from Ordinary Activities	275,831	203,990
	<u>6,261,138</u>	<u>4,127,301</u>
EXCESS OF EXPENDITURE OVER INCOME	<u>1,356,180</u>	<u>(33,075)</u>

Statement of Changes in Equity for the Year Ended 30 June 2012

	Retained
	Earnings
Balance at 30 June 2010	6,799,133
Profit attributable to members - 2011	33,075
Balance at 30 June 2011	<u>6,832,208</u>
Loss attributable to members - 2012	1,356,180
Balance at 30 June 2012	<u>5,476,028</u>

This Income Statement is to be read in conjunction with the notes to and forming part of the accounts.



Advancing the interests of our members and the profession

Australian & International Pilots Association ABN 30 006 191 853

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Designated Officer's Certificate

s268 Fair Work (Registered Organisations) Act 2009

I, James Wirth, being the Secretary of the Australian and International Pilots Association certify that:

- The documents lodged by AIPA on 26 November 2012 are copies of the full report referred to in s268 of the *Fair Work (Registered Organisations) Act 2009*; and
- The full report was presented to the AIPA Committee of Management on 11 September 2012 and was provided to members on 8 October 2012; and
- This Designated Officer's Certificate replaces the previous Designated Officer's Certificate lodged by AIPA on 26 November 2012 as it contained an error.

Signature:

Dated: 23 January 2013



FAIR WORK
COMMISSION

23 January 2013

James Wirth
Secretary
Australian & International Pilots Association

CC Kristian Bolwell by Email: kristian.bolwell@aipa.org.au
CC Patricia De Gois by Email: patricia.degois@aipa.org.au

Dear Mr Wirth,

RE: Financial Report of the Australian & International Pilots Association for year ending 30 June 2012 (FR2012/254)

I acknowledge receipt of the financial report of the Australian and International Pilots Association for the year ending 30 June 2012. The documents were lodged with Fair Work Australia on 26 November 2012.

Fair Work Australia subsequently received correspondence on 19 and 27 of December 2012. A final letter was received by the Commission on 11 January 2013. These letters outlined concerns that the organisation had not been able to meet the quorum requirements at the AGM of 12 November 2012 to which the General Purpose Financial Report were presented under section 266.

I write in response to the concerns raised in the correspondence and to request clarification of a number of issues prior to the filing of the General Purpose Financial Report.

1. The issue of a Quorum at the AGM and the 2012 General Purpose Financial Report

1.1. Quorum at 12 November 2012 AGM

Fair Work Australia was informed on 19 December 2012 that the AGM of 12 November 2012 did not achieve the requisite quorum to approve the General Purpose Financial Report and the organisation was seeking legal advice on the matter.

It was the view of the organisation and the legal advice sought that rule 33(c) would provide an avenue to present the General Purpose Financial Report to the Committee of Management under section 266(3).

1.2. Section 266

Section 266 of the *Fair Work (Registered Organisations) Act 2009* (the RO Act) requires that the General Purpose Financial Report be presented to a full meeting of members or under subsection 3:

If the rules of the reporting unit provide for a specified percentage (not exceeding 5%) of members to be able to call a general meeting of the reporting unit for the purpose of considering the auditor's report, the general purpose financial report and the operating report, the full report may instead be presented to a meeting of the committee of management

of the reporting unit that is held within the period mentioned in subsection (1).

The AIPA rules contain rule 33(c) which provides:

(c) The President or the Committee of Management may whenever he or it thinks fit convene a Special General Meeting and the Committee of Management shall, on the requisition in writing of at least twenty-five of the Members of the Organisation, forthwith proceed to convene a Special General Meeting of the Organisation, to deal with any business set out in such requisition and any other business which the Committee of Management desires such Special General Meeting to transact;

It would appear, given the AIPA's current membership of 2325 Members, this rule would provide for a group smaller than 5% to summon a Special General Meeting for any purpose, which would include a review of the General Purpose Financial Report.

As such, an avenue to approve the 2012 General Purpose Financial Report seems to be available under the combined operation of rule 33(c) and section 266(3).

The meeting of the Committee of Management on 10 October 2012 was a second meeting of the Committee of Management and included the presentation of the full General Purpose Financial Report and the auditor's report (dated 11 September 2012).

It would appear that the report was successfully presented under Section 266 and rule 33(c) to the Committee of Management on 10 October 2012.

1.4. Rule 33(c)

Section 266(3) states that the rules provide for a "specified percentage". The current wording of Rule 33(c) is unclear on this requirement as it provides for a particular figure which may or may not satisfy the "not exceeding 5%" requirement from year to year.

In order to obtain greater certainty the organisation may wish to consider altering the wording of rule 33(c) to greater reflect the language of Section 266. The insertion of a specified percentage not exceeding 5 percent would assist in this regard.

1.5. The remaining requirement for an AGM

The rules still require an AGM to present a budget and to appoint an auditor for the General Purpose Financial Report. Therefore it would appear, despite the ability to present a General Purpose Financial Report to the Committee of Management under 266, the organisation will still need to call a successful AGM to transact other business.

2. The Designated Officer's Certificate

As a result of the failure of the AGM to achieve quorum, the Designated Officer's Certificate is inaccurate as it states that the General Purpose Financial Report was presented to the AGM on 12 November 2012 in accordance with section 266. This is not correct as the AGM was not constituted under the rules of the organisation.

Please forward to the tribunal a new Designated Officer's Certificate and a declaration stating that the details in the first Designated Officer's Certificate are not correct as a consequence of the quorum requirement. It is our preference that this certificate and declaration are signed by James Wirth as he signed the original certificate.

Please provide a new Designated Officer's Certificate as soon as possible.

3. The "Members' Special Levy"

The 2012 General Purpose Financial Report shows within the Income Statement at line two a "Members' Special Levy".

The Reporting Guidelines of the General Manager at 10(d) require that the profit and loss statement (or the Income Statement) or the notes to the statement include any compulsory levies and a "brief description of the purpose". While the amount of the levy is included in the statement, there is no description of the purpose of the levy.

Please provide a brief description in writing of the purpose of the levy disclosed within the Income Statement.

4. Benefits to Office Holders

The Income Statement discloses that \$112,689 was paid as benefits to Office Holders. This figure is correctly separate from those benefits paid to employees who were not holders of office.

However, this figure is not broken down into salary, superannuation, LSL and Other as the employee numbers are and the provisions at note 10 only appear to relate to employees.

Please provide a breakdown of the benefits paid to officers and confirm, in writing, that no provisions are provided for Officers.

5. Related Party Transactions

5.1 Related Party Transactions in general

The report does not disclose any related party transactions. Related party transactions are required to be disclosed under AASB124.18.

While it is possible that the organisation did not, during the 2012 financial year, transact with related parties, this is rare for an organisation. If this is the case please confirm in writing that there were no related party transactions during the financial year and future reports may wish to include a specific entry within the notes stating this to prevent further inquiries.

5.2 Key Management Personnel

General Purpose Financial Report's are required to disclose within the statements or the notes compensation paid to key management personnel.

This normally includes a listing of the key management personnel for the organisation, the total amount of compensation paid to all key management personnel, and then totals for each of the following categories:

- Short term employee benefits
- Post employment benefits
- Other long term employee benefits
- Termination benefits
- Any share based payments.

It is entirely possible that this information will replicate the information provided under point 4 above, however the information was not contained within the report and is a requirement of AASB 124.17.

Please provide this information in writing to the Commission. If it is the same as the information provided above in entirety, please state as much when providing information under point 4.

6. Materiality

Within the Income Statement there is an expense labelled "administration". This figure is \$3,085,914 and represents both a significant increase on this line item from 2011 and more than 60% of the current revenue.

Any item that is a material expense should be represented as a separate line item in its own right.

Please provide a more detailed description of the "administration" expense including any individual line items that were included within this category that may prove material in size.

Summary

Consequently the report has not been filed.

In order to secure compliance with your obligations under the RO Act, please:

- provide a revised Designated Officer's Certificate with the date of the Committee of Management meeting.
- provide a brief description of the Members' Special Levy.
- provide a breakdown of the benefits paid to Officers and confirm whether any provisions were set aside for the benefit of Officers.
- confirm there were no related party transactions for the financial year.
- provide a breakdown of any key management personnel and their compensation.
- provide details of the "administration" expense.

Should you wish to discuss the matters raised in this letter, or if you require further information on the requirements of the Act, I may be contacted on 03 8661 7974 or by email at

clatherine.bebbington@fwc.gov.au

Kind regards



CATHERINE BEBBINGTON

Regulatory Compliance Branch

FAIR WORK COMMISSION

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Fax: 03 9655 0410

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Advancing the interests of our members and the profession

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Designated Officer's Certificate

s268 Fair Work (Registered Organisations) Act 2009

I, James Wirth, being the Secretary of the Australian and International Pilots Association certify that:

- the documents lodged herewith are copies of the full report referred to in s268 of the *Fair Work (Registered Organisations) Act 2009*; and
- the full report was provided to members on 8 October 2012; and
- the full report was presented to a General Meeting of members of the reporting unit on 12 November 2012 in accordance with section 266 of the *Fair Work (Registered Organisations) Act 2009*.

Signature:

Dated:

19 November 2012

AUSTRALIAN and INTERNATIONAL PILOTS ASSOCIATION

GENERAL PURPOSE FINANCIAL REPORT

For the Year Ended 30 June 2012

**Adam, Barnes & Company
Accountants**

**Crows Nest, Sydney, NSW
(02) 9439 8455**

Committee of Management Statement

In relation to the General Purpose Financial Report (GPFR) prepared by the reporting unit pursuant to section 253 of the *Fair Work (Registered Organisations) Act 2009* (RO Act) for the financial year ended 30 June 2012, the Committee of Management declares in relation to the GPFR that in its opinion:

- (a) the financial statements and notes comply with the Australian Accounting Standards;
- (b) the financial statements and notes comply with the reporting guidelines of the General Manager of Fair Work Australia (FWA) for the purpose of section 255 of the RO Act;
- (c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the reporting unit for the financial year to which they relate;
- (d) there are reasonable grounds to believe that the reporting unit will be able to pay its debts as and when they become due and payable;
- (e) during the financial year to which the GPFR relates and since the end of the financial year:
 - (i) meetings of the Committee of Management were held in accordance with the rules of the organisation;
 - (ii) the financial affairs of the reporting unit have been managed in accordance with the rules of the organisation;
 - (iii) the financial records of the reporting unit have been kept and maintained in accordance with the RO Act and the *Fair Work (Registered Organisations) Regulations 2009*;
 - (iv) the information sought in any request of a member of the reporting unit or the General Manager duly made under section 272 of the RO Act has been furnished to the member or General Manager of FWA;
 - (v) there has been compliance with any order for inspection of financial records made by FWA under section 273 of the RO Act; and
- (f) in relation to the recovery of wages activity, there has been no such activity undertaken by the reporting unit.

For the Committee of Management: **ADAM SUSZ**

Title of Office held: **TREASURER**

Signature: 

Dated: 11 September 2012

OPERATING REPORT
For the Year Ended 30 June 2012

PRINCIPAL ACTIVITIES

The principal activities of the Association during the reporting period were to provide industrial and organising services to the members consistent with the objects of the Association and particularly the object of protecting and improving the interests of the members.

The Association's principal activities resulted in maintaining and improving the wages and conditions of employment of the membership.

There were no significant changes in the nature of the Association's principal activities during the reporting period.

OPERATING RESULT

The Association incurred a net loss of \$1,356,180 for the year.

MANNER OF RESIGNATION

Members may resign from the Association in accordance with rule 48, which reads as follows:

- a) A member may resign from membership by written notice addressed to the Secretary and posted or delivered to that officer or the person performing the duties of that officer at the registered office of the Organisation.
- b) Where a member ceases to be eligible to be a member of the Organisation, the notice of resignation shall take effect:
 - (i) on the day on which the notice is received by the Organisation; or
 - (ii) on the day specified in the notice, which is the day not earlier than the day when the member ceases to be eligible to become a member;
whichever is later.
- c) In any case a member's notice of resignation shall take effect:
 - (i) at the end of two weeks after the notice is received by the Organisation;
 - (ii) or on the day specified in the notice;
whichever is later;
- d) Any dues payable but not paid by a former member, in relation to the period before the member's resignation from the Organisation took effect, may be sued for and recovered in the name of the Organisation, in a court of competent jurisdiction, as a debt due to the Organisation.
- e) A notice delivered to the person nominated in (a) above shall be taken to have been received by the Organisation when it was delivered.
- f) A notice of resignation that has been received by the Organisation is not invalid because it was not addressed and delivered in accordance with (a) above.
- g) A resignation from membership is valid even if it is not effected in accordance with this rule if the member is informed in writing by or on behalf of the Organisation that the resignation has been accepted.

AUSTRALIAN and INTERNATIONAL PILOTS ASSOCIATION

DIRECTOR OF SUPERANNUATION ENTITY

No officer or member of the reporting unit holds a position as trustee, or director of a superannuation entity or exempt public sector superannuation scheme where the criterion for holding such position is that they are an officer or member of an organisation.

NUMBER OF MEMBERS

The number of persons who, at the end of the reporting period, were recorded on the Register of Members of the Association was 2,325.

NUMBER OF EMPLOYEES

The number of persons who were, at the end of the reporting period, employees of the Association was 18.

MEMBERS OF THE COMMITTEE OF MANAGEMENT

The persons who held office as members of the Committee of Management of the Association during the reporting period are:


Surname	First Name	Attended ⁽²⁾	Held ⁽¹⁾	Office Bearer Positions Held
Anderson	Steven	7	11	Secretary
Arthur	Darren	7	11	
Backhouse	David	5	11	Vice President
Busby	Theron	7	11	Vice President 'A' Pilots
Byers	Tom	5	11	
Coull	Andrew	8	11	
Davidson	Mike	9	11	Assistant Secretary
Dowe	John	4	11	
Eakins	Joe	2	6	
Elsass	Gary	1	11	
Faulkner	Mark	5	11	
Fitzsimons	Rick	3	11	
Foo	Kris	7	11	
Grady	Richard	6	11	
Hawley	Anthony	2	11	
Herson	Eytan	5	11	
Herson	Ari	4	11	

AUSTRALIAN and INTERNATIONAL PILOTS ASSOCIATION

Hewett	Chris	4	6	
Hodson	Brad	8	11	Vice President
Hogan	Paul	0	1	
Holt	David	2	4	
Jackson	Barry	9	11	President
La Delle	Grant	6	11	
Lipson	Jason	9	11	
Loney	Shane	8	11	
Lord	Sean	3	7	
Lunt	Jeff	5	11	
MacDonald	John	6	11	
Mugford	Peter	4	5	
Newman	Ben	7	11	
Newnham	Mick	2	11	
Nutter	Adrian	6	11	
Owens	Peter	0	11	
Rich	Glenn	3	11	
Safe	Nathan	10	11	
Smith	Ian	6	11	
Stevens	Godfrey	2	11	
Susz	Adam	8	11	Treasurer
Ward	Peter	3	11	
Watling	Chris	9	11	
Wirth	James	9	11	
Woods	Steven	8	11	
Woodward	Richard	8	11	Vice President

(1) Reflects the number of meetings held during the time that the COM member held office during the financial year.

(2) Members of the COM are required to be away on Company service and/or carry out a range of representational activities that may occasionally limit their ability to attend COM meetings. The attendance figures above are not necessarily reflective of COM members' contributions to the Association and its members.

.....

BARRY JACKSON - PRESIDENT
 Dated: 11 September 2012

AUSTRALIAN and INTERNATIONAL PILOTS ASSOCIATION

Independent Auditor's Report

To the members of the Australian and International Pilots Association

Scope

We have audited the general purpose financial report (GPFR) of the Australian and International Pilots Association for the year ended 30 June 2012 as set out on pages 1 to 13.

The GPFR comprises the Balance Sheet as at 30 June 2012 for the year then ended, the Income Statement, Cash Flow Statement, a summary of significant accounting policies, other explanatory notes and the statement by members of the committee.

The Committee of Management is responsible for the GPFR. We have conducted an independent audit of the GPFR in order to express an opinion on it to the members of the Association.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the GPFR is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the GPFR, and the evaluation of accounting policies and significant accounting estimates.

These procedures have been undertaken to form an opinion whether, in all material respects, the GPFR is presented fairly in accordance with Australian Accounting Standards and other mandatory professional reporting and statutory requirements in Australia so as to present a view which is consistent with our understanding of the Association's financial position and performance as represented by the results of their operations and their cash flows.

No recovery of wages activity was undertaken by the Association.

The audit opinion expressed in this report has been formed on the above basis.

Independence

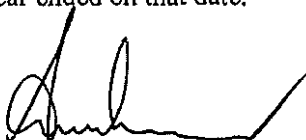
In conducting our audit, we have complied with the independence requirements of Australian professional ethical pronouncements.

Auditor's Opinion

In our opinion, the GPFR of the Australian and International Pilots Association:

- (i) presents fairly, in all material respects, in accordance with the applicable Australian Accounting Standards and the requirements imposed by Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009*; and
- (ii) gives a true and fair view of the financial position as at 30 June 2012 and of the performance for the year ended on that date.

ADAM, BARNES & COMPANY
F A ADAM
Approved Auditor
Certified Practising Accountant
Dated: 11 September 2012
CROWS NEST



AUSTRALIAN and INTERNATIONAL PILOTS ASSOCIATION

Balance Sheet as at 30 June 2012

	NOTE	2012 \$	2011 \$
CURRENT ASSETS			
Cash	3	3,771,577	4,780,294
Receivables	4	<u>275,422</u>	<u>94,189</u>
TOTAL CURRENT ASSETS		<u>4,046,999</u>	<u>4,874,483</u>
NON-CURRENT ASSETS			
Strata Titled Unit	6	1,882,486	1,938,540
Office Fit Out	7	526,940	433,783
Plant, Fittings and Equipment	5	69,029	63,445
TOTAL NON-CURRENT ASSETS		<u>2,478,455</u>	<u>2,435,768</u>
TOTAL ASSETS		<u>6,525,454</u>	<u>7,310,251</u>
CURRENT LIABILITIES			
Payables	9	970,882	448,589
Provisions	10	<u>78,544</u>	<u>29,454</u>
TOTAL CURRENT LIABILITIES		<u>1,049,426</u>	<u>478,043</u>
NET ASSETS		<u>5,476,028</u>	<u>6,832,208</u>
RETAINED SURPLUS			
Opening Balance		6,832,208	6,799,133
Loss (2011 Profit) for the Year		(1,356,180)	33,075
		<u>5,476,028</u>	<u>6,832,208</u>

This Balance Sheet is to be read in conjunction with the
notes to and forming parts of the accounts.

AUSTRALIAN and INTERNATIONAL PILOTS ASSOCIATION

Income Statement for the Year Ended 30 June 2012

	2012	2011
	\$	\$
INCOME		
Members' Contributions	3,954,661	3,806,161
Members' Special Levy	638,180	-
Joining Fees	909	2,728
Donations Received – Welfare Fund	-	36,726
Interest Received	236,776	279,441
Other Income	74,432	35,320
	<u>4,904,958</u>	<u>4,160,376</u>
Less: EXPENDITURE		
Auditors Remuneration		
Audit Fees	24,600	23,859
Other Services	7,850	6,300
Committee Meeting Expenses	4,336	16,479
Depreciation	181,954	172,274
Donations & Sponsorship	29,191	34,960
Legal Fees and Litigation	1,358,215	666,357
Other Meeting Expenses	24,995	5,479
Employee Benefits - Salary	1,235,131	965,926
Superannuation	118,097	89,369
Long Service Leave	7,615	9,691
Other	-	-
Employee Benefits to Office Holders	112,689	140,915
Membership Fees - ACTU	7,642	9,655
- IFALPA	62,909	63,260
Administration	3,085,914	1,922,777
	<u>6,261,138</u>	<u>4,127,301</u>
EXCESS OF EXPENDITURE OVER INCOME	<u>1,356,180</u>	<u>(33,075)</u>

Statement of Changes in Equity for the Year Ended 30 June 2012

Balance at 30 June 2010	Retained Earnings
Profit attributable to members - 2011	6,799,133
Balance at 30 June 2011	<u>33,075</u>
Loss attributable to members - 2012	6,832,208
Balance at 30 June 2012	<u>1,356,180</u>
	<u>5,476,028</u>

This Income Statement is to be read in conjunction with the notes to and forming part of the accounts.

AUSTRALIAN and INTERNATIONAL PILOTS ASSOCIATION

Statement of Cash Flows for the Year Ended 30 June 2012

	2012 \$	2011 \$
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts from members and customers	4,668,182	3,924,954
Payments to suppliers	(5,798,572)	(3,915,453)
Interest Received	236,776	279,441
	<u>(893,614)</u>	<u>288,942</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from Sale of Fixed Assets	-	-
Payment of Rental Bond	-	(15,000)
Payment for equipment	<u>(115,103)</u>	<u>(82,300)</u>
Net cash provided by (used in) investing activities	<u>(115,103)</u>	<u>(97,300)</u>
Net decrease (2011 increase) in cash held	1,008,717	191,642
Cash at beginning of year	<u>4,780,294</u>	<u>4,588,652</u>
Cash at end of year	<u>3,771,577</u>	<u>4,780,294</u>

This Statement of Cash Flows is to be read in conjunction with the notes to and forming parts of the accounts.

AUSTRALIAN and INTERNATIONAL PILOTS ASSOCIATION

Notes to and forming part of the Accounts as at 30 June 2012

1 STATEMENT OF ACCOUNTING POLICIES

This financial report is a general purpose financial report (**GPFR**) that has been drawn up in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, and in accordance with section 253 of the *Fair Work (Registered Organisations) Act 2009*.

Set out below is a summary of the significant accounting policies adopted in the preparation of the accounts. Accounting policies have been consistently applied unless otherwise stated.

The Association and the controlled entity have prepared financial statements in accordance with the Australian equivalents to *International Financial Reporting Standards* (AIFRS). Compliance with AIFRS ensures that the financial statements and notes comply with *International Financial Reporting Standards* (IFRS). A statement of full compliance with IFRS cannot be made due to the entity applying the not for profit sector requirements contained in AIFRS.

The following is a summary of the material accounting policies adopted by the Association in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

REPORTING BASIS AND CONVENTIONS

The GPFR has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which the fair value basis of accounting has been applied.

INCOME TAX

No provision for income tax is necessary as Trade Unions are exempt from income tax under the Income Tax Assessment Act.

PROPERTY, PLANT AND EQUIPMENT

Each class of property, plant and equipment is carried at cost, less any accumulated depreciation and impairment losses.

The carrying amount of property, plant and equipment is reviewed annually by the Committee of Management to ensure that it is in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets' employment and subsequent disposal. The expected net cash flows have not been discounted to present values in determining recoverable amounts.

DEPRECIATION

Depreciation of fixed assets is calculated on the straight-line basis in order to write the assets off over their estimated useful lives. The depreciation rates used for each class of depreciable asset are:

Class of Fixed Asset	Depreciation Rate	Depreciation Basis
Strata Titled Property	2.5%	Straight Line
Plant and Equipment	5% - 30%	Straight Line
Office Fit Out	10%	Straight Line

AUSTRALIAN and INTERNATIONAL PILOTS ASSOCIATION

Notes to and forming part of the Accounts as at 30 June 2012

REVENUE

Member contributions are accounted for on the accruals basis to the extent that contributions received or receivable subsequent to 30 June 2012, but which relate to the period then ended, have been brought to account as income.

EMPLOYEE BENEFITS

Provision is made for the liability arising from services rendered by employees. Liabilities expected to be settled after one year are measured at their nominal rate and at the present value of the estimated cash flows to be made for those entitlements. Superannuation is contributed for all employees at the appropriate rate.

CASH

For the purpose of the statement of cash flows, cash includes cash on hand, at banks and on deposit. Cash on deposit earns interest at bank term deposit rates.

ACCRUED EXPENSES

Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Association. Trade accounts are normally settled in 30 days.

TRADE AND OTHER DEBTORS

Trade and other debtors are normally settled in 30 days and are carried at amounts due. The recovery of debts is assessed at balance date and provision is made for any doubtful debts.

NON CURRENT INVESTMENTS

Financial Instruments: Recognition and Measurement of financial instruments that are classified as *available for sale instruments* are carried at their fair value. Unrealised gains or losses are recognised either in income or directly in equity. Held to maturity assets and loans or receivables are measured at amortised cost. Current accounting policy is to measure non-current investments at cost, with an annual review to ensure that the carrying amounts are not in excess of recoverable value of the instruments.

2 INFORMATION TO BE PROVIDED TO MEMBERS OR THE GENERAL MANAGER

The attention of the Association's members is drawn to the requirements in section 272 of the *Fair Work (Registered Organisations) Act 2009*, viz:

- 272(1) A member of a reporting unit, or the General Manager, may apply to the reporting unit for specified prescribed information in relation to the reporting unit to be made available to the person making the application.

AUSTRALIAN and INTERNATIONAL PILOTS ASSOCIATION

Notes to and forming part of the Accounts as at 30 June 2012

272(2) The application must be in writing and must specify the period within which, and the manner in which, the information is to be made available. The period must not be less than 14 days after the application is given to the reporting unit.

272(3) A reporting unit must comply with an application made under subsection (1).

		2012	2011
		\$	\$
3	CASH		
	Cash on Hand	538	800
	Trading Accounts	294,900	217,742
	Short Term Call Account	29,869	2,293,911
	Bank Term Deposit	3,446,270	2,267,841
		<u>3,771,577</u>	<u>4,780,294</u>
4	RECEIVABLES		
	Current		
	Security Deposits	15,000	22,150
	Other Debtors	214,830	37,472
	Prepayments	45,592	34,567
		<u>275,422</u>	<u>94,189</u>
5	PLANT FITTINGS & EQUIPMENT - AT COST		
	Office Furniture & Equipment	295,025	290,748
	Less: Accumulated Depreciation	225,996	227,303
		<u>69,029</u>	<u>63,445</u>
6	STRATA TITLED PROPERTY - AT COST		
	247 Coward St Mascot	2,242,166	2,242,166
	Less: Accumulated Depreciation	359,680	303,626
		<u>1,882,486</u>	<u>1,938,540</u>
7	OFFICE FIT OUT - AT COST		
	Office Fit Out - 247 Coward St Mascot	1,011,845	821,751
	Less: Accumulated Depreciation	484,905	387,968
		<u>526,940</u>	<u>433,783</u>

AUSTRALIAN and INTERNATIONAL PILOTS ASSOCIATION

Notes to and forming part of the Accounts as at 30 June 2012

8 MOVEMENT IN THE CARRYING AMOUNTS FOR EACH CLASS OF PROPERTY, PLANT AND EQUIPMENT

2012	PLANT & EQUIPMENT	STRATA PROPERTY	OFFICE FIT OUT	TOTAL
Opening balance	63,445	1,938,540	433,783	2,435,768
Additions	34,547		190,094	224,641
Disposals	-	-	-	-
Depreciation	28,963	56,054	96,937	181,954
Carrying amount at end of the year	69,029	1,882,486	526,940	2,478,455

2011	PLANT & EQUIPMENT	STRATA PROPERTY	OFFICE FIT OUT	TOTAL
Opening balance	26,532	1,994,594	504,616	2,525,742
Additions	71,835		10,465	82,300
Disposals	-	-	-	-
Depreciation	34,922	56,054	81,298	172,274
Carrying amount at end of the year	63,445	1,938,540	433,783	2,435,768

	2012	2011
	\$	\$
9 PAYABLES		
Includes consultants fees, wages tax ,GST on subscriptions, telephone, legal and other office expenses	970,882	448,589
10 PROVISIONS		
Provision for Annual Leave The number of employees for whom this provision relates is: 16 (2011: 15)	61,239	19,763
Provision for Long Service Leave The number of employees for whom this provision relates is: 1 (2011: 1)	17,305	9,691
Total	<u>78,544</u>	<u>29,454</u>

AUSTRALIAN and INTERNATIONAL PILOTS ASSOCIATION

Notes to and forming part of the Accounts as at 30 June 2012

	2012	2011
	\$	\$
11 CONTINGENT LIABILITIES		
Estimates of the potential financial effect of contingent liabilities that may become payable:	600,000	-

As at 30 June 2012 the Association was involved in proceedings with Qantas Airways Limited before Fair Work Australia. The Association engaged legal representation to assist with the hearing. All costs incurred to 30 June 2012 have been included, as expense, in the Income Statement. It is estimated that additional costs of \$600,000 will be incurred to finalise the matter.

12 SEGMENT REPORTING

The Association operates wholly within the aviation industrial arena representing pilots in all states of Australia.

13 FINANCIAL INSTRUMENTS DISCLOSURE

a) **Interest Rate Risk**

No asset held by the Association will suffer a financial risk as a result of the change in interest rates.

b) **Credit Risk**

The Association does not have any material credit risk exposure to any single debtor or debtor groups under financial instruments entered into.

c) **Net Fair Values**

Assets and liabilities are carried at cost or written down value which approximates the net fair value.

14 LEASE LIABILITY

The Association has entered into a rental agreement for the provision of office accommodation in Melbourne. The future liability under the lease agreement is:

- not later than 12 months	\$ 68,640
- later than 12 months but not greater than 5 years	\$ 62,920
- greater than 5 years	-

15 CAPITAL EXPENDITURE COMMITMENTS

The Association has entered into a construction contract for the provision of additional office facilities and refurbishment at its Mascot office premises. The contracted amount is \$196,483 plus GST.

16 BUSINESS DETAILS

The principal place of business of the Association is: Suite 6.01, Level 6, 243-249 Coward Street, Mascot, NSW.



FAIR WORK
AUSTRALIA

3 August 2012

Mr Philip van den Heever
Executive Director
Australian and International Pilots Association

philip.vandenheever@aipa.org.au

Dear Mr van den Heever,

**Lodgement of Financial Documents for year ended 30 June 2012 [FR2012/254]
Fair Work (Registered Organisations) Act 2009 (the RO Act)**

The financial year of the Australian and International Pilots Association (the "reporting unit") has recently ended. This is a courtesy letter to remind you of the obligation to prepare and process the reporting unit's financial documents. The full financial report must be lodged with Fair Work Australia within a period of 6 months and 14 days of the end of the financial year.

The RO Act sets out a particular chronological order in which financial documents and statements must be prepared, audited, provided to members and presented to a meeting. The attached *Timeline/Planner* summarises these requirements.

Failure to comply with these obligations is subject to a civil penalty provision - see s305 RO Act.

In addition, financial reporting fact sheets and sample documents can be found on our Fair Work Australia website. The information can be viewed at www.fwa.gov.au – under *Registered Organisations – Overview – Fact sheets*. This site also contains the Financial Reporting Guidelines.

This office encourages you to lodge all financial reports electronically (e.g. as pdf files) at orgs@fwa.gov.au. Alternatively, you can forward the documents by fax to (03) 9655 0410. Please do not hesitate to contact me on (03) 8661 7787 or by email at Andrea.O'HALLORAN@fwa.gov.au if you wish to discuss the requirements outlined in this correspondence.

Yours sincerely,

Andrea O'Halloran
Organisations, Research & Advice
Fair Work Australia

TIMELINE/ PLANNER

Financial reporting period ending:	/ /
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Prepare financial statements and Operating Report.
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(a) A Committee of Management Meeting must consider the financial statements, and if satisfied, pass a resolution declaring the various matters required to be included in the Committee of Management Statement.	/ /
(b) A #designated officer must sign the Statement which must then be forwarded to the auditor for consideration as part of the General Purpose Financial Report (GPFR).	

As soon as practicable after end of financial year

Auditor's Report prepared and signed and given to the Reporting Unit - s257	/ /
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*Within a reasonable time of having received the GPFR
(NB: Auditor's report must be dated on or after date of Committee of Management Statement*

Provide full report free of charge to members – s265 The full report includes:	/ /
<ul style="list-style-type: none"> • the General Purpose Financial Report (which includes the Committee of Management Statement); • the Auditor's Report; and • the Operating Report. 	

(a) if the report is to be presented to a General Meeting (which must be held within 6 months after the end of the financial year), the report must be provided to members 21 days before the General Meeting,
or
(b) in any other case including where the report is presented to a Committee of Management meeting, the report must be provided to members within 5 months of end of financial year.*

Present full report to:	/ /
(a) General Meeting of Members - s266 (1),(2); OR	
(b) where the rules of organisation or branch allow* - a Committee of Management meeting - s266 (3)	/ /

Within 6 months of end of financial year

Within 6 months of end of financial year

Lodge full report with Fair Work Australia, together with the #Designated Officer's certificate** – s268	/ /
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Within 14 days of meeting

* *the full report may only be presented to a committee of management meeting if the rules of the reporting unit provide that a percentage of members (not exceeding 5%) are able to call a general meeting to consider the full report.*

The Committee of Management Statement and the Designated Officer's certificate must be signed by the Secretary or another officer who is an elected official and who is authorised under the rules (or by resolution of the organisation) to sign the statement or certificate – s243.

++ *The Designated Officer's certificate must state that the documents lodged are copies of the documents provided to members and presented to a meeting in accordance with s266 – dates of such events must be included in the certificate. The certificate cannot be signed by a non-elected official.*